Prospectus

for the public offering

of

12,140,215 newly issued no-par-value registered shares in Vita 34 AG (the „**Company**“ or the „**Issuer**”) with a pro rata amount of the share capital of EUR 1.00 per share and full dividend rights from January 1, 2021 (the „**Vita 34 Offer Shares**“) from a capital increase against contribution in kind resolved upon by an extraordinary shareholders' meeting on July 13, 2021

for the acquisition of all outstanding ordinary bearer shares in Polski Bank Komórek Macierzystych S.A. („**PBKM**” or the „**Target**”), each having a par value of PLN 0.50 (fifty grosz) („**PBKM Shares**“)

by exchange of 1.30 Vita 34 Offer Shares against one (1) PBKM Share

as well as

the admission of up to 12,140,215 Vita 34 Offer Shares to trading on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard) („**Admission**“)

by

Vita 34 AG

a stock corporation (*Aktiengesellschaft*) established under the laws of the Federal Republic of Germany, having its registered seat in Leipzig, Federal Republic of Germany

International Securities Identification Number (ISIN): DE000A0BL849
German Securities Code (*Wertpapierkennnummer*, WKN): A0BL84
Trading Symbol: V3V

The Vita 34 Offer Shares are being solely offered to the shareholders of PBKM („**PBKM Shareholders**“) in (i) a public offering in the Republic of Poland („**Poland**”), and (ii) pursuant to an applicable exemption from, or in a transaction not subject to, registration requirements outside Poland. The Vita 34 Offer Shares will not be offered, sold or delivered, directly or indirectly, in or into the United States of America („**United States**”).

This document constitutes a prospectus for the purposes of the public offering in Poland of 12,140,215 Vita 34 Offer Shares and the admission to trading of up to 12,140,215 Vita 34 Offer Shares on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard) (the „**Prospectus**”). This Prospectus has been prepared in the form of a single document within the meaning of Article 6(3) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the „**Prospectus Regulation**”) in connection with the Commission Delegated Regulation (EU) 2019/980 of December 14, 2019 (the „**Delegated Regulation (EU) 2019/980**”).

The German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – „**BaFin**”), in its capacity as competent authority in Germany under the Prospectus Regulation and the German Securities Prospectus Act (*Wertpapierprospektgesetz*), has approved this document as a prospectus. By approving this Prospectus in accordance with Article 20 of the Prospectus Regulation, BaFin assumes no responsibility and does not give any undertaking with regard to the economic and financial soundness of the transaction or the quality or solvency of the Company. BaFin has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. The validity of this Prospectus will expire at the end of the first day of trading of the Vita 34 Offer Shares on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), which is expected to occur on October 28, 2021. The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when this Prospectus is no longer valid.

This Prospectus will be published on the website of Vita 34 AG (www.vita34.de).

The Prospectus has been notified to the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego* – „**KNF**”) pursuant to Article 25 para. 1 of the Prospectus Regulation and the European cross-border passport mechanism set out in the Prospectus Regulation.

Listing Agent	*Tender Agent*
Hauck & Aufhäuser Privatbankiers AG	**mBank S.A.**

The date of this Prospectus is September 17, 2021.

IMPORTANT NOTICES TO PBKM SHAREHOLDERS

The Exchange Offer is not being made, directly or indirectly, in or into the United States (including its territories and possessions, any State of the United States and the District of Columbia), or by use of the mails, or by any means or instrumentality (including, without limitation, e-mail, facsimile transmission, telephone and the internet) of interstate or foreign commerce in the United States, or of any facility of a U.S. national securities exchange, and the offer cannot be accepted by any such use, means, instrumentality or facility or from within the United States.

These materials do not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The Vita 34 Offer Shares have not been, and will not be registered, under the U.S. Securities Act of 1933, as amended (the „**U.S. Securities Act**"), or under the securities laws of any state, district or other jurisdictions of the United States. The Vita 34 Offer Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States**.**

Accordingly, copies of this document, the Declaration of Acceptance and any related documents (including the Declaration of Withdrawal pursuant to „*4.13 Withdrawal Rights of PBKM Shareholders*") are not being and must not be mailed or otherwise distributed or sent in or into the United States, including to PBKM shareholders with registered addresses in the United States or to persons whom Vita 34 knows to be custodians, nominees or trustees holding PBKM shares for persons in the United States. Persons receiving such documents (including without limitation, custodians, nominees or trustees) should not distribute or send them in, into or from the United States or use such mails or any such means, instrumentality or facility for any purpose directly or indirectly relating to acceptance of the Exchange Offer. Envelopes containing Declarations of Acceptance should not be postmarked in the United States or otherwise despatched from the United States and all accepting PBKM shareholders must provide addresses outside of the United States for the receipt of Vita 34 Offer Shares or the return of the Declaration of Acceptance. The Company or its agents will treat any Declarations of Acceptance or Declarations of Withdrawal that appear to have been executed in, or sent from, the United States as invalid.

The provisions of this paragraph and any other terms of the Exchange Offer relating to overseas shareholders may be waived, varied or modified as regards specific PBKM shareholders or on a general basis by Vita 34 in its absolute discretion but only if Vita 34 is satisfied that such waiver, variance or modification will not constitute or give rise to a breach of applicable securities or other law.

Notices to PBKM Shareholders in the European Economic Area

This Prospectus has been prepared on the basis that offers of Vita 34 Offer Shares in any member state of the European Economic Area (an „**EEA Member State**"), other than Poland, will be made pursuant to an exemption under Article 1(4) of the Prospectus Regulation. Accordingly, any person making or intending to make an offer in an EEA Member State of the Vita 34 Offer Shares which are subject of this Prospectus, other than in Poland, may only do so in circumstances in which no obligation arises for the Company to publish a prospectus pursuant to Article 3(1) of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case in relation to such offer. The Company has not authorized the making of any offer of the Vita 34 Offer Shares in circumstances in which an obligation arises for the publication of a prospectus or supplement for such offer. The Company has not authorized, nor does it authorize, the making of any offer of Vita 34 Offer Shares through any financial intermediary.

Notices to PBKM Shareholders in the United Kingdom

This Prospectus is for distribution only to persons who (i) are outside the United Kingdom, or (ii) have professional experience in matters relating to investments, or (iii) are persons falling within Article 49(2)(a) to (d) („high net worth companies, unincorporated associations etc.") of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons being referred to as „relevant persons") or (iv) to whom it may otherwise be lawfully distributed. This Prospectus is directed only at relevant persons and must not be acted or relied upon by persons who are not relevant persons. Any investment and investment activity to which this Prospectus relates is available only to relevant persons and will engaged in only with relevant persons. No part of this Prospectus should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the consent of the Company. The Vita 34 Offer Shares are not being offered or sold to any person in the United Kingdom, except in circumstances which will not result in an offer of securities to the public in the United Kingdom within the meaning of Part VI of the Financial Services and Markets Act 2000.

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I. SUMMARY OF THE PROSPECTUS

A. – Introduction and Warnings

This prospectus (the "**Prospectus**") relates to the voluntary public exchange offer of Vita 34 AG (the „**Issuer**" or the „**Company**", and together with its subsidiaries, „**Vita 34**" or the „**Group**"), legal entity identifier („**LEI**") 529900OEWA4GSZEZ4P40, in the Republic of Poland („**Poland**") for all ordinary bearer shares of Polski Bank Komórek Macierzystych S.A. („**PBKM**" or the „**Target**", and together with its subsidiaries, the „**FamiCord Group**", and the shares of PBKM, the „**PBKM Shares**") in exchange for up to 12,140,215 newly issued registered ordinary shares (*Namensaktien*) with no-par value (*Stückaktien*) (the „**Vita 34 Offer Shares**") by way of a contribution in kind (the „**Share Exchange**") and the admission to trading of these new shares on the regulated market of the Frankfurt Stock Exchange with the simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard).

The International Securities Identification Number („**ISIN**") of the offered Vita 34 Offer Shares is DE000A0BL849. The Vita 34 Offer Shares will be offered to the shareholders of PBKM (the „**PBKM Shareholders**") in exchange of PBKM Shares at a ratio of 1.30 new shares of the Company in exchange for 1 PBKM Share. No fractional new Vita 34 Offer Shares will be exchanged for any PBKM Shares. The Share Exchange shall be carried out via the execution of contribution agreements between the Company and certain PBKM Shareholders as well as a voluntary public exchange offer by the Company addressed to all other PBKM Shareholders that are not Excluded Shareholders (as defined below) (the „**Exchange Offer**").

The Company and Hauck & Aufhäuser Privatbankiers AG, Kaiserstraße 24, 60311 Frankfurt am Main, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main, Germany, under the number HRB 108617, LEI 529900OOZP78CYPYF471, will apply for admission of the Vita 34 Offer Shares to trading on the regulated market segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard).

The German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* or *BaFin*), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Germany (telephone +49 228 4108 0; website: www.bafin.de), has approved this Prospectus as competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC on September 17, 2021.

This summary should be read as an introduction to this Prospectus. Any decision to invest in the Vita 34 Offer Shares should be based on a consideration of this Prospectus as a whole by an investor. Investors in the Vita 34 Offer Shares could lose all or part of their invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary, including any translation thereof, but only where this summary is misleading, inaccurate or inconsistent, when read together with the other parts of this Prospectus, or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the shares of the Company.

B. – Key Information on the Issuer

B.1 – Who is the Issuer of the securities?

Issuer information..... The Company's legal name is Vita 34 AG and it operates under the commercial name Vita 34. The Company, with LEI 529900OEWA4GSZEZ4P40, has its registered seat in Leipzig, Germany, and its business address at Deutscher Platz 5a, 04103 Leipzig, Germany, and is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Leipzig, Germany, under number HRB 20339. The Company is a stock corporation (*Aktiengesellschaft*) incorporated in Germany and operating under German law.

Principal activities..... The Group is primarily active in the collection (also known as „harvesting"), preparation and storage of stem cells from umbilical cord blood and tissue. These stem cell deposits are sought to give the Group's customers the opportunity to benefit from the medical potential that is believed to be inherent in stem cells from the umbilical cord blood and tissue. The Group believes that it is by far the largest stem cell bank in the DACH-region, comprising Germany, Austria and Switzerland, and the FamiCord Group and the Group are the two largest private umbilical cord blood banks in Europe. The Group possesses numerous authorizations and approvals, *inter alia*, from the German Federal Institute for Vaccines and Biomedical Pharmaceuticals (*Paul Ehrlich Institute*) under the German Medicinal Products Act and adheres to a multitude of quality standards, including the internationally recognized NetCord FACT standard, which stipulates evidence-based requirements for cord blood collection, banking and release for administration set by an international team of experts. It also relies on its research and development capabilities, which are complemented through close cooperation with renowned research institutes and universities, *e.g.*, the Institute for Radiopharmaceutical Cancer Research at the Helmholtz Center Dresden-Rossendorf and the University of Rostock, and enable it to provide its customers with innovative products and services.

As at June 30, 2021, the Group banked more than 253,000 cord blood and tissue samples stored in more than 180 cryopreservation tanks in its laboratories in Leipzig and Rostock. Cryopreservation is the process which is applied to preserve human biological material by cooling to −196 degrees Celsius in order to stop any enzymatic or chemical activity which might cause damage to such material.

As of December 31, 2020, the Group had 116 employees and stored umbilical cord blood from 20 countries, with a focus on Europe.

Major shareholders..... Based on notifications the Company received in accordance with the German Securities Trading Act (*Wertpapierhandelsgesetz*, *WpHG*), the following shareholders hold notifiable holdings in the Company as of the date of this Prospectus: AOC Health GmbH (32.56%), PBKM (3.87%) and Dr. Haueisen (3.04%). The Company is indirectly controlled by Florian Schuhbauer and Klaus Röhrig as ultimate indirect controlling persons of the Company's direct shareholders AOC Health GmbH and PBKM.

Management Board..... The Company's management board (*Vorstand*) consists of Dr. Wolfgang Knirsch (Chief Executive Officer) and Andreas Schafhirt (Chief Financial Officer & Financial Services).

Statutory auditors ..... For the financial years ended December 31, 2018, 2019 and 2020, the Company appointed PKF Deutschland GmbH Wirtschaftsprüfungsgesellschaft, EUREF-Campus 10/11, 10829 Berlin, Germany, as its statutory auditor.

B.2 – What is the key financial information regarding the Issuer?

The financial information contained in this Prospectus is, unless otherwise indicated, taken or derived from the unaudited condensed consolidated interim financial statements of the Company as of and for the six-month period ended June 30, 2021 and the audited consolidated financial statements of the Company for the financial years ended December 31, 2020, 2019 and 2018, prepared in accordance with the International Financial Reporting Standards (IFRS) valid on the balance sheet date, as applicable in the EU. Figures in the following tables for the financial year ended December 31, 2019 and the six-month period ended June 30, 2020 have been retrospectively revised following notice from the Financial Reporting Enforcement Panel („**FREP**") in 2020 and are taken from the prior year figures shown in the audited consolidated financial statements 2020 and the unaudited condensed consolidated interim financial statements for the first six months 2021, respectively. In an investigation, the FREP found that (i) the scheduled amortization of intangible assets had to be corrected, taking into account deferred taxes, and (ii) the key for the allocation of package prices to be prepaid by customers to the performance obligation 'storage of the stem cell deposit' had to be recalculated, which resulted in a later recognition of revenue and affected contract liabilities and deferred taxes.

Summary Statement of Profit or Loss Data

	For the six-month period ended June 30,		For the financial year ended December 31,		
	2021	**2020**	**2020**	**2019**	**2018**
	(unaudited)		(audited)		
	(in EUR thousands, except as otherwise disclosed)				
Sales revenue	10,822	9,522	20,069	19,934	20,409
Operating result (EBIT)	483	1,052	2,380	2,453	2,631
Result for the period after taxes	**(47)**	**851**	**1,501**	**718**	**832**
Earnings per share, undiluted/diluted (in EUR)	**(0.01)**	**0.21**	**0.37**	**0.18**	**0.20**

Summary Statement of Financial Position Data

	For the six-month period ended June 30,	For the financial year ended December 31,		
	2021	**2020**	**2019**	**2018**
	(unaudited)	(audited)		
	(in EUR thousands)			
Total assets	**59,206**	**58,464**	**58,775**	**59,317**
Total equity	**29,490**	**29,536**	**28,048**	**29,546**

Summary Statement of Cash Flows Data

	For the six-month period ended June 30,		For the financial year ended December 31,		
	2021	**2020**	**2020**	**2019**	**2018**
	(unaudited)		(audited)		
	(in EUR thousands)				
Net cash flow from operating activities	2,364	1,842	3,980	6,318	4,598
Net cash flow used in investing activities	(444)	92	(252)	(1,390)	821
Net cash flow from financing activities	(1,639)	(1,098)	(2,434)	(2,787)	(2,638)
Change in cash and cash equivalents during the period	280	836	1,294	2,140	2,779

Key Other Financial Information

	For the six-month period ended June 30,		For the financial year ended December 31,		
	2021	**2020**	**2020**	**2019**	**2018**
	(unaudited, unless otherwise indicated)				
	(in EUR thousands, except as otherwise stated)				
EBITDA[(1)]	2,007	2,528	5,344	5,433	4,722
EBITDA margin (%)[(2)]	18.5	26.6	26.6	27.3	23.1
Adjusted EBITDA[(3)]	**3,180**	**2,644**	**5,844**	**–**	**–**
Adjusted EBITDA margin (%)[(4)]	29.4	27.8	29.1	–	–

(1) EBITDA is earnings before interest, taxes, depreciation and amortization on intangible assets and property, plant and equipment.

(2) EBITDA Margin is EBITDA as a percentage of sales, calculated as EBITDA divided by sales revenues.

(3) Adjusted EBITDA is calculated adjusting EBITDA for special effects of EUR 500 thousand in 2020, incurred as a result of consulting costs following the takeover offer of AOC Health GmbH and the review of a prospectively possible merger with PBKM, as well as EUR 1,172 thousand in the first six months 2021 incurred as a result of the review and preparation of the possible Exchange Offer and EUR 115 thousand in the first six months 2020 related to expenses for consulting services in connection with the takeover offer of AOC Health GmbH.

(4) Adjusted EBITDA Margin is Adjusted EBITDA as a percentage of sales, calculated as Adjusted EBITDA divided by sales revenues.

Pro Forma Financial Information

In connection with the Exchange Offer, Vita 34 has prepared the following pro forma consolidated financial information, comprising pro forma consolidated income statement for the periods from January 1, 2020 to December 31, 2020 as well as for the first six months of 2021, and a pro forma consolidated balance sheet as of June 30, 2021, each supplemented by pro forma notes (together, „**Pro Forma Consolidated Financial Information**"). The purpose of the Pro Forma Consolidated Financial Information is to present the effects of the contemplated acquisition of PBKM as if such company had been acquired as of January 1, 2020. The Pro Forma Consolidated Financial Information has been prepared for illustrative purposes only. As given its nature the Pro Forma Consolidated Financial Information merely describes a hypothetical situation and is based on assumptions, it does represent the Company's actual net assets, financial position and results of operations and should not be considered as an indication of the Company's or Combined Group's (as defined below) future business, prospects, financial condition, results of operations or cash flows following the Exchange Offer and the Combination.

	Pro forma consolidated income statement for the period from January 1, 2020 to December 31, 2020				
	Vita 34	**FamiCord Group**	**Total**	**Pro forma adjustments**	**Pro forma consolidated income statement**
	(in EUR thousands)				
Revenues	20,069	40,143	60,212	–	60,212
Operating profit (EBIT)	2,379	(6,039)	(3,660)	–	(3,660)
Profit / loss after tax	**1,500**	**(5,379)**	**(3,879)**	**(161)**	**(4,040)**

	Pro forma consolidated income statement for the period from January 1, 2021 to June 30, 2021				
	Vita 34	**FamiCord Group**	**Total**	**Pro forma adjustments**	**Pro forma consolidated income statement**
	(in EUR thousands)				
Revenues	10,822	21,783	32,604	–	32,604
Operating profit (EBIT)	483	(3,149)	(2,666)	1,172	(1,494)
Profit / loss after tax	**(71)**	**(2,316)**	**(2,387)**	**629**	**(1,758)**

	Pro forma consolidated balance sheet as of June 30, 2021				
	Vita 34	**FamiCord Group**	**Total**	**Pro forma adjustments**	**Pro forma consolidated balance sheet**
	(in EUR thousands)				
Total assets	59,182	123,240	186,422	(3,008)	179,415
Total equity	29,466	34,322	63,788	(3,972)	59,816

B.3 – What are the key risks that are specific to the Issuer?

- Medical treatments with stem cells from umbilical cord blood and tissue have an experimental character, and customers may terminate existing contracts and potential customers may refrain from opting for the Company's services due to perceived little medical benefits.
- The COVID-19 pandemic complicated contact with medical partners and customers, may restrict clinical capacities for the collection of stem cells from umbilical cord blood and tissue and decrease the Company's personnel capacity in case of infection among its employees.
- Alternative stem cell sources may substitute the collection, processing and storage of stem cells from umbilical cord blood and tissue and the Company's current core business.
- Cooperation with the Company's medical partners on education, marketing, and collecting umbilical cord blood and tissue as well as research initiatives may be restricted or terminated.

- If the Company is not able to obtain or fails to hold or renew required permits, authorizations and approvals for the collection, processing and storage of umbilical cord blood and tissue, it will not be able to continue its business operations.
- The Company operates in a highly regulated environment, and legislative changes may complicate, restrict or prohibit the Company's business activities.
- The Company may not be able to successfully implement its innovation and organic growth strategy and may fail to identify appropriate acquisition targets and integrate acquired businesses successfully.
- Mothers may prefer to give birth at home, where a collection of umbilical cord blood and tissue is not possible, which may lead to a significant decline in contracts concluded.
- If costs for storage of human biological material increase, the Company may not be able to pass the increase on to its customers and, therefore, may realize lower margins than estimated.
- Following the Exchange Offer, the integration of the FamiCord Group may not be successful, may not proceed as planned or may involve higher or unexpected costs, and expected synergies may not be realized.

C. – Key Information on the Securities

C.1 – What are the main features of the securities?

Type, class, par value ..... The Prospectus relates to registered ordinary shares (*Namensaktien*) with no par value (*Stückaktien*) of the Company, each such share with a pro rata amount of EUR 1.00 in the share capital of the Company; ISIN: DE000A0BL849; German Securities Code (*Wertpapier-Kennnummer, WKN*): A0BL84; Trading Symbol: V3V. All shares of the Company, including the Vita 34 Offer Shares, are shares of the same class.

Number of securities ..... This Prospectus relates to the exchange offer of 12,140,215 Vita 34 Offer Shares.

Currency ..... The Company's shares are denominated in euro.

Rights attached ..... The Vita 34 Offer Shares will be fully fungible and rank *pari passu* in all respects with the existing shares of the Company. Each share of the Company, including the Vita 34 Offer Shares, carries one vote at the general shareholders' meeting. There are no restrictions on voting rights. The Vita 34 Offer Shares carry full dividend entitlements as from January 1, 2021. The Vita 34 Offer Shares will be entitled to a share of any liquidation proceeds or insolvency surpluses at the ratio of their pro rata amount of the share capital of the Company.

Seniority ..... Any claim for payment of shareholders is subordinated to all other securities and claims.

Free transferability ..... The shares of the Company, including the Vita 34 Offer Shares, are freely transferable. There are no restrictions on the transferability of the Company's shares.

Dividend policy ..... For the financial year ended December 31, 2020, the Company does not intend to pay dividends in light of the significant costs in relation to the business combination with PBKM and potential further compensation payments in connection with a potential squeeze-out of remaining PBKM Shareholders. Any future determination to pay dividends will be made in accordance with applicable laws, and will depend upon, *inter alia*, the Company's results of operations, financial condition, contractual restrictions and capital requirements. There is no assurance that the Company will pay dividends in the future, or if a dividend is paid, what the amount of such dividend will be.

C.2 – Where will the securities be traded?

The Company's existing shares are admitted to trading on the regulated market segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard). On or about October 11, 2021 the Company will apply, together with Hauck & Aufhäuser Privatbankiers AG, for admission of the Vita 34 Offer Shares to trading on the regulated market segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard).

C.3 – What are the key risks attached to the securities?

- The Company's shareholder structure could change significantly as a result of the Exchange Offer. This could lead to adverse changes for the Company or its shareholders if individual shareholders pursue interests different from those of the Company or the other shareholders.
- Future capital measures could lead to substantial dilution, thereby reducing the value of existing shareholders' interests in the Company.
- In the event of a sale of a larger number of shares by the Company's shareholders or the perception that such sale may occur, selling pressure may arise which may lead to significant share price fluctuations of the Company's shares.

D. – Key Information on the Offer of Securities to the Public and the Admission to Trading on a Regulated Market

D.1 – Under which conditions and timetable can I invest in this security?

Exchange Offer conditions . The Exchange Offer relates to the acquisition of all ordinary bearer shares in dematerialized form with a par value of PLN 0.50 per share of PBKM under ISIN: PLPBKM000012 (the PBKM Shares, as defined). The Company offers Vita 34 Offer Shares in exchange for PBKM Shares to the PBKM Shareholders at a ratio of 1.30 : 1 (the „**Exchange Ratio**"). The Share Exchange shall be carried out via the execution of contribution agreements between the Company and certain PBKM Shareholders as well as a voluntary public exchange offer by the Company addressed to all other PBKM Shareholders that are not Excluded Shareholders (as defined below). Shares of PBKM not yet dematerialized and not yet booked into ISIN PLPBKM000012 at the date of this Prospectus may only be tendered into the Exchange Offer following their admittance to trading on the regulated (main) market operated by the Warsaw Stock Exchange, which is expected to occur on or around September 24, 2021.

The Exchange Offer as a public offering is exclusively addressed to PBKM Shareholders in Poland. The Vita 34 Offer Shares are furthermore offered outside Poland pursuant to an applicable exemption from, or in a transaction not subject to, registration requirements. The Vita 34 Offer Shares will not be offered, sold or delivered, directly or indirectly, in or into the United States of America („**United States**") and have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the „**Securities Act**"). The Exchange Offer cannot be accepted by (i) PBKM Shareholders in the United States or in other jurisdictions where it is unlawful to do so and (ii) PBKM Shareholders that do not hold their shares with the Tender Agent or the Exchange Trustee (each as defined below) or with Dom Maklerski Banku Ochrony Środowiska S.A., Santander Bank Polska S.A. – Santander Biuro Maklerskie or Powszechna Kasa Oszczędności Bank Polski S.A. Oddział – Biuro Maklerskie w Warszawie (each, a „**Banking Consortium Member**") or (iii) are otherwise not cleared for acceptance by the Tender Agent (as defined below) or the Exchange Trustee (as defined below) (the „**Excluded Shareholders**").

No fractional shares from Vita 34 Offer Shares („**Fractional Shares**") will be credited in exchange for tendered PBKM Shares. If the acceptance of the Exchange Offer results in Fractional Shares for PBKM Shareholders, these Fractional Shares will be sold shortly after completion of the Exchange Offer and the proceeds will be distributed to the relevant PBKM Shareholders in cash.

The Company has commissioned mBank S.A., ul. Prosta 18, 00-850 Warsaw, Poland (the „**Tender Agent**"), to act as investment firm intermediating in the Exchange Offer in Poland and Hauck & Aufhäuser Privatbankiers AG, Kaiserstraße 24, 60311 Frankfurt am Main, Germany (the „**Exchange Trustee**"), to subscribe for the Vita 34 Offer Shares in relation to the PBKM Shares tendered in the Exchange Offer. Each of the Tender Agent and the Exchange Trustee were also appointed to assist in the technical settlement of the Exchange Offer.

The Exchange Offer will only be executed if certain conditions precedent, including a minimum acceptance rate of 95% of the PBKM Shares outstanding at the time of the expiry of the Acceptance Period and the non-occurrence of certain material adverse effects at PBKM (the „**Closing Conditions**"), are fulfilled or effectively waived by the Company. If a Closing Condition has not been fulfilled prior to January 13, 2022 and the Company has not waived the relevant Closing Condition, the Exchange Offer will expire.

PBKM Shareholders who accepted the Exchange Offer have a right to withdraw from their acceptance of the Exchange Offer only if and to the extent they accepted the Exchange Offer prior to the occurrence of a defined material adverse change in the stock market and/or if the Company publishes a supplement to the Prospectus; in the latter case, PBKM Shareholders may under the Prospectus Regulation withdraw their acceptance declarations within three (3) working days of the publication of the supplement. A waiver of a Closing Condition has no effect on the effectiveness of acceptance declarations already submitted.

Any announcements of the Company in connection with the Exchange Offer will immediately be published on the Company's website (https://www.vita34.de/en/).

The extraordinary shareholder's meeting of the Company resolved on July 13, 2021 to increase the Company's share capital against contributions in kind from EUR 4,145,959.00 by up to EUR 12,280,560.00 to up to EUR 16,426,519.00 by issuing up to 12,280,560 Vita 34 Offer Shares, each with a pro rata amount of EUR 1.00 per share in the share capital and full dividend rights as from January 1, 2021. Pre-emption rights of the Company's existing shareholders were excluded. Following the

	end of the Acceptance Period, the issuance of the Vita 34 Offer Shares and the related capital increase (the „**Offer Capital Increase**") will require a resolution by the management board of the Company determining the exact number of Vita 34 Offer Shares and the concrete amount of the capital increase, which is expected to be adopted on October 20, 2021.
Expected Timetable of the Exchange Offer.....	The anticipated timetable for the Exchange Offer and for the admission to trading of the Vita 34 Offer Shares on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard), which remains subject to change, is as follows:

September 17, 2021	Approval of Prospectus by BaFin, notification to the Polish Financial Supervision Authority and publication of the Prospectus on the website of the Company (https://www.vita34.de).
September 20, 2021	Start of Acceptance Period.
October 18, 2021	End of Acceptance Period.
October 25, 2021	Registration of the implementation of the Offer Capital Increase in the Company's commercial register.
October 27, 2021	Admission to trading of the Vita 34 Offer Shares on the regulated market with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange.
October 28, 2021	First day of trading of the Vita 34 Offer Shares on the Frankfurt Stock Exchange.
October 29, 2021	Settlement of the Exchange Offer and delivery of the Vita 34 Offer Shares.

Offer Price.....	Not applicable. Vita 34 Offer Shares may solely be acquired in exchange of PBKM Shares at the Exchange Ratio.
Acceptance Period.....	The Acceptance Period is expected to run from and including September 20, 2021 up to and including October 18, 2021, 24:00 (CEST).
Acceptance of the Exchange Offer.....	PBKM Shareholders can only accept the Exchange Offer if, within the Acceptance Period, the relevant PBKM Shareholders (i) hold their PBKM Shares in a securities account with any of the Banking Consortium Members or have been cleared by the Tender Agent or Exchange Trustee for the acceptance and (ii) declare acceptance to the relevant Banking Consortium Member in the required form for a number of PBKM Shares to be specified. The tendered PBKM Shares will be transferred by the Banking Consortium Members or the respective depositary bank via the Tender Agent to a securities account of the Exchange Trustee held with the Tender Agent for onward transfer by the Exchange Trustee to the Company for purposes of the contribution in kind. The Exchange Trustee will contribute the tendered PBKM Shares to the Company in exchange for the issue of new Vita 34 Offer Shares subscribed for by the Exchange Trustee. With the exception of Fractional Shares that will be sold by the Exchange Trustee in the course of the fractional adjustment, the Exchange Trustee will transfer the relevant Vita 34 Offer Shares to the tendering PBKM Shareholders (via the Tender Agent, the Banking Consortium Members or any other sub-custodians, investment firms or intermediary banks, as the case may). The tendered PBKM Shares are subject to transfer restrictions and will be held blocked by the Banking Consortium Member (subject to the withdrawal rights) as of the receipt of the declaration of acceptance until settlement or reversal of the Exchange Offer. PBKM Shareholders who have accepted the Exchange Offer will, therefore, no longer be able to sell their tendered PBKM Shares until such point in time.
Sale of Unsubscribed Shares/Private Placements..	Not applicable.
Stabilization Measures.....	In connection with the Exchange Offer, no stabilization measures will be taken.
Dilution.....	Dilution comprises two aspects: dilution of the shareholding and value-related dilution. Dilution of the shareholding percentage of shareholders of the Company amounts to 74.29%. There is no value-related dilution as the proportionate book value of equity per Company's share increases by EUR 7.36 based on the book value of equity as of June 30, 2021.

Total Expenses.....	The costs related to the Exchange Offer and the admission to trading of the Vita 34 Offer Shares are expected to amount to approximately EUR 3.5 million and will be borne by the Company. No expenses will be charged to investors by the Company, the Tender Agent or the Exchange Trustee.

D.2 – Who is the offeror and/or the person asking for admission to trading?

Description of the Offeror and the Person Asking for Admission to Trading

The Vita 34 Offer Shares will be offered by the Company only. The Tender Agent acts as an investment firm intermediating the Exchange Offer in Poland. The Company will apply for admission of the Vita 34 Offer Shares to trading on the regulated market segment of the Frankfurt Stock Exchange. The application for approval will be filed, jointly with the Company, by Hauck & Aufhäuser Privatbankiers AG, Kaiserstraße 24, 60311 Frankfurt am Main, Germany, a credit institution with its registered seat in Germany, incorporated in and operating under the laws of Germany.

D.3 – Why is the Prospectus being produced?

Reasons for the Exchange Offer.....	The reasons for the Exchange Offer are the expected economic and strategic benefits of a business combination between the Group and the FamiCord Group (the „**Combined Group**") as two leading European umbilical cord blood banks from different countries with complementary strengths. These benefits include a strong position of the Combined Group in important European regions and markets, a wider choice of different services to customers, the facilitation of an expansion into new business areas and a geographical expansion, a strengthened financial profile as well as further advantages due to economies of scale in procurement of materials and laboratory equipment as well as cost savings relating to sales and marketing.
Use of Proceeds.....	The Exchange Offer will not result in any cash proceeds for the Company.
Underwriting	The Exchange Offer is not subject to an underwriting agreement and not subject to any firm underwriting commitment.
Interests Material to the Exchange Offer or Admission to Trading.....	The Company and PBKM have a material interest in the Exchange Offer. In the Company's opinion, both will derive a number of benefits from the acquisition of PBKM Shares by the Company. Moreover, AOC Health GmbH is the major shareholder of PBKM as well as of the Company. It holds 61.5% of the PBKM Shares and 32.56% of the Company's shares, respectively. Therefore, by participating in the Share Exchange as a shareholder directly contributing its PBKM Shares, AOC Health GmbH will further expand its shareholdings in the Company and, as a consequence, will be less affected by dilution due to the issuance of Vita 34 Offer Shares than shareholders of the Company who simultaneously do not hold PBKM Shares. Furthermore, the Tender Agent and the Exchange Trustee have a contractual relationship with the Company in connection with the Exchange Offer and admission to trading of the Vita 34 Offer Shares. In addition, certain service providers who advise or assist the Company in the execution of the Exchange Offer and the admission to trading of the Vita 34 Offer Shares will receive fees in connection therewith. Other interests or (potential) conflicts of interest which could be material to the Exchange Offer do not exist.

II. ZUSAMMENFASSUNG DES PROSPEKTS

A. – Einleitung mit Warnhinweisen

Gegenstand dieses Prospekts (der „**Prospekt**“) ist das freiwillige öffentliche Umtauschangebot der Vita 34 AG (die „**Emittentin**“ oder die „**Gesellschaft**“, und zusammen mit ihren Tochtergesellschaften, „**Vita 34**“ oder die „**Gruppe**“), Rechtsträgerkennung („**LEI**“) 529900OEWA4GSZEZ4P40, in der Republik Polen („**Polen**“) für sämtliche Inhaber-Stammaktien der Polski Bank Komórek Macierzystych S.A. („**PBKM**“ oder das „**Zielunternehmen**“, und zusammen mit ihren Tochtergesellschaften die „**FamiCord-Gruppe**“, und die Aktien der PBKM die „**PBKM-Aktien**“) im Gegenzug für bis zu 12.140.215 neu ausgegebene auf den Namen lautende Stammaktien ohne Nennwert (Stückaktien) (die „**Vita 34 Angebotsaktien**“) im Wege der Sacheinlage (der „**Aktientausch**“) und die Zulassung zum Handel dieser neuen Aktien am Regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich mit weiteren Zulassungsfolgepflichten (*Prime Standard*).

Die internationale Wertpapier-Identifikationsnummer („**ISIN**“) der angebotenen Vita 34 Angebotsaktien ist DE000A0BL849. Die Vita 34 Angebotsaktien werden den Aktionären der PBKM (die „**PBKM-Aktionäre**“) im Gegenzug für PBKM-Aktien im Verhältnis von 1,3 neue Aktien der Gesellschaft im Austausch gegen 1 PBKM-Aktie angeboten werden. Es werden keine Bruchteile von neuen Vita 34 Angebotsaktien für PBKM-Aktien umgetauscht. Der Aktientausch soll durch Vollzug von Einbringungsverträgen zwischen der Gesellschaft und bestimmten PBKM-Aktionären sowie durch ein freiwilliges öffentliches Umtauschangebot durch die Gesellschaft, das an alle PBKM-Aktionäre, die nicht Ausgeschlossene Aktionäre (wie nachstehend definiert) sind, gerichtet ist (das „**Umtauschangebot**“), umgesetzt werden.

Die Gesellschaft und Hauck & Aufhäuser Privatbankiers AG, Kaiserstraße 24, 60311 Frankfurt am Main, Deutschland, eingetragen im Handelsregister des Amtsgerichts Frankfurt am Main, Deutschland, unter der Nummer HRB 108617, LEI 529900OOZP78CYPYF471, werden die Zulassung der Vita 34 Angebotsaktien zum Handel im regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (*Prime Standard*) beantragen.

Die Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Deutschland (Telefon: +49 228 4108 0; Website: www.bafin.de), hat diesen Prospekt als zuständige Behörde gemäß Verordnung (EU) 2017/1129 des Europäischen Parlaments und des Rates vom 14. Juni 2017 über den Prospekt, der beim öffentlichen Angebot von Wertpapieren oder bei deren Zulassung zum Handel an einem geregelten Markt zu veröffentlichen ist und zur Aufhebung der Richtlinie 2003/71/EG am 17. September 2021 gebilligt.

Diese Zusammenfassung sollte als Einleitung zu diesem Prospekt verstanden werden. Anleger sollten sich bei der Entscheidung, in die Vita 34 Angebotsaktien der Gesellschaft zu investieren, auf diesen Prospekt als Ganzes stützen. Anleger, die in die Vita 34 Angebotsaktien investieren, könnten das gesamte angelegte Kapital oder einen Teil davon verlieren. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger nach nationalem Recht die Kosten für die Übersetzung dieses Prospekts vor Prozessbeginn zu tragen haben. Nur diejenigen Personen haften zivilrechtlich, die diese Zusammenfassung samt etwaiger Übersetzungen vorgelegt und übermittelt haben. Dies gilt jedoch nur für den Fall, dass diese Zusammenfassung, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, irreführend, unrichtig oder widersprüchlich ist oder dass sie, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, nicht die Basisinformationen vermittelt, die in Bezug auf Anlagen in die Aktien der Gesellschaft für die Anleger eine Entscheidungshilfe darstellen würden.

B. – Basisinformationen über den Emittenten

B.1 – Wer ist der Emittent der Wertpapiere?

Informationen über den Emittenten.....	Die juristische Bezeichnung der Gesellschaft ist Vita 34 AG und die Gesellschaft ist unter ihrer kommerziellen Bezeichnung Vita 34 tätig. Die Gesellschaft, mit der Rechtsträgerkennung (*Legal Entity Identifier* – LEI) 529900OEWA4GSZEZ4P40, hat ihren Sitz in Leipzig, Deutschland und ihre Geschäftsanschrift ist Deutscher Platz 5a, 04103 Leipzig, Deutschland. Sie ist im Handelsregister des Amtsgerichts Leipzig, Deutschland, unter HRB 20339 eingetragen. Die Gesellschaft ist eine Aktiengesellschaft, die nach deutschem Recht gegründet ist und deutschem Recht unterliegt.
Haupttätigkeiten.....	Die Gruppe ist hauptsächlich auf dem Gebiet der Entnahme (auch als „Gewinnung“ bezeichnet), Aufbereitung und Einlagerung von Stammzellen aus Nabelschnurblut und -gewebe aktiv. Die Einlagerung von Stammzellen soll es den Kunden der Gruppe ermöglichen, von dem medizinischen Potential zu profitieren, das Stammzellen aus Nabelschnurblut und -gewebe zugeschrieben wird. Die Gruppe ist der Ansicht, dass sie die mit Abstand größte Stammzellbank in der Deutschland, Österreich und die Schweiz umfassenden DACH-Region ist und dass die FamiCord-Gruppe und die Gruppe die beiden größten privaten Nabelschnurblutbanken Europas sind. Die Gruppe verfügt über zahlreiche Lizenzen und Genehmigungen, wie u.a. vom Bundesinstitut für Impfstoffe und biomedizinische Arzneimittel (Paul Ehrlich Institut) nach dem deutschen Arzneimittelgesetz, und hält eine Vielzahl von Qualitätsstandards ein, einschließlich dem international anerkannten NetCord-FACT-Standard, welcher evidenzbasierte Vorgaben für die Entnahme, Einlagerung und Abgabe zur Anwendung von Nabelschnurblut festsetzt, die von einem internationalen Experten-Team aufgestellt

wurden. Die Gruppe stützt sich auch auf ihre Kompetenz auf dem Gebiet von Forschung und Entwicklung, die durch eine enge Zusammenarbeit mit renommierten Forschungsinstituten und Universitäten, z.B. dem Institut für Radiopharmazeutische Krebsforschung des Helmholtz-Zentrums Dresden-Rossendorf und der Universität Rostock, ergänzt wird, und die es der Gruppe erlaubt, ihren Kunden innovative Produkte und Dienstleistungen anzubieten.

Zum 30. Juni 2021 lagerte die Gruppe in den mehr als 180 Kryokonservierungstanks in ihren Laboren in Leipzig und Rostock über 253.000 Nabelschnurblut und -gewebeproben. Kryokonservierung ist der Prozess, in dem menschliches Gewebe bei –196 Grad Celsius eingefroren wird, um jegliche enzymatische oder chemische Aktivität, die dieses Gewebe beschädigen könnte, anzuhalten.

Zum 31. Dezember 2020 verfügte die Gruppe über 116 Mitarbeiter und lagerte Nabelschnurblut aus 20 Ländern mit Schwerpunkt Europa.

Hauptanteilseigner ..... Auf Grundlage der von der Gesellschaft erhaltenen Stimmrechtsmitteilungen gemäß Wertpapierhandelsgesetz (WpHG) halten die folgenden Aktionäre mitteilungspflichtige Beteiligungen an der Gesellschaft zum Datum dieses Prospekts: AOC Health GmbH (32,56%), PBKM (3,87%) und Dr. Haueisen (3,04%). Die Gesellschaft wird indirekt kontrolliert von Florian Schuhbauer und Klaus Röhrig als den indirekt kontrollierenden wirtschaftlich Berechtigten der AOC Health GmbH und der PBKM als direkten Aktionären der Gesellschaft.

Vorstand..... Der Vorstand der Gesellschaft besteht aus Dr. Wolfgang Knirsch (Vorstandsvorsitzender) und Andreas Schafhirt (Vorstand Finanzen und Financial Services).

Abschlussprüfer..... Die Gesellschaft hat für die am 31. Dezember 2018, 2019 und 2020 beendeten Geschäftsjahre die PKF Deutschland GmbH Wirtschaftsprüfungsgesellschaft, EUREF-Campus 10/11, 10829 Berlin, als Abschlussprüfer bestellt.

B.2 – Welches sind die wesentlichen Finanzinformationen über den Emittenten?

Die Finanzinformationen in diesem Prospekt wurden, soweit nicht anders angegeben, dem ungeprüften verkürzten Konzernzwischenabschluss der Gesellschaft für den zum 30. Juni 2021 endenden Sechsmonatszeitraum und den geprüften Konzernabschlüssen der Gesellschaft für die Geschäftsjahre 2020, 2019 und 2018, erstellt gemäß den am jeweiligen Bilanzstichtag in der EU anwendbaren internationalen Rechnungslegungsstandards (*International Financial Reporting Standards* (IFRS)), entnommen oder daraus abgeleitet. Die Zahlen in den nachfolgenden Tabellen für das am 31. Dezember 2019 beendete Geschäftsjahr und den am 30. Juni 2020 beendeten Sechsmonatszeitraum wurden nachträglich überarbeitet gemäß der Mitteilung der Deutschen Prüfstelle für Rechnungslegung („**DPR**“) in 2020 und sind jeweils den Vorjahreszahlen laut dem geprüften konsolidierten Konzernabschluss 2020 und dem ungeprüften verkürzten konsolidierten Konzernzwischenabschluss für den ersten Sechsmonatszeitraum 2021 entnommen. Bei einer Überprüfung stellte die DPR fest, dass (i) die planmäßige Abschreibung der immateriellen Vermögenswerte unter Berücksichtigung latenter Steuern korrigiert werden musste und (ii) der Schlüssel für die Aufteilung von von den Kunden vorauszuzahlender Paketpreise für die „Lagerung des Stammzelldepots“ neu berechnet werden musste, was zu einer späteren Erfassung von Umsatzerlösen führte und sich auf die Vertragsverbindlichkeiten und auf die latenten Steuern auswirkte.

Zusammenfassung der Daten aus der Gewinn- und Verlustrechnung

	Für den zum 30. Juni endenden Sechsmonatszeitraum		**Für das zum 31. Dezember endende Geschäftsjahr**		
	2021	**2020**	**2020**	**2019**	**2018**
	(ungeprüft)		(geprüft)		
	(in EUR Tausend, soweit nicht anders angegeben)				
Umsatzerlöse	10.822	9.522	20.069	19.934	20.409
Betriebsergebnis (EBIT)	483	1.052	2.380	2.453	2.631
Periodenergebnis nach Steuern	**(47)**	**851**	**1.501**	**718**	**832**
Ergebnis je Aktie, unverwässert/verwässert (in EUR)[(1)]	**(0,01)**	**0,21**	**0,37**	**0,18**	**0,20**

Zusammenfassung von Daten aus der Bilanz

	Für den zum 30. Juni endenden Sechsmonatszeitraum	**Für das zum 31. Dezember endende Geschäftsjahr**		
	2021	**2020**	**2019**	**2018**
	(ungeprüft)	(geprüft)		
	(in EUR Tausend)			
Vermögenswerte insgesamt	**59.206**	**58.464**	**58.775**	**59.317**
Eigenkapital insgesamt	**29.490**	**29.536**	**28.048**	**29.546**

Zusammenfassung von Daten aus der Kapitalflussrechnung

	Für den zum 30. Juni endenden Sechsmonatszeitraum		Für das zum 31. Dezember endende Geschäftsjahr		
	2021	**2020**	**2020**	**2019**	**2018**
	(ungeprüft)		(geprüft)		
	(in EUR Tausend)				
Netto-Cashflows aus der laufenden Geschäftstätigkeit	2.364	1.842	3.980	6.318	4.598
Netto-Cashflows aus Investitionstätigkeiten	(444)	92	(252)	(1.390)	821
Netto-Cashflows aus Finanzierungstätigkeiten	(1.639)	(1.098)	(2.434)	(2.787)	(2.638)
Veränderung der Zahlungsmittel und Zahlungsmitteläquivalente in der Berichtsperiode	280	836	1.294	2.140	2.779

Wesentliche andere Finanzinformationen

	Für den zum 30. Juni endenden Sechsmonatszeitraum		Für das zum 31. Dezember endende Geschäftsjahr		
	2021	**2020**	**2020**	**2019**	**2018**
	(ungeprüft, soweit nicht anders angegeben)				
	(in EUR Tausend)				
EBITDA[(1)]	**2.007**	**2.528**	**5.344**	**5.433**	**4.722**
EBITDA Marge (%)[(2)]	18,5	26,6	26,6	27,3	23,1
Adjusted EBITDA[(3)]	**3.180**	**2.644**	**5.844**	**–**	**–**
Adjusted EBITDA Marge (%)[(4)]	29,4	27,8	29,1	–	–

(1) EBITDA ist das Ergebnis vor Zinsen, Steuern, Abschreibungen und Wertminderungen auf immaterielle Vermögenswerte und Sachanlagen.
(2) EBITDA-Marge ist EBITDA als Prozentsatz der Umsatzerlöse, berechnet als EBITDA geteilt durch Umsatzerlöse.
(3) Adjusted EBITDA wird berechnet durch Bereinigung des EBITDA um Sondereffekte von EUR 500 Tausend in 2020 für Beratungskosten im Zusammenhang mit dem öffentlichen Pflichtangebot der AOC Health GmbH und der Prüfung eines möglichen Unternehmenszusammenschlusses mit der PBKM sowie EUR 1.172 Tausend in den ersten sechs Monaten 2021 für die Prüfung und Vorbereitung des möglichen Umtauschangebots und EUR 115 Tausend in den ersten sechs Monaten 2020, die für Beratungskosten im Zusammenhang mit dem öffentlichen Pflichtangebot der AOC Health GmbH angefallen sind.
(4) Adjusted EBITDA Marge ist Adjusted EBITDA als Prozentsatz der Einnahmen, berechnet als Adjusted EBITDA geteilt durch die Einnahmen.

Pro Forma Finanzinformation

Im Zusammenhang mit dem Umtauschangebot hat die Vita 34 die nachfolgenden pro forma Finanzinformationen erstellt, bestehend aus einer pro forma Konzern-Gewinn- und Verlustrechnung für den Zeitraum 1. Januar 2020 bis 31. Dezember 2020 sowie für die ersten sechs Monate des Jahres 2021 und einer pro forma Konzern-Bilanz zum Stichtag 30. Juni 2021, jeweils ergänzt um pro forma Erläuterungen (zusammen die „**Pro Forma Konzern-Finanzinformationen**"). Zweck der Pro Forma Konzern-Finanzinformationen ist es, die Auswirkungen des beabsichtigen Erwerbs der PBKM zu zeigen, als ob diese mit Wirkung zum 1. Januar 2020 erworben worden wäre. Die Pro Forma Konzern-Finanzinformationen wurden lediglich zu Anschauungszwecken erstellt. Naturgemäß beschreiben die Pro Forma Konzern-Finanzinformationen lediglich eine hypothetische Situation und beruhen auf Annahmen, sie geben nicht das tatsächliche Nettovermögen und die tatsächliche Finanz- und Ertragslage der Gesellschaft wieder und sollten nicht als Anhaltspunkt für das künftige Geschäft, Aussichten, Finanz- und Ertragslage oder Cashflows der Gesellschaft oder der Kombinierten Gruppe (wie nachstehend definiert) nach dem Umtauschangebot und dem Zusammenschluss angesehen werden.

Pro forma Konzern-Gewinn- und Verlustrechnung für den Zeitraum 1. Januar 2020 bis 31. Dezember 2020

	Vita 34	**FamiCord-Gruppe**	**Gesamt**	**Pro forma Anpassungen**	**Pro forma Konzern-Gewinn- und Verlustrechnung**
			(in EUR Tausend)		
Umsatzerlöse	20.069	40.143	60.212	–	60.212
Betriebsgewinn (EBIT)	2.379	(6.039)	3.660	–	3.660
Gewinn/Verlust nach Steuern	**1.500**	**(5.379)**	**(3.879)**	**(161)**	**(4.040)**

Pro forma Konzern-Gewinn- und Verlustrechnung für den Zeitraum 1. Januar 2021 bis 30. Juni 2021

	Vita 34	**FamiCord-Gruppe**	**Gesamt**	**Pro forma Anpassungen**	**Pro forma Konzern-Gewinn- und Verlustrechnung**
			(in EUR Tausend)		
Umsatzerlöse	10.822	21.783	32.604	–	32.604
Betriebsgewinn (EBIT)	483	(3.149)	(2.666)	1.172	(1.494)
Gewinn/Verlust nach Steuern	**(71)**	**(2.316)**	**(2.387)**	**629**	**(1.758)**

Pro forma Konzern-Bilanz zum 30. Juni 2021

	Vita 34	**FamiCord-Gruppe**	**Gesamt**	**Pro forma Anpassungen**	**Pro forma Konzern-Bilanz**
			(in EUR Tausend)		
Summa Aktiva	59.182	123.240	186.422	(3.008)	179.415
Summe Eigenkapital	29.466	34.322	63.788	(3.972)	59.816

B.3 – Welches sind die zentralen Risiken, die für den Emittenten spezifisch sind?

- Medizinische Behandlungen mit Stammzellen aus Nabelschnurblut und -gewebe haben experimentellen Charakter, sodass Kunden wegen als geringfügig wahrgenommener medizinischer Vorteile bestehende Verträge beenden und potenzielle Kunden vom Angebot der Gesellschaft Abstand nehmen könnten.
- Die COVID-19 Pandemie erschwerte den Kontakt mit medizinischen Partnern und Kunden, könnte klinische Kapazitäten für die Entnahme von Stammzellen aus Nabelschnurblut und -gewebe verringern und die personelle Kapazität der Gesellschaft minimieren im Fall von Erkrankungen ihrer Mitarbeiter.
- Alternative Stammzellenquellen könnten die Entnahme, Aufbereitung und Einlagerung von Stammzellen aus Nabelschnurblut und -gewebe und damit das Kerngeschäft der Gesellschaft ersetzen.
- Kooperationen mit medizinischen Partnern der Gesellschaft im Hinblick auf Wissensvermittlung, Werbung und die Entnahme von Nabelschnurblut und -gewebe sowie Forschungsprojekte könnten eingeschränkt oder beendet werden.
- Falls es der Gesellschaft nicht gelingt, Erlaubnisse, Genehmigungen und Zulassungen für die Entnahme, Aufbereitung und Einlagerung von Nabelschnurblut und -gewebe zu erhalten, zu behalten oder zu erneuern, wird sie unfähig sein, ihre Geschäftstätigkeit fortzuführen.
- Die Gesellschaft ist in einem stark regulierten Umfeld tätig, sodass veränderte rechtliche Rahmenbedingungen ihre Geschäftstätigkeit erschweren, einschränken oder verbieten könnten.
- Der Gesellschaft könnte es nicht gelingen, ihre Innovations- und organische Wachstumsstrategie erfolgreich umzusetzen, und sie könnte darin scheitern, geeignete Akquisitionsziele zu identifizieren und erworbene Unternehmen erfolgreich zu integrieren.
- Mütter könnten Hausgeburten bevorzugen, wo die Entnahme von Nabelschnurblut und -gewebe nicht möglich ist, mit einem erheblichen Rückgang der Vertragsabschlüsse als Folge.
- Falls Kosten für die Einlagerung von menschlichem Gewebe steigen, könnte die Gesellschaft nicht in der Lage sein, die Kostensteigerung an ihre Kunden weiterzugeben mit der Folge geringerer Margen als erwartet.
- Im Anschluss an das Umtauschangebot könnte die Eingliederung der FamiCord-Gruppe nicht erfolgreich sein, nicht wie vorhergesehen ablaufen oder höhere oder unerwartete Kosten hervorrufen. Erwartete Synergien könnten nicht realisiert werden.

C. – Basisinformationen über die Wertpapiere

C.1 – Welches sind die wichtigsten Merkmale der Wertpapiere?

Art, Gattung, Nennwert..... Der Prospekt bezieht sich auf Namensaktien der Gesellschaft ohne Nennwert (Stückaktien) mit einem anteiligen Betrag von EUR 1,00 je Aktie am Grundkapital der Gesellschaft; ISIN DE000A0BL849; Wertpapier-Kennnummer (WKN) A0BL84, Börsenkürzel: V3V. Alle Aktien der Gesellschaft, einschließlich der Vita 34 Angebotsaktien, sind Aktien derselben Gattung.

Anzahl der Wertpapiere ..... Gegenstand dieses Prospekts ist das Umtauschangebot von 12.140.215 Vita 34 Angebotsaktien.

Währung ..... Die Aktien der Gesellschaft sind in Euro denominiert.

Verbundene Rechte..... Die Vita 34 Angebotsaktien werden uneingeschränkt fungibel und in jeder Hinsicht *pari passu* mit den bestehenden Aktien der Gesellschaft sein. Jede Aktie der Gesellschaft, einschließlich der Vita 34 Angebotsaktien, berechtigt zu einer Stimme in der Hauptversammlung. Es bestehen keine Beschränkungen der Stimmrechte. Die Vita 34 Angebotsaktien sind mit voller Gewinnanteilsberechtigung ab dem 1. Januar 2021 ausgestattet. Den Vita 34 Angebotsaktien steht ein Anteil an einem etwaigen Liquidationserlös oder Überschuss aus dem Insolvenzverfahren im Verhältnis ihres anteiligen Betrags am Grundkapital der Gesellschaft zu.

Rang..... Jeglicher Zahlungsanspruch der Aktionäre ist allen anderen Wertpapieren und Forderungen gegenüber nachrangig.

Freie Handelbarkeit ..... Die Aktien der Gesellschaft, einschließlich der Vita 34 Angebotsaktien, sind frei übertragbar. Es bestehen keine Beschränkungen für die Übertragbarkeit der Aktien der Gesellschaft.

Dividendenpolitik ..... Vor dem Hintergrund der erheblichen Kosten im Zusammenhang mit dem Unternehmenszusammenschluss mit PBKM und potenziellen weiteren Abfindungszahlungen im Zusammenhang mit einem möglichen Squeeze-out der übrigen PBKM-Aktionäre plant die Gesellschaft nicht, für das zum 31. Dezember 2020 beendete Geschäftsjahr Dividenden auszuschütten. Jede künftige Entscheidung über die Zahlung von Dividenden erfolgt in Übereinstimmung mit den geltenden Gesetzen und hängt unter anderem von den Betriebsergebnissen, der Finanzlage, vertraglichen Beschränkungen und dem Kapitalbedarf der Gesellschaft ab. Es besteht keine Zusicherung, dass die Gesellschaft in der Zukunft Dividenden zahlen wird oder, soweit eine Dividende gezahlt wird, wie hoch diese Dividende sein wird.

C.2 – Wo werden die Wertpapiere gehandelt?

Die bestehenden Aktien der Gesellschaft sind zum Handel im regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (*Prime Standard*) zugelassen. Am oder um den 11. Oktober 2021 wird die Gesellschaft, zusammen mit Hauck & Aufhäuser Privatbankiers AG, einen Antrag zur Zulassung der Vita 34 Angebotsaktien zum Handel im regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (*Prime Standard*) stellen.

C.3 – Welches sind die zentralen Risiken, die für die Wertpapiere spezifisch sind?

- Die Aktionärsstruktur der Gesellschaft könnte sich durch das Umtauschangebot erheblich verändern. Dies könnte zu nachteiligen Veränderungen für die Gesellschaft oder ihre Aktionäre führen, wenn einzelne Aktionäre andere Interessen verfolgen als die Gesellschaft oder die übrigen Aktionäre.
- Künftige Kapitalmaßnahmen könnten zu einer erheblichen Verwässerung führen, wodurch der Wert des Anteils der bestehenden Aktionäre an der Gesellschaft vermindert wird.
- Im Fall eines Verkaufs einer größeren Anzahl von Aktien durch Aktionäre der Gesellschaft oder der Vermutung, dass ein solcher stattfinden könnte, könnte Verkaufsdruck entstehen, der zu erheblichen Kursschwankungen der Aktien der Gesellschaft führen könnte.

D. – Basisinformationen über das öffentliche Angebot von Wertpapieren und/oder die Zulassung zum Handel an einem geregelten Markt

D.1 – Zu welchen Konditionen und nach welchem Zeitplan kann ich in dieses Wertpapier investieren?

Angebotskonditionen ..... Das Umtauschangebot bezieht sich auf den Erwerb aller dematerialisierten Inhaberaktien der PBKM mit einem Nominalwert in Höhe von PLN 0,50 unter der ISIN: PLPBKM000012 (die PBKM-Aktien, wie definiert). Die Gesellschaft bietet den Aktionären der PBKM Vita 34 Angebotsaktien im Umtausch für ihre PBKM-Aktien zum Bezug im Verhältnis von 1,30 : 1 (das „**Umtauschverhältnis**“) an. Aktien der PBKM, die zum Datum dieses Prospekts noch nicht dematerialisiert und noch nicht in die ISIN PLPBKM000012 eingebucht sind, können erst nach ihrer Zulassung zum Handel im regulierten Markt (*main market*) der Warschauer Wertpapierbörse zum Umtausch in das Umtauschangebot eingereicht werden, die am oder um den 24. September 2021 erwartet wird.

Der Aktienumtausch soll durch den Vollzug von Einbringungsverträgen zwischen der Gesellschaft und bestimmten PBKM Aktionären sowie durch ein freiwilliges öffentliches Umtauschangebot der Gesellschaft an alle anderen PBKM Aktionäre erfolgen, die keine Ausgeschlossenen Aktionäre (wie nachfolgend definiert) sind.

Das Umtauschangebot als öffentliches Angebot richtet sich ausschließlich an PBKM Aktionäre in Polen. Die Vita 34 Angebotsaktien werden darüber hinaus außerhalb von Polen gemäß einer anwendbaren Ausnahme von der Registrierungspflicht oder im Rahmen einer Transaktion angeboten, die keiner Registrierungspflicht unterliegt. In den Vereinigten Staaten von Amerika („**Vereinigte Staaten**“) werden die Vita 34 Angebotsaktien weder angeboten noch verkauft oder geliefert, weder direkt noch indirekt, und wurden und werden nicht unter dem U.S. Securities Act von 1933 in der jeweils gültigen Fassung (der „**Securities Act**“) registriert. Das Umtauschangebot kann nicht angenommen werden (i) von PBKM Aktionären in den Vereinigten Staaten oder anderen Jurisdiktionen, wo dies rechtswidrig ist, (ii) von PBKM Aktionären, die ihre Aktien in PBKM nicht bei dem Angebotsmakler oder dem Umtauschtreuhänder (wie unten jeweils definiert) oder bei der Dom Maklerski Banku Ochrony Środowiska S.A., der Santander Bank Polska S.A. – Santander Biuro Maklerskie oder der Powszechna Kasa Oszczędności Bank Polski S.A. Oddział – Biuro Maklerskie w Warszawie (jeweils ein „**Mitglied des Bankenkonsortiums**“) halten oder (iii) die anderweitig nicht zur Annahme durch den Angebotsmakler (wie nachstehend definiert) oder den Umtauschtreuhänder (wie nachstehend definiert) freigegeben sind (die „**Ausgeschlossenen Aktionäre**“).

Im Umtausch für eingereichte PBKM-Aktien werden keine Aktienspitzen von Vita 34 Angebotsaktien (die „**Aktienspitzen**“) gewährt. Falls die Annahme des Umtauschangebots zu Aktienspitzen für PBKM Aktionäre führt, werden diese Aktienspitzen kurz nach dem Abschluss des Umtauschangebots im Wege der Aktienspitzenverwertung verkauft, und die Einnahmen werden an die entsprechenden PBKM Aktionäre in bar verteilt.

Die Gesellschaft hat die mBank S.A., ul. Prosta 18, 00-850 Warschau, Polen (der „**Angebotsmakler**“), beauftragt, als Investmentgesellschaft das Umtauschangebot in Polen zu durchzuführen, und Hauck & Aufhäuser Privatbankiers AG, Kaiserstraße 24, 60311 Frankfurt am Main, Deutschland (der „**Umtauschtreuhänder**“), die Vita 34 Angebotsaktien im Verhältnis zu den im Rahmen des Umtauschangebots eingereichten PBKM-Aktien zu zeichnen. Jeweils der Angebotsmakler als auch der

Umtauschtreuhänder wurden ferner beauftragt, bei der technischen Abwicklung des Umtauschangebots zu unterstützen.

Das Umtauschangebot wird nur dann vollzogen, wenn bestimmte Bedingungen, einschließlich einer Mindestannahmeschwelle von 95% der im Zeitpunkt des Endes der Annahmefrist außenstehenden PBKM-Aktien und des Nichteintritts bestimmter wesentlicher nachteiliger Auswirkungen bei der PBKM (die „**Vollzugsbedingungen**"), erfüllt werden oder die Gesellschaft wirksam auf sie verzichtet. Sofern eine Vollzugsbedingung nicht vor dem 13. Januar 2022 erfüllt wurde und die Gesellschaft auf die betreffende Vollzugsbedingung nicht zuvor wirksam verzichtet hat, erlischt das Umtauschangebot.

PBKM-Aktionäre, die das Umtauschangebot angenommen haben, sind berechtigt, ihre Annahme des Umtauschangebots zurückzuziehen, wenn und insoweit sie das Umtauschangebot vor dem Eintritt einer definierten wesentlichen nachteiligen Veränderung der Aktienmärkte angenommen haben und/oder falls die Gesellschaft einen Nachtrag zum Prospekt veröffentlicht; in letzterem Fall haben die PBKM-Aktionäre gemäß der Prospekt-Verordnung das Recht, ihre Annahmeerklärungen innerhalb von drei (3) Arbeitstagen nach Veröffentlichung des Nachtrags zurückzuziehen. Der Verzicht auf eine Vollzugsbedingung hat keine Auswirkungen auf die Wirksamkeit von bereits abgebebenen Annahmeerklärungen.

Sämtliche Veröffentlichungen der Gesellschaft im Zusammenhang mit dem Umtauschangebot werden umgehend auf der Webseite der Gesellschaft (https://www.vita34.de/en/) bekanntgegeben.

Die außerordentliche Hauptversammlung der Gesellschaft hat am 13. Juli 2021 beschlossen, das Grundkapital der Gesellschaft gegen Sacheinlage von EUR 4.145.959,00 um bis zu EUR 12.280.560,00 auf bis zu EUR 16.426.519,00 durch Ausgabe von bis zu Stück 12.280.560 Vita 34 Angebotsaktien, mit einem anteiligen Betrag am Grundkapital von jeweils EUR 1,00 und vollständig gewinnberechtigt ab dem 1. Januar 2021, zu erhöhen. Das Bezugsrecht der Vita 34 Aktionäre wurde ausgeschlossen. Nach dem Ende der Annahmefrist erfordert die Ausgabe der Vita 34 Angebotsaktien und die damit zusammenhängende Kapitalerhöhung („**Angebotskapitalerhöhung**") einen Vorstandsbeschluss, der die genaue Anzahl der Vita 34 Angebotsaktien und den genauen Betrag der Kapitalerhöhung festlegt, und voraussichtlich am 20. Oktober 2021 gefasst wird.

Voraussichtlicher Zeitplan des Angebots ..... Der voraussichtliche Zeitplan für das Umtauschangebot und für die Zulassung zum Handel der Vita 34 Angebotsaktien im Regulierten Markt der Frankfurter Wertpapierbörse und der gleichzeitigen Zulassung dieser Aktien zum Teilbereich mit zusätzlichen Zulassungsfolgepflichten (*Prime Standard*), bei dem Änderungen vorbehalten sind, lautet wie folgt:

17. September 2021	Billigung des Prospekts durch die BaFin, Mitteilung an die polnische Finanzaufsichtsbehörde und Veröffentlichung des gebilligten Prospekts auf der Webseite der Gesellschaft (https://www.vita34.de).
20. September 2021	Beginn der Annahmefrist.
18. Oktober 2021	Ende der Annahmefrist.
25. Oktober 2021	Eintragung der Durchführung der Kapitalerhöhung beim Handelsregister der Gesellschaft.
27. Oktober 2021	Zulassung der Vita 34 Angebotsaktien zum Handel im Regulierten Markt der Frankfurter Wertpapierbörse und dem Teilbereich des Regulierten Marktes mit weiteren Zulassungsfolgepflichten (*Prime Standard*).
28. Oktober 2021	Erster Handelstag der Vita 34 Angebotsaktien an der Frankfurter Wertpapierbörse.
29. Oktober 2021	Vollzug des Umtausches und Lieferung der Vita 34 Angebotsaktien.

Angebotspreis ..... Nicht anwendbar. Die Zeichnung Vita 34 Angebotsaktien ist ausschließlich im Umtausch gegen PBKM-Aktien zum Umtauschverhältnis möglich.

Annahmefrist ..... Die Annahmefrist wird voraussichtlich von einschließlich 20. September 2021 bis einschließlich 18. Oktober 2021, 24:00 (MESZ) laufen.

Annahme des Umtauschangebots ..... PBKM-Aktionäre können das Umtauschangebot nur annehmen, wenn die jeweiligen PBKM-Aktionäre innerhalb der Annahmefrist (i) ihre PBKM-Aktien in einem Depot bei einem Mitglied des Bankenkonsortiums halten oder vom Angebotsmakler oder dem Umtauschtreuhänder für die Annahme freigeschaltet worden sind und (ii) die Annahme gegenüber dem jeweiligen Mitglied des Bankenkonsortiums in der vorgeschriebenen Form für eine bestimmte Anzahl an PBKM-Aktien erklären.

	Die Eingereichten PBKM-Aktien werden durch die Mitglieder des Bankenkonsortiums bzw. die jeweilige Depotbank über den Angebotsmakler auf ein Depot des Umtauschtreuhänders bei dem Angebotsmakler übertragen, zur weiteren Übertragung durch den Umtauschtreuhänder an die Gesellschaft zum Zwecke der Sacheinlage. Der Umtauschtreuhänder wird die Eingereichten PBKM-Aktien in die Gesellschaft gegen Ausgabe der neuen Vita 34 Angebotsaktien einbringen, die vom Umtauschtreuhänder gezeichnet werden. Mit Ausnahme von Aktienspitzen, die durch den Umtauschtreuhänder im Zuge der Aktienspitzenverwertung veräußert werden, wird der Umtauschtreuhänder die jeweiligen Vita 34 Angebotsaktien an die einreichenden PBKM-Aktionäre übertragen (mittels des Angebotsmaklers, der Mitglieder des Bankenkonsortiums oder sonstiger Unterverwahrstellen, Investmentfirmen oder gegebenenfalls zwischengeschalteter Banken). Die Eingereichten PBKM-Aktien unterliegen Verfügungsbeschränkungen und werden durch die Mitglieder des Bankenkonsortiums ab dem Zeitpunkt des Erhalts der jeweiligen Annahmeerklärungen bis zum Vollzug oder der Rückabwicklung des Umtauschangebots gesperrt gehalten (vorbehaltlich Rücktrittsrechten). PBKM-Aktionäre, die das Umtauschangebot angenommen haben, werden daher bis zu diesem Zeitpunkt nicht in der Lage sein, ihre Eingereichten PBKM-Aktien zu veräußern.
Veräußerung nicht gezeichneter Aktien/ Privatplazierungen	Nicht anwendbar.
Stabilisierungsmaßnahmen	Im Zusammenhang mit dem Umtauschangebot werden keine Stabilisierungsmaßnahmen ergriffen.
Verwässerung	Die Verwässerung erfolgt in zweifacher Hinsicht: Verwässerung der Beteiligungsquote und wertmäßige Verwässerung. Die Verwässerung der Beteiligungsquote an der Gesellschaft beläuft sich auf 74,29%. Es findet keine wertmäßige Verwässerung statt, da der anteilige Buchwert des Eigenkapitals um EUR 7,36 je Aktie der Gesellschaft steigt basierend auf dem Buchwert des Eigenkapitals am 30. Juni 2021.
Gesamtkosten.....	Die Kosten in Zusammenhang mit dem Angebot und der Zulassung zum Handel werden insgesamt voraussichtlich ungefähr EUR 3,5 Millionen betragen und werden von der Gesellschaft getragen. Den Anlegern werden von der Gesellschaft, dem Angebotsmakler oder dem Umtauschtreuhänder keine Kosten in Rechnung gestellt.

D.2 – Wer ist der Anbieter und/oder die die Zulassung zum Handel beantragende Person?

Beschreibung des Anbieters und der die Zulassung zum Handel beantragenden Person

Die Vita 34 Angebotsaktien werden nur von der Gesellschaft angeboten. Der Angebotsmakler handelt als Investmentgesellschaft, die die Durchführung des Umtauschangebots in Polen vermittelt. Die Gesellschaft wird die Zulassung der Vita 34 Angebotsaktien zum Handel im Regulierten Markt der Frankfurter Wertpapierbörse stellen. Der Antrag zur Zulassung wird, gemeinsam mit der Gesellschaft, von Hauck & Aufhäuser Privatbankiers AG, Kaiserstraße 24, 60311 Frankfurt am Main, einem Kreditinstitut mit Sitz in Deutschland, das in Deutschland gegründet wurde und deutschem Recht unterliegt, gestellt werden.

D.3 – Weshalb wird dieser Prospekt erstellt?

Gründe für das Angebot.....	Die Gründe für das Umtauschangebot liegen in den erwarteten wirtschaftlichen und strategischen Vorteilen eines Zusammenschlusses der Gruppe und der FamiCord-Gruppe (die „**Kombinierte Gruppe**“), zwei führenden europäischen Nabelschnurblutbanken aus verschiedenen Ländern mit verschiedenen Stärken. Zu diesen Vorteilen gehören eine starke Position der Kombinierten Gruppe in wichtigen europäischen Regionen und Märkten, eine größere Auswahl an verschiedenen Dienstleistungen für Kunden, die Erleichterung einer Expansion in neue Geschäftsbereiche und eine geografische Ausdehnung, ein gestärktes Finanzprofil sowie weitere Vorteile aufgrund von Skaleneffekten bei der Beschaffung von Materialien und Laborausrüstung sowie Kosteneinsparungen im Bereich Vertrieb und Marketing.
Verwendung des Erlöses	Das Angebot wird zu keinen Nettoerlösen der Gesellschaft führen.
Übernahmevertrag.....	Das Angebot unterliegt keinem Übernahmevertrag und daher auch keiner verbindlichen Übernahmeverpflichtung.
Wesentliche Interessen am Angebot oder der Zulassung zum Handel.....	Die Gesellschaft und PBKM haben ein wesentliches Interesse an dem Angebot. Die Gesellschaft ist der Ansicht, dass der Erwerb von PBKM-Aktien verschiedene Vorteile für beide Gesellschaften mit sich bringen wird. Hauptaktionär sowohl der Gesellschaft als auch der PBKM ist AOC Health GmbH mit einem Anteil von 61,5% am Grundkapital von PBKM und 32,56% am Grundkapital der Gesellschaft. Durch Annahme des Angebots wird AOC Health GmbH weitere Anteile an der Gesellschaft erwerben und folglich weniger von der Verwässerung betroffen sein als Aktionäre der Gesellschaft, die nicht zugleich auch Aktionär der PBKM sind. Ferner sind der

Angebotsmakler und der Umtauschtreuhänder im Zusammenhang mit dem Umtauschangebot und der Zulassung der Vita 34 Angebotsaktien zum Handel ein Vertragsverhältnis mit der Gesellschaft eingegangen. Darüber hinaus erhalten bestimmte Dienstleister, die die Gesellschaft bei der Durchführung des Umtauschangebots und der Zulassung der Vita 34 Angebotsaktien zum Handel beraten oder unterstützen, Gebühren in diesem Zusammenhang. Weitere Interessen oder (potenzielle) Interessenkonflikte, die für das Umtauschangebot wesentlich sein könnten, bestehen nicht.

1. RISK FACTORS

An investment in the shares of Vita 34 AG is subject to risks. Investors should carefully consider each of the risks described below and all of the other information in this Prospectus, including the Company's financial statements, before deciding to accept the Exchange Offer. The risks described below are not the only ones applicable to the Company. This section only contains material and specific risks based on the probability of their occurrence and the expected magnitude of their negative impact. Although the most material risk factors have been presented first within each category and the description of each risk includes the Company's assessment of the likelihood of its occurrence and materiality as of the date of this Prospectus, the order in which the remaining risks are presented is not necessarily an indication of the likelihood of the risks actually materializing, the potential significance of the risks or of the scope of any potential negative impact to the Company's business, results of operations, financial condition and prospects.

1.1 Risks related to the Business and the Industry in which the Company Operates

1.1.1 Medical treatments with stem cells from umbilical cord blood and tissue have an experimental character.

The Company's core business is the collection, processing, and storage of stem cells from umbilical cord blood and tissue in order to provide its customers and their close ones with access to various types of treatments and possibly life-saving therapies. As of the date of the Prospectus, cord blood is an approved treatment for the hematopoietic reconstitution and immune reconstitution following high-dose chemotherapy and radiation therapy (Source: *Bundesärztekammer*, Richtlinie zur Herstellung und Anwendung von hämatopoetischen Stammzellzubereitungen – Erste Fortschreibung, published March 15, 2019, doi:10.3238/ arztebl.2019.rl_haematop_sz02). Based on this, cord blood has been applied as part of treatment regimen for the treatment of a number of diseases, including hematologic malignancies – such as leukemia – hereditary and acquired marrow failure syndromes, hemoglobinopathies, and immunodeficiencies as well as nonhematologic disorders (Source: *Hector Mayani, John E. Wagner, Hal E. Broxmeyer*, Cord blood research, banking, and transplantation: achievements, challenges, and perspectives, Bone Marrow Transplantation (2020), published online May 14, 2019, doi:10.1038/s41409-019-0546-9). However, further medical applications are subject to clinical research and, therefore, still have an experimental character. They are limited to certain diseases, such as brain damages, blood disorders, autoimmune diseases, immune deficiencies or metabolic disorder. The likelihood of such diseases and actual applicability of stem cell treatment in the individual case is extremely rare. The use of stem cells for the treatment of widespread diseases such as brain damages (including stroke, cerebral palsy and encephalopathy), autoimmune diseases or heart defects is still subject to research and has not been performed yet. The scope of possible applications is still uncertain. Therefore, the value of stem cells stored depends on the results of future research findings and is purely speculative at the moment. If future research findings do not result in the establishment of standardized stem cell treatments for widespread disease, cost-benefit considerations regarding the Company's products and services may be imbalanced. This may challenge and impair the current business model of the Company. Due to perceived little medical benefits, its customers may terminate existing contracts and potential customers may refrain from opting for the Company's services.

1.1.2 The COVID-19 pandemic complicated contact with medical partners as well as customers, may restrict clinical capacities for the collection of stem cells from umbilical cord blood and tissue and may decrease the Company's personnel capacity in case of infection among its employees.

On March 11, 2020, the World Health Organization (WHO) declared the SARS-CoV-2 (severe acute respiratory syndrome coronavirus type 2) („**COVID-19**") outbreak a pandemic, which had an immediate significant effect on the Company's day-to-day business. Due to the pandemic, general contact restrictions have been imposed by governments in almost all geographic markets where the Group operates in order to combat the spread of the virus. In the medical sector, precautionary measures and hygiene requirements have been intensified to protect patients and expectant parents as being particularly vulnerable to the virus. Such restrictions and additional burdens complicated and still complicate contact with gynecologists and midwives as multipliers in the sales process of the Company's services and contact with the Company's customers. Medical consultants became restrained in their ability to visit customers and partners. In addition, many baby fairs for expectant families and antenatal classes where the Company used to present its services were cancelled. This may have a negative impact on the number of storages in 2020 and may continue to negatively affect the Company's storage numbers as long as the COVID-19 induced restrictions will be in place.

In addition, also as a result of the COVID-19 restrictions on personal contacts, the Company increasingly relies on holding video conferences and distributing online brochures via download, emails or social media channels instead of the previous face-to-face appointments. However, since the Company believes that, in the mid- and long-term, trustful personal exchange is essential in order to come to an informed decision, in particular on

sensitive health issues, this also may negatively affect sales of the Company's services. In addition, the further shift of information channels towards the internet may cause additional expenses for providing the applicable information technology tools and programs as well as suitable content, respectively.

If the COVID-19 pandemic continues to escalate, hospitals may introduce restrictions on umbilical cord blood collection. Due to the pandemic, the existing strict hygiene regulations and initial medical examination requirements have been further tightened and may complicate harvesting of umbilical cord blood and tissue. In addition, hospitals may be urged to save all available personnel capacities for COVID-19 patients and lifesaving treatments. As a result, hospitals may temporarily suspend collaboration with the Company on collecting human material. In Spain for example, all public hospitals have temporarily suspended the collection of umbilical cord blood and tissue during the COVID-19 pandemic since the first wave of infections in April 2020, while private hospitals only suspended the collection for approximately one month. Such collaboration suspensions may result in a general uncertainty among potential customers and a significant decline of new contracts. In 2020, the Company noted a decline in its contracts concluded in Spain compared to pre-pandemic levels. In the event the person collecting the umbilical cord blood or umbilical cord tissue refuses to execute the collection, the Company may only receive a down payment amount of EUR 195 from its customer and not the entire contract value.

In case of infections with COVID-19 among the Company's employees, its capacity may decline and its manufacturing and administration process may be interrupted depending on the size of the affected group of employees, length and degree of infections and the employees' respective responsibilities. As a result, the quality of the services provided by the Company may decrease. In particular, processing, including cryopreservation, which is the process to preserve human biological material by cooling to −196 degrees Celsius in order to stop any enzymatic or chemical activity which might cause damage to such material, of samples may be delayed and human material could therefore suffer damage or destruction. In this event, fees may need to be reimbursed and, in addition, customers may claim damages.

These factors may have a material adverse effect on the number of contracts concluded and, accordingly, Company's results of operations.

1.1.3 Alternative stem cell sources may prove to be an equivalent and always obtainable alternative and may substitute the collection, processing and storage of stem cells from umbilical cord blood and tissue. Since shelf life of cryoconserved human biological material is not empirically proven for more than 23.5 years, umbilical cord blood and tissue may decay and become unusable during long-term storage.

Besides umbilical cord blood and tissue, stem cells can also be harvested from other sources, namely bone marrow, where stem cells can be harvested during a surgical intervention by aspiration from the cavity of the hipbone, and peripheral blood, where the donor receives medication to increase the number of hematopoietic stem cells several days before the donation and stem cells are then harvested through apheresis, *i.e.*, an extracorporeal blood filtration treatment. In comparison to bone marrow, cord blood has several biological advantages, such as higher proliferative potential, lower requirement for human leukocyte antigen compatibility, low immunogenicity (tendency to provoke immune reactions) and lower incidence of graft-versus-host-disease, minimal risk to the donor (due to non-invasive collection process) and immediate availability if a cord blood sample has been stored (Sources: *P.M. Lansdorp, W. Dragowska, H. Mayani*, Ontogeny-related changes in proliferative potential of human hematopoietic cells, Journal of Experimental Medicine Volume 178 (Issue 3), published September 1, 1993, doi:10.1084/jem.178.3.787; *Ali Noroozi-aghideh, Maryam Kheirandish*, Human cord blood-derived viral pathogens as the potential threats to the hematopoietic stem cell transplantation safety: A mini review, World Journal of Stem Cells, published online February 26, 2019, doi:10.4252/wjsc.v11.i2.73). The major disadvantages of cord blood are its delayed engraftment and poor immune reconstitution, leading to a high rate of infection-related mortality (for further information on infections, see „*1.1.8 Human biological material collected may be infected and, as a consequence, unusable for therapeutic purpose.*" below) (Source: *Ali Noroozi-aghideh, Maryam Kheirandish*, Human cord blood-derived viral pathogens as the potential threats to the hematopoietic stem cell transplantation safety: A mini review, World Journal of Stem Cells, published online February 26, 2019, doi:10.4252/wjsc.v11.i2.73) as well as its limited availability once in a lifetime immediately after birth. Future research may show that stem cells from other sources are an equivalent and always obtainable alternative to stem cells from umbilical cord blood and tissue for therapeutic use and substitute the Company's current core business.

Since diseases to be treated with stem cells mainly occur either within the first four years after birth or at an advanced age, in the latter case, these patients do not yet have an autologous umbilical cord blood deposit. By now, the shelf life of cryoconserved material is not empirically proven for more than 23.5 years (Source: *Hal E Broxmeyer, Man-Ryul Lee, Giao Hangoc, Scott Cooper, Nutan Prasain, Young-June Kim, Coleen Mallett, Zhaohui Ye, Scott Witting, Kenneth Cornetta, Linzhao Cheng, Mervin C Yoder*, Hematopoietic stem/progenitor cells, generation of induced pluripotent stem cells, and isolation of endothelial progenitors from 21- to 23.5-year cryopreserved cord blood, Blood 2011 Volume 117 (Issue 18) pages 4773–4777, published May 5, 2011,

doi:10.1182/blood-2011-01-330514). The actual timeframe of usability may be shorter than predicted. Hence, material may become unusable for therapeutic purposes during the contract period due to natural decay despite technically adequate preservation. For these reasons, research on alternative sources may particularly be pushed forward. For example, the development of induced pluripotent stem cells („**iPS cells**"), based on a patient's nucleated body cells, could lead to an alternative stem cell source for various regenerative therapies. Genetical modification of cells or reprogramming of cells might also be possible alternatives. If future research shows that stem cells from other sources are equally advantageous or allow a wider range of application or more effective therapeutics, the Company's currently offered services may appear less attractive to potential customers. Furthermore, the Company may fail to adjust its strategy and business activities in a timely manner to research findings on new methods of stem cell harvest, processing and storage, treatment methods or emerging technologies. Therefore, the Company may not be able to take advantage of new opportunities and storage of cord blood stem cells as one part of its current business may become redundant if equally advantageous stem cells are always available. This may also negatively affect the Company's pricing and result in a reduction in sales and profit.

1.1.4 During transport between the hospital and the Company's laboratories, the harvested human biological material may suffer damage and become unusable for therapeutic purposes.

After collection, harvested human biological material is packed by the Company's cooperation partners into a special insulated polystyrene container before being transported by courier to the Company's German stem cell laboratories. According to the German Federal Institute for Vaccines and Biomedical Pharmaceuticals (*Paul Ehrlich Institute*), whole umbilical cord blood has to be cryopreserved within 72 hours after collection and, in case of separated cord blood and cord tissue, within 48 hours. By way of exception, whole cord blood may also be cryopreserved over 72 hours after collection if additional tests have proven quality and viability of the stem cells harvested. In general, the material arrives at the Company's laboratories within 20 to 60 hours after collection. If, at a later time, a customer requests that biological material stored on its behalf in the Company's cryopreservation tanks be sent to medical facilities for transplantation purposes, the material will be transported again. If the time of transportation increases and exceeds the afore-mentioned time limits, the material may suffer damage caused by temperature fluctuations or external influence and, as a consequence, may render unusable or unsafe to use. In this event, the Company will not be able to provide its services to its customers. Hence, contracts may be terminated, and fees may need to be reimbursed to the respective customers. Furthermore, the Company's customers may raise claims for damages.

In particular, due to temporary travel restrictions imposed by many European governments in order to counter the spread of COVID-19, the time of transportation after harvest from the hospital to the Company's laboratories as well as the time of transportation from the Company's laboratories to the hospital for transplantation purpose has slightly increased by time periods reaching from a few hours until days. If governments tighten their travel restrictions, time of transportation may further increase and, therefore, quality and viability of the stem cells harvested may deteriorate. Accordingly, the material harvested may become unusable and the Company may have to discard it. This applies in particular with respect to the cross-border transfers of material to be transported over long distances. For example, material collected in Serbia is mainly processed and stored in the Company's laboratories in Germany, which resulted in logistical difficulties during the peak of the COVID-19 pandemic and resulted in increased prices.

During transport, the harvested material may also be lost due to labeling or packaging mistakes. In the past, harvested material has only been lost during transport due to packaging mistakes after collection by the Company's cooperation partners in the hospitals. In such cases, the bag containing the umbilical cord blood harvested has not been properly closed after collection and, hence, the harvested blood leaked during transportation to the laboratory where the error was detected. As a result, the Company's customers have raised claims for damages. For further information, see „*1.2.4 The Company may be subject to litigation, administrative proceedings and similar claims.*" below. If the harvested material is lost, the Company will consequently not be able to perform its services to such customers and lose revenue. If such incidences significantly accumulate in the future, the Company may also suffer reputational damage.

1.1.5 Cooperation with the Company's medical partners on education, marketing, and collecting umbilical cord blood and tissue as well as research initiatives and cooperation with the Company's sales agents may be restricted or terminated.

The Company's business success relies on its cooperation with more than 600 maternity clinics and gynecologists. Since medical professionals are often a natural source of information for expectant parents, they are meaningful partners in providing education to potential customers. In addition to collaboration on education, cooperation with medical partners is a necessary condition in the process of harvesting human biological material, *i.e.*, umbilical cord blood and umbilical cord tissue, and for providing subsequent services, such as testing, preparation and temporary storage of umbilical cord blood and tissue, to the Company's customers.

The Company also cooperates with sales agents. For example, the termination of its cooperation with the German Stem Cell Bank (*Deutsche Stammzellenbank, DSB*) in August 2019 led to a significant decline in contracts concluded in the DACH region. The Company had terminated such agreement assuming that customers would also be reached by the Company without the DSB as intermediary. Since, contrary to its prior assumption, the Company was not able to compensate the decline in contracts by means of other distribution channels, the Company negotiated a new cooperation agreement with DSB starting in April 2020.

Legislative changes may have a strong impact on the Company's business model. New regulatory provisions may restrict or prohibit commercial cooperation in the medical sector as regards the possibility, manner and form of conducting educational, informational and marketing activities as well as the collection of umbilical cord blood and tissue. For example, in the region of Catalonia (Spain), the regulatory authority decided in 2018 that hospitals are required to hold separate accreditations for the collection and processing of human biological material by specific laboratories. In consequence, the Company had to cease its operations in Catalonia in 2018 entirely, and only in April 2021 the Company has been able to obtain the required accreditation for one Catalonian hospital in Barcelona and to recommence the collection of umbilical cord blood and tissue; it is yet uncertain whether and for how many further hospitals the Company will be able to receive accreditations in Catalonia. Such and similar provisions may complicate or result in a termination of existing cooperation with medical partners or prevent potential medical partners to enter into cooperation agreements with the Company. As a result, its revenue may decrease and the Company may lose market share. Moreover, changes in the hospitals' internal regulations may have a similar negative effect on the Company's business. In particular, hospitals may cancel their agreements in harvesting human biological material in cooperation with the Company.

The remuneration of the Company's cooperation partners in Germany and the DACH region and generally also in other European countries for the collection of umbilical cord blood and tissue as a medical procedure is based on the German Schedule of Fees for Physicians (*Gebührenordnung für Ärzte, GOÄ*), with variances in remuneration depending on country-specific regulations. However, due to advancing application areas of stem cell treatments and, hence, increasing popularity of collection of stem cells from umbilical cord blood and tissue in particular, some medical partners may expect a higher level of remuneration and may, therefore, refrain from collaborating with the Company.

The selection of certain cooperation or cooperation partners who may become a target of criticism due to treatment methods, for example, may harm the Company's reputation. Furthermore, certain contractual provisions on exclusivity or non-compete obligations in the Company's cooperation agreements may preclude cooperation with other potential partners.

The termination of cooperations with the Company's medical partners, sales agents and other institutions may have a negative impact on the number of the Group's new customers and, therefore, may lead to a loss of revenue and may have a material adverse effect on the Company's financial condition.

In addition, the Company regularly enters into research cooperations with research institutions, such as the Institute for Radiopharmaceutical Cancer Research at the Helmholtz Center Dresden-Rossendorf, or universities in order to develop more effective methods to obtain the most vital stem cells, enhance processing methods, the scope and accurateness of testing, durability of storage as well as the manufacturing of new stem cell based therapeutics. Any restriction or termination of research cooperations may adversely affect the Company's ability to offer the most advanced, scientifically substantiated services to its customers, which may ultimately result in competitive disadvantages and may have a material adverse effect on the number of contracts concluded and, accordingly, the Company's results of operations.

1.1.6 The Company operates in a competitive business environment with price and innovation pressure due to steady scientific progress in stem cell research.

Consolidation is the current trend in the European cord blood banking market. The number of cord blood banks decreased approximately by one third within the last ten years with the top six cord blood banks controlling approximately two thirds of the newly acquired samples. With 253,000 stem cell deposits as of June 30, 2021, the Company is the leading stem cell bank in the German-speaking European market (the „**DACH region**") and one of the two largest private umbilical cord blood banks in Europe. The Company's market position can be traced back to several horizontal acquisitions of competitors in Germany, Denmark, Lithuania, Austria and Spain. The competitive environment is shaped by Polski Bank Komórek Macierzystych („**PBKM**", and together with its subsidiaries, the „**FamiCord Group**") as the largest market player in Europe in terms of the number of stored and newly harvested samples and some minor private as well as public stem cell banks. Other noteworthy competitors operating in the DACH region include the Cord Blood Center Group, the operator of a hybrid bank, which stores the cord blood, cord tissue and placenta of more than 175,000 clients, and British Future Health Technologies ltd., which stores over 200,000 samples from 94 countries.

Despite the expected strengthening of the Company's competitive position through the planned business combination with the FamiCord Group, there is a risk that the Company's business activities will be negatively affected by an increase in the intensity of competition. Further consolidation among the remaining cord blood banks may occur, creating larger competitors with a stronger ability to compete. Competitors in the DACH region or in other local markets may exert pressure on prices by means of aggressive low-price offers or significant price reductions to increase market share. As a result, the Company may not be able to offer comparable products at competitive cost-covering prices and/or may fail to win potential customers if these decide to contract competitor products with lower prices. Moreover, competitors may develop new innovative products and services which may appear more attractive to potential customers than the Company's product portfolio, which may lead to a decline in sales. This applies in particular, since the Company operates in a business environment which is characterized by ongoing scientific progress in new methods of stem cell procurement as well as further potential application areas of stem cell-based therapies. For example, the competitor British Future Health Technologies ltd. specializes on dental pulp stem cells in addition to stem cells from umbilical cord blood and cord tissue. Competitors could offer more innovative products with wider therapeutic application possibilities at more advantageous prices than the Company does.

Competitors may also raise actions for injunction or damages under competition law against the Company, which may affect the marketing of the Company's services and lead to additional expenses.

In addition, despite high market entry barriers in terms of regulatory requirements and medical know-how, new competitors could enter the market in which the Company operates. In particular, companies operating in the medical services sector may consider existing market barriers lower than companies without any experience in this area. As an example, in 2009, the hospital group Regina Maria, the market leader in Romania, began storing umbilical cord blood units. Furthermore, increased consolidation activity in the medical services sector in Europe may generate interest in the stem cell banking industry among entities not yet present in this specific sub-market, which may further increase competition. In particular, the rise of private hospital chains with own cord blood banks may prevent the Company from collecting human biological material from potential customers. Moreover, foreign stem cell banks with business activities in other geographical markets such as the Cord Blood Registry, which is the worldwide largest cord blood bank in terms of samples stored and is located in the United States, or the China-based Global Cord Blood Corp., could enter the European market with higher budgets for marketing and research and development activities („**R&D**") and intensify price competition with sharp temporary price reductions.

Another factor which may lead to an intensification of competition is demographic change. A decline in birth rates may limit the volume of potential business to be split among market participants.

Furthermore, the expansion of the cell banking market at national and especially international level may be slower or less extensive than expected maintaining a high competitive pressure. Markets may develop unexpectedly due to regulatory, market or economic influences and, thus, limit or delay the Company's growth prospects and strategy. It is to be assumed that market expansion and the Company's growth will not take a linear course over the quarters but will be subject to fluctuations.

Lastly, the rise of public stem cell banks may impair the Company's competitive position. If potential customers in principle decide to collect umbilical cord blood and, if applicable, tissue, they could prefer public banks for ethical reasons. One major concern about private stem cell banking is commercialization of the availability of stem cells as prerequisite for certain lifesaving medical treatments. Moreover, the donation of umbilical cord blood or tissue to a public stem cell bank is primarily financed from public funds and, thus, free of charge for the donor. For these and other reasons, the Company may also lose market shares to public competitors such as DKMS Stem Cell Bank gGmbH in Germany. In addition, the enhancement of public stem cell or tissue banking services may eventually also be accompanied by a concurrent prohibition or restriction of private stem cell banking which could materially adversely affect the Company's business.

All these factors listed in this risk factor could have an adverse effect on the results of operations of the Company.

1.1.7 Failed collection, processing errors and poor storage of human biological material may damage or destruct the material.

The human biological material the Company stores is collected under hospital conditions. The Company cannot guarantee that collection of umbilical cord blood or tissue may not fail. There may be situations where the quantity of harvested material is too small, or the quality of the material is too low in order to store it. Poor quality of the harvested material may be caused by insufficient number of stem cells, for example. If the quantity of the harvested material is too small and the testing of the umbilical cord blood upon receipt proves that the material is not suitable for processing, the Company immediately informs its customer. In this case, the contract terminates automatically without a notice of cancellation and the customer has the right to request reimbursement of the fee paid (with the exception of the basic service fee). Since harvesting too small quantities of human biological material, *inter alia*,

depends on factors beyond the Company's control, it cannot ensure that the incidence of such situations will not increase. As a result, the Company's profitability may decrease and its financial condition may be adversely affected.

Systemic issues in the Company's operations may occur leading to a larger number of cases where harvested human biological material is damaged or lost. For example, medical equipment provided by the Company to the mother-to-be and the Company's medical partners to harvest human biological material or used by the Company to test and prepare the material may be defective or non-sterile resulting in a contamination or any other kind of damage adversely affecting the vibrancy of the stem cells. Contamination of collected blood samples and tissues can happen during further processing steps the material needs to go through before storage, such as the addition of an anticoagulation reagents or of cryoprotection reagents or various forms of testing. For further information on infection risks, see „*1.1.8 Human biological material collected may be infected and, as a consequence, unusable for therapeutic purpose.*" below. Moreover, systemic errors in the practice of the Company's medical partners or their employees as well as individual human errors due to a lack of knowledge or negligence may occur. In addition, technical incidences in the Company's laboratories may cause damage to or destruction of the material. Since human biological material must be stored constantly at very low temperatures of approximately -180 degrees Celsius in cryopreservation tanks, there is the risk that it may thaw due to technical malfunctions in the Company's laboratories. Such malfunctions may result in a prolonged interruption in the supply of the cryopreservation storage tanks with liquid nitrogen or the application of inadequate liquid nitrogen levels, tank breakdown or failure of monitoring systems controlling, *inter alia*, the temperature in these tanks at various heights above the nitrogen surface, room temperature and humidity, presence of smoke, as well as oxygen levels. In addition, the computer-assisted freezing process relies, *inter alia*, on electric power and may be affected in case of in interruption of the power supply. As a result, the material may suffer damage and be rendered unusable for transplantation purposes. In this event, the Company may be held liable and may have to pay for an alternative treatment. If the lack of quality remains undetected and the material is used for transplantation, the patient's condition may deteriorate. For further information on risks for patients, see „*1.1.9 Personal injury to patients may be caused by transplantation of harvested material.*" below. In this case, the Company's reputation may be damaged significantly.

Furthermore, human biological material may be lost after harvest in the hospital, during transport or in the Company's laboratories, particularly, due to labelling mistakes or misplacement. For detailed information on risks during transport, see „*1.1.4 During transport between the hospital and the Company's laboratories, the harvested human biological material may suffer damage and become unusable for therapeutic purposes.*" above. Any of these events may lead to claims for damages as well as reputational damage adversely affecting the interest of potential customers in the Company's services and, as a result, its revenues.

1.1.8 Human biological material collected may be infected and, as a consequence, unusable for therapeutic purpose.

The Company cannot assure that the material harvested will not be infected during collection in the hospital, transportation or processing at the Company's laboratories. An infection may render the material unsafe and unusable for therapeutic purposes. In this event, damages claims by the Company's customers and reputational damage cannot be excluded.

From the Company's experience, viral infections of harvested material are very rare (during 2001 – 2020 in cord blood: approximately 0.5%), whereas bacterial infections are much more frequent (in cord blood: about 9 - 10%, in cord tissue about 30%). The most frequent reason for a microbial infection of the harvested material is the natural microbial flora of the skin and mucous membranes that are transmitted to the umbilical cord during childbirth. The umbilical cord is disinfected before the umbilical cord blood is collected. However, it is not possible to make umbilical cord tissue absolutely sterile, and there is the inherent risk that umbilical cord blood or tissue stored by the Company is contaminated. If the material is found to be infected and the testing of the umbilical cord blood upon receipt proves that the material is not suitable for processing, the Company immediately informs its customer.

According to the present medical findings on transplantation of bacteria-infected material, in most cases, such material may be used provided that appropriate pharmaceuticals are administered at the time of the transplantation procedure. In the case of viral infections, the material may only be used for selected therapies. The decision to use such a sample is made by the doctor in charge of the treatment. However, transplantation of infected material may result in the treatment being unsuccessful, even if a pharmacological therapy is simultaneously applied. In addition, infected or otherwise damaged stem cells used for transplantation purpose may deteriorate the patient's condition. For further information on risks for patients, see „*1.1.9 Personal injury to patients may be caused by transplantation of harvested material.*" below. Furthermore, the Company cannot assure that all infection, if any, will be detected by one the Company's testing procedures during storage or before release of material for transplantation. Transplantation of undetected infected material without simultaneous pharmacological therapy

may cause harm to the recipient and deteriorate its condition significantly. If any of these factors materializes, the Company may suffer severe reputational damage and damages claims by doctors or patients cannot be excluded.

In terms of COVID-19, additional testing and diagnosis procedures for mother and child have shown that approximately 5% have been infected with COVID-19 in Germany. This figure is in line with the infection rate in other European countries. Samples collected from mothers and children infected by COVID-19 have been marked correspondingly and separated from other samples. As of the date of the Prospectus, there is no reliable scientific evidence to suggest that umbilical cord blood may contain COVID-19 viruses even if the mother tests positive at the time of delivery. In the event, collected human material would be infected with the virus, stem cells may be damaged or useless for subsequent treatments. If collected human material is infected with the virus, the Company may not be able to provide its services and contracts with customers may be terminated. The same applies if the sample was infected with the virus after birth by clinical staff or the Company's employees. In this case, the Company's customers may also claim damages.

1.1.9 Personal injury to patients may be caused by transplantation of harvested material.

The objective of processing and storing of stem cells from umbilical cord blood and tissue is to provide the Company's customers and their close ones with access to various types of treatments and possibly life-saving therapies through the use of such stem cells. In case of need, customers request the material stored in consultation with the treating doctor who is responsible for the transplantation. If the transplantation is performed without being medically indicated or if the transplanted material is not fit for purpose, *e.g.*, due to damages, the patient's condition may deteriorate and the patient may suffer severe personal injury. This may result in a significant reputational damage as well as claims for damages and, ultimately, have a material adverse effect on the Company's business.

1.1.10 The Company may not be able to successfully implement its innovation and organic growth strategy. The Company may fail to extend its core business and realize the anticipated growth potential or synergies.

The Company's strategic goal is to open up new business areas in addition to its core business of umbilical cord blood banking and, thus, to develop into the European market leader in cell banking. Through targeted research and development of market oriented products and services the Company aims to develop from a pure stem cell bank to a more broadly based cell bank, also including the storage of stem cells from the body's autologous fat tissue as well as immune cells and cell preparations from peripheral blood and prospectively umbilical cord blood.

There is the risk that the Company's innovation strategy will not lead to an extension of its business activities. The Company's research initiatives in cooperation with selected renowned research institutes and universities may result in findings which cannot be transferred into new products and services. Hence, the Company's expenses on R&D amounting to EUR 500 thousand in the financial years 2020 and 2019, respectively, may not amortize through new products and services.

Furthermore, the Company may be unable to attract the employees or build-up operating capacity in its laboratories and other resources that the Company needs to handle its growth in the future.

If the Company succeeds in expanding its business, the Company may face unforeseen challenges as regards appropriate equipment for its laboratories or training of its employees, for example. In addition, there can be no assurance that the Company's financial position and performance will not deteriorate periodically due to lower profitability of new services in their initial „ramp-up" phase of development compared with the profitability of the Company's existing products and services, as well as due to capital expenditure incurred during the R&D period.

1.1.11 The Company may fail to identify appropriate acquisition targets, integrate acquired businesses or manage future inorganic growth successfully.

The success of the Company's acquisition strategy depends on several factors, *inter alia*, its ability to identify and convince suitable acquisition targets, conduct appropriate due diligence, negotiate favorable transaction terms and obtain merger control clearance by competent cartel authorities. If the Company fails to successfully accomplish one or more of these transaction steps, the Company may have to devote significant additional management time as well as resources. Moreover, the Company may have to incur significant transaction costs, administrative costs, tax and other expenditures in connection with the transaction, such as costs related to the integration of the acquired business, without any or only partial compensation by the advantages of the acquisition, such as an expanded product portfolio, cost optimizations and synergies or additional knowledge. In addition, an incorrect analysis of acquisition targets may result in the Company overpaying for the acquisition. Furthermore, in the long term, acquisitions may prove to be not successful, *inter alia*, due to loss of key employees, suppliers or customers

of the target companies or adverse changes in applicable laws or regulations, including changes that restrict or affect processing or storing stem cells.

The Company's ability to successfully implement its inorganic growth strategy depends, *inter alia*, on its ability to successfully integrate acquired businesses in order to benefit from the anticipated growth potential or synergies. Difficulties may arise when integrating personnel, technologies, IT systems and equipment. In particular, communication may be complicated due to different languages, integrating different processing and storage methods while maintaining uniform standards may be difficult or unforeseen challenges may occur when operating in new geographic areas, such as regulatory requirements and restrictions on stem cell banking.

Moreover, even if the Company is able to integrate successfully the operations of acquired businesses, the integration may require more time and investment than expected or the Company may not be able to realize the potential synergies in processing as well as storing human material and sales growth anticipated in particular geographic markets, either in the amount or within the timeframe that the Company expects. This may have a material adverse effect on the Company's profitability and results of operations.

In addition, the Company cannot assure that it has the capacity to adequately manage and handle future growth through acquisitions. The Company's risk management, IT systems, controls, management of processing and storing human biological material and other operational systems may be unable to handle its growth. This may have a material adverse effect on the Company's business and its prospects.

1.1.12 The Company's operations depend on proper performance of various information technology systems, which may fail.

The Company relies on complex medical equipment, other related devices and computer equipment, including complex information technology („**IT**") systems, enabling the Company to properly perform its day-to-day operations. In particular, the Company uses IT systems to approach potential customers, contact its cooperation partners and store personal data of its customers as well as medical data on stored samples.

The Company's IT systems may fail for several reasons in the future. Fire, lightning, flooding, earthquake or other natural disasters, technological or human error or other events may cause disruptions. In addition, the Company cannot ensure entirely that its IT security will successfully prevent hacks, denial of service attacks, data theft or other cyber-attacks. The Company's back-up systems may fail to fully protect the Company against the effects of such events. As a consequence, any failure of the Company's IT systems could, *inter alia*, lead to difficulties in assuring highest quality standards, identifying the correct samples for delivery to the hospital upon customers' request, preventing human error by technical precautionary measures, accounting and invoicing as well as approaching potential customers – particularly, since personal contact is currently kept to a minimum due to the COVID-19 pandemic and the Company, consequently, increasingly relies on holding video conferences instead. Failure of computer systems may also result in loss of trust and reputational damage.

Moreover, confidential or private information, including patients' records, may be leaked, stolen or manipulated or compromised in other ways. In this event, the Company may also be subject to claims for damages, administrative fines or other sanctions under secrecy, confidentiality, or data protection laws and regulations. The Company's insurance may not adequately cover potential damages, which may reduce its customer base and ultimately result in lower revenue.

In addition, IT systems used by the Company for several years may not correspond to the Company's current needs any more. For example, the Company has been using its self-programmed enterprise resource planning system for more than ten years as of the date of the Prospectus. If the Company does not monitor the suitability of its IT systems on a regular basis and adjusts or replaces them corresponding to its developing needs in a timely manner, manufacturing and administrative processes may not be efficient any more or may be interrupted. This may have an adverse effect on the operations' efficiency and ultimately the Company's business.

1.1.13 Negative media reports may diminish the industry's and, in particular, the Company's public reputation.

In particular due to the high complexity of medical treatments on the one hand and the importance of health on the other hand, patients' trust in expected positive effects of medical services provided and in the providers of such services is crucial to the medical sector in general. The Company believes that patients' confidence in particular treatments relies primarily on individual medical advice. Possibilities to influence the public opinion through information are restricted due to regulations on advertising medical treatments.

However, the Company observes an increasing influence of media reports on the perception of potential customers. On the internet news, articles on research findings, public opinions and reports by former patients are just as available for medical laymen as expert opinions and medical studies, for example. Many semi-scientific

articles on stem cell research and possible medical applications with a lack of due diligence in selecting and presenting presumed facts circulate, in particular, in social media. The complexity and abstractness of processing, storing and using stem cells for medical purposes as well as the abundance of available information may hamper the ability of medical laymen to assess the completeness, consistency, coherence and veracity of such information. Incorrect or incomplete presentation of facts may diminish the possibilities and effectiveness of stem cell-based treatments in the public opinion. This may lead to false prejudice of potential customers against the Company's industry and undermine the confidence in its services. The Company may not have the opportunity or may not succeed in clearing wrongful prejudices. Therefore, the Company may lose potential customers, which may result in a decrease of contracts concluded and, consequently, a decline in its revenue, which may affect its financial condition.

In addition, there is no assurance that new medical studies or opinions in the scientific debate may not critically question or deny the benefits of services provided by stem cell banks and the effectiveness of stem cell-based therapies as occurred in the past. In particular, the present or future potential of cord blood-related treatments and the likelihood of use have been questioned in recent articles. Even if isolated, critical publications may materially adversely affect the confidence in the industry and, thus, in the longer term, may diminish the trust of the Company's customers. This may decrease the Company's revenue and, as a consequence, result in a deterioration of its financial condition.

Furthermore, media articles may criticize general business methods of the private stem cell banking industry, such as marketing activities, and claim legal violations. In the past, articles alleged for instance that statements on the likelihood of use and present or future potential of cord blood-related treatments have been exaggerated and misleading and that such statements by the industry potentially breach advertising law (Sources: *Alessandro R. Marcon, Blake Murdoch, Timothy Caulfield*, Cell Tissue Bank, Peddling promise? An analysis of private umbilical cord blood banking company websites in Canada, Cell and Tissue Banking (2021), published April 23, 2021, doi:10.1007/s10561-021-09919-7; *Blake Murdoch, Alessandro R. Marcon, Timothy Caulfield*, The law and problematic marketing by private umbilical cord blood banks, BMC Medical Ethics, published July 1, 2020, doi:10.1186/s12910-020-00494-2). For further information on advertising provisions under competition law, see „*1.1.6 The Company operates in a competitive business environment with price and innovation pressure due to steady scientific progress in stem cell research*." above. Therefore, the industry and, in particular, the Company may suffer reputational damage and lose potential customers.

Moreover, negative media reports on the Group itself, true or false, may diminish its public reputation and customers' confidence in the Company's services. In particular, the failure to obtain or renew quality certificates, even if these are not required by law, may cause potential customers to refrain from opting for the Company's services and chose services offered by competitors holding such certificates instead. For example, the possible loss of the voluntary accreditation according to the internationally recognized NetCord FACT standard in 2018, which stipulates evidence-based requirements for cord blood collection, banking and release for administration set by an international team of experts, could result in a diminished public perception of the Company. Furthermore, negative media reports on the Group's cooperation partners may particularly result in reputational damage and, ultimately, a decline in sales.

1.1.14 If costs for storage of human biological material increase, the Company may not be able to pass the increase on to its customers and, therefore, may realize lower margins than estimated, if any.

The prices of the services that the Company offers are calculated based on an analysis of variable and fixed costs. The price under a contract shall not be adjusted for the first two years from the storage of the umbilical cord blood or tissue. If the consumer price index (CPI) for Germany as determined by the German Federal Statistical Bureau changes when compared to the CPI published in the month of December of the year in which the contract was concluded, Vita 34 reserves the right to reduce or increase the agreed annual fee by the same percentage after the first two years of storage. Further adjustments are permitted after another year of storage has expired. In case the annual fee is paid in advance as specified for the selected type of contract, the Company is entitled to adjust the annual fee for the first time after the expiration of the period the down payment was made for. As regards new contracts, the Company plans to slightly increase its prices in the DACH region and Spain until 2024. During storage, costs are incurred for liquid nitrogen in order to cryopreserve the human biological material at a constant temperature of approximately -180 degrees Celsius. In addition, replacement costs may be incurred for cryopreservation tanks. It is also possible that the Company, in the mid- to long-term, may need to upgrade its storage methods and technology in the event that new and superior storage methods and technologies come up and become the new norm in the relevant market or that investments need to be made in order to move from a manual filling of storage tanks to a more automated process.

Any increase in costs consequently leads to a decrease in margin per sample stored. If costs exceed the annual storage fee paid by the Company's customers, they may not be covered by revenue and, as a consequence, the Company may suffer a loss. As of the date of the Prospectus, one quarter of the Company's total revenue is

attributed to storage. The Company expects that the share of revenue attributed to storage will increase mainly in the next years due to prolongation of existing prepayment contracts for new storage periods as well as new storage contracts.

Moreover, the analysis of variable and fixed costs underlying the Company's price calculation is based on assumptions, which the Company re-evaluates on a quarterly basis. If these assumptions prove to be inadequate or inaccurate and if the Company is not able to subsequently adjust its prices, with each contract the Company may realize lower margins than anticipated, if any. This may result in a material adverse effect on the Company's financial condition and prospects.

1.1.15 In the future, due to changed perceptions, mothers may prefer to give birth at home, where a collection of umbilical cord blood and tissue is not possible.

Collection of umbilical cord blood and tissue by the Company's cooperation partners is only possible if the mother-to-be decides to give birth in a hospital. In case the mother-to-be opts for a home birth, the midwife is not able to collect material due to the lack of a controlled environment and, consequently, the Company cannot provide its services. In Germany, approximately 1.82% of all deliveries took place outside hospitals in 2020 (Source: Association for Quality in Out-of-Hospital Birth, Germany (QUAG e.V.), 2021, data available under https://www.quag.de/quag/geburtenzahlen.htm). If home deliveries become more common due to changed perceptions, less parents-to-be will be able to opt for the Company's services. This may lead to a significant decline in the number of contracts concluded and may have a material adverse effect on the Company's results of operation.

1.1.16 Since umbilical cord blood can only be collected if the umbilical cord is cut approximately within one minute after birth, a changed medical practice may prevent the Company to provide its services.

In general, the umbilical cord is cut approximately within one minute after birth. Immediately thereafter, umbilical cord blood is harvested through the puncture of the umbilical vein by a doctor or a midwife. According to certain expert opinions, waiting for at least three minutes and allowing the umbilical cord to pulse out before cutting has a beneficial effect on the iron and ferritin concentrations in the child's blood (Source: *Deutsches Ärzteblatt* 50/2011 108(50): A-2722 / B-2266 / C-2238). This allows the umbilical cord blood to flow back to the newborn. As a consequence, after approximately three minutes, the quantity of the umbilical cord blood remaining in the umbilical vein may not be enough for collection and therapeutic use in the future, if needed. Hence, the Company may not be able to provide its services if parents-to-be decide, in consultation with their doctor and midwife, to allow the umbilical cord to pulse out and cut the umbilical cord after three minutes. If the number of experts in favor of such procedure growths, more doctors and midwives may recommend the parents-to-be to cut the umbilical cord later than one minute after birth leaving less room to provide the Company's services. This may lead to a decline in the number of contracts concluded and, hence, have a material adverse effect on the Company's revenues.

1.1.17 The Company's customers may terminate their contracts for a number of reasons.

In 2019, more than 800,000 umbilical cord blood donations were stored in public umbilical cord blood banks worldwide and more than four million were available in private umbilical cord blood banks (Source: *Hector Mayani, John E. Wagner, Hal E. Broxmeyer*, Cord blood research, banking, and transplantation: achievements, challenges, and perspectives, Bone Marrow Transplantation (2020), published online May 14, 2019, doi:10.1038/s41409-019-0546-9). As of June 30, 2021, the Company stored 253,000 stem cell depots (compared to 247,000 as of December 31, 2020).

In the financial year 2020, the Company's churn rate amounted to 2.5% of the existing contracts compared to 2.6% in 2019 and 2.4% in 2018 (churn rate is expressed as a percentage, indicating the annual level of cancellations of the Company's services related to stem cell or tissue samples storage; the rate is calculated as the number of samples whose storage was discontinued by the customers in a particular period in relation to the number of all samples stored in this period). The term of the Company's customer contracts varies. The vast majority are long-term contracts providing for an agreed storage period of 25 or 50 years without contractual termination option during the agreed storage period and an upfront payment by the customers for manufacturing (currently approximately 78% of new contracts), with the remainder being subscription contracts providing for an initial fee for the manufacturing and an annual fee for storage either with an automatic annual renewal unless terminated by the customer or with a fixed term of ten years without termination right during this term. The Company believes the reasons for cancelling its services are most commonly changes in the financial situation of the respective customer (including, possibly, as a financial consequence of the COVID-19 crisis for some customers), new medical studies questioning the effectiveness of stem cell banking or changing legislation in a particular jurisdiction. Since the churn rate is to a large extent independent from the Company's activities and, hence, beyond the Company's control, there is a risk that this rate will grow. It cannot be excluded that a part of

the Company's customers, while still being bound by a signed contract, will cease to pay subscription fees or that customers do not extend their contract for further periods. A high churn rate and contract terminations materially adversely affect the Company's revenue generation and ultimately its financial condition.

1.1.18 The inability to attract and retain key senior or qualified personnel may adversely affect the results of the Company's operations.

The success of the Company's business significantly relies on the skills, experiences and effort of key members of its senior management and highly skilled experts in particular in connection with its R&D activities. Therefore, the Company's future success depends, *inter alia*, on its continued ability to identify, recruit, integrate, develop and retain qualified personnel. In particular, the Company's organic growth strategy and broadening of its current product range rely on skilled medical and pharmaceutical personnel. In addition, the Company relies on sales and administration employees in order to continually attract new customers and successfully administer its contracts signed and the corresponding blood and tissue samples. However, the Company's efforts may not be successful since competition for such employees has intensified in the industry in which the Company operates.

The loss of or difficulty in replacing senior managers or key operational expertise may materially adversely affect key decision-making, effectiveness and efficiency of the Company's operations, quality of its products and services as well as the general development of its business and realization of the Company's strategic goals. In the past, the Company has experienced, and may in the future experience, changes in its key senior personnel for a variety of reasons, including medical problems, retirement and resignations to pursue other career opportunities. Moreover, key personnel may leave the Company and subsequently join one of its competitors, which may lead to loss or transfer of know-how.

The occurrence of one or more of the above factors may have a material adverse effect on the Company's business.

1.1.19 The Company may be unable to adequately protect and defend its intellectual property.

The Group owns a number of intellectual property („**IP**") rights, including one patent and 33 trademarks. For example, as the only private stem cell bank in Germany, the Company holds a patent from the German Patent and Trade Mark Office for a process for disinfection, preparation, cryopreservation and cell isolation of umbilical cord tissue and the cells contained therein. The Company considers this process a differentiator from competition in the DACH region, which may become obsolete if competitors would find a different way to achieve the same results for the storage of umbilical cord tissue, with negative consequences for the Company's business.

This patent is an important asset to secure proprietary innovative technologies and benefit from competitive advantage. However, the Company's patent and other IP of the Group may not prevent competitors from independently developing or selling products and services that are similar to, or virtually duplicates of, ours. Competitors may also, intentionally or unintentionally, infringe the Company's patent. While there is the presumption that the Company's patent is valid, the granting of a patent does not necessarily imply that they are effective or that potential patent claims can be enforced to the degree required or desired. Therefore, the Company may be unable to halt such infringements by third parties. This may have a material adverse effect on the Company's business and market position.

Moreover, the Group relies on its trademarks, such as VITA 34 or SERACELL, in order to protect its brands. Third parties may use the Group's brands without being authorized under a licence agreement with the Group. If the Groupis not able to protect its trademarks, this could affect or completely eradicate its reputation and impair its competitiveness and market position. In addition, defending the Group's trademarks against third party infringements would lead to additional expenses, which may negatively affect the Group's profitability.

1.1.20 The Company may unintentionally infringe on third-party IP rights.

The Company cannot exclude the possibility that it unintentionally infringes or will infringe patents and other IP rights of third parties. In this event, third parties may assert claims against the Company and the Company could be prevented from using the affected technologies in the countries where such IP rights were granted, or may have to obtain licenses which may require the Company to pay substantial royalties. Based on the infringement, the Company may be prompted to shift its business activities to different technologies and change its goals and strategies. This may adversely affect the Company's business and prospects and may, in particular, entail significant corresponding switching costs. In addition, the Company could be liable to pay compensation for infringements. Even if infringement claims against the Company are without merit, defending these types of lawsuits takes significant time, is expensive and may divert management attention from other business concerns, which could have a material adverse effect on the Company's business.

1.2 Regulatory and Legal Risks

1.2.1 The Company's business conduct heavily relies on obtaining and holding required permits, authorizations and approvals for the collection, processing and storage of umbilical cord blood and tissue.

The Company's core business requires various authorizations and approvals. The collection of stem cells derived from umbilical cord blood and the manufacturing of blood stem cell preparations on a commercial or professional basis in Germany is subject to a manufacturing authorization according to Section 13 para. 1 of the German Medicinal Products Act (*Arzneimittelgesetz, AMG*), in particular including producing, preparing, formulating, treating or processing, filling as well as decanting, packaging, labelling and release of the concerned medicinal product. The collection and pertinent laboratory testing of umbilical cord tissues requires a collection authorization under Section 20b para. 1 AMG, in particular including the direct or extracorporeal removal of tissues and all measures that are intended to maintain the tissues in a processable state, clearly identifiable and transportable. In addition, since blood (stem cell) preparations and tissue preparations are classified as medicinal products, a marketing authorization or registration is required in Germany. As of the date of the Prospectus, the Company holds all authorizations required to collect, process and store umbilical cord blood and tissue also covering the collection of material by its cooperation partners. The permission to collect and produce adipose tissue preparations for a possible later isolation of adult stem cells in 2020 has been filed for. Tissue preparations distributed within the European Union have to be labelled with the „Single European Code" or „SEC", which is the unique identifier for all tissues and tissue preparations.

If the Company is not able to obtain or fails to hold or renew required permits, authorizations and approvals, it may not be able to continue its business operations either in terms of the type of services provided or the territory where they are provided. For example, in 2018, the Company had to discontinue its active business operations in Slovakia since the Company was not able to obtain the required permit. Moreover, the Company's former permit to collect umbilical cord blood and tissue was withdrawn by the authorities in Catalonia (Spain) and only recently, in April 2021, the Company has been able to obtain the required accreditation for one hospital in Barcelona and to recommence the collection of umbilical cord blood. In addition, if the permission to collect and produce adipose tissue preparations for a possible later isolation of adult stem cells is not granted for whatever reason, the Company may ultimately not, or only significantly later than planned, venture into this line of business, which may impede its growth plans.

1.2.2 Legislative changes may complicate, restrict or prohibit the Company's business activities or create legal uncertainty. Ongoing medical research may create legal grey areas.

The Company conducts its business in a highly regulated environment. The medical sector in general is subject to various regulations and laws due to the major importance of public health. The existing legal framework on European as well as national level defining the safety and quality standards for blood, tissues and cells was mainly developed within the last twenty years according to the scientific progress in this medical field. Still, there may be some legal uncertainties regarding the appropriate interpretation of particular laws in individual cases and, as a result, there is the risk of inconsistent jurisprudence, which may complicate the Company's business and lead to higher costs and expenses. Due to ongoing medical research, legal grey areas may arise creating uncertainty when applying the law. In addition, legislative changes in the field of medical and pharmaceutical law may materially adversely affect the Company's present business operations. The Company cannot assure that, in the future, it will always comply with all applicable laws and that its services will not be restricted or prohibited by law in jurisdictions where the Company operates or intend to expand its business. In France, for example, private umbilical cord blood banking is illegal.

Moreover, national as well as international authorities may tighten the requirements for existing authorizations or impose additional authorizations compulsory for the Company's business. The adjustment of the Company's business operations to more stringent or new requirements may lead to significant additional costs. Due to changed requirements, authorization procedures may take longer than expected. If the Company is not able to adapt to such requirements in a timely manner, the Company may, as a result, have to withhold its services which may materially adversely affect the Company's business.

In addition, changes in regulations related to medical research may prevent the Company from, limit or postpone research initiatives on stem cells conducted by the Group. In particular, the Company may not be able to pursue its promulgated innovation strategy without holding required permits for certain planed R&D initiatives. Hence, the Company may fail to expand its currently offered products and services and may lose market share if it is not able to keep pace with the general market development in terms of growth. This may result in a material adverse effect on the Company's future business, results of operation and prospects.

Furthermore, as a result of amendments to the laws of the countries in which the Company operates, the Company's competitive position may change. For example, decreased regulatory market barriers may facilitate market entry for new competing entities, whereas more stringent competition laws may prevent the Company from future acquisitions. Furthermore, competitors may adapt more easily and quickly to increased legal requirements for businesslike harvesting, processing and storing of stem cells than the Company.

The occurrence of one or more of the above factors may have a material adverse effect on the Company's business and prospects.

1.2.3 The Company processes personal data on a large scale and may fail to ensure data security.

The Company's business operations require processing of confidential and personal data from its customers, including data concerning health. In some cases, as part of the gynecological screening and if the expectant parents agree as well as with allogenic preparations, genetical screening also is applied. Personal data refers to any information relating to an identified or identifiable natural person. In order to be able to provide the Company's services and fulfill its obligations towards its customers, the Company collects, record and store delivery data, including delivery date, number of expected children and name and address of the maternity clinic, its customer's address and payment details when entering into a customer contract. In some jurisdiction; the stored human biological material itself might be qualified as personal data as through the individual genetic information, the biological material can always be traced back to the donor it originates from. After the human biological material has been collected and transported to the Company's laboratory, the Company collects data on testing results. Before umbilical cord blood and tissue are stored, the Company assigns a unique ID to the storage cassette of each material sample which is stored in its IT systems to ensure quick and reliable retrieval when needed. Therefore, the Company has to ensure compliance with applicable data protection laws in the jurisdictions where the Company operates. In particular, the Company has to comply with the European General Data Protection Regulation („**GDPR**"), which entered into force on May 25, 2018 and imposes extensive obligations on enterprises processing personal data of EU citizens or residents. In particular, data concerning health, defined as personal data related to the physical or mental health of a natural person, including the provision of health care services, which reveal information about his or her health status, deserves specific protection, as the use of such sensitive data may have significant adverse impacts for data subjects.

There is the risk that the Company's legal obligations regarding data protection may be breached. In particular, such breach may consist in the disclosure of personal data to unauthorized persons, damage to personal data integrity, destruction or loss of personal data, and failure to comply with other obligations imposed on the Company as controller of personal data, *e.g.*, breach of the principles of transparency, lawfulness, accountability, storage limitation and other principles as set out in Article 5 para. 1 of the GDPR and in specific regulations.

In case of a breach of personal data protection laws, criminal or administrative sanctions may be imposed on the Group or on members of the governing bodies of the Group's companies. Under the GDPR, high financial penalties may be imposed by the competent authority which can amount up to EUR 20 million or 4% of the Company's global revenue, whichever is higher. The amount of the financial penalty in a given case depends on the circumstances of the breach, including, but not limited to, whether the breach was intentional or unintentional, measures taken to mitigate the damage, and the nature, gravity and duration of the breach considering the nature, scope or purpose of the data processing, the number of persons affected and the gravity of the damage suffered by them. In addition, data subjects have the right to seek compensation for damages. Moreover, a breach of personal data protection laws may cause reputational damage.

The occurrence of one or more of the above factors may have a material adverse effect on the Company's business, results of operations and prospects.

1.2.4 The Company may be subject to litigation, administrative proceedings and similar claims.

The Company has been and will likely continue to be subject to administrative and legal proceedings in the course of its business. The Group has currently made provisions for litigation expenses in the amount of EUR 52 thousand. Such proceedings often relate to matters such as employment-related claims by employees or liability claims by customers, which may not be covered by the Company's insurance but may, from time to time, involve larger scale litigation or disputes. In 2020, for example, a sales partner of the Company was sued for damages by customers in Bosnia because the bag containing the umbilical cord blood harvested has not been properly closed after collection by the hospital staff and, hence, the harvested blood leaked during transportation to the laboratory. As of the date of the Prospectus, the case is still pending. In a similar case, the district court Leipzig decided in 2006 that the Company is held liable for paying an alternative treatment, if the customer or close relatives fall ill and cannot be treated with the harvested stem cells that should have been properly stored by the Company. Therefore, once customers or their close relatives request the stem cells stored by the Company for medical treatment, rather small mistakes, *e.g.*, leading to loss of biological material, might have major consequences and

result in high damage claims from affected customers and patients. The Company may also be held responsible for obligations entrusted to third parties such as its cooperation partners or courier services.

The Company may be subject to shareholder claims challenging resolutions by the shareholders' meeting or demanding disclosure of certain information, which may delay or prevent the implementation of corporate or structural measures. Furthermore, the Company may be subject to litigation in connection with the purchase and/or sale of interests in subsidiaries or other assets (see above „*1.1.11 The Company may fail to identify appropriate acquisition targets, integrate acquired businesses or manage future growth successfully.*"). In addition, competition law disputes may arise and adversely affect or considerably restrict the Company's business activities, for example in marketing and sales. Proceedings, even for routine matters, can be lengthy and expensive and involve substantial resources. Claims by customers particularly entail a reputational risk, which may lead to a loss of existing or prospective customers. In addition, larger or unexpected proceedings may distract or delay management from implementing the Company's business strategy. The Company cannot predict if and when significant litigation or administrative or legal proceedings may occur.

Any administrative or legal proceeding may divert management's time and attention from daily operations resulting in a material adverse effect on the Company's business. In addition, significant costs and expenses for compensations, penalties, administrative and court fees as well as fees for legal advice may incur, which may not be covered by the Company's insurance, and, hence, lead to a material adverse effect on the Company's results of operations and financial condition.

1.3 Financial Risks

1.3.1 The Company may not be able to extend its existing credit arrangements, refinance its debt on substantially similar terms when it matures or obtain financing on financially attractive terms as and when needed. Following the Exchange Offer, the Company may need to incur additional debt to finance further structural measures.

In the medium- to long-term, the Company may require additional funds to finance or refinance its debt, capital expenditures, future acquisitions and working capital requirements. The Company may likewise need to borrow additional funds or to raise additional equity, hybrid debt/equity or debt capital. In addition, in case the Company breaches existing financial covenants and, therefore, repayment of the amount borrowed becomes due, the Company may have to raise additional funds in order to refinance such amount. The extent of the Company's future capital requirements will depend on many factors which may be beyond the Company's control, and the Company's ability to meet its capital requirements will depend on the Company's future operating performance and ability to generate sufficient cash flows.

In addition, if the minimum acceptance threshold of the Exchange Offer of 95% of the outstanding shares in PBKM (the „**PBKM Shares**") is not reached but, shortly following expiry of the acceptance period of the Exchange Offer, the Company decides to waive such closing condition and to complete the Exchange Offer nevertheless, the Company under Polish law would have to launch a subsequent cash tender offer for PBKM Shares to those outstanding PBKM shareholders that have not accepted the Exchange Offer. In this case, in order to finance such cash tender offer, the Company would be obliged to draw upon existing credit lines and to incur additional debt, which depending on the total number of outstanding PBKM Shares which need to be addressed by such cash tender offer may be substantial. Similarly, the Company would need to draw upon existing credit lines and incur additional debt if it would implement a squeeze-out of the remaining PBKM shareholders in the event that the minimum acceptance threshold of the Exchange Offer of 95% of the outstanding PBKM Shares is reached. The credit lines that the Company secured for additional purchases of PBKM Shares following completion of the Exchange Offer and related transaction costs have a maximum volume of EUR 37.4 million.

The Company believes that its current debt structure, with an equity ratio of 50.5% as of December 31, 2020 (equity ratio of 47.7% as of December 31, 2019 and 49.8% as of December 31, 2018), is conservative and provides the Company with adequate flexibility as to future financings. There can be no assurance, however, that the Company will be able to obtain additional financing on acceptable terms or at all when required. In particular, if the Company chooses to raise capital through debt financing, such financing may require the Company to post collateral in favor of the relevant lenders or accept other restrictions on its business and financial position, *e.g.*, in the form of covenants. Such restrictions may adversely affect its operations and prevent the Company from growing its business as intended. If the Company chooses to raise capital by issuing new shares, its ability to place such shares at attractive prices, or at all, depends on the condition of equity capital markets in general and the share price of the Company in particular, and such share price may be subject to considerable fluctuations.

If the Company does not generate sufficient cash flows or if the Company is unable to obtain sufficient funds from future equity or debt financings or at acceptable interest rates, the Company may not be able to pay its debts as they come due or to fund its other liquidity needs. The occurrence of any of these factors would limit the

Company's operating flexibility. In this event, the Company may be forced to limit or even scale back its operations, which may adversely affect its growth, business and market share and could ultimately lead to an insolvency.

1.3.2 The Company's tax burden could significantly increase due to changes in tax laws or their interpretation, as a result of current or future tax audits.

The Company conducts its business in several tax jurisdictions and pay tax on its income according to the tax laws of the respective jurisdiction. A number of factors, some of which are beyond the Company's control, determine the Company's effective tax rate and/or the amount the Company is required to pay, including changes in or interpretations of tax laws in any jurisdiction, the Company's ability to use net operating losses and tax credit carry forwards and other tax attributes, changes in geographical allocation of income and expense, and the Company's judgment about the realizability of deferred tax assets. Therefore, its ultimate tax determination may be uncertain. The Company also may be subject to reviews by tax authorities on various tax matters, including challenges to positions the Company asserts on its income tax and withholding tax returns.

The Company generally uses tax loss carry forwards to optimize the tax burden of the Group. The tax loss carry-forwards of the Group amounted to EUR 6,036 thousand as of December 31, 2020. However, the Company cannot guarantee that all tax loss carry forwards will be recognized by the tax authorities in the jurisdictions in which the Company operates and where the Company wants to use them.

In the financial year 2019, a one-off tax expense had to be recorded due to the expected outcome of a tax lawsuit with the Leipzig tax office. The starting point of the tax law dispute was a change in the tax office's assessment of the Company's tax return, which resulted in a reduction of the tax loss carryforward of EUR 2.6 million as of December 31, 2006. The Company had filed a complaint against this assessment. In financial year 2017, the tax court dispute was decided in its favor. The tax authorities have appealed against the ruling. As a result of the verbal negotiations before the Federal Fiscal Court (*Bundesfinanzhof, BFH*), the Management Board had to assume that the Company will lose in the lawsuit. As a result of the changed assessment of the Management Board, receivables in the amount of EUR 650 thousand from taxes already paid will be written off. There was no outflow of liquidity, as the taxes have already been paid in the past. This changed assessment of the Management Board was confirmed in the Federal Fiscal Court (*BFH*) ruling, which was received by the Company in 2020.

1.3.3 The Company's subsidiaries in foreign jurisdictions may become subject to German tax in case of a shift of the place of management.

Future tax assessments may come to the conclusion that the Company's foreign subsidiaries' place of management has shifted to Germany and, consequently, the subsidiaries' assets become subject to German tax. As a result, hidden reserves of such subsidiaries may be disclosed, in particular, resulting from existing storage contracts, which may lead to additional tax claims in the respective former tax jurisdiction. In addition, due to the absence of tax loss carry forwards for the respective subsidiaries in Germany, additional tax burdens may occur in Germany. This may have a material adverse effect on the Groups financial condition.

1.3.4 The Company's internal transfer pricing rules may not prove satisfactory to foreign tax authorities.

Due to its international operations, the Company is exposed to tax risks with regard to the so-called „transfer pricing" rules. According to such rules, related companies are required to conduct any inter-company transactions at conditions which would also apply among unrelated third parties concluding comparable agreements (so-called „arm's length principle"). There can be no assurance that the Company's internal transfer pricing rules may prove satisfactory to foreign tax authorities. As a consequence, the Company may have to pay double taxation in two or more countries. Moreover, the Company's documentation of transfer prices may be considered to be insufficient by the relevant tax authorities or transfer prices may be considered to be inadequate. This may lead to significant penalties and additional tax payments.

1.3.5 The Company has been granted governmental subsidies, which may become repayable.

The Company has received government grants in the aggregate amount of EUR 230 thousand in the financial year 2020 and EUR 197 thousand in the financial year 2019. All of these subsidies were granted to support the Company's research and development activities.

Whenever the Company benefits from public grants, it must comply with different terms and conditions of grant decisions and applicable collateral clauses, in particular regarding the use of funds for specific funding purposes, documentation obligations, employment commitments, and/or transfer restrictions, as the case may be. As of the date of the Prospectus, there are no unfulfilled conditions or other uncertainties in connection with granted governmental subsidies. In the future, any failure to comply with the notification requirement or with the terms

and conditions of the grant decisions may result in an obligation to repay the grants received, in whole or in part. The Company also cannot assure that it will be able to secure similar funding in the future. This have a material adverse effect on the Company's liquidity and financial condition.

1.3.6 A rise in general interest rate levels could increase the Company's financing costs. If the Company enters into hedging agreements in the future, the Company also becomes exposed to the risks associated with the valuation of hedge instruments and these hedges' counterparties.

As of December 31, 2020, the Company's total financial liabilities amounted to EUR 5,286 thousand, EUR 3,827 thousand thereof corresponded to loan liabilities.

When concluding financing agreements or extending such agreements, the Company depends on its ability to negotiate and agree on terms for interest payments that will not impair the Company's desired profit and amortization schedules. In general, rising market interest rates would lead to higher financing costs in the future and may have a material adverse effect on the Company's financial condition.

The Group may enter into hedging agreements in the future and may fail to evaluate hedging instruments properly. Since hedging agreements generally do not completely counterbalance a potential change in interest rates, interest rate fluctuations may have a negative impact on the Company's equity, results of operations and cash-flow even with hedging agreements in place. Furthermore, if the Company enters into hedging agreements in the future, it may be exposed to the risk that its hedging counterparties will not perform their obligations as established by the hedging agreements. Hedging counterparties may default on their obligations towards the Group due to lack of liquidity, operational failure, bankruptcy or other reasons.

The occurrence of one or more of the above factors may have a material adverse effect on the Company's liquidity and financial condition.

1.3.7 The Company could be adversely affected by its business partners defaulting on payments.

The financial condition of the Company's business partners may also affect its own financial condition. If the creditworthiness of the Company's business partners declines, the Company could face an increased default risk with respect to its receivables.

For example, the Company's Danish subsidiary Vita 34 ApS had outstanding receivables against a Romanian sales partner in the total amount of EUR 358 thousand as of December 31, 2020 resulting from the original processing of human biological material stored in Denmark and from annual storage costs. Since the sales partner continues to be invoiced monthly for the storage of the material, its monthly payments amounting to an average of EUR 17 thousand in 2020 did not lead to a reduction of the outstanding amounts. Ultimately, the Company had to write-down its receivables against the sales partner as a precautionary measure.

There can be no assurance that any financial arrangements provided to such business partners, or even a successful reorganization of such companies through bankruptcy, will guarantee their continued viability. Since the Company does not carry insurance on all of its receivables, it may not be able to recover receivables. This may have a material adverse effect on the Company's results of operations and financial condition.

1.3.8 The Company is exposed to foreign currency fluctuations, since its assets, liabilities, revenues and costs are denominated in several currencies.

Due to the Company's international business operations, its business may be vulnerable to exchange rate fluctuations. The Company conducts its transactions primarily in Euro. In addition, the Company generates revenues and have expenses to a limited degree in Swiss francs (CHF, 3% of total revenue) and Danish Krones (DKK, 4% of total revenue). Both the costs and prices of services offered to the Company's customers are generally denominated in the respective local currency.

As a consequence, the Company is subject to currency transaction risk with respect to all transactions that are not naturally hedged, *i.e.*, where there is a mismatch between the currencies in which the Company generates sales revenue and incur expenses relating to that revenue. In this event, its results of operations may be impacted by currency exchange rate fluctuations. If exchange rates do not fluctuate in the Company's favor, it may be able to offer its products and services only at comparatively higher prices or lower profit margins. This currency-related competitive disadvantage can lead to a decline in revenue or a lower profit margin. Furthermore, currency conversion restrictions or cross-border money transfer prohibitions may occur, either by administrative orders or due to banks' policies. This may prevent the Company from converting or transferring funds for a certain period of time or at all.

In particular, currency exchange rates may strongly fluctuate due to political instability and conflicts. In the context of political unrest, governments may also restrict payment transactions and freeze bank accounts. This may lead to payment difficulties for customers and sales partners. In the Lebanon, for example, in 2020 some customers were unable to pay invoices due to restrictions on payment transactions.

The occurrence of one or more of the above factors may have a material adverse effect on the Company's results of operations and financial condition.

1.4 Risks related to the Offering

1.4.1 The integration of the FamiCord Group may not be successful, may not proceed as planned or may involve higher or unexpected costs.

Following the completion of the share exchange, Vita 34 will integrate the FamiCord Group with the intention to form a combined group of companies (the „**Combination**"; and the Group and the FamiCord Group together after Combination, the „**Combined Group**"). The full implementation of the Combination and the integration of the FamiCord Group is expected to take several years and to require considerable human and financial resources, with expected one-off costs of up to EUR 1 million. The successful harmonization of the products and services available to customers of Vita 34 and the FamiCord Group across all geographic regions, integration of the existing processing and harvesting methods and technologies regarding cord blood samples and tissues, of procurement, IT and accounting systems, workforces, as well as corporate and governance structures are essential to the success of the Combination and the Combined Group. It may be challenging to maintain and reconcile favorable existing agreements and business relationships with cooperation partners or financing banks. Several or single planed integration steps may need to be adjusted to the actual integration progress which, in particular, may be slower than estimated. This may result in higher or unexpected costs and expenses. The integration process may also be accompanied and hampered by litigation relating to the Combination, including shareholder litigation. The implementation of the Combination will be time-consuming and expensive, will absorb management attention and may disrupt the businesses of Vita 34 and/or the FamiCord Group. If the Company is unable to adequately address integration challenges, the Combined Group may be unable to pursue the Combination or to realize the anticipated benefits of the Combination. This may adversely affect the Combined Group's results of operations.

1.4.2 The expected synergies in connection with the Combination may not be fully realized within the expected timeframe, or at all.

The Company believes that the Combination will entail various effects from synergies and economies of scale. In particular, it is anticipated that these effects will be realized, *inter alia*, by optimized laboratory capacities, joint research initiatives, the development of complementing as well as new products and services leading to a wider product differentiation, standardized marketing measures, combined procurement, time and cost saving due to optimized logistics, a combined management organization, combined back-office functions and positive effects from a higher joint market capitalization. However, it cannot be ruled out that the anticipated effects from synergies will not be realized in full, as anticipated, within the expected timeframe or at all. In particular, actual growth and cost savings, if achieved, may be lower than what the Company expects as of the date of the Prospectus and may take longer to achieve than anticipated. If benefits of the Combination cannot be realized as anticipated, parts of the expenses related to the Combination would have been spent in vain. This would negatively affect the profits of the Combined Group.

1.4.3 Dis-synergies and non-recurring cost related to the Combination may be higher than anticipated or unforeseen.

The Combination may result in a number of dis-synergies and non-recurring costs. The Combination of Vita 34 and the FamiCord Group will create a significant larger group in terms of revenue and sample stored, geographic business activities, employees and cooperation partners. Hence, the management of such Combined Group may entail a number of difficulties, such as a more complex risk management process, extensive accounting including more consolidated subsidiaries, increased administration effort, cultural differences and compliance with general regulatory requirements in different jurisdictions as well as, in particular, arising in connection with the Combination. This may complicate and decelerate internal workflows and processes and ultimately lead to increased costs. Internal organization may distract management's attention from operative business.

As a result of the Combination and the increased size and market position of the Combined Group, it may be more difficult for the Combined Group to implement add-on acquisitions due to an expected intensification of antitrust reviews and/or, potentially, a loss of implementation speed resulting therefrom. Depending on future target companies and local markets, this may also prevent the Company from further acquisitions and impede its planned inorganic growth.

Materialized dis-synergies could outweigh positive effects, if any, of the Combination. This may have a material adverse effect on the Combined Group's business and results of operation.

1.4.4 The Company may be required to complete the Exchange Offer, or decide to do so, despite the occurrence of a material adverse change.

The Exchange Offer will only complete if, until registration of the implementation of the Company's capital increase underlying the Exchange Offer, (i) no material circumstances occur that result, or are reasonably expected to result, in a negative effect on the annual EBITDA of the FamiCord Group for the financial years 2021, 2022 or 2023 (a) in case of a one-time event, in excess of EUR 3,000 thousand, and/or, (b) in case of a recurring event, of at least EUR 500 thousand ((a) and (b) a „**PBKM Material Adverse Effect**"), and (ii) PBKM has neither published new circumstances, nor have such circumstances occurred that would have to be published under applicable disclosure rules, which constitute a criminal or administrative offense or a suspicion of a criminal or administrative offense by a member of a governing body, officer or senior employee of a member of the FamiCord Group, when acting in his/her capacity for any of the entities pertaining to the FamiCord Group ((ii) a „**Material Compliance Violation**"), in both cases (i) and (ii), unless the Company waives such closing conditions in its free discretion.

If prior to registration of the implementation of the Company's capital increase underlying the Exchange Offer material circumstances occur at any entity of the FamiCord Group which do not reach the defined thresholds for a PBKM Material Adverse Effect, the Company may be required to complete the Exchange Offer. In addition, the Company may decide to waive the above closing conditions of a non-occurrence of a PBKM Material Adverse Effect or a Material Compliance Violation despite their occurrence and complete the Exchange Offer nevertheless.

All of these scenarios could adversely affect the Combined Group's financial position, results of operations and cash flow and may negatively impact the market price for the Company's shares.

1.4.5 The Company has conducted a limited due diligence in advance of the Exchange Offer. To the extent that unidentified financial or legal risks of the FamiCord Group materialize, the acquisition of PBKM by the Company could lead to financially adverse consequences for the Group and thus have a material effect on the Group's net assets, results of operations and financial position. Information on the FamiCord Group in this Prospectus is presented only based on publicly available information and, therefore, may not reflect all relevant information on the FamiCord Group.

Prior to the Exchange Offer, the Company has commissioned a due diligence in order to assess legal, financial and tax relates risks of the FamiCord Group. The due diligence has not identified any material issues which would have led the Company to refrain from the intended acquisition through the Exchange Offer. The informative value of any due diligence is limited by the scope of documents and information available for assessment at a certain reporting date. Furthermore, any due diligence is based on assumptions such as the authenticity and completeness and conformity with the originals of documents submitted. Therefore, the Company cannot exclude that due to a lack of information available, certain existing risks have not been detected in the course of the due diligence and/or have not been considered by the Company prior to the Exchange Offer. In addition, the significance of certain issues identified may have been assessed incorrectly by the Company. If any risks exist that have not been adequately or not at all taken into account by the Company when deciding on the implementation of the Exchange Offer and/or the exchange ratio and if these risks materialize after completion of the Exchange Offer, significant unexpected costs may be incurred and expected synergies may not be achieved. All of this may have a material adverse effect on the Company's results of operations and financial condition.

The information on the FamiCord Group in the Prospectus is only based on publicly available information. Therefore, such information may not reflect all relevant facts on the FamiCord Group's business, results of operation and financial condition. Moreover, publicly available information on the FamiCord Group produced by third parties may be incorrect.

1.4.6 The fixed exchange ratio could have been determined on incorrect assumptions and not be adequate. This could have a corresponding adverse effect on either the shareholders of PBKM or the Company.

PBKM shareholders who accept the Exchange Offer receive as consideration for each exchanged PBKM share 1.30 new Vita 34 Offer Shares. The implicit exchange ratio of 1 : 1.3 has been determined on the basis of a valuation of both the Company and PBKM as stand-alone entities as per July 13, 2021 by an independent expert pursuant to the German IDW S 1 valuation standard and prevailing case law on the basis of a fundamental discounted cash flow (DCF) method as well as the respective weighted average domestic share prices of the Company and PBKM during the last three months before the announcement of the Exchange Offer on May 31, 2021 and plausibility checks via market-price-oriented valuations (multiples). The resulting equity value of the Company and PBKM, broken down per share, translated into the offered fixed exchange ratio. It cannot be

excluded that the determination of the fixed exchange ratio was based on various assumptions, which may turn out to be incorrect. If it turns out that the fixed exchange ratio is not financially adequate, this could have corresponding adverse effects for the shareholders of PBKM or the Company.

1.4.7 The fixed exchange ratio and the number of Vita 34 Offer Shares offered for each PBKM Share does not reflect market changes following publication of the Prospectus.

Shareholders of PBKM will receive 1.3 newly issued registered ordinary shares (*Namensaktien*) with no-par value (*Stückaktien*) of Vita 34 (all new shares offered as consideration, the „**Vita 34 Offer Shares**") as offer consideration for each PBKM Share validly tendered into the Exchange Offer. The market values of the Vita 34 Offer Shares and/or PBKM Shares may fluctuate due to a number of reasons, such as general market development, particular events related to the business of the Company or PBKM as well as regulatory changes, and may vary significantly from their respective value at the date of publication of the Prospectus. Despite the similar business activities of Vita 34 and the FamiCord Group, it also is possible that the market value of Vita 34 Offer Shares is more significantly affected by industry-wide developments or regulatory changes affecting the entire industry in Europe than the market value of PBKM Shares would have been due to their respective strategic orientation, geographic market or particular processing research initiatives.

1.4.8 Following the acceptance of the Exchange Offer, tendering PBKM shareholders will not be able to trade their PBKM Shares until settlement of the Exchange Offer and, therefore, bear the risk of a price decline of the Vita 34 shares relative to the PBKM shares during the offer period. If the Exchange Offer does not take place, PBKM Shareholders bear the risk of not covering any short sales of the Vita 34 shares.

Under Polish law, PBKM shareholders who have tendered their PBKM Shares in the course of the Exchange Offer will not be able to trade their PBKM Shares until settlement of the Exchange Offer as these shares will be blocked. Therefore, tendering PBKM shareholders will not be able to realize their investment in case of any share price increases of the PBKM Shares or limit losses in case of a decrease of its share prices during the offer period through stock market sales of their shares. Any delay of the settlement of the Exchange Offer due to shareholder lawsuits initiated by Vita 34 shareholders would result in a further loss of flexibility for the PBKM shareholders.

Tendering PBKM shareholders also bear the risk of a deterioration of the Company's share price relative to PBKM's share price during the offer period until settlement, even though the Exchange Ratio has been determined based on an independent valuation of the two companies and not based on their share prices. In case the Exchange Offer is successful and the share price of the Vita 34 shares declined proportionately more than the share price of PBKM during the offer period, the Exchange Ratio – when assessing it by way of comparison of the share prices upon completion of the Exchange Offer – may be less beneficial for the tendering PBKM shareholders than at the beginning of the offer period.

The Exchange Offer may be cancelled for several reasons. For instance, competent authorities, such as BaFin and the Polish Financial Supervisory Authority, may suspend or even prohibit the Exchange Offer in the event of a breach or suspected breach of law in relation to the Exchange Offer if required to protect the investors. In addition, the Exchange Offer may not be successful due to non-occurrence of conditions precedent, such as the acceptance rate falling short of the stated minimum acceptance rate of 95% of all PBKM Shares, material adverse changes of PBKM's EBITDA or material compliance violations and the Company not waiving this condition precedent or if the banks involved in the Exchange Offer exercise an extraordinary termination right. In this event, PBKM shareholders who tendered their PBKM Shares will not have any claim to a delivery of new Vita 34 shares. In the event of such non-occurrence or termination of the Exchange Offer, PBKM shareholders suffering a loss have no right of compensation against the Company. PBKM shareholders who have made short sales bear the risk that they will not be able to satisfy their obligations to deliver the Vita 34 Offer Shares.

1.4.9 Certain agreements of PBKM contain change-of-control provisions that could be triggered, and the Combined Group could be adversely affected by the termination of any of PBKM's existing agreements.

Certain agreements of PBKM include so-called change-of-control provisions that, triggered by the settlement of the share exchange, provide the other parties to the agreements, respectively, with a right to declare the termination or to demand early redemption.

In particular, PBKM (as borrower), several of PBKM's subsidiaries (as guarantors) and PKO Bank (as initial lender, security agent and facility agent) entered into a facility agreement, under which PKO Bank granted (i) a non-revolving term facility in the aggregate amount equivalent in EUR to PLN 65,000,000, which has to be repaid by September 10, 2023 (Facility A), and (ii) a non-revolving term loan for a total amount of EUR 5,500,000,

which has to be repaid by October 10, 2023 (Facility C) to PBKM. This facility agreement with PKO Bank contains a change-of-control clause.

In addition, the Polish National Centre for Research and Development (*Narodowe Centrum Badań i Rozwoju*, „**NCBR**") has entered into several subsidy agreements with PBKM as subcontractor or beneficiary, respectively, in 2015 and 2017, for R&D projects. Under the subsidy agreements, any legal and organizational change of PBKM, *inter alia*, which may have a direct negative impact on the project's implementation or achievement of its objectives, entitles NCBR to withhold subsidy amounts not yet paid or terminate the subsidy agreement. The Company cannot guarantee that the implementation of the Combination may not finally result in the obligation to reimburse the full amount of the subsidies received by PBKM (in the financial year ended December 31, 2020, PBKM received grants amounting to approximately EUR 670 thousand).

To the extent financing or subsidy agreements must be repaid by PBKM as a result of the Combination, the Company could decide to refinance any of the existing financing agreements of PBKM. In that case, the Company may not be able to refinance its own business and the conditions of a refinancing by the Company could be negatively affected (see „*1.3.1 The Company may not be able to extend its existing credit arrangements, refinance its debt on substantially similar terms when it matures or obtain financing on financially attractive terms as and when needed. Following the Exchange Offer, the Company may need to incur additional debt to finance further structural measures.*" above). The termination of contracts of PBKM could result in PBKM's obligation to pay prepayment penalties or other losses. Furthermore, PBKM could lose any advantageous provisions of agreements that are terminated as a result of the share exchange or be required to re-negotiate such agreements on less favorable terms. This may have a material adverse effect on the Combined Group's results of operations and financial condition.

1.4.10 The Company's economic development would also depend on the economic development of the FamiCord Group following its integration.

As a result of the intended integration of the FamiCord Group, following the Combination the Company will to a large extent indirectly depend on the economic development of the FamiCord Group and will be exposed to the risks that the FamiCord Group faces in its business dealings, in particular due to the size of the FamiCord Group compared to Vita 34. *E.g.*, in the financial year ended December 31, 2020, Vita 34's sales revenue amounted to approximately EUR 20,000 thousand whereas, according to its financial statements for the financial year 2020 as published by PBKM, the FamiCord Group achieved almost EUR 50,000 thousand net revenue. The Company cannot rule out that the FamiCord Group's sales will decline, in particular due to legislative changes in jurisdictions where it operates or future research which may show that stem cells from other sources are more suitable for therapeutic use.

The Group and the FamiCord Group are primarily active in the collection, processing and storage of stem cells from umbilical cord blood and tissue. Therefore, the business models of both companies are the same or comparable in many aspects and areas and the FamiCord Group and the Group both are exposed to comparable risks resulting from their operations. *E.g.*, the FamiCord Group has assumed storage of human biological material from Cryo-Save AG for approximately 300,000 customers. Cryo-Save AG, which went into insolvency, has breached its customer contracts numerous times and, due to Cryo-Save AG's insolvency, claims may be tried to be enforced against the FamiCord Group. This may have an indirect material adverse effect on the results of operations and cash flows of the Combined Group.

Given the similarity of the business models, the Company has reason to believe that the FamiCord Group is exposed to very similar business and industry risks as the Group itself. There is therefore a risk that, following the successful completion of the Exchange Offer, the probability of relevant risks may increase and negative consequences may have a greater impact on the Combined Group than the Group currently expects. This may have a material adverse effect on the Group's business and net assets, results of operations, financial condition and prospects.

1.4.11 Vita 34 may experience negative reactions to the Exchange Offer or the Combination from its shareholders, employees or other contractual counterparties, which may also have adverse consequences for PBKM shareholders.

Shareholders of the Company may take measures that could result in a delay or failure to implement certain measures as part of the Combination. In particular, the Company's shareholders could challenge the implementation of the shareholders' resolution of the general meeting of the Company by means of which the new shares to be given to PBKM shareholders accepting the Exchange Offer and tender their PBKM Shares as consideration shall be created. Any such challenges will need to be ultimately decided by a German court, which depending on the length of the proceedings may result in a delay of settlement of the Exchange Offer and

additional costs for the Company. Any such measure as well as legal disputes in relation thereto could delay or prevent the execution of corporate structural measures envisaged to facilitate the Combination.

In addition, due to the Company's management's focus on the Combination instead of on pursuing other business opportunities that could have been beneficial to Vita 34, its employees and other contractual counterparties may react negatively to the Exchange Offer and the Combination. These risks may materialize even if the Exchange Offer is not effected and result in a material adverse effect on the Company's business and results of operations.

1.4.12 Shareholders of PBKM, who do not accept the Exchange Offer, may delay or prevent future measures enacted for the benefit of the Combination.

Under Polish law, PBKM shareholders that do not tender their PBKM Shares and, following the Combination, continue to hold a stake as minority shareholders of PBKM, have certain rights. The exercise of such shareholder rights could result in a delay or disruption of any corporate structural measures intended in relation to PBKM, such as the conclusion of a domination and profit and loss transfer agreement between the Company and PBKM, a potential squeeze-out (if the relevant shareholding threshold is reached by the Company), a merger, or a change of the legal form, and the Combination itself. Any such delay or failure to implement certain essential measures as well as legal disputes in relation thereto could limit the Company's control over and its access to the cash flows of the FamiCord Group and delay or prevent the execution of corporate structural measures envisaged to facilitate the Combination. This may impede or delay the intended integration of the FamiCord Group and realization of expected synergies from the Combination, which may prevent cost savings or even result in additional unexpected costs. Therefore, the Company's business and financial condition may be materially adversely affected.

1.5 Risks related to the Shares and the Shareholder Structure

1.5.1 The shareholder structure of the Company could change significantly as a result of the Exchange Offer. This could lead to adverse changes for the Company or its shareholders if individual shareholders pursue interests different from those of the Company or the other shareholders.

Provided that the Exchange Offer will be successful, the Company's shareholder structure will change significantly since the shareholders of PBKM will become new shareholders of the Company if they tender their PBKM Shares. Prior to the Exchange Offer, such PBKM shareholders may not have held shares of the Company already. Hence, the shareholder base of the Company will be broadened by the former PBKM shareholders. The voting rights of the existing Vita 34 shareholders may be diluted significantly by 74.8% assuming full acceptance of the Exchange Offer and full implementation of the capital increase of the Company since all tendering PBKM shareholders will receive 1.3 Vita 34 Offer Shares for each PBKM Share. Existing shareholders of the Company may have less influence on the voting results at future shareholders' meetings. Tendering PBKM shareholders may pursue their own interests, which may conflict with the Company's or the existing shareholders' interests. Therefore, the changed shareholder structure may materially adversely affect the Company's and the existing shareholders' interests.

1.5.2 Future capital measures could lead to substantial dilution, thereby reducing the value of existing shareholders' interests in the Company.

The Company's articles of association provide for an authorized capital in an amount of EUR 2,072,979.00 and conditional capital in an aggregate amount of EUR 1,513,250.00. In the future, the Company may require additional capital to finance its business operations and continued growth (*e.g.*, through further acquisitions or take-overs of companies) or to repay debt or other liabilities. The Company may seek to raise such capital through the issuance of additional shares or debt securities with conversion rights (*e.g.*, convertible bonds or option bonds), which could reduce the market price of the Company's shares. If such offerings are made without granting subscription rights to the Company's existing shareholders, this could substantially dilute the economic and voting rights of such existing shareholders and reduce the value of their interests in the Company. Such dilution may also arise from the acquisition of, or investments in, other companies in exchange, fully or in part, for newly issued shares of the Company such as in the present case of the share exchange.

The same applies to the exercise of stock options by employees of the Company in connection with future stock option programs or the issuance of shares to employees in connection with future employee participation programs.

1.5.3 Future capital measures through the capital markets may be difficult in the event of an adverse capital market environment or because of a low attractiveness of the Company as an issuer of securities. This would limit its ability to issue shares, bonds, convertible bonds or other financial instruments to finance its operations. Therefore, this could not only limit the Group's ability to use the capital markets as a source for its future financing needs but could even prevent it from accessing the capital markets altogether.

The Company may need to access the capital market in the future to refinance existing debt or to finance its further growth. A hostile capital market environment or a reduced attractiveness of the Company's shares to investors could make it difficult or even impossible to raise funds. This may be the case in particular because the stock market price of Vita 34 shares is subject to fluctuations, which may be attributed in part to high price volatility of the shares of listed companies in general, caused by the development of general market conditions, but also to specific developments at the Group. In particular, the Company's share price may be influenced by its profit forecasts, changes in its business results, market valuations or corresponding market expectations, respectively. Such fluctuations would possibly have material adverse effects on the price of Vita 34 shares. A reduced attractiveness of the Group would also limit its ability to issue shares, bonds, convertible bonds or other financial instruments to finance its business operations. Hence, this could not only limit the Group's ability to use the capital market as a source for its future financing needs, but could even prevent it from accessing the capital market altogether. In this event, the Company would largely dependent on other financing sources such as bank loans and runs the risk of not being able to secure needed financing or negotiate favorable terms. Financing difficulties may have a material adverse effect on the Company's business, liquidity and financial condition and may also affect the implementation of the Company's growth strategy (see „*1.3.1 The Company may not be able to extend its existing credit arrangements, refinance its debt on substantially similar terms when it matures or obtain financing on financially attractive terms as and when needed. Following the Exchange Offer, the Company may need to incur additional debt to finance further structural measures.*" above).

1.5.4 The rights of Vita 34's shareholders as well as the statutes of Vita 34 are subject to German laws and they differ from the rights of a shareholder under Polish law and the current articles of association of PBKM.

As long as the Company's registered office is in Germany, the Company's corporate affairs are governed by its statutes and the laws governing companies incorporated in Germany. There are certain differences between German and Polish corporate law. The rights and provisions to protect the shareholders of Vita 34 and the responsibilities of members of the Management Board and Supervisory Board under the laws of Germany differ from the rights and provisions to protect the shareholders and the responsibilities of the members of a company's management board and supervisory board under Polish law. In particular, resolutions of the shareholders' meeting of the Company may be taken with majorities different from the majorities required for adopting equivalent resolutions in PBKM or other Polish companies.

German courts usually have jurisdiction over civil proceedings brought by shareholders against German companies and German courts may reach decisions which differ from decisions that would be taken by Polish courts. It may also be difficult and costly to enforce any decision of a Polish court (or any other foreign court) in Germany. Rights and remedies that may be available under the laws of Poland, including certain securities laws of Poland, may not be available under German law.

It may be difficult for legal and beneficial shareholders of Vita 34 who are not familiar with German corporate law and market practice to exercise their shareholder rights due to foreign legal concepts, language and customs. In addition, the Company's shareholder meetings are typically held in Leipzig, Germany, and it may therefore be expensive and otherwise burdensome to attend these meetings in person (for those shareholders of Vita 34 who prefer to vote in person rather than sending a proxy), in particular for shareholders of Vita 34 who reside outside of Germany.

Furthermore, in case of the Company's insolvency, Polish investors may face difficulties in pursuing claims due to differences in insolvency, reorganization, liquidation, administration, arrangements or other scheme with creditors regimes in Poland and Germany. For those reasons, Polish investors as creditors may encounter difficulties in the conduct of proceedings with respect to the Company.

1.5.5 In the event of a sale of a larger number of shares by the Company's shareholders or the perception that such sale may occur, selling pressure may arise which may lead to significant share price and volume fluctuations of the Company's shares.

Shareholders may sell all or some of their shares in the Company for various reasons, *e.g.*, in order to diversify their investments. Their investment decisions are partly controlled by factors that have no connection to the fundamental key figures of the Company and the Company may be unable to predict whether substantial numbers

of its shares will be sold by any shareholder. Any sale of a significant number of existing shares may be interpreted as a negative signal with respect to such shareholder's beliefs in the future prospects of the Group's business. That perception or interpretation, whether accurate or not, may create selling pressure. The same applies if market participants were to believe that such sale or sales might occur. Therefore, the share price and volume of the Company's shares may fluctuate significantly. As a result, the Company may not be able to obtain new capital by issuing new shares or other instruments.

1.5.6 There is no guarantee that the Company will pay dividends in the future.

The Company may only distribute dividends from the net retained profits (*Bilanzgewinn*) of the Company calculated based on the Company's financial statements prepared in accordance with the accounting principles of the German Commercial Code (*Handelsgesetzbuch – HGB*). In 2020, the annual general meeting has passed a resolution to retain the net profit for 2019 of Vita 34 in full and, in contrast to the previous year, to forego a dividend. Any proposal to the Company's annual general meeting to pay dividends in the future will be at the discretion of the Company's management board to a certain extent, while taking into account the required capital base and needs for growth initiatives and the current business prospects, and will depend upon the Company's results of operations, its financial condition and restrictions imposed by applicable laws. Consequently, the Company may not be able to pay dividends at all or in the amounts that shareholders may expect.

2. GENERAL INFORMATION

2.1 Responsibility Statement

Vita 34 AG, with its registered seat in Leipzig, Germany, and its business address at Deutscher Platz 5a, 04103 Leipzig, Germany, a German stock corporation (*Aktiengesellschaft* or *AG*) registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Leipzig, Germany (the „**Commercial Register**"), under number HRB 20339, telephone +49 341 48792 7508 (the „**Company**" or the „**Issuer**", and together with its subsidiaries, the „**Group**" or „**Vita 34**"), and Hauck & Aufhäuser Privatbankiers AG („**Hauck & Aufhäuser**") each assume responsibility for the contents of this prospectus (the „**Prospectus**") pursuant to Section 8 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*), and declare, to the best of their knowledge, that the information contained in this Prospectus is correct and that the prospectus makes no omission likely to affect its import.

This Prospectus has been approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin*), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Germany (telephone +49 228 4108 0; Website: www.bafin.de), as competent authority under Regulation (EU) 2017/1129 (the „**Prospectus Regulation**"). BaFin only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Company that is the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

The Company is not required by law to update the Prospectus subsequent to the date hereof, except in accordance with Article 23 of the Prospectus Regulation, which stipulates that every significant new factor, material mistake or material inaccuracy relating to the information included in a prospectus which may affect the assessment of the securities and which arises or is noted between the time when the prospectus is approved and the closing of the offer period or the time when trading on a regulated market begins, whichever occurs later, shall be mentioned in a supplement to the prospectus without undue delay. In any event, the obligation to supplement a prospectus does no longer apply when a prospectus is no longer valid. The end of the acceptance period is expected to occur on October 18, 2021 and the first day of trading of the Vita 34 Offer Shares (as defined below) is expected to occur on October 28, 2021. Accordingly, the validity of this Prospectus is expected to expire at the end of the day on October 28, 2021.

The Company's LEI is: 529900OEWA4GSZEZ4P40.

The Company's website is www.vita34.de. Information contained on the Company's website is not incorporated by reference in this Prospectus and is not part of this Prospectus.

If any claims are asserted before a court of law based on the information contained in this Prospectus, the investor appearing as plaintiff may have to bear the costs of translating this Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area (the „**EEA**").

2.2 Purpose of this Prospectus

On May 31, 2021, the Company announced its intention of issuing a voluntary exchange offer to the shareholders of PBKM. PBKM, with Legal Entity Identifier (LEI) PLPBKM000012, has its business address at al. Jana Pawła II 29, 00-867 Warsaw, Poland, and is registered with the national court register (*Krajowy Rejestr Sądowy*) under number 0000166106.

For purposes of the voluntary exchange offer in the Republic of Poland („**Poland**") and the admission to trading on the regulated market (*Regulierter Markt*) of the Frankfurt Stock Exchange with the simultaneous admission of the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange, this Prospectus relates to the offer and admission of 12,140,215 newly issued registered ordinary shares with no par value (*Stückaktien*) of the Company (the „**Vita 34 Offer Shares**"), each such share representing a pro rata amount of the Company's issued share capital of EUR 1.00, from the Capital Increase (as defined below) against contributions in kind without subscription rights for the Company's shareholders, resolved by the extraordinary general shareholders' meeting of the Company on July 13, 2021 (the „**Exchange Offer**").

The Vita 34 Offer Shares are vested with full dividend rights as from January 1, 2021.

The Exchange Offer as a public offering is exclusively addressed to PBKM Shareholders in Poland. The Vita 34 Offer Shares are furthermore offered outside Poland pursuant to an applicable exemption from, or in a transaction not subject to, registration requirements. The Vita 34 Offer Shares will not be offered, sold or delivered, directly

or indirectly, in or into the United States of America („**United States**" or the „**U.S.**"). The Vita 34 Offer Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the „**Securities Act**"), or the securities laws of any other jurisdiction of the United States and may not be offered, sold or otherwise transferred to or within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States.

The General Shareholders' Meeting has passed a resolution to increase the share capital of the Company from EUR 4,145,959.00 by up to EUR 12,280,560.00 to up to EUR 16,426,519.00 by issuing up to 12,280,560 Vita 34 Offer Shares, each with a pro rata amount of EUR 1.00 per share in the share capital and full dividend rights as from January 1, 2021, against contributions in kind. Following the end of the Acceptance Period (as defined in „*4.7 Acceptance Period*"), the Management Board of the Company will adopt a resolution determining the exact amount of share capital increase and number of Vita 34 Offer Shares to be issued.

The Company has not given its consent to a further usage of the Prospectus regarding a resale of the Vita 34 Offer Shares.

2.3 Forward-Looking Statements

This Prospectus contains forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts or events or to facts or events as of the date of this Prospectus. This applies, in particular, to statements in the Prospectus containing information on the Company's future earnings capacity, plans and expectations regarding its business growth and profitability, and the general economic conditions to which it is exposed. In some cases, forward-looking statements can be identified by the use of forward-looking terminology or subjective assessments, which may include words such as „anticipate", „believe", „contemplate", „continue", „could", „expect", „intend", „plan", „potential", „predict", „project", „should", „target" and „would" or the negative of these words or other similar terms or expressions.

The forward-looking statements in the Prospectus are subject to risks and uncertainties, as they relate to future events, and are based on estimates and assessments made to the best of the Company's present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause the Company's actual results, including its financial condition and profitability, to differ materially from or fail to meet the expectations expressed or implied in the forward-looking statements. These expressions can be found in several sections in this Prospectus, particularly in the sections of this Prospectus describing risk factors, markets and competition, the Company's business and recent developments and outlook, and wherever information is contained in this Prospectus regarding the Company's intentions, beliefs, or current expectations relating to its future financial condition and results of operations, plans, liquidity, business outlook, growth, strategy and profitability, as well as the economic and regulatory environment to which the Company is subject. See „*10 Management's Discussion and Analysis of Financial Condition and Results of Operations*", „11 *Profit Forecast*", „*12 Pro Forma Consolidated Financial Information*", „*13 Markets and Competition*", and „*14 Business and Regulation*". Forward-looking statements should not be relied upon as predictions of future events.

In light of these uncertainties and assumptions, it is also possible that the future events mentioned in this Prospectus will not occur. In addition, the forward-looking estimates and forecasts reproduced in this Prospectus from third-party reports could prove to be inaccurate (for more information on the third-party sources used in this Prospectus, see „*2.4 Sources of Market Data*").

It should be noted that the Company does not assume any obligation, except as required by law, to update any forward-looking statement or to conform any such statement to actual events or developments. The Company may not actually achieve the plans, intentions or expectations disclosed in the forward-looking statements, and investors should not place undue reliance on these forward-looking statements.

2.4 Sources of Market Data

To the extent not otherwise indicated, the information contained in the Prospectus on the markets in which Vita 34 operates and market and industry developments and trends, including scientific and technical explanations or growth rates, are based on the Company's assessments and estimates, using underlying data from independent third parties. The Company obtained market data and certain industry forecasts used in this Prospectus from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications, including reports, publications and data compiled by:

- *Alessandro R. Marcon, Blake Murdoch, Timothy Caulfield*, Cell Tissue Bank, Peddling promise? An analysis of private umbilical cord blood banking company websites in Canada, Cell and Tissue Banking (2021), published April 23, 2021, doi:10.1007/s10561-021-09919-7 („***Marcon, Murdoch, Caulfield,***

Cell Tissue Bank, Peddling promise? An analysis of private umbilical cord blood banking company websites in Canada");

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- *Ankita Sonar, Komal Urde, Onkar Sumant*, Stem Cell Umbilical Cord Blood Market by Storage Service (Public Cord Blood Banks, Private Cord Blood Banks, and Hybrid Cord Blood Banks), Therapeutics (Cancer, Diabetes, Blood Diseases, Immune Disorders, Metabolic Disorders, and Other Diseases), and Application (Transplant Medicine and Regenerative Medicine): Global Opportunity Analysis and Industry Forecast, 2020–2027, published August 2020 („***Sonar, Urde, Sumant,* Stem Cell Umbilical Cord Blood Market**");

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- *Annalisa Paviglianiti, Erick Xavier, Annalisa Ruggeri, Patrice Ceballos, Eric Deconinck, Jan J. Cornelissen, Stephanie Nguyen-Quoc, Natacha Maillard, Guillermo Sanz, Pierre-Simon Rohrlich, Laurent Garderet, Fernanda Volt, Vanderson Rocha, Nicolaus Kroeger, Eliane Gluckman, Nathalie Fegueux, Mohamad Mohty,* Outcomes of unrelated cord blood transplantation in patients with multiple myeloma: a survey on behalf of Eurocord, the Cord Blood Committee of Cellular Therapy and Immunobiology Working Party, and the Chronic Leukemia Working Party of the EBMT, Haematologica Volume 101 No. 9 (2016), doi:10.3324/haematol.2015.138917 („**Source 34**");

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- Bioinformant, Global Cord Blood Banking Industry Report 2021, July 2021 („**Bioinformant, Global Cord Blood Banking Industry Report 2021**");

- *Blake Murdoch, Alessandro R. Marcon, Timothy Caulfield*, The law and problematic marketing by private umbilical cord blood banks, BMC Medical Ethics, published July 1, 2020, doi:10.1186/s12910-020-00494-2;

- *Brian Mehling, Marina Manvelyan*, Evaluation of the Safety and Efficacy of HPC, Cord Blood, BHI Therapeutic Sciences, estimated study completion date July 2022 („***Mehling, Manvelyan,* Evaluation of the Safety and Efficacy of HPC, Cord Blood**");

- *Bundesärztekammer*, Richtlinie zur Herstellung und Anwendung von hämatopoetischen Stammzellzubereitungen – Erste Fortschreibung, published March 15, 2019, doi:10.3238/ arztebl.2019.rl_haematop_sz02 („**Erste Fortschreibung BÄK Richtlinie**");

- *Carla Dessels, Marco Alessandrini, Michael Sean Pepper*, Factors Influencing the Umbilical Cord Blood Stem Cell Industry: An Evolving Treatment Landscape, Stem Cells Translational Medicine, Volume 7 (Issue 9) pages 643-650, published May 18, 2018, doi:10.1002/sctm.17-0244 („***Dessels, Alessandrini, Pepper,* Factors Influencing the Umbilical Cord Blood Stem Cell Industry**");

- Cell Trials Data, Parent's Guide to Cord Blood Foundation, data available under https://celltrials.org/maps-cell-and-gene-therapy/percentage-of-births-banking-cord-blood/germany („**Cell Trials Data, Parent's Guide to Cord Blood Foundation**");

- Cell Trials Data, Percentage of births banking cord blood, data available under https://celltrials.org/maps-cell-and-gene-therapy/percentage-of-births-banking-cord-blood („**Cell Trials Data, Percentage of births banking cord blood**");

- ClinicalTrials.gov. 2021 („**Source 1**");
- ClinicalTrials.gov. NCT00739141: A Reduced Intensity Conditioning Regimen and the Transplantation of Unrelated Donor Umbilical Cord Blood in Patients With Hematologic Malignancies, https://clinicaltrials.gov/ct2/show/NCT00739141, accessed December 7, 2020 („**Source 10**");
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- ClinicalTrials.gov. NCT01619761: Natural Killer Cells in Allogeneic Cord Blood Transplantation., https://clinicaltrials.gov/ct2/show/NCT01619761, accessed December 7, 2020 („**Source 27**");
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- ClinicalTrials.gov. NCT01729091: Phase II Study of Umbilical Cord Blood-Derived Natural Killer Cells in Conjunction With Elotuzumab, Lenalidomide and High Dose Melphalan Followed by Autologous Stem Cell Transplant for Patients With Multiple Myeloma., https://clinicaltrials.gov/ct2/show/NCT01729091, accessed December 7, 2020 („**Source 29**");
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- ClinicalTrials.gov. NCT01962636: Umbilical Cord Blood Transplantation Using a Myeloablative Preparative Regimen for the Treatment of Hematological Diseases, https://clinicaltrials.gov/ct2/show/NCT01962636, accessed December 7, 2020 („**Source 13**");
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- ClinicalTrials.gov. NCT02730299: A Multicenter, Randomized, Phase III Registration Trial of Transplantation of NiCord®, Ex Vivo Expanded, UCB-derived, Stem and Progenitor Cells, vs. Unmanipulated UCB for Patients With Hematological Malignancies, https://clinicaltrials.gov/ct2/show/NCT02730299, accessed December 7, 2020 („**Source 12**");
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- ClinicalTrials.gov. NCT03056339: Dose Escalation Study Phase I/II of Umbilical Cord Blood-Derived CAR-Engineered NK Cells in Conjunction With Lymphodepleting Chemotherapy in Patients With Relapsed/Refractory B-Lymphoid Malignancies. https://clinicaltrials.gov/ct2/show/NCT03056339?term=%22cord+blood%22%2C+CAR%2C+NK&rank=1, accessed June 18, 2019 („**Source 31**");

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- ClinicalTrials.gov. NCT03431480: Safety Study of Autologous Cord Blood Stem Cell Treatment in Hypoplastic Left Heart Syndrome Patients Undergoing the Norwood Heart Operation., https://clinicaltrials.gov/ct2/show/NCT03431480, accessed May 3, 2021 („**Source 15**");

- ClinicalTrials.gov. NCT03441958: A Phase I-II Open-label Study of Non-myeloablative-allogeneic Transplant of ECT-001 (UM171/ Fed-batch Culture System) Expanded Cord Blood in Patients With High-risk Multiple Myeloma, https://clinicaltrials.gov/ct2/show/NCT03441958, accessed December 7, 2020 („**Source 3**");

- ClinicalTrials.gov. NCT03473301: A Phase I/II Study of Allogeneic Umbilical Cord Blood and Umbilical Cord Tissue-Derived Mesenchymal Stromal Cell Infusions in Children With Cerebral Palsy., https://clinicaltrials.gov/ct2/show/NCT03473301?term=kurtzberg&rank=3, accessed June 13, 2019 („**Source 26**");

- ClinicalTrials.gov. NCT03558269: Pilot Study to Assess the Efficacy of Autologous Umbilical Cord Blood Treatment of Brain and Heart Injury in Neonates With Congenital Heart Defect, https://clinicaltrials.gov/ct2/show/NCT03558269, accessed May 3, 2021 („**Source 17**");

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- ClinicalTrials.gov. NCT03779711: Intramyocardial Injection of Autologous Umbilical Cord Blood Derived Mononuclear Cells During Surgical Repair of Hypoplastic Left Heart Syndrome (AutoCell-S2), https://clinicaltrials.gov/ct2/show/NCT03779711?term=NOT+peripheral&recrs=abdf&intr=%22cord+blood%22&rank=37, accessed December 7, 2020 („**Source 16**");

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- *David D. Frisbie, John D. Kisiday, Chris E. Kawcak, Natasha M. Werpy, C. Wayne McIlwraith*, Evaluation of adipose-derived stromal vascular fraction or bone marrow-derived mesenchymal stem cells for treatment of osteoarthritis, Journal of Orthopaedic Research, Volume 27 (Issue 12) pages 1675-80, published June 18, 2019, doi: 10.1002/jor.20933 („***Frisbie, Kisiday, Kawcak, et al.*, Evaluation of adipose-derived stromal vascular fraction or bone marrow-derived mesenchymal stem cells for treatment of osteoarthritis**");

- Deutsches Ärzteblatt 50/2011 108(50): A-2722 / B-2266 / C-2238;

- *Eliane Gluckman, Hal E. Broxmeyer, Arleen D. Auerbach, et al.*, Hematopoietic Reconstitution in a Patient with Fanconi's Anemia by Means of Umbilical-Cord Blood from an HLA-Identical Sibling, New England Journal of Medicine, published October 26, 1989, doi:10.1056/NEJM198910263211707 („**Source 37**");

- Eurostat, Fertility statistics, data extracted March 2021, data available under https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Fertility_statistics#live_births_per_woman_in_the_EU_in_2019https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Fertility_statistics#live_births_per_woman_in_the_EU_in_2019 („**Eurostat, Fertility statistics 2021**");

- *Fanping Meng, Ruonan Xu, Siyu Wang, Zhe Xu, Chao Zhang, Yuanyuan Li, Tao Yang, Lei Shi, Junliang Fu, Tianjun Jiang, Lei Huang, Peng Zhao, Xin Yuan, Xing Fan, Ji-Yuan Zhang, Jinwen Song, Dawei Zhang, Yanmei Jiao, Limin Liu, Chunbao Zhou, Markus Maeurer, Alimuddin Zumla, Ming Shi, Fu-Sheng Wang*, Human umbilical cord-derived mesenchymal stem cell therapy in patients with COVID-19: a phase 1 clinical trial, Signal Transduction and Targeted Therapy Volume 5, Article number: 172 (2020), published August 27, 2020 („***Meng, Xu, Wang, et al*., Human umbilical cord-derived mesenchymal stem cell therapy in patients with COVID-19: a phase 1 clinical trial**");

- Fior Markets, Cord Blood Banking Market by Type of Bank (Public, Private), Services (Processing, Storage), Application (Cancer, Blood Disorders, Immuno-deficiency Disorders, Metabolic Disorders, Bone Marrow Failure Syndrome), End-User (Hospitals, Research Institutes, Specialty Clinics), Region, Global Industry Analysis, Market Size, Share, Growth, Trends, and Forecast 2020 to 2027, published September 2020 („**Fior Markets, Cord Blood Banking Market**");

- *Gao Fan, Wang Huaiyu*, Application of Umbilical Cord Blood Transfusion in Consolidation Therapy of Elderly Patients With Acute Myeloid Leukemia, Xi'anJiaotong University, estimated study completion date June 1, 2024 („***Fan, Huaiyu*, Application of Umbilical Cord Blood Transfusion in Consolidation Therapy of Elderly Patients With Acute Myeloid Leukemia**");

- *Hal E Broxmeyer, Man-Ryul Lee, Giao Hangoc, Scott Cooper, Nutan Prasain, Young-June Kim, Coleen Mallett, Zhaohui Ye, Scott Witting, Kenneth Cornetta, Linzhao Cheng, Mervin C Yoder*, Hematopoietic stem/progenitor cells, generation of induced pluripotent stem cells, and isolation of endothelial progenitors from 21- to 23.5-year cryopreserved cord blood, Blood 2011 Volume 117 (Issue 18) pages 4773–4777, published May 5, 2011, doi: 10.1182/blood-2011-01-330514;

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- *Itır Sirinoglu Demiriz, Emre Tekgunduz, Fevzi Altuntas*, What is the most appropriate source for hematopoietic stem cell transplantation? Peripheral stem cell/bone marrow/cord blood, Hindawi Publishing Corporation, Bone Marrow Research Volume 2012, Article ID 834040, published September 27, 2012, doi:10.1155/2012/834040 („**Source 33**");

- *Joanne Kurtzberg, Mary Laughlin, Michael L. Graham, Clary Smith, Janice F. Olson, Edward C. Halperin, Gilbert Ciocci, Carmelita Carrier, Cladd E. Stevens, Pablo Rubinstein*, Placental blood as a source of hematopoietic stem cells for transplantation into unrelated recipients, New England Journal of Medicine, published July 18, 1996, doi:10.1056/NEJM199607183350303 („**Source 36**");

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- *Juan Montoro, José Luis Piñana, Federico Moscardó, Jaime Sanz*; Infectious Complications after Umbilical Cord-Blood Transplantation from Unrelated Donors, Mediterranean Journal of Hematology and Infectious Diseases Volume 8 (2016), published October 18, 2016, doi:10.4084/MJHID.2016.051 („***Montoro, Piñana, Moscardó, et al.,* Infectious Complications after Umbilical Cord-Blood Transplantation from Unrelated Donors**");

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- *Lisa Peberdy, Jeanine Young, Debbie Louise Massey, Lauren Kearney*, Parents' knowledge, awareness and attitudes of cord blood donation and banking options: an integrative review, BMC Pregnancy Childbirth, published October 10, 2018, doi:10.1186/s12884-018-2024-6 („***Peberdy, Young, Louise Massey, Kearney,* Parents' knowledge, awareness and attitudes of cord blood donation and banking options**");

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- Research and Markets, Global Cord Blood Banking Industry Report 2021: Holding Companies are Emerging as a Global Theme, published January 11, 2021, ID: 5232567 („**Global Cord Blood Banking Industry Report 2021: Holding Companies are Emerging as a Global Theme**");

- *Vanderson Rocha, John E. Wagner, Kathleen A. Sobocinski, John P. Klein, Mei-Jie Zhang, Mary M. Horowitz, Eliane Gluckman*, Graft-Versus-Host Disease in Children Who Have Received a Cord-Blood or Bone Marrow Transplant from an HLA-Identical Sibling, New England Journal of Medicine, published June 22, 2000, doi:10.1056/NEJM200006223422501 („***Rocha, Wagner, Sobocinski, et al.*, Graft-Versus-Host Disease in Children Who Have Received a Cord-Blood or Bone Marrow Transplant from an HLA-Identical Sibling**"); and

- *Xiaojun Fu, Rongrong Hua, Xiaodong Wang, Peishen Wang, Long Yi, Aixue Yu, Jing Yang, Yan Li, Yihua An*, Synergistic Improvement in Children with Cerebral Palsy Who Underwent Double-Course Human Wharton's Jelly Stem Cell Transplantation, Hindawi Stem Cells International, published September 17, 2019, Article ID 7481069, doi:10.1155/2019/7481069 („***Fu, Hua, Wang, et al.*, Synergistic Improvement in Children with Cerebral Palsy Who Underwent Double-Course Human Wharton's Jelly Stem Cell Transplantation**").

It should be noted in particular that references have been made in this Prospectus to information concerning markets and market trends as well as scientific and technical explanations. Such information was obtained from the above-mentioned sources. The Company has accurately reproduced such information and, as far as it is aware and able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution. For example, market studies are often based on information or assumptions that may be inaccurate or inappropriate, and their methodology is inherently predictive and speculative.

Irrespective of the assumption of responsibility for the content of this Prospectus by the Company (see „*2.1 Responsibility Statement*"), the Company has not independently verified the figures, market data or other information on which third parties have based their studies. Accordingly, the Company makes no representation or warranty as to the accuracy, completeness or verification of any such information from third party studies included in this Prospectus. Prospective investors should note that the Company's own estimates and statements of opinion and belief are not always based on studies of third parties. Neither of the Company nor any of its respective affiliates is making any representation to any offeree or purchaser of any Shares regarding the legality of an investment in the Shares by such offeree or purchaser.

Information contained on any website mentioned in this Prospectus, including the Company's website, is not incorporated by reference in this Prospectus and is not part of this Prospectus. The information on the websites accessible by hyperlinks contained in this Prospectus does not form part of the Prospectus and has not been scrutinized or approved by the BaFin.

2.5 Documents Available for Inspection

For the duration of the validity of the Prospectus, copies of the following documents will be available free of charge for inspection during regular business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of the Company at Deutscher Platz 5a, 04103 Leipzig, Germany, and on its website (www.vita34.de):

- the Company's articles of association (the „**Articles of Association**");

- the unaudited condensed consolidated interim financial statements of the Company as of and for the six-month period ended June 30, 2021 prepared in accordance with International Financial Reporting Standards, as adopted by the European Union („**IFRS**"), on interim financial reporting (IAS 34) (the „**Unaudited Condensed Consolidated Interim Financial Statements**");

- the audited consolidated financial statements of the Company as of and for the financials years ended December 31, 2020 prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to Section 315e para. 1 of the German Commercial Code (*Handelsgesetzbuch* – „**HGB**") (the „**Audited Consolidated Financial Statements 2020**");

- the audited consolidated financial statements of the Company as of and for the financials years ended December 31, 2019 prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to Section 315e para. 1 HGB (the „**Audited Consolidated Financial Statements 2019**";

- the audited consolidated financial statements of the Company as of and for the financials years ended December 31, 2018 prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to Section 315e para. 1 HGB (the „**Audited Consolidated Financial Statements 2018**");

- the audited unconsolidated financial statements of the Company as of and for the financials year ended December 31, 2020 prepared in accordance with generally accepted accounting principles of the German Commercial Code (*HGB*) (the „**Audited Unconsolidated Financial Statements**");

- the unaudited pro forma financial information of the Company and its subsidiaries as of and for the financials year ended December 31, 2020 and as of and for the six-month period ended June 30, 2021, showing the effects of the contemplated acquisition of PBKM as if such company had been acquired as of January 1, 2020 (the „**Pro Forma Financial Information**"); and

- the Prospectus.

The Company's future consolidated annual and interim financial statements and unconsolidated annual financial statements will be available from the Company on its website (www.vita34.de) and from the German Company Register (*Unternehmensregister*) (www.unternehmensregister.de). The Company's future financial statements will also be published in the German Federal Gazette (*Bundesanzeiger*).

Information on the Company's website www.vita34.de and information accessible via this website is neither part of, nor incorporated by reference into, this Prospectus, and such information has not been scrutinized or approved by BaFin.

2.6 Currency Presentation and Presentation of Figures

In this Prospectus, all references to „€", „EUR" or „Euro" are to the currency introduced at the start of the third stage of the European economic and monetary union, and as defined in Section 2 of Council Regulation (EC) No 974/98 of May 3, 1998 on the introduction of the Euro, as amended. Furthermore, all references to „PLN", „złoty" and „groszy" refer to the official currency of Poland.

All of the financial data presented in the Prospectus are shown in thousands of euro (in EUR thousands or TEUR), except as otherwise stated.

Certain financial information (including percentages) in this Prospectus have been rounded according to established commercial standards. As a result, the aggregate amounts (sum totals or sub-totals or differences or if numbers are put in relation) in tables in this Prospectus may not correspond in all cases to the aggregated amounts of the underlying (unrounded) figures appearing elsewhere in this Prospectus. Furthermore, in those tables, these rounded figures may not add up exactly to the totals contained in those tables. Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out in this Prospectus, a dash („—") signifies that the relevant figure is not available, while a zero („0") signifies that the relevant figure is available but has been rounded to zero.

2.7 Presentation of Financial Information

This Prospectus includes the English-language translations of the Company's German-language audited consolidated financial statements as of and for the financial year ended December 31, 2020 (the Audited Consolidated Financial Statements 2020, as defined), the Company's German-language audited consolidated financial statements as of and for the financial year ended December 31, 2019 (the Audited Consolidated Financial Statements 2019, as defined), the Company's German-language audited consolidated financial statements as of and for the financial year ended December 31, 2018 (the Audited Consolidated Financial Statements 2018, as defined, and, together with the Audited Consolidated Financial Statements 2019 and the Audited Consolidated Financial Statements 2020, the „**Audited Consolidated Financial Statements**"), and the Company's German-language unaudited condensed consolidated interim financial statements as of and for the six-month period ended June 30, 2021 (the Unaudited Condensed Consolidated Interim Financial Statements, as defined, and together with the Audited Consolidated Financial Statements, the „**Consolidated Financial Statements**"). Moreover, the Prospectus includes the English-language translation of the German-language audited unconsolidated financial statements of the Company as of and for the fiscal year ended December 31, 2020, which were prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*) (the Audited Unconsolidated Financial Statements, as defined, and, together with the Audited Consolidated Financial Statements, the „**Audited Financial Statements**"). The Audited Consolidated Financial Statements and the Unaudited Condensed Consolidated Interim Financial Statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union („**IFRS**").

The Audited Consolidated Financial Statements, the Unaudited Condensed Consolidated Interim Financial Statements and the Audited Unconsolidated Financial Statements are included in this Prospectus beginning on page F-1. The Audited Financial Statements were audited by PKF Deutschland GmbH – Wirtschaftsprüfungsgesellschaft, Berlin, Germany („**PKF**"), in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (*Institut der*

Wirtschaftsprüfer – IDW). PKF issued an unqualified auditor's report (*uneingeschränkter Bestätigungsvermerk*) thereon as included in this Prospectus.

The Unaudited Condensed Consolidated Interim Financial Statements are neither audited nor reviewed.

The fiscal year ended December 31, 2020, 2019, and 2018 are also referred to in the Prospectus as „**financial year 2020**", „**financial year 2019**", and „**financial year 2018**", respectively.

Where financial data in tables in this Prospectus is labelled „audited", it has been taken from the Audited Consolidated Financial Statements. The label „unaudited" is used in tables in this Prospectus to indicate financial data that has not been taken or derived from the Audited Consolidated Financial Statements, but was taken either from the Unaudited Condensed Consolidated Interim Financial Statements or from the internal reporting system of Vita 34 AG or has been calculated based on financial data from the above-mentioned sources.

2.8 Alternative Performance Measures

Throughout the Prospectus, Vita 34 presents financial measures and normalizations that are derived from or based on Vita 34's financial statements, its accounting records or internal reporting system and are not presented in accordance with IFRS or any other internationally accepted accounting principles (collectively, „**Alternative Performance Measures**"). The Company has defined the following Alternative Performance Measures as follows:

- „**EBITDA**" is defined as earnings before interest, taxes, depreciation and amortization on intangible assets and property, plant and equipment.

- „**EBITDA margin as a percentage of sales**" is the EBITDA as a percentage of sales as shown in the Audited Consolidated Financial Statements.

- „**Adjusted EBITDA**" is the EBITDA adjusted for special effects of EUR 500 thousand in 2020, incurred as a result of consulting costs following the takeover offer of AOC Health GmbH to the Company's shareholders (see „*15.2 Public Takeover Offer by AOC Health GmbH*") and the review of a prospectively possible merger with PBKM as well as EUR 1,172 thousand in the first six months 2021 and EUR 115 thousand in the first six months 2020, respectively, with the EUR 1,172 thousand incurred as a result of the review and preparation of the possible Exchange Offer as described in section 4 of this Prospectus and the EUR 115 thousand related to expenses for consulting services in connection with the takeover offer of AOC Health GmbH. Adjusted EBITDA 2019 corresponds to the reported EBITDA.

- „**Adjusted EBITDA as a percentage of sales**" is the Adjusted EBITDA as a percentage of sales as shown in the Audited Consolidated Financial Statements 2020.

The Company presents the Alternative Performance Measures as (i) it is used by Vita 34's management to measure operating performance, including in presentations to the members of the Executive Board and the members of the Supervisory Board, and as a basis for strategic planning and forecasting, and (ii) they represent similar measures in accordance and not in accordance with IFRS, that the Company believes are widely used by certain investors, securities analysts and other parties as supplemental measures of operating and financial performance. The Alternative Performance Measures may enhance management's and investors' understanding of Vita 34's financial performance and liquidity by excluding items that are outside of Vita 34's ongoing operations, such as taxes on income, costs of capital and non-cash expenses.

However, the Alternative Performance Measures are not a measure presented in accordance with IFRS or any other internationally accepted accounting principles, and should not be considered as an alternative to the historical financial results or other indicators of Vita 34's performance based on IFRS measures. They should not be considered as alternative to Total Operating Performance (TOP) or result from operating activities (EBIT) as indicators of Vita 34's performance or profitability. The Alternative Performance Measures, as defined by the Company, may not be comparable to similarly titled measures as presented by other companies due to differences in the way Vita 34's Alternative Performance Measures are calculated. Even though the Alternative Performance Measures are used by management to assess ongoing operating performance and these types of measures are commonly used by investors, they have important limitations as analytical tool, and they should not be considered in isolation or as substitute for analysis of Vita 34's results or cash flows as reported under IFRS.

3. THE BUSINESS COMBINATION

3.1 Business Combination Agreement

On May 31, 2021, the Company and PBKM signed an agreement to bring about a business combination of the Group and the FamiCord Group (the „**Business Combination Agreement**"). The Business Combination Agreement sets forth the principal terms and conditions of the business combination between the two groups (the „**Business Combination**") as well as the mutual objectives of the Company and PBKM with regard thereto.

3.1.1 Share Exchange

Under the Business Combination Agreement, the Company agreed to offer to the shareholders of PBKM (the „**PBKM Shareholders**") to exchange all shares of PBKM with ISIN PLPBKM000012, each having a par value of PLN 0.50 (fifty Polish grosz) and entitling to one vote at the general meeting, including any dividend rights and ancillary rights at the time of the settlement of the Exchange Offer (as defined below) (the „**PBKM Shares**"), for new shares of the Company by way of a contribution in kind (the „**Share Exchange**" or „**Proposed Transaction**"). The shareholders of PBKM will be offered to receive 1.30 (one and three tenths) new shares of the Company in exchange for 1 (one) PBKM Share. No fractional new Vita 34 Offer Shares (as defined below) will be exchanged for any PBKM Shares. The Share Exchange shall be carried out via the execution of contribution agreements between the Company and certain PBKM Shareholders as well as a voluntary public exchange offer by the Company addressed to all other PBKM Shareholders that are not Excluded Shareholders (as defined below) (the „**Exchange Offer**").

3.1.2 Support by Management Board of PBKM; Deal Protection

The Management Board of PBKM (the „**PBKM Board**"), as the competent corporate body under Polish law, has undertaken in the Business Combination Agreement, subject to its fiduciary duties and applicable law, to support the Proposed Transaction. In this regard, the PBKM Board will publish a reasoned statement on the Exchange Offer, which shall take into account the broader scope of the proposed Business Combination. In such reasoned statement, the PBKM Board is expected to confirm, within two weeks from the publication of this Prospectus, and subject to its fiduciary duties and applicable law, the consideration under the Exchange Offer to be fair and adequate in their opinion, welcome and support the Exchange Offer and recommend the PBKM Shareholders to accept the Exchange Offer.

In addition, PBKM has undertaken, to the extent permitted by law, to refrain from initiating measures that are reasonably likely to jeopardize the success of the Proposed Transaction. In particular, PBKM has undertaken not to solicit a competing offer, or another transaction which is economically comparable to a competing offer. PBKM has also undertaken, subject to applicable law, to inform the Company without undue delay if it has been approached by a third party about its considerations to make a competing offer and any further developments in this regard.

Under the terms of the Business Combination Agreement, PBKM has committed to continue to operate its business, and to procure that its subsidiaries will operate their business in the ordinary course of business consistent with past practice.

3.1.3 Workforce

The Company and PBKM agreed in the Business Combination Agreement that the dedicated workforce of the Group and the FamiCord Group is the foundation of the current and future success of the combined businesses. The Company and PBKM expressly viewed the Proposed Transaction as an opportunity for growth. The Company and PBKM acknowledged that the success of the Proposed Transaction, and in particular the success of the combined businesses, depends on the dedication of the workforces and their potential for innovation, both of which heavily rely on the competence and commitment of the employees of both the Company and PBKM.

The Company and PBKM confirmed their intentions to continue and further strengthen a constructive dialogue with all workforce constituencies and to maintain and develop an attractive and competitive framework to retain an excellent employee base. In particular, the Company and PBKM confirmed their intentions to respect the rights of the employees and work councils existing within or with regard to the Vita Group and the FamiCord Group under applicable laws, regulations, arrangements and agreements. Neither the Company nor PBKM intend to amend any existing shop agreements, collective bargaining agreements or similar agreements.

3.1.4 Term; Termination

The Business Combination Agreement has a term until March 31, 2022. Each of the Company and PBKM may terminate the Business Combination in certain events, *e.g.*, if the Closing Conditions (as defined in „*4.3 Closing Conditions*" of this Prospectus) for the Exchange Offer (see „*4.3 Closing Conditions*") have not been fulfilled and not been waived by the Company (see „*4.4 Waiver of Closing Conditions*" and *4.6 Publications relating to Closing Conditions and other Announcements*") or the respective other party violates material obligations under the Business Combination Agreement.

3.2 Contribution Commitments

On May 31, 2021, the Company entered into binding agreements with certain PBKM Shareholders (such shareholders jointly, the „**Directly Contributing Shareholders**"), which include PBKM's majority shareholders, AOC Health GmbH, Jakub Baran (CEO of PBKM), and Tomasz Baran (Deputy CEO of PBKM), pursuant to which the Directly Contributing Shareholders committed to contribute to the Company directly (*i.e.*, outside the Exchange Offer) an aggregate of 6,363,170 PBKM Shares (the „**Contribution Shares**") (corresponding to approximately 68.14% of the Total Number of Outstanding PBKM Shares (as defined in „*5.4 Share Capital*" of this Prospectus), in exchange for the Offer Consideration (as defined in „*4.2 Exchange Offer*" of this Prospectus) prior to the registration of the implementation of the Offer Capital Increase (as defined in „*3.3 Offer Capital Increase*" of this Prospectus) with the Commercial Register of the Company.

3.3 Offer Capital Increase

At its extraordinary General Shareholders' Meeting held on July 13, 2021, the Company's shareholders passed a resolution in favor of the following capital increase against contribution in kind to enable the full exchange of PBKM Shares in new shares of the Company (the „**Offer Capital Increase**") as follows:

- The share capital of the Company in the amount of EUR 4,145,959.00 and divided into 4,145,959 no-par-value registered shares with a pro rata amount of the share capital of EUR 1.00 per share currently registered in the Commercial Register, shall be increased by up to EUR 12,280,560.00 to up to EUR 16,426,519.00 by way of issuance of up to 12,280,560 new no-par-value registered shares with a pro rata amount of the share capital of EUR 1.00 per share against contribution in kind.

- The issue price of the new shares is set at EUR 1.00. The difference between the issue price of the new shares and the value of the contribution in kind shall be attributed to the free capital reserves pursuant to Section 272 para. 2 no. 4 German Commercial Code (*freie Kapitalrücklage*) as a contractual share premium (*agio*).

- In case the issuance of the new shares is effected before the General Shareholders' Meeting which resolves on the appropriation of profits relating to the financial year ending on December 31, 2021, the new shares shall carry full dividend rights for the financial year ending on December 31, 2021. Otherwise, the new shares shall carry full dividend rights from the beginning of the financial year during which they have been issued.

- The subscription right of the shareholders of the Company shall be excluded. The new shares shall be issued in connection with the acquisition of up to 9,446,585 PBKM Shares by way of the Share Exchange in the proportion 1 : 1.3. This means that any PBKM Shareholder participating in the Share Exchange shall be entitled to obtain 1.3 (one and three tenths) new shares of the Company from the Offer Capital Increase for each 1 (one) PBKM Share tendered.

- The new shares shall be subscribed (i) in the aggregate amount of 8,272,121 by the Directly Contributing Shareholders against contribution of in total 6,363,170 PBKM Shares and (ii) in the remaining amount by Hauck & Aufhäuser Privatbankiers AG in its function as Exchange Trustee (as defined in „*4.8.1 Tender Agent; Exchange Trustee; Banking Consortium*").

- The Offer Capital Increase will be carried out only to the extent that the Directly Contributing Shareholders and the Exchange Trustee have subscribed for new shares of the Company.

The resolution on the Offer Capital Increase was registered with the Company's Commercial Register at the Local Court (*Amtsgericht*) of Leipzig on August 24, 2021.

The implementation of the Offer Capital Increase, to the extent required for the implementation of the Share Exchange (including the Exchange Offer), shall be registered with the Company's Commercial Register at the

Local Court (*Amtsgericht*) of Leipzig without undue delay following the expiry of the Acceptance Period (as defined in „*4.7 Acceptance Period*“).

The maximum number of new shares of the Company available under the Offer Capital Increase is 12,280,560. As of the date of publication of this Prospectus, PBKM has issued 9,338,627 PBKM Shares. The Company has relied on such number of PBKM Shares for the purposes of calculating the maximum supply obligation with Vita 34 Offer Shares under the Share Exchange.

The final number of Vita 34 Offer Shares issued in connection with the Proposed Transaction will be announced following the settlement of the Share Exchange, which is expected to take place on or around October 29, 2021.

3.4 Strategic and Economic Rationale for the Transaction

In the opinion of the Management Board of the Company, the Business Combination of the Group and the FamiCord Group (the Group and the FamiCord Group together following completion of the Proposed Transaction, the „**Combined Group**“) offers an opportunity to bring together two leading European umbilical cord blood banks from different countries with unique and complementary strengths. Thus, the Management Board of the Company is of the opinion that the Proposed Transaction offers the opportunity to generate significant competitive advantages and synergy effects:

3.4.1 Strategic Motivation for the Transaction

The Combined Group will hold a strong position in important European regions and markets.

By combining the Group and the FamiCord Group, a pan-European group with more than 637,000 stored umbilical cord blood and umbilical cord tissue samples and pro forma revenues in the amount of EUR 60.2 million will be created (this revenue figure relates to the financial year 2020 and stems from the Pro Forma Financial Information included in „*12. Pro Forma Consolidated Financial Information*“). Based on the EBITDA of each of the companies as reported in the Audited Consolidated Financial Statements 2020 of the Company and the published audited financials statements of PBKM for the financial year ended December 31, 2020, respectively, the aggregated unadjusted EBITDA of the Combined Group for 2020 amounted to EUR 10.1 million. The Combined Group will become Europe’s largest umbilical cord blood bank – as measured by different key performance indicators (samples, revenues, geographical presence) – immediately upon completion of the Proposed Transaction.

Both the Company and PBKM are market leaders in their respective domestic markets and have expanded their presence in the last years and tapped into new markets by way of acquisitions as well as organical growth. The Group offers its services in 19 countries outside of Germany, the FamiCord Group is active in 27 countries. While the Group operates two laboratories (both in Germany), the FamiCord Group operates laboratories in a total of 11 countries. In addition, both groups have at their disposal networks of partners covering almost all of Europe. The main business of both companies is located in different geographical markets.

The storage rate of umbilical cord blood in private umbilical cord blood banks (the number of stored umbilical cord blood samples in relation to the number of annual births) in Europe is close to 2%. At 0.7% of annually stored umbilical cord blood samples of newborns, the storage rate in Germany ranks amongst the lowest in Europe. By comparison, the storage rate in the countries of southern and eastern Europe is on average about five to six times higher than in Germany. In Spain and Portugal, the storage rate is 3.0% and 10.0%, respectively. In Poland, the storage rate was 3.0% in 2018 (Source: Cell Trials Data, Parent’s Guide to Cord Blood Foundation). The Combined Group is planning to focus its activities on increasing awareness of available therapies which are based on umbilical cord blood and, thus, expanding the size of the market for the services offered by it. In addition, the services offered shall be rolled out in new countries where no comparable offer is currently available.

The Business Combination opens up a wider choice of different services to customers. Already today, the FamiCord Group generates revenues from the production of medicines for new cell therapies (so called Advanced Therapy Medicinal Products), which are based on mesenchymal stem cells and are produced for experimental treatment by specialized medical institutions (see „*5.2 Business Description*“). Overall, both companies are planning to develop into broader diversified cell banks. For this purpose, the Company and PBKM intend to expand their respective service portfolios in the field of cell therapies in the coming years. In the past years, the FamiCord Group, in particular, has largely invested in research and development with the goal to develop new business areas. In this context, PBKM has acquired an exclusive European license for the use of the Chimeric Antigen Receptor T cell (CAR-T) technology in 2020 in order to advance on the field of CAR-T based cancer therapies (CAR-T cell therapies use T cells engineered with CARs for cancer therapy).

Furthermore, the Business Combination facilitates expanding into new business areas, allowing the Combined Group to approach and serve new customer segments. For example, the FamiCord Group is planning to add vector production to its business model and to start activities as contract manufacturer and developer (Contract Development and Manufacturing Organization, „**CDMO**") with a focus on cell and gene therapies. Due to the size and improved cash flows, the Combined Group will also be able to offer pricing models with a different margin potential. See „*14.3 Strategy*".

In addition, the strengthened financial profile of the Combined Group will provide greater security to customers with a view to the storage commitments which have been taken on for decades.

In light of the envisaged expansion of the service portfolio and the above-mentioned advantages for customers, the Management Board of the Company is convinced that the Business Combination will lead to a stronger growth of the Combined Group than without the Business Combination.

The Management Board of the Company expects further advantages due to economies of scale in procurement of materials and laboratory equipment as well as cost savings relating to sales and marketing (*e.g.*, in training, sales management, customer services, etc.). In addition, it is expected that the simplification of the group structure will lead to a reduction of incidental costs, *e.g.*, capital market, insurance, audit, and advisor costs as well as IT costs. Further costs benefits can result from the merger of subsidiaries in countries where both the Group and the FamiCord Group are present. See „*14.3 Strategy*".

Moreover, the significant geographic extension of the customer reach through the Business Combination will likely facilitate the marketing of Vita 34's and the FamiCord Group's products to new customer groups. Furthermore, investments for an extension of the current service offering of the Company into complementary or new cell therapies and other areas such as the CAR-T area or the vector and the CDMO business, would in the Company's view be more economic and benefit from the fact that necessary investments would have to be made only once. Additional funds resulting from cost savings through economies of scale expected to be realized by a Combined Group could be used for further growth by way of acquisitions.

The Combined Group will also benefit from the consumer-directed marketing approach of the FamiCord Group and the combined marketing know-how as well as the inter-exchange on best practices and the harmonization of different areas. The Business Combination will in the Company's view also allow for a quicker product development and lead to a company size which the Management Board of the Company considers to be advantageous for the positioning as a so-called white label manufacturer. The Management Board also expects advantages based on a uniform and improved communication strategy and, thus, reinforced relations with customers, partners/ distributors and hospitals.

The expected overall higher cashflow following the completion of the Business Combination – resulting, in particular, from recurring revenues – enables the Combined Group in the future to increasingly offer to new clients a payment model based on annual payments. The ability to avoid a high one-off payment is particularly attractive for customers and in the view of the Management Board of the Company constitutes a competitive advantage over other service providers. The annual payment model is more difficult to implement for smaller service providers as it leads to a lower cashflow in the first years following the conclusion of the customer contracts. Due to the resulting long-term increase of predictability and growth as expected by the Company's management, the Management Board of the Company is of the opinion that such focus on recurring revenues is also in the interest of the shareholders. In this regard, the Combined Group will benefit from the Company's relevant experiences with follow-up contracts (contract extensions) of expiring „pre-paid" contracts. This will be particularly important due to the imminent increase of contract extensions in the upcoming years.

3.4.2 Expected Synergies

Based on the discussions held and joint analyses conducted with the Management Board of PBKM, the Management Board of the Company assumes that significant synergies can be realized as a result of the Business Combination of both companies. Such synergies result on the one hand on the revenue side, in particular from an improved geographical positioning of the Combined Group, the complementing product portfolios of both companies as well as the ability to increasingly invest resources in product development and market expansion instead of reciprocal competition. In addition, synergies will be created on the cost side, in particular due to the reduction of double costs and the exploitation of efficiencies within the Combined Group. The Management Board of the Company reckons that within two to three years following the completion of the Proposed Transaction, the Combined Group may realize annual cost synergies at least in the amount of approximately EUR 3.1 million before tax – this corresponds to approximately 1/3 of the pro forma EBITDA of the Combined Group for the financial year 2020. Furthermore, the Management Board of the Company expects the revenue synergies to significantly exceed the cost synergies.

The potential cost synergies expected by the Management Board of the Company shall be realized in two to three years following the Business Combination based, in particular, on the following measures:

(i) Synergies resulting from process optimization, in particular due to optimized use of laboratories and capacities (including savings potential due to an adjusted testing strategy (see „*14.3 Strategy*")). The Management Board of the Company estimates the resulting possible synergy potential at approximately EUR 1.5 million before tax per year.

(ii) Synergies due to improved purchase conditions. The synergy potential expected by the Management Board of the Company amounts in total to approximately EUR 0.3 million before tax per year.

(iii) Synergies due to cost savings in sales, marketing, training, sales management and customer services. The Management Board of the Company estimates the resulting possible synergy potential at approximately EUR 0.5 million before tax per year.

(iv) Synergies resulting from the reduction of double costs. The Management Board of the Company estimates the resulting possible synergy potential at approximately EUR 0.8 million before tax per year.

Except for one-off costs which may arise in connection with closures of laboratories, the afore-mentioned synergies are offset only by very limited costs. The Management Board of the Company expects such (one-off) costs to be lower than approximately EUR 1.0 million in total (not taking into account the transaction costs for the Business Combination as set forth in „*4.16 Costs of the Offering*").

3.4.3 Capital Structure and Improved Financial Indicators

The Management Board of the Company further expects that the enlarged balance sheet and the higher absolute cash flow (especially given the higher absolute portion of cash flow from recurring revenues) will provide the Combined Group with the financial strength to invest in opportunities which are deemed essential for its future profitable growth.

3.4.4 Strengthening of the Capital Market Profile

Finally, the Proposed Transaction is expected to strengthen the capital market profile of the Combined Group. The Management Board of the Company estimates that the significantly higher market capitalization of the Company as the listed parent entity of the Combined Group will lead to an increased market interest and a greater visibility and have a positive influence on the liquidity of the shares of the Company. This will strengthen the attractiveness of the Combined Group for international investors wishing to invest in European health care companies. The Management Board of the Company expects that such an increased capital market profile will allow for corporate financing by way of equity and/ or debt at improved conditions.

3.5 Determination of the Exchange Ratio

The Company offers the PBKM Shareholders 1.30 (one and three tenths) Vita 34 Offer Shares for 1 (one) PBKM Share (the „**Exchange Ratio**"). The Exchange Ratio was determined by the Company on the basis of a valuation of both the Company and PBKM by the independent expert ValueTrust Financial Advisors SE, Munich, Germany.

The valuation exercise was conducted pursuant to the German IDW S 1 valuation standard (which is the main standard for business valuations for tax, legal and accounting purposes in Germany) and prevailing case law on the basis of a fundamental discounted cash flow (DCF) method as well as the respective weighted average domestic share prices of the Company and PBKM during the last three months before the announcement of the Proposed Transaction on May 31, 2021 (the „**Three-Months-VWAP**") and plausibility checks via market-price-oriented valuations (multiples). The valuation of both companies was conducted on a „stand-alone" basis excluding any synergies. Plausibility checks and convergence towards terminal value were made on the basis of publicly available market information, data provided as well as Q&A sessions and discussions with the management of both companies. The business plans of both companies (until 2025) were compared on a EUR-basis with currency-adequate cost of capital, whereby alignment of significant parameters in both business models were made where applicable (*e.g.*, assumptions regarding the probability of future revenue still subject to research & development or contract renewal rates).

Based on the DCF analysis pursuant to the IDW S 1 valuation standard, ValueTrust Financial Advisors SE determined a stand-alone equity value of EUR 72 million for the Company and EUR 212 million for PBKM. This translates into a value of EUR 17.29 per share in the Company and EUR 22.48 (PLN 102.60) per PBKM Share (on a fully diluted basis) or in the offered exchange ratio of 1.30 (one and three tenths) Vita 34 Offer Shares for 1 (one) PBKM Share.

On the basis of the stand-alone equity values pursuant to the DCF valuation, the Exchange Ratio determined by the Company does not include a premium. However, the value per share determined for the share of the Company is 9.2% higher, and the value per share determined for the PBKM Share is 27.2% higher, than the respective Three-Months-VWAP.

4. THE EXCHANGE OFFER

Important Notice

The Exchange Offer is subject to certain conditions which are described in more detail in *„4.3 Closing Conditions*" below. If these conditions are not met and the Company does not effectively waive any, several or all of these conditions, the Exchange Offer will not be completed.

The Exchange Offer is not being made, directly or indirectly, in or into the United States (including its territories and possessions, any State of the United States and the District of Columbia) (the „United States"), or by use of the mails, or by any means or instrumentality (including, without limitation, e-mail, facsimile transmission, telephone and the internet) of interstate or foreign commerce in the United States, or of any facility of a U.S. national securities exchange, and the offer cannot be accepted by any such use, means, instrumentality or facility or from within the United States. The Vita 34 Offer Shares have not been, and will not be registered, under the U.S. Securities Act of 1933, as amended (the „U.S. Securities Act"), or under the securities laws of any state, district or other jurisdictions of the in the United States. The Vita 34 Offer Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States.

Accordingly, copies of this document, the Declaration of Acceptance and any related documents (including the Declaration of Withdrawal) are not being and must not be mailed or otherwise distributed or sent in or into the United States, including to PBKM Shareholders with registered addresses in the United States or to persons whom Vita 34 knows to be custodians, nominees or trustees holding PBKM Shares for persons in the United States. Persons receiving such documents (including without limitation, custodians, nominees or trustees) should not distribute or send them in, into or from the United States or use such mails or any such means, instrumentality or facility for any purpose directly or indirectly relating to acceptance of the Exchange Offer. Envelopes containing Declarations of Acceptance or Declarations of Withdrawal should not be postmarked in the United States or otherwise despatched from the United States and all accepting PBKM Shareholders must provide addresses outside of the United States for the receipt of Vita 34 Offer Shares or the return of the Declaration of Acceptance and the Declaration of Withdrawal.

If Fractional Shares are created due to the Exchange Ratio of the Offer Consideration (as defined below), no shareholder rights can be exercised based on such Fractional Shares, requiring a consolidation to full legal rights (so-called fractional adjustment (*Aktienspitzenverwertung*)). Fractional Shares will only be paid for in cash. In this regard, the Exchange Trustee will combine the Fractional Shares into whole Vita 34 Offer Shares and sell them at the current market price either via XETRA on the Frankfurt Stock Exchange or off-market. The proceeds will then be paid to the respective tendering PBKM Shareholders in accordance with the relevant Fractional Shares.

4.1 Subject Matter of the Exchange Offer

The Exchange Offer relates to the acquisition of all ordinary bearer shares in dematerialized form of PBKM with ISIN PLPBKM000012, each having a par value of PLN 0.50 (fifty Polish grosz) and entitling to one vote at the general meeting, including any dividend rights and ancillary rights at the time of the settlement of the Exchange Offer (the PBKM Shares, as defined"), by way of a contribution in kind. The Company is offering 1.30 new no-par-value registered shares with a pro rata amount of the share capital of EUR 1.00 per share (the Vita 34 Offer Shares, as defined) for each PBKM Share. Shares of PBKM not yet dematerialized and not yet booked into ISIN PLPBKM000012 at the date of this Prospectus (*i.e.*, 34,479 Series N ordinary bearer shares of PBKM as described in „*5.4 Share Capital*") may only be tendered into the Exchange Offer following their admittance to trading on the regulated (main) market operated by the Warsaw Stock Exchange, which is expected to occur on or around September 24, 2021.

The Exchange Offer cannot be accepted by (i) PBKM Shareholders in the United States or in other jurisdictions where it is unlawful to do so and (ii) by PBKM Shareholders that do not hold their shares with a Banking Consortium Member (as defined below in „4.8.1 *Tender Agent; Exchange Trustee; Banking Consortium*") or are otherwise not cleared for acceptance by the Tender Agent or the Exchange Trustee as is set forth in further detail in 4.8.2 (i) of this Prospectus below (hereinafter referred to as „Excluded Shareholders").

4.2 Exchange Offer

The Company hereby offers to the PBKM Shareholders (other than Excluded Shareholders) to exchange all their PBKM Shares.

The Company offers

1.30 (one and three tenths) Vita 34 Offer Shares in exchange for 1 (one) PBKM Share

(the „**Offer Consideration**") by way of a capital increase against contribution in kind.

No fractional shares (*Aktienspitzen*) from Vita 34 Offer Shares („**Fractional Shares**") will be credited in exchange for Tendered PBKM Shares (as defined in „*4.8.2 Acceptance of the Exchange Offer within the Acceptance Period*"). If the acceptance of the Exchange Offer results in Fractional Shares for PBKM Shareholders, these Fractional Shares will be sold shortly after completion of the Exchange Offer by way of fractional adjustment (*Aktienspitzenverwertung*) and the proceeds will be distributed to the relevant PBKM Shareholders in cash (see „*4.8.4 Acceptance of the Exchange Offer within the Acceptance Period*").

Excluded Shareholders may not participate in the Exchange Offer.

4.3 Closing Conditions

This Exchange Offer and the agreements with the PBKM Shareholders arising from its acceptance will only be completed if the following requirements („**Closing Conditions**") have been fulfilled or validly waived:

4.3.1 Registration of the Offer Capital Increase

Up to and including January 13, 2022, the implementation of the Offer Capital Increase to the extent required for the execution of this Exchange Offer has been registered in the Company's Commercial Register at the Local Court (*Amtsgericht*) of Leipzig (the date the implementation of the Offer Capital Increase has been registered pursuant to section 4.3.1 of this Prospectus is hereinafter referred to as the „**Capital Increase Registration Date**").

4.3.2 Minimum Acceptance Rate

At the time of expiration of the Acceptance Period (as defined in „*4.7 Acceptance Period*"), the aggregate number of all

(i) Tendered PBKM Shares (as defined in „*4.8.2 Acceptance of the Exchange Offer within the Acceptance Period*") (including those PBKM Shares for which the acceptance of the Exchange Offer has been declared during the Acceptance Period but only becomes effective after the end of the Acceptance Period),

(ii) PBKM Shares held by the Company or any member of the Group, and

(iii) PBKM Shares for which the Company or any member of the Group has entered into an agreement outside the Exchange Offer giving them the right to demand the transfer of title to such PBKM Shares (including, for the avoidance of doubt, all PBKM Shares which the Directly Contributing Shareholders agreed to contribute to the Company directly),

amounts to at least 95% of the PBKM Shares outstanding at the time of the expiry of the Acceptance Period, provided that PBKM Shares that would qualify under more than one of the above-mentioned criteria shall only be counted once (the „**Minimum Acceptance Rate**").

4.3.3 No Increase in the Registered Share Capital of PBKM

The registered capital of PBKM has not been increased during the period between the publication of this Prospectus and the Capital Increase Registration Date and PBKM's general shareholders' meeting has not adopted any resolution that, if implemented, would cause the registered share capital to increase.

4.3.4 No Dividends, Amendments to the Articles of Association or Liquidation

None of the following events has occurred in the period between the publication of this Prospectus and the Capital Increase Registration Date:

(i) the general shareholders' meeting of PBKM passed a resolution to distribute dividends;

(ii) the general shareholders' meeting of PBKM passed a resolution to amend the statutes of PBKM;

(iii) the general shareholders' meeting of PBKM passed a resolution to liquidate PBKM.

4.3.5 No Material Adverse Change

Between the publication of this Prospectus and the Capital Increase Registration Date:

(i) PBKM has neither published new circumstances pursuant to Article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, as amended (the „**MAR**"), nor

(ii) have circumstances occurred that would have had to be published by PBKM pursuant to Article 17 MAR or where PBKM decided to delay the publication pursuant to Article 17 para. 4 MAR;

that in each case result in a negative effect on the annual EBITDA of the FamiCord Group in an amount of at least EUR 3,000,000 in case of a one-time event, and/or, in case of a recurring event, result in a recurring negative effect on the annual EBITDA of the FamiCord Group in an amount of at least EUR 500,000 for the financial years 2021, 2022 or 2023, or that, in each case, could reasonably be expected to have such effect (a „**PBKM Material Adverse Effect**"). „EBITDA" means, for a given financial period, the financial metric for such financial period as defined in the consolidated financial statements of PBKM for the financial year ended December 31, 2020, with the components thereof determined in accordance with IFRS, as in effect on the date of the publication of this Prospectus.

A PBKM Material Adverse Effect shall only be deemed to have occurred if, on or before the Capital Increase Registration Date, Dr. Kleeberg & Partner GmbH, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Munich (a member of Crowe Global), using the due and careful consideration of a diligent professional, has delivered an opinion that a PBKM Material Adverse Effect has occurred.

4.3.6 No Material Compliance Violation

Between the publication of this Prospectus and the Capital Increase Registration Date:

(i) PBKM has neither published new circumstances pursuant to Article 17 MAR, nor

(ii) have circumstances occurred that would have had to be published by PBKM pursuant to Article 17 MAR or where PBKM decided to delay the publication pursuant to Article 17 para. 4 MAR;

which constitute a criminal or administrative offence or a suspicion of a criminal or administrative offence by a member of a governing body, office or senior employee of a member of the FamiCord Group, when acting in his/her official capacity for such member of the FamiCord Group (each, a „**Material Compliance Violation**").

4.4 Waiver of Closing Conditions

The Company reserves the right to waive one, several or all of the Closing Conditions. A waiver may be declared by the Company even after a Closing Condition can no longer be fulfilled.

4.5 Non-Fulfilment of Closing Conditions

If the Closing Conditions have not been fulfilled by January 13, 2022 and if the Company has not validly waived the relevant Closing Condition pursuant to „*4.4 Waiver of Closing Conditions*" and „*4.6 Publications relating to Closing Conditions and other Announcements*" of this Prospectus prior to this date, the Exchange Offer will expire.

4.6 Publications relating to Closing Conditions and other Announcements

The Company will immediately publish an announcement on the internet at https://www.vita34.de/en/ (by navigating to → „Investor Relations" → „Share" → „Exchange Offer PBKM") if

(i) a Closing Condition has been fulfilled;

(ii) a Closing Condition has been waived by the Company;

(iii) all Closing Conditions have been fulfilled unless otherwise waived;

(iv) the Exchange Offer will not be completed; and

(v) any other publications and announcements in connection with the Exchange Offer.

4.7 Acceptance Period

The period for acceptance of the Exchange Offer starts

on September 20, 2021

and expires

on October 18, 2021, 24:00 (CEST).

The period for the acceptance of the Exchange Offer will not be extended on the basis of statutory provisions. However, the Company reserves the right to extend the period for the acceptance of the Exchange Offer one or more times. The Company will publish any extension of the period for the acceptance of the Exchange Offer in accordance with „*4.6 Publications relating to Closing Conditions and other Announcements*". The period for the acceptance of the Exchange Offer, including any extension, is referred to in this Prospectus as the „**Acceptance Period**".

4.8 Acceptance and Implementation of the Exchange Offer

4.8.1 Tender Agent; Exchange Trustee; Banking Consortium

The Company has commissioned mBank S.A., ul. Prosta 18, 00-850 Warsaw, Poland (the „**Tender Agent**"), to act as investment firm intermediating in the Exchange Offer in Poland. In addition, the Company has appointed Hauck & Aufhäuser Privatbankiers AG, Kaiserstraße 24, 60311 Frankfurt am Main, Germany (the „**Exchange Trustee**") to subscribe for the Vita 34 Offer Shares in relation to the PBKM Shares tendered by the PBKM Shareholders under the Exchange Offer as well as to apply – together with the Company – for the admission to trading of the Vita 34 Offer Shares. The Tender Agent and the Exchange Trustee will also assist in the technical settlement of the Exchange Offer.

With regard to the implementation of the Exchange Offer, on September 17, 2021, the Tender Agent, the Exchange Trustee and the Company entered into an exchange offer agreement containing the terms and provisions, according to which the Tender Agent and the Exchange Trustee assume the tasks as further described in this section (the „**Exchange Offer Agreement**"). The Exchange Offer Agreement contains customary representations and indemnities by the Company, conditions precedent and termination events reflecting prevailing market practice for public offerings similar to the Exchange Offer. The Company, the Tender Agent and the Exchange Trustee have not entered into, and do not intend to enter into, an agreement to underwrite the Exchange Offer and neither the Tender Agent nor the Exchange Trustee are obliged to underwrite the Exchange Offer or otherwise purchase any Vita 34 Offer Shares except for the subscription of the Vita 34 Offer Shares by the Exchange Trustee to the extent required to create Vita 34 Offer Shares as consideration for the Tendered PBKM Shares (as defined in „*4.8.2 Acceptance of the Exchange Offer within the Acceptance Period*" below) subject to the provisions of the Exchange Offer Agreement.

Furthermore, the Tender Agent and the Company will enter into a consortium agreement with certain investment firms and other financial institutions listed in „*4.8.2 Acceptance of the Exchange Offer within the Acceptance Period*" (the „**Banking Consortium Agreement**"). The Banking Consortium Agreement sets out the terms and conditions for the performance of certain activities of the Banking Consortium Members (as defined in „*4.8.2 Acceptance of the Exchange Offer within the Acceptance Period*") related to the conduct of the Exchange Offer and the cooperation between the Tender Agent and the Banking Consortium Members with respect to the Exchange Offer, including but not limited to accepting Declarations of Acceptance from PBKM Shareholders and blocking the Tendered PBKM Shares (as defined in „*4.8.2 Acceptance of the Exchange Offer within the Acceptance Period*") on the security or custody accounts of the tendering PBKM Shareholders. The Banking Consortium Agreement stipulates that the Banking Consortium Members shall perform their activities in accordance with the procedures as described in this Prospectus, instructions received from the Tender Agent, relevant provisions of law and on the terms and conditions as further specified in the Banking Consortium Agreement.

4.8.2 Acceptance of the Exchange Offer within the Acceptance Period

Note: *PBKM Shareholders who wish to accept the Exchange Offer should direct any questions regarding the acceptance of the Exchange Offer and its technical settlement to their respective Banking Consortium Member (as defined below) or their custodian banks. The Banking Consortium Members will be informed separately about the procedures for the acceptance and settlement of the Exchange Offer.*

The PBKM Shareholders willing to accept the Exchange Offer, in particular PBKM Shareholders that do not hold their PBKM Shares in a securities account with a Banking Consortium Member (as defined below), may also

contact the Tender Agent at the following e-mail address: mbm@mbank.pl or phone number +48 22 6974949 or the Exchange Trustee at the following e-mail address: CA@hauck-aufhaeuser.com or fax number + 49 69 21611487 or phone number + 49 69 21611240 for additional information, if needed.

PBKM Shareholders can only accept the Exchange Offer, if, within the Acceptance Period,

(i) the relevant PBKM Shareholders

(a) hold their PBKM Shares in a securities account with any of the following investment firms or other financial institutions (jointly, the „**Banking Consortium Members**" and each, a „**Banking Consortium Member**"):

- mBank S.A. (Tender Agent)
- Hauck & Aufhäuser Privatbankiers AG (Exchange Trustee)
- Dom Maklerski Banku Ochrony Środowiska S.A.
- Santander Bank Polska S.A. – Santander Biuro Maklerskie
- Powszechna Kasa Oszczędności Bank Polski S.A. Oddział – Biuro Maklerskie w Warszawie

or

(b) do not hold their PBKM Shares in a securities account with a Banking Consortium Member but have been cleared by the Tender Agent or the Exchange Trustee for the acceptance of the Exchange Offer (this applies, in particular, to institutional PBKM Shareholders in and outside Poland holding their PBKM Shares in a securities or custody account with another custodian bank), and

(ii) the relevant PBKM Shareholders declare acceptance of the Exchange Offer within the Acceptance Period to the respective Banking Consortium Member in the required form (the „**Declaration of Acceptance**") accepting the Exchange Offer for a number of PBKM Shares to be specified in the Declaration of Acceptance (the shares for which a PBKM Shareholder wishes to accept the Exchange Offer as indicated in the Declaration of Acceptance shall be hereinafter referred to as the „**Tendered PBKM Shares**"), and

(iii) the relevant PBKM Shareholders instruct the respective Banking Consortium Member (other than the Tender Agent) to forward the Declaration of Acceptance in electronic form to the Tender Agent without undue delay after receipt of the Declaration of Acceptance.

Only the Banking Consortium Members (including, for the avoidance of doubt the Tender Agent and the Exchange Trustee) may receive Declarations of Acceptance from PBKM Shareholders. The Declaration of Acceptance will be effective if the relevant information as presented in the Declaration of Acceptance is received by the Tender Agent no later than 15:00 hours (CEST) on the second Banking Day following the expiration of the Acceptance Period.

Declarations of Acceptance that are not timely received or that are incorrect or incomplete will not be regarded as acceptances of the Exchange Offer and will not entitle PBKM Shareholders to receive the Offer Consideration. Neither the Company nor the Tender Agent, the Exchange Trustee nor any other Banking Consortium Member is required to notify PBKM Shareholders of any deficiencies or errors in the Declaration of Acceptance, and they accept no liability in the event that such notification is not provided.

The Tendered PBKM Shares are subject to transfer restrictions and will be held blocked on the respective securities account of the tendering PBKM Shareholder by the Banking Consortium Member or – in case of PBKM Shareholders qualifying under section 4.8.1(i)(b) – their relevant custodian bank as of the receipt of the Declaration of Acceptance until the settlement or reversal of the Exchange Offer (subject to the exercise of withdrawal rights set forth in „*4.13 Withdrawal Rights of PBKM Shareholders*"). PBKM Shareholders who have accepted the Exchange Offer will, therefore, no longer be able to sell their Tendered PBKM Shares until such point in time.

By submitting the Declaration of Acceptance, the respective PBKM Shareholders:

- accept the Exchange Offer on the terms set forth in this Prospectus for the Tendered PBKM Shares;

- instruct and authorize their respective Banking Consortium Member or custodian bank (as the case may be) (i) to hold the Tendered PBKM Shares blocked until the settlement or the reversal of the Exchange Offer or the exercise of a withdrawal right, and (ii) to inform the Tender Agent and the Exchange Trustee about the number of Tendered PBKM Shares blocked on the respective accounts;

- agree and accept that, during the period commencing on the date of the submission of the respective Declaration of Acceptance and ending on the date of receipt of the Offer Consideration, they will not be able to dispose of the Tendered PBKM Shares and shall only have a claim for delivery of a number of Vita 34 Offer Shares and, as the case may be, a cash payment from the fractional adjustment of Fractional Shares corresponding to the Offer Consideration in accordance with this Prospectus;

- instruct and authorize their respective Banking Consortium Members or a custodian bank (as the case may be), subject to the fulfilment of the Closing Conditions (with the exception of the Closing Condition under section 4.3.1 of this Prospectus and insofar as the Company does not waive one or more Closing Conditions), to transfer the Tendered PBKM Shares (including title thereto) to a securities account of the Exchange Trustee with the Tender Agent for the purpose of the settlement of the Exchaneg Offer following the expiration of the Acceptance Period and immediately prior to the registration of the implementation of the Offer Capital Increase in the Company's Commercial Register and with the provision that the Tendered PBKM Shares shall be held in trust for the respective PBKM Shareholders and then transferred to the Company as a contribution in kind;

- consent and accept that the Exchange Trustee assumes fiduciary duties only for Tendered PBKM Shares the Exchange Trustee actually received from the Banking Consortium Members or custodian banks (as the case may be) onto its securities account held with the Tender Agent;

- consent and accept that the Exchange Trustee is not obliged to accept the Tendered PBKM Shares and transfer them onward to the Company in case the Exchange Trustee has reason to believe that the acceptance of the Tendered PBKM Shares will trigger the obligation to submit a tender offer to the PBKM Shareholders for PBKM Shares in Poland;

- instruct and authorize the Exchange Trustee, (i) to contribute to the Company the Tendered PBKM Shares as a contribution in kind in exchange for a corresponding number of Vita 34 Offer Shares applying the Exchange Ratio and (ii) to accept the Vita 34 Offer Shares as consideration in its capacity as trustee with the provision that such Vita 34 Offer Shares, subject to the fractional adjustment, shall be transferred to the securities account of the relevant PBKM Shareholders (via the Tender Agent, the Exchange Trustee, the other Banking Consortium Members or any other sub-custodians or intermediary banks, as the case may be);

- consent and accept that, subject to the fractional adjustment, the Exchange Trustee has fulfilled its obligations to transfer Vita 34 Offer Shares *vis-à-vis* those tendering PBKM Shareholders that have not tendered their PBKM Shares via the Exchange Trustee by delivering the Vita 34 Offer Shares to the Tender Agent (PBKM Shareholders that have tendered their PBKM Shares via the Exchange Trustee will, subject to the fractional adjustment, receive Vita 34 Offer Shares directly from the Exchange Trustee by transferring the Vita 34 Offer Shares to their respective custodian banks (or any sub-custodians or intermediary banks, as the case may be) of such shareholders);

- in case any PBKM Shareholders are eligible to receive a cash payment for any Fractional Shares instruct and authorize the Exchange Trustee to combine such Fractional Shares into whole Vita 34 Offer Shares and sell them at the current market price either via XETRA on the Frankfurt Stock Exchange or off-market and afterwards wire transfer the cash proceeds (via the Tender Agent, as the case may be) to the respective Banking Consortium Members or custodian banks (as the case may be) for onward crediting such consideration to the respective PBKM Shareholders' cash accounts;

- consent and accept that the cash proceeds credited for any of their Fractional Shares will be determined based on the average proceeds per Vita 34 Offer Share, which the Exchange Trustee realized by monetizing whole Vita 34 Offer Shares representing such Fractional Shares on behalf of the respective PBKM Shareholders and that the respective PBKM Shareholders are not entitled to require the execution of a sell order at a particular price;

- consent and accept that the Exchange Trustee has fulfilled its obligations to settle any Fractional Shares in cash *vis-à-vis* those tendering PBKM Shareholders that have not tendered their PBKM Shares via the Exchange Trustee by wire transferring the cash proceeds to the Tender Agent for onward wire transfer to the respective PBKM Shareholders entitled to such cash proceeds, and that the Exchange Trustee has fulfilled its obligations to settle any Fractional Shares in cash *vis-à-vis* those tendering PBKM

Shareholders that have tendered their PBKM Shares via the Exchange Trustee by wire transferring such cash proceeds directly to their respective custodian banks (or any sub-custodians or intermediary banks, as the case may be) of such shareholders for onward crediting such consideration to the respective PBKM Shareholders' cash accounts;

- instruct and authorize their respective Banking Consortium Members or a custodian bank (as the case may be) to credit the cash proceeds from a sale of their respective Fractional Shares to the account set forth in the Declaration of Acceptance;

- instruct and authorize their respective Banking Consortium Member or a custodian bank (as the case may be), the Tender Agent and the Exchange Trustee (via the Tender Agent, as the case may be), under exemption from the prohibition against self-dealing pursuant to section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*), to take all expedient or necessary actions for the settlement of this Exchange Offer and to issue and receive notices, in particular for the purpose of effecting the transfer of ownership of the Tendered PBKM Shares to the Exchange Trustee and, ultimately, the Company;

- instruct and authorize their respective Banking Consortium Members or a custodian bank (as the case may be), under release from the obligations of professional secrecy, to convey to the Tender Agent and the Exchange Trustee, on each Banking Day, all information necessary for announcements regarding the acquisition of Tendered PBKM Shares, particularly the number of Tendered PBKM Shares in the account of the respective Banking Consortium Member or a custodian bank (as the case may be);

- declare that (i) the Tendered PBKM Shares are, and will remain until transfer of title to the Exchange Trustee for purpose of the settlement, in their sole ownership, that (ii) the Tendered PBKM Shares are and will not be subject to any restrictions on disposal and that (iii) the Tendered PBKM Shares are and will be free from rights and claims of third parties at the time of transfer of the ownership; and

- instruct and authorize their respective Banking Consortium Members or a custodian bank (as the case may be) to forward the Declaration of Acceptance and, in the event of a withdrawal (see „*4.13 Withdrawal Rights of PBKM Shareholders*"), the declaration of withdrawal to the Tender Agent.

The declarations, instructions, orders and authorizations listed in the paragraphs above are granted irrevocably in the interest of a smooth and swift settlement of the Exchange Offer. They will lapse only in the event of a reversal of the Exchange Offer (see „*4.12 Reversal of the Exchange Offer*") or an effective withdrawal from the agreements entered into by the acceptance of the Exchange Offer (see „*4.13 Withdrawal Rights of PBKM Shareholders*").

4.8.3 Legal Consequences of Acceptance

With acceptance of the Exchange Offer, a binding agreement on the exchange of the Tendered PBKM Shares for a corresponding amount of Vita 34 Offer Shares applying the Exchange Ratio in accordance with the provisions of this Prospectus will be entered into between the accepting PBKM Shareholder and the Company. These agreements and their interpretation are subject to Polish law except that the provisions regarding the issue and transfer of the Vita 34 Offer Shares are subject to German law.

In addition, by accepting the Exchange Offer, the respective PBKM Shareholders grant the instructions, orders and authorizations and irrevocably make all declarations set forth in „*4.8 Acceptance and Implementation of the Exchange Offer*".

The actual completion of the Exchange Offer will only take place following the expiration of the Acceptance Period and the fulfilment of all Closing Conditions which the Company has not validly waived, by providing the Offer Consideration in the form of the Vita 34 Offer Shares and, as the case may be, a cash payment from the fractional adjustment of Fractional Shares, for all of the Tendered PBKM Shares against transfer of all Tendered PBKM Shares to the Company. With the transfer of title to the Tendered PBKM Shares to the Company, all claims and other rights associated with the Tendered PBKM Shares are transferred to the Company.

4.8.4 Settlement of the Exchange Offer

The Tendered PBKM Shares finally to be transferred to the Company will initially remain in the securities or custody accounts of the tendering PBKM Shareholders. Subject to the fulfilment of the Closing Conditions (with the exception of the Closing Condition under section 4.3.1 of this Prospectus and insofar as the Company does not waive one or more of the Closing Conditions), the Tendered PBKM Shares will be transferred by the Banking Consortium Members or a custodian bank (as the case may be) via the Tender Agent to a securities account of the Exchange Trustee held with the Tender Agent for onward transfer by the Exchange Trustee to the Company for purposes of the contribution in kind. The Tendered PBKM Shares will be held blocked on the Exchange Trustee's security account with the exception of a transfer of the Tendered PBKM Shares to the Company to effect the

contribution in kind (such transfer will occur immediately prior to the registration of the implementation of the Offer Capital Increase in the Company's Commercial Register and only upon the Exchange Trustee's instructions). With booking the Tendered PBKM Shares to the Exchange Trustee's securities account, the Exchange Trustee shall acquire good and transferable title to these Tendered PBKM Shares (free from any lien) and the tendering PBKM Shareholders will no longer be able to exercise any shareholder rights derived from the Tendered PBKM Shares.

The Exchange Trustee will contribute the Tendered PBKM Shares to the Company in exchange for the issue of new Vita 34 Offer Shares subscribed for by the Exchange Trustee. With the exception of Fractional Shares that will be sold by the Exchange Trustee in the course of the fractional adjustment, the Exchange Trustee will transfer (i) the Vita 34 Offer Shares for those PBKM Shareholders that have not tendered their PBKM Shares via the Exchange Trustee by delivering the relevant Vita 34 Offer Shares to the Tender Agent for onward transfer to such PBKM Shareholders (via the Banking Consortium Members or any other sub-custodians, investment firms or intermediary banks, as the case may be) and (ii) the Vita 34 Offer Shares for those PBKM Shareholders that tendered their PBKM Shares via the Exchange Trustee by delivering the relevant Vita 34 Offer Shares directly to the custodian banks (or any sub-custodians or intermediary banks, as the case may be) of such shareholders (via the Banking Consortium Members or any other sub-custodians, investment firms or intermediary banks, as the case may be).

As regards those PBKM Shareholders that have not tendered their PBKM Shares via the Exchange Trustee, the Exchange Trustee has fulfilled its obligations to transfer the relevant Vita 34 Offer Shares to the respective tendering PBKM Shareholders by transferring the Vita 34 Offer Shares not being subject to a fractional adjustment to the Tender Agent, which, after having received such Vita 34 Offer Shares, will arrange for transferring those shares to the respective Banking Consortium Members or custodian banks (as the case may be) for onward transfer to the securities accounts of the relevant PBKM Shareholders. The tendering PBKM Shareholders agree that title to the respective Vita 34 Offer Shares will be transferred by the Exchange Trustee to the relevant tendering PBKM Shareholder (via the Tender Agent, the Banking Consortium Members or any other sub-custodians, investment firms or intermediary banks, as the case may be) in such way that it does not require receipt of a declaration of acceptance of the tendering PBKM Shareholders.

As is the case for the existing shares of the Company, the Vita 34 Offer Shares are expected to be admitted to trading on the regulated market (*Regulierter Markt*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) shortly after registration of the implementation of the Offer Capital Increase in the Company's Commercial Register. The Vita 34 Offer Shares will only be transferred to the securities or custody accounts of the PBKM Shareholders accepting the Exchange Offer following this admission.

If Fractional Shares are created due to the Exchange Ratio of the Offer Consideration, no shareholder rights can be exercised based on such Fractional Shares, requiring a consolidation to full legal rights (so-called fractional adjustment (*Aktienspitzenverwertung*)). Fractional Shares will only be paid for in cash. In this regard, the Fractional Shares will be combined by the Exchange Trustee into whole shares and sold at the current market price either via XETRA on the Frankfurt Stock Exchange or off-market. The proceeds to be credited to the respective PBKM Shareholder will be determined based on the average proceeds per Vita 34 Offer Share, which the Exchange Trustee realized by monetizing whole Vita 34 Offer Shares representing such Fractional Shares. Subsequently remaining Fractional Shares (if any) will be compensated in cash to the extent no full Vita 34 Offer Shares can be issued. The cash proceeds will be wire transferred by the Exchange Trustee to the respective Banking Consortium Member or custodian bank (via the Tender Agent, as the case may be) for onward crediting of such consideration to the respective PBKM Shareholders' banking cash accounts as indicated in the Declaration of Acceptance. The PBKM Shareholders that have not tendered their PBKM Shares via the Exchange Trustee, consent and accept that the Exchange Trustee has fulfilled its obligations to settle any Fractional Shares in cash by transferring the cash proceeds to the Tender Agent for onward transfer to PBKM Shareholders entitled to such cash proceeds. Because market prices may fluctuate, cash proceeds received by PBKM Shareholders that have tendered their shares from any such fractional adjustment may be different from the amount calculated based on the market price of a Vita 34 Offer Share at the time of the settlement of the Exchange Offer. The Company, the Exchange Trustee and the Tender Agent do not guarantee that a fractional adjustment will result in a certain price.

The Company has fulfilled its obligation regarding the delivery of the Offer Consideration under the Exchange Offer if (i) the implementation of the Offer Capital Increase has been registered in the Company's Commercial Register at the Local Court (*Amtsgericht*) of Leipzig, (ii) the Vita 34 Offer Shares have been admitted to trading on the regulated market (*Regulierter Markt*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and introduced into the existing trading, (iii) the Offer Consideration has been transferred to the respective Banking Consortium Members of the former PBKM Shareholders that accepted the Exchange Offer and payments regarding fractional adjustments, if any, were made. It is the obligation of the Banking Consortium

Members to credit the Offer Consideration as well as the cash proceeds from any fractional adjustment, if any, to the respective PBKM Shareholders.

4.9 Trading of Tendered PBKM Shares on a Stock Exchange

Stock exchange trading for Tendered PBKM Shares will not be procured by the Company or the Tender Agent or the Exchange Trustee. Tendered PBKM Shares are blocked on the respective securities account and can neither be sold nor otherwise transferred. PBKM Shares not tendered for exchange will continue to be traded under ISIN PLPBKM000012.

4.10 Admission to the Frankfurt Stock Exchange and Commencement of Trading

As is the case for the existing shares of the Company, the Vita 34 Offer Shares shall be admitted to trading on the regulated market (*Regulierter Markt*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) shortly after registration of the implementation of the Offer Capital Increase in the Company's Commercial Register. The Vita 34 Offer Shares will only be transferred to the securities accounts of the PBKM Shareholders accepting the Exchange Offer following this admission.

4.11 Expected Timetable

Subject to an extension of the Acceptance Period, the Exchange Offer is subject to the following expected timetable:

September 17, 2021	Approval of Prospectus by BaFin and notification to the Polish Financial Supervision Authority („**KNF**") and publication of the Prospectus under https://www.vita34.de/en/ (by navigating to → „Investor Relations" → „Share" → „Exchange Offer PBKM").
September 20, 2021	Start of the Acceptance Period.
October 18, 2021	End of Acceptance Period.
October 25, 2021	Registration of the implementation of the Offer Capital Increase in the Company's Commercial Register.
October 27, 2021	Admission to trading of the Vita 34 Offer Shares on the regulated market (*Regulierter Markt*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).
October 28, 2021	First day of trading of the Vita 34 Offer Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).
October 29, 2021	Settlement of the Exchange Offer and delivery of the Offer Considerations.

4.12 Reversal of the Exchange Offer

4.12.1 Reversal in the Event of Final Failure of the Closing Conditions

The Exchange Offer will only be completed and the Company will only be required to acquire the Tendered PBKM Shares and to provide the Offer Consideration if all of the Closing Conditions have been fulfilled or duly waived. The Exchange Offer expires if one or several of the Closing Conditions are not fulfilled and the Company has not waived the fulfillment of the respective Closing Condition in accordance with *„4.4 Waiver of Closing Conditions*".

4.12.2 Reversal in the Event of a Termination of the Exchange Offer Agreement

According to the Exchange Offer Agreement, the Tender Agent and/or the Exchange Trustee may terminate the Exchange Offer Agreement if certain conditions precedent contained in the Exchange Offer Agreement, such as the delivery of certain documents by the Company, legal opinions and disclosure letters, are neither satisfied nor waived, or if it turns out that representations in the Exchange Offer Agreement made by the Company are not true and correct, or if a material adverse event occurs, *e.g.*, it would become unlawful to proceed with the Exchange Offer in Germany or Poland. If the Exchange Offer Agreement is terminated, which could happen at any time

until settlement of the Exchange Offer, the Exchange Offer expires and will not be settled by the Exchange Trustee and the Tender Agent.

4.12.3 Consequences of a Reversal

The agreements entered into by accepting the Exchange Offer will not be consummated and will become void if the Exchange Offer expires pursuant to *„4.12.1 Reversal in the Event of Final Failure of the Closing Conditions*" or *„4.12.2 Reversal in the Event of a Termination of the Exchange Offer Agreement*". In such case the transfer of title to the Tendered PBKM Shares will not occur, the Tendered PBKM Shares will no longer be held blocked by the respective Banking Consortium Members or custodian banks (as the case may be) and may be traded again under ISIN PLPBKM000012. If the Exchange Offer is not completed after title to the Tendered PBKM Shares was already transferred to the Exchange Trustee, the Exchange Trustee will be obliged to transfer the Tendered PBKM Shares back to the securities accounts of the tendering PBKM Shareholders via the Tender Agent and the Banking Consortium Members or custodian banks (as the case may be).

The Company will inform the PBKM Shareholders about a reversal of the Exchange Offer pursuant to *„4.12.1 Reversal in the Event of Final Failure of the Closing Conditions*" or *„4.12.2 Reversal in the Event of a Termination of the Exchange Offer Agreement*" in accordance with *„4.6 Publications relating to Closing Conditions and other Announcements*".

4.13 Withdrawal Rights of PBKM Shareholders

4.13.1 Contractual Withdrawal Rights

PBKM Shareholders who accepted the Exchange Offer have a contractual right to withdraw from their acceptance of the Exchange Offer until the expiration of the Acceptance Period if and to the extent they accepted the Exchange Offer prior to the occurrence of a Market Material Adverse Change.

A „**Market Material Adverse Change**" means that (i) the closing price of the DAX (ISIN DE0008469008), as determined by Deutsche Börse AG, Frankfurt am Main, Germany, or a successor thereof, and published on its website (currently: https://www.boerse-frankfurt.de/indices/dax), on any trading day during the Acceptance Period is below 10,956 points (*i.e.*, approx. 30% below the closing price of the DAX on the trading day immediately preceding the day of approval of this Prospectus by BaFin) and (ii) the closing price of the WIG30 (ISIN PL9999999375), as determined by GPW Benchmark S.A., Poland, or a successor thereof, and published on its website (currently: https://gpwbenchmark.pl/en-karta-indeksu?isin=PL9999999375#Portfolio) on such trading day (or, if the relevant day is not a trading day at the Warsaw Stock Exchange, the closing price of the WIG30 on the immediately preceeding trading day at the Warsaw Stock Exchange) is not below 2,429 points (*i.e.*, not below approx. 15% of the closing price of the WIG30 on the trading day immediately preceding the day of approval of this Prospectus by BaFin).

4.13.2 Withdrawal Rights Pursuant to the Prospectus Regulation

Pursuant to Article 23 of the Prospectus Regulation, any significant new factor, material mistake or material inaccuracy relating to the information included in a prospectus which may affect the assessment of the securities and which arises or is noted between the time the Prospectus is approved and the closing of the offer period or the time when trading on a regulated market begins, which ever occurs later, must be mentioned in a supplement to the prospectus to be published without undue delay. A waiver of the Closing Conditions has no effect on the effectiveness of Declarations of Acceptance already submitted. PBKM Shareholders who have submitted their Declaration of Acceptance prior to the publication of any supplement to this Prospectus are entitled to withdraw their Declarations of Acceptance within three (3) working days of the publication of the supplement pursuant to the Prospectus Regulation, provided that the significant new factor, material mistake or material inaccuracy arose or was noted before the closing of the Acceptance Period or the delivery of the securities, whichever occurs first.

4.13.3 Exercise of Withdrawal Rights

PBKM Shareholders may only exercise the aforementioned withdrawal rights before the expiration of the Acceptance Period by declaring the withdrawal for a specified number of Tendered PBKM Shares in writing to their respective Banking Consortium Members or relevant custodian banks, as the case may be (the „**Declaration of Withdrawal**"). If the contractual withdrawal right has been duly and timely exercised, the Tendered PBKM Shares, for which the withdrawal was declared, will no longer be held blocked by the relevant Banking Consortium Members or custodian banks (as the case may be).

4.13.4 No Further Withdrawal Rights

Save for the withdrawal rights set forth in „*4.13.1 Contractual Withdrawal Rights*" and „*4.13.2 Withdrawal Rights Pursuant to the Prospectus Regulation*", PBKM Shareholders who accepted the Exchange Offer have no further rights to withdraw from the Exchange Offer. However, if the Closing Conditions have not been fulfilled by January 13, 2022 and if the Company has not validly waived the relevant Closing Condition pursuant to „*4.4 Waiver of Closing Conditions*" and „*4.6 Publications relating to Closing Conditions and other Announcements*" prior to this date, the Exchange Offer will expire, the agreements entered into by accepting the Exchange Offer will not be consummated and become void and the Tendered PBKM Shares will no longer be held blocked by the respective Banking Consortium Members or custodian banks (as the case may be) (see „*4.12 Reversal in the Event of Final Failure of the Closing Conditions*" for further information in this regard).

4.14 Possible Effects on PBKM Shareholders not accepting the Exchange Offer

PBKM Shareholders who do not wish to accept the Exchange Offer should take into account the following:

4.14.1 Possible Reduction of Free Float and Liquidity of PBKM Shares

PBKM Shares, for which this Exchange Offer is not being accepted, will continue to be traded on the regulated market operated by the Warsaw Stock Exchange for as long as they remain publicly listed on that market. The current market price of PBKM Shares may, however, be influenced by the fact that the Company has published its intention to launch the Exchange Offer on May 31, 2021. It is, therefore, uncertain whether the market price of PBKM Shares will remain at its previous level, or if it will increase or decrease after the completion of this Exchange Offer. The completion of the Share Exchange will lead to a reduction in the free float of PBKM Shares. Against this background, it is to be expected that after completion of the Exchange Offer, supply and demand of PBKM Shares will be lower than current levels and that this will decrease the liquidity of PBKM Shares. A lower liquidity of PBKM Shares could lead to greater fluctuations in the market price of PBKM Shares compared to the past and it is possible that purchase and sale orders for PBKM Shares cannot be executed in the short term, if at all.

4.14.2 Possible Delisting

If, following completion of the Share Exchange, the Company holds, directly or indirectly, 90% or more of the then outstanding share capital of PBKM, subject to applicable law, the general meeting of PBKM may adopt a resolution on withdrawing the PBKM Shares from trading on the Warsaw Stock Exchange, in which case PBKM may apply to the KNF for consenting to the withdrawal of the PBKM Shares from trading on the Warsaw Stock Exchange. If the PBKM Shares are withdrawn from trading on the Warsaw Stock Exchange, the reporting requirements of PBKM would be reduced or eliminated completely and PBKM Shareholders may no longer be able to trade their PBKM Shares on the Warsaw Stock Exchange.

4.14.3 Possible Squeeze-Out

If, following completion of the Share Exchange, the Company holds, directly or indirectly, 95% or more of the total number of votes in PBKM it can demand the transfer of the PBKM Shares from the other PBKM Shareholders to the Company against cash consideration (the „**Squeeze-Out**"). The implementation of a Squeeze-Out would result in a termination of the stock exchange trading of PBKM.

4.14.4 Possible Qualified Majority

Following the completion of the Share Exchange, the Company is likely to possess the required majority of votes to pass resolutions on all measures in the annual general shareholders' meeting of PBKM including the amendments of the articles of association, the exclusion of subscription rights, the change of the legal form and the liquidation of PBKM.

4.15 Use of Proceeds of the Exchange Offer

The Company will not receive any cash proceeds from the Exchange Offer. The Company will receive one (1) PBKM Share in exchange for 1.3 Vita 34 Offer Shares.

4.16 Costs of the Offering

The Company expects that the total costs incurred by the Company in connection with this Exchange Offer (legal, banking and other professional fees and costs) will amount to approximately EUR 3.5 million.

4.17 Information on the Vita 34 Offer Shares

4.17.1 Class of Shares, Currency, Certification

All of the Company's existing 4,145,959 shares are, and the up to 12,140,215 offered Vita 34 Offer Shares will, be no-par-value registered shares (*Namensaktien*) with a pro rata amount of the share capital of EUR 1.00 per share. The denomination of the Company's existing shares is and the denomination of the Vita 34 Offer Shares will be Euro.

The offered Vita 34 Offer Shares have the ISIN DE000A0BL849.

The Company's shares are represented by several global share certificates, which are deposited with Clearstream Banking AG, Frankfurt, Germany.

4.17.2 Voting, Dividend and Liquidation Rights

Each of the Company's shares entitles a shareholder to one vote at the general shareholders' meeting of the Company (the „**General Shareholders' Meeting**") pursuant to Section 26 of the Articles of Association. Restrictions on voting rights do not exist and every share confers the same voting right.

The Vita 34 Offer Shares carry the same rights as the Company's other shares, including full dividend rights for the financial year ending on December 31, 2021 provided that the Vita 34 Offer Shares are issued before the general meeting which resolves on the appropriation of profits relating to the financial year ending on December 31, 2021. Otherwise, the Vita 34 Offer Shares shall carry full dividend rights from the beginning of the financial year during which they have been issued. All of the Company's shares, including the Vita 34 Offer Shares, are freely transferable in accordance with legal provisions.

In the case of liquidation of the Company, once all debts, charges and liquidation expenses have been balanced, any liquidation proceeds or insolvency surpluses will be distributed among shareholders pro rata to their share in the Company's share capital.

4.17.3 Disposal and Transferability

The Vita 34 Offer Shares will be fully fungible and rank *pari passu* in all respects with the existing shares of the Company.

4.18 Material Interests of Persons regarding the Offering; Conflict of Interests

The Company and PBKM both have a material interest in the Exchange Offer. In their opinion, both will derive a number of benefits from the Business Combination as further described in „*3.4 Contribution Commitments*".

Moreover, AOC Health GmbH is a major shareholder of both PBKM and the Company. It holds about 61.42% of the currently outstanding PBKM Shares and about 32.56% of the currently outstanding shares of the Company. Therefore, by participating in the Share Exchange as a Directly Contributing Shareholder, AOC Health GmbH will further expand its shareholdings in the Company and, as a consequence, will be less affected by dilution due to the issuance of Vita 34 Offer Shares than shareholders of the Company who simultaneously do not hold PBKM Shares.

All other Directly Contributing Shareholders (as defined in „*3.2 Contribution Commitments*") have an interest in the Proposed Transaction as they agreed to participate in the Share Exchange by having provided commitments to either contribute PBKM Shares to the Company directly or to accept the Exchange Offer.

Certain members of the Management Board and Supervisory Board of both the Company and PBKM own shares of the Company and PBKM, respectively. Accordingly, all these individuals have an interest in the success of the Exchange Offer at the best possible terms.

The Company has commissioned the Tender Agent (as defined in „*4.8.1 Tender Agent; Exchange Trustee; Banking Consortium*") to act as investment firm intermediating in the Exchange Offer in Poland and to assist in the technical settlement of the Exchange Offer. The Tender Agent will be paid for its services a remuneration that will consist of fixed fees and success fees. In addition, the Company has appointed the Exchange Trustee (as defined in „*4.8.1 Tender Agent; Exchange Trustee; Banking Consortium*") to assist in the technical settlement of the Exchange Offer, to subscribe for the Vita 34 Offer Shares in relation to the PBKM Shares tendered by the PBKM Shareholders and to apply – together with the Company – for the admission to trading of the Vita 34 Offer Shares on the regulated market (*Regulierter Markt*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange

(*Frankfurter Wertpapierbörse*). The Exchange Trustee will receive a fixed remuneration for its services. As a result, both the Tender Agent as well as the Exchange Trustee have a financial interest in the Exchange Offer.

There are no other interests or (potential) conflicts of interest that could be material to the Exchange Offer.

4.19 Approval of this Prospectus

This Prospectus is a single document for the purpose of Article 6 para. 3 of the Prospectus Regulation and has been filed in accordance with the Prospectus Regulation. In its capacity as competent authority in Germany under the Prospectus Regulation and the German Securities Prospectus Act (*Wertpapierprospektgesetz*), the German Federal Financial Supervisory Authority (*BaFin*) has approved this document as a prospectus. By approving this Prospectus in accordance with Article 20 of the Prospectus Regulation, BaFin assumes no responsibility and does not give any undertaking with regard to the economic and financial soundness of the transaction or the quality or solvency of the Company. Under the Prospectus Regulation, BaFin approves this Prospectus solely regarding completeness, comprehensiveness and coherence. Investors should neither consider the approval as endorsement of the Company nor as confirmation of the shares' recoverability.

Following the approval by BaFin, this Prospectus has been notified to the KNF pursuant to Article 25 para. 1 of the Prospectus Regulation and the European cross-border passport mechanism set out in the Prospectus Regulation.

5. DESCRIPTION OF PBKM

5.1 Overview

PBKM is a joint-stock company established and operating under the laws of Poland with registered office at Aleja Jana Pawła II 29, 00-867 Warsaw, Poland, registered in the Business Register of the National Court Register maintained by the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register under KRS No. 0000166106. The PBKM Shares are admitted to trading on the regulated (main) market operated by the Warsaw Stock Exchange (*Giełda Papierów Wartościowych w Warszawie S.A.*) (the „**Warsaw Stock Exchange**").

According to its financial statements for the financial year 2020 as published by PBKM, the FamiCord Group consisted of 25 directly and indirectly owned subsidiaries. In addition, PBKM holds participations in two affiliated companies. In the financial year ended December 31, 2020, the FamiCord Group's revenue amounted to PLN 211,251,146.93 compared to PLN 187,988,467.50 in the financial year ended December 31, 2019, and the FamiCord Group's EBITDA amounted to PLN 21,952,623.80 compared to PLN 28,178,231.02 in the financial year ended December 31, 2019, all as published in the respective financial statements of PBKM.

5.2 Business Description

According to PBKM's own statements, the principal business of PBKM and its subsidiaries consists in harvesting, preparing and storage of stem cells from cord blood and other after-birth tissues. The purpose is to ensure that stem cells can be transplanted in case of diseases, mainly blood disorders, in the donor or their closest family members. Stored cells from other tissues, especially the umbilical cord, may be used for personalized therapies in the future.

The FamiCord Group mainly operates in Central, Eastern and Southern Europe, *i.e.*, in countries such as Poland, Romania, Hungary, Latvia, Turkey, Portugal, Spain, Italy, Switzerland and Germany. In terms of the number of stored and newly harvested samples, the FamiCord Group is the European market leader. The area of the Group's business presence is further expanded through a network of business partners operating in, *inter alia*, Ukraine, Sweden, Denmark and the United Kingdom as well as in various Balkan countries.

Customer acquisition channels include about 26,500 medical partners, *i.e.*, doctors, nurses, midwives and other persons or institutions having contact with women awaiting childbirth such as antenatal schools. In most cases, the medical partners are responsible for providing information on the possibilities, benefits and limitations of after-birth tissue banking and for the harvesting of human biological material, *i.e.*, cord blood, umbilical cord tissues etc. Human biological material is harvested in the hospitals where the medical partners work and takes place with the knowledge and consent of the hospital. The FamiCord Group cooperates with approximately 1.3 thousand hospitals all over Europe. The harvesting process takes a few minutes. The material is collected using the collection kit provided by the woman giving birth, which is delivered to her from a Group company. In general, the medical partners are remunerated, directly or indirectly, by the FamiCord Group for harvesting of human biological material as a medical procedure performed at the request of the woman giving birth. The remuneration may be paid either directly to the medical partner, *i.e.*, the doctor or midwife, or to the medical establishment. There is also a mixed model, where remuneration is paid both to the medical partner and the medical establishment. Cooperation with medical partners is mostly based on civil-law contracts for specified activity (*umowa zlecenia*) or similar legal arrangements in a given jurisdiction (direct remuneration). The choice of a specific remuneration model depends on the local market and legal considerations.

Customer contracts are usually concluded one to two months before the child's expected birth date. After delivery, the hospital's medical employee collects umbilical cord blood and, optionally, other tissues. Subsequently, at the laboratory, the human biological material is tested and processed. This includes the separation of certain blood components, such as red blood cells, leaving the stem cell fraction suspended in white blood cells. Finally, the ready sample is frozen and stored for a theoretically unlimited period. Sample retrieval and thawing takes place when the sample is to be used for transplantation in the donor or the donor's close relative in case of illness.

The price for the service is charged either (i) in a prepaid system: in the first year, for collecting, processing, testing and storage, or (ii) in a subscription system: in the first year for collecting, processing and testing, and then annually for storage. The profitability of sample storage services based on the subscription model is higher than of the prepaid model. By offering two payment methods, the Group is competitive in markets with lower per capita incomes.

5.3 Financing

According to PBKM's published securities prospectus approved by the Polish KNF on October 27, 2020, PBKM and some of its subsidiaries are parties to a facility agreement concluded with Powszechna Kasa Oszczędności Bank Polski S.A. („**PKO BP**") on September 10, 2018 (as amended) (the „**PKO BP Facility Agreement**"), under which PKO BP granted to PBKM: (i) a non-revolving credit facility of up to PLN 65,000,000 (to be repaid in monthly instalments until September 10, 2023) used for the acquisition of Stemlab S.A; (ii) a revolving working capital facility of up to PLN 8,000,000 (which on the date of this Prospectus has been repaid); and (iii) a non-revolving credit facility in the amount of EUR 5,500,000 (to be repaid in monthly instalments until October 10, 2023) used by PBKM for refinancing loans incurred for the acquisition by PBKM's subsidiary Stemlab S.A. of three companies (Bebecord, Bebe4d and MedicalMediaII). The repayment of the amounts under the PKO BP Facility Agreement have been secured with standard collaterals (such as, in particular, pledges over shares in some of the subsidiaries, guarantees of some of the subsidiaries and pledges over bank accounts of PBKM). Under the PKO BP Facility Agreement, PBKM is obligated (until the full repayment of the amounts due thereunder) not to pay out any dividends exceeding 20% of the net profit for a given financial year and to maintain certain financial covenants (see also „*1.4.9 Certain agreements of PBKM contain change-of-control provisions that could be triggered, and the Combined Group could be adversely affected by the termination of any of PBKM's existing agreements*").

According to PBKM, PBKM is also a party to a subsidy agreement dated October 11, 2017 concluded with the National Centre for Research and Development (*Narodowe Centrum Badań i Rozwoju*) („**NCBR**") within the InnoNeuroPharm sector Programme, co-financed with the funds from the European Regional Development Fund (the „**NCBR Agreement**"), under which the NCBR granted PBKM a subsidy of up to approx. PLN 11,400,000 to implement one of the PBKM's R&D projects (the total approximate value of the project is PLN 23,900,000). See also „*1.4.9 Certain agreements of PBKM contain change-of-control provisions that could be triggered, and the Combined Group could be adversely affected by the termination of any of PBKM's existing agreements*".

Apart from the PKO BP Facility Agreement and the NCBR Agreement, PBKM is a party to a number of leasing and similar financing arrangements.

According to PBKM's published consolidated financial statements (IFRS) for the six months ended June 30, 2021, the total amount of long-term and short-term loans and credit facilities incurred by the FamiCord Group was PLN 75,313,494.91.

5.4 Share Capital

The share capital of PBKM amounts to PLN 4,669,313.50 and comprises 9,338,627 shares with a par value of PLN 0.50 per share (the „**Total Number of Outstanding PBKM Shares**"), including:

- 1,752,227 Series A ordinary bearer shares,
- 203,600 Series B ordinary bearer shares,
- 30,600 Series C ordinary bearer shares,
- 484,400 Series D ordinary bearer shares,
- 232,200 Series E ordinary bearer shares,
- 1,630,000 Series F ordinary bearer shares,
- 94,200 Series G ordinary bearer shares,
- 32,000 Series H ordinary bearer shares,
- 163,000 Series I ordinary bearer shares,
- 112,593 Series J ordinary bearer shares,
- 127,895 Series K ordinary bearer shares,
- 918,728 Series L ordinary bearer shares,
- 3,522,705 Series M ordinary bearer shares, and

- 34,479 Series N ordinary bearer shares,

where all these series of shares, except for the Series N ordinary bearer shares, are admitted to trading on the regulated (main) market operated by the Warsaw Stock Exchange with the ticker symbol PBKM (ISIN: PLPBKM000012). The Series N ordinary bearer shares are expected to be admitted to trading on the regulated (main) market operated by the Warsaw Stock Exchange on or around September 24, 2021; accordingly, these Series N shares may only be tendered into the Exchange Offer following such admittance to trading (see *„4.1 Subject Matter of the Exchange Offer*"). The different series of shares reflect separate share capital increases of PBKM. However, these shares entail the same rights. Upon admission to trading on the regulated (main) market operated by the Warsaw Stock Exchange, the relevant series of shares have been assimilated with the other shares of PBKM admitted to trading on that regulated market, meaning that they are trading under the same ISIN and cannot be differentiated.

All PBKM Shares have been issued (except for the Series N ordinary bearer shares, the registration of which with the National Depository for Securities (NDS) is expected to occur on or around September 24, 2021) and paid for in full. The shares carry no preference in terms of voting rights, the right to dividend or the right to a share in assets of PBKM in the event of liquidation. All PBKM Shares confer the same rights, in particular, each such share carries the right to one vote at the annual general meeting. The articles of association of PBKM do not provide for any restrictions on making dispositions with respect to the PBKM Shares.

Pursuant to Section 5 para. 5 of PBKM's articles of association, the share capital of PBKM may be increased by issuing new shares or by increasing the par value of the existing PBKM Shares. PBKM's Articles of Association do not contain any provisions authorizing the management board to increase the share capital up to the authorized share capital amount.

In 2020, AOC Health GmbH became the major shareholder of PBKM, with a 61.5% share as of the date of this Prospectus.

5.5 Milestones in the History of PBKM

In 2002, PBKM was initially registered under the name Polski Bank Krwi Pępowinowej sp. z o.o. After having changed its name to Polski Bank Komórek Macierzystych Sp. z o.o., PBKM commenced its business operations in the same year and established its own laboratory on the premises of the Children's Memorial Health Institute in Warsaw, Poland. In the following year, PBKM was transformed into a joint stock company – Polski Bank Komórek Macierzystych S.A., with a share capital of PLN 1.02 million. After having been audited by the National Centre for Blood Donation and Haemotherapy in 2003 and by the Institute of Hematology and Transfusion Medicine in 2004, positive opinions were issued. As PBKM's area of operations covered the entire territory of Poland in 2005, PBKM became the leader on the Polish market. After obtaining PLN 2 million from a business angel financial investor, in 2006 PBKM continuously further expanded its laboratory. In 2007, an external entity performed the first transplantation of stem cells from cord blood stored at the FamiCord Group. Then, PBKM obtained an authorization from the Polish Ministry of Health to operate a tissue and cell bank in accordance with the Polish Transplantation Act. In the same year, PBKM made its first acquisitions in Latvia (Activision Life Latvia, currently: Cilmes Sunu Banka), and acquired a small equity interest in Vidacord (Spain); a joint venture is registered in Romania.

In the subsequent years, PBKM achieved constant growth by raising new capital, continuing its acquisitions domestically and abroad as well as further expanding its laboratory. As a result, in 2010, the number of cord blood and tissue samples banked by the FamiCord Group exceeded 35,000. The first stem cell transplantation from cord blood stored at the FamiCord Group was performed in Hungary, whereas, one year later, the first mesenchymal stem cell therapy with stem cells provided by the PBKM was administered in Poland. In 2012, the company acquired approximately 1,800 samples from a blood bank in New Jersey, USA, which positioned the FamiCord Group as Europe's largest family cord blood bank operating as a public bank and the largest public bank in Poland. A year later, Europe's most modern stem cell processing facility was launched in Warsaw.

After further acquisitions domestically and abroad, the number of cord blood and tissue samples stored by the FamiCord Group exceeded 122,000 in 2015. In the subsequent year, PBKM was listed on the Warsaw Stock Exchange. In 2018, the FamiCord Group claimed to rank fifth in the world among stem cell banks in terms of the number of stem cell preparations stored.

In 2020, AOC Health GmbH obtained the status of the main shareholder as a result of registration of the share capital increase and a tender offer for PBKM Shares.

6. DIVIDENDS AND DIVIDEND POLICY

6.1 General Provisions relating to Profit Allocation and Dividend Payments

The shareholders' share of the Company's profits is determined based on their respective interests in the Company's share capital. For a stock corporation (*Aktiengesellschaft*) under German law, such as the Company, the distribution of dividends for any given financial year, and the amount and payment date thereof, are generally resolved by the general shareholders' meeting of the subsequent financial year. Generally, the General Shareholders' Meeting must be held within the first eight months of each financial year. Under the Act to Mitigate the Consequences of the COVID-19 Pandemic under Civil, Insolvency and Criminal Procedure Law, the general shareholders' meeting can be held at any time during a financial year. This act ceases to have effect upon the expiry of December 31, 2021. Proposals for the distribution of dividends will be issued by the Management Board and the Supervisory Board jointly or by the Management Board and the Supervisory Board separately, with the general shareholders' meeting not bound by those proposals.

Dividends may only be distributed from the distributable profit (*Bilanzgewinn*) of the Company. The distributable profit is calculated based on the Company's unconsolidated annual financial statements prepared in accordance with generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch – HGB*). Accounting regulations under the IFRS may differ from the German GAAP in material aspects.

When determining the distributable profit, net income or loss for the financial year (*Jahresüberschuss/-fehlbetrag*) must be adjusted for profit/loss carry-forwards (*Gewinn-/Verlustvorträge*) from the prior financial year and releases of or allocations to reserves. Certain reserves are required to be set up by law, and amounts mandatorily allocated to these reserves in the given financial year must be deducted when calculating the distributable profit. The Management Board must prepare unconsolidated annual financial statements (balance sheet, income statement and notes to the unconsolidated annual financial statements) and a management report for the previous financial year by the statutory deadline and present these to the auditors and the Supervisory Board immediately after preparation. Simultaneously, the Management Board must present to the Supervisory Board a proposal for the allocation of the Company's distributable profits pursuant to Section 170 para. 2 of the German Stock Corporation Act (*Aktiengesetz*). According to Section 171 of the German Stock Corporation Act (*Aktiengesetz*), the Supervisory Board must review the unconsolidated annual financial statements, the Management Board's management report and the proposal for the allocation of the distributable profit and report to the general shareholders' meeting in writing on the results. The Supervisory Board must submit its report to the Management Board within one (1) month after the documents were received. If the Supervisory Board approves the financial statements after its review, these are deemed adopted unless the Management Board and the Supervisory Board resolve to assign adoption of the financial statements to the general shareholders' meeting. If the Management Board and the Supervisory Board choose to allow the general shareholders' meeting to adopt the financial statements, or if the Supervisory Board does not approve the financial statements, the Management Board must convene a general shareholders' meeting without delay.

The general shareholders' meeting's resolution on the allocation of the distributable profits requires a simple majority of the votes cast. If the Management Board and the Supervisory Board adopt the financial statements, they can allocate an amount of up to half of the Company's net loss/income for the year to other retained earnings. In addition, pursuant to Section 28 para. 1 of the Articles of Association, they are authorized to allocate up to 75% of the net loss/income for the financial year to other retained earnings as long and as far as the other retained earnings do not exceed half of the registered share capital and would not exceed such amount following a transfer. Additions to the legal reserves and loss carry-forwards must be deducted in advance when calculating the amount of net loss/income for the year to be allocated to other retained earnings. Dividends resolved by the General Shareholders' Meeting are due and payable on the third (3) business day following the day of the relevant General Shareholders' Meeting, unless the dividend resolution provides otherwise, in compliance with the rules of the respective clearing system. Since all of the Company's dividend entitlements will be evidenced by one or more global share certificates deposited with Clearstream Banking AG, Clearstream Banking AG will transfer the dividends to the shareholders' Custodian Banks for crediting to their accounts and German Custodian Banks are under an obligation to distribute the funds to their customers. Shareholders using a Custodian Bank located outside Germany must inquire at their respective bank regarding the terms and conditions applicable in their case. Notifications of any distribution of dividends resolved upon are published in the German Federal Gazette (*Bundesanzeiger*) immediately after the general shareholders' meeting. To the extent dividends can be distributed by the Company in accordance with the IFRS and corresponding decisions are taken, there are no restrictions on shareholder rights to receive dividends. Generally, withholding tax (*Kapitalertragsteuer*) is withheld from dividends paid. For more information on the taxation of dividends, see *„20 Taxation*".

Any dividends not claimed within the past three (3) years become time-barred. If dividend payment claims expire, the Company becomes the beneficiary of the dividends.

6.2 Dividend Policy and Earnings per Share

The Company has not paid dividends for the financial year ended December 31, 2019. For the financial year ended December 31, 2018, the Company paid a dividend of EUR 0.16 per share (EUR 656 thousand in the aggregate).

The following table shows the net results for the period (earnings) and the corresponding net results for the period (earnings) per share for the financial years 2020, 2019 and 2018 (based on the Audited Consolidated Financial Statements). The table also shows the net profit for the year of the Company in accordance with the German Commercial Code (*Handelsgesetzbuch – HGB*) for the financials years 2019 and 2018 based on its audited unconsolidated financial statements:

	For the financial year ended December 31,	
	2019	**2018**
	(audited, except as otherwise noted) (in EUR thousands, except as otherwise noted)	
Profit/loss from continuing operations (IFRS)	718	832
Less: portion attributable to non-controlling interests (IFRS)	(24)	4
Result from continuing operations attributable to shareholders of Vita 34 AG (IFRS)	**742**	**828**
Number of shares outstanding (weighted average)	4,098,153	4,084,052
Earnings per share (EUR) (IFRS)	**0.18**	**0.20**
Net profit (*Jahresüberschuss*) of the Company for the year in accordance with the German Commercial Code (HGB)	**1,530**	**1,144**
Net profit per share (HGB) (EUR) (unaudited)	**0.37**	**0.28**
Dividends declared	**-**	**656**

Any future determination to pay dividends will be made in accordance with applicable laws, and will depend upon, *inter alia*, the Company's results of operations, financial condition, contractual restrictions and capital requirements. The Company's future ability to pay dividends may be limited by the terms of any existing and future debt or preferred securities. For the financial year ended December 31, 2020, the Company does not intend to pay dividends in light of the significant costs in relation to the Business Combination and potential further compensation payments in connection with a potential squeeze-out of remaining PBKM shareholders. There can be no assurance that the Company's performance will allow to pay dividends. In particular, the ability to pay dividends may be impaired if any of the risks described above were to occur (see „*1 Risk Factors*" and „*1.5.6 There is no guarantee that the Company will pay dividends in the future*."). Furthermore, any dividend policy is subject to changes as the management board will revisit the dividend policy from time to time. There can be no assurance that in any given year a dividend will be proposed or declared.

7. CAPITALIZATION AND INDEBTEDNESS

The following tables set forth Vita 34's actual capitalization and indebtedness as of June 30, 2021 based on the Unaudited Condensed Consolidated Interim Financial Statements and the Company's internal reporting system. Investors should read these tables in conjunction with „*10 Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Unaudited Condensed Consolidated Interim Financial Statements including the notes thereto, each contained in the Prospectus.

For information on the effects of the Exchange Offer and the issuance of new shares to PBKM Shareholders tendering their PBKM Shares against contribution of their PBKM Shares, see „*3. The Business Combination*".

7.1 Capitalization

	As of June 30, 2021
Total current debt [(1)]	**9,635**
of which guaranteed	0
of which secured [(2)]	1,488
of which unguaranteed/unsecured	8,147
Total non-current debt [(3)]	**20,081**
of which guaranteed [(4)]	86
of which secured [(2)]	1,525
of which unguaranteed/unsecured	18,470
Shareholder's equity [(5)]	**29,490**
Share capital [(6)]	3,870
Legal reserve(s) [(7)]	24,012
Other reserves [(8)]	1,608
Total [(9)]	**59,206**

(1) Total current debt corresponds to „Current liabilities" in the Unaudited Condensed Consolidated Interim Financial Statements.

(2) Total current debt and total non-current debt are secured through a global assignment of the Company's receivables from the storage contracts against third-party debtors.

(3) Total non-current debt corresponds to „Non-current liabilities" in the Unaudited Condensed Consolidated Interim Financial Statements.

(4) Total non-current debt is guaranteed by plan assets through a contribution made to an insurance company.

(5) Reflects item „equity" in the consolidated statement of financial position of the Unaudited Condensed Consolidated Interim Financial Statements.

(6) Reflects item „Subscribed capital" in the consolidated statement of financial position of the Unaudited Condensed Consolidated Interim Financial Statements. This comprises subscribed capital in an amount of EUR 4,146 thousand less treasury shares in an amount of EUR 261 thousand and less shares held by non-controlling interests in an amount of EUR 15 thousand.

(7) Reflects item „Capital reserves" in the consolidated statement of financial position of the Unaudited Condensed Consolidated Interim Financial Statements.

(8) Reflects items „Retained earnings" of EUR 1,802 thousand and „Other reserves" of EUR (194) thousand in the consolidated statement of financial position of the Unaudited Condensed Consolidated Interim Financial Statements.

(9) Comprises total current debt, total non-current debt and total shareholder's equity.

7.2 Indebtedness

		As of June 30, 2021
A.	Cash [(1)]	10,676
B.	Cash equivalents	0
C.	Other current financial assets [(2)]	2,672
D.	**Liquidity** (A) + (B) + (C)	**13,348**
E.	Current financial debt (including debt instruments, but excluding current portion of non-current financial debt) [(3)]	3,083
F.	Current portion of non-current financial debt [(4)]	2,141
G.	**Current financial indebtedness** (E + F)	**5,224**
H.	**Net Current Financial Indebtedness** (G – D)	**(8,124)**
I.	Non-current financial debt (excluding current portion and debt instruments) [(5)]	2,340
J.	Debt instruments	0
K.	Non-current trade and other payables	0
L.	**Non-current Financial Indebtedness** (I + J + K)	**2,340**
M.	**Total financial indebtedness** (H + L)	**(5,784)**

(1) Represents cash in hand recorded under „Cash and cash equivalents" as shown in the consolidated statement of financial position of the Unaudited Condensed Consolidated Interim Financial Statements.

(2) Other current financial assets corresponds to „Trade receivables" with an amount of EUR 2,631 thousand and „Other financial assets" with an amount of EUR 41 thousand as shown under current in the consolidated statement of financial position of the Unaudited

Condensed Consolidated Interim Financial Statements.

(3) Reflects items „Trade payables" with an amount of EUR 3,004 thousand and „Other financial liabilities" with an amount of EUR 79 thousand as shown in the consolidated statement of financial position of the Unaudited Condensed Consolidated Interim Financial Statements.

(4) Reflects items „Interest-bearing loans" in the amount of EUR 1,534 thousand and „Lease liabilities" in the amount of EUR 607 thousand, each as shown under „Current liabilities" as shown in the consolidated statement of financial position of the Unaudited Condensed Consolidated Interim Financial Statements.

(5) Reflects item „Interest-bearing loans" in the amount of EUR 1,539 thousand and „Lease liabilities" in the amount of EUR 801 thousand, each as shown under „Non-current liabilities" in the consolidated statement of financial position of the Unaudited Condensed Consolidated Interim Financial Statements.

7.3 Indirect and Contingent Liabilities

As of June 30, 2021, the indirect and contingent indebtedness of the Company amounted to EUR 15,497 thousand and comprised current and non-current contract liabilities in the amount of EUR 15,430 thousand for the storage of stem cell preparations for the remainder of the contract term as well as current and non-current provisions in the amount of EUR 67 thousand, consisting of provisions for legal disputes amounting to EUR 53 thousand and other provisions amounting to EUR 14 thousand.

Other than as described above, there were no material contingent or indirect liabilities of the Group as of June 30, 2021.

7.4 Statement on Working Capital

In the Company's opinion, the Group's working capital is sufficient to meet its present requirements over at least twelve (12) months from the date of this Prospectus. The offer of the Vita 34 Offer Shares as part of the Exchange Offer, which is the subject of this Prospectus, does not generate proceeds for the Company, so no such proceeds have been included in the calculation of the Group's working capital.

7.5 No Significant Changes since June 30, 2021

No significant change in the financial position of the Group has occurred as from June 30, 2021.

8. DILUTION

Dilution comprises two aspects: the dilution of the shareholding percentage and the value-related dilution of the equity participation. Dilution of the shareholding refers to the effect that the issuance of Vita 34 Offer Shares has on the individual percentage of shareholding of the Company's existing shareholders due to the exclusion of subscription rights. Value-related dilution refers to the effect that the issuance of Vita 34 Offer Shares of the Company at a certain issue price has on the Company's equity per share.

The calculation of the amount and percentage of dilution resulting from the Share Exchange set forth below is based on the following assumptions:

- The Exchange Offer will be accepted for 100% of the Total Number of Outstanding PBKM Shares.
- Immediately prior to completion of the Share Exchange, a total of 9,338,627 PBKM Shares will be outstanding. PBKM will not issue any additional shares prior to completion of the Share Exchange and the number of PBKM Shares outstanding remains unchanged during the term of the Share Exchange.
- Upon completion of the Share Exchange, 9,338,627 PBKM Shares will be contributed to the Company in the form of a contribution in kind against the issuance of 12,140,215 Vita 34 Offer Shares (corresponding to the Exchange Ratio as defined in section 4.2 of this Prospectus).
- The Company's acquisition costs for all 9,338,627 PBKM Shares amount to approximately EUR 209.9 million, based on the value of the 12,140,215 Vita 34 Offer Shares issued in exchange for the outstanding 9,338,627 PBKM Shares, each such Vita 34 Offer Share valued at EUR 17.29, corresponding to the stand-alone equity value per share based on a DCF analysis pursuant to the IDW S 1 valuation standard as determined by Value Trust Financial Advisors SE on behalf of the Company.
- The total costs incurred by Vita 34 in connection with the Share Exchange and issuance of Vita 34 Offer Shares (legal, banking and other professional fees and costs) will amount to approximately EUR 3.5 million.
- There are no tax or interest effects.

The calculation as presented does not take into account any long-term equity value enhancement from identified synergies.

As of June 30, 2021	**Vita 34 AG**		**PBKM**	
	(unaudited)			
Prior to the Share Exchange				
Book value of equity attributed to the owners of the Company (net book value) in accordance with IFRS as of June 30, 2021 (in EUR millions)	29.5	(1)	88.32	(2)
Number of outstanding shares issued as of June 30, 2021	4,145,959		9,338,627	(3)
Proportionate book value of equity (net book value) per outstanding share (IFRS) as of June 30, 2021 (in EUR)	7.11		9.46	
After completion of the Share Exchange				
Increase in book value of equity attributed to the owners of the Company (net book value) following the Offer Capital Increase against contribution in kind (in EUR millions)	206.4	(4)		
Book value of equity attributed to the owners of the Company (net book value) (in EUR millions)	235.9	(5)		
Calculation of number of Vita 34 Offer Shares to be issued and the book value of equity of the shareholders				
Number of Vita 34 Offer Shares per 1 PBKM Share	1.3			
Total number of Vita 34 Offer Shares offered to PBKM Shareholders	12,140,215			
Total number of shares in the Company issued after completion of the Share Exchange	16,286,174			
Number of shares in the Company held by PBKM	160,536			
Value of shares in the Company held by PBKM (in EUR millions)	2.6	(2)		
Total number of shares in the Company issued after completion of the Share Exchange excluding shares held in treasury by PBKM	16,125,638	(6)		
Book value of equity attributed to the owners of the Company (net book value) (in EUR millions) after exclusion of shares held in treasury	233.3	(6)		
Proportionate book value of the Company's equity per share in the Company after completion of the Share Exchange				

Proportionate book value of equity (net book value) per Company's share of the Combined Group (in accordance with the exchange ratio) (in EUR)	14.47	
Increase (decrease) in proportionate book value of equity (net book value) per Company's share (in EUR)	7.36	
Increase (decrease) in proportionate book value of equity (net book value) per Company's share (in %)	103.58%	
Dilution of the shareholding percentage of shareholders of the Company (in %)	74.29%	
Proportionate book value of the participation held by PBKM Shareholders accepting the Share Exchange (net book value) per share after completion of the Share Exchange		
Proportionate book value (net book value) of PBKM per Vita 34 Offer Share, prior to completion of the Share Exchange (in EUR)		7.27
Increase in the proportionate book value (net book value) of PBKM Shareholders participating in the Share Exchange per Company's share (in EUR)		7.19
Increase in the proportionate book value (net book value) of PBKM Shareholders participating in the Share Exchange per Company's share (in %)		98.88%

(1) Based on the Unaudited Condensed Consolidated Interim Financial Statements of the Company as of June 30, 2021. The net book value of Vita 34 is calculated as the "Total equity and liabilities" minus the "Non-current liabilities" and the "Current liabilities", which corresponds to the "Equity" shown on the balance sheet.

(2) Based on the unaudited condensed consolidated interim financial statements of PBKM as of June 30, 2021. Figures in Polish zloty (PLN) have been converted into Euro using the exchange rate as per June 30, 2021 of 1 PLN = 0.22395 EUR. The net book value of PBKM is calculated as the "Total liabilities" minus the "Non-current liabilities" and the "Current liabilities" minus the "Equity attributable to non-controlling interests", which corresponds to the "Equity attributable to owners of the parent" shown on the balance sheet.

(3) Calculated taking into account the resolutions of the general shareholders' meetings of PBKM on June 30, 2021 and July 14, 2021 and the subsequent exercise of stock options of PBKM.

(4) Based on the aggregate value of the newly issued Vita 34 Offer Shares in an amount of approx. EUR 209.9 million (corresponding to the issuance of 12,140,215 shares times the stand-alone equity value per share (based on a DCF analysis pursuant to the IDW S 1 valuation standard as determined by Value Trust Financial Advisors SE) of EUR 17.29) minus the total costs incurred by the Company in connection with the Share Exchange in an amount of EUR 3.5 million.

(5) Calculated as the sum of (i) the net book value prior to the Shares Exchange, as defined in footnote (1) above and (ii) the net book value after completion of to the Shares Exchange, as defined in footnote (4) above.

(6) By completion of the Share Exchange, assuming that 100% of the PBKM Shares are exchanged, PBKM would become a subsidiary of the Company and thus, the Company's shares held by PBKM, representing approximately 1.00% of the then outstanding share capital of the Company, would be classified as held in treasury and thus are excluded for this calculation in the amount of their value as recorded in the balance sheet of PBKM. The net book value after exclusion of shares held in treasury is calculated as the net book value after completion of the Shares Exchange (as defined in footnote (5) above) minus the value of shares in the Company held by PBKM (EUR 2.6 million).

9. SELECTED FINANCIAL INFORMATION

The following selected financial data of Vita 34 is extracted or derived from the audited consolidated annual financial statements of the Company as of and for the financial year ended December 31, 2020 (the „**Audited Consolidated Financial Statements 2020**"), the audited consolidated annual financial statements of the Company as of and for the financial year ended December 31, 2019 (the „**Audited Consolidated Financial Statements 2019**") and the audited consolidated annual financial statements of the Company as of and for the financial year ended December 31, 2018 (the „**Audited Consolidated Financial Statements 2018**", and together with the Audited Consolidated Financial Statements 2019 and the Audited Consolidated Financial Statements 2020, the „**Audited Consolidated Financial Statements**") as well as the unaudited condensed consolidated interim financial statements of the Company as of and for the six-month period ended June 30, 2021 (the „**Unaudited Condensed Consolidated Interim Financial Statements**"), including comparative figures as of and for the six-month period ended June 30, 2020. These Audited Consolidated Financial Statements and the Unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union („**IFRS**").

The Audited Consolidated Financial Statements, the Unaudited Condensed Consolidated Interim Financial Statements and the Audited Unconsolidated Financial Statements are included in this Prospectus beginning on page F-1. The Audited Financial Statements were audited by PKF Deutschland GmbH – Wirtschaftsprüfungsgesellschaft, Berlin, Germany („**PKF**"), in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer* – IDW). PKF issued an unqualified auditor's report (*uneingeschränkter Bestätigungsvermerk*) thereon as included in this Prospectus.

The Unaudited Condensed Consolidated Interim Financial Statements are neither audited nor reviewed.

The financial information for the financial year 2019 and for the first six months 2020 shown in the tables below has been taken from the adjusted prior year figures shown in the Audited Consolidated Financial Statements 2020 or the prior six-month period figures shown in the Unaudited Condensed Consolidated Interim Financial Statements, respectively, which figures, as a result of an investigation of the Financial Reporting Enforcement Panel (FREP) in 2020, were adjusted retrospectively by the Company for 2019 and the first six months 2020 (expect for the balance sheet data, which was not adjusted retrospectively for the first six months 2020) since (i) the scheduled amortization of intangible assets had to be corrected, taking into account deferred taxes, and (ii) the key of allocation of package prices to be prepaid by customers to the performance obligation 'storage of the stem cell deposit' had to be recalculated, which resulted in a later recognition of revenue and affected contract liabilities and deferred taxes.

Where financial data in tables in this Prospectus is labelled „audited", it has been taken from the Audited Consolidated Financial Statements. The label „unaudited" is used in tables in this Prospectus to indicate financial data that has not been taken or derived from the Audited Consolidated Financial Statements, but was taken either from the Unaudited Condensed Consolidated Interim Financial Statements or from the internal reporting system of Vita 34 AG or has been calculated based on financial data from the above-mentioned sources.

All of the financial data presented in the text and tables below are shown in thousands of euro (in EUR thousands), except as otherwise stated. In order to ensure that figures given in the text and the tables sum up to the totals given, the numbers are commercially rounded to the nearest whole number or in some cases to such number that facilitates the summing up. The percentage changes that are stated in the text and the tables have been commercially rounded to one decimal point unless stated otherwise. Financial data presented in parentheses denotes the negative of such number presented. In respect of financial data set out in the Prospectus, a dash („–") signifies that the relevant figure is not available, while a zero („0") signifies that the relevant figure is available, but has been rounded to zero.

The Company's historical results are not inevitably indicative of the results that should be expected in the future, and its interim results are not inevitably indicative of the results that should be expected for the full year or any other period. The following selected consolidated financial data should be read together with *„10 Management's Discussion And Analysis Of Net Assets, Financial Condition And Results Of Operations*", the Consolidated Financial Statements including the related notes contained in this Prospectus and additional financial information contained elsewhere in this Prospectus.

9.1 Selected Consolidated Income Statement

The following table shows selected financial information from the Company's consolidated income statement for the periods presented:

	For the six-month period ended June 30,		For the financial years ended December 31,		
	2021	2020*	2020	2019*	2018
	(unaudited)		(audited)		
	(in EUR thousands)				
Sales revenue	10,822	9,522	20,069	19,934	20,409
Cost of sales	(4,450)	(4,109)	(8,407)	(8,151)	(8,435)
Gross profit on sales	**6,372**	**5,413**	**11,663**	**11,783**	**11,974**
Other operating income	211	334	590	544	716
Marketing and selling costs	(2,578)	(2,478)	(4,931)	(4,902)	(4,925)
Administrative expenses	(2,165)	(2,039)	(4,168)	(4,686)	(4,805)
Other operating expenses	(1,358)	(178)	(774)	(285)	(329)
Operating result (EBIT)	**483**	**1,052**	**2,380**	**2,453**	**2,631**
Financial income	28	51	73	71	44
Financial expenses	(90)	(96)	(183)	(211)	(891)
Earnings before taxes	**421**	**1,007**	**2,270**	**2,313**	**1,784**
Income tax expenses/income	(468)	(156)	(769)	(1,595)	(952)
Result for the period after taxes	**(47)**	**851**	**1,501**	**718**	**832**
Earnings per share, undiluted/diluted (in EUR per share) [(1)]	**(0.01)**	**0.21**	**0.37**	**0.18**	**0.20**

* Figures for the financial year ended December 31, 2019 and for the six-month period ended June 30, 2020 have been revised following notice from the FREP and are taken from the prior year figures shown in the Audited Consolidated Financial Statements 2020 or the prior six-month period figures shown in the Unaudited Condensed Consolidated Interim Financial Statements, respectively. The adjustments are explained in Note 2.3 to the Audited Consolidated Financial Statements 2020 and Note 2.2 to the Unaudited Condensed Consolidated Interim Financial Statements, respectively.

(1) Undiluted/diluted earnings per share is calculated by dividing the profit attributable to the holders of ordinary shares of the Company by the weighted average number of ordinary shares in circulation during the respective reporting period.

9.2 Selected Consolidated Statement of Financial Position

The following tables show selected financial information from the Company's consolidated statement of financial position as of the effective dates presented.

9.2.1 Assets

	For the six-month period ended June 30,	For the financial year ended December 31,		
	2021	**2020**	**2019***	**2018**
	(unaudited)	(audited)		
	(in EUR thousands)			
Non-current assets				
Goodwill	18,323	18,323	18,323	18,323
Intangible assets	13,260	14,230	16,160	19,990
Property, plant, and equipment	7,728	7,444	7,285	6,908
Investments in associates	1,394	1,467	1,905	0
Other assets	840	1,031	1,012	1,312
Trade receivables	1,375	1,205	632	1,088
Restricted cash	239	119	540	296
	43,159	**43,819**	**45,857**	**47,917**
Current assets				
Inventories	337	372	294	456
Trade receivables	2,631	2,547	2,879	2,744
Current tax assets	1,149	758	84	845
Other receivables and assets	1,254	572	559	395
Cash and cash equivalents	10,676	10,396	9,102	6,960
	16,047	**14,644**	**12,919**	**11,401**
Total assets	**59,206**	**58,464**	**58,775**	**59,317**

* Figures for the financial year ended December 31, 2019 have been revised following notice from the FREP and are taken from the prior year figures shown in the Audited Consolidated Financial Statements 2020. The adjustments are explained in Note 2.3 to the Audited Consolidated Financial Statements 2020.

9.2.2 Equity and liabilities

	For the six-month period ended June 30,	For the financial year ended December 31,		
	2021	2020	2019*	2018
	(unaudited)	(audited)		
	(in EUR thousands)			
Equity				
Subscribed capital	4,146	4,146	4,146	4,146
Capital reserves	24,012	24,012	24,012	23,913
Retained earnings	1,802	1,852	341	1,848
Other reserves	(194)	(196)	(182)	(145)
Treasury shares	(261)	(261)	(261)	(337)
Non-controlling interests	(15)	(18)	(8)	122
	29,490	**29,536**	**28,048**	**29,546**
Non-current liabilities				
Interest-bearing loans	1,539	2,292	3,799	5,383
Leasing liabilities	801	962	1,356	-
Deferred grants	736	755	797	827
Contract liabilities	12,431	12,222	11,876	11,355
Provisions	14	14	14	–
Pension provisions	86	86	56	–
Deferred income taxes	4,474	4,684	4,410	4,306
	20,081	**21,015**	**22,309**	**21,870**
Current liabilities				
Trade payables	3,004	1,318	1,266	1,106
Provisions	53	59	104	164
Income tax payables	661	432	703	294
Interest-bearing loans	1,534	1,534	1,584	2,305
Lease liabilities	607	515	546	0
Deferred grants	40	42	45	63
Contract liabilities	2,999	2,900	2,871	2,803
Other liabilities	737	1,113	1,298	1,166
	9,635	**7,913**	**8,417**	**7,901**
Total equity and liabilities	**59,206**	**58,464**	**58,775**	**59,317**

* Figures for the financial year ended December 31, 2019 have been revised following notice from the FREP and are taken from the prior year figures shown in the Audited Consolidated Financial Statements 2020. The adjustments are explained in Note 2.3 to the Audited Consolidated Financial Statements 2020.

9.3 Selected Consolidated Statement of Cash Flow

The following table shows selected financial information from the Company's consolidated statement of cash flows for the periods presented:

	For the six-month period ended June 30,		For the financial year ended December 31,		
	2021	2020*	2020	2019*	2018
	(unaudited)		(audited)		
	(in EUR thousands)				
Cash flows from operating activities					
Earnings for the period before taxes	421	1,007	2,270	2,313	1,784
Adjusted for:					
Depreciation and amortization	1,525	1,476	2,964	2,979	2,092
Gains/losses on disposal of non-current assets	0	4	4	6	5
Other non-cash expenses/income	12	2	2	(47)	(237)
Financial income	(28)	(51)	(73)	(71)	(44)
Financial expenses	90	96	182	184	891
Changes in working capital:					
+ / - Inventories	35	(102)	(78)	162	(18)
+ / - Receivables and other assets	(1,054)	(254)	(352)	269	1,156
+ / - Liabilities	1,310	145	(134)	292	(850)
+ / - Contract Liabilities	308	(6)	373	590	337
+ / - Provisions	(6)	(29)	(46)	(46)	161
Interest paid	(77)	(79)	(149)	(161)	(236)
Income taxes paid	(171)	(369)	(984)	(153)	(443)
Cash flows from operating activities	**2,364**	**1,842**	**3,980**	**6,318**	**4,598**
Cash flow from investing activities					
Purchase of intangible assets	(16)	(19)	(39)	(23)	(17)
Purchase of property, plant, and equipment	(533)	(264)	(606)	(827)	(795)
Purchase of companies, net of assumed cash	–	–	0	(550)	(825)
Purchase of long-term financial investments	–	–	–	–	(17)
Proceeds from the disposal of property, plant and equipment	–	–	–	2	5
Proceeds from the sale of financial investments	99	370	370	0	2,446
Payments for the acquisition of non-controlling interests	–	–	–	–	0
Interest received	5	5	22	8	25
Cash flow from investing activities	**(444)**	**92**	**(252)**	**(1,390)**	**821**
Cash flow from financing activities					
Proceeds from share issues	–	–	0	176	0
Dividend payment	–	–	0	(656)	(653)
Cash outflows from loan repayments	–	–	–	–	0
Payments for the repayment of financial loans	(771)	(820)	(1,597)	(1,767)	(1,985)
Payments for leases	(296)	(277)	(555)	(541)	
Proceeds from grants received	–	–	166	0	
Receipts/payments from extraordinary items	(572)	0	(448)	0	
Cash flow from financing activities	**(1,639)**	**(1,098)**	**(2,434)**	**(2,787)**	**(2,637)**
Net change in cash and cash equivalents	280	836	1,294	2,140	2,780
Cash and cash equivalents at the beginning of the reporting period	10,396	9,102	9,102	6,960	4,180
Exchange rate-related change in cash and cash equivalents	–	–	1	(0)	6,960
Cash and cash equivalents at the end of the reporting period (liquid funds)	**10,676**	**9,938**	**10,396**	**9,102**	**6,960**

* Figures for the financial year ended December 31, 2019 and for the six-month period ended June 30, 2020 have been revised following notice from the FREP and are taken from the prior year figures shown in the Audited Consolidated Financial Statements 2020 or the prior six-month period figures shown in the Unaudited Condensed Consolidated Interim Financial Statements, respectively. The adjustments are explained in Note 2.3 to the Audited Consolidated Financial Statements 2020 and Note 2.2 to the Unaudited Condensed Consolidated Interim Financial Statements, respectively.

9.4 Selected other non-IFRS Key Performance Indicators

The Group uses sales revenue, gross profit on sales, earnings before interest, taxes, depreciation and amortization („**EBITDA**"), EBITDA margin as a percentage of sales („**EBITDA Margin**"), EBITDA adjusted for special

effects of EUR 0.5 million incurred as a result of consulting costs following the takeover offer of AOC Health GmbH and the review of a prospectively possible merger with PBKM („**Adjusted EBITDA**"), Adjusted EBITDA as a percentage of sales („**Adjusted EBITDA Margin**"), operating result (EBIT), net result for the period and earnings per share in particular to measure performance. The Company believes that these indicators, together with other relevant financial and operating data, will be helpful for investors when assessing the Group's performance. Such financial information, however, do not necessarily indicate whether cash flows will be sufficient for the Group's cash requirements and may not be indicative of the Group's future results.

The following table provides an overview of certain key financial data relating to the Group's performance for the six months ended June 30, 2021 and 2020 and for the financial years ended December 31, 2020, 2019 and 2018:

	For the six-month period ended June 30,		For the financial year ended December 31,		
	2021	**2020***	**2020**	**2019***	**2018**
	(unaudited, unless otherwise indicated)				
	(in EUR thousands, except as otherwise stated)				
Sales revenue	10,822	9,522	20,069	19,934	20.409
Gross profit on sales.	6,372	5,413	11,663	11,783	11,974
Adjusted EBITDA	3,180	2,644	5,844	–	–
Adjusted EBITDA margin (%)[(1)]	29.4	27.8	29.1	–	–
EBITDA	2,007	2,528	5,344	5,433	4,722
EBITDA margin (%)[(1)]	18.5	26.6	26.6	27.3	23.1
Operating result (EBIT)	483	1,052	2,380	2,453	2,631
Net result for the period	(47)	851	1,501	718	832
Earnings per share (EUR)	(0.01)	0.21	0.37	0.18	0.20

* Figures for the financial year ended December 31, 2019 and for the six-month period ended June 30, 2020 have been revised following notice from the FREP and are taken from the prior year figures shown in the Audited Consolidated Financial Statements 2020 or the prior six-month period figures shown in the Unaudited Condensed Consolidated Interim Financial Statements, respectively. The adjustments are explained in Note 2.3 to the Audited Consolidated Financial Statements 2020 and Note 2.2 to the Unaudited Condensed Consolidated Interim Financial Statements, respectively.

(1) EBITDA Margin is EBITDA as a percentage of sales, calculated as EBITDA divided by sales revenues. Adjusted EBITDA Margin is Adjusted EBITDA as a percentage of sales, calculated as Adjusted EBITDA divided by sales revenues.

EBITDA and Adjusted EBITDA are non-IFRS measures that are not required by, or presented in accordance with, IFRS and should be viewed only as supplements to, not as substitutes for, the Group's results of operations presented in accordance with IFRS. The Group calculates EBITDA as operating profit (EBIT) adjusted for depreciation and amortization for the period. EBITDA is a measure of the Group's operating performance. Management believes this measure provides valuable additional information on the operating performance before depreciation and amortisation used for assessing the Group's performance and as a basis for decision making. To calculate Adjusted EBITDA, the Group adjusts its EBITDA for special effects: (i) in the financial year 2020 in the amount of EUR 500 thousand incurred as a result of consulting costs following the takeover offer of AOC Health GmbH to acquire all shares of Vita 34 AG (see „*15.2 Public Takeover Offer by AOC Health GmbH*") and the review of the possible Exchange Offer as described in section 4 of this Prospectus, and (ii) in the first six months 2021 and 2020, respectively, in the amounts of EUR 1,172 thousand and EUR 115 thousand, respectively, with the EUR 1,172 thousand incurred as a result of the review and preparation of the possible Exchange Offer as described in section 4 of this Prospectus and the EUR 115 thousand related to expenses for consulting services in connection with the takeover offer of AOC Health GmbH. Management believes that adjusting the Group's EBITDA for these effects allows for a comparison of the performance of the Group on a more consistent basis.

The following table provides an overview of the Group's EBITDA and Adjusted EBITDA for the periods indicated:

	For the six-month period ended June 30,		For the financial year ended December 31,		
	2021	**2020***	**2020**	**2019***	**2018**
	(unaudited, unless otherwise indicated)				
	(in EUR thousands, except as otherwise stated)				
Operating profit (EBIT)	483	1,052	2,380	2,453	2,631
Depreciation and amortization for the period	1,525	1,476	2,964	2,979	2,092
EBITDA	2,007	2,528	5,344	5,433	4,722
Adjustment for special effects of the AOC Health GmbH takeover offer and the possible Exchange Offer	*1,172*	*115*	*500*	–	–
Adjusted EBITDA	**3,180**	**2,644**	**5,844**	**–**	**–**

* Figures for the financial year ended December 31, 2019 and for the six-month period ended June 30, 2020 have been revised following notice from the FREP and are taken from the prior year figures shown in the Audited Consolidated Financial Statements 2020 or the prior six-month period figures shown in the Unaudited Condensed Consolidated Interim Financial Statements, respectively. The adjustments are explained in Note 2.3 to the Audited Consolidated Financial Statements 2020 and Note 2.2 to the Unaudited Condensed Consolidated Interim Financial Statements, respectively.

10. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the Group's financial condition and results of operations is based on, and should be read in conjunction with the Group's Audited Consolidated Financial Statements (including the notes thereto) as well as the sections of this Prospectus entitled „2.7 Presentation of Financial Information", „2.8 Alternative Performance Measures" and „9 Selected Consolidated Financial Information". All financial information in this Prospectus is taken from these sources, unless otherwise indicated.

The following discussion and analysis contains forward-looking statements that reflect the Group's plans, estimates and beliefs, which are based on assumptions the Group believes to be reasonable. These forward-looking statements are not guarantees of future performance, and the Group's actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly in „1 Risk Factors" and „2.3 Forward-Looking Statements".

10.1 Overview of Business Activities

The Group is primarily active in the collection (also known as „harvesting"), preparation and storage of stem cells from umbilical cord blood and tissue. These stem cell deposits are sought to give the Group's customers the opportunity to benefit from the medical potential that is believed to be inherent in stem cells from the umbilical cord blood and tissue. For more information on the scientific background, see „*14.5.2.1 Bio-medical background of the umbilical cord and stem cells*" below. The Group believes that it is by far the largest stem cell bank in the DACH-region, comprising Germany, Austria and Switzerland, and the FamiCord Group and the Group are the two largest private umbilical cord blood banks in Europe. The Group adheres to a multitude of quality standards and possesses numerous authorizations and approvals, including an accreditation according to the internationally recognized NetCord FACT standard, to which the Group adheres for quality standard reasons. It also relies on its research and development capabilities, which are complemented through close cooperation with renowned research institutes and universities and enable it to provide its customers with innovative products and services. In the financial year ended December 31, 2020, the Group's revenue amounted to EUR 20.1 million compared to EUR 19.9 million in the financial year ended December 31, 2019, and the Group's EBITDA amounted to EUR 5.3 million compared to EUR 5.4 million in the financial year ended December 31, 2019. As at June 30, 2021, the Group banked more than 253,000 cord blood and tissue samples stored in more than 180 cryopreservation tanks in its laboratories in Leipzig and Rostock.

As of December 31, 2020, the Group had 116 employees and stored umbilical cord blood from 20 countries, with a focus on Europe.

10.2 Corporate History of the Group and Financial Statements

Vita 34 AG is a limited liability stock corporation founded in Germany with its registered office in Germany, whose shares are admitted to public trading. The Company, based in Leipzig (Germany), Deutscher Platz 5a, registered in the register court of the local court of Leipzig under HRB 20339, is a company whose corporate purpose is the collection, processing and storage of stem cells from umbilical cord blood and tissue, the development of cell therapeutic procedures and the implementation of projects in the field of biotechnology. Its subsidiaries are also active in the field of storage of umbilical cord blood and tissue.

The direct parent company of the Company is AOC Health GmbH with its registered office in Germany. The ultimate parent company of the Company is Active Ownership Capital S.à r.l. with registered office in Luxembourg. Via one and two corporate chains, respectively, Mr. Florian Schuhbauer and Mr. Klaus Röhrig represent the ultimate controlling party of the Company.

The Consolidated Financial Statements comprise the consolidated financial statements of the Company and its subsidiaries as of June 30, 2021 and 2020 and as of December 31, 2020, 2019 and 2018. The financial statements of the subsidiaries are prepared using uniform accounting and valuation methods on the same balance sheet date as the financial statements of the Company. The Company's subsidiaries included in the Group as of the balance sheet date are Seracell Pharma GmbH (100%), Novel Pharma S.L. (100%), Secuvita S.L. (88%), Vita 34 Gesellschaft für Zelltransplantate mbH (100%) and Vita 34 ApS (100%). See Note 26 to the Audited Consolidated Financial Statements 2020.

The Consolidated Financial Statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) valid on the balance sheet date, as applicable in the EU, and the supplementary provisions of German commercial law to be observed in accordance with Section 315e para. 1

HGB. All IFRS binding for the financial year 2020 and the pronouncements of the International Financial Reporting Interpretations Committee (IFRIC) were applied insofar as they were recognized by the European Union.

The Consolidated Financial Statements of the Company are generally prepared on the basis of continued acquisition costs in euro. This does not apply to financial assets measured at fair value. Unless otherwise stated, all values are rounded to the nearest thousand euro (EUR thousand).

The Group applied IFRS 16 for the first time in 2019. The conversion effects for the Group resulting from the first-time application of IFRS 16 as of January 1, 2019 due to the changes in accounting method are described in Note 2.3 (*changes in accounting and valuation methods*) to the Audited Consolidated Financial Statements 2020.

In 2020, the Financial Reporting Enforcement Panel („**FREP**") drew the attention of Vita 34 AG to matters that were not properly recorded in previous years. See „*10.5 Adjustment of Accounting Methods and Corrections of Errors*" below.

10.3 Key Financial Information and Alternative Performance Measures

The Group uses sales revenue, gross profit on sales, earnings before interest, taxes, depreciation and amortization („**EBITDA**"), EBITDA margin as a percentage of sales („**EBITDA Margin**"), EBITDA adjusted for special effects of EUR 0.5 million incurred as a result of consulting costs following the takeover offer of AOC Health GmbH and the review of a prospectively possible merger with PBKM („**Adjusted EBITDA**"), Adjusted EBITDA as a percentage of sales („**Adjusted EBITDA Margin**"), operating result (EBIT), net result for the period and earnings per share in particular to measure performance. The Company believes that these indicators, together with other relevant financial and operating data, will be helpful for investors when assessing the Group's performance. Such financial information, however, do not necessarily indicate whether cash flows will be sufficient for the Group's cash requirements and may not be indicative of the Group's future results.

The following table provides an overview of certain key financial data relating to the Group's performance for the six months ended June 30, 2021 and 2020 and for the financial years ended December 31, 2020, 2019 and 2018:

	For the six-month period ended June 30,		For the financial year ended December 31,		
	2021	**2020***	**2020**	**2019***	**2018**
	(unaudited, unless otherwise indicated)				
	(in EUR thousands, except as otherwise stated)				
Sales revenue	10,822	9,522	20,069	19,934	20.409
Gross profit on sales.	6,372	5,413	11,663	11,783	11,974
Adjusted EBITDA	3,180	2,644	5,844	–	–
Adjusted EBITDA margin (%)[(1)]	29.4	27.8	29.1	–	–
EBITDA	2,007	2,528	5,344	5,433	4,722
EBITDA margin (%)[(1)]	18.5	26.6	26.6	27.3	23.1
Operating result (EBIT)	483	1,052	2,380	2,453	2,631
Net result for the period	(47)	851	1,501	718	832
Earnings per share (EUR)	(0.01)	0.21	0.37	0.18	0.20

* Figures for the financial year ended December 31, 2019 and for the six-month period ended June 30, 2020 have been revised following notice from the FREP and are taken from the prior year figures shown in the Audited Consolidated Financial Statements 2020 or the prior six-month period figures shown in the Unaudited Condensed Consolidated Interim Financial Statements, respectively. The adjustments are explained in Note 2.3 to the Audited Consolidated Financial Statements 2020 and Note 2.2 to the Unaudited Condensed Consolidated Interim Financial Statements, respectively.

(1) EBITDA Margin is EBITDA as a percentage of sales, calculated as EBITDA divided by sales revenues. Adjusted EBITDA Margin is Adjusted EBITDA as a percentage of sales, calculated as Adjusted EBITDA divided by sales revenues.

EBITDA and Adjusted EBITDA are non-IFRS measures that are not required by, or presented in accordance with, IFRS and should be viewed only as supplements to, not as substitutes for, the Group's results of operations presented in accordance with IFRS. The Group calculates EBITDA as operating profit (EBIT) adjusted for depreciation and amortization for the period. EBITDA is a measure of the Group's operating performance. Management believes this measure provides valuable additional information on the operating performance before depreciation and amortisation used for assessing the Group's performance and as a basis for decision making. To calculate Adjusted EBITDA, the Group adjusts its EBITDA for special effects: (i) in the financial year 2020 in the amount of EUR 500 thousand incurred as a result of consulting costs following the takeover offer of AOC Health GmbH to acquire all shares of Vita 34 AG (see „*15.2 Public Takeover Offer by AOC Health GmbH*") and the review of the possible Exchange Offer as described in section 4 of this Prospectus, and (ii) in the first six months 2021 and 2020, respectively, in the amounts of EUR 1,172 thousand and EUR 115 thousand, respectively,

with the EUR 1,172 thousand incurred as a result of the review and preparation of the possible Exchange Offer as described in section 4 of this Prospectus and the EUR 115 thousand related to expenses for consulting services in connection with the takeover offer of AOC Health GmbH. Management believes that adjusting the Group's EBITDA for these effects allows for a comparison of the performance of the Group on a more consistent basis.

The following table provides an overview of the Group's EBITDA and Adjusted EBITDA for the periods indicated:

	For the six-month period ended June 30,		For the financial year ended December 31,		
	2021	**2020***	**2020**	**2019***	**2018**
	(unaudited, unless otherwise indicated)				
	(in EUR thousands, except as otherwise stated)				
Operating profit (EBIT)	**483**	**1,052**	**2,380**	**2,453**	**2,631**
Depreciation and amortization for the period	1,525	1,476	2,964	2,979	2,092
EBITDA	**2,007**	**2,528**	**5,344**	**5,433**	**4,722**
Adjustment for special effects of the AOC Health GmbH takeover offer and the possible Exchange Offer	*1,172*	*115*	*500*	–	–
Adjusted EBITDA	**3,180**	**2,644**	**5,844**	**–**	**–**

* Figures for the financial year ended December 31, 2019 and for the six-month period ended June 30, 2020 have been revised following notice from the FREP and are taken from the prior year figures shown in the Audited Consolidated Financial Statements 2020 or the prior six-month period figures shown in the Unaudited Condensed Consolidated Interim Financial Statements, respectively. The adjustments are explained in Note 2.3 to the Audited Consolidated Financial Statements 2020 and Note 2.2 to the Unaudited Condensed Consolidated Interim Financial Statements, respectively.

10.4 Material Factors Affecting the Group's Results of Operations and Financial Condition

The Group's results of operations, financial condition and liquidity have been influenced in the periods discussed in this Prospectus principally by the events, developments and market characteristics discussed below. The Group believes that these factors may continue to influence its operations in the future.

10.4.1 New Storages

The economic success of the Group is largely determined by the development of new storages of umbilical cord blood and tissue. In 2020, 2019 and 2018, the Group's cumulative storages were 247 thousand, 237 thousand and 226 thousand, respectively. Possible fluctuations in the annual birth figures tend to play a subordinate role, as there is still enormous potential for increasing the proportion of new deposits within this population. According to the Group's own data and estimates, the storage rate in Europe currently fluctuates between approx. 1% and 10% depending on the country. The main influencing factors here are the willingness to make personal provision, which varies according to the performance of the health care systems, and the awareness of the product range at the time of birth or before. In Germany, the storage rate is currently below 1%. This low market penetration illustrates, in the Group's view, the market potential for storage.

10.4.2 Macroeconomic Situation in the European Union Countries

The Group conducts most of its activities within the EU and, in particular, within the DACH region. The purchasing power of the population in these regions is an important factor in the decision to store umbilical cord blood and tissue. A period of relative economic stability or development in most EU countries between 2012 and 2019 contributed to a fall in unemployment, improved social sentiment and increased propensity for consumption spending among households. Propensity to spend on medical care also increased. However, this situation changed following the announcement of the COVID-19 pandemic by the World Health Organization. For 2020, the Gesellschaft für Konsumforschung (GfK) calculated a decline in purchasing power of around 5.3% across Europe compared to the previous year. In addition, as a result of these circumstances, in a very short period of time medical consultants became restrained in their ability to visit customers and partners. Many baby fairs for expectant families and antenatal classes at which the Group presented its offerings were cancelled.

However, management of the Group believes that the sensitivity of the Group's business model to economic fluctuations is generally low. Therefore, the Group does not expect that the COVID-19 pandemic will have a sustained negative impact on the Group's business development. Based on available information, the Group estimate that if the situation does not deteriorate further, the coming periods may see no negative impact on sales. This assumes that the situation related to the COVID-19 pandemic does not further deteriorate.

For example, the Group had a positive start to 2021, with increased revenue and earnings in the first half of the year compared to the same half of the previous year. The Group also benefitted from a noticeable recovery of demand in its core markets. Revenue in the first half of 2021 increased by 13.7% to EUR 10,822 thousand, while Adjusted EBITDA grew by 20.3% to EUR 3,180 thousand. The Group's operating cash flow increased by more than 28.3% to EUR 2,364 thousand. The Group's growth was driven by the renewal of one of its sales partners in the Group's core markets of the DACH region, as well as the benefits of increased spending on sales activity in the fourth quarter of 2020. As the significant rise in H1 earnings is not representative for the financial year as a whole, this has not changed the Group's guidance for 2021 on a standalone basis.

In order to mitigate the risks associated with the impact of the COVID-19 pandemic on the day-to-day operations of individual companies, the Group implemented a number of preventive measures, which included introduction of additional safety features at the Group's laboratories, higher stock volumes for critical materials and investments in the IT infrastructure.

10.4.3 Regulations on Medical Research, including Experimental Therapies and Medicinal Products

The existing regulations on experimental therapies and directions in which the Group expects they will develop in the future should not adversely affect the ability to develop and commercialize research carried out by the Group, particularly on the DACH market or in the EU in general. Overall, due to freedom of science and bodily integrity the research of new medical treatments is to a certain extent unregulated and follows an assessment of basic principles based on the Charter of fundamental rights of the European Union („CFR") and national constitutional law as interpreted by the Federal Constitutional Court (*Bundesverfassungsgericht, BVerfG*) There can be no assurance, however, that regulations restricting the ability to develop or apply experimental therapies will not be implemented in the future, or, even if no legislative changes are introduced, that the current interpretation of the existing regulations will not change in a way unfavorable to the Group. When it comes to medical research, currently available scientific information and the risk-benefit-assessment are crucial for any intervention and new scientific insights might influence the risk-balance-assessment at any time. It should be stressed that this area of law is, in many ways, new and evolving and legal structures may not always reflect the state of medical advancement. This may make it difficult for various institutions regulating the Group's activities to interpret certain relevant provisions which may result in administrative decisions unfavorable to the Group.

10.4.4 Legal Changes in the European Union Countries on Storage of Blood or Tissue

The EU strives to regularly update requirements applicable to entities providing cord blood or tissue banking services at the level of EU law. For example, there is currently an initiative of the European Commission (EC) to conduct a revision of the current Blood, Tissues and Cells legislation of the European Union. According to information publicly available on the EC's website, to address the gaps and shortcomings identified in the ongoing evaluation procedure, the EC plans to propose a revision to the legislation at the end of 2021. At this early stage, it is unclear how this process may impact the Group. New or amended regulations are implemented in individual member states. These updates are intended to improve patient safety, standardize processes and procedures and improve the quality of human biological material. Such measures may entail an increase in operating expenses, but the Company believes that leading industry players, including the Group, will be able to adapt more quickly and more efficiently to new regulations if they hold adequate human, organizational and financial resources and have an adequate scale of operations. Certain other initiatives exist that may hinder the wider use of medicinal products based on stem cells.

10.4.5 Government Policy on the Operation of Public Stem Cell Banks in the Countries where the Group Operates

The rise of public stem cell banks may impair the Group's competitive position. If potential customers in principle decide to collect umbilical cord blood and, if applicable, tissue, they could prefer public banks for ethical reasons. One major concern about private stem cell banking is commercialization of the availability of stem cells as prerequisite for certain lifesaving medical treatments. Moreover, the donation of umbilical cord blood or tissue to a public stem cell bank is primarily financed from public funds and, thus, free of charge for the donor. For these and other reasons, the Group may lose market shares to public competitors such as DKMS Stem Cell Bank gGmbH in Germany. It should be stressed that in every country where blood banking is financed through the public system, the collected human biological material is entered in the public register, decision-making regarding its use rests solely with the state, and the donor loses all rights to the sample. It is possible, then, that a donor in need will not be provided with their own material, as samples are used in the order requests are submitted by transplantation hospitals.

The enhancement of public stem cell or tissue banking services may eventually also be accompanied by a concurrent prohibition or restriction of private stem cell banking which could materially adversely affect the Group's business.

10.4.6 Cooperation with Medical Partners on Education, Marketing and Collections

The Group's business success relies on its cooperation with more than 600 maternity clinics and gynecologists. Since medical professionals are often a natural source of information for expectant parents, they are meaningful partners in providing education to potential customers. In addition to collaboration on education, cooperation with medical partners is a necessary condition in the process of harvesting human biological material, i.e., umbilical cord blood and umbilical cord tissue, and for providing subsequent services, such as testing, preparation and temporary storage of umbilical cord blood and tissue, to the Group's customers (see *„1.1.5 Cooperation with the Company's medical partners on education, marketing, and collecting umbilical cord blood and tissue as well as research initiatives and cooperation with the Company's sales agents may be restricted or terminated.*").

Among other things, the Group's medical partners act to raise awareness of umbilical cord banking in particular in the German market. The Group believes that investments in marketing, in particular through its partners, result in increased revenues in subsequent periods as education about umbilical cord banking drives future sales. The Group believes that marketing will be a key factor in the Group's growth in the future.

10.4.7 Maintaining Customer Churn from Continued Storage at Current Levels

A factor of key importance to the Group's revenue and financial performance is the churn rate. In the financial year 2020, the Group's churn rate amounted to 2.5% of the existing contracts compared to 2.6% in 2019 and 2.4% in 2018 (churn rate is expressed as a percentage, indicating the annual level of cancellations of the Group's services related to stem cell or tissue samples storage; the rate is calculated as the number of samples whose storage was discontinued by the customers in a particular period in relation to the number of all samples stored in this period). The term of the Group's customer contracts varies. The vast majority are long-term contracts providing for an agreed storage period of 25 or 50 years without contractual termination option during the agreed storage period and an upfront payment by the customers for manufacturing (currently approximately 78% of new contracts), with the remainder being subscription contracts providing for an initial fee for the manufacturing and an annual fee for storage either with an automatic annual renewal unless terminated by the customer or with a fixed term of ten years without termination right during this term. Customers may terminate their contract with the Group without stating reasons with effect of the child's next birthday. The Group believes the reasons for cancelling its services are most commonly changes in the financial situation of the respective customer, new medical studies questioning the effectiveness of stem cell banking or changing legislation in a particular jurisdiction (see *„1.1.17 The Company's customers may terminate their contracts for a number of reasons.*")

Given the current churn rate and the reasons for its movements in the past, the Group is not aware of any factors that could significantly affect it in the near future. However, any deviations from the past years' average could affect the Group's revenue.

10.4.8 Growth Potential Resulting from Extension of Prepaid Contracts

In addition to new contracts with customers, the Group's growth is significantly influenced by the extension of prepaid contracts after their initial term. The Group's historical experience with prepaid contracts has been that most clients declare their intention to extend their existing contracts. Based on the Group's experience, management has assumed a prolongation rate of approximately 80% of all prepaid contracts for the purposes of business planning (2020 prolongation rate: approximately 73%). The Group believes that this assumption is based on reasonable grounds and justifies the assumption that revenue from the majority of stored samples after expiry of current prepaid contracts will continue as the storage periods are extended.

10.4.9 Development of Stem Cell Technologies

As of the date of the Prospectus, there is no standardized medical use for stem cells from umbilical cord blood and tissue. The current medical applications remain experimental and are limited to certain diseases such as brain damage or central nervous system diseases, blood cancers and blood disorders, autoimmune diseases, immune deficiencies and metabolic disorders. The use of stem cells for treatments of widespread disease such as strokes, type II diabetes or heart attacks is still subject to research and has not been performed yet. The scope of possible applications is still uncertain.

If further potential applications of stem cell-based therapies are proven, this would likely drive demand for the Group's products and services. If future research findings do not result in the establishment of standardized stem cell treatments for widespread disease, cost-benefit considerations regarding the Group's products and services may be imbalanced. This may challenge and impair the current business model of the Group. In addition, if future research shows that stem cells from other sources are equally advantageous or allow a wider range of application or more effective therapeutics, the Group's currently offered services may appear less attractive to potential customers (see *„1.1.3 Alternative stem cell sources may prove to be an equivalent and always obtainable*

alternative and may substitute the collection, processing and storage of stem cells from umbilical cord blood and tissue. Since shelf life of cryoconserved human biological material is not empirically proven for more than 23.5 years, umbilical cord blood and tissue may decay and become unusable during long-term storage.")

10.4.10 Research of Experimental Therapies

Through targeted research and development of market-oriented products and services, the Group intends to continue to develop from a pure stem cell bank to a more broadly based cell bank that can supply the best available patient's own cells for current and future cell therapies. The Group has a clearly focused innovation strategy by developing new products and services around the cryopreservation of cells from perinatal tissue or other suitable cell sources. To this end, the Group cooperates with selected renowned research institutes and universities and, by storing different cell material, creates quality standards for later medical use. In this way, the Group opens up the potential to benefit from the increasing demand for cryopreserved cell material for personalized use in the field of regenerative medicine or cell therapies in the future. In addition, the value chain is to be expanded to include products and services for the pharmaceutical industry or governmental organizations. Currently, the cryopreservation of immune cells from peripheral blood is being prepared. The Group has successfully initiated in vitro studies for its cell isolation process and the immune cells derived from it in 2020, which are expected to be completed by 2022.

In addition, as part of the R&D work to develop a manufacturing process for cryopreserved immune cell isolates, a research cooperation with the Institute for Radiopharmaceutical Cancer Research of the Helmholz Center in Dresden-Rossendorf (HZDR) was initiated in early 2021. Within the scope of the collaboration, the principal suitability of cryopreserved immune cell isolates for the production of immune cell therapeutics will first be demonstrated in preclinical scientific work. The influence of long-term storage of immune cell preparations on the quality of cell therapeutics will also be analyzed. Revenues from the immune cell isolate are expected from 2023 onwards.

In all research & development activities, the Group's management intends to select projects on an economically reasonable scale, in line with market trends and with an adequate risk profile in the partnerships. In addition to the current core business, the Group continuously evaluates the need for new products for regenerative medicine (storage of adipose tissue as the starting point for mesenchymal stem cells and adipocytes) and for cell therapies (storage of T cells, natural killer (NK) cells, dendritic cells). The aim is to participate in the progress of further developments in the field of regenerative stem cell medicine and various immunoncological cell therapies in the medium and long term.

10.5 Adjustment of Accounting Methods and Corrections of Errors

The accounting and valuation methods applied correspond to the methods applied in the previous year with the following exceptions.

The Financial Reporting Enforcement Panel (FREP) has drawn the attention of Vita 34 AG to matters that were not properly recorded in previous years. The Company has published the findings of the FREP on June 14, 2021 pursuant to Section 109 para. 2 sentence 1 German Securities Trading Act (*Wertpapierhandelsgesetz*).

Within the scope of company acquisitions, existing storage contracts were acquired in previous financial years. These contracts were identified as intangible assets and recognized at fair value at the respective acquisition date. Amortization was charged over the projected contractual life of the acquired customer contracts. In addition, intangible assets were tested for impairment whenever there was an indication that an intangible asset may be impaired. Since the majority of the cash inflows expected from the acquired contracts at the time of initial recognition will already be received before the end of the projected contract term, the Company should have chosen a shorter amortization period. Vita 34 AG has complied with this and retrospectively corrected the scheduled amortization of intangible assets, taking into account deferred taxes.

For purposes of recognizing revenue from multi-component transactions such as VitaPlus25 and VitaPlus50, the package prices to be prepaid by customers are to be allocated to the two performance obligations 'production of a stem cell deposit' and 'storage of the stem cell deposit'. Vita 34 AG determines the allocation key according to the 'expected cost plus a margin approach'. This approach relates to the fulfillment costs of the two services increased by a margin. In the view of the FREP, the estimated costs for the 'storage of the stem cell deposit' should have included further attributable costs as well as expected cost increases during the storage period. Vita 34 AG has taken the FREP's findings as an opportunity to recalculate the key for the allocation of package prices. Based on the new key, a larger portion of the package price is to be allocated to the storage obligation, which in this respect leads to a later recognition of revenue. Due to a lack of practicability, Vita 34 AG has not corrected the allocation retroactively for all previous years in application of a facilitation rule, but only for the financial year 2019 and the first six months of 2020, respectively. The correction of the revenue recognition has affected the contract liabilities and deferred taxes.

The following tables explain the effects of the error correction on the prior-year figures 2019:

Consolidated Statement of Income

	2019		
	Before adjustment	**Adjustment**	**After adjustment**
	(EUR in thousands)		
Sales revenue	20,247	(313)	19,934
Cost of sales	(7,635)	(516)	(8,151)
Gross profit on sales	**12,612**	**(829)**	**11,783**
Operating result (EBIT)	**3,282**	**(829)**	**2,453**
Earnings before taxes	**3,142**	**(829)**	**2,313**
Income tax expense	(1,799)	204	(1,595)
Result for the period	**1,343**	**(625)**	**718**
Attributable to:			
Owners of the parent company	1,350	(608)	742
Shares of other shareholders	(8)	(16)	(24)
Earnings per share, undiluted/diluted (EUR)	**0.33**	**(0.15)**	**0.18**

Consolidated Statement of Comprehensive Income

	2019		
	Before adjustment	**Adjustment**	**After adjustment**
	(EUR in thousands)		
Result for the period	**1,343**	**(625)**	**718**
Total comprehensive income after taxes	**1,305**	**(625)**	**680**
Attributable to:			
Owners of the parent company	1,313	(609)	704
Shares of other shareholders	(8)	(16)	(24)

Consolidated Balance Sheet

	31.12.2019			01.01.2019		
	Before adjustment	**Adjustment**	**After adjustment**	**Before adjustment**	**Adjustment**	**After adjustment**
			(EUR in thousands)			
Intangible assets	18,525	(2,365)	16,160	19,990	(1,849)	18,141
Income tax receivables	44	40	84	845	–	845
Total Assets	**61,099**	**(2,324)**	**58,775**	**59,317**	**(1,849)**	**57,468**
Equity	30,268	(2,220)	28,048	29,546	(1,595)	27,951
Contract liabilities	11,563	313	11,876	11,355	–	11,355
Deferred income tax	4,828	(418)	4,410	4,306	(254)	4,052
Total Equity & Liabilities	**61,099**	**(2,324)**	**58,775**	**59,317**	**(1,849)**	**57,468**

Consolidated Cash Flow Statement

	2019		
	Before adjustment	**Adjustment**	**After adjustment**
	(EUR in thousands)		
Earnings for the period before taxes	3,142	(829)	2,313
Adjustment for depreciation and amortization	2,464	515	2,979
Contract liabilities	277	313	590

The following tables explain the effects of the error correction on the figures for the first six months 2020:

Consolidated Statement of Income

	January 1, 2020 – June 30, 2020		
	Before adjustment	**Adjustment**	**After adjustment**
	(EUR in thousands)		
Sales revenue	9,600	(78)	9,522
Cost of sales	(3,851)	(258)	(4,109)
Gross profit on sales	**5,749**	**(336)**	**5,413**
Operating result (EBIT)	**1,388**	**(336)**	**1,052**
Earnings before taxes	**1,344**	**(336)**	**1,008**
Income tax expense	(234)	78	(156)
Result for the period	**1,109**	**(258)**	**851**

Attributable to:			
Owners of the parent company	1,105	(250)	855
Shares of other shareholders	4	(8)	(4)
Earnings per share, undiluted/diluted (EUR)	**0.27**	**(0.06)**	**0.21**

Consolidated Statement of Comprehensive Income

	January 1, 2020 – June 30, 2020		
	Before adjustment	**Adjustment**	**After adjustment**
	(EUR in thousands)		
Result for the period	**1,109**	**(258)**	**851**
Total comprehensive income after taxes	**1,119**	**(258)**	**861**
Attributable to:			
Owners of the parent company	1,115	(250)	865
Shares of other shareholders	4	(8)	(4)

Consolidated Cash Flow Statement

	January 1, 2020 – June 30, 2020		
	Before adjustment	**Adjustment**	**After adjustment**
	(EUR in thousands)		
Earnings for the period before taxes	1,344	(336)	1,008
Adjustment for depreciation and amortization	1,218	258	1,476
Contract liabilities	(84)	78	(6)

Furthermore, various standards and amendments to standards were applied for the first time in 2020, which have no impact on the consolidated financial statements of Vita 34 AG. The Group has not prematurely applied any standards, amendments or interpretations that have been published but are not yet effective.

10.6 Description of Income Statement Line Items

The Group prepares its income statement applying the functional cost method. The following provides a description of selected income statement line items:

10.6.1 Sales Revenue

The Group's sales revenue comprise revenue from processing/production, revenue from storage and other revenue.

10.6.2 Cost of Sales

The cost of sales line item represents the cost of materials, external services, personnel expenses, depreciation and amortization, premises costs and other expenses which are directly and proportionally related to the production of the services.

10.6.3 Gross Profit on Sales

Gross profit on sales represents the Group's sales revenue net of cost of sales.

10.6.4 Other Operating Income

The Group's other operating income consists of income from government grants (primarily related to subsidiaries for research and development), the derecognition of accrued liabilities, damage compensation and miscellaneous other income.

10.6.5 Marketing and Selling Expenses

The Group's marketing and selling expenses consist of personnel expenses, amortization, expenses for marketing measures and other expenses (mainly sales-related occupancy costs, insurance costs and consulting costs) which are directly related to all functions that market and sell the services.

10.6.6 Administrative Expenses

The Group's administrative expenses include personnel expenses, amortization, legal costs, consultancy costs, audit costs and other expenses, including research and development expenses, which are directly related to all

functions that do not belong to cost of production nor marketing and selling the service and thus in a wider range to administration functions of the Group.

10.6.7 Other Operating Expenses

The Group's other operating expenses include loss of receivables from the recognition of valuation allowances for trade receivables, consulting costs and miscellaneous other expenses and in 2020 and 2021 also cost associated with the examination and implementation of the planned business combination with the FamiCord Group.

10.6.8 Financial Income

The Group's financial income includes mainly interest income form compounding long term receivables.

10.6.9 Financial Expenses

The Group's financial expenses includes loans and overdrafts, interest expense for leases, other interest expense and realized losses from financial assets.

10.7 Overview of Results of Operations

The table below sets forth selected consolidated financial information for the Group for the six-month periods ended June 30, 2021 and 2020:

	For the six months ended June 30,	
	2021	**2020***
	(unaudited)	
	(EUR in thousands)	
Sales revenue	10,822	9,522
Cost of sales	(4,450)	(4,109)
Gross profit on sales	**6,372**	**5,413**
Other operating income	211	334
Marketing and selling costs	(2,578)	(2,478)
Administrative expenses	(2,165)	(2,039)
Other operating expenses	(1,358)	(178)
Operating result (EBIT)	**483**	**1,052**
Financial income	28	51
Financial expenses	(90)	(96)
Earnings before taxes	**421**	**1,007**
Income tax expense/income	(468)	(156)
Result for the period after taxes	**(47)**	**851**
Attributable to:		
Owners of the parent company	(50)	855
Non controlling interests	3	(4)
Earnings per share, undiluted/diluted (EUR)		
Undiluted and diluted, relating to the result for the period attributable to the holders of ordinary shares of the parent company	(0.01)	0.21

* Figures for the six-month period ended June 30, 2020 have been revised following notice from the FREP and are taken from the prior six-month period figures shown in the Unaudited Condensed Consolidated Interim Financial Statements. See *„10.5 Adjustment of Accounting Methods and Corrections of Errors*" for more information.

The table below sets forth selected consolidated financial information for the Group for the financial years ended December 31, 2020, 2019 and 2018:

	For the financial years ended December 31,		
	2020	**2019***	**2018**
	(audited)		
	(EUR in thousands)		
Sales revenue	20,069	19,934	20,409
Cost of sales	(8,407)	(8,151)	(8,435)
Gross profit on sales	**11,663**	**11,783**	**11,974**
Other operating income	590	544	716
Marketing and selling costs	(4,931)	(4,902)	(4,925)
Administrative expenses	(4,168)	(4,686)	(4,805)
Other operating expenses	(774)	(285)	(329)

Operating result (EBIT)	**2,380**	**2,453**	**2,631**
Financial income	73	71	44
Financial expenses	(183)	(211)	(891)
Earnings before taxes	**2,270**	**2,313**	**1,784**
Income tax expense/income	(769)	(1,595)	(952)
Result for the period after taxes	**1,501**	**718**	**832**
Attributable to:			
Owners of the parent company	1,511	742	828
Non controlling interests	(10)	(24)	4
Earnings per share, undiluted/diluted (EUR)			
Undiluted and diluted, relating to the result for the period attributable to the holders of ordinary shares of the parent company	0.37	0.18	0.20

* Figures for the financial year ended December 31, 2019 have been revised following notice from the FREP and are taken from the prior year figures shown in the Audited Consolidated Financial Statements 2020. See „*10.5 Adjustment of Accounting Methods and Corrections of Errors*" for more information.

The following table contains information on revenue by geographical area of the Group's operations for the years ended December 31, 2020, 2019 and 2018:

	For the financial year ended December 31,		
	2020	**2019**	**2018**
	(audited)		
	(EUR in thousands)		
Domestic	14,100	13,857	13,975
Spain	2,568	2,757	2,501
Other foreign countries	3,401	3,320	3,933
Group	**20,069**	**19,934**	**20,409**

10.7.1 Period-to-Period Analysis of the Results of Operations for the Six Months Ended June 30, 2021 and 2020

10.7.1.1 *Sales revenue*

The Group's sales revenue increased by EUR 1,300 thousand (or 13.7%) to EUR 10,822 thousand in the first six months of 2021 from EUR 9,522 thousand in the first six months of 2020. The growth in sales revenue was mainly due to a revenue increase in the DACH region.

10.7.1.2 *Cost of sales*

Cost of sales increased by EUR 340 thousand (or 8.3%) to EUR 4,450 thousand in the first six months of 2021 from EUR 4,109 thousand in the first six months of 2020. Cost of sales increased mainly due to higher procurement costs from external service providers in the area of laboratory diagnostics.

10.7.1.3 *Gross profit on sales*

The Group's gross profit on sales increased by EUR 959 thousand (or 17.7%) to EUR 6,372 thousand in the first six months of 2021 from EUR 5,413 thousand in the first six months of 2020, mainly due to the factors discussed above.

10.7.1.4 *Other operating income*

Other operating income reflects principally income from government grants, income from the derecognition of accrued liabilities, income from damage compensation and miscellaneous other income.

Other operating income decreased by EUR 123 thousand (or 36.7%) to EUR 211 thousand in the first six months of 2021 from EUR 334 thousand in the first six months of 2020. This decrease was primarily due to a lower amount of income from the derecognition of accrued liabilities.

Other operating income	For the six months ended June 30,	
	2021	**2020**
	(unaudited)	
	(EUR in thousands)	
Government grants	82	123
Income from the derecognition of accrued liabilities	34	115

Miscellaneous other income	95	95
Other operating income	**211**	**334**

10.7.1.5 *Marketing and selling costs*

Marketing and selling costs increased by EUR 100 thousand (or 4.0%) to EUR 2,578 thousand in the first six months of 2021 from EUR 2,478 thousand in the first six months of 2020. Marketing and selling costs increased mainly due to greater efforts to provide product-specific information of gynecologists and midwives as key multipliers in the sales process, increased sales partnerships and online marketing. The ratio of marketing and selling expenses to sales revenue was 23.8% (2020: 26.0%).

10.7.1.6 *Administrative costs*

Administrative costs increased by EUR 126 thousand (or 6.2%) to EUR 2,165 thousand in the first six months of 2021 from EUR 2,039 thousand in the first six months of 2020. Administrative costs increased mainly due to one-off consultancy costs.

10.7.1.7 *Other operating expenses*

Other operating expenses, consisting mainly of loss of receivables, consulting costs and miscellaneous other expenses, increased by EUR 1,180 thousand (or 664.8%) to EUR 1,358 thousand in the first six months of 2021 from EUR 178 thousand in the first six months of 2020. As a percentage of net sales, other operating expenses was 12.5% in the first six months of 2021, compared to 1.9% in the first six months of 2020. This increase in percentage was mainly due to consulting services in connection with the contemplated merger with PBKM (amounting to EUR 1,172 thousand).

10.7.1.8 *Operating result (EBIT)*

As a result of the factors discussed above, operating result (EBIT) decreased by EUR 569 thousand (or 54.1%) to EUR 483 thousand in the first six months of 2021 from EUR 1,052 thousand in the first six months of 2020.

10.7.1.9 *Financial income*

Financial income is mainly attributable to income from compounding of long-term receivables. Financial income decreased by EUR 23 thousand to EUR 28 thousand in the first six months of 2020, from EUR 51 thousand in the first six months of 2020, mainly due to one-off recognition of interest income for tax receivables incurred in 2020.

10.7.1.10 *Financial expense*

Financial expenses is attributable to interest expenses for loans and interest expenses for lease liabilities. Financial expenses decreased by EUR 6 thousand (or 6.25%) to EUR 90 thousand in the first six months of 2021 from EUR 96 thousand in the first six months of 2020 due to lower volume of interest-bearing borrowings.

10.7.1.11 *Earnings before taxes*

Earnings before taxes was EUR 421 thousand in the first six months of 2021, compared to a gain before taxes of EUR 1,007 thousand in the first six months of 2020. The decrease was mainly due to the factors discussed above.

10.7.1.12 *Income tax expense/income*

Income tax expense in the first six months of 2021 was EUR 468 thousand, a change from an income tax expense of EUR 156 thousand in the first six months of 2020. The increase was mainly due to costs incurred in relation to the proposed merger with PBKM, which do not constitute expenses for tax purposes.

10.7.1.13 *Result for the period after taxes*

As a result of the factors discussed above, result for the period after taxes in the first six months of 2021 was a loss of EUR 47 thousand, compared to a gain of EUR 851 thousand in the first six months of 2020.

10.7.1.14 *Result for the period after taxes attributable to owners of the parent company*

Result for the period after taxes attributable to owners of the parent company was a net loss of EUR 50 thousand in the first six months of 2021, compared to a net gain for the period of EUR 855 thousand in the first six months of 2020, which was mainly due to the above-mentioned factors.

10.7.1.15 *Result for the period after taxes attributable to non-controlling interests*

In the first six months of 2021, the non-controlling interest gain increased to EUR 3 thousand from a loss of EUR 4 thousand in the first six months of 2020.

10.7.2 Period-to-Period Analysis of the Results of Operations for the Financial Years Ended December 31, 2020, 2019 and 2018

10.7.2.1 *Sales revenue*

The Group's sales revenue in 2020 was EUR 20,069 thousand, which was an increase of EUR 135 thousand (or 0.7%) from EUR 19,934 thousand in 2019. The increase in sales revenue in 2020 was mainly due to a 2.3% revenue increase in the DACH region (including the hospital business), partially offset by reduced revenue in the rest of the world, particularly southern Europe where the COVID-19 pandemic had a larger impact. Sales revenue for 2019 of EUR 19,934 thousand represented a decrease of EUR 475 thousand (or 2.3%) from EUR 20,409 thousand for 2018. The decrease in sales revenue in 2019 was due to reduced revenues in the rest of the world due to the change of sales partners.

In particular:

- Revenue from processing/production was EUR 14,574 thousand in 2020, which was a decrease of EUR 31 thousand (or 0.2%) from EUR 14,605 thousand in 2019, due to reduced revenues in the rest of the world. Revenue processing/production was EUR 14,605 thousand in 2019, which was a decrease of EUR 673 thousand (or 4.4%) from EUR 15,278 thousand in 2018, due to overall reduced revenues.

- Revenue from storage was EUR 5,473 thousand in 2020, which was an increase of EUR 170 thousand (or 3.2%) from EUR 5,303 thousand in 2019, due to increasing amount of contracts with annual payments. Revenue from storage was EUR 5,303 thousand in 2019, which was an increase of EUR 278 thousand (or 5.5%) from EUR 5,025 thousand in 2018, due to additional revenues from acquired customer contracts.

- Other revenue was EUR 23 thousand in 2020, which was a decrease of EUR 3 thousand (or 11.5%) from EUR 26 thousand in 2019. Other revenue was EUR 26 thousand in 2019, which was a decrease of EUR 81 thousand (or 75.7%) from EUR 107 thousand in 2018.

In addition:

- The Group's sales revenue in its domestic market was EUR 14,100 thousand in 2020, which was an increase of EUR 243 thousand (or 1.8%) from EUR 13,857 thousand in 2019, mainly due to higher revenues from processing/production. The Group's sales revenue in its domestic market was EUR 13,857 thousand in 2019, which was a decrease of EUR 118 thousand (or 0.8%) from EUR 13,975 thousand in 2018, due to a lower amount of storages in 2019 compared to 2018, which was partly compensated by higher revenues from the clinic business.

- The Group's sales revenue in Spain was EUR 2,568 thousand in 2020, which was a decrease of EUR 189 thousand (or 6.9%) from EUR 2,757 thousand in 2019, due to the negative effects of the COVID-19 pandemic on medical consultants' ability to meet with patients. The Group's sales revenue in Spain was EUR 2,757 thousand in 2019, which was an increase of EUR 256 thousand (or 10.3%) from EUR 2,501 thousand in 2018, due to higher revenue from processing/production.

- The Group's sales revenue in other foreign countries was EUR 3,401 thousand in 2020, which was an increase of EUR 81 thousand (or 2.4%) from EUR 3,320 thousand in 2019, due to recovery and ramp up of foreign sales partners. The Group's sales revenue in other foreign countries was EUR 3,320 thousand in 2019, which was a decrease of EUR 613 thousand (or 15.6%) from EUR 3,933 thousand in 2018, mainly due to a change of sales partners.

10.7.2.2 *Cost of sales*

The Group's cost of sales in 2020 was EUR 8,407 thousand, which was an increase of EUR 256 thousand (or 3.1%) from EUR 8,151 thousand in 2019. The increase in cost of sales in 2020 was due to higher procurement costs from external service providers in the area of laboratory diagnostics and logistics as well as an increase in maintenance costs. The Group's cost of sales for 2019 of EUR 8,151 thousand represented a decrease of EUR 285 thousand (or 3.4%) from EUR 8,435 thousand for 2018. The decrease in cost of sales in 2019 was mainly due to reduced personnel costs.

10.7.2.3 *Gross profit on sales*

Due to the factors discussed above, the Group reported gross profit on sales of EUR 11,663 thousand in 2020, as compared to EUR 11,783 thousand in 2019, a decrease of EUR 120 thousand (or 1.0%) from 2019, which is equivalent to a gross margin of 58.1% (2019: 59.1%).

Due to the factors discussed above, gross profit on sales for 2019 was EUR 11,783 thousand, which was a decrease of EUR 191 thousand (or 1.6%) from EUR 11,974 thousand in 2018, which is equivalent to a gross margin of 59.1% (2018: 58.7%).

10.7.2.4 *Other operating income*

Other operating income increased in 2020 by EUR 46 thousand (or 8.5%) to EUR 590 thousand from EUR 544 thousand in 2019. The increase in other operating income in 2020 was due to a higher amount of income from the derecognition of accrued liabilities.

Other operating income decreased by EUR 172 thousand (or 24.1%) to EUR 544 thousand in 2019 from EUR 716 thousand in 2018. The decrease in other operating income in 2019 was due to a lower amount of income from the derecognition of accrued liabilities.

Other Operating Income	**For the financial year ended December 31,**		
	2020	**2019**	**2018**
	(audited)		
	(EUR in thousands)		
Government grants	230	197	78
Income from the derecognition of accrued liabilities	162	44	355
Income from damage compensation	–	4	–
Miscellaneous other income	198	299	283
Other operating income	**590**	**544**	**716**

10.7.2.5 *Marketing and selling costs*

The Group reported marketing and selling costs of EUR 4,931 thousand in 2020, as compared to EUR 4,902 thousand in 2019, a slight increase of EUR 29 thousand (or 0.6%) from 2019. The increase in marketing and selling costs in 2020 was due to greater efforts to provide product-specific information of gynecologists and midwives as key multipliers in the sales process, increased sales partnerships and online marketing. The ratio of marketing and selling expenses to sales revenue was 24.6% (2019: 24.6%).

Marketing and selling costs for 2019 was EUR 4,902 thousand, which was a slight decrease of EUR 23 thousand (or 0.5%) from EUR 4,925 thousand in 2018. The ratio of marketing and selling expenses to revenue was thus 24.6% (2018: 24.1%).

10.7.2.6 *Administrative expenses*

The Group reported administrative expenses of EUR 4,168 thousand in 2020, as compared to EUR 4,686 thousand in 2019, a decrease of EUR 518 thousand (or 11.1%) from 2019. The decrease in administrative costs in 2020 was due to continued pronounced cost discipline.

Administrative costs for 2019 was EUR 4,686 thousand, which was a decrease of EUR 118 thousand (or 2.5%) from EUR 4,805 thousand in 2018. The decrease in administrative costs in 2019 was due to cost efficiency measures.

10.7.2.7 *Other operating expenses*

Other operating expenses, consisting mainly of loss of receivables, consulting costs and miscellaneous other expenses, increased by EUR 489 thousand (or 171.6%) to EUR 774 thousand in 2020 from EUR 285 thousand in 2019, primarily due to one-off costs of EUR 0.5 million for consulting services as a result of the takeover offer of AOC Health GmbH and the review of a prospectively possible merger with PBKM. Other operating expenses decreased by EUR 44 thousand (or 13.4%) to EUR 285 thousand in 2019 from EUR 329 thousand in 2018, primarily due to one-off expenses in connection with the restructuring of the subsidiary in Denmark in 2018. As a percentage of sales revenue, other operating expenses was 3.9% in 2020, as compared to 1.4% in 2019 and 1.6% in 2018.

10.7.2.8 *EBITDA*

For the reasons mentioned above, EBITDA decreased by EUR 89 thousand (or 1.6%) to EUR 5,344 thousand in 2020 from EUR 5,433 thousand in 2019, and increased by EUR 710 thousand in 2019 from EUR 4,722 thousand in 2018.

10.7.2.9 *Operating result (EBIT)*

As a result of the factors discussed above, operating result (EBIT) decreased by EUR 73 thousand (or 3.0%) to EUR 2,380 thousand in 2020 from EUR 2,453 thousand in 2019, and decreased by EUR 178 thousand in 2019 from EUR 2,631 thousand in 2018.

10.7.2.10 *Financial income*

Financial income is attributable to income from compounding of long-term receivables. Financial income increased by EUR 2 thousand (or 2.8%) to EUR 73 thousand in 2020 from EUR 71 thousand in 2019. Financial income increased by EUR 26 thousand (or 58.9%) in 2019 from EUR 44 thousand in 2018, mainly due to increased income from the compounding of long-term receivables.

10.7.2.11 *Financial expenses*

Financial expenses are mainly attributable to interest expenses for loans and interest expenses for lease liabilities. Financial expenses decreased by EUR 28 thousand (or 13.3%) to EUR 183 thousand in 2020 from EUR 211 thousand in 2019, which was due to realized losses from financial investments with an amount of EUR 27 thousand in 2019. Financial expenses decreased by EUR 680 thousand (or 76.3%) to EUR 211 thousand in 2019 from EUR 891 thousand in 2018, which was mainly due to realized losses from financial investments with an amount of EUR 645 thousand in 2018.

10.7.2.12 *Earnings before taxes*

As a result of the factors discussed above, earnings before taxes decreased to EUR 2,270 thousand in 2020 from EUR 2,313 thousand in 2019. In 2019, earnings before taxes increased to EUR 2,313 thousand from EUR 1,785 thousand in 2018. The increase in 2019 was due to the abovementioned factors.

10.7.2.13 *Income tax expense/income*

In 2020, the income tax expense amounted to EUR 769 thousand, a decrease from EUR 1,595 thousand in 2019, due to the one-off tax effect of EUR 650 thousand in 2019. The tax expense in 2019 was EUR 1,595 thousand, an increase from the income tax expense of EUR 952 thousand in 2018.

10.7.2.14 *Result for the period after taxes*

As a result of the factors discussed above, the Group’s result for the period after taxes increased to EUR 1,501 thousand in 2020 from EUR 718 thousand in 2019. In 2019, the Group’s result for the period after taxes decreased to EUR 718 thousand from EUR 832 thousand in 2018.

10.7.2.15 *Result for the period after taxes attributable to owners of the parent company*

The result for the period after taxes attributable to owners of the parent company increased by EUR 769 thousand to EUR 1,511 thousand in 2020 from EUR 742 thousand in 2019. In 2019, result for the period after taxes attributable to owners of the parent company decreased by EUR 86 thousand (or 10.4%) to EUR 742 thousand in 2019 from EUR 828 thousand in 2018.

10.7.2.16 *Result for the period after taxes attributable to non-controlling interests*

In 2020, the result for the period after taxes attributable to non-controlling interests changed to a loss of EUR 10 thousand from a loss of EUR 24 thousand in 2019. In 2019, the result for the period after taxes attributable to non-controlling interests changed to a loss of EUR 24 thousand from a gain of EUR 4 thousand in 2018.

10.8 Liquidity and Capital Resources

10.8.1 Overview

The Group's primary source of liquidity is cash flows from operations. For the first six months of 2021, cash flows from operations amounted to EUR 2,364 thousand and financial liabilities (as the sum of loans from bank loans and borrowings and other financial liabilities) at the end of that period amounted to EUR 7,563 thousand. The Group's principal uses of cash flows from operations include interest payments, capital expenditures and principal loan repayments.

10.8.2 Period-to-Period Analysis of Cash Flows for the Six Months Ended June 30, 2021 and 2020

The following table presents the Group's cash flows for the periods indicated:

10.8.2.1 *Consolidated cash flow statement*

	For the six months ended June 30,	
	2021	**2020***
	(unaudited)	
	(EUR in thousands)	
Cash flow from operating activities	2,364	1,842
Cash flow from investing activities	(444)	92
Cash flow from financing activities	(1,639)	(1,098)
Net change in cash and cash equivalents	280	836
Cash and cash equivalents at the beginning of the reporting period	10,396	9,102
Exchange rate-related change in cash and cash equivalents	–	–
Cash and cash equivalents at the end of the reporting period (liquid funds)	10,676	9,938

* Figures for the six-month period ended June 30, 2020 have been revised following notice from the FREP and are taken from the prior six-month period figures shown in the Unaudited Condensed Consolidated Interim Financial Statements. See „*10.5 Adjustment of Accounting Methods and Corrections of Errors*" for more information.

10.8.2.2 *Cash flow from operating activities*

Cash flow from operating activities for the first six months of 2021 were EUR 2,364 thousand, as compared to EUR 1,842 thousand used in operating activities for the first six months of 2020. The increase of EUR 522 thousand was mainly due to an increase in liabilities for consulting services in connection with the merger with PBKM.

10.8.2.3 *Cash flow from investing activities*

Cash flow from investing activities was EUR (444) thousand for the first six months of 2021, as compared to EUR 92 thousand for the first six months of 2020. The decrease of EUR 536 thousand was primarily due to the sale of financial investments with an amount of EUR 370 thousand in the first six months of 2020.

10.8.2.4 *Cash flow from financing activities*

Cash flow from financing activities for the first six months of 2021 was EUR (1,639) thousand as compared to an outflow of EUR 1,098 thousand for the first six months of 2020. The increase of EUR 541 thousand was primarily due to extraordinary tax payments related to a intragroup dividends payments with an amount of EUR 491 thousand and payments related to transaction costs with an amount of EUR 81 thousand.

10.8.3 Period-to-Period Analysis of Cash Flows for the Years Ended December 31, 2020, 2019 and 2018

The cash flow statement below summarizes the Group's cash flows for the years indicated:

10.8.3.1 *Consolidated cash flow statement*

	For the financial year ended December 31,		
	2020	**2019***	**2018**
	(audited)		
	(EUR in thousands)		
Cash flow from operating activities	3,980	6,318	4,597
Cash flow from investing activities	(252)	(1,390)	821
Cash flow from financing activities	(2,434)	(2,787)	(2,637)

Net change in cash and cash equivalents	1,294	2,140	2,780
Cash and cash equivalents at the beginning of the reporting period	9,102	6,960	4,180
Exchange rate-related change in cash and cash equivalents	1	(0)	–
Cash and cash equivalents at the end of the reporting period (liquid funds)	10,396	9,102	6,960

* Figures for the financial year ended December 31, 2019 have been revised following notice from the FREP and are taken from the prior year figures shown in the Audited Consolidated Financial Statements 2020. See *„10.5 Adjustment of Accounting Methods and Corrections of Errors*" for more information.

10.8.3.2 *Cash flow from operating activities*

Cash flow from operating activities for 2020 was EUR 3,980 thousand, as compared to EUR 6,318 thousand for 2019, a decrease of EUR 2,338 thousand (or 37.0%). This decrease was mainly driven by increased receivables resulting from the new „VitaPUR" contract model, increased inventory levels to safeguard process stability during the COVID-19 pandemic, and scheduled tax back payments for prior periods.

Cash flow from operating activities for 2019 was EUR 6,318 thousand, as compared to EUR 4,597 thousand for 2018, an increase of EUR 1,721 thousand (or 37.4%). This increase was mainly driven by improved earnings development due to the successful restructuring of the Danish subsidiary and efficient working capital management.

10.8.3.3 *Cash flow from investing activities*

Cash flow used in investing activities for 2020 was an outflow of EUR 252 thousand, as compared to an outflow of EUR 1,390 thousand for 2019, a decrease of EUR 1,138 thousand (or 81.9%). This decrease was mainly driven by the release of cash and cash equivalents previously pledged as collateral (EUR 0.4 million) due to the Group's good creditworthiness and no incurrence of payments for acquisitions like in former years.

Cash flow used in investing activities for 2019 was an outflow of EUR 1,390 thousand, as compared to an inflow of EUR 821 thousand for 2018. This change was mainly driven by an inflow of funds from the sale of financial assets in the amount of EUR 2.4 million in 2018.

10.8.3.4 *Cash flow from financing activities*

Cash flow used in financing activities for 2020 was an outflow of EUR 2,434 thousand, as compared to an outflow of EUR 2,787 thousand for 2019, a decrease of EUR 353 thousand (or 12.7%). This decrease was mainly driven by the decision, taken at the 2020 AGM, to forego the payment of a dividend and retain the net profits for 2019.

Cash flow used in financing activities for 2019 was EUR 2,787 thousand, as compared to EUR 2,637 thousand for 2018, an increase of EUR 149 thousand (or 5.6%). This increase was mainly driven by the inclusion of lease payments with an amount of EUR 541 thousand in this line due to the first-time application of IFRS 16 in 2019. This was compensated be a lower amount of repayments of financial loans in 2019 compared to 2018.

10.8.4 Outstanding Financial Liabilities

As of June 30, 2021, the Group's outstanding financial liabilities primarily consisted of financial indebtedness from financing agreements and trade payables. As of June 30, 2021, the Group's gross indebtedness (bank loans and borrowings, trade payables and other financial liabilities) amounted to EUR 6,156 thousand, compared to EUR 5,286 thousand as of December 31, 2020, EUR 6,725 thousand as of December 31, 2019 and EUR 8,842 thousand as of December 31, 2018. The financial liabilities from third parties as of June 30, 2021 consisted mainly of interest-bearing debt at fixed interest rates as well as non-interest bearing trade payables. For a description of the Group's financial liabilities, see *„14.12.1 Loan Agreements in connection with the acquisition of Seracell Pharma AG*".

10.8.4.1 *Financing agreements*

For a description of material financing agreements, see *„14.12.1 Loan Agreements in connection with the acquisition of Seracell Pharma AG*".

10.8.4.2 *Breakdown of liabilities*

The following table shows the Group's liabilities, including a breakdown of their respective maturity, as of June 30, 2021 for the Group.

Liabilities	Total amount	Remaining term under 1 year	Remaining term over 1 year
		(unaudited)	
		(EUR in thousands)	
Interest-bearing loans	3,073	1,534	1,539
Trade payables	3,004	3,004	–
Other financial liabilities	79	79	–

10.8.4.3 *Contingent liabilities*

As of June 30, 2021 and December 31, 2020, 2019 and 2018, the Group had no contingent liabilities, other than those arising in the ordinary course of its business. The Group is of the view that any such liabilities will not have a material effect on its financial position.

10.8.5 Capital Expenditure

The table below shows the Group's investments in intangible assets and property, plant and equipment for the periods indicated:

Capital Expenditure	For the six months ended June 30,		For the financial year ended December 31,		
	2021	2020	2020	2019	2018
	(unaudited)		(audited)		
			(EUR in thousands)		
Property, plant and equipment	533	264	606	827	795
Intangible assets and goodwill	16	19	39	23	17
Total capital expenditure	**549**	**283**	**645**	**850**	**812**

The majority of the Group's capital expenditures in the first six months of 2021 and 2020 related to equipment for long-term storage of stem cell preparations and equipment for R&D respectively.

The majority of the Group's capital expenditures in 2020 related to the expansion of storage capacity for stem cell preparations.

The major capital expenditures of the Group in both 2019 and 2018 related to the expansion of storage capacity for stem cell preparations.

Based on the Group's average historical capital expenditure over recent years, management estimates that, on average, approximately 2% of the Group's sales is allocated to capital expenditure, which compromises expansion as well as maintenance expenditure.

Between June 30, 2021 and the date of this Prospectus, the capital expenditures amounted to approximately EUR 0.3 million, primarily comprising investments in equipment for the long-term storage of stem cells and IT infrastructure. The Group financed these capital expenditures from the operating cashflow.

As of the date of this Prospectus, the Management Board has resolved on future capital expenditures in an aggregate amount of approximately EUR 2 million over the coming years, which related to the implementation of a new ERP system. The Group expects these capital expenditures to be predominantly invested in Germany and plans to finance them from cash from operations and existing liquidity.

10.8.6 Off-Balance Sheet Commitments

The Group does not have any capital expenditure commitments that it regards as material other than those incurred in the ordinary course of business at the respective balance sheet date, which are not recognized in the Consolidated Financial Statements.

10.9 Critical Accounting Policies and Estimates

The Group's Consolidated Financial Statements as discussed in this Prospectus were prepared in compliance with IFRS.

The Group's critical accounting policies are presented in the notes to the Audited Consolidated Financial Statements 2020 included in this Prospectus under Note 2.5 („Significant estimates and assumptions") to the Audited Consolidated Financial Statements 2020 and Note 2.4 („Summary of significant accounting and valuation methods") to the Audited Consolidated Financial Statements 2020 and under Note 2 („Accounting and valuation

methods") to the Unaudited Condensed Consolidated Interim Financial Statements. The application of these policies requires management to make assumptions and estimates that can affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date and reported amounts of revenues and expenses during the reporting period. As a result, changes in the underlying assumptions and estimates from period to period can have a material impact on the Group's reported financial condition and results of operation. Management believes that the accounting policies chosen are appropriate under the circumstances and that the estimates, judgments and assumptions involved in the Group's financial reporting are reasonable.

10.9.1 Business Combinations and Goodwill

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the fair value of the assets given at the acquisition date, and the non-controlling interest in the acquiree. Incidental acquisition costs are recognized as expenses within administrative expenses at the time they arise.

Non-controlling interests are measured at the proportionate fair value of the assets acquired and liabilities assumed. After initial recognition, gains and losses are allocated without limit in proportion to the interest held, which may also result in a negative balance for non-controlling interests.

When the Group acquires a company, it assesses the appropriate classification and designation of the financial assets and assumed liabilities in accordance with the contractual terms, economic circumstances and conditions prevailing at the time of acquisition.

Goodwill is initially measured at cost, which is the excess of the consideration transferred over the Group's interest in the identifiable assets acquired and liabilities assumed. In the case of an acquisition at a price below fair value, the resulting gain is reported under other operating income. Before recognizing a gain on an acquisition at less than fair value, a further assessment is made to ensure that all assets acquired and liabilities assumed have been adequately identified and measured.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the business combination, irrespective of whether other assets or liabilities acquired are assigned to those units. This applies regardless of whether other assets or liabilities of the acquired company are allocated to these cash-generating units.

For goodwill, the Group determines at each balance sheet date whether there are any indications of impairment of goodwill. Goodwill is tested for impairment at least once a year. A review is also carried out if events or circumstances indicate that the value could be impaired. Impairment is determined by calculating the recoverable amount of the cash-generating unit to which the goodwill was allocated. If the recoverable amount of the cash-generating unit is less than the carrying amount of this unit, an impairment loss is recognized. An impairment loss recognized for goodwill may not be reversed in subsequent reporting periods.

10.9.2 Measurement of Fair Value

All assets and liabilities for which fair value is disclosed in the financial statements are classified in the fair value hierarchy described below, based on the lowest level input parameter that is significant to fair value measurement overall:

- Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2 – Measurement procedures where the lowest level input parameter that is significant for fair value observation as a whole is directly or indirectly observable in the market
- Level 3 – Measurement procedures where the input parameter of the lowest level that is significant for observation at fair value overall is not observable in the market

For assets and liabilities recognized on a recurring basis in the financial statements, the Group determines whether reclassifications between levels in the hierarchy have occurred by reviewing the classification (based on the lowest level input parameter that is significant to the fair value observation overall) at the end of each reporting period.

10.9.3 Intangible Assets

Separately acquired intangible assets that are not acquired as part of a business combination are measured at acquisition cost upon initial recognition. The acquisition costs of intangible assets acquired as part of a business

combination correspond to their fair value at the time of acquisition. After initial recognition, intangible assets are carried at acquisition cost, less any accumulated amortization and any accumulated impairment losses.

Intangible assets with finite useful lives are amortized over their economic lives and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. If the expected useful life of the asset or the expected pattern of amortization of the asset has changed, a different amortization period or method is selected. Such changes are treated as changes in an accounting estimate. Amortization of intangible assets with finite useful lives is recognized in the income statement under the expense category consistent with the function of the intangible asset.

See Note 2.4 („intangible assets") to the Audited Consolidated Financial Statements 2020 for a table of accounting policies applied to the Group's intangible assets (excluding goodwill).

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss in the period in which the item is derecognized.

10.9.4 Property, Plant and Equipment

Property, plant and equipment not acquired in a business combination is carried at acquisition or production costs less accumulated scheduled depreciation. The acquisition costs of property, plant and equipment acquired in a business combination correspond to their fair value at the time of acquisition. Scheduled straight-line depreciation is based on the estimated useful lives of the assets.

See Note 2.4 („Property, plant and equipment") to the Audited Consolidated Financial Statements 2020 for a table of the useful life of the Group's assets.

The carrying amounts of property, plant and equipment are tested for impairment whenever there is an indication that the carrying amount of an asset may exceed its recoverable amount.

The residual values of assets, the useful lives and the depreciation methods are reviewed at the end of each financial year and adjusted if necessary.

10.9.5 Impairment of Non-Financial Assets

The Group assesses at each balance sheet date whether there are any indications that an asset may be impaired. If any such indication exists, or if annual impairment testing for an asset is required, the Group makes an estimate of recoverable amount. The recoverable amount of an asset is the higher of the two amounts of the fair value of an asset or a cash-generating unit less costs to sell and its value in use. The recoverable amount is determined for each individual asset, unless an asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount. To determine the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market expectations regarding the interest effect and the specific risks of the asset. An appropriate valuation model is used to determine fair value less costs to sell. This is based on valuation multiples, stock exchange prices of exchange-traded shares in companies or other available indicators of fair value. Impairment losses of continuing operations are recognized in the expense categories consistent with the function of the impaired asset.

For assets other than goodwill, an assessment is made at each balance sheet date as to whether there is any indication that an impairment loss recognized in prior periods may no longer exist or may have decreased. If such an indicator exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset must be increased to its recoverable amount. This increased carrying amount may not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

After a reversal of an impairment loss, the depreciation charge shall be adjusted in future periods to allocate the asset's revised carrying amount, less any residual carrying amount, on a systematic basis over its remaining useful life.

10.9.6 Effects of the COVID-19 Pandemic

Currently, the Company does not see any significant impact of the COVID 19 pandemic on the Group's business model. The Group has taken the expected effects into account in the valuations of the recognized assets. At the

time of the preparation of the financial statements, this assessment did not result in any significant effects on the valuation of assets. In this assessment, assumptions were made about the further course of the COVID-19 pandemic including the economic impact.

10.9.7 Impairment Test of Goodwill

Goodwill acquired in the course of business combinations was allocated to the cash-generating units „stem cell banking – Germany" and „Spain" for the purpose of impairment testing.

The recoverable amount of each cash-generating unit is determined based on a value-in-use calculation using cash flow projections based on financial budgets prepared by management for a five-year period and approved by the Supervisory Board. The impact of the COVID-19 pandemic on the recoverable cash flows was taken into account. The recoverable amount is heavily dependent on the discount rate used in the discounted cash flow method and the expected future cash inflows. The basic assumptions for determining the recoverable amount, including a sensitivity analysis, are explained in Note 9 to the Audited Consolidated Financial Statements 2020.

10.9.8 Treatment of Deferred Taxes

Deferred taxes on loss carryforwards by Novel Pharma S.L. were not capitalized. This company is a pure holding company, for which no sufficient taxable income can be expected in the future based on current tax circumstances.

Deferred taxes were capitalized on the loss carryforwards of Group companies existing as of the balance sheet date, provided that it can be assumed according to the planning calculations that the loss carryforwards will be utilized. Deferred tax assets for differences between the tax balance sheet values and the IFRS balance sheet values of the respective companies were offset against deferred tax liabilities. In the event of a surplus of deferred tax assets, these were capitalized if it is considered probable that taxable income will be available for this purpose.

For further information, see Note 6 („income taxes") to the Audited Consolidated Financial Statements 2020.

10.9.9 Revenue from Contracts with Customers

10.9.9.1 *Breakdown of the transaction price for pre-payment contracts*

In the context of revenue recognition, the package prices to be prepaid by customers are to be allocated to the two performance obligations 'production of a stem cell deposit' and 'storage of a stem cell deposit' in proportion to their individual selling prices. As these individual selling prices cannot be directly determined, the Group estimates them using the „expected-cost-plus-a-margin approach", whereby the same relative margin based on the respective manufacturing costs is taken into account for both performance obligations.

10.9.9.2 *Existence of a financing component for prepayment contracts*

In the case of prepayment agreements, the Group receives prepayments from the customer for the storage of stem cell deposits over a period of several years. With regard to the nature of the service offered, the Group notes that the payment terms were designed for reasons other than the provision of financing to the Group.

The Group therefore concludes that the prepayments made do not contain a financing component.

10.9.9.3 *Revenue recognition for annual payer contracts with multi-year contract terms*

The Group offers annual payer contracts, which include a minimum contract period of several years in relation to the service obligation storage of the stem cell deposit. The transaction price for this contract is determined taking into account all payments to be made by the customer during the contract period.

The Group believes that a significant financing component exists for these contracts. Therefore, for payments due in more than one year, an adjustment is made for the time value of money. The allocation of the transaction price to the performance obligations is similar to the allocation of the transaction price for prepayment contracts.

10.9.10 Leases

10.9.10.1 *Determination of the term of a lease with an extension option*

The Group determines the term of the lease as the non-cancelable term of the lease and all periods covered by an option to extend the lease if exercise is reasonably certain.

The Group has several leases that include renewal options. The Group makes an assessment as to whether it is reasonably certain that the lease renewal option will be exercised.

10.9.10.2 *Determination of the marginal borrowing rate*

The Group is regularly unable to determine the implicit interest rate of a lease. In these cases the lease liability is measured at the marginal interest rate. This is the interest rate that the Group would pay under similar economic conditions for a loan – with a similar term and collateralization – to acquire an asset with a similar value as the right to use the leased asset.

The Group determines the marginal borrowing rate using observable data such as market interest rates, taking into account company-specific adjustments.

10.9.11 Treatment of Grants for Development Projects

Income from publicly subsidized development projects is recognized as income at the time when the corresponding eligible expenses are incurred by the company. Recognition of income requires a notice of subsidy from the public funding authorities.

Recording income at the time when the eligible expenses are incurred ensures that expenses and income are presented in the consolidated financial statements on an accrual basis.

10.10 Risk Management

10.10.1 Liquidity Risk

The Group's objective is to maintain a balance between the continuous coverage of financial requirements and ensuring flexibility by using loans and medium-term investments such as securities. The Group continuously monitors the risk of a possible liquidity bottleneck using a liquidity planning tool. This tool takes into account the maturities of financial assets and financial liabilities as well as expected cash flows from operating activities. For further information on liquidity risk, see Note 23.3 („Liquidity Risk") to the Audited Consolidated Financial Statements 2020.

10.10.2 Credit Risk

The credit risk is the risk that a business partner does not meet its obligations under a financial instrument and that this leads to a financial loss. In the course of its operating activities, the Group is exposed to default risks, particularly in relation to trade receivables and other financial assets.

10.10.2.1 *Trade receivables*

The Group conducts business with both private and corporate customers. Outstanding customer receivables and contract volume are monitored regularly. Credit checks are carried out by an external credit institution within the framework of instalment payment agreements in „stem cell banking - Germany".

At each balance sheet date, an analysis of expected credit losses is performed using an impairment matrix. The provision rates are based on days past due for groupings of different customer segments with similar loss patterns (*e.g.*, by geographical region, customer type and coverage by collateral provided by the customer). The calculation reflects the probability-weighted outcome, the time value of money and appropriate and understandable information available at the balance sheet date about past events, current conditions and projections of future economic conditions. The maximum default risk is limited to the carrying amount shown in Note 13 to the Audited Consolidated Financial Statements 2020. There are no significant concentrations of default risks in the Group. Collateral (*i.e.*, bank guarantees, pledged shares) is considered an integral part of trade receivables and is taken into account in the calculation of impairment. As of June 30, 2021, 0% (June 30, 2020: 8%) of the Group's trade receivables are covered by collateral in the form of a bank guarantee and the pledging of equity instruments in favor of the Group. As of December 31, 2020, 5% (December 31, 2019: 13%) of the Group's trade receivables are covered by collateral in the form of a bank guarantee and the pledging of equity instruments in favor of the Group. For further information on credit risk exposure of the Group's trade receivables, see Note 23.4 („Credit risk–Trade receivables") to the Audited Consolidated Financial Statements 2020.

10.10.2.2 *Other financial assets*

Other financial assets mainly comprise rental deposits paid by the Group for rental and office premises. The Group considers the risk of default to be very low, and therefore no impairment loss was recognized. The maximum credit risk in the event of counterparty default corresponds to the carrying amount of these instruments.

10.10.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The market risk includes the risk types of interest rate risk and foreign currency risk. The main financial instruments exposed to market risk include interest-bearing loans and trade receivables.

10.10.3.1 *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There are no significant interest rate risks in the Group, as the main loan and financing agreements were concluded with fixed interest rates. Further information on this can be found in Note 17 to the Audited Consolidated Financial Statements 2020.

10.10.3.2 *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Group is exposed to foreign currency risks in the course of its operating activities (when sales revenues and expenses are denominated in a foreign currency). During the period under review, the Group generated revenues and expenses in Swiss francs (CHF) and Danish krones (DKK). A change in the exchange rate can therefore generally have an impact on the consolidated balance sheet.

The Group has carried out an analysis of the effects of changes in exchange rates of 5% on the Group result. A change in the exchange rate would not have a material effect on the Group result before taxes or on the Group's equity.

10.11 Additional Information from the Unconsolidated Financial Statements of the Company

Certain information from the Audited Unconsolidated Financial Statements of the Company prepared in accordance with German generally accepted accounting principles of the HGB as of and for the financial year ended December 31, 2020 is presented below. Accounting principles set forth in the HGB differ from IFRS in material respects.

In the financial year ended December 31, 2020, the Company's revenue amounted to EUR 13,972 thousand, compared to revenue of EUR 13,920 thousand in the financial year ended December 31, 2019.

The Company's net result for the period amounted to EUR 1,792 thousand in the year ended December 31, 2020, compared to EUR 1,530 thousand in the year ended December 31, 2019.

The Company's equity amounted to EUR 23,052 thousand as of December 31, 2020, compared to EUR 21,260 thousand as of December 31, 2019.

For further information on the Company's Audited Unconsolidated Financial Statements, see pages F-149 *et seqq*. of this Prospectus.

11. PROFIT FORECAST

11.1 Important Disclaimers

This forecast for revenues and adjusted EBITDA of Vita 34 for the financial year ending December 31, 2021 (together with the respective explanatory notes, hereinafter collectively referred to as the „**Profit Forecast 2021**") discussed in this section is not a statement of facts and should not be regarded as such by investors. Rather, it reflects the forward-looking expectations of the Company which are necessarily based on a number of assumptions and estimates about future events and actions, including management's assessment of opportunities and risks. Such assumptions and estimates are inherently subject to significant business, operational, economic and competitive uncertainties and contingencies, many of which are beyond the Company's control. Should one or more of these assumptions not materialize or prove to be inappropriate or incorrect, the Company's actual results may materially deviate from the Profit Forecast 2021 made.

The Profit Forecast 2021 is based on the assumptions made by the Company's Management Board. These assumptions relate to factors (i) beyond the Company's control and related assumptions, and (ii) that can be influenced by the Company, even if only to a limited extent, and related assumptions. Even though the Company believes that these assumptions are reasonable at the time of preparing the Profit Forecast 2021, they may prove in retrospect to be erroneous or unfounded. If one or more of these assumptions prove(s) to be erroneous or unfounded, the actual revenue and adjusted EBITDA for the financial year ending December 31, 2021 may deviate materially from the Profit Forecast 2021. Accordingly, prospective investors should treat this information with caution and should not place undue reliance on the Profit Forecast 2021.

The Profit Forecast 2021 does not reflect any effects from the intended acquisition of PBKM, which, in case all Closing Conditions of the Share Exchange have been fulfilled or validly waived (see „*4.3 Closing Conditions*" above), may be fully consolidated into the Company on October 29, 2021, the settlement date of the Exchange Offer, including certain synergies which are expected to already be realized in 2021.

11.2 Profit Forecast 2021 of the Company

On March 30, 2021, the Company published its Profit Forecast 2021 for the financial year ending December 31, 2021, which is based on the developments until the date of publication. The Company expects revenues between EUR 20.3 and EUR 22.3 million and an adjusted EBITDA between EUR 5.5 and EUR 6.1 million. The Company defines these performance measures as follows: (i) revenues are revenues from contracts with customers (IFRS 15) (or sales revenues, as such item is used in the consolidated statement of income of the Company), and (ii) adjusted EBITDA is the earnings before interest, taxes, depreciation and amortization under IFRS, adjusted for negative special effects due to consulting costs as a result of a prospectively possible merger with PBKM.

11.3 Explanatory Notes to the Profit Forecast 2021

11.3.1 Basis of Preparation

The Profit Forecast 2021 was prepared in accordance with the principles of the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland e.V., IDW*) IDW Accounting Practice Statement: Preparation of Forecasts and Estimates in Accordance with the Specific Requirements of the Regulation on Prospectuses and Profit Estimates on the basis of Preliminary Figures (IDW AcPS AAB 2.003) (*IDW Rechnungslegungshinweis: Erstellung von Gewinnprognosen und -schätzungen nach den besonderen Anforderungen der Prospektverordnung sowie Gewinnschätzungen auf Basis vorläufiger Zahlen* (IDW RH HFA 2.003)).

The Profit Forecast 2021 was based on the Company's accounting information prepared on the basis of the International Financial Reporting Standards as adopted by the European Union („**IFRS**"). With respect to the accounting policies applied, reference is made to the notes to the Condensed Consolidated Interim Financial Statements of the Company as of and for the six-month period ended June 30, 2021

The Profit Forecast 2021 represents the Company's best estimates as of March 29, 2021. In preparing the Profit Forecast 2021, the Company has considered a number of factors to take into account the operational and financial performance for the Profit Forecast 2021. Major factors and assumptions that have an impact on the Profit Forecast 2021 are set out below.

11.3.2 Factors and Assumptions

The Profit Forecast 2021 is influenced by a range of factors as well as assumptions of the Company's Management Board.

11.3.2.1 *Factors beyond the Company's influence*

The Profit Forecast 2021 is in general subject to factors, which are beyond the Company's control. The main factors and related assumptions are described below:

11.3.2.1.1 Legal and regulatory framework

The Group is required to comply with a wide range of laws and regulations in the jurisdictions where the Group operates, relating to, *inter alia*, quality and safety for the donation, procurement, testing, processing, preservation, storage and distribution of human tissues and cells, data protection and employment matters. The application of such laws and regulations by local authorities may vary. The Company estimates that no changes in the legal and regulatory framework will occur for the period from January 1, 2021 to December 31, 2021 and/ or that any changes in the legal and regulatory framework will have no material impact and that the Group is and will be in compliance with all laws and regulations. Furthermore, the Company estimates that it will incur no material penalties from any litigation and regulatory proceedings, including tax proceedings.

11.3.2.1.2 Competitive environment

The Company operates in a competitive environment with increased ongoing consolidation activity in the medical service sector. Competition is mainly driven by the adaption to new research findings on methods of stem cell procurement as well as further potential application areas of stem cell-based therapies, attractive pricing models and, in competing with public stem cell banks, also ethical reasons. The Company estimates that the Group will be able to maintain its market position compared to the financial year ended December 31, 2020.

11.3.2.1.3 Dependency on cooperation partners

The Company's business model relies on a number of cooperation with medical partners. In addition to collaboration on education, marketing and sales, cooperation with medical partners is a necessary condition in the subsequent process of harvesting human biological material. The Company estimates that its cooperation will continue to the same extent with an equal number of medical partners.

11.3.2.1.4 COVID-19 pandemic

The assessment of the Company's development in the financial year ending December 31, 2021 does not include effects of a significant further spread of COVID-19. Face-to-face contact with medical partners and customers has been complicated due to applicable contact restrictions. In Spain for example, all public hospitals have temporarily suspended the collection of umbilical cord blood and tissue during the COVID-19 pandemic since the first wave of infections in April 2020. As a result, the Company experienced slightly weaker demand for its products and services in particular in Southeast Europe in 2020. However, in the first six months of 2021, the Company's total revenues increased significantly compared to the prior year period, also in Spain and Southeast Europe, so overall the effects of the COVID-19 pandemic on the Company's business have not been material so far. The Company furthermore estimates that the effects of containment measures on its business will not aggravate but that temporary limitations in the reach of sales and marketing activities, such as field sales, will continue. Overall, the Company currently does not expect its future business to be materially affected by the COVID-19 pandemic. See also „*1.1.2 The COVID-19 pandemic complicated contact with medical partners as well as customers, may restrict clinical capacities for the collection of stem cells from umbilical cord blood and tissue and may decrease the Company's personnel capacity in case of infection among its employees.*".

11.3.2.1.5 Unforeseen events such as „Force Majeure"

The Company assumes that no material unforeseen events will occur that could result in material or lasting constraints on the ongoing operations of its Group, such as but not limited to force majeure, including natural disasters (*e.g.*, fires, floods, hurricanes, storms and earthquakes), war or terrorist attacks, extraordinary macroeconomic events or cyber-attacks, maintenance outages, power or equipment failure, social unrest, work stoppages and public health concerns, except for the spread and persistence of the COVID-19 pandemic.

11.3.2.1.6 Interest rate

In preparing the Profit Forecast 2021, the Company assumes that the current level of interest rates will remain stable for the remainder of the financial year ending December 31, 2021.

11.3.2.2 *Factors that can be influenced by the Company to a limited extent*

Other factors that can be influenced by the Company to a limited extent affect the Profit Forecast 2021. The relevant assumptions are described below:

11.3.2.2.1 Revenue per contract concluded and recurring revenue

The Company estimates that the percentage of tissue storage compared to cord blood will continue to increase steadily, leading to a rise in revenue per contract concluded. Furthermore, the expansion of the „VitaPUR" contract model, including the storage of umbilical cord tissue, has led to an increase in recurring revenue in 2020 and thus to a corresponding shift in the timing of cash flow. In 2022, the product launch of „AdipoVita" is planned, which enables the preservation of adipose tissue and the stem cells contained therein also for adults. The Company will consistently drive forward the initiated transformation process from a pure stem cell bank to a more broadly positioned cell bank in order to offer further storage options in the short to medium term.

11.3.2.2.2 Other operating income

The Company expects that other operating income will decrease compared to the financial year ending December 31, 2020. R&D subsidies granted for immune cell product development are estimated to increase proportionally to the planned R&D activities and associated costs.

11.3.2.2.3 Other operating expenses

Marketing and selling expenses are expected to increase for organic growth in core markets and to develop proportionally to revenues on a slightly higher level compared to the past.

The Company estimates that other operating expenses will slightly increase in the financial year ending December 31, 2021. In particular, the Company expects that expenses for R&D will more than double mainly due to the development pipeline of the Company's immune cell product development. Travel expenses are estimated to increase significantly as well, although still remaining below pre-pandemic levels in the financial year ending December 31, 2019. In addition, training expenses are expected to increase due to the expansion of the Company's business activities. Furthermore, rental expenses are expected to increase due to tank storage expansion in Leipzig and relocation of R&D activities in 2021.

In contrast, the Company expects that expenses for consulting will decrease, since the Company does not plan specific extraordinary projects. Estimated consulting expenses related to the Share Exchange are not included. Due to the planned implementation of a new ERP-system, IT expenses are estimated to increase in 2021 (as was the case in 2020) and beyond.

11.3.2.2.4 No goodwill impairment

The Company does not expect to record any goodwill impairments in its income statements.

11.3.2.2.5 Income tax expenses

The Company expects corporate income tax rates to remain stable and does not expect applicable tax laws to change in the financial year ending December 31, 2021.

11.3.2.2.6 No exchange rate fluctuations

The Company expects that the exchange rate with Danish Krone will remain stable and does not expect any significant fluctuations.

11.3.2.3 *Factors that can be influenced by the Company*

In addition, the Profit Forecast 2021 is subject to factors that can be influenced by the Company, even if only to a limited extent. These factors, and the Company's assumptions regarding their impact, are described below:

11.3.2.3.1 Acquisitions

In addition to the Exchange Offer, the Company does not intend any acquisitions in 2021. In general, acquisitions affect the number of stored material and, hence, increase the Company's revenue.

11.4 Other Explanatory Notes

This Profit Forecast 2021 was prepared on March 29, 2021 in connection with the preparation of the Company's consolidated financial statements for the financial year ended December 31, 2020. The Profit Forecast 2021 does not take into account any extraordinary events, results due to non-recurring activities and extraordinary tax expenses within the meaning of IDW Accounting Practice Statement 2.003 (AcPS AAB 2.003), except where explicitly stated otherwise in the explanatory notes.

Since the date of preparation of the Profit Forecast 2021, the Profit Forecast 2021 has not been changed or amended and is still valid.

As this Profit Forecast 2021 relates to a period that has not yet ended and is based on certain assumptions regarding uncertain future events and actions, it inherently entails substantial uncertainties. As a result of such uncertainties, the actual revenue and adjusted EBITDA generated by Vita 34 for the financial year ending December 31, 2021 may deviate materially from the Profit Forecast 2021.

12. PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

12.1 Introduction

Vita 34 AG plans to acquire by way of a share exchange all of the shares in PBKM (PBKM, together with its subsidiaries, "FamiCord Group" (as defined) or for purposes of these Pro Forma Consolidated Financial Information also "PBKM Group") by way of a contribution in kind of the PBKM Shares against issue of up to 12,140,215 Vita 34 Offer Shares at EUR 1.00.

Due to this planned acquisition, Vita 34 has prepared a Pro Forma Consolidated Income Statement for the period from January 1, 2020, to December 31, 2020, as well as for the first six months of 2021, and a Pro Forma Consolidated Balance sheet as of June 30, 2021, each supplemented by Pro Forma Notes (together, „**Pro Forma Consolidated Financial Information**").

The Pro Forma Consolidated Financial Information has only been prepared for illustrative purposes in accordance with Annex 20 of the Delegated Regulation (EU) 2019/980 and based on the notes set out below. It addresses a hypothetical situation and, therefore, it does not represent the actual financial position or results of the Combined Group.

The Pro Forma Consolidated Financial Information has not been prepared in accordance with Regulation S-X under the US Securities Act of 1933, as amended. In addition, the Pro Forma Consolidated Financial Information does not assert to represent what the Company's or the Combined Group's financial position and results of operations actually would have been if the Exchange Offer had been completed on the dates indicated nor do they assert to represent the Company's or the Combined Group's results of operations for any future period or the Company's or the Combined Group's financial position at any future date.

Investors should read the whole of the Prospectus and not rely solely on the Pro Forma Consolidated Financial Information contained in this section. In addition to the aforementioned matters, the Pro Forma Consolidated Financial Information does not reflect the effect of anticipated synergies and efficiencies associated with the planned transaction of Vita 34 with the PBKM Group.

12.2 Acquisition of PBKM

Vita 34 intends to acquire all of the shares of PBKM through the issue of up to 12,140,215 shares. Vita 34 will offer to the shareholders of PBKM the exchange of all shares of PBKM for shares of Vita 34 as part of a non-cash contribution. The shareholders of PBKM will be offered 1.3 new Vita 34 shares for each (1) PBKM share. The planned transaction is to be executed by the conclusion of contribution agreements between Vita 34 and specific PBKM shareholders as well as an exchange offer made by Vita 34 to all remaining PBKM shareholders (the „Exchange Offer" (as defined), and together with the share contributions based on separate contribution agreements, the „Share Exchange", as defined). The PBKM management board intends to support the planned transaction and to recommend to PBKM shareholders that they accept the Exchange Offer.

The new Vita 34 shares to be issued as part of the planned transaction are to be created by way of a non-cash contribution.

Completion of the Share Exchange is expected to be subject to certain conditions, including a minimum acceptance rate of 95% of all PBKM Shares, and that no material adverse changes or material adverse compliance violations arise at the PBKM Group.

12.3 Basis for Preparation

The Pro Forma Consolidated Financial Information has been prepared based on the assumptions that (i) the transfer of control over PBKM and (ii) the Exchange Offer had been successfully completed as of January 1, 2020. Accordingly, all assets acquired, and liabilities assumed and any non-controlling interest in PBKM have been recognized within the pro forma consolidated balance sheet.

The Company and the Target have each prepared their consolidated financial statements in accordance with IFRS as adopted by the European Union (EU). The Pro Forma Consolidated Financial Information has been prepared based on the following historical financial information:

- The audited and published consolidated financial statements of the Company as of and for the financial year ended December 31, 2020;

- The unaudited and published condensed consolidated interim financial statements of the Company as of and for the six-month period ended June 30, 2021;

- The audited and published consolidated financial statements of PBKM as of and for the financial year ended December 31, 2020; and

- The unaudited and published condensed consolidated interim financial statements of PBKM as of and for the six-month period ended June 30, 2021.

The Pro Forma Consolidated Financial Information is to be read only in connection with the audited consolidated financial statements of Vita 34 as of December 31, 2020 in accordance with IFRS (from January 1 to December 31, 2020), the unaudited condensed consolidated interim financial statements of Vita 34 as of June 30, 2021 (from January 1 to June 30, 2021) in accordance with IFRS, the audited consolidated financial statements of PBKM as of December 31, 2020 in accordance with IFRS (from January 1 to December 31, 2020) and the unaudited condensed consolidated interim financial statements of PBKM as of June 30, 2021 (from January 1 to June 30, 2021) in accordance with IFRS, and is not informative as a stand-alone document.

The historical initial figures of the pro forma financial information have been prepared for Vita 34 and for the PBKM Group from January 1 to December 31, 2020, as well as from January 1, 2021 to June 30, 2021, in accordance with IFRS (as adopted in the EU). AOC Health GmbH, as major shareholder of Vita 34 and of PBKM, exercises control over both companies, meaning that the Pro Forma Consolidated Financial Information is prepared under the assumption that a business combination has arisen as a transaction under common control as of January 1, 2020. As IFRS contains no specific rules on the financial reporting of transactions under common control, the Pro Forma Consolidated Financial Information is prepared using the predecessor accounting approach. Under that approach, Vita 34's acquisition of PBKM is not presented according to the acquisition method; instead, the combined assets and liabilities and income and expenses are measured at the respective consolidated carrying amounts of both companies.

The Pro Forma Consolidated Financial Information does not include deferred tax effects as a result of accounting policy adjustments or pro forma adjustments resulting from (i) the transfer of control over PBKM and (ii) the Share Exchange. Income tax effects are only considered for pro forma adjustments if a material impact on the Pro Forma Consolidated Financial Information was identified and explicitly stated.

Furthermore, no fair value adjustments with regard to contractual termination clauses (*e.g.*, for financial liabilities) or contractual termination clauses as such, which could be triggered in the context of a change of control, were taken into account. The effects of the Share Exchange on any of the covenants of contracts in place with the Target and/or the Company and any third party (*e.g.*, for financial liabilities) could not be conclusively assessed for purposes of the Pro Forma Consolidated Financial Information.

No effects of the conversion of stock options were taken into account for purposes of these Pro Forma Consolidated Financial Information.

To reflect the Company's assumed shareholding in PBKM and a capital increase caused by implementation of the Share Exchange, the Company's share capital as of June 30, 2021 was increased by the expected amount of the capital increase when preparing the Pro Forma Consolidated Financial Information. The Company's other positions of equity as of June 30, 2021 were also taken into account when preparing the Pro Forma Consolidated Financial Information. Any effects resulting from the equity of PBKM and from the adjustments provided in the Pro Forma Consolidated Financial Information are presented in the retained earnings in the equity.

12.4 Pro Forma Consolidated Financial Information

Due to the differences in both companies' accounting policies, the historical financial information of PBKM has been adjusted to the accounting policies of Vita 34 in the Pro Forma Consolidated Financial Information, as PBKM and its subsidiaries are to be integrated into the consolidated financial statements of Vita 34 following the positive conclusion of the planned transaction. This means that Vita 34 will remain listed on the regulated market (*Regulierter Markt*) of the Frankfurt Stock Exchange (sub-segment Prime Standard).

12.4.1 Accounting Policy Adjustments in the Income Statement for the Period January 1, 2020 to December 31, 2020

	Initial Figures FamiCord Group (PBKM Group)			Harmonization of Accounting Methods					
	FamiCord Group (PBKM Group)	FamiCord Group (PBKM Group)	FamiCord Group (PBKM Group)	Presen-tation	Meas. / sale of investments	Intangible Assets	PPE	Revenue Recognition	FamiCord Group (PBKM Group)
	PLN	EUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Note			(1)	(2)	(3)	(4)	(5)	(6)	
Revenues	211,251,147	47,546,961	47,547					(7,404)	40,143
Cost of sales				(23,023)		(52)	232	195	(22,648)
Depreciation and amortization	(17,551,982)	(3,950,480)	(3,950)	3,950					0
Cost of raw materials and supplies	(31,074,976)	(6,994,143)	(6,994)	6,994					0
Services	(71,151,418)	(16,014,274)	(16,014)	16,014					0
Taxes and dues	(1,544,970)	(347,731)	(348)	348					0
Wages and salaries	(61,358,528)	(13,810,157)	(13,810)	13,810					0
Social security and other personnel costs	(12,577,714)	(2,830,906)	(2,831)	2,831					0
Other operating expenses	(13,690,596)	(3,081,385)	(3,081)	3,081					0
Cost of purchased goods and material	(629,696)	(141,728)	(142)	142					0
Gross profit	**1,671,268**	**376,157**	**376**	**24,148**	**0**	**(52)**	**232**	**(7,209)**	**17,494**
Other operating income	6,750,602	1,519,379	1,519						1,519
Marketing and distribution expenses				(11,609)					(11,609)
Administrative expenses				(12,539)					(12,539)
Other operating expenses	(2,976,365)	(669,900)	(670)	(235)					(905)
Operating profit (EBIT)	**5,445,504**	**1,225,637)**	**1,226**	**(235)**	**0**	**(52)**	**232**	**(7,209)**	**(6,039)**
Impairment losses on financial assets	(1,044,862)	(235,170)	(235)	235					0
Gains (losses) from measurement and sale of investments	35,075	7,894	8		(8)				0
Finance income	2,198,603	494,846	495		9				504
Finance costs	(4,271,665)	(961,437)	(961)		(1)				(963)
Earnings before taxes	**2,362,654**	**531,770**	**532**	**0**	**0**	**(52)**	**232**	**(7,209)**	**(6,498)**
Income tax expense/ income	(428,766)	(96,504)	(97)					1,216	1,119
Profit / loss after tax	**1,933,889**	**435,266**	**435**	**0**	**0**	**(52)**	**232**	**(5,993)**	**(5,379)**
Profit / loss after tax attributable to:									
Owners of the Company	2,422,170	545,166	545			(43)	226	(5,993)	(5,266)
Non-controlling interest	(488,282)	(109,899)	(110)			(9)	6		(113)
Earnings per share									
Basic / diluted earnings per share (EUR)	0.26	0.06	0.06						(0.57)

1) Translation of the income statement items of PBKM into thousands of euros

Vita 34 has prepared its consolidated financial statements in euro (EUR), while PBKM's consolidated financial statements have been prepared in Polish zloty (PLN). To harmonize the accounting policies related to the presentation currency, PBKM's presentation currency has been converted to euro. Amounts are then translated into thousands of euros to adopt the presentation method of Vita 34.

PBKM's income statement for the period from January 1, 2020 to December 31, 2020 is initially translated into EUR at an average PLN/EUR exchange rate published by the European Central Bank. The average PLN/EUR exchange rate for 2020 was PLN 4.4430/EUR 1.000. Next, the income statement items in euro are divided by 1,000 to present the income statement in EUR thousands („**KEUR**").

2) Adjustment of total cost (nature of expense) method to cost of sales method

While PBKM prepares its income statement according to the total cost (nature of expense) method, Vita 34 structures its income statement using the cost of sales method. To harmonize the accounting methods for the income statement presentation format, PKBM's approach will now be changed from the total cost (nature of expense) method to the cost of sales method.

In the income statement for the period from January 1, 2020 to December 31, 2020, operating costs were classified based on the expenses illustrated in the management report for the financial year 2020 according to functional areas.

Management Report	PLN	EUR	KEUR
Warehousing expenses in the first year	(67,051,762.62)	(15,091,551)	(15,092)
Warehousing expenses	(11,644,773.60)	(2,620,926)	(2,621)
Direct costs of other services	(23,592,567.32)	(5,310,053)	(5,310)
Research and development expenses	(6,986,578.34)	(1,572,491)	(1,572)

Marketing and distribution expenses	(51,578,093.24)	(11,608,844)	(11,609)
Administrative expenses	(48,726,104.16)	(10,966,938)	(10,967)

The income statement item „cost of sales“ breaks down into warehousing expenses in the first year, warehousing expenses and direct costs of other services. If the cost of sales is then deducted from revenue, this results in gross profit.

In accordance with the management report for the financial year 2020, the portion of operating costs attributable to marketing and distribution and to administration was presented for the respective functional area in the separate income statement items. Based on Vita 34 guidance, research and development expenses are included in administrative expenses.

Other operating income is carried over unchanged from PBKM's income statement. Other operating expenses and impairment losses on financial assets were combined in the cost of sales method under other operating expenses. Earnings before taxes and profit/loss after taxes remained unchanged. The adjustments resulted in a new income statement according to the cost of sales method.

Income statement for the period from Jan. 1, 2020 to Dec. 31, 2020

Cost of sales method	**PLN**	**EUR**	**KEUR**
Revenue	211,251,146.93	47,546,961	47,547
Cost of sales	(102,289,103.54)	(23,022,531)	(23,023)
Gross profit	**108,962,043.39**	**24,524,430**	**24,524**
Other operating income	6,750,601.73	1,519,379	1,519
Marketing and distribution expenses	(51,578,093.24)	(11,608,844)	(11,609)
Administrative expenses	(55,712,682.50)	(12,539,429)	(12,539)
Other operating expenses	(4,021,227.59)	(905,070)	(905)
Operating profit (EBIT)	**4,400,641.79**	**990,466**	**990**
Gains (losses) from the measurement and sale of investments	35,074.80	7,894	8
Finance income	2,198,602.78	494,846	495
Finance costs	(4,271,665.08)	(961,437)	(961)
Earnings before taxes	**2,362,654.29**	**531,770**	**532**
Income tax expense / income	(428,765.75)	(96,504)	(97)
Profit or loss after taxes	**1,933,888.54**	**435,266**	**435**

3) Classification of gains (losses) from the measurement and sale of investments

PBKM presents one income statement item „gains and losses from the measurement and sale of investments“ in its income statement, whereas Vita 34 shows this income or expense under finance income and finance costs.

In the income statement for the period from January 1, 2020 to December 31, 2020, gains on the sale of investments of KEUR 1 and dividends of KEUR 8 were allocated to the finance income item, while the expense from the remeasurement of investments of KEUR (1) was reclassified to finance costs.

4) Adjustment of useful life of intangible assets

PBKM has estimated the useful life of acquired trademarks at ten years and of right-of-use assets for trademarks at three years, while the useful life of acquired trademarks at Vita 34 has been estimated at five years.

The useful life for PBKM's customer relationships have been estimated at one to ten years, while Vita 34 has determined the useful life to be five years. To harmonize the accounting methods for the useful lives of trademarks and of customer relationships, the respective useful lives were adjusted to five years.

In the income statement for the period from January 1, 2020 to December 31, 2020, the amortization of trademarks was increased by KEUR 189 and the amortization of customer relationships decreased by KEUR 136, leading to a net increase of KEUR 52.

5) Adjustment of useful life of property plant and equipment

PBKM has estimated the useful life of tanks at 20 years, while the useful life of tanks at Vita 34 has been estimated at 40 years. Therefore, the harmonization of accounting methods with regards to tanks leads to a decrease in depreciation of KEUR 232.

6) Adjustment of revenue recognition

The PBKM Group and Vita 34 offer their customers subscription and prepaid contracts for afterbirth tissue banking. Both identified processing (collection, testing and qualification) of biological material and storage of biological material as the two major separate performance obligations. The PBKM Group offers its customers subscription and prepaid contracts for an indefinite period including customer's termination rights, which may

cause penalties in case of termination. For all such contracts, PBKM estimated that the contract period to be at least 18 years. Vita 34 offers its customers contracts for a definite period without any termination rights as well as contracts for an indefinite period including customer's termination rights. For the contracts containing customer's termination rights, Vita 34 estimated that the contract period is equal to the non-cancellable contract term. Determining the contract period of the contracts containing customer's termination rights, no contractual penalties have been taken into account in the pro-forma financial information.

Furthermore, the PBKM Group uses adjusted wholesale unit prices on the B2B market in order to allocate the transaction price to the contractual obligations, while Vita 34 is using the cost-plus margin method.

In order to harmonize the accounting methods used for revenue recognition, the IFRS 15 contract terms as well as the allocation method have been adjusted. The adjustment leads to a decreasing impact on revenues in the amount of KEUR 7,404.

Additionally, PBKM has recognized contract assets arising from the recognition of unbilled processing- and storage revenue that relates to the PBKM Group's future performance. These recognized contracts assets originate deferred tax liabilities based on the taxes rates applicable in different countries. Following the Vita 34 accounting method, no significant unbilled revenues are recognized and the corresponding contract assets as well as the related deferred tax liabilities need to be de-recognized.

In the financial year 2020, the recognized deferred tax liability was increased by approx. KEUR 1,216. For the calculation of the deferred tax liability to be adjusted, the adjustments for the revenues have been multiplied with the applying tax rates of 19% for Poland, 9% for Hungary, 16% for Romania, 20% for Turkey, 15% for Latvia and 21% for Portugal. The de-recognition of the deferred tax liability results in a tax income of KEUR 1,216 for the financial year 2020.

Due to de-recognition of the contract assets, change in the expected credit loss provisions resulting from the contact assets will be also adjusted. For this adjustment, the recognized expanse from the revaluation of the expected credit losses for the subsidiaries originated the revenue adjustment have been eliminated. The adjustment of revaluation of the expected credit losses results in a deduction of cost of sales by KEUR 195.

12.4.2 Pro Forma Adjustments in the Income Statement for the Period January 1, 2020 to December 31, 2020

	Initial Figures			Pro-Forma Adjustments			
	Vita 34	FamiCord Group (PBKM Group)	Group Total	Vita 34 Shares	Earning per share	Total Adj.	Pro-Forma
	KEUR	KEUR	KEUR	KEUR	EUR	KEUR	KEUR
Note				(P1)	(P2)		
Revenues	20,069	40,143	60,212				60,212
Cost of sales	(8,407)	(22,648)	(31,055)				(31,055)
Gross profit	**11,662**	**17,494**	**29,156**				**29,156**
Other operating income	590	1,519	2,109				2,109
Marketing and distribution expenses	(4,931)	(11,609)	(16,540)				(16,540)
Administrative expenses	(4,168)	(12,539)	(16,707)				(16,707)
Other operating expenses	(774)	(905)	(1,679)				(1,679)
Operating profit (EBIT)	**2,379**	**(6,039)**	**(3,660)**				**(3,660)**
Finance income	73	504	577	(161)		(161)	416
Finance costs	(183)	(963)	(1,146)				(1,146)
Earnings before taxes	**2,269**	**(6,498)**	**(4,229)**	**(161)**		**(161)**	**(4,391)**
Income tax expense/income	(769)	1,119	350				350
Profit / loss after tax	**1,500**	**(5,379)**	**(3,879)**	**(161)**		**(161)**	**(4,040)**
Profit / loss after tax attributable to:							
Owners of the Company	1,511	(5,266)	(3,755)	(161)		(161)	(3,916)
Non-controlling interest	(10)	(113)	(123)				(123)
Earnings per share							
Basic / diluted earnings per share (EUR)	0.37	(0.57)	(0.20)		(0.04)	(0.04)	(0.24)

P1) Elimination of the income from measurement of shares in Vita 34 held by PBKM

In the financial year 2020, PBKM has recognized financial income from the revaluation of Vita 34 shares in the amount of KEUR 161. The elimination leads to a decrease of finance income and earnings before taxes of KEUR 161.

P2) Basic / diluted earnings per share

Basic / Diluted earnings per share	
Profit or loss after taxes (EUR)	**(4,040,395)**
Non-controlling interest PBKM (EUR)	(113,492)
Non-controlling interest Vita 34 (EUR)	(10,000)
Net profit (loss) attributable to shareholders of Vita 34 (EUR)	**(3,916,903)**
Weighted average number of outstanding shares Vita 34	4,098,153
Expected new shares as a result of the expected Share Exchange	12,140,215
Total weighted number of shares	**16,238,368**
Basic / Diluted earnings per share (EUR/Share)	**(0.24)**
Adjustment Basic / Diluted earnings per share (EUR/Share)	**(0.04)**

For Vita 34, the basic earnings per share equal the diluted earnings per share. With regards to PBKM, the weighted average number of outstanding shares used to calculate the diluted earnings per share is applied, as it is assumed that these will be converted as part of the transaction. Therefore, for both Vita 34 and PBKM, the basic earnings per share equal the diluted earnings per share.

In calculating basic and diluted earnings per share, the profit or loss attributable to ordinary equity holders of the parent entity is divided by the weighted average number of shares outstanding during the year.

In a first step, the Pro Forma profit or loss after taxes was adjusted by material non-controlling interest („**NCI**") effects for both Vita 34 and PBKM. Additionally, to the loss attributed to the NCI of KEUR 110 presented in the income statement of PBKM for 2020, only Sevibe Cells Group with equity held by NCIs of 42.48% has been taken into account to reflect the effects on the profit or loss attributable to the NCI resulting from the harmonization of the accounting methods. The adjustments described in Note (1) - Note (5) have a net effect on loss allocated to NCI of KEUR 3. The net loss attributable to shareholders of Vita 34 amounts to KEUR 3,916.

In a second step, the weighted average number of outstanding shares of Vita 34 (4,098,153) is adjusted by the number of shares issued in the course of the Share Exchange. The shareholders of PBKM will be offered 1.3 new Vita 34 shares for each (one) PBKM share. It is assumed that all outstanding 9,338,627 shares of PBKM will be exchanged into 12,140,215 shares of Vita 34. The weighted average number of outstanding shares of Vita 34 is increased by this amount.

The basic / diluted earnings per share are adjusted to the amount of EUR (0.24) per share.

12.4.3 Accounting Policy Adjustments in the Income Statement for the Period January 1, 2021 to June 30, 2021

	Initial Figures FamiCord Group (PBKM Group)			**Harmonization of Accounting Methods**					
	FamiCord Group (PBKM Group)	**FamiCord Group (PBKM Group)**	**FamiCord Group (PBKM Group)**	**Presen-tation**	**Meas. / sale of invest-ments**	**Intangible Assets**	**PPE**	**Revenue Recognition**	**FamiCord Group (PBKM Group)**
	PLN	**EUR**	**KEUR**	**KEUR**	**KEUR**	**KEUR**	**KEUR**	**KEUR**	**KEUR**
Note			**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	
Revenues	113,878,976	25,097,848	25,098					(3,315)	21,783
Cost of sales				(11,611)		(43)	122	17	(11,515)
Depreciation and amortization	(9,880,304)	(2,177,526)	(2,178)	2,178					0
Cost of raw materials and supplies	(14,594,018)	(3,216,383)	(3,216)	3,216					0
Services	(38,667,963)	(8,522,053)	(8,522)	8,522					0
Taxes and dues	(629,009)	(138,628)	(139)	139					0
Wages and salaries	(34,722,056)	(7,652,412)	(7,652)	7,652					0
Social security and other personnel costs	(6,594,509)	(1,453,367)	(1,453)	1,453					0
Other operating expenses	(8,225,221)	(1,812,761)	(1,813)	1,813					0
Cost of purchased goods and material	(450,226)	(99,226)	(99)	99					0
Gross profit	**115,670**	**25,493**	**25**	**13,462**	**0**	**(43)**	**122**	**(3,299)**	**10,268**
Other operating income	3,217,671	709,144	709						709
Marketing and distribution expenses				(6,280)					(6,280)
Administrative expenses				(7,182)					(7,182)
Other operating expenses	(1,814,249)	(399,843)	(400)	(284)	20				(664)
Operating profit (EBIT)	**1,519,092**	**334,793**	**335**	**(284)**	**20**	**(43)**	**122**	**(3,299)**	**(3,149)**
Impairment losses on financial assets	(1,289,516)	(284,197)	(284)	284					0
Gains (losses) from measurement and sale of investments	2,665,987	587,558	588		(588)				0
Finance income	1,970,982	434,386	434		568				1,002
Finance costs	(1,586,906)	(349,739)	(350)						(350)
Profit/loss from associates	62,220	13,713	14						14
Earnings before taxes	**3,341,860**	**736,514**	**737**	**0**	**0**	**(43)**	**122**	**(3,299)**	**(2,483)**
Income tax expense/income	(887,466)	(195,589)	(196)					362	166

Profit / loss after tax	**2,454,394**	**540,925**	**541**	**0**	**0**	**(43)**	**122**	**(2,937)**	**(2,316)**
Profit / loss after tax attibutable to:									
Owners of the Company	3,216,550	708,897	709			(40)	120	(2,937)	(2,148)
Non-controlling interest	(762,156)	(167,972)	(168)			(3)	2		(168)
Earnings per share									
Basic / diluted earnings per share (EUR)	0.34	0.08	0.08						(0.23)

1) Translation of the income statement items of PBKM into thousands of euros

Vita 34 has prepared its consolidated financial statements in euro (EUR), while PBKM's consolidated financial statements have been prepared in Polish zloty (PLN). To harmonize the accounting policies related to the presentation currency, PBKM's presentation currency has been converted to euro. Amounts are then translated into thousands of euros to adopt the presentation method of Vita 34.

PBKM's income statement for the period from January 1, 2021 to June 30, 2021 is initially translated into EUR at an average PLN/EUR exchange rate published by the European Central Bank. The average PLN/EUR exchange rate for the first half-year 2021 was PLN 4.5374/EUR 1.000. Next, the income statement items in euro are divided by 1,000 to present the income statement in EUR thousands („KEUR").

2) Adjustment of total cost (nature of expense) method to cost of sales method

While PBKM prepares its income statement according to the total cost (nature of expense) method, Vita 34 structures its income statement using the cost of sales method. To harmonize the accounting methods for the income statement presentation format, PBKM's approach will now be changed from the total cost (nature of expense) method to the cost of sales method.

In the income statement for the period from January 1, 2021 to June 30, 2021, operating costs were classified based on the expenses illustrated in the management report for the first half-year of 2021 according to functional areas.

Management Report	**KPLN**	**KEUR**
Warehousing expenses in the first year	(35,336)	(7,788)
Warehousing expenses	(6,087)	(1,342)
Direct costs of other services	(11,258)	(2,481)
Research and development expenses	(5,422)	(1,195)
Marketing and distribution expenses	(28,496)	(6,280)
Administrative expenses	(27,164)	(5,987)

The income statement item „cost of sales" breaks down into warehousing expenses in the first year, warehousing expenses and direct costs of other services. If the cost of sales is then deducted from revenue, this results in gross profit.

In accordance with the management report for the first half of 2021, the portion of operating costs attributable to marketing and distribution and to administration was presented for the respective functional area in the separate income statement items. Based on Vita 34 guidance, research and development expenses are included in administrative expenses.

Other operating income is carried over unchanged from PBKM's income statement. Other operating expenses and impairment losses on financial assets were combined in the cost of sales method under other operating expenses. Earnings before taxes and profit/loss after taxes remained unchanged. The adjustments resulted in a new income statement according to the cost of sales method.

Income statement for the period from Jan. 1, 2021 to June 30, 2021		
Cost of sales method	**KPLN**	**KEUR**
Revenue	113,879	25,098
Cost of sales	(52,682)	(11,611)
Gross profit	**61,197**	**13,487**
Other operating income	3,218	709
Marketing and distribution expenses	(28,496)	(6,280)
Administrative expenses	(32,585)	(7,182)
Other operating expenses	(3,104)	(684)
Operating profit (EBIT)	**230**	**51**
Gains (losses) from the measurement and sale of investments	2,666	588
Finance income	1,971	434
Finance costs	(1,587)	(350)
Profit/loss from associates	62	14
Earnings before taxes	**3,342**	**737**
Income tax expense / income	(887)	(196)
Profit or loss after taxes	**2,454**	**541**

3) Classification of gains (losses) from the measurement and sale of investments

PBKM presents one income statement item „gains and losses from the measurement and sale of investments“ in its income statement, whereas Vita 34 shows this income or expense under finance income and finance costs.

In the income statement for the period from January 1, 2021 to June 30, 2021, revaluation gains of KEUR 568 was allocated to the finance income item, while a reversal related to an impairment of KEUR 20 were reclassified into the other operating expenses.

4) Adjustment of useful life of intangible assets

PBKM has estimated the useful life of acquired trademarks at ten years and of right-of-use assets for trademarks at three years, while the useful life of acquired trademarks at Vita 34 has been estimated at five years.

The useful life for the PBKM Group's customer relationships have been estimated at one to ten years, while Vita 34 has determined the useful life to be five years. To harmonize the accounting methods for the useful lives of trademarks and of customer relationships, the respective useful lives were adjusted to five years.

In the income statement for the period from January 1, 2021 to June 30, 2021, the amortization of trademarks was increased by KEUR 110 and the amortization of customer relationships decreased by KEUR 67, leading to a net increase of KEUR 43.

5) Adjustment of useful life of property plant and equipment

PBKM has estimated the useful life of tanks at 20 years, while the useful life of tanks at Vita 34 has been estimated at 40 years. Therefore, the harmonization of accounting methods with regards to tanks leads to a decrease in depreciation of KEUR 122.

6) Adjustment of revenue recognition

The PBKM Group and Vita 34 offer their customers subscription and prepaid contracts for afterbirth tissue banking. Both identified processing (collection, testing and qualification) of biological material and storage of biological material as the two major separate performance obligations. The PBKM Group offers its customers subscription and prepaid contracts for an indefinite period including customer's termination rights, which may cause penalties in case of termination. For all such contracts, PBKM estimated that the contract period to be at least 18 years. Vita 34 offers its customers contracts for a definite period without any termination rights as well as contracts for an indefinite period including customer's termination rights. For the contracts containing customer's termination rights, Vita 34 estimated that the contract period is equal to the non-cancellable contract term. Determining the contract period of the contracts containing customer's termination rights, no contractual penalties have been taken into account in the pro-forma financial information.

Furthermore, the PBKM Group uses adjusted wholesale unit prices on the B2B market in order to allocate the transaction price to the contractual obligations, while Vita 34 is using the cost-plus margin method.

In order to harmonize the accounting methods used for revenue recognition, the IFRS 15 contract terms as well as the allocation method have been adjusted. The adjustment leads to a decreasing impact on revenues in the amount of KEUR 3,315.

Additionally, PBKM has recognized contract assets arising from the recognition of unbilled processing- and storage revenue that relates to the PBKM Group's future performance. These recognized contracts assets originate deferred tax liabilities based on the taxes rates applicable in different countries. Following the Vita 34 accounting method, no significant unbilled revenues are recognized and the corresponding contract assets as well as the related deferred tax liabilities need to be de-recognized.

In the first half-year 2021, the recognized deferred tax liability was increased by approx. KEUR 362. For the calculation of the deferred tax liability to be adjusted, the adjustments for the revenues have been multiplied with the applying tax rates of 19% for Poland, 9% for Hungary, 16% for Romania, 20% for Turkey, 15% for Latvia and 21% for Portugal. The de-recognition of the deferred tax liability results in a tax income of KEUR 362 for the first half-year 2021.

Due to de-recognition of the contract assets, change in the expected credit loss provisions resulting from the contact assets will be also adjusted. For this adjustment, the recognized expanse from the revaluation of the expected credit losses for the subsidiaries originated the revenue adjustment have been eliminated. The adjustment of revaluation of the expected credit losses results in a deduction of cost of sales by KEUR 17.

12.4.4 Pro Forma Adjustments in the Income Statement for the Period January 1, 2021 to June 30, 2021

	Initial Figures			Pro-Forma Adjustments				
	Vita 34	FamiCord Group (PBKM Group)	Group Total	Vita 34 Shares	Transaction costs	Earning per share	Total Adj.	Pro-Forma
	KEUR	KEUR	KEUR	KEUR	KEUR	EUR	KEUR	KEUR
Note				(P1)	(P2)	(P3)		
Revenues	10,822	21,783	32,604					32,604
Cost of sales	(4,450)	(11,515)	(15,964)					(15,964)
Gross profit	**6,372**	**10,268**	**16,640**					**16,640**
Other operating income	211	709	920					920
Marketing and distribution expenses	(2,578)	(6,280)	(8,858)					(8,858)
Administrative expenses	(2,165)	(7,182)	(9,346)					(9,346)
Other operating expenses	(1,358)	(664)	(2,022)		1,172		1,172	(850)
Operating profit (EBIT)	**483**	**(3,149)**	**(2,666)**		**1,172**		**1,172**	**(1,494)**
Impairment losses on financial assets								
Gains (losses) from measurement and sale of investments								
Finance income	28	1,002	1,030	(543)			(543)	487
Finance costs	(90)	(350)	(440)					(440)
Profit/loss from associates		14	14					14
Earnings before taxes	**421**	**(2,483)**	**(2,062)**	**(543)**	**1,172**		**629**	**(1,433)**
Income tax expense/income	(491)	166	(325)				0	(325)
Profit / loss after tax	**(71)**	**(2,316)**	**(2,387)**	**(543)**	**1,172**		**629**	**(1,758)**
Profit / loss after tax attibutable to:								
Owners of the Company	(74)	(2,148)	(2,222)	(543)	1,172		629	(1,593)
Non-controlling interest	3	(168)	(165)					(165)
Earnings per share								
Basic / diluted earnings per share (EUR)	(0.02)	(0.23)	(0.25)			0.15	0.15	(0.10)

P1) Elimination of the income from measurement of shares in Vita 34 held by PBKM

In the first half of the financial year 2021, PBKM has recognized financial income from the revaluation of Vita 34 shares in the amount of KEUR 543. The elimination leads to a decrease of finance income and earnings before taxes of KEUR 543.

P2) Elimination of costs related to the transaction

The costs originated by the Exchange Offer that are not directly attributable to the issuance of the new shares of Vita 34 of KEUR 1,172 are presented in the other operating expenses in the income statement of Vita 34 for the first half-year 2021. Since the Pro-Forma Financial information were prepared under the assumption that the transaction has been accrued on January 1, 2020, the related costs were eliminated in the income statement for the first half-year 2021. Therefore, there is a decrease of other operating expenses by KEUR 1,172.

P3) Basic / diluted earnings per share

Basic / Diluted earnings per share	
Profit or loss after taxes (EUR)	**(1,758,431)**
Non-controlling interest PBKM (EUR)	(168,447)
Non-controlling interest Vita 34 (EUR)	3,088
Net profit (loss) attributable to shareholders of Vita 34 (EUR)	**(1,593,072)**
Weighted average number of outstanding shares Vita 34	4,098,153
Expected new shares as a result of the expected Share Exchange	12,140,215
Total weighted number of shares	**16,238,368**
Basic / Diluted earnings per share (EUR/Share)	**(0.10)**
Adjustment Basic / Diluted earnings per share (EUR/Share)	**0.15**

For Vita 34, the basic earnings per share equal the diluted earnings per share. With regards to PBKM, the weighted average number of outstanding shares used to calculate the diluted earnings per share is applied, as it is assumed that these will be converted as part of the transaction. Therefore, for both Vita 34 and PBKM, the basic earnings per share equal the diluted earnings per share.

In calculating basic and diluted earnings per share, the profit or loss attributable to ordinary equity holders of the parent entity is divided by the weighted average number of shares outstanding during the year.

In a first step, the Pro Forma profit or loss after taxes was adjusted by material non-controlling interest (NCI) effects for both Vita 34 and PBKM. Additionally to the loss attributed to the NCI of KEUR 168 presented in the income statement of PBKM for the first half-year 2021, only Sevibe Cells Group with equity held by NCIs of 36,62% has been taken into account to reflect the effects on the profit or loss attributable to the NCI resulting from the harmonization of the accounting methods. The adjustments described in Note (1) - Note (5) have a net effect on loss allocated to NCI of KEUR 0.5. The net loss attributable to shareholders of Vita 34 amounts to KEUR 1,593.

In a second step, the weighted average number of outstanding shares of Vita 34 (4,098,153) is adjusted by the number of shares issued in the course of the Share Exchange. The shareholders of PBKM will be offered 1.3 new Vita 34 shares for each (one) PBKM share. It is assumed that all outstanding 9,338,627 shares of PBKM will be exchanged into 12,140,215 shares of Vita 34. The weighted average number of outstanding shares of Vita 34 is increased by this amount.

The basic / diluted earnings per share are deducted to the amount of EUR (0.10) per share.

12.4.5 Accounting Policy Adjustments in the Balance Sheet as of June 30, 2021

	Initial Figures FamiCord Group (PBKM Group)			Harmonization of Accounting Methods				
	FamiCord Group (PBKM Group)	**FamiCord Group (PBKM Group)**	**FamiCord Group (PBKM Group)**	**Presen-tation**	**Intangible Assets**	**PPE**	**Revenue Recognition**	**FamiCord Group (PBKM Group)**
	PLN	**EUR**	**KEUR**	**KEUR**	**KEUR**	**KEUR**	**KEUR**	**KEUR**
Note			**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	
Non-current assets	**480,519,352**	**106,307,239**	**106,307**	**0**	**(564)**	**1,223**	**(37,115)**	**69,851**
Goodwill	157,049,608	34,744,720	34,745					34,745
Intangible Assets	35,078,908	7,760,649	7,761		(564)			7,197
Property, plant and equipment	54,679,811	12,097,036	12,097			1,223		13,320
Right-of-use assets	39,033,274	8,635,489	8,635					8,635
Investment in associates and joint ventures	2,003,016	443,135	443					443
Contract Assets	181,653,845	40,188,015	40,188				(38,352)	1,836
Other assets				1,127				1,127
Deferred tax assets	5,928,546	1,311,596	1,312				1,236	2,548
Trade receivables								
Restricted cash								
Long-term financial assets	2,385,920	527,847	528	(528)				0
Long-term receivables	878,292	194,308	194	(194)				0
Investment in subsidiaries								
Non-current prepayments	1,828,132	404,445	404	(404)				0
Current assets	**250,314,898**	**55,378,177**	**55,378**	**0**			**(1,989)**	**53,389**
Inventories	14,539,583	3,216,651	3,217					3,217
Trade receivables				7,563				7,563
Income tax receivables								
Other receivables and assets				6,644				6,644
Contract Asstes	12,754,329	2,821,692	2,822				(1,989)	833
Cash and cash equivalents	158,799,424	35,131,839	35,132					35,132
Short-term financial assets	18,337,808	4,056,947	4,057	(4,057)				0
Short-term receivables	41,509,577	9,183,332	9,183	(9,183)				0
Receivables from state and local budgets	2,008,312	444,307	444	(444)				0
Current prepayments	2,365,865	523,410	523	(523)				0
Total assets	**730,834,250**	**161,685,416**	**161,685**	**0**	**(564)**	**1.223**	**(39,104)**	**123,240**

	Initial Figures FamiCord Group (PBKM Group)			Harmonization of Accounting Methods				
	FamiCord Group (PBKM Group)	**FamiCord Group (PBKM Group)**	**FamiCord Group (PBKM Group)**	**Presen-tation**	**Intangible Assets**	**PPE**	**Revenue Recognition**	**FamiCord Group (PBKM Group)**
	PLN	**EUR**	**KEUR**	**KEUR**	**KEUR**	**KEUR**	**KEUR**	**KEUR**
Note			**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	
Equity	**389,240,179**	**86,113,179**	**86,113**	**0**	**(564)**	**1,223**	**(52,450)**	**34,322**
Share capital / subscribed capital	4,602,244	1,018,173	1,018					1,018
Capital reserves		0	0	83,821				83,821
Retained earnings	15,789,169	3,493,102	3,493		(564)	1,223	(52,450)	(48,198)
Other reserves	0	0	0	(1,083)				(1,083)
Treasury shares								
Non-controlling interest	(5,133,361)	(1,135,674)	(1,136)					(1,136)
Share premium	267,218,857	59,117,908	59,118	(59,118)				0
Other capital	112,813,545	24,958,197	24,958	(24,958)				0
Exchange differences on trans-lation of foreign operations	(6,050,274)	(1,338,526)	(1,339)	1,339				0
Non-current liabilities	**264,555,644**	**58,528,715**	**58,529**	**0**			**13,346**	**71,875**
Interest-bearing loans	57,144,442	12,642,296	12,642					12,642
Leasing liabilities				7,873				7,873
Deferred grants								
Contract liabilities	110,355,200	24,414,327	24,414				21,159	45,573
Long-term financial liabilities	46,731,327	10,338,560	10,339	(7,873)				2,466

Provisions	1,175,465	260,053	260					260
Pension provisions								
Deferrred income tax	45,340,261	10,030,809	10,031				(7,813)	2,218
Other liabilities				843				843
Long-term trade and other liabilities	3,797,700	840,181	840	(840)				0
Long-term accrued expenses	11,248	2,489	2	(2)				0
Current liabilites	**77,038,427**	**17,043,523**	**17,044**	**0**				**17,044**
Trade payables	14,208,250	3,143,349	3,143					3,143
Provisions	2,832,891	626,732	627					627
Income tax payable								
Interest-bearing loans	18,169,053	4,019,613	4,020					4,020
Lease liabilities				1,266				1,266
Deferred grants								
Contract liabilities	16,113,440	3,564,842	3,565					3,565
Other liabilities	12,671,675	2,803,406	2,803	1,619				4,423
Liabilities to state and local budgets	6,952,075	1,538,036	1,538	(1,538)				0
Short-term financial liabilities	5,723,171	1,266,160	1,266	(1,266)				0
Short-term accrued expenses	367,871	81,386	81	(81)				0
Total equity & liabilities	**730,834,250**	**161,685,416**	**161,685**	**0**	**(564)**	**1,223**	**(39,104)**	**123,240**

1) Translation of the income statement items of PBKM into thousands of euros

Vita 34 has prepared its consolidated financial statements in euro (EUR), while PBKM's consolidated financial statements have been prepared in Polish zloty (PLN). To harmonize the accounting policies related to the presentation currency, PBKM's presentation currency has been converted to euro. In the pro-forma balance sheet, all items have been converted applying the closing PLN/EUR exchange rate as at June 30, 2021. Amounts are then translated into thousands of euros to adopt the presentation method of Vita 34.

PBKM's balance sheet as of June 30, 2021 is initially translated into EUR at a closing PLN/EUR exchange rate published by the European Central Bank of PLN 4.5201/EUR 1.000. Next, the balance sheet items in euro are divided by 1,000 to present the balance sheet in EUR thousands („KEUR").

2) Harmonization of presentation in the balance sheet

The presentation of the PBKM's balance sheet has been adopted on the Vita 34's presentation.

By doing so, the non-current prepayments of KEUR 404, the long-term receivables of KEUR 194, the long-term financial assets of KEUR 528 were reclassified into the long-term other assets. The current prepayments of KEUR 523, the receivables from state and local budgets of KEUR 444, the short-term financial assets of KEUR 4,057 and the short-term other receivables of KEUR 1,620 included in the short-term receivables were reclassified into the short-term other receivables and assets.

The PBKM's trade receivables of KEUR 7,563 included in the short-term receivables were reclassified into the trade receivables.

The lease liabilities of KEUR 7,873 included in the long-term financial liabilities were reclassified into the long-term lease liabilities. The lease liabilities of KEUR 1,266 included in the short-term financial liabilities were reclassified into the short-term lease liabilities.

The long-term accrued expenses of KEUR 2, the long-term trade and other liabilities of KEUR 840 were reclassified into the long-term other liabilities. The short-term accrued expenses of KEUR 81 and the liabilities to state and local budgets of KEUR 1,538 were reclassified into the short-term other liabilities.

The PBKM's share premium of KEUR 59,118 were reclassified into the capital reserves. The reserves from the share-based payment scheme of KEUR 24,703 included in the other equity components were reclassified into the capital reserves. The remaining amount of the other equity components of KEUR 255 were reclassified into the other reserves. The translation reserve of KEUR (1,339) were reclassified into the other reserves.

3) Adjustment of useful life of intangible assets

PBKM has estimated the useful life of acquired trademarks at ten years and of right-of-use assets for trademarks at three years, while the useful life of acquired trademarks at Vita 34 has been estimated at five years.

The useful life for the PBKM Group's customer relationships have been estimated at one to ten years, while Vita 34 has determined the useful life to be five years. To harmonize the accounting methods for the useful lives of trademarks and of customer relationships, the respective useful lives were adjusted to five years.

In the balance sheet as of June 30, 2021, the net book value for customer relationships decreases by KEUR 234 and the net book value for trademarks decreases by KEUR 329. In the case of the customer relationship, the reduction in the useful lives of Longa Vita and DBKM predominates.

4) Adjustment of useful life of property plant and equipment

PBKM has estimated the useful life of tanks at 20 years, while the useful life of tanks at Vita 34 has been estimated at 40 years. Therefore, the harmonization of accounting methods with regards to tanks leads to a cumulated increase of book values of KEUR 1,223.

5) Adjustment of revenue recognition

The harmonization of the accounting methods applied for revenue recognition, which adjusted the contract terms for the PBKM Group's contracts with customers, is described in note 6 in section 12.4.3. The harmonization led to a deduction of the contract assets (long-term: KEUR 38,877, short-term: KEUR 2,040) that were recognized due to the PBKM's assessment of the contract term. The loan allowances related to the long-term contract assets of KEUR 525 and related to the short-term contract assets of KEUR 51 were reversed.

The change in the assessment of contract term led to an increase in the considerations received from customers of KEUR 21,159 in prepaid contracts, which were already recognized as revenue in accordance with PBKM's accounting policy in the past. The considerations received from customers are presented in the pro-forma-balance sheet in the long-term contract liabilities.

The deducted contract assets and the increased liabilities from the considerations received from customers caused a deduction in the deferred tax liabilities of KEUR 7,813 and an increase in deferred tax assets of KEUR 1,236.

12.4.6 Pro Forma Adjustments in the Balance Sheet as of June 30, 2021

	Initial Figures			Pro-Forma Adjustments			
	Vita 34	FamiCord Group (PBKM Group)	Group Total	Vita 34 Shares	Issue of additional shares	Total Adj.	Pro-Forma
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Note				(P1)	(P2)		
Non-current assets	**43,039**	**69,851**	**112,890**				**112,890**
Goodwill	18,323	34,745	53,068				53,068
Intangible assets	13,260	7,197	20,457				20,457
Property, plant and equipment	7,728	13,320	21,047				21,047
Right-of-use assets	1,394	8,635	10,030				10,030
Investment in assotiates and joint ventures	0	443	443				443
Contract assets		1,836	1,836				1,836
Other assets	840	1,127	1,966				1,966
Deferred tax assets	0	2,548	2,548				2,548
Trade receivables	1,375	0	1,375				1,375
Restricted cash	119	0	119				119
Current assets	**16,143**	**53,389**	**69,533**	**(2,553)**	**(455)**	**(3,008)**	**66,525**
Inventories	337	3,217	3,553				3,553
Trade receivables	2,631	7,563	10,194				10,194
Income tax receivables	1,149	0	1,149				1,149
Other receivables and assets	1,230	6,644	7,875	(2,553)	(455)	(3,008)	4,867
Contract assets		833	833				833
Cash and cash equivalents	10,796	35,132	45,928				45,928
Total assets	**59,182**	**123,240**	**182,422**	**(2,553)**	**(455)**	**(3,008)**	**179,415**

	Initial Figures			Pro-Forma Adjustments			
	Vita 34	FamiCord Group (PBKM Group)	Group Total	Vita 34 Shares	Issue of additional shares	Total Adj.	Pro-Forma
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Note				(P1)	(P2)		
Equity	**29,466**	**34,322**	**63,788**	**(2,553)**	**(1,420)**	**(3,972)**	**59,816**
Share capital / subscribed capital	4,146	1,018	5,164		11,136	11,136	16,301
Capital reserves	24,012	83,821	107,833		(1,420)	(1,420)	106,413
Other reserves	(194)	(1,083)	(1,277)				(1,277)
Retained Earnings	1,778	(48,298)	(46,520)	(672)	(11,136)	(11,808)	(58,328)
Treasury shares	(261)	0	(261)	(1,881)		(1,881)	(2,141)
Non-controlling interest	(15)	(1,136)	(1,151)				(1,151)
Non-current liabilites	**20,081**	**71,875**	**91,956**				**91,956**
Interest-bearing loans	1,539	12,642	14,181				14,181
Leasing liabilities	801	7,873	8,674				8,674
Deferred grants	736	0	736				736
Contract liabilities	12,431	45,573	58,005				58,005
Long-term financial liabilities		2,466	2,466				2,466
Provisions	14	260	274				274
Pension provisions	86	0	86				86
Deferrred income tax	4,474	2,218	6,692				6,692
Other liabilities		843	843				843
Current liabilites	**9,635**	**17,044**	**26,678**		**965**	**965**	**27,643**
Trade payables	3,004	3,143	6,147		965	965	7,112
Provisions	53	627	679				679
Income tax payable	661	0	661				661
Interest-bearing loans	1,534	4,020	5,554				5,554
Lease liabilities	607	1,266	1,873				1,873
Deferred grants	40	0	40				40
Contract liabilities	2,999	3,565	6,564				6,564
Other liabilities	737	4,423	5,159				5,159
Total equity & liabilities	**59,182**	**123,420**	**182,422**	**(2,553)**	**(455)**	**(3,008)**	**179,415**

P1) Elimination of shares in Vita 34 held by PBKM

Shares in Vita 34 held by PBKM are disclosed as current financial assets in caption other receivables and assets. The shares of Vita 34 are measured at fair values based on their price at local stock exchanges. As of June 30, 2021, PBKM holds 160,536 shares at a price of 15.90 EUR/share amounting to KEUR 2,553. Therefore, other receivables and assets were reclassified into the treasury shares in the equity. Considering that the treasury shares would be measured at the historical costs, the initial cost of KPLN 8,500 translated into KEUR 1,881 applying the closing PLN/EUR exchange rate as at June 30, 2021 were presented as treasury shares. The difference between the measurement of the financial assets and of the treasury shares of KEUR (672) were presented in the retained earnings.

P2) Issuance of the new shares of Vita 34

As a part of the planned transaction, the new Vita 34 shares to be issued are to be created by way of a non-cash contribution. The shareholders of PBKM will be offered 1.3 new Vita 34 shares for each (one) PBKM share. It is assumed that 9,338,627 shares of PBKM will be exchanged into 12,140,215 shares of Vita 34. It is further assumed that no new non-controlling interests will arise.

The share capital of Vita 34 will be increased by KEUR 12,140, reflecting 12,140,215 new shares with a nominal value of EUR 1.00 each and a deduction of retained earnings, since the transaction is treated as a transaction under common control. The share capital of PBKM of KEUR 1,018 were reclassified into the retained earnings.

In addition, the expected directly attributable transaction costs for the issuance and listing of the new shares amounting to KEUR 1,420 were recognized as a deduction of capital reserves. Since the amount of KEUR 455 was deferred in the short-term other receivables and assets presented in the balance sheet of Vita 34, it was reclassified from the short-term other receivables and assets into the capital reserves. The transaction costs of KEUR 965 expected to accrue in the future were deducted from the capital reserves and were presented as an increase in the trade payables.

12.5 Auditor's Report on the Pro Forma Consolidated Financial Information

To: Vita 34 AG, Leipzig

We have audited whether the Pro Forma Consolidated Financial Information of Vita 34 AG, Leipzig, has been properly compiled on the basis stated in the Pro Forma Notes and whether this basis is consistent with the accounting policies of the company. The Pro Forma Consolidated Financial Information comprises Pro Forma Consolidated Income Statement for the period from January 1, 2020, to December 31, 2020, as well as for the first half-year of 2021, and a Pro Forma Consolidated Balance sheet as of June 30, 2021 as well as Pro Forma Notes.

The purpose of the Pro Forma Consolidated Financial Information is to present the material effects the transaction described in the Pro Forma Notes would have had on the historical financial statements if the group had existed in the structure created by the transaction throughout the entire reporting period of the Pro Forma Consolidated Income Statements respectively as at the reporting date of the Pro Forma Consolidated Balance Sheet. As Pro Forma Financial Information reflects a hypothetical situation, it is not entirely consistent with the presentation that would have resulted had the relevant events actually occurred at the beginning of the reporting period of the Pro Forma Consolidated Income Statements respectively as at the reporting date of the Pro Forma Consolidated Balance Sheet. Consequently, we do not express an opinion on the actual effects of the transaction presented in the Pro Forma Notes.

The compilation of Pro Forma Consolidated Financial Information in accordance with the *IDW Accounting Practice Statement: Preparation of Pro Forma Financial Information (IDW AcPS AAB 1.004)* promulgated by the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW) is the responsibility of the company's management.

Our responsibility is to express an opinion, based on our audit, whether the Pro Forma Consolidated Financial Information has been properly compiled on the basis stated in the Pro Forma Notes and whether this basis is consistent with the accounting policies of the company. This includes an assessment of the overall presentation of the Pro Forma Consolidated Financial Information. The subject matter of this engagement does neither include an audit or review of the basic figures including their adjustment to the accounting policies of the company, nor of the pro forma assumptions stated in the Pro Forma Notes.

We have planned and performed our audit in accordance with *the IDW Auditing Practice Statement: Audit of Pro Forma Financial Information* (*IDW AuPS 9.960.1*) promulgated by the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW) in such a way that material errors in the compilation of the Pro Forma Consolidated Financial Information on the basis stated in the Pro Forma Notes and in the compilation of this basis consistent with the accounting policies of the company are detected with reasonable assurance.

In our opinion, the Pro Forma Consolidated Financial Information has been properly compiled on the basis stated in the Pro Forma Notes. This basis is consistent with the accounting policies of the company.

Berlin, September 17, 2021

PKF Deutschland GmbH
Wirtschaftsprüfungsgesellschaft

Beier	Niebuhr
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

13. MARKETS AND COMPETITION

13.1 Overview

Over the past 30 years, the global cord blood banking market experienced considerable growth. This was based on the popularity and commercial traction that the stem cells contained in cord blood and cord tissue and the expectations associated with stem cell therapies instilled. While it has been reported that the number of transplantations using umbilical cord blood units has been declining in recent years, there are numerous clinical trials evaluating the use of cord blood cells covering a wide range of indications.[1]

The global cord blood banking market can be segmented in a number of ways, including on the basis of storage service (see the below categories of private, public and hybrid banks), end-user, therapeutics and application.

On the basis of end-user, the global stem cell umbilical cord blood market is segmented into hospitals, research institutes, and specialty clinics. The research institute segment recently witnessed significant growth, which is attributed to the growing pervasiveness of genetic disorders (most likely due to improved diagnostics) and an increasing number of clinical trials for exploring new diseases treated by cord blood stem cells method.[2]

Based on therapeutic fields, the global stem cell umbilical cord blood market can be categorized into cancer, diabetes, blood diseases, immune disorders, metabolic disorders, and other diseases. The Company estimates that neurologic conditions hold the largest share and, in particular, sees a specific trend in the treatment of cerebral palsy, based on, among others, the significant investments that smaller companies active in the development and marketing of cord blood stem cell treatments for pediatric brain injuries were recently able to secure.

By application methods, the global stem cell umbilical cord blood market is categorized into transplant medicine (*i.e.*, indications where the stem cells are used to replace or reconstitute cells of the blood and immune system) and regenerative medicine (*i.e.*, indications where the stem cells are used to regenerate cells, tissues or organs by establishing or creating normal function after an injury or illness). The regenerative medicine segment was the highest contributor to the market and is estimated to grow significantly in the upcoming years.[3]

In general, the stem cell umbilical cord blood market is considered more lucrative in North America and European countries, with most patents for cord blood having been granted by U.S. and European authorities.[4]

13.2 Cord Blood Banking Market: Public Banks, Private Banks, Hybrid Banks

The actors on the cord banking market are divided in public banks, private banks, also called family banks, and hybrid banks, which combine elements of both models. About 800,000 umbilical cord blood units are managed by public banks, and over 5 million units are stored in private or family banks.[5] Public banks have released the majority of their units for the treatment of leukemia, while only a very small portion has been used to treat patients with neurological conditions.[6] In contrast, the majority of cord blood units released from private banks has been used to treat patients with neurological conditions and only one fifth has been used to treat patients with leukemia.[7]

After the collection by a public bank, stem cells are analyzed, labelled for genetic compatibility and then (as far as possible) anonymized as they are intended to become a source for the public healthcare system. The donating family has no costs for the collection or storage, but, as the donation is a mere altruistic act, they also lose access to the donated material which can also be used for medical research. In general, the costs of collection and storage are covered by the state or a designated entity, such as a trust. In case a subsequent request for cells for transplantation is successful, the recipient's social security institution or the person financing the transplant will cover the costs for the sample.

Private banks offer a preemptive service for a family to store bodily tissues over a contractually defined period of time and provide them in the case of need for autologous or even allogenic stem cell transplants for family members. The insurance-like nature of private banks speaks to a different mindset in customers than the donation-

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1 Bioinformant, Global Cord Blood Banking Industry Report 2021; *Fan, Huaiyu,* Application of Umbilical Cord Blood Transfusion in Consolidation Therapy of Elderly Patients With Acute Myeloid Leukemia; *Mehling, Manvelyan,* Evaluation of the Safety and Efficacy of HPC, Cord Blood; *Xiao, Chang,* Clinical Effect and Safety of Autologous Umbilical Cord Blood Transfusion in the Treatment of Autism Spectrum Disorder.

2 Fior Markets, Cord Blood Banking Market.

3 *Sonar, Urde, Sumant,* Stem Cell Umbilical Cord Blood Market.

4 *Sonar, Urde, Sumant,* Stem Cell Umbilical Cord Blood Market.

5 *Brown, Rao, Brown,* The Future State of Newborn Stem Cell Banking.

6 *Dessels, Alessandrini, Pepper,* Factors Influencing the Umbilical Cord Blood Stem Cell Industry.

7 Ibid.

based public banks. It also entails an element of belief in future scientific discoveries - some of them tangible in the next few years. Overall, private storage is on the rise worldwide.[8]

In Europe, private storage of stem cells is severely restricted or illegal in some countries such as France or Italy. The rationale behind this legislation are ethical concerns relating to the commercialization of lifesaving treatments. However, a French court has rendered a decision deviating from this legislation due to a severe familial history of disease in 2016.

Cord blood stored by hybrid banks may either be used by the donor if needed or donated to other patients or medical research. After collecting the sample, anonymized tissue characteristics are forwarded to a public stem cell register. Upon request, the potential stem cell donor can decide whether the stem cell deposit is released for altruistic purpose. Such possibility is also provided by the Company in the course of its „VitaPlusDonation" program.

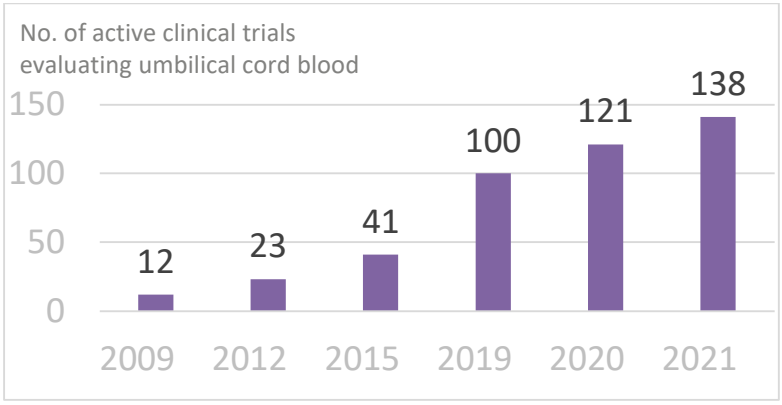
13.3 General Trends

The factors driving the market are advancing medical research and, thus, a constantly increasing field of application in the treatment of more than 80 different diseases as well as an enhancing awareness both among prospective parents and medical service providers. By contrast, the factors restraining the market growth are stringent regulatory standards, the dilemma of choosing between private and public banks, and ethical concerns.

13.3.1 Medical Studies Exploring Clinical Relevance

Currently, 257 active studies explore new treatment options using umbilical cord blood or mesenchymal stem cells from umbilical cord tissue. For example, during the SARS-CoV-2 pandemic disease („**COVID-19**") crisis, Chinese scientists researched the effects of mesenchymal stem cell („**MSC**") therapy in patients with COVID-19.[9] The objective is to improve patient's immunological responses to COVID-19 using MSCs.[10] Moreover, MSCs in the umbilical cord tissue, as most recently discovered, appear to have enormous potential in levitating prevalent conditions like diabetes mellitus[11] and cerebral palsy[12]. Clinical trials on the use of MSCs for the treatment of osteoarthritis have also shown initial signs of success.[13] Furthermore, CAR (chimeric antigen receptor) therapy (*i.e.*, genetic modification of immune cells), a novel therapeutic approach to leukemia and lymphoma, can effectively be performed by using umbilical cord blood natural killer cells,[14] which indicates a huge step towards personalized medicine. Such studies take from two up to four years on average and, depending on the examined indication, may take a longer or shorter period.

The following tables show the numbers of active clinical trials evaluating umbilical cord blood and MCSs from umbilical cord tissue from 2009 until 2021:



8 *Sonar, Urde, Sumant*, Stem Cell Umbilical Cord Blood Market; *Marcon, Murdoch, Caulfield*, Cell Tissue Bank, Peddling promise? An analysis of private umbilical cord blood banking company websites in Canada.

9 *Meng, Xu, Wang, et al.*, Human umbilical cord-derived mesenchymal stem cell therapy in patients with COVID-19: a phase 1 clinical trial.

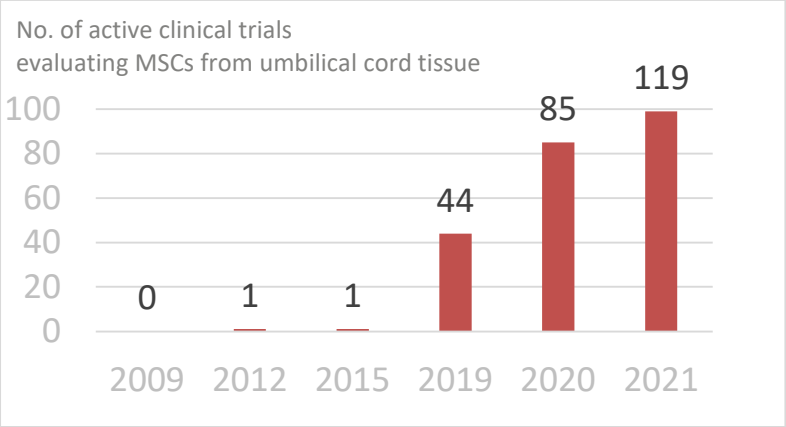
10 *Golchin, Seyedjafari, Ardeshirylajimi*, Mesenchymal Stem Cell Therapy for COVID-19: Present or Future.

11 *Kamal, Kassem*, Therapeutic Potential of Wharton's Jelly Mesenchymal Stem Cells for Diabetes.

12 *Fu, Hua, Wang, et al.*, Synergistic Improvement in Children with Cerebral Palsy Who Underwent Double-Course Human Wharton's Jelly Stem Cell Transplantation.

13 *Frisbie, Kisiday, Kawcak, et al.*, Evaluation of adipose-derived stromal vascular fraction or bone marrow-derived mesenchymal stem cells for treatment of osteoarthritis.

14 *Herrera, Santos, Vesga, et al.*, Adult peripheral blood and umbilical cord blood NK cells are good sources for effective CAR therapy against CD19 positive leukemic cells.



Source (for both tables above): Clinicaltrials.gov

13.3.2 Public Awareness and Birth Rate

As progressively more clinical studies attend to the potential of stem cells derived from umbilical blood and cords, public awareness among medical personnel and future parents on the enormous potential is steadily increasing. Still, one reason for the relatively low storage rate in Europe fluctuating between 1% and 10%[15] depending on the country is a lack of awareness at the time before birth. It is assumed that the trust of the population in the national healthcare system correlates inversely with the willingness for private healthcare provision. Therefore, the market has a significant growth potential, in particular in countries with lower levels of governmental healthcare, but ultimately depending on respective birth rates. Since 2010, fertility rates declined in the European Union Member States. In 2019, the total fertility rate was 1.53 live births per woman (as compared to 1.54 in 2018).[16] The main potential lies within the fact that 90 to 99% of those births take place without the harvesting of umbilical cord blood and tissue.

13.3.3 Expansion Trends

Cord blood banks are expanding into the storage of other types of cell and tissue, including umbilical cord tissue, placental blood and tissue, amniotic fluid, and dental pulp. Some cord blood banks also consider becoming integrated therapeutic companies. With growing public awareness of cord blood and tissue banking, new investors can be attracted. Hence, M&A activity accelerates globally and holding companies tend to emerge.[17]

13.4 Competitive Position

During the last ten years, the European market was reshaped by several mergers of regional players, resulting in an overall consolidation of the market. Consequently, the number of cord blood banks dropped by more than one-third over the past ten years, from approximately 150 to less than 100.[18] Due to the high market entry barriers as a result of extensive regulations in various jurisdictions, acquiring an existing company operating in the target region is considered the easiest way to enter into a new geographic market.

13.4.1 DACH-Region

In the DACH-region, the Group has a leading position as it is the largest stem cell bank in Germany and operates subsidiaries in both Austria and Switzerland. The main sources of information on umbilical cord blood storage of expectant mothers are hospitals, health professionals (including antenatal classes), media and magazines.[19] Thus, the Company's substantial advantage on the German market is the 90% market coverage of maternity clinics.

The Swiss cord blood bank Cryo-Save AG used to be one of the largest blood banks in Europe until it filed for bankruptcy in early 2019. Its approximately 300,000 stem cell units were subsequently moved to the FamiCord Group's storage in Poland. In the context of the bankruptcy, legal conflicts have surfaced.

15 Cell Trials Data, Percentage of births banking cord blood.

16 Eurostat, Fertility statistics 2021.

17 Global Cord Blood Banking Industry Report 2021: Holding Companies are Emerging as a Global Theme.

18 Ibid.

19 *Peberdy, Young, Louise Massey, Kearney*, Parents' knowledge, awareness and attitudes of cord blood donation and banking options.

After the FamiCord Group finalized the acquisition of Eticur) GmbH, a German cord blood bank affiliated with the German BioKryo GmbH in September 2020, only a few independent actors, *i.e.*, not tied to the Company or PBKM, are left in the DACH-region.

One of them is the Cord Blood Center Group, the operator of a hybrid bank, which was founded in 1997 and operates in Switzerland (headquarters), Austria, the Czech Republic, Germany, Hungary, Italy, Slovakia and Romania. Its public registry, the „Slovak Placental Stem Cell Registry", is a member of the international bone marrow and cord blood donors database WMDA (*World Marrow Donor Association*). It stores the cord blood, cord tissue and placenta of more than 175,000 clients.

British Future Health Technologies ltd. maintains a branch office of its Future Health Biobank in Switzerland. The private bank was founded in 2002 and stores over 200,000 samples from 94 countries. In addition to umbilical cord blood and cord tissue, they specialize on dental pulp stem cells.

Substantially smaller and not as influential in the DACH-region are Swiss Stem Cell Biotech SA with 20,000 stored units, Switzerland-based Genico SA, which focuses on Italian customers, and German MLB Lab GmbH, which forms with its partner Stem Cell SA and the CBT „Center for Hemorrhagic Disorders and Transfusion Medicine" the MLB Group. They store umbilical cord blood and bone marrow, mainly from Spanish customers.

13.4.2 Larger European Market

The European market is led by the FamiCord Group, which according to its own statements accumulated, after a period of strong organic and inorganic growth, over 540,000 cord blood and tissue units and has twelve laboratory facilities in eight different countries. The Polish based bank bought the 4th largest cord blood bank in Europe operated by Portuguese Stemlab S.A. under the name Crioestaminal in 2018 and henceforth reinforced its influence on the market. In the last two years, the formation of FamiCord Deutschland, the acquisition of 70% of the shares in the Turkish company FamiCord Acibadem, the purchase of 53% of the shares in the Italian company Sorgente s.r.l. and the most recent acquisition of German Eticur) GmbH demonstrates their rapid movement towards expansion. According to PBKM's audited and published consolidated financial statements (IFRS) for the financial year ended December 31, 2020, the FamiCord Group's EBITDA for the financial year 2020 amounted to PLN 21,952,623.80, equaling approximately EUR 4,817,920 at an exchange rate of 1 PLN : 0.22 EUR (as per December 31, 2020).

The Group ranks second with its over 247,000 cord blood and tissue samples stored and an adjusted EBITDA of EUR 5.8 million in 2020. A noteworthy competitor is the UK based Cells4Life Group LLP, which was founded in 2002 and operates two storage facilities in the UK. It provides its collection services in the UK, Spain, Italy, the United Arab Emirates, Bulgaria, Pakistan and Kenya. A strong local competitor is the hospital group Regina Maria, the market leader in Romania, which began storing umbilical cord blood units in 2009.

13.4.3 Global Market

The largest cord blood bank worldwide is located in the United States. Founded in 1992 and recently merged with California Cryobank (*CCB*), Cord Blood Registry (*CBR*), according to statements on its website, stores 900,000 cord blood and tissue samples and operates the first donor sperm and egg bank under the joint name Generate Life Sciences. The second largest bank is China-based Global Cord Blood Corp., which obtained a storage license in 2002 and since then manages the largest network in China with 907,000 stored units as of December 2020 according to its annual report 2020. As the Singapore listed cord blood bank Cord Life Group Ltd., active in Hong Kong, India, the Philippines, Indonesia and Malaysia, proposed a merger with Global Cord Blood Corp. in June 2019, their leadership on the Asian market may be further consolidated even though they recently announced that they mutually agreed to discontinue discussions on such a proposed transaction. In addition to its cord blood banks in Singapore and Hong Kong, which store more than 40,000 cord blood units, Cord Life Group Ltd. offers a suite of diagnostic services for the family, including non-invasive prenatal testing, pediatric vision screening, newborn metabolic screening and family genetic screening services.

Other influential players on the American market are PerkinElmer, Inc. and its ViaCord LLC blood bank, which according to information on its website manages 400,000 units, and Cryo-Cell International, Inc., which has more than 500,000 clients from 87 countries and focusses its business expansion on the South American market as well as India and Pakistan.

Despite the respective growth efforts on the part of these large actors, they currently do not seem to endeavor to penetrate the European market.

13.4.4 Public Banks as Competitors

Private cord blood banks also compete with public cord blood banks. The prospective parents' decision may be influenced, *inter alia*, by ethical concerns, familial history of the disease and range of treatable conditions, opinions of health care professionals questioning the clinical relevance of autologous cord blood as well as cost considerations. Furthermore, the willingness to make personal provisions may vary according to the performance of the health care system. According to the companies' own statements, major public cord blood banks are, for example, Carolinas Cord Blood Bank and BloodworksNW in the United States, Anthony Nolan Cord Blood Bank and NHS Cord Blood Bank in the United Kingdom, DKMS Cord Blood Bank and German Cord Blood Bank in Germany or Global Cord Blood and Shanghai Cord Blood Bank in China.

14. BUSINESS AND REGULATION

14.1 Overview

The Group is primarily active in the collection (also known as „harvesting"), preparation and storage of stem cells from umbilical cord blood and tissue. These stem cell deposits are sought to give the Group's customers the opportunity to benefit from the medical potential that is believed to be inherent in stem cells from the umbilical cord blood and tissue. For more information on the scientific background, see „*14.5.2.1 Bio-medical background of the umbilical cord and stem cells*" below. The Group believes that it is by far the largest stem cell bank in the DACH-region, comprising Germany, Austria and Switzerland, and the FamiCord Group and the Group are the two largest private umbilical cord blood banks in Europe. The Group adheres to a multitude of quality standards and possesses numerous authorizations and approvals, including an accreditation according to the internationally recognized NetCord FACT standard, to which the Group adheres for quality standard reasons. It also relies on its research and development capabilities, which are complemented through close cooperation with renowned research institutes and universities and enable it to provide its customers with innovative products and services. In the financial year ended December 31, 2020, the Group's revenue amounted to EUR 20.1 million compared to EUR 19.9 million in the financial year ended December 31, 2019, and the Group's EBITDA amounted to EUR 5.3 million compared to EUR 5.4 million in the financial year ended December 31, 2019. As at June 30, 2021, the Group banked more than 253,000 cord blood and tissue samples stored in more than 180 cryopreservation tanks in its laboratories in Leipzig and Rostock.

As of December 31, 2020, the Group had 116 employees and stored umbilical cord blood from 20 countries, with a focus on Europe.

14.2 Key Competitive Strengths

14.2.1 Prominent Position in Umbilical Cord Blood Banking, a Market with Significant Growth Potential

The Group believes that, with more than 253,000 cord blood and tissue samples stored as at June 30, 2021, it is the market leader in stem cell banking in the DACH-region and one of the two leading stem cell banks in Europe. Having been founded more than 20 years ago, as the first private umbilical cord blood bank in Europe, it has always been a pioneer in cell banking. It thereby not only witnessed but shaped the development of the stem cell banking market in Europe through both research and development activities and the expansion of its business operations. The Group also successfully managed the consolidation trend in the cord blood banking market in the past ten years and strengthened its positioning in Europe through various acquisitions. It, therefore, considers itself well-positioned to capitalize on the in its view significant growth potential of the market. With a relatively low storage rate in Europe, fluctuating between 1% and 10% (Source: Cell Trials Data, Percentage of births banking cord blood) depending on the country, there is a huge addressable untapped market, which can be tackled by raising the awareness of soon-to-become parents. In addition, the rising number of clinical trials exploring the relevance of umbilical cord blood and tissue is expected to add to this potential, with such medical studies aiming at demonstrating the variety of treatment options using umbilical cord blood and tissue. Lastly, the Group believes that its market positioning will also allow it to benefit from the expected market growth due to new applications in the field of regenerative medicine.

14.2.2 Strong R&D Capabilities with Impressive Track Record and Close Connections to Experts

The Group believes that it has a reputation for compliance with very high quality standards, which is highlighted by its voluntary adherence to the internationally recognized NetCord FACT standard. In addition, the Group is able to offer a range of innovative products and services, including the product line relating to the storage of umbilical cord tissue, as a result of the various authorizations and approvals it possesses. This prominent standing in the development of innovative offerings is based on the Group's dedicated research and development activities, which led to, *e.g.*, the development of a procedure for the conservation of umbilical cord tissue based on Good Manufacturing Practice („**GMP**") (see „*14.16.1.1 EU Law*" below for further information on GMP) and the development of a GMP procedure for the collection and cryopreservation of fat tissue for autologous transplantation. Through close cooperation with renowned research institutes and universities, such as the German Fraunhofer Institute for Cell Therapy and Immunology or the Institute for Radiopharmaceutical Cancer Research at the Helmholtz Center Dresden-Rossendorf (HZDR), the Group's own research and development department can combine forces with acclaimed experts and enhance its own research and development capabilities, while the Group is well-positioned to open up new business opportunities and develop into a more broadly based cell bank. The Group's current research and development activities are particularly geared towards new cell types, which are intended to enlarge the Group's offering.

14.2.3 International Network with Subsidiaries and Business Partners in 20 Countries

For its business operations, the Group relies on a strong international network comprised of its own subsidiaries as well as carefully selected business partners and is thereby commercially active in 20 countries. While the Group's headquarter is based in Germany and its commercially active subsidiaries mainly operate in the high-margin DACH-region and Spain, its business partners primarily cover Eastern Europe and the Middle East, which are characterized by relatively high storage quotas. As a consequence, the Group's network spans across large parts of Europe and even reaches beyond the European borders. Moreover, the relationship with its business partners allows the Group to benefit from their in-depth knowledge of the local regulatory requirements and their close contacts with customers and medical partners in a cost-efficient way while generating revenue as a sub-contractor of the business partner. As a result of its strong international network, the Group currently stores umbilical cord blood from 20 countries.

14.2.4 Strong Market Position Safeguarded by High Market Entry Barriers and Long-Standing Experience in Highly Regulated Industry

The stem cell banking market is characterized by high market entry barriers. It is a highly regulated industry with all aspects of stem cell banking, including the collection, processing, cryopreservation, testing, storage, placing on the market, import and export of stem cells and the preparations derived therefrom, being subject to various laws and regulations, including on EU level. As a result, companies that aspire to operate in this market require a variety of different approvals and authorizations, often from different regulatory authorities. In order to receive such approvals, companies need to pass certification processes, which can take up to 36 months. This onerous, time-consuming and costly process constitutes a significant burden for new market entrants. The Group is not only in possession of the various authorizations and approvals that it requires for its business, but it can also draw on its many years of experience with compliance with the requirements and dealing with the authorities in this highly regulated environment. In addition, companies active in the umbilical cord blood (and tissue) banking market inevitably need to closely cooperate with hospitals and maternity clinics in order to be able to offer the collection of such bodily material and to have access to potential customers. Building up these partnerships takes time. Moreover, the Group has a related market coverage of more than 90% in Germany and the Group believes there is no economic advantage for clinics to have more than one stem cell bank as cooperation partner. Therefore, the Group believes that there are significant market entry barriers that safeguard the Group's strong market positioning.

14.2.5 Non-Separation of Stem Cells from Other Blood Ingredients before Cryopreservation as Competitive Advantage of the Group's Offering

The Group predominantly stores whole blood units, *i.e.*, unlike many competitors, it does not separate the stem cells from the other blood ingredients before storage by way of ultracentrifugation. Such separation process significantly reduces the volume of the harvested material. This process may activate the stem cells and thus reduce their lifetime. The storage of whole blood units, therefore, not only provides the Group's customers with more options with regard to potential treatment methods that may use other ingredients of umbilical cord blood. The Group also believes that this approach, with the separation process being implemented only after thawing, protects the stem cells' viability and stability and is, thus, in the Group's view, the technology with the highest cell yield. Consequently, the Group considers this a key advantage of its offering compared to its competitors.

14.2.6 Experienced Management with Track Record in Sales, Marketing and Development

The Group has a strong and highly experienced management team with a focus on marketing, sales and development. The Group's Chief Executive Officer has been with the Group for more than five years and has long-term expertise in marketing and sales with positions in several large-scale international companies, including Hoechst AG and Merck KGaA. The Group's Chief Financial Officer has long-term expertise in the areas of company acquisitions and restructuring projects. The Group's Management Board is supported by business division heads with broad experience in the biomedical industry. The Group believes that the collective industry knowledge and experience of its management team will enable them to continue to grow the Group's business and execute its strategies.

14.3 Strategy

14.3.1 Transformation From a Pure Stem Cell Bank to a More Broadly-Based Cell Bank through R&D

The Group aims to open up new business areas in addition to its core business of umbilical cord blood banking and intends to transform into a more broadly based cell bank. This would allow the Group to present a more diverse product offering and significantly broaden its customer base while largely keeping the equipment and technology used thus far and capitalizing on its expertise in the umbilical cord blood and tissue market. The

enlarged offering is intended to cover products and services around the storage of stem cells from suitable cell sources other than umbilical cord blood. The Group has, therefore, intensified its research and development activities. It is increasingly active in the field of immune cell isolation from peripheral blood with a view to the potential storage of cryopreserved immune cell isolates and their use in the production of immune cell therapeutics. This personalized medicine is believed to be an effective weapon in the battle against cancer and thus a great source of hope in oncological research. The Group intends to generate first revenues with a new product based on immune cell isolates from 2023 on. Moreover, in 2020, the regulator indicated that the Group will be granted the permission to collect and produce adipose tissue preparations for a possible later isolation of adult stem cells. It currently develops a product line for the collection of stem cells from the adipose tissue of adults in order to tap into the growing aesthetic medicine market. The Group expects to enter the market with its new product „AdipoVita" still in 2021.

14.3.2 Expansion of the Core Business by Increasing Market Penetration and Broadening the Product Range

The Group will continue to focus on organic growth in its core business as part of its corporate strategy. In recent years, the Group has successfully expanded its international business operations. While it generally aims to stabilize its market presence, the Group intends to increase its market penetration, in particular in the high-margin DACH-region. To this end, the Group will continue to invest in marketing and clinical trials and will focus on expanding the cooperation with maternity clinics. Furthermore, the Group aims to broaden the product range in its core business through active portfolio management. This could include the introduction of new product lines relating to other perinatal tissue for soon-to-become-parents. The expansion of the Group's storage capacities by means of 60 additional tanks between 2020 and 2021, which resulted in a capacity increase of approximately 30%, is expected to boost the Group's organic growth strategy.

14.3.3 Selective Acquisitions in Europe to Fuel Inorganic Growth

On the back of its proven track record of successful acquisitions and post-M&A integration, the Group also pursues an inorganic growth strategy. It thereby aims to strategically strengthen its market positioning and unfold additional synergies, particularly in the areas of marketing and sales as well as production and administration. The Group takes an opportunistic M&A approach: It intends to take advantage of horizontal acquisitions in order to open up highly attractive European markets with an adequate competition structure, while vertical acquisitions are expected to expand its value chain or broaden its product offering. The Group believes that, based on its very solid earnings situation, coupled with a high liquidity position and a strong equity ratio, it also has the resources to significantly further develop the business not only organically but also inorganically.

14.3.4 Open up New Business Opportunities and Realize Synergies through Acquisition of PBKM

Through the proposed acquisition of PBKM, the newly created group will become the leading pan-European stem cell bank with combined revenues of approximately EUR 67 million (based on the 2020 reported results). The Group believes that this step will open up new business opportunities, which will translate into benefits for both its shareholders and clients. It is expected that the acquisition will considerably broaden the Group's platform through the improvement and expansion of the services that the Group offers, enable the Group to enter geographical markets not yet covered by it and simplify the exchange of expertise between specialists from both companies. The Group also believes that there is significant synergy potential in the contemplated acquisition. It expects further advantages due to economies of scale in procurement of materials and laboratory equipment as well as cost savings relating to sales and marketing. In addition, it is expected that the simplification of the group structure will lead to a reduction of incidental costs.

14.4 Milestones of the Group's Development

Following its foundation in 1997, the Company expanded its business in the DACH-region and also focused on research and development activities relating to the optimization of the preparation process of stem cells from umbilical cord blood as well as potential applications for umbilical cord blood transplantations in cooperation with renowned research facilities. In 2003, the Company moved to its current headquarter in the „Bio City Leipzig", where its „glass laboratory" (*Gläsernes Labor*) was built. In the following years, scientific research in the field of stem cell therapies evolved rapidly and stem cells were successfully used in animal studies for the treatment of strokes and cardiac arrests. In 2005, the first successful application of umbilical cord blood that had been stored by the Group took place by way of a treatment of a sibling (allogeneic transplantation), who suffered from lymphoblastic leukaemia, and in 2006, the Company obtained the necessary authorization for the preparation of allogeneic blood samples, which enabled the Company to offer the services of a public blood bank.

The Company went public in 2007, with its listing on the regulated market of the Frankfurt Stock Exchange and simultaneously on the Prime Standard sub-segment thereof. It continued its regional expansion strategy thereafter,

with a focus on Central and Western Europe and single acquisitions in Eastern Europe. In detail, the following subsidiaries joined the Group:

- Vita 34 Gesellschaft für Zelltransplantate m.b.H., Austria (foundation in 2002);
- Secuvita S.L., Madrid, Spain (acquisition in 2010);
- Novel Pharma S.L., Madrid, Spain (indirect acquisition as part of the acquisition of Secuvita S.L. in 2010);
- Vita 34 Slovakia s.r.o., Bratislava, Slovakia (foundation in 2011);
- Stellacure GmbH, Leipzig, Germany (acquisition in 2013 and merger into the Company in 2018);
- Vivocell Biosolutions GmbH & Co. KG, Graz, Austria (acquisition of its assets in 2015 and contribution of the assets into Vita 34 Gesellschaft für Zelltransplantate m.b.H.);
- SemCare ApS (now: Vita 34 Aps), Søborg, Denmark (acquisition in 2015);
- Seracell Pharma GmbH, Rostock, Germany (acquisition in 2017); and
- Vita 34 Suisse GmbH, Muttenz, Switzerland (foundation in 2018).

14.5 Business Operations

14.5.1 Business Model

The Group's business model is based on the storage of stem cells and other bodily material to provide its customers and their close ones with access to various types of treatments and possibly life-saving and regenerative therapies through the use of bodily material, such as stem cells and, in the future, potentially immune cells and adipose tissue, cryopreserved by the Group. The therapeutic application of stem cells is tested, and some cell preparations on the market are approved by competent authorities as medicinal products for certain indications, such as leukaemia and lymphoma. The Group expects that the significant research efforts in the field of stem cell therapies will result in further applications and treatments in the future. See „*13.3.1 Medical Studies Exploring Clinical Relevance*" for more information on this research.

14.5.2 Umbilical Cord Blood and Tissue Business

The Group's core business focuses on the storage of stem cells from umbilical cord blood and tissue in a business-to-customer („**B2C**") as well as business-to-business („**B2B**") relation with the Group acting as subcontractor of its business partners and subsidiaries.

14.5.2.1 *Bio-medical background of the umbilical cord and stem cells*

The umbilical cord, which is the conduit between the developing embryo or foetus and the placenta, mainly consists of blood vessels (two umbilical cord arteries and the umbilical cord vein) and umbilical cord tissue. While umbilical cord blood is composed of all elements of whole blood, it is, in particular, a rich source of adult (*i.e.*, non-embryonic) multipotent stem cells.

Stem cells are defined as primary, non-specialised cells with an enormous proliferative potential and the unique ability to transform into specialised cells forming specific tissue. They are generally categorized in: totipotent stem cells that are able to generate a complete organism but only exist in early-stage embryos; pluripotent stem cells that can develop into each and every type of cell but not into a complete organism; multipotent stem cells that can develop into different types of cells without being toti- or pluripotent; oligopotent stem cells that can only develop into few descendants; and unipotent stem cells that can only build cells of their own type.

Stem cells found in umbilical cord blood are, to a large degree, haematopoietic and, to a lesser extent, mesenchymal stem cells. In contrast, umbilical cord tissue contains a particularly large number of mesenchymal stem cells. Whereas haematopoietic stem cells are multipotent stem cells in such a way that they give rise to the different types of blood cells, *i.e.*, erythrocytes (red cells), thrombocytes (blood platelets) and leukocytes (white cells) with their different sub-types, mesenchymal stem cells are multipotent cells that can differentiate into bone, cartilage, muscle, ligament, dermal or fat cells.

Due to their natural „repair function", stem cells are generally used in medicine to rebuild damaged cells or replace diseased cells through stem cell transplantation. Stem cell transplantation can either be autologous, *i.e.*, with the

recipient's own stem cells previously extracted, or allogeneic, where the recipient receives stem cells from another donor, *e.g.*, a family member or an anonymous donor. The success of allogeneic stem cell transplantations depends primarily on the extent of matching HLA (human leukocyte antigen) tissue markers, which are, in general, more likely to be similar among family members.

Stem cell transplantation is a prominent treatment, in particular with regard to haematological and immune disorders. Currently, stem cells are a standard in the treatment of more than eighty different haematological and immune disorders, such as myelodysplastic syndrome, leukaemia, lymphoma and anaemia. Of the 49 cord blood units that had been stored by the Group and subsequently released for treatment, 22 have been used for the treatment of brain damage and 16 for the treatment of blood disorders, whereas 7 have been used for the treatment of autoimmune diseases, 3 for the treatment of immune deficiencies and one regarding a metabolic disorder. To date, the Group has been able to comply with all requests for release of cord blood units stored by the Group.

Although, as of the date of this Prospectus, cord blood is only an approved treatment for the hematopoietic reconstitution and immune reconstitution following high-dose chemotherapy and radiation therapy (Source: Erste Fortschreibung BÄK Richtlinie), the Group believes that there is a wide range of potential application in human medicine, since these cells have regenerative potential in the areas of skin, bones and joints and also have an immunomodulatory effect. In laboratory experiments and in animal models, mesenchymal stem cells alleviate rejection reactions and overreactions of the immune system. After positive findings in the experimental use of umbilical cord tissue in severe cases of COVID-19 in China, studies in this field have been initiated worldwide (for further information, see „*13.3.1 Medical Studies Exploring Clinical Relevance*" below). Depending on the results of these studies, the Group believes that the therapeutic use of umbilical cord tissue may also be considered for severe pneumonia and other diseases as here, too, a massive immune reaction often contributes to a fatal course. Further studies have shown that, in the case of not perfectly matching stem cell donations, the mixed usage of mesenchymal stem cells and haematopoietic stem cells can reduce rejection reactions (graft-versus-host-disease) (Sources: *McGuirk, Smith, Divine, Zuniga, Weiss,* Wharton's Jelly-Derived Mesenchymal Stromal Cells as a Promising Cellular Therapeutic Strategy for the Management of Graft-versus-Host Disease; *Zhao, Chen, Yang, Cao, Li,* The role of mesenchymal stem cells in hematopoietic stem cell transplantation: prevention and treatment of graft-versus-host disease).

Aside from the use of cells in established and standardised therapies, extensive clinical trials and therapeutic experiments are under way in many countries, mainly in Asia and the US, to identify and explore new uses of stem cells, in particular in the fields of regenerative medicine, such as subsequent symptoms of heart attacks and strokes and the wear and tear of bones and cartilage. Reports of successful experimental stem cell therapies are widely publicised. According to ClinicalTrials.gov, stem cell therapies are a medical field with the highest number of ongoing clinical trials, outperforming gene therapies, viral therapies or monoclonal antibody therapies. Currently, more than 100 active patient studies evaluate umbilical cord blood or cells derived from umbilical cord blood as treatment options (Source: ClinicalTrials.gov. 2021). Diseases that are covered by such studies include cancer (Sources 2-14), heart defects (Sources 15-17), lung diseases (Sources 18-19), autoimmune diseases (Sources 20-23), brain damages (Sources 24-26) and defects to be cured by immune cell therapies (Sources 27-32).

Stem cells can also be harvested from other sources, namely bone marrow, where stem cells can be harvested during a surgical intervention by aspiration from the cavity of the hipbone, and peripheral blood, where the donor receives medication to increase the number of haematopoietic stem cells several days before the donation and stem cells are then harvested through apheresis. In comparison to bone marrow, cord blood has several biological advantages, such as higher proliferative potential, lower requirement for human leukocyte antigen compatibility, low immunogenicity (tendency to provoke immune reactions) and lower incidence of graft-versus-host-disease, minimal risk to the donor (due to non-invasive collection process) and immediate availability if a cord blood sample has been stored (Sources: *Lansdorp, Dragowska, Mayani,* Ontogeny-related changes in proliferative potential of human hematopoietic cells; *Noroozi-aghideh, Kheirandish,* Human cord blood-derived viral pathogens as the potential threats to the hematopoietic stem cell transplantation safety; Source 38; *Rocha, Wagner, Sobocinski, et al.,* Graft-Versus-Host Disease in Children Who Have Received a Cord-Blood or Bone Marrow Transplant from an HLA-Identical Sibling). However, characteristics of cord blood are its delayed engraftment and poor immune reconstitution, leading to a high rate of infection-related mortality (Sources: *Noroozi-aghideh, Kheirandish,* Human cord blood-derived viral pathogens as the potential threats to the hematopoietic stem cell transplantation safety; *Petropoulou, Rocha,* Risk factors and options to improve engraftment in unrelated cord blood transplantation; *Montoro, Piñana, Moscardó, et al.,* Infectious Complications after Umbilical Cord-Blood Transplantation from Unrelated Donors) as well as its limited quantities and availability once in a lifetime immediately after birth. Studies confirm that for certain diseases stem cell transplants are equally effective when the stem cells come from different sources (Sources 33-36). Therefore, in view of their biological but also practical advantages, such as ease of harvesting, immediate availability for transplants from cord blood banks and ease of selection for allogeneic transplants, cord blood cells have become widely used in medicine. Since the first

transplantation in 1988 (Source 37), more than 42,000 procedures using cord blood stem cells were performed worldwide by 2019 (Source 38).

14.5.2.2 *Collection of umbilical cord blood and tissue*

The Group offers to its customers the collection, transportation from the hospital to its laboratory, processing and storage as well as, upon release, the handing over (including free transportation in the DACH region) of cord blood and cord tissue. Following the conclusion of the contract with the Group, the customer receives a transportation box with a sterile disposable extraction kit from the Group, which is to be taken to the birth center (see below for further information on the customer information process and preparatory steps). Having arrived at the birth center, the mother-to-be hands over the transportation box to the responsible midwife or gynaecologist who undertake the necessary preparations for the collection. The collection of umbilical cord blood and, if applicable, tissue takes place immediately after childbirth by a trained midwife or doctor in order to obtain the youngest and most vital stem cells. The Group ensures through the contractual provisions *vis-à-vis* its cooperation partners that the midwife or doctor collecting the material is adequately educated, and the Group provides training sessions for medical personnel with its own staff. Umbilical cord blood (including blood that remained in the placenta) is harvested through the puncture of the umbilical vein and can amount to up to 200 ml. Umbilical cord tissue is collected after the umbilical cord was cut by cutting off the umbilical cord close to the placenta and putting the fragment into a special disinfectant transport solution. The material is then packed into a special insulated polystyrene container, with a temperature-stabilizing gel pack and a standardized certified chip that monitors the temperature inside the container and transported by courier to the Group's stem cell laboratory in Leipzig, Germany. The mother's venous blood is also sampled before or immediately after childbirth for serological testing by the Group, *i.e.*, to detect potential infections, and packed into the same polystyrene container.

14.5.2.3 *Testing and processing*

The processing of umbilical cord blood and tissue takes place in the Group's „glass laboratory" (*Gläsernes Labor*) in Leipzig, Germany, or, in selected cases, in its laboratory in Rostock, Germany. The Group has available state-of-the-art equipment, which is fully compliant with GMP and all applicable regulatory requirements. For further information on applicable regulation and authorizations held by the Group, see „*14.16 Regulation*" below.

Umbilical cord blood is processed in the following stages, with the mother's venous blood being tested in parallel with cord blood processing:

- *Acceptance*: This involves a review of the accompanying documents and the visual inspection of the collection kit and the biological material for any leaks, colour, physical damage, etc. Subsequently, the data collected by the chip monitoring the temperature inside the container during transport is read and the volume of the blood sample is calculated by weighing the blood bag;

- *Identification procedure*: Recording all data relating to the mother, the child and the stem cell sample, including name, birth data and clinic; by awarding a unique ID number, each sample, child and test result can be unambiguously identified;

- *Cryoprotection*: In a clean room, which can only be entered through special lock systems, the biological material is put into ultra-low-temperature-resistant storage bags; cryoprotectants are added prior to freezing to protect the biological material against the negative effects of low storage temperatures;

- *Sample taking*: Before cryopreservation, the unit is sampled to allow for testing during storage and before release of material for transplantation.

During the processing, the Group usually does not separate the stem cells from the other blood ingredients (in particular the erythrocytes) to reduce the volume of the harvested material but keeps the whole blood sample, which, therefore, usually contains stem cell preparations of 70 milliliters instead of only 25 milliliters. The Group thereby retains all options regarding future treatment methods using other ingredients of umbilical cord blood, makes sure that the maximum amount of stem cells is available to the customer and does not jeopardize the stem cells' lifetime as well as their stability after thawing, which can be compromised as a consequence of a separation. The Group believes that these advantages outweigh the higher storage costs.

Following this procedure, the umbilical cord blood is generally split in six different portions (one main portion and five retention samples).

Umbilical cord tissue is processed in a similar procedure, whereas, in general, the material is only tested in relation to microbial sterility. In case of temperature deviation during transport monitored by the chip inside the container, a colony forming cell (CFC) assay is prepared and declared in order to evaluate the quality of the stem cells

contained in the umbilical cord tissue. The umbilical cord tissue is disinfected, cleaned and washed to ensure that all germs are removed.

14.5.2.4 *Cryopreservation and storage*

Following the processing, the umbilical cord blood and the umbilical cord tissue are packed in specific freezer bags, protected by aluminium boxes (cassettes), and are pre-cooled in a specific freezer to a temperature of -145 degrees Celsius using liquid nitrogen. Subsequently, they are transferred to the cryopreservation tanks, which work independently from any electrical power source and include liquid nitrogen with a temperature of -196 degrees Celsius. Within the cryopreservation tanks, the material is placed on a rack in the gaseous phase and umbilical cord blood and tissue are cryopreserved at a constant temperature below -150 degrees Celsius and -130 degrees Celsius, respectively. This temperature ensures that the metabolic processes in the stem cells are almost completely halted. The customer receives a certificate confirming the cryopreservation of the harvested material and is requested to complete a follow-up-anamnesis form. The whole processing time from the collection of the bodily material until the cryopreservation must not exceed 48 hours in case of cord tissue and 72 hours in case of cord blood. If these time limits are exceeded, additional quality analyses have to be performed.

During storage, the blood sample that had been taken prior to cryopreservation is analyzed in relation to morphology, viability and microbiology. As a result of the test during storage or before release for transplantation, blood may be disqualified if it does not meet the standards, *e.g.* the minimum volume, viability, white blood cell count (WBC), infections, etc. Some of the collected samples become infected with bacteria, which normally does not disqualify the blood from being used for transplants, as infected blood can be transplanted with the parallel administration of antibiotics. Viral infections are extremely rare, but also in this case the blood can be used in some transplants. Whenever a sample is infected, the customer is informed about this fact and has the right to withdraw from the contract and obtain a refund of all payments excluding the prepayment of EUR 195. If the material is rejected before processing, the Group covers the cost of the collection kit, collection and transport to the laboratory, while if an infection is found and results in disqualifying the material or the customer opts out as a result of the infection, the Group additionally bears the cost of processing and diagnostic testing. Usually at least part of these costs are covered by the customer, depending on the terms of the specific contract. In any case, the prepayment of EUR 195 cannot be reclaimed by the customer.

Between 2017 and 2019, only about 1% of the collected samples were not banked mainly because of a reject due to quality reasons.

At present, the cryopreserved units have a confirmed shelf life of at least 15 years. As requested for pharmaceutical drugs, subsequent stability tests are performed every five years to prolong the shelf life for the products. As for now, no deviations in quality have been found over time.

Each material sample is given a unique ID assigned to the storage cassette. The racks and tanks have their ID numbers as well. Sample identification data is stored in IT systems that enable quick and reliable retrieval when needed.

As at June 30, 2021, the Group banked more than 253,000 cord blood and tissue samples stored in more than 180 cryopreservation tanks in its laboratories in Leipzig and Rostock. In 2021, the Group expanded its storage capacities by means of 60 additional tanks with storage room for approximately 90,000 stem cell deposits. This resulted in a capacity increase of approximately 30%.

The average churn rate for the Group (*i.e.*, contracts terminated by customers over the total number of contracts) was about 2.5% in 2020. The top causes of churn are financial restraints and divorces of the parents.

An average of 800 million to 1 billion stem cells are harvested per one cord blood collection, which, at the predefined dose of 20-25 million cells per 1 kg of the recipient's body weight, will support an autologous treatment of a person weighing up to 40–50 kg. It should be emphasised that advanced clinical trials are ongoing around the world with results indicating that hematopoietic cells can be successfully multiplied, which should reduce or eliminate the statistical weight limit. In the case of heavier individuals, it is also possible to combine cord blood and marrow products or use multiple portions of blood at the same time. To date, every unit stored by the Group that has been requested for release could be released and applied.

14.5.2.5 *Release of material for transplantation*

If the customer requests that biological material stored on its behalf in the Group's cryopreservation tanks be sent to medical facilities for transplantation purposes, the Group will identify the material requested by means of the unique ID assigned to the storage cassette, analyze the retention sample, deliver the cryopreserved stem cells to the respective hospital by courier which is free of charge within Germany and Austria, thaw the material to perform quality tests before the handover, wash and entirely prepare the material for the transplantation. As a

result of the quality tests, blood may be disqualified if it does not meet the standards. See „*14.5.2.4 Cryopreservation and storage*" for further information on the tests. In Germany and Austria, these procedures are carried out by employees of the Group itself relying on special mobile equipment and the use of mobile clean room technology. Otherwise, the Group collaborates with external partners as subcontractors.

14.5.3 Peripheral Blood Business

In addition to the Group's core business, it also processes and stores stem cells from peripheral blood (after apheresis) for cancer patients in order to help the immune system to recover after chemotherapy by transplanting the harvested material. In this segment, the Group only acts as subcontractor of the treating hospital.

In 2021, the Group discontinued the storage of stem cells from bone marrow. Demand in this field had significantly declined as the procedure of harvesting stem cells from bone marrow, which requires a surgical intervention (with the risk of infections and risks associated with general anaesthetic) and hospitalization of the donor, has been widely substituted by the collection of stem cells from peripheral blood.

14.6 Sales and Customers

14.6.1 Cooperation with Maternity Clinics and Gynaecologists

For the collection of umbilical cord blood and tissue, the Group relies on its strong cooperation network with more than 600 maternity clinics in Germany, which have the necessary manufacturing permit(s) for these procedures. This corresponds to a market coverage in Germany of more than 90%. The Group regularly trains clinical staff in the collection of umbilical cord blood and tissue and the surrounding duties pursuant to the German Transfusion and Organ Transplant Act (*Transplantationsgesetz*) and also informs them of the advantages of umbilical cord stem cell storage. The Group's cooperation partners are released by the Group from all liability and benefit from the Group's insurance coverage. Their remuneration is based on the German Schedule of Fees for Physicians (*Gebührenordnung für Ärzte, GOÄ*).

14.6.2 Marketing Activities

Due to the low public awareness of the medical uses of umbilical cord stem cells, the key element in the business process of the Group is education and raising public awareness. Since medical professionals are often a natural source of information for expecting parents, they can become partners in providing education to potential customers. Therefore, the Group's sales representatives regularly visit gynecologists and midwives to inform them of the advantages of umbilical cord stem cell storage and provide them with the latest medical studies on umbilical cord blood and stem cell therapies.

The Group also conducts direct marketing activities *vis-à-vis* its customers. In contrast to the information provided to medical partners, the marketing material for customers focuses less on the practical aspects of the collection of the biological material but more on the medical potential of stem cells in the umbilical cord blood and cord tissue and the storage for possibly life-saving therapies for the benefit of the customer's unborn child. In terms of marketing channels, in addition to print media, the Group uses online advertising through social media and several parent websites. In addition, the Group hosts online „parents' evenings" to raise awareness for cord blood and tissue banking and promote its activities.

The Group's marketing employees seek to establish direct contact with potential customers through the Group's website, the Group's customer service email address or the customer service hotline. The Group strives to provide individual assistance to each potential customer to find the matching product for their situation.

14.6.3 Conclusion of Contract and Anamnesis

Once the soon-to-become parents have decided on a stem cell deposit with the Group, they complete an order to set up a stem cell deposit on average 45 days before the expected birth. Legally, the legal representatives of the unborn child or children (in case of multiple births) conclude the contract but with the child or children having the sole power of disposal of the biological material derived from the umbilical cord to be stored. Thus, the child's legal guardian has to give the consent on behalf of the child until the time the child is regarded as competent for giving its own consent into bodily interventions. The competence to grant consent in bodily interventions and treatment of bodily samples depends on the respective child's maturity and often occurs before the child is of legal age for entering into contracts on its own. In Germany, minors are usually regarded competent for granting consent into bodily interventions between the age of 14 to 16 years, while even earlier around the age of 12 years it is required to inform the child of any interventions. If the material will be collected in Germany or Switzerland, the relevant contract is concluded between the customer and Vita 34 AG, whereas the Company's subsidiary Vita 34 Gesellschaft für Zelltransplantate m.b.H. is the contracting party in Austria and Secuvita S.L. in Spain. Regarding

the Group's B2B operations, its business partners conclude the contracts with the customers, while the Group acts as the business partners' subcontractor (for further information on the business partners, see „*14.6.6 Business Partners*" below). The stem cell deposit contract specifies the type of product (and thus, in particular, the one-time and the annual fee as well as the ordinary termination rights) that the customer has chosen. Following the conclusion of the contract, the customer is required to make a down payment in the amount of EUR 195. Should cord blood or tissue not be collected, should, prior to the collection, pressing medical reasons prevent the collection of cord blood or tissue, should the collection of cord blood or tissue occur in an institution that is not a cooperation partner of the Group or should the examination of the sample upon acceptance show that processing and storage is not possible or not reasonable and, as an additional requirement in all of the above cases, should processing of the harvested biological material not be possible in accordance with the Group's quality standards, the contract is subject to automatic cancellation and the customer receives a reimbursement of the payment made excluding the prepayment of EUR 195.

Having received the signed contract, the Group provides the mother-to-be with a detailed medical history form for anamnesis purposes that needs to be completed, signed and returned, together with a copy of the maternity card, before childbirth. The medical history form is based on the guidelines for collection of stem cells by the German Medical Association (*Bundesärztekammer, BÄK*) and is to be completed not earlier than the 29th week of pregnancy. The information provided by the mother-to-be is carefully reviewed by the Group's experts, who confirm that umbilical cord blood can be collected and could also be applied for transplantations in the future. The umbilical cord and derived bodily material are mostly regarded as belonging at least also to the child, which – once born – is a legal person in its own right. Thus the consent should be issued by the child's legal guardians.

Prior to childbirth, the customer receives the Group's transportation box, which includes all the material necessary for the collection and safe transportation of the cord blood and tissue. The Group also informs its cooperation partner as indicated by the customer about the intended collection of cord blood (and tissue). The items contained in the transportation box which come into contact with human blood or tissue might be subject to further regulations, see „*14.16 Regulation*" for further information in this regard.

14.6.4 Product Portfolio

The Group's product portfolio is primarily divided into products relating to the collection, processing and storage of umbilical cord blood only or to the collection, processing and storage of umbilical cord blood and umbilical cord tissue. The latter product line is, therefore, marked with the additive „Nabelschnur" (umbilical cord in German). The Group's products further differentiate by the minimum term of the deposit. The least expensive products in terms of one-time contract fee are „VitaPur" and „VitaPurNabelschnur" with a minimum term of ten years and a subsequent annual termination notice period. However, annual storage fees are higher with these products than with others that have higher one-time contract fees but annual termination notice periods from the start. The „VitaPur" pricing model was introduced in May 2018 and is aimed specifically at price-sensitive customers with a view to increase market penetration in the core markets of the DACH-region. Other products, *i.e.*, „VitaPlus25", „VitaPlus50", „VitaPlusNabelschnur25" and „VitaPlusNabelschnur50", take a different approach with higher one-time contract fees, but offer annual termination notice periods and only require payment of annual fees as of a certain age of the child. The Group offers special conditions for multiple births. Customers may also choose to make use of the financing options, including installment payments, provided by the Group's cooperation partner TEBA Kreditbank. TEBA Kreditbank is not affiliated with the Group and TEBA Kreditbank may take recourse against the Group only to a very limited extent in case of bad debts.

In addition, to this basic product portfolio regarding collection, processing and storage of cord blood (and tissue), the Group offers additional services that customers can choose to include. Preventive screening, which is charged additionally, includes testing the child's DNA in the umbilical cord blood for genetic dispositions to the following five risks: drug-induced hearing loss, AAT deficiency (*i.e.*, a dysfunction of the immune system), hereditary fructose intolerance, gluten intolerance and lactose intolerance. Donation options allow the customer to combine the stem cell deposit for autologous purposes with a public donation to others. There are two available donation options, which are both free of charge for the customer: If the customer chooses „VitaMeins&Deins", the collected cord blood will be divided into two full stem cell deposits if the required weight is sufficient upon receipt by the laboratory. One deposit will then be stored as a public donation (for allogeneic donation) and the pseudonymized data will be entered in a public stem cell registry. If the customer chooses „VitaPlusSpende", the privately stored cord blood can be provided additionally for public donation if it is suitable. The pseudonymized data are entered in a public stem cell registry and, if a suitable recipient needs this cord blood, the Group will ask the custodians or the child of full age whether they want to release the cord blood for donation. If they opt to do so, the entire processing is provided for transplantation and the Group will reimburse the fees paid so far. Through this diversified offering, the Group intends to cater to the different needs and expectations of its customers.

In addition, considering that the probability of matching tissue characteristics is highest among siblings, the Group has launched a special initiative called the „Sibling Initiative" as early as 2002. Through this initiative, the Group

enables the free storage of stem cells from the umbilical cord blood of a child whose brother or sister is seriously ill and needs the stem cells of the newborn sibling for treatment up to five years.

14.6.5 Customer Base and Geographical Spread

In general, the Group's customers are well educated and in a financially sound position. Only approximately 10% of its customers choose financing options through installment payments. The customers' average age at the first deposit is 32 years, *i.e.*, two to three years above the average age of mothers at the birth of their first child. Customers who previously decided in favor of a stem cell deposit often opt for such a deposit again in case of subsequent childbirths. The Group offers slight discounts for these customers.

The Group has a strong focus on the DACH region as its core market and also covers various other European countries. It currently stores umbilical cord blood from 20 countries with 70.3% of revenue from transactions with external customers coming from Germany. In terms of geographical diversification, the Group strongly relies on its subsidiaries, in addition to business partners. With the exception of Vita 34 AG, Seracell Pharma GmbH, Vita 34 Suisse GmbH, Vita 34 Slovakia s.r.o. and Vita 34 ApS, all Group companies operate exclusively as sales companies, with only Vita 34 AG and Seracell Pharma GmbH operating stem cell storage facilities. The Group's subsidiaries thereby promote the strategy of further internationalization of the Group together with sales and cooperation partnerships that help to open up new attractive markets. In the past years, the Group undertook a restructuring of its international sales activities, especially in Denmark, Italy, Serbia and Romania. In particular, the restructuring in Denmark, which included moving the daily operations from the Group's subsidiary to a business partner, has sustainably increased the Group's EBITDA by approximately EUR 1 million per year.

14.6.6 Business Partners

In certain regions, particularly in Eastern Europe and the Middle East, the Group relies on business partners to carry out its business activities through these B2B-relationships. The business partners have deep knowledge of the regulatory situation in the respective region and have often established strong customer relationships as well as dense cooperation networks. While the business partners themselves enter into the relevant contracts with the customers and the Group therefore has no direct contractual relationship with the customers in these regions, the related services (such as processing, testing, freezing and storing of cord blood and cord tissue samples) are provided by the Group as sub-contractor of the business partner. The business partner is responsible for all steps and procedures until the sample arrives at the laboratory of the Group, these include, *inter alia*, marketing and distribution, the collection of cord blood and cord tissue samples, the training of the hospital personnel as well as the transport of the samples from the region to the Group's facility. In addition, the partner bears the overall pharmaceutical responsibility and the full responsibility and liability towards the customer. Any communication with the end customer is done by the partner.

14.7 Research & Development

As the Group is active in a bio-medical environment, it considers research and development a key growth driver. Thereby, the Group intends to expand its service offering to a more broadly based cell bank based on its targeted research and development activities and extensive know-how in cryopreservation. The Group has a dedicated research and development department based in Leipzig with a headcount of seven people as of December 31, 2020, which can rely on state-of-the-art laboratory equipment and quick access to bio-medical know-how. In the financial year ended December 31, 2020, research and development expenses amounted to EUR 0.5 million, which corresponds to 2.5% of the Group's revenue, which was almost identical with the Group's research and development expenses in the financial year ended December 31, 2019, which were at EUR 0.5 million (2.4% of revenue). In the financial year ended December 31, 2020, the Group received government grants related to subsidies for research and development in an amount of EUR 0.2 million.

The Group's research and development activities have resulted in several success stories, including the development of a procedure for the conservation of umbilical cord tissue based on GMP in 2012, which allows the collection of mesenchymal stem cells as starting cells for regenerative medicine. Furthermore, in a joint research project with the German Fraunhofer Institute for Cell Therapy and Immunology, the Group has also developed a GMP procedure for the collection and cryopreservation of fat tissue for autologous transplantation, and it has already applied for a permission for the collection and production of adipose tissue preparations for a possible later isolation of adult stem cells. Moreover, the Group has already engaged with a hospital chain for aesthetic medicine as cooperation partner. The associated product launch of „AdipoVita" is planned for 2022.

In the coming years, the Group will focus on two main R&D areas, namely immune cells and adipose tissue. With regard to immune cells, following the project start in late 2018, it will concentrate on the identification, isolation and characterization of such cells from peripheral blood of adults, including research on the quantification and functionality of immune cells from peripheral blood. Oncological research gives rise to hope in specific forms of

immune cell therapy, for which a certain type of immune cells, *i.e.*, T-lymphocytes or, short, T-cells, is genetically modified into CAR-T-cells. This form of immune cell therapy is a significant step towards „personalized therapy". CAR-T cell therapies developed by large pharmaceutical companies have already been approved by the FDA in the U.S. and by the EMA in Europe for selected indications, including certain forms of lymphomas and leukemia. With its expertise in umbilical cord blood processing, the Group aims to provide the starting material for the collection of individual T-cells for conversion into CAR-T-cells if needed.

In early 2021, a research cooperation with the Institute for Radiopharmaceutical Cancer Research of the Helmholtz Center in Dresden-Rossendorf (HZDR) was initiated in order to develop a manufacturing process for cryopreserved immune cell isolates. Within the scope of the collaboration, the principal suitability of cryopreserved immune cell isolates for the production of immune cell therapeutics shall first be demonstrated in preclinical scientific work. The influence of long-term storage of immune cell preparations on the quality of cell therapeutics will also be analyzed. Revenues from the immune cell isolate are expected from 2023 onwards.

With regard to stem cells from adipose tissue based on the successfully developed collection and cryopreservation procedure, the process for the isolation of mesenchymal stem cells from fresh and cryopreserved adipose tissue is currently planned as a potential next development stage. The Group believes that new products based on adipose tissue stem cells could open up the markets of both regenerative medicine and aesthetic medicine for the Group.

14.8 Quality Assurance

Based on the authorizations it holds, the Group is currently the only German stem cell bank that is allowed to collect and store both blood and tissue from the umbilical cord of newborns under all applicable regulations. Going beyond the necessary authorizations and approvals that it requires for its business (for further information on the regulatory environment, see „*14.16 Regulation*"), the Group ensures that it complies with consistently high quality standards throughout its activities. Since 2018, the Group holds an accreditation according to the internationally recognized NetCord FACT Standards. FACT is the foundation for the accreditation of cellular therapy, which issued the NetCord FACT Standards for Cord Blood Collection, Banking, and Release for Administration in order to promote quality medical practices, laboratory processes and banking to achieve consistent production of high quality placental and umbilical cord blood units for administration. These NetCord FACT Standards were developed by consensus of internationally renowned experts.

14.9 Intellectual Property and IT

The Group owns a number of intellectual property rights, including word and figurative trademarks and a patent.

In particular, since 2017, the Group owns a European patent from the German Patent and Trade Mark Office, which relates to a method for the treatment of umbilical cord tissue, in particular with the preservation of the tissue. The patent is valid until 2034 and covers Germany, Austria and the UK. The patent has not been contested since its award. In order to maintain protection under the patent, the Group has to pay an annual fee.

Furthermore, the Group is the owner of various word and figurative trademarks with the designations „Vita 34" and „Seracell". The protective rights for these trademarks have been granted to the Company or any of the Group's subsidiaries. Some business partners have been granted a license to use some of the trademarks with the designation „Vita 34".

The Group utilises standard software which assists invoicing and recording of payments. In addition, the Group relies on its self-developed IT systems for the handling and management of data from biological material testing and laboratory apparatus monitoring equipment (called Vita LAB) as well as a system for customer relationship management (called Vita FLOW). To ensure data safety and protection from outages, the Group has implemented a number of protective measures, including duplicative systems, firewalls, antivirus software, patches, data encryption, log monitors, routine backups, system audits, data partitioning, routine password modifications and disaster recovery procedures.

14.10 Real Estate

With the exception of an unused and undeveloped plot of land in an industrial zone close to Madrid, Spain, the Group does not own any real estate at the date of this Prospectus. The table below sets out certain key facts regarding the Group's leased real estate:

Location	Key Functions	Approximate Area (in m²)
Germany		
Leipzig („BioCity")	Laboratory (Headquarter)	1,831.38 m² (thereof 515.98 m² used for R&D)
Leipzig („BioCube")	Office & Storage	2,861.54 m²
Rostock	Laboratory & Storage	1,039.56 m²
Austria		
Vienna	Office	107 m²

14.11 Employees

As of December 31, 2020, the Group had a total of 116 employees (with 93 people being employed by the Company itself in Leipzig), compared to 120 employees as of December 31, 2019 and 123 employees as of December 31, 2018. Since December 31, 2020, the number of employees has not changed materially until the date of this Prospectus.

The Group's employees primarily work in the laboratory and storage department as well as in the marketing and sales teams. In addition, the Group works with a number of freelancers, in particular as sales representatives.

Function	Employees (as of December 31, 2020)
Management Board	2
Production	49
Marketing & Sales	34
Administration	27
Project Management	3
Assistant	1
Total	**116**

Company	Function	Freelancers
Vita AG	Sales representatives	17
Secuvita	Sales representatives	8
Seracell	Specialist	1
Total		**26**

Within the Group, there is a works council to represent the interest of its employees in Leipzig. The Company interacts with this council in a cooperative and solution-oriented manner. There are no collective bargaining agreements binding any of the Group's companies.

Although the Group has no company pension scheme in place, it supports individual pension schemes of its employees to the extent permitted by applicable tax and social security laws.

14.12 Material Agreements

14.12.1 Loan Agreements

14.12.1.1 *Loan to Finance Acquisition of Further PBKM Shares Following the Exchange Offer*

In May 2021, the Company as borrower entered into a loan agreement with Commerzbank Aktiengesellschaft as lender in an amount of up to EUR 37.4 million in order to finance the acquisition of further PBKM Shares following completion of the Share Exchange in the course of a squeeze-out (see *„4.14.3 Possible Squeeze-Out*" above) or, if the Closing Condition regarding the Minimum Acceptance Rate (as defined in *„4.3.2 Minimum Acceptance Rate*" above) is not fulfilled but effectively waived, a possible tender offer for the acquisition of further PBKM Shares and in each case related transaction costs, with the latter being capped at an amount of EUR 3 million. The loan can be utilized in two ways by the Company, through (i) the provision of a bank guarantee by Commerzbank Aktiengesellschaft for the benefit of the Tender Agent in connection with payments to be made to PBKM Shareholders in a tender offer and (ii) actual amounts to be drawn down. In case of a tender offer, the bank guarantee shall secure the tender price to be paid by the Tender Agent to PBKM Shareholders tendering their PBKM Shares. The term of such bank guarantee may not exceed May 31, 2022. The loan can be drawn in up to five drawings until July 31, 2022. The commission payable for the availability of the bank guarantee is 0.75% p.a. on the nominal amount of the guarantee. Interest on the loan amount drawn down accrues at a rate of the 3-month EURIBOR plus 2.0% p.a. (if the 3-month EURIBOR is 0% or negative, only the 2% margin shall apply) and is payable on a quarterly basis. The Company is obliged to repay the loan together with

accrued interest and expenses on December 31, 2022. Early termination/repayment is possible. The loan is secured, *inter alia*, through a pledge of the acquired PBKM Shares of the Company as well as all shares in the Company to be received by AOC Health GmbH upon settlement of the Exchange Offer. The loan includes customary covenants and entitles the lender to terminate the loan agreement without notice if the Company fails to comply with the covenants.

14.12.1.2 *Loan in Connection with Acquisition of Seracell Pharma AG*

In June 2017, the Company as borrower entered into two loan agreements with Commerzbank Aktiengesellschaft as lender (the „**Seracell Loan**") in an aggregate amount of EUR 7,500,000, with one loan amounting to EUR 3,000,000 („**Part A**") and the other loan amounting to EUR 4,500,000 („**Part B**"). The Seracell Loan has been earmarked for the purpose of acquiring all shares in Seracell Pharma AG (since August 2019 Seracell Pharma GmbH) and is refinanced by the German Kreditanstalt für Wiederaufbau. Interest under the Seracell Loan accrues at a rate of 2.20% p.a. with regard to Part A and 2.35% p.a. with regard to Part B. The Seracell Loan matures on June 30, 2023. The Company is obligated to repay the Seracell Loan in 20 equal quarterly installments in an amount of EUR 375,000 each, from September 30, 2018 on. The Seracell Loan is secured by a global assignment of the Company's receivables from the storage contracts against the third-party debtors with the initials A to Z as well as by a pledge of certain securities and account balances. Furthermore, the Seracell Loan includes customary covenants and entitles the lender to terminate the loan agreement without notice if the Company fails to comply with the covenants. As of December 31, 2020, an amount of EUR 3,745,000 was outstanding under the Seracell Loan.

14.12.2 Cooperation Agreement with Deutsche Stammzellenbank

In April 2020, the Company entered into a cooperation agreement (the „**Cooperation Agreement**") with Deutsche Stammzellenbank GmbH („**DSB**") relating, in particular, to the referral of new customers for the Company by DSB in Germany. In addition, pursuant to the Cooperation Agreement, DSB granted a sub-license to the Company with regard to the trademark „Deutsche Stammzellenbank". The Cooperation Agreement includes a certain minimum number of contracts to be concluded per year, which have to be generated by DSB. DSB receives a performance-related compensation in the form of a commission, which is specified in the Cooperation Agreement. Furthermore, the Cooperation Agreement stipulates that, in cases where DSB itself markets and sells the storage of stem cells from umbilical cord blood in its own name, the Company will act as sub-contractor of DSB for the processing and storage of the stem cells against a fee. The Cooperation Agreement is concluded for an indefinite period of time. The Company and DSB have agreed on an ordinary right of termination with a notice period of six months to the end of the month as well as an extraordinary right of termination for good cause. Good cause shall, *e.g.*, be a change of ownership at one of the parties that leads to a significant change of control or to a participation of a competitor of Vita 34.

14.12.3 Lease Agreements

14.12.3.1 *BioCity*

In 2013, as amended in 2014 and 2018, the Company entered into a lease agreement with regard to leased property covering an area of approximately 1,315.40 m² for commercial use in Leipzig. The original lease ended on December 31, 2018 and was extended until December 31, 2023. The aggregate gross rent per month amounts to EUR 14,831.14. Under to the lease agreement, the landlord has extraordinary termination rights, *inter alia*, if the Company is late for more than two months with payments in an amount of one monthly rent, including advance payments for operating costs and service charges.

In addition, in 2021, the Company leased laboratory facilities covering an area of 515.98 m². The lease has a term until December 31, 2023. The aggregate gross rent per month amounts to EUR 7,982.21.

14.12.3.2 *BioCube*

In 2011, as last amended in 2019, the Company entered into a lease agreement with regard to leased property covering an area of approximately 2,861.54 m² for commercial use in Leipzig. The original lease ended on March 31, 2018. The term of the lease was extended until December 31, 2023 and the lessee has the option to extend the lease for another two-year-period until December 31, 2025 by way of unilateral declaration. The aggregate gross rent per month amounts to EUR 34,117.38. The lease agreement provides for an extraordinary termination rights of the landlord, *inter alia*, if the Company is late for more than two months with payments in an amount of one monthly rent, including advance payments for operating costs and service charges.

14.12.3.3 *Rostock*

In 2016, as last amended in 2021, Seracell Pharma AG (now Seracell Pharma GmbH) entered into a lease agreement with the city of Rostock with regard to leased property covering an area of 1,039.56 m² in a biomedical research center. The original lease ended on December 31, 2020 and was extended until December 31, 2023. The aggregate gross rent per month amounts to EUR 20,286.90.

14.13 Legal and Arbitration Proceedings

The Group is from time to time party to legal and arbitration proceedings in the ordinary course of business. The Group is currently not and has not been in the past twelve months, a party to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability.

Dr. André Gerth, who served as CEO of the Company until June 2017 and, to the knowledge of the Company, was a shareholder of the Company until August 2019, has instituted two legal proceedings concerning the general shareholders' meeting in 2018. On the one hand, seven resolutions adopted by the general shareholders' meeting were challenged. The challenge of the resolution on the appropriation of the retained earnings 2017 has been settled after (unchallenged) confirmation by the resolution of the general shareholders' meeting in 2019. However, no court ruling has yet been handed down on the other challenges. On the other hand, Dr. André Gerth raised a demand for disclosure of information. This proceeding has been suspended until a decision on the legal challenges has been taken due to the intertwining. In principle, the Company and Mr. Gerth have agreed to terminate the proceedings by settlement. As of the date of the Prospectus, the legally binding implementation of such a settlement has not yet occurred.

In relation to the Company's tax return for the financial year 2006, the Company filed a complaint against a change in the Leipzig tax office's assessment. This changed assessment resulted in a reduction of the tax loss carryforward of EUR 2.6 million as of December 31, 2006. In the fiscal year 2017, the tax court dispute was decided in favor of the Company. The tax authorities appealed against the ruling. After verbal negotiations before the Federal Fiscal Court (*Bundesfinanzhof, BFH*), this assessment was confirmed in the Federal Fiscal Court (*Bundesfinanzhof, BFH*) ruling, which was received by the Company in 2020.

In 2020, the Company was subject of an investigation by the Federal Reporting Enforcement Panel (FREP, as defined), which resulted in the correction of accounting errors by the Company, including a retroactive shorting of amortization periods for intangible assets and a different allocation of package prices to the storage of stem cell deposit, which leads to a later recognition of revenue. For further details, see publication of the Company pursuant to Section 109 para. 2 sentence 1 German Securities Trading Act (*Wertpapierhandelsgesetz*) of June 14, 2021 (which can be found at www.dgap.de) and „*10.5 Adjustment of Accounting Methods and Corrections of Errors*", and for the preliminary findings of the FREP, see Note 2.3 of the Audited Consolidated Financial Statements 2020 and Note 2.2 of the Unaudited Condensed Consolidated Interim Financial Statements.

14.14 Insurance

The Group's insurance coverage includes, *inter alia*, general liability insurance, insolvency insurance regarding coverage for the financial means required for the proper storage of stem cell deposits for a period of 50 years from the date of their deposit, transport insurance covering damage in transport of biological preparations (as part of the general liability insurance), and loss of property and earnings insurance. In particular, the loss of property covering stem cell deposits is capped in total at EUR 30 million p.a. with an insurance amount of EUR 3,000 per contract. The general liability insurance covers, *inter alia*, the costs of an alternative treatment by customers in case deposited stem cells are not usable for a stem cell treatment up to a total amount of EUR 10 million p.a. with an insured amount per contract of EUR 5 million. In case of damage beyond these thresholds, there is no insurance coverage. Earnings insurance is also capped at EUR 30 million.

The Company has also obtained directors' and officers' (D&O) liability insurance for the benefit of the members of the Management Board and the Supervisory Board, with a total coverage of approximately EUR 20 million per financial year. The D&O insurance provides coverage in case of liability claims due to breaches of duty and wrongful acts by these board members. The D&O insurance also provides for a deductible for all members of the Management Board in line with the respective provisions of the German Stock Corporation Act (*Aktiengesetz*), *i.e.*, each member of the Management Board remains personally responsible in the case of any finding of personal liability, as the case may be, for 10% of the total amount of such personal liability, up to an amount equalling 150% of the member's total annual fixed remuneration from the Company.

On the basis of its current knowledge and risk management, the Group believes that its insurance coverage, including the maximum coverage amounts and terms and conditions of the policies, are standard and appropriate for its industry. The Group cannot guarantee, however, that it will not incur any losses or be the subject of claims that exceed the scope of the relevant insurance policy. The Group may increase its insurance coverage in the future as it deems appropriate.

14.15 Environmental Protection

Due to the nature of its business, the Group is subject to the provisions of the German Closed Substance Cycle and Waste Management Act (*Kreislaufwirtschafts- und Abfallgesetz, KrW-/AbfG*), the Ordinance on Hazardous Substances (*Gefahrstoffverordnung, GefStoffV*) and other environmental legislation.

In the course of its business activities, the Group generates medical waste, which is taken by a waste collection provider to a waste incineration plant.

The Company takes the view that environmental matters are insignificant for the Group's operations and financial position, and they do not have any material impact on its use of property, plant and equipment or on the environment.

In connection with the Group's existing operations, the Group is not aware of any circumstances which would result in any material environmental protection liabilities or damages arising on the part of the Group companies.

14.16 Regulation

14.16.1 General Regulation Overview

Because the Group operates in a highly regulated industry, it is subject to various laws and regulations in each market that the Group conducts business in which impact all aspects of the Group's operations, including the collection, processing, cryopreserving, testing, storing, placing on the market and/or importing and exporting stem cells and preparations derived, *inter alia*, from peripheral and/or umbilical cord blood and tissues and tissue preparations from bone marrow and/or umbilical cord (and/or other types of tissues) as well as the approval, the distribution and marketing, the prescription, the pricing and reimbursement and the post-market surveillance of such products. As a result, the Group's business, results of operations, and financial condition have been and will continue to be significantly affected by the applicable regulatory environment, which may change at any time. See „*1.2 Regulatory and Legal Risks*"). An overview of certain regulatory frameworks under which the Group operates or plans to operate, respectively, in the European Union („**EU**") and in Germany, are set out below.

14.16.1.1 *EU law*

The legal framework in EU defining the safety and quality standards for blood, tissues and cells is set out in Directive 2002/98/EC („Blood Directive") and Directive 2004/23/EC („Tissues and Cells Directive"), adopted in 2002 and 2004, respectively, by the European Parliament and Council. These legislations, generally, cover all steps in the transplant/transfusion process from donation, to procurement, testing, processing, (cryo)preservation, storage and distribution of blood, tissue and cell (products), respectively. The implementation of EU directives is mandatory and makes EU law binding in the EU Member States. Furthermore, in 2020, the European Directorate for the Quality of Medicines („**EDQM**"), Council of Europe, in 2020, has released the 20th edition of the „Guide to the preparation, use and quality assurance of blood components" („Blood Guide") including the „Good Practice Guidelines".

Additionally, the requirements and procedures for marketing authorization, as well as the rules for monitoring authorized medicinal products for human use, are primarily laid down in Directive 2001/83/EC („Medicinal Products for Human Use") and in Regulation (EC) No 726/2004. They also include harmonised provisions for the manufacturing, wholesale or advertising of medicinal products for human use. In addition, EU legislation provides for common rules laying down the principles and guidelines of the minimum standard that a manufacturer of medicinal products must meet in their production processes (GMP), and for the conduct of clinical trials, *i.e.* testing the safety and efficacy of medicines under controlled conditions. Besides that, Regulation (EC) No. 1394/2007 lays down specific rules concerning the authorization, supervision and pharmacovigilance of Advanced Therapy Medicinal Products („**ATMPs**"). EU regulations are binding legislative acts and must be applied in their entirety across the EU.

In 2016, the EU also enacted Regulation (EU) 2016/679 (General Data Protection Regulation, „**GDPR**"). The GDPR is a uniform framework laying down principles for legitimate data processing, which is directly applicable in Germany and in force as of May 25, 2018. The GDPR entails strict requirements for data protection, in particular (without limitation) for international data transfers, data mapping and accountability, processor (service provider) obligations, and the requirement to designate a data protection officer. Additionally, the GDPR imposes

strict obligations and restrictions on the ability to collect, analyse and transfer EU personal data (including health and medical information).

14.16.1.2 *German law*

The German Tissues and Cells Act (*Gewebegesetz, GewebeG*) of July 20, 2007 transposed the EU Tissues and Cells Directive into German law. The German Tissues and Cells Act exceeds the minimum requirements stipulated by the EU Tissues and Cells Directive and is designed to aspire a maximum level of quality for supplying patients with safe tissue and cell preparations, especially to prevent the transmission of viral and non-viral infectious pathogens. The German Tissues and Cells Act incorporated significant amendments, in particular, of the German Medicinal Products Act (*Arzneimittelgesetz, AMG*), the German Transplantation Act (*Transplantationsgesetz, TPG*) and the German Transfusion Act (*Transfusionsgesetz, TFG*). In addition, the commercial manufacturing, testing, storing, placing on the market, importing and/or exporting of, *inter alia*, medicinal products, active substances, tissues and/or substances of human origin intended for the manufacture of medicinal products are subject to the German Ordinance for the Manufacture of Medicinal Products and Active Substances (*Arzneimittel- und Wirkstoffherstellungsverordnung, AMWHV*") and the European Pharmacopoeia (Ph. Eur.) in its current version and the protection against infection risks is subject to the German Infection Protection Act (*Infektionsschutzgesetz, IfSG*). Additionally, the requirements for the prescription and reimbursement of medicinal products within the German Statutory Healthcare System (*Gesetzliche Krankenversicherung, GKV*), are explicitly stipulated in the Fifth Volume of the German Social Security Code V (*Sozialgesetzbuch V, SGB V*), the data processing operations are governed by the German Federal Data Protection Act (*Bundesdatenschutzgesetz, BDSG*) and, the advertisement on medicinal products are subject to the German Act on the Advertisement in the Field of Medical Products (*Heilmittelwerbegesetz, HWG*).

To ensure a high level of patient treatment safety, the practicable and uniform framework conditions relating to the quality of stem cell preparations derived from peripheral blood, cord blood and/or bone marrow as well as the responsibilities of health care professionals („HCP") involved, *inter alia*, in the collection, manufacturing, processing, storage, testing, (cryo)preservation, release and medical administration of such stem cell preparations are subject to the „Guideline for the Preparation and Use of Hematopoietic Stem Cell Preparations – First Update" („*Richtlinie zur Herstellung und Anwendung von hämatopoetischen Stammzellzubereitungen – Erste Fortschreibung*") issued by the German Medical Association (*Bundesärztekammer, BÄK*) in 2018 and, approved by the Paul-Ehrlich-Institute (*PEI*), the German Federal Institute for Vaccines and Biomedicines, in 2019.

Together with the „Guideline of the German Medical Association for Quality Assurance in Medical Laboratories" („*Richtlinie der Bundesärztekammer zur Qualitätssicherung laboratoriumsmedizinischer Untersuchungen*") issued in 2014, the „Guidelines for the Transplantation of Stem Cells derived from Cord Blood – „Cord Blood-Guidelines" („*Richtlinien für die Transplantation von Stammzellen aus dem Nabelschnurblut*") issued by the BÄK, in consultation with the PEI, in 1999, and the „Guideline for the Collection of Blood and Blood Components and for the Use of Blood Components – „Hemotherapy Guideline" („*Richtlinie zur Gewinnung von Blut und Blutbestandteilen und zur Anwendung von Blutprodukten – „Richtlinie Hämotherapie*") issued by the BÄK, in consultation with the PEI, in 2017, represent the most important rules, regulations and guidelines governing blood, blood components, tissues, cells as well as blood (stem cell) preparations and tissue preparations in Germany.

BÄK, whose members are the medical associations of the individual German federal states, which are themselves bodies under public law, is itself only a registered association under private law.

Guidelines issued by the BÄK are, therefore, only binding to the extent a binding code delegates to BÄK the task to define the „state of the art in medical science", for certain procedures (which is the case, *inter alia*, under Section 16 of the TPG and Section 12a of the TFG.

14.16.2 Classification of Hematopoietic Stem Cell Products

While the EU Tissue and Cell Directive considers all types of haematopoietic stem cells to be „tissue" regardless of their origin, the German legislator distinguishes between „tissue preparations" and „blood components". In Germany, according to Section 4 para. 2 of the AMG in conjunction with Section 21a para. 1 sentence 3 of the AMG, hematopoietic stem cells derived from peripheral and/or umbilical cord blood („residual placental blood") are classified as „blood (stem cell) preparations" (*Blut(stammzell)zubereitungen*) and are governed, *inter alia*, by the AMG, the AMWHV as well as the TFG. By contrast, hematopoietic stem cells (and other types of cells) derived from bone marrow, umbilical cord tissue (and/or other types of tissues), according to Section 4 para. 30 of the AMG, are classified as „tissue preparations" (*Gewebezubereitungen*) and are, thus, governed, *inter alia*, by the AMG, the AMWHV, the TPG and the German TPG Tissue Ordinance (*TPG-Gewebeverordnung, TPG-GewV*). The term „tissue preparation" refers to unmanipulated tissues from a human body that are not defined as organs („functionally intact unit") per se as well as any novel preparations whose preparation is based on such primary tissues, with the exception of sperm and egg cells (germ cells), as well as impregnated egg cells and

embryos in toto. Additionally, both blood (stem cell) preparations and tissue preparations are medicinal products according to the AMG. Depending on the specific source of the stem cells from which the medicinal products are derived and their specific medical use, the legal requirements for, *inter alia*, the collection, manufacture, processing, storage, testing, (cryo)preservation, release, marketing and medical use vary.

14.16.3 Collection of Umbilical Cord Blood and Manufacture of Blood Stem Cell Preparations

The collection of stem cells derived from umbilical cord blood (or peripheral blood) and the manufacturing of blood stem cell preparations on a commercial or professional basis in Germany is subject to a manufacturing authorization according to Section 13 para. 1 of the AMG („Manufacturing Authorization"). Activities permitted under the Manufacturing Authorization, according to Section 4 para. 14 of the AMG, include producing, preparing, formulating, treating or processing, filling as well as decanting, packaging, labelling and release of the concerned medicinal product. The Manufacturing Authorization is granted by the German competent local authority in consultation with the PEI according to Section 13 para. 4 of the AMG.

According to Section 14 para. 1 of the AMG, a Manufacturing Authorization is only granted if, in particular, (i) there is at least one qualified person pursuant to Section 15 of the AMG, who is responsible for ensuring that each batch of the medicinal product is manufactured and tested in accordance with the regulations applicable to the trade in medicinal products, (ii) the qualified person and the manufacturer are sufficiently reliable in the performance of their job, (iii) the physician under whose responsibility pre-treatment of the donor is carried out for the purpose of separating haematopoietic stem cells from peripheral blood or from other blood components possess the expert knowledge required, (iv) the manufacturer complies with further mandatory requirements under the TFG, (v) suitable premises and equipment for the intended manufacture, testing and storage/preservation of the medicinal products are available, and (vi) the manufacturer is in a position to ensure that the manufacture or the testing of the medicinal products is carried out according to the latest standards prevailing in science and technology, and in the procurement of blood and blood components, additionally, according to the relevant provisions contained in the TFG.

Additionally, all activities relating to the collection of stem cells derived from umbilical cord blood (or peripheral blood) and the manufacturing of blood stem cell preparations are subject to further general requirements according to the AMWHV. These include, *inter alia*, the mandatory implementation of a functioning Quality Management System including EU GMP and GPP (Section 3 of the AMWHV), ensuring adequate personnel, space and technical equipment (Sections 4 and 5 of the AMWHV) and observing rules and regulations pertinent to the hygiene (Section 6 of the AMWHV), transportation and storage (Section 7 of the AMWHV), documentation (Section 10 of the AMWHV) as well as self-inspection and qualification of suppliers (Section 11 of the AMWHV). Furthermore, specific obligations and responsibilities pertinent to medicinal products, blood products, and other blood components, as well as products of human origin according to Sections 12 through 20 of the AMWHV as well as the supplementary regulations on blood collection establishments according to Sections 31 and 41e of the AMWHV apply, *inter alia*, as regards the responsible personnel, manufacture, testing, labelling, release, placing on the market, import, retention of samples, recalls and documentation in connection with stem cells derived from umbilical cord blood (or peripheral blood) and blood (stem cell) preparations.

The Group obtains the necessary Marketing Authorizations according to Section 13 para. 1 of the AMG.

14.16.4 Collection of Umbilical Cord and Bone Marrow Tissues and Pertinent Laboratory Testing

The collection and pertinent laboratory testing of umbilical cord and/or bone marrow tissues (and, generally, also other types of tissues) intended for human applications requires a collection authorization under Section 20b para. 1 of the AMG („Collection Authorization"). Activities generally permitted under such Collection Authorization, according to Section 20b para. 1 sentence 2 of the AMG, include the direct or extracorporeal removal of tissues including all measures that are intended to maintain the tissues in a processable state, clearly identifiable and transportable.

Essential prerequisites for obtaining a Collection Authorization under Section 20b para. 1 of the AMG include (i) the presence of an appropriately qualified person (the responsible person pursuant to Section 20b of the AMG) with the necessary professional experience who, in the case of a collection establishment, can also be the medical person within the meaning of Section 8d, sub-section 1, sentence 1 of the TPG, (ii) the sufficient qualification of additional participating personnel, (iii) the availability of appropriate rooms for the specific tissue collection or for the laboratory testing, (iv) the assurance that the collection of tissues or the laboratory testing are conducted according to the state of medical science and technology and according to the requirements of the TPG, and (v) the sufficient reliability of the responsible person pursuant to Section 20b of the AMG and the applicant in the performance of his/her job.

In addition, all activities relating to the collection and pertinent laboratory testing of umbilical cord/and or bone marrow tissue (and, generally, also other types of tissues) intended for human applications are governed by the

general requirements of the AMWHV. For further details regarding the general requirements under the AMWHV, see „*14.16.3 Collection of Umbilical Cord Blood and Manufacture of Blood Stem Cell Preparations*". Additionally, specific obligations and responsibilities pertinent to tissue collection establishments, tissue establishments and tissue donation laboratories according to Sections 32 through 35 and 41 of the AMWHV apply, as regards the Quality Management System, responsible person, evaluation of donor suitability, laboratory testing, collection and transport in connection with umbilical cord and/or bone marrow tissue (and, generally, also other types of tissues).

The Collection Authorization is granted by the German competent local authority in consultation with the PEI for a specific facility and for a specific tissue and, to the laboratory, for a specific site and for specific activities and may provide for the possibility of tissue removal outside of the premises, by personnel dispatched by the removal facility, subject to further conditions. The Collection Authorization requirements under Section 20b para. 1 of the AMG also apply for the collection and laboratory testing of autologous blood for the manufacture of biotechnologically processed tissue products (cf. Section 20b para. 4 of the AMG).

The Group obtains the necessary Collection Authorizations according to Section 20b para. 1 of the AMG.

14.16.5 Processing, Preservation, Testing and Storage/Preservation or the Placing on the Market of Umbilical Cord and/or Bone Marrow Tissues or Umbilical Cord and/or Bone Marrow Tissue Preparations

Activities relating to processing, preserving, testing, storing or placing on the market of umbilical cord and/or bone marrow tissue (and, generally, also other types of tissues) or tissue preparations that are not processed using industrial procedures and the essential processing procedures of which are sufficiently well known in the EU, require, by way of derogation from the general Manufacturing Authorization rule according to Section 13 para. 1 of the AMG, a processing authorization („Processing Authorization") from the German competent local authority in consultation with the PEI according to Section 20c para. 1 of the AMG. This also applies to umbilical cord/and or bone marrow tissue (and, generally, also other types of tissues) or tissue preparations the processing procedures for which are new but comparable with a known procedure.

According to Section 20c para. 2 sentence 1 of the AMG, the key prerequisites for obtaining a Processing Authorization include (i) the availability of a person with the necessary expert knowledge and experience (responsible person pursuant to Section 20c of the AMG) responsible for ensuring that the tissue preparations and tissues are processed, preserved, tested, stored or placed on the market compliance with the statutory provisions, (ii) the sufficient qualification of additional participating personnel, (iii) the availability of premises and establishments that are suitable for the envisaged activities, (iv) the conduct of the processing including the labelling, preservation and storage according to state-of-the-art scientific and technical procedures, (v) the installation and keeping up to date a quality management system pursuant to the principles of Good Professional Practice and, (vi) the sufficient reliability of the responsible person pursuant to Section 20c of the AMG and the applicant in the performance of his/her job.

According to Section 20c para. 3 of the AMG, proof that the responsible person pursuant to Section 20c of the AMG possesses the necessary expert knowledge, must be provided by a certificate testifying to the successful completion of university studies in human medicine, biology, biochemistry or a course of studies considered equivalent as well as at least two years' practical experience in the processing of tissues or tissue preparations. In the case of establishments that exclusively test tissue or tissue preparations, proof of practical experience can also be provided in the form of at least two years' practical experience in the processing of tissues or tissue preparations.

Additionally, all activities relating to, *inter alia*, the processing, preserving, testing, storing or placing on the market of umbilical cord and/or bone marrow tissue (and, generally, also other types of tissues) or tissue preparations for human use are governed by the general requirements under the AMWHV. For further details regarding the general requirements under the AMWHV, see „*14.16.3 Collection of Umbilical Cord Blood and Manufacture of Blood Stem Cell Preparations*". In addition, specific duties and responsibilities pertinent to tissue collection establishments, tissue establishments and tissue donation laboratories according to Sections 32 through 41g of the AMWHV as well as the supplementary regulations on the coding of tissues and tissue preparations according to Sections 41a through 41d of the AMWHV apply, *inter alia*, as regards Quality Management System, responsible person, evaluation of donor suitability, laboratory testing, collection and transport, processing, storing, testing, release, putting on the market, import, notification of suspected cases of serious adverse reactions and serious incidents, recall, documentation and coding in connection with umbilical cord and/or bone marrow tissue (and, generally, also other types of tissues) or tissue preparations.

The Group obtains the necessary Processing Authorizations according to Section 20c para. 1 of the AMG.

14.16.6 Cooperation with Collection Establishments

In Germany, stem cells derived from umbilical cord blood (or peripheral blood) and/or stem cells derived from umbilical cord and/or bone marrow tissue (or other types of tissues) are usually collected and pertinent laboratory tested in establishments (*e.g.*, hospitals) outside the facilities of the holder of the Manufacturing Authorization according to Section 13 para. 1 of the AMG and/or the holder of the Processing Authorization according to Section 20c para. 1 of the AMG, respectively. For these collection and testing activities, the collection establishment requires either its own Manufacturing Authorization according to Section 13 para. 1 of the AMG or Collection Authorization according to Section 20b para. 1 of the AMG, respectively, or the collection is performed according to the exemption rules stipulated in Section 14 para. 4 no. 4 of the AMG (stem cells derived from umbilical cord blood or peripheral blood) and/or Section 20b para. 2 of the AMG and Section 20c para. 2 sentence 2 of the AMG (stem cells derived from umbilical cord tissue, bone marrow tissue or other types of tissues) on behalf of the manufacturer or processor contractually cooperating with the collection establishment and holding the necessary Manufacturing Authorization or Processing Authorization according to Section 13 para. 1 of the AMG or Section 20c para. 1 of the AMG, respectively.

According to Section 14 para. 4 no. 4 o the AMG, it is possible to partly conduct the collection or testing, including laboratory testing of the donor samples of substances of human origin (*e.g.*, stem cells derived from umbilical cord blood or peripheral blood) intended for the manufacture of medicinal products outside of the manufacturer's factory site, with the exception of tissues, in other enterprises or facilities. In such case, the external collection establishment (or enterprise) can be carried out on condition that it has the premises and equipment suitable for this purpose and it is guaranteed that the manufacture and testing are carried out in accordance with the obtaining state of scientific and technical knowledge and the qualified person pursuant is able to assume his/her responsibilities. Under these prerequisites, the external collection establishments do not require their own Manufacturing Authorization according to Section 13 para. 1 of the AMG. The collection establishments must be qualified and regularly audited by the holder of the Manufacturing Authorization. They must be included in the Manufacturing Authorization by the German competent authority in accordance with Section 16 sentence 1 AMG.

Similarly, according to Section 20b para. 2 sentence 1 of the AMG, as regards the collection and pertinent laboratory testing of stem cells derived from umbilical cord and/or bone marrow tissue (or other types of tissues), an individual Collection Authorization under Section 20b para. 1 of the AMG is not required for conducting such activities on a contractual basis for a manufacturer or a processor who is in possession of a Manufacturing Authorization pursuant to Section 13 of the AMG or a Processing Authorization under Section 20c para. 1 of the AMG for the processing of tissue or tissue preparations, respectively. In this case, *inter alia*, the manufacturer or processor must notify the German local competent authority responsible for the collection establishment or the laboratory of the latter. Additionally, according to Section 20c para. 2 sentence 2 of the AMG, the testing of the tissues and tissue preparations may be conducted outside of the factory site, in commissioned factories which do not require an authorization of their own, if suitable rooms and facilities are available there and if it is guaranteed that testing is conducted in keeping with the state of the art in science and technology and the responsible person pursuant to Section 20c of the AMG is able to assume his/her responsibilities.

If the collection and laboratory testing of stem cells derived from umbilical cord blood (or peripheral blood) and/or stem cells derived from umbilical cord and/or bone marrow tissue (or other types of tissues) is carried out on behalf of a holder of a Manufacturing Authorization or Processing Authorization, respectively, according to Section 9 para. 1 of the AMWHV, *inter alia*, the responsibilities of each party must be clearly defined in a written agreement between the authorization holder and the collection establishment and, in particular, the compliance with EU „Good Manufacturing Practice" („GMP") and „Good Professional Practice" („GPP"). Additionally, the duties and responsibilities of collection establishments are, *inter alia*, governed by the rules and regulations pertinent to the implementation of a functioning Quality Management Systems including EU GMP and GPP (Section 3 of the AMWHV), personnel, space and technical equipment (Sections 4 and 5 of the AMWHV), hygiene (Section 6 of the AMWHV), transportation and storage (Section 7 of the AMWHV) and documentation (Section 10 of the AMWHV). Additionally, the AMWHV stipulates specific requirements as regards the operation of collection establishments (Sections 31 and 34 of the AMWHV) for blood and blood components and tissue, respectively.

Additionally, according to Section 4 no. 2 of the TFG and Section 8d para. 1 sentence 1 of the TPG, *inter alia*, the collection of blood (and blood components) and tissues, respectively, may be conducted at collection establishments only under the responsibility of a qualified physician (cf. also Section 7 para. 2 of the TFG and Section 8 para. 1 no. 4 of the TPG). According to the Guideline for the Preparation and Use of Hematopoietic Stem Cell Preparations – First Update issued by the German Medical Association, the responsible physician, in addition to being a medical specialist in Germany (either a specialist in internal medicine, haematology and oncology or a specialist in transfusion medicine or specialist in paediatrics and adolescent medicine with a focus on paediatric haematology and oncology), must have sufficient knowledge and at least two years of experience in the collection, processing, testing, cryopreservation and quality and quality assurance of the respective specific

haematopoietic stem cell preparations. If cord blood is collected on behalf of the holder of a Manufacturing Authorization, recognition as a specialist in gynaecology and obstetrics is sufficient.

The Group cooperates on a contractual basis with several hospitals in Germany which collect and laboratory test, *inter alia*, umbilical cord blood, umbilical cord tissue and bone marrow tissue on behalf of the Group under the Group's Manufacturing, Collection and/or Processing Authorization, respectively.

14.16.7 Placing on the Market of Blood (Stem Cell) Preparations and/or Tissue Preparations

Blood (stem cell) preparations and tissue preparations are medicinal products consisting of or manufactured from blood (components) or tissue, respectively. Before a medicinal product can be placed on the market in Germany, it generally requires a marketing authorization or registration. The marketing authorization procedure, in particular, evaluates whether a medicinal product is efficacious and safe and whether it has the required pharmaceutical quality.

There are three main procedures for application for marketing authorization: the Centralized Procedure (operated by the European Medicines Authority („EMA") and the European Commission under Regulation (EC) No. 726/2004 of 31 March 2004), the Mutual Recognition Procedure, and the Decentralized Procedure, both operated by the EEA Member State national authorities under the rules set out in Directive 2001/83/EC of 6 November 2001 as transposed into applicable laws of the respective Member State. It is also possible to obtain a purely national, standalone marketing authorization.

The EMA is generally responsible for the scientific evaluation and the marketing authorization of blood (stem cell) preparations and/or tissue preparations in the European Economic Area under the Centralised Procedure described in Regulation (EC) No. 726/2004 if such products are advanced therapy medicinal products („ATMPs"), subject to certain exemptions under Section 4b of the AMG. According to Article 2 para. 1(a) of the Regulation (EC) No. 1394/2007, ATMPs are gene therapy medicinal products, somatic cell therapy medicinal product or a tissue engineered product.

In Germany, the legal basis for granting a marketing authorization („Marketing Authorization") for finished medicinal is Section 21 para. 1 of the AMG. Accordingly, finished medicinal products that are medicinal products as defined in Section 2 para. 1 or para. 2 number 1 of the AMG, may only be placed on the German market, if they have been authorized by the competent German higher federal authority or if the European Community („EC") or the EU has granted an authorization for them to be placed on the market pursuant to Article 3 para. 1 or 2 of Regulation (EC) No. 726/2004 also in conjunction with Regulation (EC) No. 1901/2006 of the European Parliament and of the Council of 12 December 2006 on medicinal products for paediatric use and amending Regulation (EEC) No. 1768/92, Directive 2001/20/EC, Directive 2001/83/EC and Regulation (EC) No. 726/2004 or Regulation (EC) No. 1394/2007. According to Section 21 para. 2 no. 1a of the AMG and Section 21 para. 2 no. 1d of the AMG, medicinal products that are manufactured from substances of human origin, which are either intended for autologous use or for targeted administration to a specific person, or are prepared on prescription for individual persons, with the exception of vaccines, and medicinal products that are tissue preparations which are subject to the obligation to obtain an approval pursuant to Section 21a para. 1 of the AMG, respectively, do not require a Marketing Authorization under Section 21 para. 1 of the AMG.

By way of derogation from the general Marketing Authorization requirements under Section 21 para. 1 of the AMG, according to Section 21a para. 1 sentence 1 of the AMG, tissue preparations that are not manufactured using an industrial process and the essential processing procedures of which are sufficiently well known in the EU, and the effects and adverse reactions of which are known and evident from scientific data, may only be placed on the market in Germany, if they have been approved („Marketing Approval") by the competent German higher federal authority PEI. This Marketing Approval requirement under Section 21a para. 1 of the AMG, according to Section 21a para. 1 sentence 2 of the AMG, also applies to tissue preparations, the processing procedures for which are new but comparable with a known procedure. According to Section 21a para. 1 sentence 3 of the AMG, the Marketing Approval requirement under Section 21a para. 1 sentence 1 of the AMG applies *mutatis mutandis* to haematopoietic stem cell preparations derived from peripheral blood or umbilical cord blood intended for autologous use or for targeted administration to a specific person.

The Marketing Approval under Section 21a para. 1 of the AMG covers the procedures for the procurement, processing and testing, the choice of donors and the documentation for each operational step as well as the quantitative and qualitative criteria for tissue preparations. Especially the critical operational steps must be evaluated to ascertain that the functionality and the safety of the tissues are guaranteed. According to Section 21a para. 1a of the AMG, a Marketing Approval under Section 21a para. 1 of the AMG is not required for tissue preparations that are intended for clinical trials on human beings.

The Group obtains the necessary Marketing Authorizations according to Section 21 para. 1 of the AMG and Marketing Approvals under Section 21a para. 1 of the AMG.

According to Section 21a para. 9 of the AMG, by way of derogation from the Marketing Approval requirements under Section 21a para. 1 of the AMG, tissue preparations and haematopoietic stem cell preparations derived from peripheral blood or umbilical cord blood pursuant to Section 21a para. 1 sentence 3 of the AMG that are allowed to be placed on the market in a Member State of the EU or in another State Party to the Agreement on the European Economic Area, requires an attestation from the competent higher federal authority PEI before the first introduction into Germany for the purpose of being used.

14.16.8 Data Privacy

The processing of personal data in the context of the Group's activities is subject to the provisions of the GDPR, which is supplemented by additional local data protection legislation. Local data protection legislation applies additionally on the Group's activities depending on the location of Group entities involved in the processing of personal data, since the GDPR does not provide group privilege. Additional German statutory requirements are primarily provided by the BDSG, TPG and TFG. Group entities involved in the processing of personal data which are in different jurisdictions subject to their respective local data protection legislation, if any.

As integral part of the Group's service offering, the Group entities process a high volume of personal data. Large amounts of this personal data are considered as health data, which is part of „special categories of personal data" according to Art. 9 para. 1 GDPR. Special categories of personal data merit higher protection standards and may only be processed if, in addition to a general permission of the specific data processing activity according to Art. 6 GDPR, a legal basis is provided by either Art. 9 para. 2 GDPR itself, or by local data protection legislation which needs to be based on one of the opening clauses provided by Art. 9 para. 2 GDPR. In Germany, such provisions are provided by Section 22 *et seq.* BDSG.

In Germany, additional provisions on data security apply according to TFG and TPG.

Section 11 of the TFG provides specific documentation obligations and retention periods for such documentation. The retention periods specified therein last up to thirty years. Moreover, Section 11 para. 1a TFG provides that specifically regarding hematopoietic stem cells derived from peripheral and/or umbilical cord, the specific donation number pursuant to Section 2 para. 21 AMWHV needs to be documented.

Section 14 of the TPG contains various data protection provisions and stipulates requirements for, *inter alia*, competences for supervisory authorities, restrictions on processing activities, as well as legal bases for the processing of personal data for research purposes.

14.16.9 Prescription and Reimbursement

Subject to certain narrow exemptions, according to Section 48 para. 1 of the AMG, medicinal products which, *inter alia*, contain substances that have effects which are not generally known in medical science, or contain preparations of such substances may be dispensed to patients only on prescription by a physician, dentist or veterinarian. Within the scope of their freedom of therapy and the marketing authorization/approval conditions applicable to the specific medicinal products, physicians decide on the prescription and use of medicinal products. Generally, all Group's products fall under the prescription requirement.

In Germany, health insurance (either statutory or private) is compulsory. Around 88% percent of the population is covered by the Statutory Health Insurance System (*Gesetzliche Krankenversicherung, GKV*), with around 12% of the population being covered by Private Health Insurance System (*private Krankenversicherung, PKV*). Statutory health insurance is provided by Statutory Health Insurance Funds (*Gesetzliche Krankenkassen*). Through these funds, the insured have equal access to healthcare benefits from healthcare professionals who are licensed and provide healthcare services within the statutory healthcare system (*Vertragsärzte*). Generally, and subject to further prerequisites under the SGB V, medicinal products are only reimbursed by the GKV and the PKV if the concerned medicinal product is Marketing Authorized / Marketing Approved in Germany for the concerned indication according to Sections 21, 21a of the AMG. Additionally, a restriction on free pricing and reimbursement of newly Marketing Authorized / Marketing Approved medicinal products may result out of the so-called benefit assessment according to Section 35a of the SGB V.

At present, the costs and expenses to be incurred by customers in connection with, *inter alia*, the collection, testing, processing and cryopreserving of umbilical cord blood, umbilical tissue and/or bone marrow tissue in the Group's blood and tissue banks are not reimbursed by the health insurance providers.

15. SHAREHOLDER STRUCTURE

As of the date of this Prospectus, the Company's share capital amounts to EUR 4,145,959.00, divided into 4,145,959 registered ordinary shares with no-par value. Subject to any limitations imposed by German laws, each share in the Company confers one vote at the general shareholders' meeting.

15.1 Major Shareholders

To the knowledge of the Company and based on the notifications received by the Company as of the date of the Prospectus, the following shareholders held an interest (direct or indirect) of at least 3% in the Company's shares as of the date of the Prospectus. The percentage values shown in the table below are the shares of voting rights last notified to the Company in relation to the Company's share capital as of the date of the respective notification. It should be noted that the number and share of voting rights last notified may have changed since the respective notification was submitted to the Company given that there is no obligation to notify unless the voting rights reached, exceeded or fell below notifiable thresholds:

Ultimate Controlling Person(s)/Entities	**Direct Shareholder**	**Number of shares held**	**Approximate % of voting rights**
Florian Schuhbauer, Klaus Röhrig	AOC Health GmbH	1,349,974	32.56
Florian Schuhbauer, Klaus Röhrig	Polski Bank Komórek Macierzystych S.A.[(1)]	160,536	3.87
Dr. Peter Haueisen		126,100	3.04
Free float		2,509,349	60.50
Total		**4,145,959**	**100.00**

[(1)] PBKM has its registered office at Warsaw, Poland.

15.2 Public Takeover Offer by AOC Health GmbH

On June 29, 2020, AOC Health GmbH published a mandatory takeover offer to the shareholders of Vita 34 regarding the acquisition of their shares in Vita 34 against payment of a cash consideration of EUR 10.76 per share. The acceptance period for the mandatory offer ended on July 27, 2020. According to an announcement of AOC Health GmbH of July 30, 2020, the mandatory offer was accepted by Vita 34 shareholders for a total of 217,510 Vita 34 shares, which corresponded to a rounded amount of 5.25% of registered capital and the voting rights of Vita 34.

16. RELATED PARTY TRANSACTIONS

In accordance with IAS 24, transactions with persons or companies which are, inter alia, members of the same group as the Company or which are in control of or controlled by the Company must be disclosed, unless they are already included as consolidated companies in the Company's audited financial statements. Control exists if a shareholder owns more than one half of the voting rights in the Company or, by virtue of an agreement, has the power to control the financial and operating policies of the Company's management. The disclosure requirements under IAS 24 also extend to transactions with associated companies (including joint ventures) as well as transactions with persons who have significant influence on the Company's financial and operating policies, including close family members and intermediate entities. This includes the members of the Management Board and Supervisory Board and close members of their families, as well as those entities over which the members of the Management Board and Supervisory Board or their close family members are able to exercise a significant influence or in which they hold a significant share of the voting rights.

Set forth below is an overview of such transactions with related parties for the financial years ended December 31, 2020, December 31, 2019 and December 31, 2018, as well as for the current financial year up to and including the date of this Prospectus. Business relationships between companies of the Group are not included.

16.1 General

The Group had business transactions with related parties in the financial years ended December 31, 2020, December 31, 2019 and December 31, 2018 as well as in the current financial year until the date of the Prospectus. Other than as described below, all transactions are performed substantially on the same terms, including interest rates and security, as for transactions of a similar nature with third party counterparts. Other than as described below, all such transactions with related parties were therefore, in the Company's view, carried out in accordance with the arm's length principle.

The Company identified its shareholder AOC Health GmbH and its affiliate PBKM as related parties who were parties to related-party transactions.

16.2 Transactions with Related Parties

Related parties are subsidiaries not included in the consolidated financial statements, associated companies, shareholders with significant influence and persons in key positions of the Company.

The following table shows the total amounts resulting from transactions with related parties for the financial years ended December 31, 2020, 2019 and 2018:

	Revenues and earnings	Services received and other expenses	Receivables
		(in EUR thousands)	
2020			
Non-consolidated subsidiaries	26	28	5
Other related parties	–	–	–
2019			
Non-consolidated subsidiaries	73	0	9
Other related parties	0	–	0
2018			
Non-consolidated subsidiaries	97	–	11
Other related parties	0	–	0

On October 13, 2020, the Company mandated the law firm DLA Piper UK LLP to provide legal advice in connection with the Business Combination. The agreed fee is based on hourly rates at market rates customary for transactions of this kind. Andreas Füchsel, member of the Supervisory Board, is partner at DLA Piper UK LLP. Therefore, the Supervisory Board approved the mandate of DLA Piper UK LLP in the absence of Mr. Füchsel.

16.3 Relationships with Shareholders and Affiliates

On December 4, 2020, the Company entered into a heads of terms agreement with its shareholder AOC Health GmbH and its affiliate PBKM on the intended Business Combination in order to coordinate further steps, in particular regarding the due diligence and enterprise valuations. A consideration was not provided.

16.4 Relationships with Members of the Management Board and the Supervisory Board

The following expenses were incurred for members of the Supervisory Board and Management Board in key positions in the financial years ended December 31, 2020, 2019 and 2018:

	Financial years ended December 31,		
	2020	**2019**	**2018**
		(in EUR thousands)	
Short-term benefits			
Supervisory Board remuneration	110	105	110
Management Board salaries (without pension expenses)	432	507	624

For a description of the current individual remuneration of the members of the Management Board, see „*19.2.2 Remuneration and Other Benefits of the Management Board Members*".

For a description of the current individual remuneration of the members of the Supervisory Board, see „*19.3.3 Remuneration of the Members of the Supervisory Board*".

16.5 Recent Related Party Transactions

As of June 30, 2021, apart from the ordinary course of business, the Company has not entered into any material agreements with related parties.

17. GENERAL INFORMATION ABOUT THE ISSUER

17.1 Incorporation, Registration, Governing Law, Legal and Commercial Name, LEI

Founded in 1997, the Company is a German stock corporation (*Aktiengesellschaft*) incorporated under the laws of Germany and is subject to, among other German legal provisions, the rules of the German stock corporation laws.

The Company is registered with the commercial register at the Local Court (*Amtsgericht*) of Leipzig under registration number HRB 20339. The Company's registered name is „Vita 34 Aktiengesellschaft". The business address of the Company is Deutscher Platz 5a, 04103 Leipzig, Germany. The Company's telephone number is +49 341 48792 0.

The Company is the parent company of the Group. The Company and the Group operate under the commercial name „Vita 34".

The Legal Entity Identifier (LEI) of the Company is 529900OEWA4GSZEZ4P40.

17.2 Corporate Purpose, Duration, Financial Year

Pursuant to Section 3 para. 1 of the Articles of Association, the Company's purpose is the storage and distribution of cells, tissues and blood for the purpose of therapy and transplant as well as the storage, preparation and distribution of medical devices or similar business activities and performance of thereto related services. The purpose of the Company also includes the acquisition, holding and administration of shares domestically and abroad.

In accordance with Section 3 para. 2 of the Articles of Association, the Company may undertake any and all transactions and measures that appear necessary or expedient for achieving the company object. The Company may establish branch offices domestically and abroad. In particular, the Company may entrust or outsource its business to controlled companies in part or in whole and may constrain its activities to a managing holding company or the management of its own assets.

The financial year of the Company corresponds to the calendar year. The Company was established for an unlimited period of time.

17.3 History of the Company and Development of the Business

Founded in 1997 as VITA 34 Gesellschaft für Zelltransplantate mbH, Vita 34 is the first private stem cell bank in Europe. Following its foundation, the Company expanded its business in the DACH-region and also focused on research and development activities relating to the optimization of the preparation process of stem cells from umbilical cord blood as well as potential applications for umbilical cord blood transplantations in cooperation with renowned research facilities. In 2003, the Company moved to its current headquarter in the „Bio City Leipzig", where its „glass laboratory" (*Gläsernes Labor*) was built. In the following years, scientific research in the field of stem cell therapies evolved rapidly and stem cells were successfully used in animal studies for the treatment of strokes and cardiac arrests. In 2005, the first successful application of umbilical cord blood that had been stored by the Group took place by way of a treatment of a sibling (allogeneic transplantation), who suffered from lymphoblastic leukaemia, and in 2006, the Company obtained the necessary authorization for the preparation of allogeneic blood samples, which enabled the Company to offer the services of a public blood bank.

The Company went public in 2007, with its listing on the regulated market of the Frankfurt Stock Exchange and simultaneously on the Prime Standard sub-segment thereof. It continued its regional expansion strategy thereafter, with a focus on Central and Western Europe and single acquisitions in Eastern Europe. See „*14.4 Milestones in the Group's Development*" for further details.

17.4 Group Structure and Significant Subsidiaries

Vita 34 Aktiengesellschaft is the parent company of the Group. It carries out strategic and operational tasks, such as the preparation and storage of stem cells, for large parts of the Group.

17.4.1 Significant Subsidiaries

The following table shows which of the companies were material subsidiaries as of December 31, 2020 that are included in the consolidated financial statements and are therefore fully consolidated.

Legal name	Country of incorporation	Shareholding (in %)
Seracell Pharma GmbH	Germany	100
Vita 34 Gesellschaft für Zelltransplantate m.b.H.	Austria	100
Novel Pharma S.L.	Spain	100
Secuvita S.L.	Spain	88
Vita 34 ApS	Denmark	100

17.5 Auditor

PKF Deutschland GmbH Wirtschaftsprüfungsgesellschaft („**PKF**"), EUREF-Campus 10/11, 10829 Berlin, Germany, has audited the single-entity financial statements for the financial year 2020, included (as a translation) in this Prospectus, and the consolidated financial statements for the financial years 2020, 2019 and 2018, included (as translations) in this Prospectus, and issued an unqualified auditor's report in each case. PKF is a member of the Wirtschaftsprüferkammer, Rauchstraße 26, 10787 Berlin, Germany.

17.6 Publications, Paying Agent, Designated Sponsor

In accordance with the Articles of Association, the announcements of the Company are published in the electronic German Federal Gazette (*Bundesanzeiger*), unless otherwise required by law.

In accordance with the Prospectus Regulation, announcements in connection with the approval of this Prospectus or any supplements thereto will be published in the form of publication provided for in this Prospectus, in particular through publication on the Company's website (www.vita34.de). Printed copies of the Prospectus and any supplements thereto are available at the Company's office at Deutscher Platz 5a, 04103 Leipzig, Germany (telephone: +49 341 48792 0), free of charge.

The paying agent is Quirin Privatbank AG. The mailing address of the paying agent is: Quirin Privatbank AG, Kapitalmarktservice, Kurfürstendamm 119, 10711 Berlin, Germany.

The designated sponsor is ICF Bank AG Wertpapierhandelsbank. The mailing address of the designated sponsor is ICF Bank AG Wertpapierhandelsbank, Kaiserstrasse 1, 60311 Frankfurt am Main, Germany.

18. DESCRIPTION OF SHARE CAPITAL AND APPLICABLE REGULATIONS

The following is a description of the Company's shares, a summary of selected provisions of the Company's Articles of Association and a brief overview of German and European capital market regulations.

18.1 Share Capital of the Company (including Development) and Applicable Provisions

18.1.1 Current and Future Share Capital; Shares

As of the date of the Prospectus, the share capital of the Company amounts to EUR 4,145,959.00 and is divided into 4,145,959 registered ordinary shares (*Namensaktien*) with no-par value (*Stückaktien*), each with a pro rata amount of the share capital of EUR 1.00. The share capital has been fully paid up. The Company's shares were created pursuant to the laws of Germany and are denominated in euro.

In connection with the Share Exchange, the Company's share capital is expected to be increased against contributions in kind by up to EUR 12,140,215.00 from EUR 4,145,959.00 to up to EUR 16,286,174.00 by way of issuance of up to 12,140,215 new no-par-value registered shares with a pro rata amount of the share capital of EUR 1.00 per share based on the resolution of the extraordinary General Shareholders' Meeting on July 13, 2021. Following the end of the Acceptance Period, the Management Board of the Company will determine the concrete amount of the increased share capital and the number of Vita 34 Offer Shares to be issued.

Each share carries one vote at the Company's General Shareholders' Meeting. There are no restrictions on voting rights and the shares carry full dividend entitlements for the financial year ending on December 31, 2021.

All registered ordinary shares are represented by global certificates deposited with Clearstream for collective safe custody.

18.1.2 Development of the Share Capital

The Company's share capital has not been changed within the period covered by the historical financial information. Since the last capital increase in July 2017, in which the share capital was increased from EUR 3,329,149.00 by EUR 816,810.00, the share capital amounts to EUR 4,145,959.00.

18.2 Authorized Capital

As of the date of the Prospectus, the Company has an authorized capital pursuant to Section 7 para. 2 of the Articles of Association in conjunction with Section 202 *et seqq* of the German Stock Corporation Act (*Aktiengesetz*). Thereunder, the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital of the Company on or before June 3, 2024, on one or more occasions, by up to a total of EUR 2,072,979.00 through the issuance of up to 2,072,979 new registered no-par value shares against cash and/or non-cash contributions (the „**Authorized Capital 2019**").

Shareholders are generally to be granted a subscription right, unless the Management Board, with approval of the Supervisory Board, exercises the below authorizations to exclude the subscription right. The shares may be assumed by one or more banks with the obligation to offer them to shareholders for subscription (indirect subscription right) pursuant to Section 186 para. 5 of the German Stock Corporation Act (*Aktiengesetz*). Companies operating under Section 53 para. 1 sentence 1 or Section 53b para. 1 sentence 1 or para. 7 of the German Banking Act (*Gesetz über das Kreditwesen*) are considered to be equivalent to banks.

The Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights for one or more times in the following cases:

- to eliminate fractional amounts;
- to issue employee shares to the employees of the Company or affiliates of the Company;
- in the case of capital increases against contributions in kind;
- to the extent necessary, to grant the bearers of previously issued bonds with conversion or option rights or conversion obligations subscription as of the date of utilization rights to new shares to the extent they would be entitled after exercising their option or conversion rights or satisfying their conversion obligation;

- if the shares are issued in exchange for cash contributions and the issue price of the new shares is not significantly less than the quoted market price of the shares of the Company carrying the same rights that are already listed at the date on which the issue price is finalized and the shares issued do not cumulatively exceed 10% of the share capital of the Company at the date on which this authorization becomes effective or when this authorization is exercised.

This 10% limit includes shares issued, sold or to be issued since the resolution on this authorization until the execution of the authorization in accordance with Section 186 para. 3 sentence 4 German Stock Corporation Act (*Aktiengesetz*) *mutatis mutandis.*

The total amount of the shares issued without subscription rights in exchange for cash and non-cash contributions must not exceed 10% of the share capital, either at the time of this authorization becoming effective or – if lower – at the time of this authorization being exercised. This 10% limit includes shares issued from the Authorized Capital 2019 with shareholders' subscription rights disapplied according to Section 186 para. 3 sentence 4 German Stock Corporation Act (*Aktiengesetz*) against contribution in kind during the term of the Authorized Capital 2019 as well as shares granted upon issuance of bonds carrying conversion or option rights or conversion obligations with shareholders' subscription rights disapplied during the term of the Authorized Capital 2019.

The Management Board is authorized, with the approval of the Supervisory Board, to determine the further details of the capital increase from Authorized Capital 2019, in particular, the content of the share rights and the conditions of share issuance. The profit entitlement of the newly issues shares may differ from Section 60 para. 2 of the German Stock Corporation Act (*Aktiengesetz*).

18.3 Conditional Capital (including any Employee Incentive Plans)

As of the date of the Prospectus, the Company has a conditional capital pursuant to Section 7 para. 3 of the Articles of Association in conjunction with Section 192 *et seqq* of the German Stock Corporation Act (*Aktiengesetz*). Thereunder, the share capital is conditionally increased by up to EUR 1,513,250.00 by way of the issue of up to 1,513,250 new registered no-par value shares with dividend entitlements as from the beginning of the respective financial year in which they are issued (the „**Conditional Capital 2017**"). The conditional capital increase serves to grant option or conversion rights and to satisfy conversion obligations and to grant shares instead of cash payments to the bearers of bonds issued by the Company or its Group companies up until June 27, 2022 in accordance with the authorization resolution of the General Shareholders' Meeting on June 28, 2017. The new shares are issued at the option or conversion price determined in accordance with the aforementioned authorization resolution of the General Shareholders' Meeting. The Management Board is authorized, with the approval of the Supervisory Board, to stipulate the further details of the implementation of the conditional capital increase.

18.4 Authorization to Issue Convertible Bonds

In the General Shareholders' Meeting on June 28, 2017, the Management Board was authorized, with approval of the Supervisory Board, to issue up to a total of EUR 40,000,000 bearer or registered bonds with conversion rights or with option rights certificated in the form of bearer or registered option warrants or a combination of such instruments with or without time limit for a total of up to 1,513,250 registered non-par value shares in the Company with a share in the issued share capital of up to EUR 1,513,250.00. This authorization will expire on June 27, 2022.

18.5 Authorization to Acquire Treasury Shares

As of the date of this Prospectus, the Group holds 47,806 shares, as in the previous year. Thereof, 1,472 shares are held by the Company and 46,334 shares are held by Secuvita S.L. The amount of these shares allocated to share capital is EUR 47,806.00 with a nominal share of share capital of 1.15%. The shares were acquired in the course of the acquisition of Secuvita S.L. in 2010. The shares were valued at the stock market price at the time of acquisition.

These shares can only be utilized to reduce the capital of Vita 34 by way of redemption or for employee share participation programs and other forms of share distribution to the employees of the Company or a subsidiary or to individuals who are or were employed by Vita 34 or one of its associates.

18.6 General Provisions Governing a Liquidation of the Company

Apart from liquidation as a result of insolvency proceedings, the Company may be liquidated, in particular by a resolution of the General Shareholders' Meeting to dissolve the Company followed by a liquidation procedure. The resolution of the General Shareholders' Meeting requires a simple majority of the votes cast, provided that those votes also represent 75% or more of the share capital represented at the General Shareholders' Meeting at which such resolution is adopted. Pursuant to Section 271 para. 1 and 2 of the German Stock Corporation Act

(*Aktiengesetz*), in the event of the Company's liquidation, any assets remaining after all of the Company's liabilities have been satisfied will be distributed among the shareholders in proportion to their shareholdings. The German Stock Corporation Act (*Aktiengesetz*) provides certain protections for creditors that must be observed.

18.7 General Provisions Governing a Change in the Share Capital

Under the German Stock Corporation Act (*Aktiengesetz*), a German stock corporation (*Aktiengesellschaft*) requires a resolution of the General Shareholders' Meeting to be passed by a majority of the votes cast, as well as a majority of at least 75% of the share capital represented at the time the resolution is passed, to increase its share capital. However, Section 25 of the Articles of Association provides that, unless mandatory statutory provisions require otherwise, resolutions shall be adopted by a simple majority of votes cast. Where law requires a majority of the represented share capital in addition to a majority of votes cast, resolutions shall be adopted by a simple majority of the share capital represented. Accordingly, certain capital measures that do not mandatorily require a majority of at least 75% of the share capital represented at the vote, such as capital increases from the Company's own funds, may be adopted by a simple majority.

Furthermore, shareholders may create authorized capital. This requires a resolution passed by a majority of the votes cast as well as a majority of at least 75% of the share capital represented when the resolution is passed, authorizing the Management Board to issue a specific quantity of shares within a period not exceeding five (5) years. Pursuant to Section 202 para. 3 sentence 1 of the German Stock Corporation Act (*Aktiengesetz*), the nominal amount of the authorized capital may not exceed 50% of the share capital existing at the time the authorization is granted.

In addition, shareholders can create conditional capital by a resolution passed with a majority of the votes cast as well as a majority of at least 75% of the share capital represented at the time the resolution is passed, for the purposes of (i) issuing shares to holders of convertible bonds or other securities granting a right to subscribe for shares, (ii) issuing shares as preparation for a merger of several enterprises, or (iii) issuing shares offered to managers and employees. Pursuant to Section 192 para. 3 sentence 1 of the German Stock Corporation Act (*Aktiengesetz*), the nominal amount of conditional capital may not exceed 10% of the share capital at the time the resolution is passed in cases where it is created to issue shares to managers and employees, and may not exceed 50% in all other cases.

The General Shareholders' Meeting may also resolve to decrease the share capital of the Company. Again, such resolution requires a simple majority of the votes cast as well as a majority of at least 75% of the share capital represented at the time the resolution is passed.

18.8 Exclusion of Minority Shareholders

18.8.1 Squeeze-Out under German Stock Corporation Law

Under Sections 327a *et seq* of the German Stock Corporation Act (*Aktiengesetz*), which governs the so-called „squeeze-out under stock corporation law", upon the request of a shareholder holding 95% of the share capital, the general shareholders' meeting of a stock corporation may resolve to transfer the shares held by the remaining minority shareholders to the majority shareholder against the payment of an adequate cash settlement. The amount of the cash compensation to be granted to minority shareholders has to reflect the circumstances of the company at the time the general shareholders' meeting adopts the resolution. The true value of the company determines the amount of cash compensation, which is generally calculated using the capitalized earnings method (*Ertragswertmethode*) or similar generally calculated recognized valuation methods. The minority shareholders are entitled to initiate valuation proceeding (*Spruchverfahren*), in the course of which the fairness (*Angemessenheit*) of the cash compensation is reviewed.

If the majority shareholder of the German Stock Corporation (*Aktiengesetz*) is itself a stock corporation (*Aktiengesellschaft*), a partnership limited by shares (*Kommanditgesellschaft auf Aktien*), or an European stock corporation (*Societas Europaea*), in each case having its registered office in Germany, a squeeze-out in accordance with Section 327a *et seq* of the German Stock Corporation Act (*Aktiengesetz*) may be effectuated under certain circumstances and according to the German Transformation Act (*Umwandlungsgesetz*) providing for this so-called „squeeze-out under transformation law", in order to facilitate an upstream merger of the stock corporation (*Aktiengesellschaft*) into the majority shareholder. Pursuant to Section 62 para. 5 of the German Transformation Act (*Umwandlungsgesetz*), a majority shareholder holding at least 90% of the share capital is able to request the general meeting to approve the squeeze-out within three (3) months of the conclusion of the merger agreement. The procedure for the squeeze-out is essentially identical to the squeeze-out under stock corporation law described above, including the minority shareholders' right to have the fairness (*Angemessenheit*) of the cash compensation reviewed.

18.8.2 Squeeze-Out under German Takeover Law

According to Sections 39a and 39b of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*), in the case of a so-called „squeeze-out under takeover law", an offeror holding at least 95% of the voting share capital of a target company (as defined in the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*)) after a takeover bid or mandatory offer, may, within three (3) months of the expiry of the deadline for acceptance of its offer, petition the Regional Court (*Landgericht*) of Frankfurt am Main for a court order transferring the remaining voting shares to itself against the payment of adequate compensation. A resolution by the general shareholders' meeting is not required. If the bidder holds shares representing 95% of the target company's share capital, the remaining non-voting preference shares shall be transferred to the bidder upon its request as well. The compensation granted as part of the takeover or mandatory offer is deemed to be adequate if the offeror has acquired at least 90% of the share capital affected to the offer. The nature of the compensation must be the same as the consideration paid under the takeover bid or mandatory offer; a cash alternative must be offered to shareholders in any event.

18.8.3 Sell-Out

Pursuant to Section 39c of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*), the shareholders of a target company who have not accepted the offer may do so up to three (3) months after the acceptance period of the offer has expired (so-called „sell-out"), provided the offeror is entitled to file an application for the transfer of the outstanding voting shares in accordance with Section 39a of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).

The provisions for a squeeze-out under stock corporation law cease to apply once an offeror has petitioned for a squeeze-out under takeover law, and only apply again when these proceedings have been definitively completed.

18.8.4 Integration

Besides the legal provisions on the exclusion of minority shareholders, under Section 319 *et seq* of the German Stock Corporation Act (*Aktiengesetz*), the general shareholders' meeting of a stock corporation may vote for integration (*Eingliederung*) with another stock corporation that has its registered office in Germany, provided the prospective parent company holds at least 95% of the shares of the company to be integrated. The former shareholders of the integrated company are entitled to adequate compensation, which, generally, must be provided in the form of shares in the parent company. The amount of compensation is determined by the so-called merger value ratio (*Verschmelzungswertrelation*) between the companies, *i.e.*, the exchange ratio, which would be considered adequate if the two companies had merged. Fractional amounts may be paid out in cash. If the parent company is a controlled company (*i.e.*, a legally separate company over which another company is able to exert, directly or indirectly, a controlling influence) ,the former shareholders of the integrated company may also request an adequate cash compensation instead of compensation in form of shares of the parent company.

18.9 Shareholder Notification Requirements; Mandatory Takeover Bids; Directors' Dealings

As the Company's shares are admitted to trading on the regulated market segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), it is subject to the provisions of the German Securities Trading Act (*Wertpapierhandelsgesetz*) governing disclosure requirements for significant shareholdings.

Pursuant to Section 33 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*), anyone who acquires, sells or whose shareholding in any other way reaches, exceeds or falls below 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the total number of voting rights in the company, as an issuer whose country of origin (*Herkunftsstaat*) is Germany, is required to immediately, but no later than within four (4) trading days, notify the issuer and BaFin concurrently. The four-day notification period commences at the time that the person or entity subject to the notification requirement (*Meldepflichtiger*) has knowledge of or, in consideration of the circumstances, should have had knowledge of his or her proportion of voting rights reaching, exceeding or falling below the abovementioned thresholds. The German Securities Trading Act (*Wertpapierhandelsgesetz*) stipulates a conclusive presumption that the person or entity subject to the notification requirement (*Meldepflichtiger*) has knowledge two (2) trading days after such an event occurs. Moreover, a person or entity is deemed to already hold shares as of the point in time such person or entity has an unconditional and due claim of transfer related to such shares pursuant to Section 33 para. 3 of the German Securities Trading Act (*Wertpapierhandelsgesetz*). In the case that a threshold has been reached or crossed as a result of an event affecting the total number of voting rights, the notification period starts at the time the person or entity subject to the notification requirement (*Meldepflichtiger*) has knowledge about such change in the total number of voting rights, or upon the publication of the revised total number of voting rights by the company, at the latest. The notice period commences at a later time only in case that the voting rights reach, exceed or fall below the thresholds as a result of change affecting all voting rights. In

such cases the notification requirement begins immediately when ownership is established or an obligation to transfer such ownership is determined.

For purposes of the notification requirements, Section 34 of the German Securities Trading Act (*Wertpapierhandelsgesetz*) contains several rules of attribution (*Zurechnung*) regarding voting rights of certain persons associated with the shareholder or acting in concert with the shareholder. For example, voting rights attached to shares held by a subsidiary (as defined in Section 35 of the German Securities Trading Act (*Wertpapierhandelsgesetz*)) are generally attributed to its parent company. Similarly, voting rights attached to shares held by a third party for the account of another person or entity are attributed to the latter.

Furthermore, any kind of cooperation and/or acting in concert among shareholders that is intended to effect a permanent and material change in the business strategy of the company can result in the attribution of voting rights. Although such cooperation and/or acting in concert does not necessarily have to specifically concern the exercise of voting rights, coordinating in individual cases is not considered as acting in concern and will not trigger the attribution of voting rights.

Voting rights are also attributed to a person or entity exercising such rights in its own discretion as a proxy. Further, any coordination by a person or entity with a third party on the basis of an agreement or in any other way generally results in an attribution of the full amount of voting rights held by, or attributed to, the third party as well as to such person or entity. Such acting in concert generally requires a consultation on the exercise of voting rights or other efforts designed to effect a permanent and material change in the business strategy of the Company. Accordingly, the exercise of voting rights does not necessarily have to be the subject of acting in concert. Coordination in individual cases, however, is not considered as acting in concert.

Section 38 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*) provides for similar obligations to notify the company and the BaFin for reaching, exceeding or falling below the aforementioned thresholds, except for the 3% threshold, applicable to direct or indirect holders of (i) certain financial instruments other than shares, that grant upon maturity an unconditional right to acquire already issued voting shares of the company, a discretionary right to acquire such shares, or (ii) financial instruments that refer to such shares and have a similar economic effect. Pursuant to Section 38 para. 2 of the German Securities Trading Act (*Wertpapierhandelsgesetz*), such instruments include, *inter alia,* transferable securities, options, futures, swaps, forward rate agreements and contracts for difference. Details on the valuation of the shares underlying a financial instrument are set out in Commission Delegated Regulation (EU)2015/761 of December 17, 2014 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to certain regulatory technical standards on major holdings.

In addition, the notification requirement applies *mutatis mutandis* to anyone whose aggregate total of voting rights and instruments pursuant to Sections 33 para. 1 and 38 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*) reaches, exceeds or falls below the aforementioned thresholds, except for the 3% threshold, has to notify the company and the BaFin pursuant to Section 39 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*).

If any of the aforementioned reporting obligations are triggered, the notifying person or entity is required to fully complete the notification form set forth as an annex to the German Securities Trading and Insider List Regulation (*Wertpapierhandelsanzeige- und Insiderverzeichnisverordnung*). The notice can be submitted either in German or English by means of electronic transmission, in case of technical impossibility in writing or via fax. The notice must include, irrespective of the event triggering the notification, (i) the number and proportion of voting rights, (ii) the number and proportion of instruments and (iii) the aggregate number and proportion of voting rights and instruments held by or attributed to the notifying person or entity. In addition, the notice must include certain attribution details, *inter alia,* the first name and surname of the notifying individual or the legal name, seat and state of a notifying entity, the event triggering the notification, the date on which the threshold was reached or crossed and, if voting rights or instruments are attributed.

Domestic issuers have to publish such notices received by their shareholders without undue delay, but no later than within three (3) trading days after receipt, via such media bundle (*Medienbündel*) that it can be assumed that the notice will be disseminated as fast and as simultaneously as possible in the entire EU and the non-EU parties to the agreement on the EEA. In addition, the company must transmit the notice to BaFin, specifying the time of publication and the media used and to the German Company Register (*Unternehmensregister*) for storage.

There are certain exceptions to the notice requirements. A company is exempt from its notification obligation for instance if its parent company, or if its parent company is itself a subsidiary, the parent's parent company, has filed a group notification pursuant to Section 37 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*). In addition, pursuant to Section 36 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*), shares or instruments held by a credit institution or a credit securities services company with a registered seat in the EU or in the EEA are not taken into consideration for determining the

threshold for notification obligations or the proportion of voting rights held, provided (i) they are held in such credit institution's or credit securities services company's trading book, (ii) they amount to no more than 5% of the voting shares, do not grant the right to acquire more than 5% of the voting shares, or do not have a similar economic effect and (iii) it is ensured that the voting rights held by them are not exercised or otherwise made use of.

Pursuant to Section 43 of the German Securities Trading Act (*Wertpapierhandelsgesetz*), a shareholder who reaches or exceeds the threshold of 10% of the voting rights, or a higher threshold, is obligated to notify the company within 20 trading days regarding the objective of the acquisition of voting rights, as well as regarding the source of the funds used for the purchase. Accordingly, changes with regard to such objectives must be reported within 20 trading days as well. In calculating whether the 10% threshold has been reached or exceeded, the attribution rules mentioned above apply. Pursuant to Section 43 para. 3 of the German Securities Trading Act (*Wertpapierhandelsgesetz*), an issuer may stipulate in its articles of association that the aforementioned disclosure requirement does not apply. However, Vita 34 has not made use of the option to release shareholders from this disclosure obligation.

In case the disclosure requirements described above are not compiled with by the person obliged to notify (*Meldepflichtiger*), shareholder rights, particularly voting rights and, in certain cases, the right to collect dividends and liquidation proceeds, are – subject to certain exceptions – suspended for the duration of non-compliance pursuant to Section 44 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*). If the failure to comply with the disclosure requirements specifically relates to the share of voting rights and is a result of a willful or grossly negligent conduct, the suspension period is extended by six (6) months after the person or entity subject to the notification requirement (*Meldepflichtiger*) files the required notification, except if the variation in the proportion of the voting rights notified in the incorrect notification was less than 10% of the actual voting right proportion and no notification with respect to reaching, exceeding or falling below the aforementioned thresholds pursuant to Section 33 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*) was omitted. In addition, BaFin may impose a fine if a required notification is incomplete or incorrect, not made at all, not made in the right manner or not made in due timely. BaFin has also the right to publish decisions on sanctions and measures with regard to violations of the disclosure obligations and, in particular, to name the person responsible for such violation.

18.10 Mandatory Takeover Bids

The Company's shares are admitted to trading on the regulated market (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (Prime Standard). Therefore, the Company is subject to the provisions of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*), according to which every person whose share of voting rights reaches or exceeds 30% of the voting rights of the Company is obligated to publish this fact, including the total amount of voting rights, without undue delay, but no later than within seven (7) calendar days by publication on the internet and by means of an electronically operated system for disseminating financial information. Subsequently, such person must submit a mandatory public tender offer to all shareholders of the company, unless an exemption from this obligation has been granted by the BaFin. The German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*) contains several provisions intended to ensure the attribution of shareholdings to the person who actually controls the voting rights attached to the shares, comparable to the attribution rules described below for shareholdings pursuant to Section 34 of the German Securities Trading Act (*Wertpapierhandelsgesetz*). If a bidder fails to give notice of reaching or exceeding the 30% threshold or fails to submit the mandatory tender offer, the bidder is barred from exercising the rights associated with these shares, including voting rights and, in some cases, the right to collect dividends and liquidation proceeds, for the duration of non-compliance. Moreover, BaFin may impose a fine.

18.11 Disclosure of Transactions of Persons Discharging Management Responsibilities

Pursuant to Article 19 of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, as amended (the „**MAR**"), persons discharging managerial responsibilities („**Executives**") shall notify the company and the BaFin of every transaction conducted on their own account relating to the shares or debt instruments of the company or to derivatives or other financial instruments linked thereto (so-called managers' transactions or directors' dealings). The same applies to persons closely associated with Executives. Transactions that must be notified shall also include, *inter alia*, the pledging or lending of financial instruments, transactions undertaken by any person professionally arranging or executing transactions on behalf of an Executive or a closely associated person, including where discretion is exercised, as well as transactions made under a life insurance policy. The notification requirement shall apply to any subsequent transaction once a total amount of EUR 20,000 has been reached within a calendar year. Notification shall be made promptly and no later than three (3) business days after the date of the transaction.

For the purposes of MAR, Executive means a person within the company who is a member of the administrative, management or supervisory body or a senior executive who is not such member but who has regular access to inside information relating directly or indirectly to the company and who has power to take managerial decisions affecting the future developments and business prospects of the company. A person closely associated with an Executive means a spouse, a registered civil partner (*eingetragener Lebenspartner*), a dependent child as well as a relative who has shared the same household for at least one year on the date of the transaction concerned. A person closely associated also includes a legal person, trust or partnership, the managerial responsibilities of which are discharged by an Executive of the company or by another person closely associated with him. Finally, the term includes a legal person, trust or partnership, which is directly or indirectly controlled by an Executive of the Company or by another person, which is set up for the benefit of such a person, or the economic interests of which are substantially equivalent to those of such a person.

The company must ensure that the information of which it is notified is promptly made public, but in any case, no later than two (2) business days after receipt of the notification in a manner which enables fast access to this information on a non-discriminatory basis in accordance with European Securities and Markets Authority's („**ESMA**") implementing technical standards. Moreover, according to the German Securities Trading Act (*Wertpapierhandelsgesetz*), the company must without undue delay transmit the information to the German Company Register (*Unternehmensregister*) and notify BaFin. Non-compliance with the notification requirements may result in a fine.

During a closed period of 30 calendar days before the announcement of an interim financial report or a year-end report which the company is required to make public according to (i) the rules of the trading venue where the company's shares are admitted to trading or (ii) national law, persons discharging managerial responsibilities are prohibited from conducting for their own account or for the account of a third party any transactions directly or indirectly relating to shares or debt instruments of the company, or to derivatives or other financial instruments linked to such securities.

18.12 Post-Admission Disclosure Requirements

As a result of the admission of the Company's shares to trading on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Company is subject to the legal disclosure requirements for stock corporations (*Aktiengesellschaften*) listed in Germany. These contain, in particular, the disclosure of an audited report of the remuneration paid to members of the Management Board and Supervisory Board (*Vergütungsbericht*) and the disclosure of transactions with related parties, both inserted into the German Stock Corporation Act (*Aktiengesetz*) due to the Act on the Implementation of the Shareholder Rights Directive II (*ARUG II*) based on the Directive (EU) 2017/828 (Shareholder Rights Directive II). Furthermore, the Company is subject to the disclosure requirements under the German Securities Trading Act (*Wertpapierhandelsgesetz*) and under the MAR, including, *inter alia*, periodic financial reporting (disclosure of annual and half-year financial reports), regular calls with securities and industry analysts, and other required disclosures. The Company is also obliged under the Listing Rules of the Frankfurt Stock Exchange (*Börsenordnung für die Frankfurter Wertpapierbörse*), as amended from time to time, to publish quarterly statements (unless the Company prepares quarterly financial reports), as the Company's shares are listed on the sub-segment with additional post-admission obligations (Prime Standard) of the regulated market of the Frankfurt Stock Exchange.

Pursuant to Article 17 of the MAR, the Company shall inform the public as soon as possible of any inside information (as defined below) which directly concerns the Company (so-called ad-hoc obligations). Prior to informing the public, the Company must also inform BaFin and the management of the trading venues and facilities (*Geschäftsführungen der Handelsplätze*) where financial instruments of the Company have been admitted to trading or been included in such trading, and, after publication, without undue delay transmit the information to the German Company Register (*Unternehmensregister*).

Inside information comprises any information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments.

The Company may, on its own responsibility, delay disclosure of inside information if (i) immediate disclosure is likely to prejudice the legitimate interests of the Company, (ii) delay of disclosure is not likely to mislead the public and (iii) the Company is able to ensure that the inside information will remain confidential. In such case, the Company must also inform BaFin that disclosure of the information was delayed and provide a written explanation of how the conditions set out in the preceding sentence were met, immediately after the information is disclosed to the public. Where disclosure of inside information has been delayed and the confidentiality of that

inside information is no longer ensured, the Company must disclose such inside information to the public as soon as possible.

18.13 Short Selling Regulation (Ban on Naked Short-Selling)

Pursuant to Regulation (EU) No. 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps, as amended (the „**Short Selling Regulation**"), the European Commission's delegated regulation for the purposes of detailing the Short Selling Regulation, and the German EU Short Selling Implementation Act (*EU-Leerverkaufs-Ausführungsgesetz*) of November 15, 2012, the short-selling of the Company's shares is only permitted under certain conditions. In addition, under the provisions of the short Selling Regulation, significant net-short selling positions in the Company's shares must be reported to BaFin and published if they exceed a specific percentage. The reporting and publication process is detailed in the German Regulation on Net-Short Positions (*Netto-Leerverkaufspositionsverordnung*) of December 17, 2012. The net short-selling positions are calculated by offsetting the short positions of a natural person or legal entity in the Company's shares with its long positions in such shares. The details are regulated in the Short Selling Regulation and the other regulations the European Commission enacted on short-selling. In certain situations described in the Short Selling Regulation, BaFin may restrict short-selling and comparable transactions.

19. MANAGEMENT AND GOVERNING BODIES

The Company's corporate bodies are the management board (the „**Management Board**") (*Vorstand*), the supervisory board (the „**Supervisory Board**") (*Aufsichtsrat*) and the General Shareholders' Meeting (*Hauptversammlung*). The powers and responsibilities of these governing bodies are primarily governed by the German Stock Corporation Act (*Aktiengesetz, AktG*), the Articles of Association (*Satzung*) and rules of procedure („**Rules of Procedure**") for the Supervisory Board (*Geschäftsordnung für den Aufsichtsrat*) and the Management Board (*Geschäftsordnung für den Vorstand*), each in its current version.

19.1 Overview on the Governing Bodies of the Company

The Management Board is responsible for managing the Company taking into account the resolutions of the General Shareholders' Meeting. The Management Board ensures compliance with applicable law, the Articles of Association and corporate policy within the Group in addition to ensuring appropriate risk management. The members of the Management Board represent the Company when dealing with third parties. Pursuant to Section 10 of the Articles of Association, the Company shall be represented by two (2) Management Board members or by one Management Board member acting jointly with a commercial attorney in fact (*Prokurist*). The Supervisory Board may grant one, several or all members of the Management Board sole powers of representation. The Supervisory Board may exempt Management Board members from the restrictions imposed by Section 181 Alt. 2 of the German Civil Code (*Bürgerliches Gesetzbuch*) relating to legal transactions executed on the Company's behalf as representative of a third party. The internal Rules of Procedure for the Management Board provide for a delegation of responsibilities to individual members for the Management Board on the basis of the business allocation plan.

The Supervisory Board is responsible for supervising the management of the Company by the Management Board. Therefore, German law generally prohibits simultaneous membership in the management board and the supervisory board of a stock corporation (*Aktiengesellschaft*). However, in exceptional cases and for a maximum period of up to one (1) year, a member of the supervisory board may take a vacant seat on the management board of the German stock corporation (*Aktiengesellschaft*). During this period, such individual is not permitted to perform any duties for the Supervisory Board.

In order to enable the Supervisory Board to fulfil its responsibilities as the supervising body, the Management Board provides the Supervisory Board with regular, prompt and comprehensive information on all issues relevant to the Company and the Group with regard to planning (in particular financial planning, investment planning, and human resources planning), business development, profitability, the course of business and transactions that may have a significant impact on the profitability or liquidity of the Company according to Section 90 of the German Stock Corporation Act. The Management Board reports on deviations of the course of business from agreed plans and targets and identifies the relevant reasons. As a rule, the Management Board must provide the Supervisory Board with a long-term plan for the Group on an annual basis and must report on significant deviations from the existing plan. In addition, the Supervisory Board may request special reports from the Management Board at any time. Furthermore, the Management Board and the Supervisory Board report annually on the corporate governance of the Company in the annual report.

Furthermore, the Supervisory Board may designate certain types of transactions and measures as subject to its prior approval by amending the Rules of Procedure for the Management Board through a resolution of the Supervisory Board. Pursuant to Section 5 para. 1 of the Rules of Procedure for the Management Board, the Management Board requires the prior approval of the Supervisory Board for the transactions outlined below:

- Appointment and dismissal of managing directors;
- Establishment and termination of companies or enterprises, the purchase and sale of participating interests in other companies, the conclusion, alteration and termination of corresponding articles of associations;
- Establishment, purchase, closure and disposal of businesses, operational units or branch offices;
- Purchase, disposal or encumbrance of properties and property-equivalent right;
- Granting loans to non-affiliated companies and third parties;
- Conclusion, amendment or termination of each contract with members of the Management Board, directors of affiliated companies and shareholders required to report holdings as well as their relatives (according to Section 15 of the German Tax Code (*Abgabenordnung, AO*)) or companies in which one of the aforementioned persons directly or indirectly holds a share of at least 50%;

- Taking up loans and raising of funds other than regular commercial credits if the value exceeds EUR 500,000.00;

- Commissioning, granting or approval of liens upon property or other encumbrances on the Company's assets in whole or in part;

- Securities, assumption of sureties and guarantees as well as entering exchange obligations other than regular product warranties:

- Corporate planning for the following financial year, including major balance sheet, profit and loss account and liquidity figures; and

- Contract conclusions, other than supply contracts with customers, which cause the Company expenses and obligations exceeding EUR 500,000.00 in the individual case or in total per year.

This applies also to the management of a company in which Vita 34 is the direct or indirect major shareholder.

Each member of the Management Board and Supervisory Board owes fiduciary duties to the Company, *i.e.*, duty of loyalty, duty of legality and duty of care. The board members must consider a broad spectrum of interests, particularly those of the Company and its shareholders, employees and creditors when discharging these duties. In addition, the Management Board must take into account the shareholders' rights to equal treatment and equal access to information. If members of the Management Board or Supervisory Board breach their duties, they may be individually or jointly and severally liable with the other members of the Management Board or the Supervisory Board, as the case may be, to the Company for compensatory damages.

Under German law, a shareholder generally has no right to take direct action against board members of a German stock corporation (*Aktiengesellschaft*) with its registered office in Germany if the shareholder believes that such member or members have violated their duties towards the company and such violation has caused damage to the company. As a rule, only the Company has the right to assert claims for damages against members of the Management Board or Supervisory Board. With respect to claims against Supervisory Board members, the Company is represented by the Management Board, and, in turn, the Supervisory Board represents the Company with respect to claims against members of the Management Board. According to a ruling of the German Federal Supreme Court (*Bundesgerichtshof*) from 1997, the Supervisory Board is obligated to pursue damages claims against the Management Board if they appear to be enforceable, unless significant grounds relating to the welfare of the Company conflict such action and unless these grounds outweigh the grounds in favor of asserting such claims or are at least of equal weight.

Even if the responsible corporate body decides against pursuing a claim for violation of duties, it must assert the Company's claims for damages nevertheless if a resolution to this effect is passed by the General Shareholders' Meeting by a simple majority of votes cast. Pursuant to Section 147 para. 2 sentence 1 of the German Stock Corporation Act, the General Shareholders' Meeting may also appoint a special representative (*besonderer Vertreter*) to assert the claims. Based on the resolution of the General Shareholders' Meeting to claim damages, shareholders with a cumulative shareholding of at least 10% of the share capital or with an aggregate nominal value of at least EUR 1,000,000 may also apply to the competent court to appoint a special representative (*besonderer Vertreter*) pursuant to Section 147 para. 2 sentence 2 of the German Stock Corporation Act. If there is evidence leading to the strong suspicion that the Company has incurred damages through irregularities or gross violations of the law or the articles of association, pursuant to Section 148 para. 1 of the German Stock Corporation Act, shareholders whose shareholding constitutes at least 1% of the share capital or who hold shares with an aggregate nominal value of at least EUR 100,000 may request with a court to be allowed to bring a claim for damages of the Company in their own name but on behalf of the Company against members of governing bodies, subject to certain procedural requirements. Such claims become inadmissible if the Company itself files a claim for compensatory damages.

Furthermore, pursuant to Section 142 para. 1 sentence 1 of the German Stock Corporation Act, the General Shareholders' Meeting may, by a simple majority resolution, appoint a special auditor (*Sonderprüfer*) to audit any measures taken by the Company, in particular its management. If the General Shareholders' Meeting rejects a motion to appoint a special auditor, pursuant to Section 142 para. 2 sentence 1 of the German Stock Corporation Act, the court must appoint a special auditor at the request of shareholders who hold shares cumulatively representing at least 1% of the share capital or shares with an aggregate nominal value of at least EUR 100,000 if the facts justify the suspicion of irregularities or that gross violations of the law or the articles of association have been committed. If the General Shareholders' Meeting appoints a special auditor (*Sonderprüfer*), pursuant to Section 142 para. 4 sentence 1 of the German Stock Corporation Act the court must appoint another special auditor (*Sonderprüfer*) upon request of shareholders whose shares cumulatively constitute 1% of the share capital or constitute a pro rata share of EUR 100,000 if this seems to be required for cause given in the person of the special auditor (*Sonderprüfer*) appointed.

Shareholders and shareholder associations can use the shareholder forum of the German Federal Gazette (*Bundesanzeiger*), which is available through the German Company Register's (*Unternehmensregister*) website, to call upon other shareholders to jointly, or through third-party-representations, request a special audit, appoint a special auditor (*Sonderprüfer*), demand that a General Shareholders' Meeting is convened, or exercise their voting rights in a General Shareholders' Meeting.

Pursuant to Section 93 para. 4 sentence 3 of the German Stock Corporation Act, the Company may only waive or settle claims for compensation against members of the Management Board or Supervisory Board three (3) years after such claims have arisen and if (i) the shareholders grant their consent at the General Shareholders' Meeting by simple majority resolution and if (ii) no objection is raised and documented in the minutes of the General Shareholders' Meeting by shareholders who represent at least 10% of the share capital.

The members of the Management Board as well as members of the Supervisory Board of Vita 34 are, up to a certain limit of indemnity, covered for breaches of their duties as board members by a directors' and officers' („**D&O**") liability insurance policy. The costs of the D&O group insurance policy are borne by the Company. However, applicable German law requires that each member of the Management Board remains personally liable in case of any finding of personal liability for at least 10% of the amount of damage, up to an amount that corresponds up to 150% of the total annual fixed compensation of such member.

Under the German Stock Corporation Act, neither individual shareholders nor any other persons are permitted to attempt to influence members of the Management Board or the Supervisory Board to take an action detrimental to the Company. Shareholders with a controlling influence may not use their influence to cause a controlled stock corporation with which no controlling agreement (*Beherrschungsvertrag*) exists to enter into a legal transaction which is detrimental to such corporation or to take any measures that are detrimental to such corporation or to omit any measures if such omission would be detrimental to such corporation, unless it is compensated for such detriment. Any person intentionally exercising influence on the Company to cause a member of the Management Board or the Supervisory Board, a commercial attorney in fact (*Prokurist*) or an authorized agent (*Handlungsbevollmächtigter*) to act to the detriment of the Company or its shareholders is required to compensate the Company and its shareholders for any resulting damages. Moreover, the members of the Management Board and Supervisory Board are jointly and severally (*gesamtschuldnerisch*) liable if they acted in breach of their duties.

19.2 Management Board

The Company's Articles of Association allow the Management Board to consist of at least two members, with the Supervisory Board determining their exact number. Pursuant to Section 84 para. 1 sentence 1 of the German Stock Corporation Act, the Supervisory Board appoints members of the Management Board for a maximum term of five (5) years. The Supervisory Board may appoint members of the Management Board to act as chairperson and deputy chairperson of the Management Board.

Re-appointment or extension of the term of members of the Management Board is permissible, each for a maximum period of up to five (5) years. Pursuant to Section 84 para. 3 of the German Stock Corporation Act, the Supervisory Board may revoke the appointment of a member of the Management Board prior to the expiration of the member's term for good cause, such as a gross breach of fiduciary duty, inability of proper management or if the General Shareholders' Meeting passes a vote of no-confidence with respect to such member, unless the no-confidence vote was clearly unreasonable. The Supervisory Board is also responsible for entering into, amending and terminating service agreements with members of the Management Board and, in general, for representing the Company in and out of court against the Management Board, pursuant to Section 112 of the German Stock Corporation Act.

Pursuant to Section 10 para. 6 of the Rules of Procedure for the Management Board, the Management Board is only quorate if at least two thirds of the members are present at the meeting. Pursuant to Section 10 para. 1 of the Rules of Procedure for the Management Board, generally, resolutions of the Management Board are passed in a meeting. In exceptional cases, resolutions can also be passed by circular motions. Unless otherwise prescribed by law, the Management Board passes resolutions by simple majority of the votes cast by its members. In the event of a tie, the chairman of the Management Board has the casting vote.

Further details, particularly regarding duties, overall responsibility and internal organization are governed by the Rules of Procedure for the Management Board in its current form.

19.2.1 Members of the Management Board

The following table shows the names of the current members of the Management Board, their respective responsibilities and lists all companies outside the Group in which they currently are, or have been within the last five (5) years, members of administrative, management or supervisory boards or a partner:

Name	Born	First appointed on	Appointed until	Function within the Group	Positions held in companies outside the Group within the last five years
Dr. Wolfgang Knirsch	1960	June 2016	December 2022	Chief Executive Officer	Member of the board of directors of Cord Blood Association, since 2018
Andreas Schafhirt	1962	August 2021	April 2022	Chief Financial Officer	• CFO of Biella-Neher Holding AG, from 2003 until 2021; • Member of the board of directors of Biella Schweiz AG, from 2008 until 2019; • Member of the board of directors of Biella SimplyFind AG, from 2015 until 2019
Falk Neukirch	1971	October 2015	July 2021	Chief Financial Officer	–

All members of the Management Board may be reached at the Company's office at Deutscher Platz 5a, 04103 Leipzig, Germany (telephone +49 341 48792 7508).

The following brief description provides summary biographical information for the current members of the Management Board and indicates their principal activities outside the Group to the extent those activities are significant with respect to the Group.

Dr. Wolfgang Knirsch

Wolfgang Knirsch, born in 1960, received his doctor's degree in inorganic chemistry by RWTH Aachen. In 1992, he started his professional career in the sales and marketing division of Hoechst AG. Later, he was responsible for the product management of internationally relevant ethical preparations of the successor company Aventis Pharma GmbH. After he made a shift to Merck KGaA, Mr. Knirsch assumed responsibility for new business and national marketing of the company's most important product area. In 2005, Mr. Knirsch took over the management of the operational and strategic marketing of Biotest AG. After the successful restructuring and reorganization of the division, he made a shift to the international line of business in 2011. In his position as Vice President of International Business, he successfully advanced the strategically relevant department worth several hundred millions of euros involving distribution partners worldwide. Since June 2016, he has been a member of the Management Board of Vita 34. Since the subsequent year, he has been appointed CEO of Vita 34. In this role, he is responsible for research projects on the further use of stem cells, corporate strategy, manufacturing, and marketing and sales.

Alongside his office as CEO, Mr. Knirsch is a member of the board of directors of Cord Blood Association since 2018.

Andreas Schafhirt

Andreas Schafhirt, born in 1962, successfully completed his studies of Economics and Industrial Engineering at the Technical University Berlin. He started his professional career as board assistant at Berliner Industriebank AG. In 1993, Andreas Schafhirt first became Department Head of Controlling, then Division Head of Accounting, Controlling and Finance and subsequently Group Division Head of Accounting, Controlling, Finance, Revision and Tax at Herlitz AG. Thereafter, he served as CFO of the division Protective & Decorative Finishes at Impress B.V. and was responsible for accounting, controlling, finance, organization and revision as well as information technology. In 2003, he joined Biella-Neher Holding AG as CFO (until 2021) and held various director positions within the Biella group. During his career, he accompanied several company acquisitions and restructuring projects. In August 2021, Andreas Schafhirt was appointed CFO of Vita 34.

Alongside his office as CFO, Mr. Schafhirt is currently not a member of the administrative, management or supervisory body of and/or partner in any company and partnership outside the Group.

19.2.2 Remuneration and Other Benefits of the Management Board Members

19.2.2.1 *Remuneration system*

The overall structure and amount of compensation of the Management Board are determined by the Supervisory Board of the Company.

The members of the Management Board receive a fixed compensation paid monthly in equal amounts which, in the financial year ended December 31, 2020, for Wolfgang Knirsch, amounted to EUR 250 thousand per year and for Falk Neukirch to EUR 160 thousand per year. According to Wolfgang Knirsch's contract, which has been in effect since January 1, 2021, his fixed compensation in the financial year ending December 31, 2021 will amount to EUR 265 thousand. The fixed compensation for Andreas Schafhirt amounts to EUR 240 thousand per year and is paid monthly *pro rata temporis* for his term of office since his appointment as CFO in August 2021.

In addition, the compensation of the CEO consists of a variable compensation (referred to as „incentive bonus"), which is calculated per year based on the grade of achievement of certain quantitative targets, with the maximum variable amount payable thereunder to Dr. Knirsch being EUR 90 thousand (in case of achievement of 100% of each performance target). His contract defines the following three targets („performance indicators") to be measured against: (i) EBITDA, (ii) number of deposits in Germany, and (iii) Xetra average price of the Vita 34 share over the last 40 trading days of the year. The Supervisory Board determines the grade of achievement of each of the performance targets each year, which such incentive bonus only being payable if the performance targets in (i) and (ii) above have been achieved at least at 85%.

In addition, the Supervisory Board, in its sole discretion, may grant a discretionary bonus of up to a total amount of EUR 30 thousand p.a. (gross) to Wolfgang Knirsch in case of extraordinary achievements and performance should one of the above performance targets not have been achieved in a given year.

The service agreement of Mr. Schafhirt does not provide for any variable compensation.

In the financial year ended December 31, 2020, no variable compensation has been paid to either of the members of the Management Board, but in 2021, both Dr. Knirsch and Mr. Neukirch received a discretionary bonus payment of EUR 10 thousand each for their performance in the financial year 2020.

Furthermore, the members of the Management Board receive fringe benefits, which primarily consist of insurance benefits and the private use of a company car. These benefits are taxable individually by the member of the Management Board. In the financial year ended December 31, 2020, fringe benefits, for Wolfgang Knirsch, amounted to EUR 13 thousand and for Falk Neukirch to EUR 9 thousand.

An additional share-based remuneration is not intended by the Company.

19.2.2.2 *Total compensation*

The following table shows the total compensation of the members of the Management Board who were appointed as members of the Management Board in the financial years ended December 31, 2020, 2019 and 2018:

	Wolfgang Knirsch (CEO)			**Falk Neukirch (CFO)**		
	2020	**2019**	**2018**	**2020**	**2019**	**2018**
	(in EUR thousands)					
Non-performance-related components						
Fixed remuneration	250	250	250	160	160	156
One-time joining or extension premium	0	0	72	0	0	0
Fringe benefits	13	15	13	9	9	8
Total	**263**	**265**	**335**	**169**	**169**	**164**
Performance-related component						
One-year variable remuneration	0	30	52	0	20	41
Multi-year variable remuneration	0	23	0	0	0	32
Total	**263**	**318**	**387**	**169**	**189**	**237**
Pension expenses	0	0	0	12	12	12
Total remuneration	**263**	**318**	**387**	**181**	**201**	**249**

19.2.2.3 *Non-compete*

The members of the Management Board are bound by a comprehensive no-competition clause, in case of Wolfgang Knirsch, also including a post-contractual restraint. Further details are set out in the law and their service agreements.

19.2.2.4 *Premature termination of the employment relationship*

In the event of the effective revocation of Wolfgang Knirsch's appointment for good cause, which is not at the same time a good cause pursuant to Section 626 of the German Civil Code (*Bürgerliches Gesetzbuch*) for the termination of the service agreement without notice, and the resulting termination of the service agreement, the Company commits itself to pay a severance payment to Mr. Knirsch in the amount of the target total annual remuneration (fixed remuneration and bonus) for two (2) years, but not exceeding the remuneration for the remaining term of the service agreement. In the event of incapacity for work, the Company will continue to pay to (i) Mr. Knirsch the target total remuneration (fixed remuneration and bonus) for a period of six (6) months and (ii) Mr. Schafhirt the fixed remuneration for a period of six (6) months.

There are no material agreements of the Company that are subject to the condition of a change of control as a result of a takeover bid, with the exception of the agreement concluded with the CEO in the event of a change of control. Under this agreement, Mr. Knirsch has the right to terminate his service agreements on six (6) months' prior notice to the end of a calendar month, with such termination right to be exercised within three (3) months of the Management Board obtaining knowledge of the occurrence of a change of control. If the CEO exercises this right of termination, the severance payment amounts to 50% of the remuneration (fixed remuneration and bonus assuming 100% target fulfilment) no longer accruing and no longer being paid due to the premature termination of the contract plus the payment of an annual gross basic salary. However, the total amount of the severance payment may not exceed EUR 500 thousand. The service agreement of Mr. Schafhirt does not contain any change of control clause.

19.2.3 Shareholdings of the Members of the Management Board in the Company

As of the date of the Prospectus, the members of the Management Board hold 4,000 no-par value shares of the Company. Thereof, Wolfgang Knirsch holds 4,000 shares (equal to 0.1% of the registered share capital of the Company) and Andreas Schafhirt does not hold any shares. The Company is not aware of any further similar interests.

19.3 Supervisory Board

In accordance with Section 12 para. 1 of the Articles of Association and the requirements of German law, the Supervisory Board consists of four (4) members elected by the General Shareholders' Meeting.

Pursuant to Section 12 para. 2 of the Articles of Association, subject to the stipulation of a shorter term in office, members of the Supervisory Board will be elected until the end of the annual General Shareholders' Meeting that adopts a resolution on the discharge of the members for the fourth financial year after the start of their term in office. This does not include the financial year in which the term in office begins. Re-election, also repeatedly, is possible.

The General Shareholders' Meeting may, at the time of election of Supervisory Board members, appoint substitute members who shall replace members of the Supervisory Board leaving office before the end of their term. Leaving Supervisory Board members shall be replaced by election of a successor at the subsequent General Shareholders' Meeting, unless a substitute member has succeeded. The term of office of such substitute members shall terminate when a successor is elected by the General Shareholders' Meeting.

Supervisory Board members elected by the General Shareholders' Meeting may be removed by a resolution of the General Shareholders' Meeting if such resolution is approved by a simple majority of the votes cast. In addition, pursuant to Section 13 of the Articles of Association, each member of the Supervisory Board can resign from office by issuing a declaration to the chairman of the Supervisory Board (the „**Chairman**") or to the Management Board, effective from the end of the calendar month following the month in which resignation was declared. This period can be shortened by mutual arrangement.

Directly following the General Shareholders' Meeting upon the conclusion of which the new term of office commences, the Supervisory Board elects a Chairman and a deputy chairman (the „**Deputy Chairman**") from among its members in accordance with the provisions of the German Stock Corporation Act for the respective term of office. Such election shall take place at a meeting to be held without any special notice. Should the Chairman or the Deputy Chairman leave the Supervisory Board prior to expiry of their term of office, the

Supervisory Board shall hold a new election for the remaining term of office of the departed member without undue delay pursuant to Section 14 para. 2 of the Articles of Association.

According to Section 15 para. 1 of the Articles of Association, the Supervisory Board must hold one meeting in each calendar quarter. Meetings of the Supervisory Board must be called in writing at least 14 days in advance by the chairperson of the Supervisory Board or, if he is unavailable, his deputy. In a case of urgency, the convocation period may be appropriately shortened and the notice of meetings may be given oral, by phone, fax, e-mail or telegram.

Pursuant to Section 16 para. 1 of the Articles of Association, resolutions of the Supervisory Board are generally adopted at meetings. Outside meetings, resolutions are permitted in writing, by phone by means of a conference call, fax, or e-mail, if the Chairman of the Supervisory Board decides this.

In general, the Supervisory Board is quorate if at least three members take part in the resolution. A member also takes part in the resolution if he/she abstains. Pursuant to Section 16 para. 2 of the Articles of Association, resolutions of the Supervisory Board are adopted with a simple majority of votes cast, unless other majorities are required by law. In the event of a tie, the Chairman of the Supervisory Board has the casting vote.

19.3.1 Members of the Supervisory Board

The table below shows the names of the current members of the Supervisory Board and – where applicable – lists all companies and partnerships outside the Group in which they currently are or have been within the last five years members of an administrative, management or supervisory board or partner:

Name	Born	Member since	Appointed until	Function within the Group	Membership of statutory German supervisory boards or similar governing bodies of domestic or foreign companies
Florian Schuhbauer	1975	2020	End of ordinary General Shareholders' Meeting 2025	Chairman	• Founding partner of Active Ownership Capital S.à r.l; • Director of Active Ownership Fund SICAV - FIS SCS; • Supervisory board member of PNE AG, since May 2017; • Supervisory board member of NFON AG, since December 2019; • Supervisory board member of Schaltbau Holding AG, since June 2021.
Steffen Richtscheid	1970	June 2017	End of ordinary General Shareholders' Meeting 2022	Deputy Chairman	• Partner at Weidinger Richtscheid law office.
Frank Köhler	1964	June 2017	End of ordinary General Shareholders' Meeting 2022	Member	• Member of the supervisory board of Shop Apotheke Europe N.V., since 2016.
Andreas Füchsel	1972	July 2020	Next ordinary General Shareholders' Meeting	Member	• Managing director of Como Capital GmbH, since 2011; • Board member of exceet Group SE from November 2017 until December 2019.

All members of the Supervisory Board may be reached at the Company's office at Deutscher Platz 5a, 04103 Leipzig, Germany (telephone +49 341 48792 7508).

The following brief description provides summary biographical information for the current members of the Supervisory Board and indicates their principal activities outside the Group to the extent those activities are significant with respect to the Group.

Florian Schuhbauer

Florian Schuhbauer, born in 1975, holds a Master's Degree in Finance and Business Administration from the Frankfurt School of Finance and Management. He started his professional career at Dresdner Kleinwort Benson in the areas of risk management and equity research. Thereafter, together with partners, he built up Newtron AG, a software company that developed software to optimize strategic sourcing processes, which was subsequently sold successfully. Mr. Schuhbauer continued his career as CFO and Executive Vice President of DHL Global Mail in the US, a subsidiary of Deutsche Post AG. As Partner and Portfolio Manager at General Capital Group / Active Value Investors, Mr. Schuhbauer was responsible for investments with a combined value in excess of EUR 1.5

billion. Subsequently, he switched to Triton Partners where, as a Partner, he successfully built up the Public Equity business. Currently, Mr. Schuhbauer serves as a founding partner of Active Ownership Capital S.à r.l. and director of Active Ownership Fund SICAV - FIS SCS, a supervisory board member of PNE AG (Germany) since May 2017 and a supervisory board member of NFON AG (Germany) since December 2019. After his election to the Supervisory Board by the General Shareholders' Meeting in 2020, he has been appointed as Chairman of the Supervisory Board of Vita 34.

Steffen Richtscheid

Steffen Richtscheid, born in 1970, studied law in Jena, where he also completed his post-graduation practical training. Mr. Richtscheid started his professional career as an attorney in Leipzig in 1996. Today, he is a partner at Weidinger Richtscheid law office, which specializes in the counselling and representation of companies in all areas of commercial law. Mr. Richtscheid advises his clients, including well-known companies, on banking, capital markets and labor law. Steffen Richtscheid has been a member of the Supervisory Board of Vita 34 since June 2017.

Frank Köhler

Frank Köhler, born in 1964, holds a degree in technical economics (*techn. Dipl.- Kfm.*) from the University in Stuttgart. After his studies, he was in charge of different management positions in merchandising, such as Loriot Design GmbH. In 2000, he joined Aroma Company, a distributor of high-end beauty and perfume products. In 2005, he became a co-owner and director of the company, renamed Aroma Company Köhler, Frank und Weckesser, Frank GbR. After expanding his business, Mr. Köhler founded Aroma Beauty and co-founded Aroma Company GmbH. Both companies develop perfume brands and distribute high-end beauty and perfume products to leading perfumeries and life-style shops throughout Europe. Frank Köhler has been a member of the supervisory board of Shop Apotheke Europe N.V. since its establishment in 2016 and has been appointed as a member of the Supervisory Board of Vita 34 AG in 2017.

Andreas Füchsel

Andreas Füchsel, born in 1972, studied law in Bayreuth. Following his post-graduation practical training, he completed a Master of Laws (LL.M.) program at the University of Miami, School of Law. Since 2001, he has been practicing law in well-known national and international law firms in Frankfurt/Main, Germany. In 2005, he worked on a nine-month client secondment in the Investment Banking Division of Citigroup Frankfurt. In 2017, he joined the international law firm DLA Piper UK LLP as a partner, where he focuses on private equity, mergers & acquisitions (M&A) and capital markets. He has extensive experience with public takeovers and cross-border M&A. Andreas Füchsel has been appointed as a member of the Supervisory Board of Vita 34 AG by resolution of the Local Court of Leipzig dated July 31, 2020.

19.3.2 Supervisory Board Committees

The Supervisory Board did not form any committees as of the date of the Prospectus.

19.3.3 Remuneration of the Members of the Supervisory Board

Section 18 of the Articles of Association of the Company sets forth the remuneration of the members of the Supervisory Board. Each member of the Supervisory Board receives an annual fixed remuneration of EUR 20 thousand. Notwithstanding the foregoing, the Chairman of the Supervisory Board receives EUR 40 thousand and his deputy EUR 30 thousand. Members of the Supervisory Board who are on the Supervisory Board for only part of the financial year receive a reduced remuneration proportionate to the time served. The fixed remuneration is payable *pro rata temporis* after the end of each calendar quarter.

Furthermore, the Company reimburses each member of the Supervisory Board for his/her reasonable and proven expenses incurred in the context of his/her work as a member of the Supervisory Board. The performance of duties by members of the Supervisory Board is covered by a D&O insurance policy taken out by the Company.

	2020	2019	2018
	(in EUR thousands)		
Florian Schuhbauer (Chairman from July 1, 2020)	20	–	–
Steffen Richtscheid (Deputy Chairman from March 22, 2019)	30	28	20
Frank Köhler (Chairman until July 1, 2020)	30	40	40
Andreas Füchsel	8	–	–
Gerrit Witschaß (Deputy Chairman until February 28, 2019)	–	0	30
Dr. med. Mariola Söhngen (Member until July 1, 2020)	10	22	20
Nicolas Schobinger (Member until July 6, 2020)	11	14	–
Total	**110**	**105**	**110**

19.3.4 Shareholdings of the Supervisory Board Members in the Company

As of the date of the Prospectus, the members of the Supervisory Board hold the following no par value shares of the Company:

Name	Number of Shares
Florian Schuhbauer	1,510,610[(1)]
Steffen Richtscheid	154
Frank Köhler	0
Andreas Füchsel	0

[(1)] Directly and indirectly held, see „*15 Shareholder Structure*".

19.4 Certain Information regarding the Members of the Management Board and the Supervisory Board; Conflicts of Interest

In the last five years, no current member of the Management Board or Supervisory Board has been (i) convicted of fraudulent offences, (ii) associated with any bankruptcy, receivership or liquidation acting in its capacity as a member of any administrative, management or supervisory body or as a senior manager (iii) subject to any official public incriminations and/or sanctions by statutory or legal authorities (including designated professional bodies) or (iv) disqualified by a court from acting as a member of the administrative, management, or supervisory body of an issuer or from acting in the management or conduct of the affairs of any issuer.

There are no conflicts of interest or potential conflicts of interest between the members of the Management Board and Supervisory Board as regards the Company on the one side and their private interests, membership in governing bodies of companies, or other obligations on the other side. Mr. Schuhbauer abstained from participating in the deliberation and vote in the Supervisory Board on the Proposed Transaction and the Exchange Offer. Furthermore, Mr. Füchsel abstained from voting in the Supervisory Board's approval of the mandate for DLA Piper UK LLP, where Mr. Füchsel is a partner.

Neither the members of the Management Board nor the Supervisory Board have entered into a service agreement with a Group company that provides for special benefits, such as severance pay, at the end of the business relationship.

As of the date of the Prospectus, no family relationships exist among the members of the Management Board and the Supervisory Board, either among themselves or in relation to the members of the other body.

19.5 The General Shareholders' Meeting

Pursuant to Section 120 para. 1 sentence 1 of the German Stock Corporation Act, the annual General Shareholders' Meeting shall be held place within the first eight (8) months of a given financial year and pursuant to Section 20 of the Articles of Association, shall be held at the Company's registered office or at any German stock market location. Except where other persons are authorized to do so by law and by the Articles of Association, the General Shareholders' Meeting shall be convened by the Management Board. Notice must be issued at least 30 days prior to the day of the General Shareholders' Meeting, the day of the receipt of the notice and the day of the meeting not being included when calculating this period. This notice period is extended by the days of the registration period as described below. Consequently, the notice must be issued at least on the 37th day prior to the General Shareholders' Meeting, unless a shorter registration period is determined.

Pursuant to the German Act on Reducing the Effects of the COVID-19 Pandemic in Civil, Insolvency and Criminal Procedure Law (*Gesetz zur Abmilderung der Folgen der COVID-19-Pandemie im Zivil-, Insolvenz- und Strafverfahrensrecht*) dated March 27, 2020, as last amended in mid-September 2021 („**COVID-19-Act**"), the Management Board may decide, with the approval of the Supervisory Board, to hold shareholders' meetings on or before August 31, 2022 as virtual shareholders' meetings (*virtuelle Hauptversammlung*) without physical attendance of the shareholders or their representatives, provided that the following requirements are fulfilled:

- the entire shareholders' meeting is broadcast via audio and video transmission;
- shareholders may exercise their voting rights via electronic communication (absentee voting or electronic participation) and by authorizing proxy representatives;
- shareholders are granted the opportunity to ask questions via electronic communication; and
- shareholders who have exercised their voting rights are offered the opportunity to object to resolutions of the shareholders' meeting without the requirement to attend in person at the shareholders' meeting.

Under the COVID-19-Act, the Management Board, with the consent of the Supervisory Board, may shorten certain periods in connection with the convocation of, registration and providing evidence of shareholding for, shareholders' meetings held on or before August 31, 2022. In particular, the shareholders' meeting may be convened as late as on the 21st day prior to the day of the meeting.

A General Shareholders' Meeting may be convened by the Management Board, the Supervisory Board, or may be requested by shareholders whose shares collectively make up 5% of the share capital. If, following a request made by shareholders whose Company's shares collectively make up 5% of the share capital, a General Shareholders' Meeting of the Company is not held in due time, the competent local court (*Amtsgericht*) may authorize the shareholders who issued the demand or their representatives to convene a General Shareholders' Meeting of the Company.

Pursuant to Section 21 para. 1 of the Articles of Association, all shareholders who have been entered in the share register on the day of the General Shareholders' Meeting and have duly submitted notification of attendance and of evidence of shareholding are entitled to participate in the General Shareholders' Meeting and to exercise their voting rights. The Company must receive shareholders' registration at the address specified for this purpose in the invitation at least six (6) days before the General Shareholders' Meeting, unless a shorter period of time was set forth in the convening notice of the General Shareholders' Meeting. The day of the General Shareholders' Meeting and the day of receipt are not counted.

Each shareholder can choose to be represented by a proxy at the annual General Shareholders' Meeting. Unless stipulated otherwise by law or in the invitation to the General Shareholders' Meeting, written or electronic form is required to grant or revoke power of attorney towards the Company. This does not affect the regulations of Section 135 of the German Stock Corporation Act. The Management Board can allow shareholders to cast their votes in writing or by means of electronic communication even if they do not attend the General Shareholders' Meeting (postal voting). The Management Board can further allow shareholders to participate in the annual General Shareholders' Meeting without being present at its venue and without a proxy, and to exercise all or some of their rights in full or in part by means of electronic communication (online participation).

Pursuant to Section 23 para. 1 of the Articles of Association, the annual General Shareholders' Meeting is chaired either by the Chairman of the Supervisory Board or one of his deputies or another member of the Supervisory Board to be determined by the Chairman or another person determined by him. The Chairman shall head the meeting and shall determine the sequence of the speakers. He may change the sequence of the items for discussion differing from the invitation convening the General Shareholders' Meeting and determines the type and form of any votes. During the course of the General Shareholders' Meeting, he may reasonably restrict the time in which the shareholder may ask questions and give speeches for the entire General Shareholders' Meeting or for presenting any individual questions and speeches.

Unless otherwise required by law or the Articles of Association, resolutions shall be adopted by a simple majority of votes cast pursuant to Section 25 of the Articles of Association. Where law requires a majority of the represented share capital in addition to a majority of votes cast, resolutions shall be adopted by a simple majority of the registered share capital represented upon adoption of the relevant resolution.

Pursuant to Section 179 para. 2 of the German Stock Corporation Act, amendments of the Articles of Association require a majority of at least three quarters of the share capital represented at the time such resolution is adopted. According to the German Stock Corporation Act, resolutions of fundamental importance (*grundlegende Bedeutung*) require both a majority of votes cast and a majority of at least 75% of the registered share capital represented at the vote on the resolution. Resolutions of fundamental importance include, *inter alia*:

- capital increase without subscription rights for existing shareholders (Section 186 para. 3 of the German Stock Corporation Act);
- transfer of the entire assets of the company (Section 179a para. 1 of the German Stock Corporation Act);

- creation of conditional (Section 193 para. 1 sentence 1 of the German Stock Corporation Act) or authorized capital (Section 202 para. 2 sentence 2 of the German Stock Corporation Act);
- capital reductions (Section 222 para. 1 of the German Stock Corporation Act);
- liquidation of the Company (Section 262 para. 1 no. 2 of the German Stock Corporation Act);
- continuation of the liquidated company after the resolution on liquidation or expiry of the time period (Section 274 para. 1 sentence 2 of the German Stock Corporation Act);
- approval to conclude, amend or terminate affiliation agreements (*Unternehmensverträge*) (Section 293 para. 1 sentence 2 of the German Stock Corporation Act); and
- certain changes to the legal form of the Company (Section 65 para. 1 sentence 1 and Section 240 para. 1 sentence 1 of the German Transformation Act (*Umwandlungsgesetz*)).

Neither German law nor the Articles of Association limit the right of foreign shareholders or shareholders not domiciled in Germany to hold shares or exercise the voting rights associated therewith.

19.6 Corporate Governance and Compliance

The objective of the German Corporate Governance Code in its most recent version of December 16, 2019, as published in the German Federal Gazette (*Bundesanzeiger*) on March 20, 2020 (the „**Code**"), is to make the dual German corporate governance system transparent and understandable. The Code states principles (*Grundsätze*), recommendations (*Empfehlungen*) and suggestions (*Anregungen*) in relation to the management and monitoring of German listed companies that are accepted internationally and nationally as standards of good and responsible governance. It aims to foster confidence in the management and supervision of German listed companies by investors, customers, employees and the general public. The principles (*Grundsätze*) reflect material legal requirements for responsible governance and are used to inform investors and other stakeholders. Recommendations (*Empfehlungen*) of the Code are indicated by the term „shall". Companies may deviate from recommendations (*Empfehlungen*), but in this case they have to disclose and explain any departures each year („comply or explain"). Hence, companies may to take into consideration sector- or company-specific characteristics. Well-justified departures from recommendations (*Empfehlungen*) of the Code may be in the best interest of good corporate governance. Finally, the Code contains suggestions (*Anregungen*), marked by the word „should" from which companies may differ without disclosure.

The topics addressed by the Code contain the management and supervision, appointments to the management board, composition of the supervisory board, supervisory board procedures, conflicts of interest, transparency and external reporting as well as remuneration of the management board and the supervisory board. Compliance with the recommendations (*Empfehlungen*) or suggestions (*Anregungen*) of the Code is – as mentioned above – not obligatory. Pursuant to Section 161 para. 1 of the German Stock Corporation Act, the management board and the supervisory board of a listed company are solely obligated to state annually that the recommendations have been complied with, or to explain which recommendations have not been complied with and are not being applied and to provide the reasons behind deviations. Pursuant to F.5 of the Code, the declaration of conformity must be publicly available on the Company's website for a period of at least five years.

As of the date of the Prospectus, the Company complies with the recommendations of the Code, with the exception of the points listed below:

- Section A.2 of the Code (compliance): Vita 34 AG has installed appropriate measures, oriented to the risk situation of the Company, in order to ensure compliance with legal provisions and internal Company guidelines. The established early risk detection system is reviewed annually within the scope of the audit of the financial statements, and no objections have been raised. In view of the size of the Company, the Management Board and Supervisory Board consider the established and implemented system of compliance measures to be appropriate, adequate and sufficient. The Management Board and Supervisory Board do not consider the introduction of a special compliance management system to be necessary in view of the good experience gained in the past and the size of the Company. The establishment of a protected whistleblower system will also be dispensed with for the time being, as the Management Board and Supervisory Board believe there is still insufficient practical experience with this in Germany. The implementation of the Directive (EU) 2019/1937 of the European Parliament and of the Council of October 23, 2019 on the protection of persons who report breaches of Union law into national law should also not be anticipated. It will therefore continue to be waited and seen whether the arguments put forward against a whistleblowing system, such as in particular high costs, possible negative effects on the working atmosphere and susceptibility to abuse, actually play a role in practice

and what solutions will be established to avoid these points. The Management Board and Supervisory Board will continue to monitor the developing practice in this regard.

- Section B.2 of the Code (succession planning): This section recommends that the Supervisory Board should ensure long-term succession planning together with the Management Board and describe the procedure in the corporate governance statement. The Supervisory Board has not yet developed any guidelines for succession planning for the two Management Board members. The Supervisory Board will continuously monitor the need for succession planning with regard to the specific needs of the Company and, if necessary, ensure long-term succession planning together with the Management Board.

- Sections B.5 and C.2 of the Code (age limit): No age limit has been set for members of the Management Board and Supervisory Board. The decisive factor for the performance of board members is not age; the Company does not consider such an age limit to be appropriate.

- Sections D.2, D.3, D.4, D.5 and G.17 of the Code (committees of the supervisory board): The establishment of committees (*i.e.*, a body composed of only a part of the supervisory board members), in particular the establishment of an audit committee and a nomination committee, is not reasonable due to the size of the Supervisory Board of Vita 34 AG. A committee membership can therefore also not be taken into account in the Supervisory Board remuneration.

- Section F.2 of the Code (publication deadlines): The Company continues to base its publication obligations on the legally prescribed deadlines in order to avoid an otherwise higher administrative burden and associated costs, as well as the additional commitment of management capacity. This is also in line with the intention of the legislator, which has extended the deadline for publication of the half-year financial statements from two to three months.

- Sections G.6 and G.10 of the Code (variable compensation, share-based compensation): The Management Board service contract of Dr. Wolfgang Knirsch was extended by a further two years. The extension was essentially based on the previous service contract, which followed the recommendations of the version of the German Corporate Governance Code valid at that time. It was therefore not possible to take into account the recommendations now newly included in the Code in sections G.6 and G.10 on the excess of long-term variable compensation over short-term variable compensation and on the investment of variable compensation amounts in shares of the Company or the granting of predominantly share-based variable compensation.

- Note on the remuneration system: The currently existing and practiced remuneration of the Management Board at Vita 34 AG was introduced before the Code in its current version came into force. Insofar as the new recommendations of the Code are not yet complied with in this respect, a declaration of deviation is not required. In this respect, the Code does not require any adjustment of existing and ongoing contracts. The Supervisory Board is currently preparing a Management Board compensation system for submission for approval by the annual General Shareholders' Meeting 2021 that meets the requirements of the German Act Implementing the Second Shareholders' Rights Directive (*Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie – ARUG II*) and which is based on the recommendations of the Code.

20. TAXATION

Income received from the Vita 34 Offer Shares is subject to taxation. In particular, the tax laws of any jurisdiction with authority to impose taxes on the investor and the tax laws of the Company's state of incorporation, statutory seat and place of effective management, *i.e.*, Germany, might have an impact on the income received from the shares of the Company.

The following sections present a number of key German and Polish taxation principles, which generally are or can be relevant to the acquisition, holding, or transaction of shares by a shareholder (an individual, a partnership, or a corporation) that has a tax domicile in Germany or Poland (that is, whose place of residence, habitual abode, registered office, or place of management is in Germany or Poland) and by a shareholder without a tax domicile in Germany or Poland. The information is not exhaustive and does not constitute a definitive explanation of all possible aspects of taxation that could be relevant to shareholders. The information is based on the tax laws in force in Germany and Poland as of the date of this Prospectus (and their interpretation by administrative directives and courts), as well as typical provisions of double taxation treaties that Germany and Poland have concluded with other countries. Tax law can change – sometimes retrospectively. Moreover, it cannot be ruled out that the German or Polish tax authorities or courts may consider an alternative interpretation or application to be correct that differs from the one described in this section.

This section cannot serve as a substitute for tailored tax advice to individual shareholders. PBKM Shareholders are therefore advised to consult their tax advisers regarding tax implications of the acquisition, holding or transfer of shares and regarding the procedures to be followed the achieve a possible reimbursement of German withholding tax (*Kapitalertragsteuer*). Only such advisers are in a position to take the specific tax-relevant circumstances of individual shareholders into due account.

20.1 Taxation in Poland

20.1.1 Personal Income Tax in Poland

20.1.1.1 *Individuals subject to unlimited tax liability in Poland*

Under Art. 3.1 of the Polish Act on Personal Income Tax dated July 26, 1991 as amended from time to time („**PIT Act**"), individuals residing in Poland are required to pay tax on all their income (revenue) regardless of the location of the source of revenue (unlimited tax liability). A person residing in Poland is an individual: (i) whose centre of personal or economic interests (the centre of life affairs) is in Poland; or (ii) who stays in Poland for more than 183 days in a given tax year. These rules are applied subject to the relevant double tax treaties concluded by Poland (Art. 4a of the PIT Act). Such double tax treaties may specifically contain a different definition of the term „residence" in respect of an individual or further clarify the notion of tax residency in the case of a conflict.

Income (revenue) from dividends and other income (revenue) from a share in the profits of legal entities

Under Art. 30a.7 of the PIT Act, income (revenue) from a share in the profits of legal entities is not subject to the general, progressive tax scale indicated in Art. 27 of the PIT Act. Dividend income and other income from a share in the profits of legal entities is subject to a 19% flat rate tax (Art. 30a.1.4 of the PIT Act). The income (revenue) from a share in profits of legal entities is the income (revenue) actually earned on such share (Art. 24.5 of the PIT Act).

Under Art. 41.4 of the PIT Act, tax on dividends and other income (revenues) from a share in the profits of legal entities is remitted by the entities making the payments. Therefore, it is not the taxpayer, but the person making the payment as a tax remitter that is responsible for settling the tax. Under Art. 42.1 of the PIT Act, tax remitters must transfer the tax to the bank account of the relevant tax office no later than by the 20th day of the month following the month in which the tax was withheld. According to Art. 45.3b, in conjunction with Art. 45.1 of the PIT Act, if the tax is not withheld by the remitter, the taxpayer is required to settle and disclose the income tax due in its annual tax return by the end of April of the year following the given tax year.

There is a specific situation regarding income from securities kept in securities accounts or omnibus accounts, as defined in the Polish Act on Trading in Financial Instruments dated July 29, 2005 as amended from time to time („**Act on Trading in Financial Instruments**"). Under Art. 41.4d of the PIT Act, tax on dividends (and redeemed shares, liquidation proceeds) is withheld by entities keeping securities accounts for taxpayers, in their capacity as tax remitters, if the income (revenue) is earned in the territory of Poland (which should not be the case with respect to the New Shares) and is associated with the securities registered in these accounts and, further, if the relevant payments are made to the taxpayers through those entities. However, tax on dividends (and redeemed shares, liquidation proceeds) regarding securities kept in omnibus accounts is withheld by the entities keeping the

omnibus accounts through which the amounts due are paid. The tax is withheld on the date on which the amounts due are put at the disposal of the omnibus account holder (Art. 41.10 of the PIT Act).

Consequently, if the income (revenue) from shares in not earned in the territory of Poland (which should be the case with respect to the New Shares), the taxpayer will be obliged to declare 19% tax on that income (revenue) in his/her yearly tax return. At the same time, the taxpayer will be entitled to declare tax withheld by another state and deduct it from the 19% Polish tax provided that the foreign tax does not exceed 19% (Art. 30a.9 of the PIT Act).

Additionally, under Art. 30a.2a of the PIT Act, as regards income (revenue) from dividends and other revenues from a share in the profits of legal entities transferred to taxpayers holding rights attached to securities registered in omnibus accounts whose identity has not been disclosed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 19% flat rate tax is withheld by the tax remitter from the aggregate income (revenue) released for the benefit of all such taxpayers through the omnibus account holder. The tax is withheld on the date on which the dividend payment is released to the omnibus account holder.

Under Art. 45.3c of the PIT Act, taxpayers are required to disclose the amount of income (revenue) from dividends and other revenues from a share in the profits of legal entities (including the New Shares referred to herein) in their annual tax return if the New Shares were registered in an omnibus account and the taxpayer's identity was not disclosed to the tax remitter.

Income from a disposal of securities for remuneration

Under Art. 30b.5 of the PIT Act, income from a disposal of securities for remuneration is not subject to the general, progressive tax scale; however, pursuant to Art. 30b.1 of the PIT Act, it is subject to a 19% flat rate tax. Under Art. 30b.2.1 of the PIT Act, income is calculated as the difference between the sum of revenues earned from the disposal of securities for remuneration (as a rule, the price of shares determined in an agreement) and the tax deductible costs, calculated in accordance with the relevant provisions of the PIT Act (as a rule, the expenses incurred in connection with the purchase or acquisition of the shares). If a taxpayer disposes of securities that were acquired at various prices and it is not possible to determine a uniform purchase price for the securities so transferred, then for the purpose of determining the income on such disposal, the transaction is deemed to concern the securities that had been acquired first (on a first-in, first-out basis). The presumption referred to in the preceding sentence is applied separately to each securities account (Art. 24.10 of the PIT Act). Pursuant to Art. 17.2 in conjunction with Art. 19.1 of the PIT Act, if the price set out in the agreement significantly differs from the market value of the securities without a justified reason, the revenues from their disposal against remuneration are determined by the tax authority in the amount reflecting their market value.

The taxpayer is required to settle the tax on a disposal of securities, and no tax or tax advances are withheld by the person making the payments (Art. 30b.6 in conjunction with Art. 45.1a.1 of the PIT Act). The taxpayer must disclose such income in its annual tax return and settle this tax by April 30 of the year following the tax year in which the disposal of shares was made (Art. 45.1 of the PIT Act).

In case of a tax loss generated by the disposal of securities in a given tax year, such loss may decrease the income generated from such source (i.e. financial assets and property rights) for the next five (5) consecutive tax years; (i) one time by an amount not exceeding PLN 5,000,000 and (ii) the non-deducted amount with the reservation that such decrease in any particular year cannot exceed 50% of the loss (Art. 9.3 of the PIT Act). A tax loss generated on the disposal of securities cannot be combined with tax losses generated by the taxpayer from other sources of revenues; *e.g.* employment income.

The above regulations do not apply if the shares are disposed of for remuneration within the scope of the conducted business activity, meaning that they are held and disposed of as business assets (Art. 30b.4 of the PIT Act). In such case, revenues from the disposal of shares for remuneration should be recognised as business revenues and taxed in accordance with the progressive tax scale of 17% – 32% or at a flat 19% tax rate, depending on the taxpayer's choice and whether the taxpayer meets additional requirements.

Nonetheless, regardless of the taxation method (progressive tax scale / flat tax rate), according to Art. 30h.1 of the PIT Act, individuals are also required to pay the solidarity levy in the amount of 4% in excess of PLN 1,000,000 of the sum of income taxed as set out in Art. 27.1 (*i.e.*, progressive tax scale), Art. 27.9 and 9a (*i.e.*, income earned abroad settled with the use of pro rata deduction method), Art. 30b (*i.e.*, income from a disposal of securities for remuneration), Art. 30c (business income taxed with a flat rate) and Art. 30f (*i.e.*, income from controlled foreign companies) of the PIT Act.

20.1.1.2 *Individuals subject to limited tax liability in Poland*

In accordance with Art. 3.2a of the PIT Act, individuals who do not reside within the territory of Poland are required to pay tax exclusively on income (revenues) generated within the territory of Poland (limited tax liability). Pursuant to Art. 4a of the PIT Act, the above-mentioned regulation is applied taking into account the double tax treaties to which Poland is a party.

In accordance with Art. 3.2b of the PIT Act, income (revenue) earned in the territory of Poland in particular means, *inter alia*, income (revenue) from: (i) securities and financial derivatives which are admitted to public trading within the territory of Poland on a regulated exchange market, including income (revenue) generated from the disposal of such securities, and the exercise of the rights arising from any of the above; and (ii) the transfer of the ownership of shares in a company, all of the rights and obligations in a company that is not a legal entity or shares in an investment fund, mutual fund institution or other legal entity, or receivables being the result of holding such shares, all of the rights and obligations, or participation titles, if at least 50% of the assets of such company, which is not a legal entity, investment fund, mutual fund institution or other legal entity, directly or indirectly, constitutes real estate located in the territory of Poland or rights to such property. The income from the New Shares or disposal of the New Shares should not be considered as earned in the territory of Poland.

Individuals subject to limited tax liability who earn income from the disposal of securities in Poland (earned in the territory of Poland) should follow similar taxation rules governing the disposal of securities as specified above, save as otherwise stated in the relevant double tax treaties to which Poland is a party. In light of Art. 30b.3 of the PIT Act, the application of a tax rate resulting from the appropriate double tax treaty or the non-payment of tax under such treaty is possible.

Individuals subject to limited tax liability in Poland who earn income from a share which is not considered as earned in the territory of Poland do not fall under taxation in Poland. Otherwise, their income should follow similar taxation rules governing dividends and other income from a share in the profits of legal entities as specified above, save as otherwise stated in the relevant double tax treaties to which Poland is a party. Under Art. 30a.2 of the PIT Act, the application of a tax rate resulting from the appropriate double tax treaty or the non-payment of tax under such treaty is possible, provided that the taxpayer proves his place of residence for tax purposes with a relevant certificate of tax residence (in accordance with the rules set forth in Art. 41.9a-9d of the PIT Act regarding the validity period of a certificate of tax residence and responsibility for tax withholding).

20.1.2 Corporate Income Tax in Poland

20.1.2.1 *Corporate income taxpayers subject to unlimited tax liability in Poland*

According to Art. 1.1 and 1.2 of the Polish Act on Corporate Income Tax dated February 15, 1992 as amended from time to time („**CIT Act**"), corporate income tax („**CIT**") taxpayers are legal entities, companies in organisation and organisational entities that have no legal personality (except for companies that have no legal personality, although the CIT Act also applies to limited joint stock partnerships having their seat or management board within the territory of Poland).

Under Art. 3.1 of the CIT Act, taxpayers who have their registered office or place of management in Poland are subject to Polish income tax on all of their income regardless of where it is earned (unlimited tax liability).

Income (revenue) from dividends and other income (revenue) from a share in the profits of legal entities

Under Art. 20.1 of the CIT Act, revenue from dividends and other income (revenue) from a share in the profits of legal entities that have their registered office or place of management outside of Poland are subject to a 19% flat income tax rate.

According to Art. 7b.1.1 of the CIT Act, income from capital gains means, *inter alia*, revenue from a share in the profits of legal entities subject to Art. 12.1.4b of the CIT Act constituting revenue actually earned on the share, including *inter alia*: (a) dividends; (b) revenue from a redemption of shares or from a decrease in their value; (c) the value of the assets received as a result of the liquidation of a legal entity; (d) the equivalent of legal entities' profit earmarked for a share capital increase and the equivalent of the amounts allocated to this capital from other capital of that legal entity.

However, pursuant to Art. 20.3 of the CIT Act, revenue from a share in profits of legal entities, including dividends is exempt from corporate income tax if the following conditions are jointly satisfied: (i) the entity paying the dividend and other revenue from a share in the profits of legal entities is a company subject to income tax in a Member State of the European Union or the European Economic Area other than Poland; (ii) the entity earning the income (revenue) from dividends and other revenue from a share in the profits of legal entities is a company with its seat or place of management in Poland; (iii) the company earning income (revenue) from dividends or

other revenue from a share in the profits of legal entities holds, directly and continuously for at least two years, at least 10% of the shares in the company paying these amounts; and (iv) the company that earns income (revenue) from dividends and other revenue from a share in the profits of legal entities is not exempt from income tax on its entire income, irrespective of the sources from which the income is earned.

This exemption also applies when the continuous two-year period, during which the shares in the number specified above are held, ends after the date on which the revenue associated with a share in the profits of a legal entity is generated. If the condition of holding the shares in the number specified above continuously for two years is not satisfied, the company receiving income from a share in the profits of legal entities is required to pay tax together with default interest by the 20th day of the month following the month in which it forfeited the right to this exemption. Interest is charged from the day following the day on which the company used the exemption for the first time (Art. 20.10 the CIT Act). Additionally, this exemption applies if the shares are held on the basis of an ownership title, and with respect to income generated from shares held on the basis of an ownership title or a title other than ownership, provided that such income (revenue) would qualify for the exemption should the possession of the shares not have been transferred.

According to Art. 22c of the CIT Act, the exemption mentioned in Art. 20.3 of the CIT Act shall not apply, provided that enjoying the exemption laid out in this provision was:

- contrary, in the given circumstances, to the subject or intention of this provision; or
- the main or one of the main purposes of effecting a transaction or other act or many transactions or other acts, whereas the mode of action was artificial.

The mode of action is not artificial if, based on the existing circumstances, it shall be assumed that the subject acting in a reasonable manner and guided by lawful objectives would apply this mode of action predominantly for justified economic reasons. The reasons referred to in the first sentence do not include the goal of enjoying the exemption set out in Article 20.3, contrary to the subject or intention of this provision.

Income from the disposal of shares for remuneration

Income from the disposal of shares is taxable within a source of revenue, which is capital gains. Income earned on the disposal of shares is calculated as the difference between the sum of revenues earned from the disposal of securities for remuneration (as a rule, the price of shares determined in an agreement) and tax-deductible costs (as a rule, expenses incurred on the purchase or acquisition of the shares). Tax-deductible costs are recognised on the revenue earning date (Art. 16.1.8 of the CIT Act). If the price set out in the agreement significantly differs from the market value of the shares without a justified reason, the revenue from their disposal for remuneration is determined by the tax authorities at a level reflecting their market value (Art. 14.1 of the CIT Act).

The corporate income tax rate is 19%, and it is the taxpayer that is required to settle the tax as the tax is not collected by the entity that pays for the shares. The taxpayer is required to make advance payments towards tax during the tax year and settle the income tax in an annual income tax return (Art. 27.1 of the CIT Act). The deadline for filing the tax return and paying the due tax disclosed in that return is the end of the third month of the year following the tax year in which the disposal of shares was effected.

The amount of a loss incurred in connection with a disposal of shares in the tax year may be deducted from the income earned from this source of revenue (i.e. capital gains) in the five years immediately following the given tax year, provided that the deducted amount of such decrease is: (i) an amount not exceeding PLN 5,000,000.00 (one-time deduction) and (ii) the non-deducted amount with the reservation that in any of those consecutive years the deduction will not exceed 50% of the amount of such loss per annum.

20.1.2.2 *Corporate income taxpayers subject to limited tax liability in Poland*

Corporate income taxpayers that do not have their registered office or place of management in the territory of Poland are subject to a tax obligation only with respect to the income they earned in the territory of Poland (Art. 3.2 of the CIT Act).

According to Art. 3.3 of the CIT Act, income (revenue) earned in the territory of Poland in particular means, *inter alia*, income (revenue) from: (i) securities and financial derivatives which are admitted to public trading within the territory of Poland on a regulated exchange market, including income (revenue) generated from the disposal of such securities, and the exercise of the rights arising from any of the above; and (ii) the transfer of the ownership of shares in a company, all of the rights and obligations in a company that is not a legal entity or shares in an investment fund, mutual fund institution or other legal entity, or receivables being the result of holding such shares, all of the rights and obligations, or participation titles, if at least 50% of the assets of such company, which that is not a legal entity, investment fund, mutual fund institution or other legal entity, directly or indirectly,

constitutes real estate located in the territory of Poland or rights to such property. The provisions of the CIT Act also apply to income obtained within the territory of Poland by companies that are unincorporated partnerships without legal personality with their registered office or management in another state, if they are treated as legal entities according to the tax legislation of that state and their entire income is taxable in that state, irrespective of where that income is earned (Art. 1.3.2 of the CIT Act). Taxpayers subject to limited tax liability that earn income from the disposal of securities in Poland should follow similar taxation rules governing the disposal of securities as specified above, save as otherwise stated in the relevant double tax treaties to which Poland is a party.

As a rule, the above-presented taxation principles of income from dividends and other income (revenue) from a share in the profits of legal entities also apply to income earned in Poland by corporate income taxpayers subject to limited tax liability in Poland, unless the relevant double tax treaties provide otherwise.

20.1.3 Tax on inheritance and donations in Poland

Under Art. 1.1, in conjunction with Art. 2 of the Polish Act on Tax on Inheritances and Donations dated July 28, 1983 as amended from time to time („**Act on Tax on Inheritances and Donations**"), tax on inheritances and donations applies to natural persons acquiring property rights, including rights attached to securities, through an inheritance, ordinary legacy, further legacy, legacy per vindication, bequest, donation or donor's order if the property rights are exercisable in Poland, or if the property rights were exercisable abroad and the heir or beneficiary was a Polish citizen or a permanent resident of Poland at the moment of succession or on the date of the donation agreement.

In light of Art. 7.1 of the Act on Tax on Inheritances and Donations, the tax base is the value of the acquired assets and property rights after deducting debts and encumbrances (net value) established according to the balance of assets and property rights on the acquisition date and the market prices on the date on which the tax obligation arose.

The rates of tax on inheritances and donations vary and are determined by the personal relationship between the heir and the testator or the donor and the donee. The tax rates grow progressively from 3% to 20% of the tax base, depending on the tax group in which the transferee qualifies. There is a tax-free amount defined for each of these groups.

If the agreement has the form of a notarial deed, the tax on inheritances and donations is collected and remitted by a notary public. If the tax is not remitted by the tax remitter, the taxpayer must file a tax return disclosing the acquisition of property rights within one month from the date on which the tax obligation arose (Art. 17a.1 and 17a.2 of the Act on Tax on Inheritances and Donations). The tax is payable within 14 days of receiving a decision assessing the amount of the tax liability to the taxpayer.

Under Art. 4a.1.1 of the Act on Tax on Inheritances and Donations, the acquisition property rights (including securities) by a spouse, descendants, ascendants, stepchildren, siblings or stepparents is exempt from tax on inheritances and donations if they report the acquisition of assets or property rights to the head of the competent tax office within six months from the date on which the tax obligation arises or, in the event of an acquisition by inheritance, within six months of the date on which the court decision acknowledging the acquisition of the inheritance becomes legally binding. The aforementioned exemption applies if at the time of the acquisition the acquirer was a citizen of Poland or any other Member State of the European Union, a European Free Trade Association Member State being a party to the agreement on the European Economic Area, or a resident of Poland or of one of the aforementioned states (Art. 4.4 of the Act on Tax on Inheritances and Donations).

Additionally, pursuant to Art. 3.1 of the Act on Tax on Inheritances and Donations, the acquisition of property rights (including securities) exercisable in Poland is not subject to this tax if, on the date of the acquisition, neither the acquirer, nor the testator (or the donor) were Polish citizens, nor permanently resided or had their permanent place of residence or seat in Poland.

20.1.4 Tax on Civil Law Transactions in Poland

Under Art. 1.1.1.a of the Polish Act on Tax on Civil Law Transactions dated September 9, 2000 as amended from time to time („**Tax on Civil Law Transactions Act**"), agreements for the sale and exchange of assets and property rights are subject to tax on civil law transactions. These transactions are taxable if their subjects are:

- assets located in Poland or property rights exercisable in Poland; and
- assets located abroad or property rights exercisable abroad if the purchaser's place of residence or registered office is located in Poland and the civil law transaction was executed in Poland.

As a rule, a sale of shares in companies with their registered offices in a state other than Poland is considered to be a sale of property rights exercisable abroad and is subject to tax on civil law transactions at a rate of 1% only if the purchaser has his place of residency or registered office in Poland and the relevant agreement has been concluded in the territory of Poland. The tax is payable by the purchaser and must be settled within 14 days from the date on which the tax obligation arose (i.e. effectively from the date on which the sale agreement was concluded). The taxable base is the market value of the property or the property right. If the agreement is executed in the form of a notarial deed, then the tax must be remitted by the notary public. In principle, the tax liability is borne by the buyer in the case of a sale agreement and by the parties to the exchange in the case of an exchange agreement.

However, pursuant to Art. 9.9 of the Tax on Civil Law Transactions Act, a sale of property rights being financial instruments: (i) to investment companies or foreign investment companies; (ii) effected with the intermediation of investment companies or foreign investment companies; (iii) effected through organised trading; or (iv) effected outside of organised trading by investment companies or foreign investment companies, provided that the financial instruments were acquired by those companies through organised trading, as defined in the Act on Trading in Financial Instruments, is exempt from tax.

20.1.5 Remitter's Liability under Polish Tax Law

Under Art. 30 of the Polish Tax Ordinance dated August 29, 1997, as amended from time to time („**Tax Code**"), a tax remitter that fails to fulfil its duty to calculate, withhold or pay tax is liable for the tax that has not been withheld or that has been withheld but not paid up to the total value of its assets. In principle, the tax remitter is not liable if separate provisions of law state otherwise or if the tax has not been withheld due to the taxpayer's fault. In such case, the relevant tax authority issues a decision concerning the taxpayer's liability and not the tax remitter's liability.

20.1.6 Mandatory Disclosure Rules („MDR")

Poland, as the first Member State of the European Union, transposed the Council Directive (EU) 2018/822 of May 25, 2018 amending Directive 2011/16/EU with respect to the mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements, which entered into force on June 25, 2018, to the Polish tax system.

The Polish MDR legislation has a much wider scope compared to the MDR Directive and includes an extended definition of reportable tax arrangements so that it comprises not only cross-border, but also domestic tax arrangements.

The new provisions are effective from January 1, 2019; however, with a retroactive effect based on the grandfathering rules.

In general, the Polish MDR legislation requires the reporting of cross-border tax arrangements in relation to which the first implementation step was made after June 25, 2018.

20.2 Taxation in Germany

20.2.1 Taxation of the Company

Under German law, the Company's taxable income, whether distributed or retained, is generally subject to corporate income tax (*Körperschaftsteuer*) at a uniform rate of 15% plus the solidarity surcharge (*Solidaritätszuschlag*) of 5.5% thereon, amounting to a total tax rate of 15.825%.

Generally, dividends and other shares in profits („**Dividends**") received by the Company from domestic and foreign corporations are not subject to corporate income tax. However, 5% of this type of income are deemed to be a non-deductible business expense and are therefore subject to corporate income tax plus solidarity surcharge thereon. Therefore, 95% of this type of income is effectively exempt from such taxation. The same applies generally to profits earned by the Company from the sale of shares in another domestic or foreign corporation. Losses incurred from the disposal of such shares are not deductible for tax purposes, regardless of the percentage of shares held. The aforementioned does not apply to free-floating Dividends, *i.e.*, Dividends earned on direct shareholdings in a distributing corporation equal to less than 10% of its share capital at the start of the respective calendar year („**Portfolio Dividends**"). Portfolio Dividends are entirely taxed at the corporate income tax rate (plus solidarity surcharge thereon). The acquisition of a shareholding of at least 10% is considered to have occurred at the beginning of the calendar year.

Participations in the share capital of other corporations which the Company holds through partnerships, including co-entrepreneurships (*Mitunternehmerschaften*), are solely proportionately attributable to the Company at the ratio of the interest share of the Company in the assets.

Furthermore, the Company is subject to trade tax (*Gewerbesteuer*) as regards its taxable trade profits (*Gewerbeertrag*) from its permanent establishments in Germany (*inländische Betriebstätten*). Trade tax may range between the statutory minimum rate of 7% and 19% or higher of the taxable trade profits depending on the municipal trade tax multiplier (*Hebesatz*) at the Company's domestic permanent establishments. The average trade tax rate in Germany amounts to 15% but the (blended) trade tax rate applying to the Company might be lower or higher and may change in the future. When determining the taxable income of a corporation, the deduction of trade tax as a business expense is prohibited.

For trade tax purposes, Dividends received from domestic and foreign corporations and capital gains from the sale of shares in other corporations are generally treated in the same manner as for corporate income tax purposes. However, Dividends from a corporation are, generally, effectively 95% exempt from trade tax if the company receiving the Dividends held at least 15% of the share capital at the beginning of the relevant assessment period.

The provisions of the interest barrier (*Zinsschranke*) restrict the extent to which interest expenses are tax deductible. Under these rules, net interest expense (the interest expense minus the interest income in a fiscal year) is generally only deductible up to 30% of the EBITDA as determined for tax purposes (taxable earnings particularly adjusted for interest costs, interest income, and certain depreciation and amortization) in a given financial year, although there are certain exceptions to this rule. The interest barrier rules do not apply in a given year

(i) if the annual net interest expense is less than EUR 3 million,

(ii) if the respective entity is not or only partially part of a consolidated group, or

(iii) if the respective entity is part of a consolidated group but its equity ratio is not more than 2%-points below the equity ratio of the consolidated group.

For the eligibility of exemption (ii), the entity must prove that it did not pay more than 10% of the net interest expense to shareholders with a (direct or indirect) shareholding in the entity of more than 25% or to an associated person. For the eligibility of exemption (iii), the entity must prove that the entity itself and any other company of the consolidated group did not pay more than 10% of the net interest expense to shareholders with a (direct or indirect) shareholding in a group company of more than 25% or to an associated person. Interest expense that is not deductible in a given year may be carried forward to subsequent financial years of the Company (interest carryforward) and will increase the interest expense in those subsequent years. Under certain conditions, EBITDA that has not been fully utilized can also be carried forward to subsequent years (EBITDA carryforward) up to five (5) years. For the purpose of trade tax, the deductibility of interest expenses is further restricted to the extent that the sum of certain trade taxable add back items exceeds EUR 200,000, since in such cases 25% of the interest expenses, to the extent they were deducted for corporate income tax purposes, are added back for purposes of the trade tax base; consequently, in these cases the deductibility for trade tax purposes is limited to 75% of the interest expenses deductible for corporate income tax purposes. The constitutionality of the interest barrier is currently reviewed by the Federal Constitutional Court (*Bundesverfassungsgericht*).

Losses of the Company can be carried forward in subsequent assessment periods and used to fully offset taxable income for corporate income tax and trade tax purposes only up to an amount of EUR 1 million. If the taxable income for the year or taxable profit subject to trade taxation exceeds this amount, only up to 60% of the amount exceeding the amount may be offset by tax loss carryforwards. The remaining 40% are subject to tax (minimum taxation). The rules also provide for a tax loss carryback of an amount up to EUR 10 million to the previous assessment period with regards to corporate income tax for assessment periods 2020 and 2021 (EUR 1 million from 2022). Unused tax loss carryforwards can generally continue to be carried forward without time limitation.

If more than 50% of the subscribed capital or voting rights of the Company are transferred to an acquirer (including parties related to the acquirer) within five (5) years directly or indirectly or a comparable acquisition occurs, all tax loss carryforwards and interest carryforwards (possibly also EBITDA carry-forwards) are, generally, forfeited and cannot be offset against future profits any more. A group of acquirers with aligned interests is also considered to be an acquirer for these purposes. In addition, any losses in the current assessment period incurred prior to the acquisition will, generally, not be offsettable with positive income. This does not apply to share transfers if (i) the purchaser directly or indirectly holds a participation of 100% in the transferring entity, (ii) the seller indirectly or directly holds a participation of 100% in the receiving entity, or (iii) the same natural or legal person or commercial partnership directly or indirectly holds a participation of 100% in the transferring and the receiving entity (*Konzernklausel*, the „**Intra-Group Clause**"). Furthermore, tax loss carryforwards, unused current losses and interest carryforwards taxable in Germany will not expire to the extent that they are covered by built in gains

taxable in Germany at the time of such acquisition (*Stille-Reserven-Klausel*, the „**Hidden-Reserves Clause**"). Further, any share transfer that would otherwise be subject to the rules above does not result upon application in forfeiture of tax loss carryforwards and interest carryforwards resulting from current business operations (*Geschäftsbetrieb*) of the Company, if the current business operations of the Company remained the same (i) from the time of its establishment; or (ii) during the last three (3) business years prior to the share transfer and such business operations are maintained after the transfer (*fortführungsgebundener Verlustvortrag*, „**Going Concern Tax Loss Carry Forward**"). The determination of whether the business operations have been maintained is assessed on the basis of qualitative factors, such as the produced goods and services, target markets, customer and supplier bases, etc. However, the tax loss carryforwards and interest carryforwards will be forfeited in any circumstance if, after the share transfer, the business operations of the Company become dormant, are amended, the Company becomes a partner in an co-entrepreneurship (*Mitunternehmerschaft*), the Company becomes a fiscal unity parent, or assets are transferred from the Company and recognized at a value lower than the fair market value. This requirement is monitored until the retained tax loss carryforwards and interest carryforwards have been fully utilized. The question whether the loss expiry rules infringe the German Constitution is currently dealt with in cases pending with the Federal Fiscal Court (*Bundesfinanzhof*).

20.2.2 Taxation of the Shareholders

Shareholders are taxed in particular in connection with the holding of shares (see below at „*20.2.2.1 Taxation of dividends*"), the sale of shares (see below at „*20.2.2.5 Taxation of capital gains*") and the gratuitous transfer of shares (see below at „*20.2.2.7 Inheritance and gift tax*").

20.2.2.1 *Taxation of dividends*

In the future, the Company may pay dividends out of a tax-recognized contribution account (*steuerliches Einlagenkonto*). To the extent that the Company pays dividends to shareholders who are tax resident in Germany and hold shares as private assets from the tax-recognized contribution account (*steuerliches Einlagenkonto*), the dividends are, generally, not subject to withholding tax, personal income tax (including the solidarity surcharge and church tax, if applicable) or corporate income tax, as the case may be. However, dividends paid out of a tax-recognized contribution account reduce the acquisition costs of the shares, which, consequently, may result in a higher amount of taxable capital gain upon the shareholder's sale of the shares. Special rules apply to the extent that dividends from the tax-recognized contribution account exceed the then lowered acquisition costs of the shares (the details are outlined below).

20.2.2.2 *Withholding tax*

As a rule, distributed dividends are subject to a withholding tax (*Kapitalertragsteuer*) of 25.0% and a solidarity surcharge of 5.5% thereon (*i.e.*, 26.375% in total plus church tax, if applicable). The basis for determining the dividend withholding tax is the dividend approved for distribution by the Company's general meeting.

In general, dividend withholding tax must be withheld regardless of whether and, if so, to what extent the shareholder must report the dividend for tax purposes and regardless of whether the shareholder is domiciled in Germany or abroad.

As the New Shares will be admitted to be held in collective safe custody (*Sammelverwahrung*) with a central securities depository (*Wertpapiersammelbank*) pursuant to Section 5 German Act on Securities Accounts (*Depotgesetz*) and are entrusted to such central securities depository for collective safe custody in Germany, the Company is generally not responsible for withholding the withholding tax; rather, it is, for the account of the shareholders, the responsibility of one of the following entities in Germany authorized to collect withholding tax to do so and to remit it to the relevant tax authority: (i) a domestic bank or financial service institute (*inländisches Bank- oder Finanzdienstleistungsinstitut*), a domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*) or a domestic securities trading bank (*inländische Wertpapierhandelsbank*) (including the domestic branches of foreign banks or financial service institutes) that holds the shares in custody or that manages them and that pays out or credits the shareholders' investment income or that pays the investment income to a foreign entity, or (ii) the central securities depository (*Wertpapiersammelbank*) holding the collective deposit shares in collective custody if it pays the investment income to a foreign entity. However, if and to the extent shares held in collective safe custody (*girosammelverwahrt*) by the central securities depository (*Wertpapiersammelbank*) are treated as stock being held separately (so-called „*abgesetzte Bestände*"), the Company itself is responsible for withholding tax.

The Company only assumes the responsibility for the withholding of taxes on distributions at source in accordance with statutory provisions if and to the extent the central securities depository holding the shares in the Company in collective custody does not process the settlement of the dividends. This means that the Company is released

from liability for the violation of its legal obligation to withhold and transfer the taxes at source if it provides evidence that it has not breached its duties intentionally or grossly negligently.

Where dividends are distributed to a company resident in another member state of the EU within the meaning of Section 2 of the EC Directive 2011/96/EU of November 30, 2011, as amended (the „**Parent-Subsidiary Directive**"), the withholding of the dividend withholding tax may not be required, upon application, provided that additional requirements are met (withholding tax exemption). This also applies to dividends distributed to a permanent establishment located in another EU Member State of such a parent company or of a parent company that is tax resident in Germany if the interest in the dividend-paying subsidiary is part of the respective permanent establishment's business assets. An important prerequisite for the exemption from withholding at source under the Parent-Subsidiary Directive is that the shareholder has directly held at least 10% of the Company's registered share capital continuously for one year and that the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*, with its registered office in Bonn-Beuel, An der Küppe 1, 53225 Bonn, Germany) has certified to the creditor of the dividends, based upon an application filed by such creditor on the officially prescribed form, that the prerequisites for exemption have been met.

The dividend withholding tax rate for dividends paid to other shareholders without a tax residence in Germany can be reduced in accordance with the applicable double taxation treaty, if any, between Germany and the shareholder's country of residence, provided that the shares are neither held as part of the business assets of a permanent establishment or a fixed place of business in Germany nor as part of the business assets for which a permanent representative in Germany has been appointed. The reduction in the dividend withholding tax is generally obtained by applying to the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*, at the above address) for a refund of the difference between the dividend withholding tax withheld, including the solidarity surcharge, and the amount of withholding tax actually owed under the applicable double taxation treaty, which is usually between 5 to 15%. A reduced withholding tax rate (according to the applicable double taxation treaty) may be applicable, if the shareholder applied for an exemption at the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*). A full exemption from German dividend withholding tax may also be possible under the applicable double taxation treaty, if the shareholder has directly held at least 10% of the Company's registered share capital and if further prerequisites are met. Forms for the refund and exemption procedure may be obtained from the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*, http://www.bzst.bund.de), as well as German embassies and consulates.

Corporations without tax residence in Germany can receive upon application a refund of two fifths of the dividend withholding tax that was withheld and remitted to the tax authorities subject to certain requirements. This applies apart from any further reduction or exemption provided under other provisions.

Foreign corporations will generally have to meet certain stringent substance criteria defined by statute in order to receive an exemption from or (partial) refund of German dividend withholding tax.

Pursuant to a special rule on the restriction of withholding tax credit, the aforementioned relief in accordance with the applicable double taxation treaty as well as the credit of withholding tax described in „*20.2.2.3 Shareholders with a Tax Residence in Germany*" for shares held as private and as business assets is subject to the following three cumulative prerequisites:

(i) the shareholder must qualify as beneficial owner of the New Shares for a minimum holding period of 45 consecutive days occurring within a period of 45 days prior and 45 days after the due date of the dividends (the „**Minimum Holding Period**" (*Mindesthaltedauer*)),

(ii) the shareholder has to bear, taking into account counter claims and claims against related parties, at least 70% of the change-in-value risk (*Mindestwertänderungsrisiko*) related to the New Shares during the Minimum Holding Period without being directly or indirectly hedged, and

(iii) the shareholder must not be required to fully or more than 50.0% compensate directly or indirectly the dividends to third parties.

In the event one of the three prerequisites should not be fulfilled, the following applies:

With respect to the taxation of dividends of shareholders with a tax residence in Germany, three fifths of the withholding tax imposed on the dividends must not be credited against the shareholder's (corporate) income tax liability, but may, upon application, be deducted from the shareholder's tax base for the relevant assessment period. A shareholder that has received gross dividends without any deduction of withholding tax due to a tax exemption without qualifying for a full tax credit has to notify the competent local tax office accordingly and has to make a payment in the amount of the withholding tax deduction which was omitted. The special rule on the restriction of withholding tax credit does not apply to a shareholder whose overall dividend earnings and certain

profit participation rights (*Genussschein*) within an assessment period do not exceed EUR 20,000 or that has been the beneficial owner of the New Shares for at least one uninterrupted year upon receipt of the dividends.

20.2.2.3 *Shareholders with a tax residence in Germany*

This section applies to shareholders with a tax domicile in Germany, *i.e.*, persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany.

20.2.2.3.1 Shares held as private assets

For individuals who are tax resident in Germany and who hold shares as private assets, the withholding tax of 25% plus solidarity surcharge of 5.5% thereon, resulting in a total tax rate of 26.375% (plus church tax, if applicable) will generally serve as a final tax. In other words, once deducted, the shareholder's income tax liability on the dividends will be satisfied, and he or she will no longer have to declare them on his or her annual tax return (the „**Flat Tax**" (*Abgeltungsteuer*)).

Shareholders may apply to have their capital investment income assessed in accordance with the general rules and with an individual's personal income tax rate if this would minimize the tax burden (*Günstigerprüfung*). This request may only be exercised consistently for all capital investment income and exercised jointly in case of married couples and registered partners. In this case, the base for taxation would be the gross dividend income less the savers' allowance (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 for jointly filing individuals). Any tax and solidarity surcharge already withheld would be credited against the income tax and solidarity surcharge so determined and any overpayment refunded. Income-related expenses cannot be deducted from capital gains in either case. The only permissible deduction is the savers' allowance of EUR 801 (EUR 1,602 for jointly filing individuals) on all private capital income. Moreover, dividend income can only be offset by losses from capital income, except for losses generated by the disposal of shares.

If the individual owns (i) at least 1% of the shares in the Company and is able to exercise, by virtue of professional activity (*berufliche Tätigkeit*) for the Company, a significant entrepreneurial influence on the business activity of the Company or (ii) at least 25% of the shares, the tax authorities may approve upon application that the dividends are taxed under the partial-income method (*Teileinkünfteverfahren*) (see below at *„20.2.2.3.4 Sole Proprietors (Individuals)*").

Entities required to collect withholding taxes on capital investment income are required to likewise withhold the church tax on payments to shareholders who are subject to church tax, unless the shareholder objects in writing to the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*) against the sharing of his or her private information regarding his or her affiliation with a religious denomination (*Sperrvermerk*). If church tax is withheld and remitted to the tax authority as part of the withholding tax deduction, then the church tax on the dividends is also deemed to be discharged when it is deducted. The withheld church tax cannot be deducted in the tax assessment as a special expense (*Sonderausgaben*); however, 26.375% of the church tax withheld on the dividends is deducted from the withholding tax (including the solidarity surcharge) withheld. If no church taxes are withheld along with the withholding of the withholding tax, the shareholder who is subject to church tax is required to report his or her dividends in his or her income tax return. The church tax on the dividends will then be levied by way of a tax assessment.

As an exemption, dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) pursuant to Section 27 of the German Corporation Tax Act (*Körperschaftsteuergesetz*) and are paid to shareholders with a tax domicile in Germany whose shares are held as private assets, do – contrary to the above – not form part of the shareholder's taxable income. However, dividends paid out of a tax-recognised contribution account (*steuerliches Einlagekonto*) reduce the acquisition costs of the shares, which may result in a higher amount of taxable capital gain upon the shareholder's sale of the shares. If the dividend payment funded from the Company's tax-recognised contribution account (*steuerliches Einlagekonto*) exceeds the shareholder's acquisition costs, negative acquisition costs will arise which can result in a higher capital gain in case of the shares' disposal (*cf.* below). This will not apply if (i) the shareholder or, in the event of a gratuitous transfer, its legal predecessor, or, if the shares have been gratuitously transferred several times in succession, one of his legal predecessors at any point during the five years preceding the (deemed, as the case may be,) disposal directly or indirectly held at least 1% of the share capital of the Company (a „**Qualified Participation**") and (ii) the dividend payment funded from the Company's tax-recognised contribution account (*steuerliches Einlagekonto*) exceeds the actual acquisition costs of the shares. In such a case of a Qualified Participation, a dividend payment funded from the Company's tax-recognised contribution account (*steuerliches Einlagekonto*) is deemed a sale of the shares and is taxable as a capital gain if and to the extent the dividend payment funded from the Company's tax-recognised contribution account (*steuerliches Einlagekonto*) exceeds the acquisition costs of the shares. In this event the taxation complies with the explanations in the section „*Taxation of Capital Gains*" made with regard to shareholders maintaining a Qualified Participation.

20.2.2.3.2 Shares held as business assets

The Flat Tax (*Abgeltungsteuer*) does not apply to dividends from shares held as business assets of shareholders with tax domicile in Germany. In this event, the taxation is based on whether the shareholder is a corporation, an individual or a partnership. The withholding tax withheld and paid to the tax authorities, including the solidarity surcharge and church tax, if applicable, is credited against the income or corporate income tax and the solidarity surcharge of the shareholder and church tax, if applicable, and any overpayment will be refunded, as discussed in the section on withholding tax above (see above *Withholding tax*).

On December 13, 2019, a law aiming a significant reduction of the solidarity surcharge (*Gesetz zur Rückführung des Solidaritätszuschlags*) came into force one day after its promulgation. Even though this recently enacted law has no impact on the solidarity surcharge levied in addition to the withholding tax, it may affect the solidarity surcharge imposed on the income tax liability which the withholding tax is credited against, as the case may be. According to this new law, the threshold as of which solidarity surcharge is levied will be significantly increased, so that the solidarity surcharge shall be entirely abolished for approximately 90% of German taxpayers and partly for a further 6.5% of German taxpayers. The new rules apply as of 2021. Shareholders are advised to monitor further future developments.

Dividend payments that are funded from the Company's tax-recognised contribution account (*steuerliches Einlagekonto*) pursuant to Section 27 of the German Corporation Tax Act (*Körperschaftssteuergesetz*) and are paid to shareholders who are tax resident in Germany whose shares are held as business assets are generally fully tax-exempt in the hands of such shareholder. To the extent the dividend payments funded from the Company's tax-recognised contribution account (*steuerliches Einlagekonto*) exceed the acquisition costs of the shares, a taxable capital gain should occur. The taxation of such gain complies with the description in the section „*20.2.2.3.2 Shares Held as Business Assets*" made with respect to shareholders whose shares are held as business assets (however, as regards the application of the 95% exemption in case of a corporation this is not undisputed).

20.2.2.3.3 Corporations

Dividends received by corporations with a tax domicile in Germany are generally exempt from corporate income tax and solidarity surcharge; however 5% of the dividends are treated as a non-deductible business expenses and, as such, are subject to corporate income tax (plus the solidarity surcharge) with a total tax rate of 15.825%.

Portfolio Dividends are fully taxed at the corporate income tax rate of 15% (plus solidarity surcharge of 5.5% thereon), *i.e.*, at a total rate of 15.825%. Participations of at least 10% acquired during a calendar year are deemed to have been acquired at the beginning of the respective calendar year. Participations which a shareholder holds through a co-entrepreneurship (*Mitunternehmerschaft*) are attributable to the shareholder only on a pro rata basis at the ratio of the interest share of the shareholder in the assets of the relevant partnership.

Business expenses actually incurred and having a direct business relationship to the dividends may be entirely deducted.

The amount of any dividends (after deducting business expenses related to the dividends) is fully subject to trade tax, unless the corporation held at least 15% in the share capital of the company making the distribution at the beginning of the relevant assessment period. In the latter case, the aforementioned exemption of 95% of the dividend income applies analogously for trade tax purposes. However, trade tax is levied on the amount considered to be a non-deductible business expense (amounting to 5% of the dividend). Trade tax depends on the municipal trade tax multiplier applied by the relevant municipal authority.

Special provisions applied to dividends received by companies active in the financial and insurance sectors as well as pension funds (see below „*20.2.2.8 Special treatment of companies in the financial and insurance sectors and pension funds*").

20.2.2.3.4 Sole proprietors (individuals)

If the shares are held as part of the business assets of a sole proprietor (individual) with a tax domicile in Germany, 40% of any dividend is tax exempt (known as partial income method (*Teileinkünfteverfahren*)), *i.e.*, only 60% are subject to progressive income tax (plus the solidarity surcharge) at a total tax rate of up to approximately 47.5% (plus church tax, if applicable). Accordingly, only 60% of the expenses economically related to the dividends are tax deductible. The partial income method (*Teileinkünfteverfahren*) will also apply when individuals hold the shares indirectly through a partnership (with the exception of individual investors who hold their shares through partnerships that are neither commercial partnerships nor deemed to be commercial partnerships). However, the partial income method (*Teileinkünfteverfahren*) does not apply with respect to church tax (if applicable). If the shares are held as business assets of a domestic commercial permanent establishment, the entire amount of the dividend income (after deducting business expenses that are economically related to the dividends) is also subject

to trade tax, unless the taxpayer held a stake of at least 15% in the share capital of the company making the distribution at the beginning of the relevant assessment period. In the latter case, the net dividends (after deducting directly related expenses) are effectively exempt from trade tax. As a rule, trade tax can be credited – either in full or in part – by means of the lump sum tax credit method against the shareholder's personal income tax liability, depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

20.2.2.3.5 Partnerships

If the shareholder with a tax domicile in Germany is a partnership, the personal income tax or corporate income tax, as the case may be, and the solidarity surcharge are levied at the level of each partner rather than at the level of the partnership. The taxation of each partner depends upon whether the partner is a corporation or an individual. If the partner is a corporation, then the dividend is generally 95% tax exempt; however, dividends from an indirect shareholding representing less than 10% of the share capital for the relevant partner are fully subject to corporate income tax (and solidarity surcharge thereon) and trade tax (see above *Corporations*). If the partner is an individual and the shares are held as business assets of the partnership, only 60% of the dividend income is subject to income tax; in this case the partial income method (*Teileinkünfteverfahren*) does not apply with regard to church tax (if applicable) (see above *Sole Proprietors (Individuals)*). Upon application and provided that further prerequisites are met, an individual who is a partner can obtain a reduction of his or her personal income tax rate for profits not withdrawn from the partnership.

Furthermore, if the shares are held as business assets of a domestic permanent establishment of a commercial or deemed to be commercial partnership, the entire amount of the dividend income is generally also subject to trade tax at the level of the partnership. If a partner is an individual, the trade tax that the partnership pays on his or her proportion of the partnership's income is generally credited as a lump sum – either in full or in part – against the individual's personal income tax liability. If the partnership held a stake of at least 15% in the share capital of the company making the distribution at the beginning of the relevant assessment period, the dividends (after the deduction of business expenses economically related thereto) should generally not be subject to trade tax. However, in these cases, trade tax should be levied on 5% of the dividends to the extent they are attributable to the profit share of such corporate partners to whom at least 10% of the shares in the Company are attributable on a look-through basis, since such portion of the dividends should be deemed to be non-deductible business expenses. The remaining portion of the dividend income attributable to other than such specific corporate partners (which includes individual partners and should, according to a literal reading of the law, also include corporate partners to whom, on a look-through basis, only portfolio participations are attributable) should not be subject to trade tax.

Due to a lack of case law and administrative guidance, it is unclear how the rules for the taxation of Portfolio Dividends might impact the trade tax treatment at the level of the partnership. Shareholders are strongly recommended to consult their tax advisors.

20.2.2.4 *Shareholders without a tax residence in Germany*

The dividends paid to shareholders (individuals and corporations) without a tax residence in Germany are taxed in Germany, provided that the shares are held as part of the business assets of a permanent establishment or a fixed place of business in Germany or as part of the business assets for which a permanent representative in Germany has been appointed. The withholding tax (including solidarity surcharge) withheld and remitted to the German tax authorities is credited against the respective shareholder's personal income tax or corporate income tax liability, and any overpayment will be refunded. The same applies to the solidarity surcharge. In this respect these shareholders are essentially subject to the same rules applicable to tax resident shareholders whose shares are held as business assets, as described above.

In all other cases, the withholding of the dividend withholding tax satisfies any tax liability in Germany of the shareholder resident outside of Germany. A refund or exemption is granted only as described in the section on dividend withholding tax above (see above *„20.2.2.2 Withholding tax*").

Dividend payments that are funded from the Company's tax-recognised contribution account (*steuerliches Einlagekonto*) are generally not taxable in Germany.

20.2.2.5 *Taxation of capital gains*

20.2.2.5.1 Shareholders with a tax residence in Germany

This section applies to shareholders with a tax domicile in Germany, *i.e.*, persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany.

20.2.2.5.2 Shares held as private assets

Gains on the sale of shares that are held as private assets by shareholders with a tax residence in Germany are generally taxable regardless of holding period. The tax rate is generally a uniform 25% plus the 5.5% solidarity surcharge thereon (resulting in an aggregate tax rate of 26.375%) as well as church tax, if applicable.

The taxable capital gains are equal to the difference between (a) the proceeds from the disposal of shares after deducting the direct sales costs and (b) the acquisition cost of the shares. Under certain conditions, prior payments from the tax-recognised contribution account (*steuerliches Einlagekonto*) pursuant to Section 27 of the German Corporation Tax Act (*Körperschaftssteuergesetz*) may lead to reduced acquisition costs of the shares held as private assets and, as a consequence, increase the taxable sales gain. Losses on the sale of shares can only be used to offset gains made on the sale of shares during the same assessment period or in subsequent assessment periods. The sole deduction that may generally be made is the savers' allowance (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 for jointly filing individuals) on all private capital income.

If the shares are held in custody or administered by a domestic bank or financial service institute (*inländisches Bankt- oder Finanzdienstleistungsinstitut*), a domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*) or a domestic securities trading bank (*inländische Wertpapierhandelsbank*) (including the domestic branches of foreign banks and financial service institutes), or if such entity or branch sells the shares and pays out or credits the capital gains (each, a „**Domestic Paying Agent**"), said Domestic Paying Agent withholds a withholding tax of 25% plus 5.5% solidarity surcharge thereon and any church tax (if applicable) and remits this to the tax authority; in such a case, the tax liability on the capital gain will generally be satisfied. If the shares were only held in custody or administered by the respective Domestic Paying Agent continuously after acquisition, the amount of tax withheld is generally based on the difference between the proceeds from the sale, after deducting expenses directly related to the sale, and the amount paid to acquire the shares. However, the withholding tax rate of 25% plus the 5.5% solidarity surcharge thereon and any church tax (if applicable), will be applied to 30% of the gross sales proceeds if the shares were not administered by the same custodian bank since acquisition and the original cost of the shares cannot be verified or such verification is not admissible. In this case, the shareholder is entitled to, and in case the actual gain is higher than 30% of the gross proceeds must, verify the original costs of the shares in his or her annual income tax return.

Entities required to collect withholding taxes on capital investment income are required to likewise withhold the church tax for shareholders who are subject to church taxes, unless the shareholder objects in writing to the Federal Central Office of Taxation (*Bundeszentralamt für Steuern*) against the sharing of his or her private information regarding his or her affiliation with a denomination (*Sperrvermerk*). If church tax is withheld and remitted to the tax authority as part of the withholding tax deduction, then the church tax on the capital gain is also deemed to be discharged when it is deducted. The withheld church tax cannot be deducted in the tax assessment as a special expense; however, 26.375% of the church tax withheld on the capital gain is deducted from the withholding tax (including the solidarity surcharge) withheld.

If the withholding tax or, if applicable, the church tax on capital gains is not withheld by a Domestic Paying Agent, the shareholder is required to declare the capital gains in his income tax return. The income tax and any applicable church tax on the capital gains will then be collected by way of assessment.

A shareholder may apply for his or her total capital investment income, along with his or her other taxable income, to be subject to the progressive income tax rate instead of the uniform tax rate for private capital investment income if this lowers his or her tax burden. This request may only be exercised consistently for all capital investment income and exercised jointly in case of married couples and registered partners. The base for taxation would be the gross income less the savers' allowance (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 for jointly filing individuals). The non-deductibility of income-related costs and the restrictions on offsetting losses also apply to tax assessments based on the progressive income tax rate. Any tax already withheld would be credited against the income tax so determined and any resulting overpayment refunded.

One exception to this rule is that a shareholder's capital gains are subject to the partial income method (*Teileinkünfteverfahren*) and not the Flat Tax (*Abgeltungsteuer*). As a consequence, 60% of the proceeds from the sale of shares are subject to the individual income tax rate, if the shareholder or, in case of a gratuitous transfer, its legal predecessor, or, if the shares have been gratuitously transferred several times in succession, one of his legal predecessors at any point during the five years preceding the (as the case may be, deemed) disposal directly or indirectly held at least 1% of the share capital of the Company (*i.e.*, held a Qualified Participation). 60% of the expenses economically related to the proceeds of the sale of shares are tax-deductible.

In the case of a Qualified Participation, withholding tax (including the solidarity surcharge) is also withheld by the Domestic Paying Agent. The tax withheld, however, is not treated as a final tax. Hence, the shareholder is obliged to declare the gains from the sale in his or her annual income tax return. The withholding tax (including solidarity surcharge) withheld and remitted to the German tax authorities is credited against the respective

shareholder's personal income tax or corporate income tax liability in the tax assessment, and any resulting overpayment will be refunded.

20.2.2.5.3 Shares held as business assets

The Flat Tax (*Abgeltungsteuer*) does not apply to proceeds from the sale of shares held as business assets by shareholders tax resident in Germany.

If a Domestic Paying Agent is involved, the proceeds from the sale of shares held as business assets are generally subject to the same withholding tax rate as those of shareholders whose shares are held as private assets (see above „*20.2.2.5.2 Shares Held as Private Assets*"). However, the Domestic Paying Agent may refrain from withholding the withholding tax if (i) the shareholder is a corporation, association or estate with its tax residence in Germany, or (ii) the shares form part of the shareholder's domestic business assets, and the shareholder informs the Domestic Paying Agent of this on the officially prescribed form and meets certain additional prerequisites. If the Domestic Paying Agent nevertheless withholds taxes, the withholding tax withheld and remitted (including the solidarity surcharge and church tax, if applicable) will be credited against the shareholder's income tax or corporate income tax liability (including the solidarity surcharge and church tax, if applicable) and any resulting excess amount will be refunded.

If the shares form part of a shareholder's business assets, taxation of the capital gains realized will then depend upon whether the shareholder is a corporation, sole proprietor or partnership. Dividend payments that are funded from the Company's tax-recognised contribution account (*steuerliches Einlagekonto*) pursuant to Section 27 of the German Corporation Tax Act (*Körperschaftssteuergesetz*) reduce the original acquisition costs. In case of a sale of shares, a higher taxable capital gain can arise herefrom. If the dividend payments exceed the shares' book value for tax purposes, a taxable capital gain may arise.

20.2.2.5.4 Corporations

If the shareholder is a corporation with a tax domicile in Germany, capital gains earned on the disposal of shares are, in general, effectively 95% exempt from corporate income tax (including the solidarity surcharge) and trade tax, irrespective of the stake represented by the shares and the length of time the shares are held; however, 5% of the capital gains are treated as a non-deductible business expense and, as such, are subject to corporate income tax (plus the solidarity surcharge thereon) and to trade tax (depending on the municipal trade tax multiplier applied by the respective municipal authority). As a rule, losses on disposals and other profit reductions in connection with shares, *e.g.*, from a write down, may not be deducted as business expenses.

20.2.2.5.5 Sole proprietors (individuals)

If the shares form part of the business assets of a sole proprietor (individual) who is tax resident in Germany, 60% of the capital gains on their sale are subject to the individual's personal tax rate plus the solidarity surcharge thereon at a total rate of up to approximately 47.5% (partial income method (*Teileinkünfteverfahren*)). Accordingly, only 60% of losses from such sales and 60% of expenses economically related to such sales are deductible. With respect to church tax, if applicable, the partial income method (*Teileinkünfteverfahren*) does not apply. If the shares are held as business assets of a commercial permanent establishment located in Germany, 60% of the capital gains are also subject to trade tax. The trade tax is fully or partially credited as a lump sum against the shareholder's personal income tax liability.

20.2.2.5.6 Partnerships

If the shareholder is a partnership, personal income tax or corporate income tax, as the case may be, is assessed at the level of each partner rather than at the level of the partnership. The taxation of each partner depends upon whether the respective partner is a corporation or an individual. If the partner is a corporation, the tax principles applying to capital gains which are outlined above in section (a) *Corporations* apply. If the partner is an individual, the tax principles applying to capital gains that are outlined above in section (b) *Sole proprietors (individuals)* apply. Upon application and provided that additional prerequisites are met, an individual who is a partner can obtain a reduction of his or her personal income tax rate for profits not withdrawn from the partnership. In addition, capital gains from the sale of shares attributable to a permanent establishment maintained in Germany by a commercial partnership, or deemed to be commercial partnership are subject to trade tax at the level of the partnership. As a general rule, only 60% of the gains in this case are subject to trade tax to the extent the partners in the partnership are individuals, while 5% are subject to trade tax to the extent the partners are corporations and shares are sold. Under the principles discussed above, losses on sales and other reductions in profit related to the shares sold are generally not deductible or only partially deductible, if the partner is a corporation. If the partner is an individual, the trade tax the partnership pays on his or her share of the partnership's income is generally

credited as a lump sum – fully or in part – against his or her personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of the taxpayer.

20.2.2.6 *Shareholders without a tax residence in Germany*

Capital gains realized by a shareholder with no tax residence in Germany are only subject to German income tax if the selling shareholder holds a Qualified Participation or if the shares belong to business assets of a permanent establishment in Germany or to business assets for which a permanent representative is appointed.

Pursuant to a decision of the German Federal Fiscal Court (*Bundesfinanzhof*) dated May 31, 2017 (Federal Tax Gazette (*Bundessteuerblatt*), part II of 2018, p. 144), in case of a Qualified Participation, the capital gain on the disposal of shares is not subject to German taxation if the shareholder is a corporation which is not tax resident in Germany and neither maintains a permanent establishment nor has appointed a permanent representative in Germany.

If the shareholder is an individual, only 60% of the gains on the disposal of the shares are subject to progressive income tax plus the solidarity surcharge thereon and church tax, if applicable. However, most double taxation treaties provide for a partial or full relief from German taxation and assign the right of taxation to the shareholder's country of residence. Where a Domestic Paying Agent is involved, withholding tax on capital gains is generally levied at a rate of 25% (plus 5.5% solidarity surcharge thereon, resulting in an aggregate withholding tax rate of 26.375%). However, if (i) the shares are not held through a permanent establishment or fixed place of business or as business assets for which a permanent representative is appointed in Germany and (ii) a Domestic Paying Agent is involved, then, pursuant to a tax decree issued by the German Federal Ministry of Finance (*Bundesministerium der Finanzen*) on January 18, 2016, the Domestic Paying Agent will in general not be required to withhold the tax on capital investment income (plus solidarity surcharge thereon). In the case of a Qualified Participation, the capital gains must be declared in a tax return and will be taxed in a tax assessment procedure if no exemption under a double taxation treaty or under domestic law applies.

Regarding to gains or losses on the disposal of shares belonging to a domestic permanent establishment or fixed place of business, or which are part of business assets for which a permanent representative in Germany has been appointed, the above-mentioned provisions pertaining to shareholders with a tax domicile in Germany whose shares are business assets apply accordingly. The Domestic Paying Agent can refrain from deducting the withholding tax if the shareholder declares to the Domestic Paying Agent on the officially prescribed form that the shares form part of domestic business assets and certain other requirements are met.

20.2.2.7 *Inheritance or gift tax*

The transfer of shares to another person by inheritance or gift is generally subject to German inheritance or gift tax only if:

(i) the decedent, donor, heir, beneficiary or other transferee maintained his or her domicile or habitual abode in Germany, or had its place of management or registered office in Germany at the time of the transfer, or is a German citizen who has spent no more than five consecutive years (this term is extended to ten years for German expatriates with US residence) prior to the transfer outside Germany without maintaining a residence in Germany (special rules apply to certain former German citizens who neither maintain their domicile nor have their habitual abode in Germany);

(ii) the shares were held by the decedent or donor as part of business assets for which a permanent establishment was maintained in Germany or for which a permanent representative in Germany had been appointed; or

(iii) the decedent or donor, either individually or collectively with related parties, held, directly or indirectly, at least 10% of the Company's registered share capital at the time of the inheritance or gift.

The fair value represents the tax assessment base. In general, that is the stock exchange price. Dependent on the degree of relationship between decedent or donor and recipient, different tax-free allowances and tax rates apply.

The small number of German double taxation treaties regarding inheritance tax and gift tax currently in force usually provide that the German inheritance tax or gift tax can only be levied in the cases of (i) above, and also with certain restrictions in case of (ii) above. Special provisions apply to certain German nationals living outside of Germany and former German nationals.

20.2.2.8 *Special treatment of companies in the financial and insurance sectors and pension funds*

Dividends paid to and capital gains realized by certain companies in the financial and insurance sector are, as an exception to the aforementioned rules, fully taxable.

If credit institutions (*Kreditinstitute*) or financial services institutions (*Finanzdienstleistungsinstitute*) hold or sell shares that are allocable to their trading portfolio (*Handelsbestand*) pursuant to Section 340e para. 3 of the German Commercial Code (*Handelsgesetzbuch*), they will neither be able to benefit from the partial income method (*Teileinkünfteverfahren*) nor be entitled to the effective 95% exemption from corporate income tax plus the solidarity surcharge and any applicable trade tax. Therefore, dividend income and capital gains are fully taxable. The same applies to shares acquired by financial institutions in the meaning of the German Banking Act (*Gesetz über das Kreditwesen*) held in the majority by credit institutions or financial services institutions and where the shares are to be allocated to the current assets (*Umlaufvermögen*) as of the date of acquisition. The preceding sentence applies accordingly for shares held in a permanent establishment in Germany by financial institutions, financial service institutions and financial institutions tax resident in another EU Member State or in other signatory states of the Treaty on the EEA.

The same applies to shares held as investments by life insurers, health insurers and pension funds. If the stake held at the beginning of the relevant assessment period is 15% or higher, subject to certain conditions, the dividends can be fully exempted from trade tax.

However, an exemption to the foregoing, and therefore a 95% effective tax exemption, applies to dividends obtained by the aforementioned companies, to which the Parent-Subsidiary Directive applies.

20.2.2.9 *Other taxes*

No German capital transfer taxes, value-added-tax, stamp duties, or similar taxes are currently imposed on the purchase or disposal or other forms of transfer of the shares. However, an entrepreneur may opt to subject disposals of shares, which are in principle exempt from value-added-tax, to value-added-tax if the sale is made to another entrepreneur for the entrepreneur's business. Net wealth tax is currently not imposed in Germany.

20.3 Proposed Financial Transaction Tax

On February 14, 2013, the European Commission published a proposal (the „**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the „**Participating Member States**"). However, in 2015, Estonia has stated that it will not participate in implementing the proposed FTT.

The Commission's Proposal has a very broad scope and could, if introduced in the form of the proposal, apply to certain dealings in the shares (including secondary market transactions) in certain circumstances. The Commission Proposal focused on levying a FTT on financial transactions (as defined in the Commission Proposal), including the purchase, sale and exchange of financial instruments. Under the Commission Proposal, the rate of the FTT would not be lower than 0.1% (0.01% for derivatives), generally based on the amount of the paid or owed consideration or in case of derivatives, the notional amount referred to in the derivatives contract at the time of the financial transaction. The issuance and subscription of shares should, however, be exempt.

Since the date of the publication of the Commission Proposal, discussions have taken place between the Participating Member States. According to a note dated June 7, 2019 by the German delegation for a meeting of the Economic and Financial Affairs Council („**ECOFIN**") of the European Union on June 14, 2019, the finance ministers of the Participating Member States (excluding Estonia) agreed on December 11, 2019 to continue the negotiations based on a new approach. Such new approach is based on a proposal by France and Germany which is modelled on the concept of the financial transaction tax currently imposed in France. According to such note, the FTT would be limited to shares of listed companies whose head office is located in a Member State of the European Union and whose market capitalization exceeds EUR 1 billion on December 1 of the preceding year. The FTT would be levied on the transfer of ownership upon acquisition of shares in listed public limited companies. According to such note, initial public Exchange Offers, market making and intraday trading should not be taxable. The tax rate should be no less than 0.2%.

Since the scope of the FTT is not final and remains subject to the further negotiations between the Participating Member States (excluding Estonia), the scope and timing of the FTT is uncertain. Additional European Union Member States may decide to participate and/or certain of the Participating Member States may decide to withdraw. The FTT may therefore also apply to certain dealings in the shares (including secondary market transactions) in certain circumstances.

Prospective investors should consult their own tax advisors regarding possible consequences of the FTT on an investment in the shares.

21. FINANCIAL INFORMATION

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF VITA 34 AG AS OF AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021 (IFRS)

CONDENSED CONSOLIDATED BALANCE SHEET

	For the six-month period ended June 30,	
	2021	**2020**
	(in EUR thousand)	
ASSETS		
Non-current assets		
Goodwill	18,323	18,323
Intangible assets	13,260	14,230
Property, plant and equipment	7,728	7,444
Right-of-use assets	1,394	1,467
Other assets	840	1,031
Trade receivables	1,375	1,205
Restricted cash	239	119
	43,159	**43,819**
Current assets		
Inventories	337	372
Trade receivables	2,631	2,547
Income tax receivables	1,149	758
Other receivables and assets	1,254	572
Cash and cash equivalents	10,676	10,396
	16,047	**14,644**
Total Assets	**59,206**	**58,464**
EQUITY & LIABILITIES		
Equity		
Subscribed capital	4,146	4,146
Capital reserves	24,012	24,012
Retained earnings	1,802	1,852
Other reserves	(194)	(196)
Treasury shares	(261)	(261)
Non-controlling interests	(15)	(18)
	29,490	**29,536**
Non-current liabilities		
Interest-bearing loans	1,539	2,292
Leasing liabilities	801	962
Deferred grants	736	755
Contract liabilities	12,431	12,222
Provisions	14	14
Pension provisions	86	86
Deferred income taxes	4,474	4,684
	20,081	**21,016**
Current liabilities		
Trade payables	3,004	1,318
Provisions	53	59
Income tax payables	661	432
Interest-bearing loans	1,534	1,534
Lease liabilities	607	515
Deferred grants	40	42
Contract liabilities	2,999	2,900
Other liabilities	737	1,113
	9,635	**7,913**
Total Equity & Liabilities	**59,206**	**58,464**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	For the six-month period ended June 30,	
	2021	**2020***
	(in EUR thousand)	
Sales revenue	10,822	9,522
Cost of sales	(4,450)	(4,109)
Gross profit on sales	**6,372**	**5,413**
Other operating income	211	334
Marketing and selling costs	(2,578)	(2,478)
Administrative expenses	(2,165)	(2,039)
Other operating expenses	(1,358)	(178)
Operating result (EBIT)	**483**	**1,052**
Financial income	28	51
Financial expenses	(90)	(96)
Earnings before taxes	**421**	**1,007**
Income tax expense/income	(468)	(156)
Result for the period after taxes	**(47)**	**851**
Attributable to:		
Owners of the parent company	(50)	855
Non-controlling interests	3	(4)
Earnings per share, undiluted/diluted (EUR)		
Undiluted and diluted, relating to the result for the period attributable to the holders of ordinary shares of the parent company	(0.01)	0.21

* Prior-year figures adjusted. The adjustments are explained in Note 2.2.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	For the six-month period ended June 30,	
	2021	**2020***
	(in EUR thousand)	
Result for the period	**(47)**	**851**
Other comprehensive income		
Currency translation differences	2	9
Other comprehensive income to be reclassified to the statement of income in subsequent periods	**2**	**9**
Total comprehensive income after taxes	**(46)**	**860**
Attributable to:		
Owners of the parent company	(49)	864
Non-controlling interests	3	(4)

* Prior-year figures adjusted. The adjustments are explained in Note 2.2.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	For the six-month period ended June 30,	
	2021	**2020***
	(in EUR thousand)	
Cash flow from operating activities		
Result for the period before income taxes	421	1,007
Adjusted for:		
Depreciation and amortization	1,525	1,476
Gains/losses on disposal of non-current assets	0	4
Other non-cash expenses/income	12	2
Financial income	(28)	(51)
Financial expenses	90	96
Changes in working capital:		
+/– Inventories	35	(102)
+/– Receivables and other assets	(1,054)	(254)
+/– Liabilities	1,310	145
+/– Contract liabilities	308	(6)
+/– Provisions	(6)	(29)
Interest paid	(77)	(79)
Income taxes paid	(171)	(369)
Cash flow from operating activities	**2,364**	**1,842**
Cash flow from investing activities		
Purchase of intangible assets	(16)	(19)
Purchase of property, plant, and equipment	(533)	(264)
Proceeds from the sale of financial investments	99	370
Interest received	5	5
Cash flow from investing activities	(444)	92
Cash flow from financing activities		
Payments for the repayment of financial loans	(771)	(820)
Payments for leases	(296)	(277)
Cash inflows / outflows from extraordinary items	(572)	0
Cash flow from financing activities	**(1,639)**	**(1,098)**
Net change in cash and cash equivalents	280	836
Cash and cash equivalents at the beginning of the reporting period	10,396	9,102
Cash and cash equivalents at the end of the reporting period (liquid funds)	**10,676**	**9,938**

* Prior-year figures adjusted. The adjustments are explained in Note 2.2.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the owners of the parent company									
	Subscribed capital	**Capital reserves**	**Retained earnings ***	**Reserves for available-for-sale financial assets**	**Revaluation reserves**	**Currency translation differences ***	**Total equity**	**Treasury shares at acquisition costs**	**Non-controlling interests**	**Total equity ***
					(in EUR thousands)					
As of January 1, 2020 (adjusted)	**4,146**	**24,012**	**341**	**(24)**	**(160)**	**2**	**28,317**	**(261)**	**(8)**	**28,048**
Result for the period	0	0	855	0	0	0	855	0	(4)	851
Other income	0	0	0	0	0	9	9	0	0	9
Total income	0	0	855	0	0	9	864	0	(4)	860
As of June 30, 2020 (adjusted)	**4,146**	**24,012**	**1,196**	**(24)**	**(160)**	**11**	**29,181**	**(261)**	**(12)**	**28,908**
As of January 1, 2021	**4,146**	**24,012**	**1,852**	**(24)**	**(181)**	**9**	**29,814**	**(261)**	**(18)**	**29,536**
Result for the period	0	0	(50)	0	0	0	(50)	0	3	(47)
Other income	0	0	0	0	0	2	2	0	0	2
Total income	**0**	**0**	**(50)**	**0**	**0**	**2**	**(49)**	**0**	**3**	**(46)**
As of June 30, 2021	**4,146**	**24,012**	**1,802**	**(24)**	**(181)**	**11**	**29,766**	**(261)**	**(15)**	**29,490**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Information on the Company

The unaudited condensed interim consolidated financial statements of Vita 34 AG include Vita 34 AG and its subsidiaries (together referred to as “Vita 34” or “Group”).

The parent company Vita 34 AG (the “company”), based in Leipzig (Germany), Deutscher Platz 5a, registered in the register court of the local court of Leipzig under HRB 20339, is a company whose corporate purpose is the collection, processing and storage of stem cells from umbilical cord blood and tissue, the development of cell therapeutic procedures as well as the implementation of projects in the field of biotechnology.

The interim consolidated financial statements for the period from January 1 to June 30, 2021 were approved for publication by the Management Board on August 30, 2021.

2. Accounting and Valuation Principles

2.1 Basis of Preparation of the Financial Statements

The condensed consolidated interim financial statements for the period from January 1 to June 30, 2021 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The condensed interim consolidated financial statements do not include all the notes and disclosures required for the financial statements for the fiscal year and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.

2.2 Adjustment of Accounting Methods and Error Corrections

The accounting and valuation methods applied in the preparation of the condensed interim consolidated financial statements correspond to the methods applied in the previous year, with the following exceptions.

In the previous year, Vita 34 AG, as presented in the Annual Report 2020, became aware of matters that were not properly recorded in previous years. The following tables explain the effects of the error correction on the previous year's values:

	01/01/2020 – 06/30/2020		
Consolidated income statement	**Before adjustment**	**Adjustment**	**After adjustment**
	(in EUR thousand)		
Sales revenues	9,600	(78)	9,522
Cost of sales	(3,851)	(258)	(4,109)
Gross profit on sales	**5,749**	**(336)**	**5,413**
Operating result (EBIT)	**1,388**	**(336)**	**1,052**
Earnings before taxes	**1,344**	**(336)**	**1,008**
Income tax expense	(234)	78	(156)
Result for the period	**1,109**	**(258)**	**851**
Attribution of the result for the period to the			
Owner of the parent company	1,105	(250)	855
Non-controlling interests	4	(8)	(4)
Earnings per share, undiluted/diluted (EUR)	0.27	(0.06)	(0.21)

	01/01/2020 – 06/30/2020		
Consolidated statement of comprehensive income	**Before adjustment**	**Adjustment**	**After adjustment**
	(in EUR thousand)		
Result for the period	**1,109**	**(258)**	**851**
Total comprehensive income after taxes	**1,119**	**(258)**	**861**

Attribution of the result for the period to the

Owner of the parent company	1,115	(250)	865
Non-controlling interests	4	(8)	(4)

	01/01/2020 – 06/30/2020		
Consolidated cash flow statement	**Before adjustment**	**Adjustment**	**After adjustment**
	(in EUR thousand)		
Result for the period before taxes	1,344	(336)	1,008
Adjustments for depreciation and amortization	1,218	258	1,476
Contract liabilities	(84)	78	(6)

Furthermore, various standards and amendments to standards were applied for the first time in 2021, which have no impact on the consolidated financial statements of Vita 34 AG. The Group has not early adopted any standards, amendments or interpretations that have been published but are not yet effective.

3. Sales Revenues from Contracts with Customers

The sales revenues reported in the income statement for continuing operations are broken down by the type of service provided as follows:

	For the six-month period ended June 30,	
	2021	**2020**
	(in EUR thousand)	
Revenue processing/production	8,005	6,826
Revenue from storage	2,798	2,683
Other revenue	18	12
	10,822	**9,522**

4. Other Operating Expenses

Other operating expenses include expenses for consulting services in connection with the planned merger with PBKM in the amount of EUR 1,172 thousand. The item also includes non-recurring costs of EUR 125 thousand in connection with the appointment of new Management Board members. In the first half of 2020, the item included expenses for consulting services in connection with the mandatory offer submitted by AOC Health GmbH to acquire all shares of Vita 34 AG in the amount of EUR 115 thousand.

5. Income Taxes

The Group calculates the periodic income tax expense using the tax rate that would be applicable to the expected total annual result. Income tax expense is composed as follows:

	For the six-month period ended June 30,	
	2021	**2020**
	(in EUR thousand)	
Actual income tax expense	(497)	(37)
Actual income tax income for previous years	(3)	162
Deferred income tax expense	32	(281)
	(468)	**(156)**

The Group has come to the conclusion that significant costs incurred in connection with the planned merger with PBKM do not constitute expenses for tax purposes. This will result in correspondingly higher income tax expenses.

In the course of a dividend payment from a Group company to Vita 34 AG in the fiscal year 2021, capital gains taxes in the amount of EUR 491 thousand were paid. The Group is entitled to a partial refund in subsequent periods. The payment is shown in the cash flow statement as an extraordinary item in the cash flow from financing activities.

6. Financial Assets and Financial Liabilities

The carrying amounts of financial assets and financial liabilities are shown in the following tables. The carrying amount corresponds to the fair value.

	06/30/2021	12/31/2020
	(in EUR thousand)	
Financial assets		
Financial assets at amortized cost		
Trade receivables	4,006	3,752
Other financial assets	117	126
	4,123	**3,878**
Financial assets at fair value through other comprehensive income (FVtOCI)		
Securities investments	0	100
Other financial assets	113	233
	113	**332**
Total financial assets	**4,236**	**4,211**
Financial liablities		
Financial liabilities at amortized cost		
Interest-bearing loans	3,073	3,827
Lease liabilities	1,408	1,477
Trade payables	3,004	1,318
Other financial liabilities	79	142
	7,563	**6,762**
Total financial liabilities	**7,563**	**6,762**

Current trade receivables, other financial receivables, trade payables and other financial liabilities generally have short remaining terms. The values recognized in the balance sheet approximate the fair values.

The fair values of non-current trade receivables with remaining terms of more than one year correspond to the present values of the payments associated with the assets using a market interest rate. The classification was made in level 2 of the fair value hierarchy.

The fair value of securities investments is determined on the basis of quoted prices in active markets. The classification was made in level 1 of the fair value hierarchy.

The fair values of non-current loans and lease liabilities measured at amortized cost in the balance sheet were determined by discounting the expected future cash flows using market interest rates. In each case, the classification was made in level 2 of the fair value hierarchy.

The fair value of other financial assets is determined on the basis of appropriate valuation methods. In each case, the classification was made in level 3 of the fair value hierarchy.

7. Other Receivables and Assets

Transaction costs of EUR 455 thousand, taking into account the tax benefit, were incurred in the first half of 2021 for the equity transaction required but not yet completed in connection with the intended merger with PBKM. These expenses are accrued as other non-financial assets under current other receivables and assets. Transaction costs of EUR 81 thousand paid in the first half of 2021 are reported in the cash flow statement as an extraordinary item in cash flow from financing activities.

8. Information on Relationships with Related Companies and Persons

Related companies and persons are unconsolidated subsidiaries, companies and shareholders with a controlling influence, subsidiaries and sister companies of companies with a controlling influence, and persons in key positions of the company.

The following table includes significant related party transactions for the period January 1 to June 30, 2021 and 2020, respectively:

	Revenues and earnings		Receivables	
	Januar 1 - June 30, 2021	January 1 - June 30, 2020	June 30, 2021	December 31, 2020
	(in EUR thousand)			
Non-consolidated subsidiaries.....	16	16	6	5

The Group maintains relationships with unconsolidated subsidiaries in the ordinary course of business. The Group generally sells services at arm‘s length.

9. Events after the Balance Sheet Date

At the Extraordinary General Meeting on July 13, 2021, a capital increase of up to 12,280,560 new Vita 34 shares was resolved. This capital increase is related to the intended merger with PBKM.

There has been a change in the Management Board team in August 2021. The previous Chief Financial Officer, Falk Neukirch, resigned from his position at his own request and left the company to pursue a new challenge. We would like to sincerely thank Mr. Neukirch for his many years of collegial cooperation in the Management Board team and wish him every success professionally and all the best personally. The new CFO is Andreas Schafhirt with the experience of more than 20 years as CFO of both listed and private medium- sized companies. We are pleased that he will optimally support us in the planned merger with PBKM.

No further reportable events occurred after the reporting date of June 30, 2021.

Leipzig, August 30, 2021

The Management Board of Vita 34 AG

Dr. Wolfgang Knirsch
Chief Executive Officer

Andreas Schafhirt
Chief Financial Officer

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF VITA 34 AG
AS OF AND FOR THE FINANCIAL YEAR
ENDED DECEMBER 31, 2020 (IFRS)

CONSOLIDATED BALANCE SHEET

	Note	For the financial years ended December 31, 2020	2019*
		(audited) (in EUR thousand)	
ASSETS			
Non-current assets			
Goodwill	9	18,323	18,323
Intangible assets	8	14,230	16,160
Property, plant and equipment	10	7,444	7,285
Right-of-use assets	11	1,467	1,905
Other assets	14	1,031	1,012
Trade receivables	13	1,205	632
Restricted cash	15	119	540
		43,819	**45,857**
Current assets			
Inventories	12	372	294
Trade receivables	13	2,547	2,879
Income tax receivables	6	758	84
Other receivables and assets	14	572	559
Cash and cash equivalents	15	10,396	9,102
		14,644	**12,919**
Total Assets		**58,464**	**58,775**
EQUITY & LIABILITIES			
Equity			
Subscribed capital	16	4,146	4,146
Capital reserves	16	24,012	24,012
Retained earnings	16	1,852	341
Other reserves	16	(196)	(182)
Treasury shares	16	(261)	(261)
Non-controlling interests	16	(18)	(8)
		29,536	**28,048**
Non-current liabilities			
Interest-bearing loans	17	2,292	3,799
Leasing liabilities	11	962	1,356
Deferred grants	20	755	797
Contract liabilities	21	12,222	11,876
Provisions	18	14	14
Pension provisions	19	86	56
Deferred income taxes	6	4,684	4,410
		21,015	**22,309**
Current liabilities			
Trade payables	22	1,318	1,266
Provisions	18	59	104
Income tax payables	6	432	703
Interest-bearing loans	17	1,534	1,584
Lease liabilities	11	515	546
Deferred grants	20	42	45
Contract liabilities	21	2,900	2,871
Other liabilities	22	1,113	1,298
		7,913	**8,417**
Total Equity & Liabilities		**58,464**	**58,775**

* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

CONSOLIDATED STATEMENT OF INCOME

	Note	For the financial years ended December 31, 2020	2019*
		(audited) (in EUR thousand)	
Sales revenue	5.1	20,069	19,934
Cost of sales	5.2	(8,407)	(8,151)
Gross profit on sales		**11,663**	**11,783**
Other operating income	5.3	590	544
Marketing and selling costs	5.4	(4,931)	(4,902)
Administrative expenses	5.5	(4,168)	(4,686)
Other operating expenses	5.6	(774)	(285)
Operating result (EBIT)		**2,380**	**2,453**
Financial income		73	71
Financial expenses	5.7	(183)	(211)
Earnings before taxes		**2,270**	**2,313**
Income tax expense/income	6	(769)	(1,595)
Result for the period after taxes		**1,501**	**718**
Attributable to:			
Owners of the parent company		1,511	742
Non-controlling interests		(10)	(24)
Earnings per share, undiluted/diluted (EUR)			
Undiluted and diluted, relating to the result for the period attributable to the holders of ordinary shares of the parent company	7	0.37	0.18

* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2020	2019*
		(audited)	
		(in EUR thousand)	
Result for the period		**1,501**	**718**
Other comprehensive income			
Currency translation differences	16	7	(2)
Net gain/loss on available-for-sale financial assets	16	0	4
Income tax effect	6	0	(1)
Other comprehensive income to be reclassified to the statement of income in subsequent periods		7	1
Reassessment of a defined benefit plan	19	(30)	(56)
Income tax effect	6	9	18
Other comprehensive income not to be reclassified to the statement of income in subsequent periods		**(21)**	**(38)**
Total comprehensive income after taxes		**1,487**	**681**
Attributable to:			
Owners of the parent company		1,497	705
Non-controlling interests		(10)	(24)

* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

	Equity attributable to the owners of the parent company									
	Subscribed capital	**Capital reserves**	**Retained earnings ***	**Reserves for available-for-sale financial assets**	**Revaluation reserves**	**Currency translation differences ***	**Total equity**	**Treasury shares at acquisition costs**	**Non-controlling interests**	**Total equity ***
					(audited)					
					(in EUR thousands)					
Balance as of Jan. 1, 2019	**4,146**	**23,913**	**1,848**	**(26)**	**(122)**	**3**	**29,762**	**(337)**	**122**	**29,546**
Retrospective adjustment	0	0	(1,490)	0	0	1	(1,489)	0	(106)	(1,595)
Balance as of Jan. 1, 2019 (adjusted)	**4,146**	**23,913**	**358**	**(26)**	**(122)**	**4**	**28,272**	**(337)**	**16**	**27,951**
Result for the period (adjusted)	0	0	742	0	0	0	742	0	(24)	718
Other comprehensive income (adjusted)	**0**	**0**	**0**	**3**	**(38)**	**(2)**	**(37)**	**0**	**0**	**(37)**
Total comprehensive income (adjusted)	**0**	**0**	**742**	**3**	**(38)**	**(2)**	**705**	**0**	**(24)**	**681**
Sale of treasury shares	0	99	0	0	0	0	99	77	0	176
Dividend payment	0	0	(656)	0	0	0	(656)	0	0	(656)
Other changes	0	0	(103)	0	0	0	(103)	0	0	(103)
Balance as of Dec. 31, 2019 (adjusted)	**4,146**	**24,012**	**341**	**(23)**	**(160)**	**2**	**28,317**	**(261)**	**(8)**	**28,048**
Balance as of Jan. 1, 2020 (adjusted)	**4,146**	**24,012**	**341**	**(23)**	**(160)**	**2**	**28,317**	**(261)**	**(8)**	**28,048**
Result for the period	0	0	1,511	0	0	0	1,511	0	(10)	1,501
Other comprehensive income	0	0	0	0	(21)	7	(14)	0	0	(14)
Total comprehensive income	**0**	**0**	**1,511**	**0**	**(21)**	**7**	**1,497**	**0**	**(10)**	**1,487**
Balance as of Dec. 31, 2020	**4,146**	**24,012**	**1,852**	**(23)**	**(181)**	**9**	**29,815**	**(261)**	**(18)**	**29,536**

* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

CONSOLIDATED CASH FLOW STATEMENT

	Note	2020	2019*
		(audited) (in EUR thousand)	
Cash flow from operating activities			
Earnings for the period before taxes		2,270	2,313
Adjusted for:			
Depreciation and amortization	8, 10, 11	2,964	2,979
Gains/losses on disposal of non-current assets		4	6
Other non-cash expenses/income		2	(47)
Financial income		(73)	(71)
Financial expenses	5.7	182	184
Changes in working capital:			
+/– Inventories		(78)	162
+/– Receivables and other assets		(352)	269
+/– Liabilities		(134)	292
+/– Contract liabilities		373	590
+/– Provisions		(46)	(46)
Interest paid		(149)	(161)
Income taxes paid		(984)	(153)
Cash flow from operating activities		**3,980**	**6,318**
Cash flow from investing activities			
Purchase of intangible assets	8	(39)	(23)
Purchase of property, plant, and equipment	10	(606)	(827)
Purchase of companies, net of assumed cash	17	0	(550)
Proceeds from the disposal of property, plant, and equipment		0	2
Proceeds from the sale of financial investments	15	370	0
Interest received		22	8
Cash flow from investing activities		**(252)**	**(1,390)**
Cash flow from financing activities			
Proceeds from share issues	16	0	176
Dividend payment	16	0	(656)
Payments for the repayment of financial loans	17	(1,597)	(1,767)
Payments for leases	11	(555)	(541)
Proceeds from grants received		166	0
Receipts/payments from extraordinary items	6	(448)	0
Cash flow from financing activities		**(2,434)**	**(2,787)**
Net change in cash and cash equivalents		1,294	2,140
Cash and cash equivalents at the beginning of the reporting period		9,102	6,960
Exchange rate-related change in cash and cash equivalents		1	(0)
Cash and cash equivalents at the end of the reporting period (liquid funds)		10,396	9,102

* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR 2020

1. INFORMATION ON THE PARENT COMPANY AND THE GROUP

The parent company Vita 34 AG (the "Company") based in Leipzig (Germany), Deutscher Platz 5a, registered in the register court of the local court of Leipzig under HRB 20339, is a company whose corporate purpose is the collection, processing and storage of stem cells from umbilical cord blood and tissue, the development of cell therapeutic procedures and the implementation of projects in the field of biotechnology. Its subsidiaries (together with the company referred to as "Group") are also active in the field of storage of umbilical cord blood and tissue.

The declaration on the German Corporate Governance Code required by Section 161 AktG has been issued and made available to shareholders on the website www.vita34group.de.

The consolidated financial statements of Vita 34 AG for the fiscal year ending December 31, 2020 were approved for publication by the Management Board on March 29, 2021. Vita 34 AG is a limited liability stock corporation founded in Germany with its registered office in Germany, whose shares are admitted to public trading.

2. ACCOUNTING AND VALUATION PRINCIPLES

2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of Vita 34 AG have been prepared in accordance with the International Financial Reporting Standards (IFRS) valid on the balance sheet date, as applicable in the EU, and the supplementary provisions of German commercial law to be observed in accordance with Section 315e para. 1 HGB. All IFRS binding for the fiscal year 2020 and the pronouncements of the International Financial Reporting Interpretations Committee (IFRIC) were applied insofar as they were recognized by the European Union.

The consolidated financial statements of Vita 34 AG are generally prepared on the basis of continued acquisition costs in euro. This does not apply to financial assets measured at fair value. Unless otherwise stated, all values are rounded to the nearest thousand euro (EUR thousand).

2.2 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Vita 34 AG and its subsidiaries as of December 31 of each fiscal year. The financial statements of the subsidiaries are prepared using uniform accounting and valuation methods on the same balance sheet date as the financial statements of the company.

The subsidiaries over which the company exercises control are included in the consolidated financial statements. In particular, the Group controls an associated company if all of the following characteristics are met:

- executive power over the associated company (i. e., based on currently existing rights, the Group has the power to govern the activities of the associated company that have a significant effect on the associated company's return),
- a risk exposure from or entitlement to fluctuating returns from its investment in the associated company, and
- the ability to use its executive power over the associated company in such a way as to affect the performance of this company.

In addition to the parent company Vita 34 AG, the subsidiaries listed in note 26 were included in the Group's consolidation scope.

2.3 ADJUSTMENT OF ACCOUNTING METHODS AND CORRECTIONS OF ERRORS

The accounting and valuation methods applied correspond to the methods applied in the previous year with the following exceptions.

The Financial Reporting Enforcement Panel (FREP) has drawn the attention of Vita 34 AG to matters that were not properly recorded in previous years.

Within the scope of company acquisitions, existing storage contracts were acquired in previous fiscal years. These contracts were identified as intangible assets and recognized at fair value at the respective acquisition date. Amortization was charged over the projected contractual life of the acquired customer contracts. In addition,

intangible assets were tested for impairment whenever there was an indication that an intangible asset may be impaired. Since the majority of the cash inflows expected from the acquired contracts at the time of initial recognition will already be received before the end of the projected contract term, the company should have chosen a shorter amortization period. Vita 34 AG has complied with this and retrospectively corrected the scheduled amortization of intangible assets, taking into account deferred taxes.

For purposes of recognizing revenue from multi-component transactions such as VitaPlus25 and VitaPlus 50, the package prices to be prepaid by customers are to be allocated to the two performance obligations 'production of a stem cell deposit' and 'storage of the stem cell deposit'. Vita 34 AG determines the allocation key according to the 'expected cost plus a margin approach'. This approach relates the fulfillment costs of the two services increased by a margin. In the preliminary view of the FREP, the estimated costs for the 'storage of the stem cell deposit' should have included further attributable costs as well as expected cost increases during the storage period. Vita 34 AG has taken the FREP's preliminary findings as an opportunity to recalculate the key for the allocation of package prices. Based on the new key, a larger portion of the package price is to be allocated to the storage obligation, which in this respect leads to a later recognition of revenue. Due to a lack of practicability, Vita 34 AG has not corrected the allocation retroactively for all previous years in application of a facilitation rule, but only for the fiscal year 2019. The correction of the revenue recognition has affected the contract liabilities and deferred taxes.

Vita AG did not implement an adjustment in the determination of the settlement costs of the inventory liability advocated by the FREP in its preliminary finding, as it considers its interpretation of the standard – supported by the assessment of an external expert – to be at least justifiable in this respect. Should the company not prevail with this assessment, the revenues for 2020 would have to be reduced by EUR 152 thousand (previous year: EUR -157 thousand). The result for the period after taxes decreased by EUR 104 thousand (previous year: EUR -108 thousand).

The following tables explain the effects of the error correction on the prior-year figures:

Consolidated Statement of Income

	2019		
	Before adjustment	**Adjustment**	**After adjustment**
	(in EUR thousand)		
Sales revenue	20,247	(313)	19,934
Cost of sales	(7,635)	(516)	(8,151)
Gross profit on sales	**12,612**	**(829)**	**11,783**
Operating result (EBIT)	**3,282**	**(829)**	**2,453**
Earnings before taxes	**3,142**	**(829)**	**2,313**
Income tax expense	(1,799)	204	(1,595)
Result for the period	**1,343**	**(625)**	**718**
Attributable to:			
Owners of the parent company	1,350	(608)	742
Shares of other shareholders	(8)	(16)	(24)
Earnings per share, undiluted/diluted (EUR)	**0.33**	**(0.15)**	**0.18**

Consolidated Statement of Comprehensive Income

	2019		
	Before adjustment	**Adjustment**	**After adjustment**
	(in EUR thousand)		
Result for the period	**1,343**	**(625)**	**718**
Total comprehensive income after taxes	**1,305**	**(625)**	**680**
Attributable to:			
Owners of the parent company	1,313	(609)	704
Shares of other shareholders	(8)	(16)	(24)

Consolidated Balance Sheet

	31.12.2019			01.01.2019		
	Before adjustment	**Adjustment**	**After adjustment**	**Before adjustment**	**Adjustment**	**After adjustment**
	(in EUR thousand)					
Intangible assets	18,525	(2,365)	16,160	19,990	(1,849)	18,141
Income tax receivables	44	40	84	845	0	845
Total Assets	**61,099**	**(2,324)**	**58,775**	**59,317**	**(1,849)**	**57,468**
Equity	30,268	(2,220)	28,048	29,546	(1,595)	27,951
Contract liabilities	11,563	313	11,876	11,355	0	11,355
Deferred income taxes	4,828	(418)	4,410	4,306	(254)	4,052
Total Equity & Liabilities	**61,099**	**(2,324)**	**58,775**	**59,317**	**(1,849)**	**57,468**

Consolidated Cash Flow Statement

	2019		
	Before adjustment	**Adjustment**	**After adjustment**
	(in EUR thousand)		
Earnings for the period before taxes	3,142	(829)	2,313
Adjustment for depreciation and amortization	2,464	515	2,979
Contract liabilities	277	313	590

Furthermore, various standards and amendments to standards were applied for the first time in 2020, which have no impact on the consolidated financial statements of Vita 34 AG. The Group has not prematurely applied any standards, amendments or interpretations that have been published but are not yet effective.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING AND VALUATION METHODS

Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the fair value of the assets given at the acquisition date, and the non-controlling interest in the acquiree. Incidental acquisition costs are recognized as expenses within administrative expenses at the time they arise.

Non-controlling interests are measured at the proportionate fair value of the assets acquired and liabilities assumed. After initial recognition, gains and losses are allocated without limit in proportion to the interest held, which may also result in a negative balance for non-controlling interests.

When the Group acquires a company, it assesses the appropriate classification and designation of the financial assets and assumed liabilities in accordance with the contractual terms, economic circumstances and conditions prevailing at the time of acquisition.

Goodwill is initially measured at cost, which is the excess of the consideration transferred over the Group's interest in the identifiable assets acquired and liabilities assumed. In the case of an acquisition at a price below fair value, the resulting gain is reported under other operating income. Before recognizing a gain on an acquisition at less than fair value, a further assessment is made to ensure that all assets acquired and liabilities assumed have been adequately identified and measured.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the business combination, irrespective of whether other assets or liabilities acquired are assigned to those units. This applies regardless of whether other assets or liabilities of the acquired company are allocated to these cash-generating units.

For goodwill, the Group determines at each balance sheet date whether there are any indications of impairment of goodwill. Goodwill is tested for impairment at least once a year. A review is also carried out if events or circumstances indicate that the value could be impaired. Impairment is determined by calculating the recoverable amount of the cash-generating unit to which the goodwill was allocated. If the recoverable amount of the cash-generating unit is less than the carrying amount of this unit, an impairment loss is recognized. An impairment loss recognized for goodwill may not be reversed in subsequent reporting periods.

Measurement of fair value

All assets and liabilities for which fair value is disclosed in the financial statements are classified in the fair value hierarchy described below, based on the lowest level input parameter that is significant to fair value measurement overall:

(a) Level 1 - Quoted (unadjusted) prices in active markets for identical assets or liabilities

(b) Level 2 – Measurement procedures where the lowest level input parameter that is significant for fair value observation as a whole is directly or indirectly observable in the market

(c) Level 3 – Measurement procedures where the input parameter of the lowest level that is significant for observation at fair value overall is not observable in the market

For assets and liabilities recognized on a recurring basis in the financial statements, the Group determines whether reclassifications between levels in the hierarchy have occurred by reviewing the classification (based on the lowest level input parameter that is significant to the fair value observation overall) at the end of each reporting period.

Research and development costs

Research costs are recognized as expenses in the period in which they are incurred. Development costs incurred as part of an individual project are recognized as assets if they meet the recognition criteria of IAS 38.

After initial recognition, development costs are carried at cost less accumulated amortization and accumulated impairment losses. Amortization begins when the development phase is completed and from the date on which the asset can be used. It is recognized over the period over which future benefits are expected and is included in cost of sales. During the development phase, an annual impairment test is carried out.

Intangible assets

Separately acquired intangible assets that are not acquired as part of a business combination are measured at acquisition cost upon initial recognition. The acquisition costs of intangible assets acquired as part of a business combination correspond to their fair value at the time of acquisition. After initial recognition, intangible assets are carried at acquisition cost, less any accumulated amortization and any accumulated impairment losses.

Intangible assets with finite useful lives are amortized over their economic lives and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each fiscal year. If the expected useful life of the asset or the expected pattern of amortization of the asset has changed, a different amortization period or method is selected. Such changes are treated as changes in an accounting estimate. Amortization of intangible assets with finite useful lives is recognized in the income statement under the expense category consistent with the function of the intangible asset.

The accounting policies applied to the Group's intangible assets (excluding goodwill) are summarized below:

	Development costs	**Patents and licenses**	**Contracts acquired**	**Customer relationships and brand names**
Useful life	Finite useful life, amortization over the expected product life cycle	Finite useful life, amortization over the expected useful life of 5 to 15 years	Finite useful life, amortized over the expected contract term by which the majority of the expected cash inflows will be received (12 to 20 years)	Finite useful life, amortization over the expected period of 4 to 5 years
Amortization method used	Amortization is calculated using the straight-line method over the expected useful life			
Internally created or acquired	Internally created	Acquired	Acquired	Acquired

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss in the period in which the item is derecognized.

Property, plant and equipment

Property, plant and equipment not acquired in a business combination is carried at acquisition or production costs less accumulated scheduled depreciation. The acquisition costs of property, plant and equipment acquired in a business combination correspond to their fair value at the time of acquisition. Scheduled straight-line depreciation is based on the estimated useful lives of the assets.

Useful life of the assets

	Useful life
Laboratory equipment	5 to 14 years
Cryotanks and accessories	40 years
Office and business equipment	3 to 13 years

The carrying amounts of property, plant and equipment are tested for impairment whenever there is an indication that the carrying amount of an asset may exceed its recoverable amount.

The residual values of assets, the useful lives and the depreciation methods are reviewed at the end of each fiscal year and adjusted if necessary.

Impairment of non-financial assets

The Group assesses at each balance sheet date whether there are any indications that an asset may be impaired. If any such indication exists, or if annual impairment testing for an asset is required, the Group makes an estimate of recoverable amount. The recoverable amount of an asset is the higher of the two amounts of the fair value of an asset or a cash-generating unit less costs to sell and its value in use. The recoverable amount is determined for each individual asset, unless an asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount. To determine the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market expectations regarding the interest effect and the specific risks of the asset. An appropriate valuation model is used to determine fair value less costs to sell. This is based on valuation multiples, stock exchange prices of exchange-traded shares in companies or other available indicators of fair value. Impairment losses of continuing operations are recognized in the expense categories consistent with the function of the impaired asset.

For assets other than goodwill, an assessment is made at each balance sheet date as to whether there is any indication that an impairment loss recognized in prior periods may no longer exist or may have decreased. If such an indicator exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset must be increased to its recoverable amount. This increased carrying amount may not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

After a reversal of an impairment loss, the depreciation charge shall be adjusted in future periods to allocate the asset's revised carrying amount, less any residual carrying amount, on a systematic basis over its remaining useful life.

Financial assets

Initial recognition and measurement of financial assets

In accordance with IFRS 9, financial assets are classified in the following measurement categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through other comprehensive income (debt instruments)
- Financial assets at fair value through profit or loss
- Financial assets at fair value through other comprehensive income (equity instruments)

The classification of financial assets upon initial recognition depends on the characteristics of the cash flow conditions and the business model conditions of the financial asset. When financial assets are recognized for the first time, they are measured at fair value. In the case of financial assets that are not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset are also included. The Group determines the classification of its financial assets upon initial recognition and reviews this classification at the end of each reporting period to the extent permissible and appropriate.

Regular way purchases and sales of financial assets are recognized on the settlement date, i. e. the date on which an asset is delivered to or by the company. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets

1. 1 Financial assets at amortized cost (debt instruments)

The Group classifies financial assets in this category if the following conditions are met:

- The financial asset is held as part of the Group's business model to collect the contractual cash flows, and
- The contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and interest on the principal outstanding.

Financial assets at amortized cost are measured using the effective interest method and are assessed for impairment. Non-current non-interest-bearing receivables are discounted at a market interest rate equivalent to the term. Gains and losses from financial assets at amortized cost are recognized in the income statement.

Financial assets at amortized cost mainly comprise trade receivables.

1. 2 Financial assets measured at fair value through other comprehensive income (debt instruments)

The Group classifies financial assets in this category if the following conditions are met:

- The financial asset is held within the scope of the Group's business model both to collect the contractual cash flows and to sell financial assets and
- The contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and interest on the principal outstanding.

Gains and losses on financial assets measured at fair value through other comprehensive income are recognized in other comprehensive income. This does not include impairment losses and income, interest from the application of the effective interest method and gains and losses from currency translation. If the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to the income statement.

Financial assets from debt instruments measured at fair value through other comprehensive income include investments in securities, which are reported under non-current assets.

1. 3 Financial assets measured at fair value through other comprehensive income (equity instruments)

On initial recognition, the Group may elect to irrevocably classify its investments as investments measured at fair value through other comprehensive income if they meet the definition of equity under IAS 32 and are not held for trading purposes. The classification is made individually for each instrument.

Gains and losses on such financial assets are recognized in other comprehensive income and are not subsequently transferred to the income statement.

Financial assets from equity instruments measured at fair value through other comprehensive income include shares in the other investments listed in Note 26.

1. 4 Financial assets measured at fair value through profit or loss

Financial assets in this category comprise financial assets held for trading, financial assets that are measured at fair value upon initial recognition through profit or loss, or financial assets that must be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of sale or repurchase in the near future. Derivatives, including separate embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified irrespective of the business model and measured at fair value through profit or loss. Notwithstanding the criteria for classifying debt instruments at amortized cost or at fair value through OCI as described above, debt instruments may be designated at fair value through profit or loss upon initial recognition if this eliminates or significantly reduces an accounting mismatch.

Financial assets in this category are carried at fair value on the balance sheet, with net changes in fair value recognized in the income statement.

The Group does not hold any such financial assets.

Derecognition of financial assets

A financial asset is derecognized when the right to receive cash flows from the financial asset expires or the financial asset is transferred.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments that are not carried at fair value through profit or loss. ECLs are based on the difference between the agreed cash flows under the respective contract and the discounted expected cash flows.

ECLs are determined in two stages. For credit risks that have not increased significantly since initial recognition, ECLs are established for credit losses resulting from default events that are possible within the next twelve months (12-month ECL). For credit risks that have increased significantly since initial recognition, an allowance for expected credit losses is established over the remaining life of the exposure, regardless of the time of default (lifetime ECL).

For trade receivables, the Group uses a simplified approach to calculate ECLs. Therefore, the Group does not track changes in credit risk, but establishes an allowance for expected credit losses based on lifetime ECLs at each balance sheet date. The Group has established an allowance matrix based on its historical credit risk experience, adjusted for forward-looking factors specific to debtors and the economic environment.

For debt instruments measured at fair value through other comprehensive income, the Group applies the simplified method for assessing credit risk. At each reporting date, the Group assesses whether the debt instrument has a low credit risk taking into account all reasonable and supportable information available without undue effort or expense. In making this assessment, the Group re-evaluates the internal credit quality of the debt instrument. In addition, the Group believes that credit risk is significantly increased if contractual payments are more than 30 days past due.

Financial liabilities

Initial recognition and measurement of financial liabilities

All financial liabilities are initially recognized at fair value and in the case of loans and liabilities, less directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables as well as loans and borrowings.

Subsequent measurement of financial liabilities

The measurement of financial liabilities depends on their classification as described below:

- Interest-bearing loans

This is the most relevant category for the Group. After initial recognition, interest-bearing loans are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized and as part of the amortization process of the effective interest method.

Amortized cost is calculated taking into account any discount or premium on the purchase and any fees or costs that are an integral part of the effective interest rate. The amortization of the effective interest method is recognized in the income statement as finance costs.

This category generally applies to interest-bearing loans and borrowings. Further information is provided in note 17.

- Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of short-term repurchase. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedging relationships as defined by IFRS 9. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the income statement. Financial liabilities designated upon initial recognition as at fair value through profit or loss are classified as such upon initial recognition and only if the criteria of IFRS 9 are met.

The Group has not classified any financial liabilities as at fair value through profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the respective carrying amounts is recognized in the income statement.

Treasury shares

If the Group acquires treasury shares, these are recognized at acquisition costs and deducted from equity. The purchase, sale, issue or cancellation of treasury shares is recognized directly in equity. Any differences between the carrying amount and the consideration are recognized directly in equity.

Inventories

Inventories are measured at the lower value of acquisition or production costs and net realizable value.

In addition to production materials and wages, the cost of work in progress also includes appropriate portions of production overheads and depreciation to the extent attributable to production. Administrative and selling costs and interest were not included.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash on hand, bank balances and short-term deposits with original maturities of three months or less. Restricted cash is reported separately.

For the purposes of the cash flow statement, cash and cash equivalents include cash and short-term deposits as defined above.

Provisions

A provision is recognized when the Group has a present obligation (legal, contractual or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision recognized as a liability to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to the formation of the provision is shown in the income statement after deduction of the reimbursement. If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in provisions due to the passage of time is recognized as interest expense.

Legal disputes are often based on complex legal issues and involve considerable uncertainty. Accordingly, the assessment as to whether a present obligation as of the balance sheet date probably exists as a result of a past event, whether a future outflow of resources is probable and whether the amount of the obligation can be reliably estimated is based on considerable discretion. The assessment is usually made with the involvement of external lawyers. It may become necessary to set up a provision for an ongoing proceeding due to new developments or to

adjust the amount of an existing provision. In addition, the outcome of proceedings for Vita 34 may result in expenses that exceed the provision set up for the case.

Pensions

As part of a business combination in 2012, the company assumed a pension agreement and the related reinsurance policies. For this pension obligation, the company has made contributions to an insurance company. The amount of the pension obligation is determined using the actuarial projected unit credit method. The company recognizes the full amount of actuarial gains and losses in other comprehensive income in the reporting period in which they occur. Actuarial gains and losses are immediately transferred to retained earnings and are not reclassified as income in subsequent years.

The amount to be recognized as a liability from a defined benefit plan includes the present value of the defined benefit obligation (using a discount rate based on senior fixed-interest corporate bonds; see note 19) and the fair value of plan assets available for the direct settlement of obligations. Plan assets include qualifying insurance policies. The plan assets are protected against access by creditors of the Group and cannot be paid directly to the Group. The fair value is based on information about the market price. The value of a recognized asset of the defined benefit plan generally corresponds to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. As the plan assets include a qualifying insurance contract that precisely covers all promised benefits in terms of their amount and maturity, the recognition of plan assets is limited to the present value of the obligations covered.

Leases

When concluding an agreement, the Group assesses whether the agreement contains a lease, i. e. the right to use an identified asset for a certain period of time in return for payment. For all leases, the Group records assets for the rights to use the leased assets and liabilities for the payment obligations resulting from the leases. Exceptions to this are short-term leases and leases for assets of low value, for which payments are recognized as expenses in the income statement on a straight-line basis in accordance with the application of the facilitations provided by IFRS 16.

Rights of use of assets

The Group recognizes rights of use under leases from the date on which the asset in question is available for use. Rights of use are measured at amortized cost less accumulated depreciation and impairment losses. Changes resulting from the revaluation of lease liabilities are reflected in the carrying amount of the right of use. The cost of acquisition includes the value of the recognized lease liability plus lease payments made before the asset is made available for use, initial direct costs and asset retirement obligations less lease incentives received. Rights of use are amortized on a straight-line basis over the lease term.

Lease liabilities

The Group recognizes lease liabilities from the date on which the asset is available for use. The lease liability is measured at the present value of the lease payments to be made over the term of the contract.

Lease payments include:

- fixed payments minus lease incentives payable by the lessor,
- variable payments,
- expected payments from residual value guarantees,
- the exercise price of a call option (if exercise was deemed sufficiently certain), and
- contractual penalties in the event of termination of a lease.

Lease payments are discounted at the interest rate on which the lease is based, if determinable. Otherwise, they are discounted at the marginal borrowing rate.

Insofar as leases contain extension or termination options, changes in the term of these options are only taken into account if the exercise or non-exercise of such options is sufficiently certain.

The carrying amount of a lease liability is remeasured if there is a change in the lease (e. g. with regard to the amount of the lease payments or the term of the lease).

Revenue from contracts with customers

The Group generates revenue from the provision of services. The Group recognizes revenue when it fulfils a performance obligation by transferring a promised good or service to a customer.

The production and storage of stem cell deposits represent the major part of the services provided by the Group. As part of the services provided, these are either sold individually to the customer and the storage is invoiced annually ("annual payer contracts") or they are sold in a package with a contractually agreed duration of storage of the stem cell deposit ("prepayment contracts"). Both the creation and the storage of stem cell deposits constitute separate service obligations. In the case of the individual sale of the services, the transaction price can be clearly allocated to the service obligation. In the event of a sale of the two services in a package to the customer, the transaction price is allocated to the service obligations on the basis of the relative individual sale prices. Revenue from the production of the stem cell deposit is recognized when the process of collecting, preparing and storing the stem cells is completed. Revenue from the storage of stem cell deposits is recognized over the contractually agreed storage period. The allocation of discounts granted at the level of individual contracts is made in the service obligation "creation of stem cell deposits".

In the case of prepayment contracts, the Group receives prepayments from customers for the storage of stem cell deposits over a period of several years. The customer prepayments received are deferred and reported in the balance sheet item contract liabilities. Invoices to customers are issued in accordance with the contractual terms and conditions and usually provide for payment within 30 days of invoicing.

Government grants

Government grants are recognized when there is reasonable assurance that the grants will be received and the company will comply with the conditions attached to them. In the case of expense-related grants, these are recognized as income over the period necessary to match them with the related expenses they are intended to compensate. If the grant relates to an asset, it is recognized as deferred income and released to income on a straight-line basis over the expected useful life of the asset concerned.

Taxes

Actual tax refund claims and tax liabilities

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The calculation of the amount is based on the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxes

Deferred taxes are recognized using the balance sheet liability method for all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base at the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, unused tax loss carryforwards and unused tax credits to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the unused tax loss carryforwards and tax credits can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the deferred tax asset can be at least partially utilized. Unrecognized deferred tax assets are reviewed on each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. This is based on the tax rates (and tax regulations) that are valid on the balance sheet date or will be valid shortly.

Value added tax

Revenues, expenses and assets are recognized net of value-added tax. There are the following exceptions:

- If the value added tax incurred on the purchase of goods or services cannot be claimed by the tax authorities, the sales tax is recognized as part of the cost of the asset or as part of the expenses.

- Receivables and liabilities are recognized together with the amount of value added tax included therein.

The amount of value added tax refunded by or paid to the tax authorities is recognized in the balance sheet under receivables or liabilities.

2.5 SIGNIFICANT ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

Effects of the COVID-19 pandemic

Currently, Vita 34 does not see any significant impact of the COVID-19 pandemic on the Group's business model. The Group has taken the expected effects into account in the valuations of the recognized assets. At the time of the preparation of the financial statements, this assessment did not result in any significant effects on the valuation of assets. In this assessment, assumptions were made about the further course of the COVID-19 pandemic including the economic impact.

Impairment test of goodwill

Goodwill acquired in the course of business combinations was allocated to the cash-generating units "stem cell banking – Germany" and "Spain" for the purpose of impairment testing.

The recoverable amount of each cash-generating unit is determined based on a value-in-use calculation using cash flow projections based on financial budgets prepared by management for a five-year period and approved by the Supervisory Board. The impact of the COVID-19 pandemic on the recoverable cash flows was taken into account. The recoverable amount is heavily dependent on the discount rate used in the discounted cash flow method and the expected future cash inflows. The basic assumptions for determining the recoverable amount, including a sensitivity analysis, are explained in note 9.

Treatment of deferred tax assets

Deferred taxes on loss carryforwards by Novel Pharma S.L. were not capitalized. This company is a pure holding company, for which no sufficient taxable income can be expected in the future based on current tax circumstances.

Deferred taxes were capitalized on the loss carryforwards of Group companies existing as of the balance sheet date, provided that it can be assumed according to the planning calculations that the loss carryforwards will be utilized. Deferred tax assets for differences between the tax balance sheet values and the IFRS balance sheet values of the respective companies were offset against deferred tax liabilities. In the event of a surplus of deferred tax assets, these were capitalized if it is considered probable that taxable income will be available for this purpose.

We refer to the explanations in note 6 "income taxes".

Revenue from contracts with customers

Breakdown of the transaction price for pre-payment contracts

In the context of revenue recognition, the package prices to be prepaid by customers are to be allocated to the two performance obligations 'production of a stem cell deposit' and 'storage of a stem cell deposit' in proportion to their individual selling prices. As these individual selling prices cannot be directly determined, the Group estimates them using the "expected-cost-plus-a-margin approach", whereby the same relative margin based on the respective manufacturing costs is taken into account for both performance obligations.

Existence of a financing component for prepayment contracts

In the case of prepayment agreements, the Group receives prepayments from the customer for the storage of stem cell deposits over a period of several years. With regard to the nature of the service offered, the Group notes that the payment terms were designed for reasons other than the provision of financing to the Group.

The Group therefore concludes that the prepayments made do not contain a financing component.

Revenue recognition for annual payer contracts with multi-year contract terms

The Group offers annual payer contracts, which include a minimum contract period of several years in relation to the service obligation storage of the stem cell deposit. The transaction price for this contract is determined taking into account all payments to be made by the customer during the contract period.

The Group believes that a significant financing component exists for these contracts. Therefore, for payments due in more than one year, an adjustment is made for the time value of money. The allocation of the transaction price to the performance obligations is similar to the allocation of the transaction price for prepayment contracts.

Leases

Determination of the term of a lease with an extension option

The Group determines the term of the lease as the non-cancelable term of the lease and all periods covered by an option to extend the lease if exercise is reasonably certain.

The Group has several leases that include renewal options. The Group makes an assessment as to whether it is reasonably certain that the lease renewal option will be exercised.

Determination of the marginal borrowing rate

The Group is regularly unable to determine the implicit interest rate of a lease. In these cases the lease liability is measured at the marginal interest rate. This is the interest rate that the Group would pay under similar economic conditions for a loan – with a similar term and collateralization – to acquire an asset with a similar value as the right to use the leased asset.

The Group determines the marginal borrowing rate using observable data such as market interest rates, taking into account company-specific adjustments.

Treatment of grants for development projects

Income from publicly subsidized development projects is recognized as income at the time when the corresponding eligible expenses are incurred by the company. Recognition of income requires a notice of subsidy from the public funding authorities.

Recording income at the time when the eligible expenses are incurred ensures that expenses and income are presented in the consolidated financial statements on an accrual basis.

2.6 NEW ACCOUNTING STANDARDS

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have adopted further standards, interpretations and amendments to standards that are not yet mandatory for the fiscal year 2020 and have not yet been applied to these consolidated financial statements. From today's perspective, the standards and interpretations that have already been published but have not yet come into force do not have any material impact on the Group's net assets, financial position and results of operations.

3. SUBSIDIARIES WITH SIGNIFICANT NON- CONTROLLING INTERESTS

Minority shareholders hold interests in the following company:

Name, registered office	2020	2019
	(in %)	
Secuvita S.L., Madrid, Spain	12.0	12.0

Minority interests in significant subsidiaries are composed as follows:

Name, registered office	2020	2019*
	(in %)	
Secuvita S.L., Madrid, Spain	(18)	(8)

* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

The summarized financial information for subsidiaries with significant non-controlling interests is as follows:

	Secuvita S.L., Madrid, Spain	
	2020	2019*
	(in EUR thousand)	
Non-current assets	5,209	5,474
Current assets	2,951	2,861
Non-current liabilities	3,792	3,832
Current liabilities	2,991	3,043
Net assets	**1,376**	**1,460**
Sales revenue	2,568	2,758
Result for the period	(84)	(199)
Comprehensive income	(84)	(199)
Result attributable to non-controlling interests	(10)	(24)

* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

4. SEGMENT REPORTING

4.1 INFORMATION ON BUSINESS SEGMENTS

In fiscal year 2020, the Group continues to have only the reportable segment "stem cell banking", which is active in the collection, processing and storage of stem cells from umbilical cord blood and tissue as well as the development of cell therapeutic procedures.

4.2 INFORMATION ON GEOGRAPHICAL AREAS

The following tables contain information on revenue and non-current assets in accordance with IFRS 8.33 (a) and (b) by geographical area of the Group's operations for the fiscal years 2020 and 2019:

Revenue from transactions with external customers in accordance with IFRS 8.33 (a)

	2020	2019*
	(in EUR thousand)	
Domestic	14,100	13,857
Spain	2,568	2,757
Other foreign countries	3,401	3,320
Group	**20,069**	**19,934**

* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

Sales revenues are allocated on the basis of the location of the customer.

Non-current assets according to IFRS 8.33 (b)

	2020	2019*
	(in EUR thousand)	
Domestic	35,873	37,294
Spain	3,137	3,515
Denmark	3,764	4,100
Other foreign countries	796	849
Group	**43,569**	**45,757**

* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

5. SALES REVENUES, OTHER INCOME, AND EXPENSES

5.1 REVENUE FROM CONTRACTS WITH CUSTOMERS

The sales revenues reported in the income statement for continuing operations are broken down by type of service provided as follows:

	2020	2019*
	(in EUR thousand)	
Revenue processing/production	14,574	14,605
Revenue from storage	5,473	5,303
Other revenue	23	26
	20,069	**19,934**

* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

5.2 COST OF SALES

The cost of sales reported in the income statement includes the following expenses:

	2020	2019*
	(in EUR thousand)	
Cost of materials	1,056	1,115
External services	2,356	2,200
Personnel expenses	1,714	1,705
Depreciation and amortization	2,294	2,259
Premises costs	296	228
Other expenses	691	643
	8,407	**8,151**

* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

5.3 OTHER OPERATING INCOME

The other operating income reported in the income statement is composed as follows:

	2020	2019
	(in EUR thousand)	
Government grants	230	197
Income from the derecognition of accrued liabilities	162	44
Income from damage compensation	0	4
Miscellaneous other income	198	299
	590	**544**

Government grants mainly relate to subsidies for research and development. There are no unfulfilled conditions or other uncertainties in connection with the government grants.

Income from the derecognition of accrued liabilities comprises the derecognition of financial obligations from trade accounts payable accrued in the previous year and obligations to employees, from which the Group received less than expected in the reporting year.

5.4 MARKETING AN SELLING EXPENSES

The selling expenses reported in the income statement are composed as follows:

	2020	2019
	(in EUR thousand)	
Personnel expenses	1,751	1,753
Amortization	434	382
Expenses for marketing measures	2,315	2,183
Other expenses	431	584
	4,931	**4,902**

Other expenses mainly include sales-related occupancy costs, insurance costs and consulting costs.

5.5 ADMINISTRATIVE EXPENSES

The administrative expenses reported in the income statement comprise the following components:

	2020	2019
	(in EUR thousand)	
Personnel expenses	2,169	2,301
Amortization	236	339
Legal, consultancy and audit costs	573	604
Other expenses	1,190	1,442
	4,168	**4,686**

Administrative expenses include research and development expenses of EUR 504 thousand (previous year: EUR 486 thousand).

5.6 OTHER OPERATING EXPENSES

The other operating expenses reported in the income statement are composed as follows:

	2020	2019
	(in EUR thousand)	
Loss of receivables	202	250
Consulting costs	516	0
Miscellaneous other expenses	55	36
	774	**285**

The losses on receivables result from the recognition of valuation allowances for trade receivables. The consulting costs relate to the takeover offer submitted by AOC Health GmbH in the fiscal year and the review of a prospectively possible merger with PBKM.

5.7 FINANCIAL EXPENSES

The financial expenses reported in the income statement are composed as follows:

	2020	2019
	(in EUR thousand)	
Loans and overdrafts	149	160
Interest expense for leases	31	20
Other interest expense	2	3
Realized losses from financial assets	0	27
	183	**211**

5.8 EXPENSES FOR EMPLOYEE BENEFITS PURSUANT TO Section 314 PARA. 1 NO. 4 HGB

The expenses for employee benefits are made up as follows:

	2020	2019
	(in EUR thousand)	
Wages and salaries	4,620	4,780
Social security contributions	946	928
Expenditure for pension provision	68	51
	5,634	**5,760**

Employer contributions to the statutory pension scheme are classified as benefits under a defined contribution plan and are therefore recognized in full as an expense.

The annual average number of employees in the Group is broken down as follows:

	2020	2019
	(in EUR thousand)	
Employees	116	115
Trainees/interns	1	3
	117	**118**

6. INCOME TAXES

The main components of income tax expense for the fiscal years 2020 and 2019 are as follows:

	2020	2019*
	(in EUR thousand)	
Consolidated income statement		
Actual income taxes		
Actual income tax expense	656	669
Adjustment of income taxes accrued in previous years	(168)	695
Deferred income taxes		
Deferred taxes on the creation and reversal of temporary differences	(223)	(583)
Deferred taxes on loss carryforwards	504	854
Income tax expense	**769**	**1,595**
Consolidated statement of comprehensive income		
Unrealized loss on available-for-sale financial assets	0	1
Profit from the revaluation of actuarial gains and losses	(9)	(18)
Income taxes recognized directly in equity	**(9)**	**(17)**

* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

In the fiscal year 2020, the tax authorities granted an existing appeal against the tax assessment of a Group company for a previous year. This resulted in a repayment claim for taxes overpaid in previous years in the amount of EUR 159 thousand.

In the fiscal year 2019, a one-off tax expense was to be recorded due to the expected outcome of a tax lawsuit between Vita 34 and the Leipzig tax office. The starting point of the tax law dispute was a change in the tax office's assessment of the tax return of Vita 34 AG, which resulted in a reduction of the tax loss carryforward of EUR 2.6 million as of December 31, 2006. Vita 34 AG had filed a complaint against this assessment. In fiscal year 2017, the tax court dispute was decided in favor of Vita 34 AG. The tax authorities have appealed against the ruling. As a result of the verbal negotiations before the BFH (Federal Fiscal Court), the Management Board had to assume that Vita 34 AG will lose in the lawsuit. As a result of the changed assessment of the Management Board, receivables in the amount of EUR 650 thousand from taxes already paid will be written off. There was no outflow of liquidity, as the taxes have already been paid in the past. This assessment was confirmed in the BFH (Federal Fiscal Court) ruling, which was received by the company in 2020.

The reconciliation between the income tax expense and the product of the net profit for the period shown in the balance sheet and the applicable tax rate for the Group for the fiscal years 2020 and 2019 is as follows:

	2020	2019*
	(in EUR thousand)	
Earnings before income taxes	**2,270**	**2,313**
Income tax expense (-) or income (+) at the tax rate of the Group of 31.2% (2019: 31.2%)	(708)	(722)
Adjustments, as the results of Novel Pharma S.L. did not result in a lead to income tax burden	1	2
Adjustment due to tax-free income	10	16
Adjustment for non-deductible expenses	(194)	(105)
Unrecognized deferred tax assets on loss carryforwards	(21)	(62)
Income taxes for previous years	168	(679)
Differences from tax rate differences	(25)	(44)
Income tax expense	**(769)**	**(1,595)**

* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

Deferred income taxes are comprised of the following as of the balance sheet date:

	Consolidated balance sheet		Consolidated income statement	
	2020	2019*	2020	2019*
	(in EUR thousand)			
Deferred taxes on temporary differences				
Intangible assets	(3,826)	(4,339)	513	511
Property, plant and equipment	(315)	(238)	(77)	(86)
Trade receivables	(108)	34	(142)	(13)
Other non-current assets	(79)	(73)	(6)	39
Current assets	315	300	15	300
Pension obligations	27	18	0	0
Interest-bearing loans	(1)	(14)	13	3
Contract liabilities	(1,633)	(1,564)	(69)	(147)
Leases	8	3	5	3
Other liabilities	(183)	(154)	(29)	(27)
	(5,795)	**(6,027)**	**223**	**583**
Tax loss carryforwards	**1,111**	**1,617**	**(504)**	**(854)**
Deferred tax liabilities	**(4,684)**	**(4,410)**		
Deferred income tax expense			**(281)**	**(271)**

* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

The loss carryforwards of Group companies developed as follows:

	Registered office	Income tax rate	2020	2019
			(in EUR thousand)	
Seracell Pharma GmbH	Germany	32%	0	1,063
Vita 34 ApS	Denmark	22%	2,660	3,312
Secuvita S.L.	Spain	25%	3,376	3,433

The existing income tax loss carryforwards in Denmark and Spain are available to the Group without limitation for offsetting against future taxable income of the respective company. Deferred taxes on these tax loss carryforwards were capitalized if it is assumed according to the planning calculation that the loss carryforwards will be utilized. No deferred tax assets were recognized for tax loss carryforwards in the amount of EUR 319 thousand (previous year: EUR 311 thousand).

Novel Pharma S.L., Spain, has tax loss carryforwards that are available to the Group for offset against future taxable income of Novel Pharma S.L. However, no deferred tax assets were recognized for these losses, as these losses may not be used for offsetting against the taxable income of other Group companies and they arose at an intermediate holding company that generally does not generate positive taxable income. Their usability is only possible under certain conditions, the fulfilment of which, however, cannot currently be assessed as probable.

In the course of a dividend distribution from a Group company to Vita 34 AG in the fiscal year 2020, capital gains taxes in the amount of EUR 448 thousand were paid. The Group is entitled to a partial refund in 2021. The payment is reported in the cash flow statement as an extraordinary item in the cash flow from financing activities.

7. EARNINGS PER SHARE

Undiluted/diluted earnings per share

In calculating the undiluted/diluted earnings per share, the profit attributable to the holders of ordinary shares of the parent company is divided by the weighted average number of ordinary shares in circulation during the year.

Undiluted/diluted earnings per share are calculated as follows:

	2020	2019*
	(in EUR thousand)	
Profit/loss from continuing operations	1,501	718
Less: portion attributable to non-controlling interests	10	24
Result from continuing operations attributable to shareholders of Vita 34 AG	**1,511**	**742**
Number of shares outstanding (weighted average)	4,098,153	4,098,153
Earnings per share (EUR)	**0.37**	**0.18**

* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

8. INTANGIBLE ASSETS

The intangible assets developed as follows:

Overview of intangible assets as of December 31, 2020

	Development costs	Patents and licenses	Acquired contracts	Customer relationships and brand names	Total
Acquisition costs as of January 1, 2020	482	3,822	23,615	1,996	29,915
Additions	0	39	0	0	39
Exchange rate differences	0	0	23	0	23
Acquisition costs as of December 31, 2020	**482**	**3,862**	**23,638**	**1,996**	**29,977**
Accumulated amortization and impairments as of January 1, 2020	52	3,610	8,942	1,151	13,755
Amortization of the fiscal year	46	117	1,361	460	1,985
Exchange rate differences	0	0	7	0	7
Accumulated amortization and impairments as of December 31, 2020	**98**	**3,727**	**10,310**	**1,612**	**15,746**
Carrying amount as of January 1, 2020	430	213	14,673	845	16,160
Carrying amount as of December 31, 2020	**384**	**134**	**13,328**	**384**	**14,230**

Overview of intangible assets as of December 31, 2019 *

	Development costs	Patents and licenses	Acquired contracts	Customer relationships and brand names	Total
Acquisition costs as of January 1, 2019	528	3,820	23,618	1,996	29,962
Additions	0	23	0	0	23
Disposals	(46)	(21)	0	0	(67)
Exchange rate differences	0	0	(3)	0	(3)
Acquisition costs as of December 31, 2019	**482**	**3,822**	**23,615**	**1,996**	**29,915**
Accumulated amortization and impairments as of January 1, 2019	51	3,497	7,582	691	11,821
Amortization of the fiscal year	47	133	1,361	460	2,001
Disposals	(46)	(21)	0	0	(67)
Exchange rate differences	0	0	(1)	0	(1)
Accumulated amortization and impairments as of December 31, 2019	**52**	**3,610**	**8,942**	**1,151**	**13,755**
Carrying amount as of January 1, 2019	477	323	16,036	1,305	18,141
Carrying amount as of December 31, 2019	**430**	**213**	**14,673**	**845**	**16,160**

* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

The acquired contracts as well as the customer relationships and brand names include the following significant assets as of December 31, 2020:

	Carrying amount	Remaining useful life
	(in EUR thousand)	
Acquired storage contracts Secuvita	2,045	6 years
Acquired storage contracts Vita 34 ApS	3,763	12 years
Acquired storage contracts Vivocell	701	6 years
Acquired storage contracts Seracell	6,805	12 to 17 years
Trademark rights Seracell	66	1 year
Customer relations Seracell	319	1 to 4 years

9. GOODWILL

	2020	2019
	(in EUR thousand)	
Acquisition costs as of Jan. 1	18,323	18,323
Acquisition costs as of Dec. 31	**18,323**	**18,323**
Accumulated impairments as of Jan. 1	0	0
Accumulated impairments as of Dec. 31	**0**	**0**
Carrying amount as of Jan. 1	18,323	18,323
Carrying amount as of Dec. 31	**18,323**	**18,323**

Goodwill acquired in business combinations was allocated to cash-generating units for impairment testing as follows:

	2020	2019
	(in EUR thousand)	
Stem cell banking Germany	17,731	17,731
Spain	592	592
	18,323	**18,323**

The Group conducted its annual impairment test in the fourth quarter of fiscal year 2020. The Group considered, among other factors, the relationship between market capitalization and carrying amount in assessing whether there is any indication of impairment. The recoverable amounts based on the impairment test exceeded the carrying amounts for the cash-generating units.

Cash-generating unit "stem cell banking – Germany"

The recoverable amount of the cash-generating unit "stem cell banking - Germany" is determined on the basis of a value-in-use calculation using cash flow forecasts updated compared to the previous year, which are based on financial plans prepared by the management for a period of five years and approved by the Supervisory Board. The discount rate used for the cash flow forecasts for the "stem cell banking – Germany" segment is 8.1% before taxes (previous year: 7.7%). Cash flows beyond the five-year period are extrapolated using a growth rate of 1%.

Cash-generating unit "Spain"

The recoverable amount of the cash-generating unit "Spain" is also determined based on a value-in-use calculation using cash flow projections based on financial budgets prepared by management for a five-year period and approved by the Supervisory Board. The discount rate used for the cash flow forecasts is 10.6% before taxes (previous year: 9.9%). Cash flows beyond the five-year period are extrapolated using a growth rate of 1%.

Basic assumptions for the calculation of the value in use of the business units as of December 31, 2020 and December 31, 2019

The basic assumptions on which management has based its cash flow projections for the impairment test of goodwill are explained below.

Budgeted gross profit margins – Gross profit margins are determined on the basis of the average gross profit margins achieved in the immediately preceding fiscal year for newly concluded contracts.

Discount rates – The discount rates reflect management's estimates of the specific risks associated with each cash-generating unit. This represents the benchmark used by management to assess operating performance and to evaluate future investment projects. The starting point for the derivation of the capitalization rate is a risk-free interest rate with additional consideration of a market risk premium, a country-specific risk surcharge and a company- specific beta factor.

Sensitivity of the assumptions made

In the context of a sensitivity analysis for the cash-generating units, a reduction in the planned gross profit margins by one percentage point or an increase in the discount rates (after taxes) by one percentage point was assumed. On this basis, there is no impairment requirement for the cash-generating units.

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment developed as follows:

Overview of property, plant and equipment as of December 31, 2020

	Land and buildings	Technical equipment	Operating equipment	Total
		(in EUR thousand)		
Acquisition costs as of January 1, 2020	306	8,977	1,844	11,127
Additions	0	547	58	606
Disposals	0	(36)	(4)	(40)
Acquisition costs as of December 31, 2020	**306**	**9,488**	**1,898**	**11,692**
Accumulated depreciation and impairments as of January 1, 2020	0	2,533	1,310	3,843
Depreciation of the fiscal year	0	317	125	442
Disposals	0	(32)	(4)	(36)
Accumulated depreciation and impairments as of December 31, 2020	**0**	**2,818**	**1,431**	**4,248**
Carrying amount as of January 1, 2020	306	6,444	534	7,285
Carrying amount as of December 31, 2020	**306**	**6,670**	**467**	**7,444**

Overview of property, plant and equipment as of December 31, 2019

	Land and buildings	Technical equipment	Operating equipment	Total
		(in EUR thousand)		
Acquisition costs as of January 1, 2019	306	8,354	2,006	10,667
Additions	0	779	48	827
Disposals	0	(157)	(210)	(367)
Acquisition costs as of December 31, 2019	**306**	**8,977**	**1,844**	**11,127**
Accumulated depreciation and impairments as of January 1, 2019	0	2,369	1,390	3,759
Depreciation of the fiscal year	0	321	126	447
Disposals	0	(157)	(206)	(363)
Accumulated depreciation and impairments as of December 31, 2019	**0**	**2,533**	**1,310**	**3,843**
Carrying amount as of January 1, 2019	306	5,985	617	6,908
Carrying amount as of December 31, 2019	**306**	**6,444**	**534**	**7,285**

11. LEASES

The Group mainly leases rented premises and motor vehicles. The leases have terms of up to three years. The rights to use assets under leases developed as shown in the following table:

Overview of rights of use under leases as of December 31, 2020

	Land and buildings	Technical equipment	Total
		(in EUR thousand)	
Acquisition cost at January 1, 2020	2,282	155	2,437
Additions	49	59	108
Changes in leases	11	(21)	(10)
Acquisition cost at December 31, 2020	**2,341**	**194**	**2,535**
Accumulated depreciation and impairment as of January 1, 2020	484	48	531
Depreciation for the fiscal year	476	61	537
Accumulated depreciation and impairments as of December 31, 2020	**960**	**108**	**1,068**
Booking value at January 1, 2020	1,798	107	1,905
Booking value at December 31, 2020	**1,382**	**85**	**1,467**

Overview of rights of use under leases as of December 31, 2019

	Land and buildings	Technical equipment	Total
	(in EUR thousand)		
Acquisition cost at January 1, 2019	1,215	44	1,260
Additions	123	111	234
Changes in leases	943	0	943
Acquisition cost at December 31, 2019	**2,282**	**155**	**2,437**
Accumulated depreciation and impairment as of January 1, 2019	0	0	0
Depreciation for the fiscal year	484	48	531
Accumulated depreciation and impairments as of December 31, 2019	**484**	**48**	**531**
Booking value at January 1, 2019	1,215	44	1,260
Booking value at December 31, 2019	**1,798**	**107**	**1,905**

The corresponding leasing liabilities developed as follows:

	2020	2019
	(in EUR thousand)	
Leasing liabilities as of January 1	1,902	1,260
Payments for the repayment of leasing liabilities	(555)	(541)
Additions from new leases	108	220
Changes in leases	(10)	943
Non-cash interest effects	31	20
Leasing liabilities as of December 31	**1,477**	**1,902**

Leases had the following effects on the result for the period:

	2020	2019
	(in EUR thousand)	
Amortization of leases	537	531
Expenses from short-term leases	0	10
Expenses from low-value leases	11	12
Interest expense for leases	31	20
Expenses from leases	**579**	**574**

In total, payments of EUR 566 thousand (previous year: EUR 563 thousand) were made for leases in the fiscal year.

The Group has concluded various leasing agreements which include an extension option. Management is assessing whether this renewal option can be exercised with reasonable certainty. As of December 31, 2020, the exercise of the existing extension options was not assumed to be sufficiently certain, with the result that they have not been taken into account in the measurement of lease liabilities.

12. INVENTORIES

Inventories are composed as follows:

	2020	2019
	(in EUR thousand)	
Raw materials, consumables and supplies	330	283
Unfinished services	42	11
	372	**294**

In 2020, impairment losses on inventories in the amount of EUR 18 thousand (previous year: EUR 0 thousand) were recognized.

13. TRADE RECEIVABLES

Trade receivables are composed of the following:

	2020	2019
	(in EUR thousand)	
Non-current trade receivables	1,205	632
Current trade receivables	2,547	2,879
	3,752	**3,511**

Due to the sometimes long term duration of the receivables, trade receivables with a term of more than twelve months are reported separately under non-current assets and discounted at a standard market interest rate.

Non-current trade receivables include receivables from annual payment contracts with multi-year contract terms amounting to EUR 788 thousand (previous year: EUR 215 thousand). The receivables are due for payment within ten years.

Impairment allowances on trade receivables have developed as follows:

	2020	2019
	(in EUR thousand)	
Balance of impairment allowances at January 1	928	844
Additions (expenses for impairment allowances)	164	223
Utilization	0	(139)
Release	2	0
Balance as of December 31 of the fiscal year	**1,094**	**928**

In the fiscal year 2020, expenses for the complete write-off of trade receivables amounting to EUR 36 thousand (previous year: EUR 26 thousand) were recognized. All expenses from impairment allowances and write-offs of trade receivables are reported under other operating expenses. Of the trade receivables written off in the fiscal year 2020, receivables in the amount of EUR 63 thousand are subject to enforcement measures.

14. OTHER RECEIVABLES AND ASSETS

	2020		2019	
	Total	Thereof short-term	Total	Thereof short-term
		(in EUR thousand)		
Financial receivables and assets				
Securities investments	100	0	100	0
Other financial assets	233	0	233	0
Miscellaneous other financial assets	126	119	116	109
	458	**119**	**449**	**109**
Non-financial assets				
Accrued expenses	987	295	984	311
Other assets	157	157	139	139
	1,145	**453**	**1,122**	**450**
	1,603	**572**	**1,571**	**559**

Other financial assets include investments in non-consolidated companies.

Other financial assets include in particular rent deposits for laboratory and office premises used by Group companies.

15. CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH

	2020	2019
	(in EUR thousand)	
Restricted cash	119	540
Cash and cash equivalents	10,396	9,102
	10,515	**9,642**

Cash and cash equivalents are composed of bank balances and cash on hand. Bank balances bear interest at variable interest rates for balances redeemable on demand. The item cash and cash equivalents corresponds to the level of cash and cash equivalents for the purposes of the cash flow statement.

Restricted cash are pledged as collateral for bank loans or rental payments. In the fiscal year 2020, cash and cash equivalents in the amount of EUR 370 thousand, which resulted from the disposal of financial investments in the previous year, were released from the pledge.

16. EQUITY

The subscribed capital includes the statutory share capital of Vita 34 AG according to German stock corporation law. Equity is divided into 4,145,959 (previous year: 4,145,959) bearer shares of no-par value.

The capital reserves include payments and other payments by shareholders in excess of the share capital as part of capital measures as well as reserves for share price-based compensation.

Retained earnings include the accumulated results including the current year's result.

The Management Board and the Supervisory Board of Vita 34 AG propose to transfer the balance sheet profit reported in the annual financial statements of Vita 34 AG as of December 31, 2020, in its entirety to the retained earnings.

The other reserves include actuarial gains and losses from defined benefit pension plans, gains and losses of the financial assets measured at fair value through other comprehensive income and gains and losses from foreign currency translation.

As of the balance sheet date, the Group held 47,806 treasury shares (previous year: 47,806 shares).

AUTHORIZED CAPITAL

According to Section 7 para. 2 of the Vita 34 AG Articles of Association, there is an authorized capital. By resolution of the Annual General Meeting on June 4, 2019, the Management Board is authorized, with the approval of the Supervisory Board, to increase the company's share capital in one or more stages in a period up to June 3, 2024 by up to a total of EUR 2,072,979 by issuing up to 2,072,979 new registered no-par value ordinary shares against cash or non-cash contributions.

INFORMATION ON INVESTMENTS IN THE CAPITAL OF VITA 34 AG

The company had the following information on shareholdings subject to disclosure requirements pursuant to Section 160 para. 1 no. 8 AktG (as of December 31, 2020):

Mr. Florian Schuhbauer and Mr. Klaus Röhrig informed us on August 6, 2020, that their share of voting rights in Vita 34 AG, held directly or indirectly, exceeded the threshold of 30% of the voting rights in our company on August 5, 2020, and amounted to 1,510,610 voting rights or 36.44% of the voting rights on that day.

Mr. Dr. Peter Haueisen informed us on April 23, 2019, that his voting rights in Vita 34 AG, held directly or indirectly, exceeded the threshold of 3% of the voting rights in our company on April 15, 2019, and amounted to 126,100 voting rights or 3.04% of the voting rights on that day.

Mr. Dr. André Gerth informed us on August 6, 2020, that his share of voting rights in Vita 34 AG, held directly or indirectly, fell below the threshold of 3% of the voting rights in our company on August 5, 2020, and amounted to 0 voting rights or 0.00% of the voting rights on that day.

Mr. Michael Köhler informed us on May 29, 2020, that his voting rights in Vita 34 AG, held directly or indirectly, fell below the threshold of 3% of the voting rights in our company on May 25, 2020, and amounted to 0 voting rights or 0.00% of the voting rights on that day.

17. LOANS

	2020		2019	
	Total	Thereof short-term	Total	Thereof short-term
		(in EUR thousand)		
Liabilities to banks	3,766	1,493	5,282	1,543
Liabilities from hire purchase loans	60	41	102	41
	3,827	**1,534**	**5,383**	**1,584**

The loan liabilities break down as follows:

	Interest	Due Date	2020	2019
	(in %)		(in EUR thousand)	
Loan of EUR 7,500 thousand	2.48	2018 – 2023	3,745	5,206
Loan of EUR 1,000 thousand	1.25	2015 – 2020	0	50
Loan of EUR 137 thousand	0.00	2013 – 2024	21	25
Hire-purchase loan of EUR 242 thousand	2.86	2017 – 2022	60	102
			3,827	**5,383**

Loans of EUR 3,745 thousand (nominal amount of EUR 7,500 thousand) reported in the balance sheet are secured by a global assignment of the company's receivables from the storage contracts against the third-party debtors with the initials A to Z.

The loan liabilities developed as follows:

	2020	2019
	(in EUR thousand)	
Loans as of January 1 of the fiscal year	5,383	7,687
Payments for the repayment of financial loans	(1,597)	(1,767)
Payments for the acquisition of companies	0	(550)
Non-cash interest effects	40	13
Loans as of December 31 of the fiscal year	**3,827**	**5,383**

The payments for the acquisition of companies in the previous year related to the payment of the installment loan for the acquisition of Vita 34 ApS (formerly: StemCare ApS) in the fiscal year 2015.

18. PROVISIONS

	2020	2019
	(in EUR thousand)	
Balance as of January 1 of the fiscal year	118	164
Addition	0	49
Utilization	46	95
Balance at December 31 of the fiscal year	**73**	**118**

The provisions include the expected costs in connection with a legal dispute from the fiscal year 2018 in the amount of EUR 51 thousand. The Group assumes that provisions of EUR 59 thousand will be utilized in 2021.

19. PENSION PROVISIONS

In 2014, the pension commitment with a former member of the Management Board was revised. Accordingly, the pension commitment valid until then was limited to the entitlements earned until July 31, 2014. This is a defined benefit pension plan (funded), for which contributions were made to a separately administered pension fund. The amounts included in the financial statements have developed as follows:

	2020	2019
	(in EUR thousand)	
Present value of the defined benefit obligation	479	443
Fair value of plan assets	(393)	(387)
Defined benefit obligation	**86**	**56**

In accordance with IAS 19.113, the present value of the defined benefit obligation and the fair value of plan assets are netted. The plan assets include a qualifying insurance contract that precisely covers all promised benefits in terms of their amount and maturity. The recognition of plan assets is therefore limited to the present value of the covered obligations.

Development of the present value of the defined benefit obligation

	2020	2019
	(in EUR thousand)	
Present value of the defined benefit obligation as of January 1	443	347
Interest expense	5	7
Revaluations		
Actuarial gains/losses due to changes in financial assumptions	31	88
Present value of the defined benefit obligation as of December 31	**479**	**443**

Development of the fair value of plan assets

	2020	2019
	(in EUR thousand)	
Fair value of plan assets as of January 1	387	381
Interest income	4	8
Revaluations		
Income from plan assets excluding amounts included in net interest income expenses and income	2	(2)
Fair value of plan assets as of December 31	**393**	**387**

The pension obligations as of December 31, 2020 were measured using the biometric calculation basis Heubeck DIRECTIVE 2018 G according to the modified entry age normal method.

Assumptions for determining the pension obligations

	2020	2019
	(in %)	
Discount factor	0.80	1.10
Salary trend	0.00	0.00
Pension trend	1.90	1.90

Due to the reinsurance policy taken out, no effects on the pension plan obligation are expected to be recognized in profit or loss even if valuation assumptions are changed.

20. DEFERRED GRANTS

The investment grants and subsidies reported under grants developed as follows:

	2020	2019
	(in EUR thousand)	
Balance as of January 1 of the fiscal year	842	890
Released to income	45	48
Balance as of December 31 of the fiscal year	**797**	**842**
Current grants	42	45
Non-current grants	755	797
Balance as of December 31 of the fiscal year	**797**	**842**

The grants are released on a straight-line basis over the useful life of the subsidized assets.

21. CONTRACT LIABILITIES

	2020	2019*
	(in EUR thousand)	
Obligation to fulfil concluded storage contracts	1,308	1,457
Advance payment for storage – non current	10,914	10,419
Advance payment for storage – current	2,900	2,871

	13,814	**13,290**
	15,122	**14,747**

* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

The obligations to fulfil concluded storage contracts are obligations to store stem cell deposits for a contract-specific storage period assumed in the context of mergers. The corresponding contracts are not offset by any revenues until the expiry of the contract-specific storage period.

Advance payments for storage include storage fees received in advance from customers for periods between one year and 50 years, which are recognized as revenue on a straight-line basis over the period of storage.

The item developed as follows in the reporting period:

	2020	**2019***
	(in EUR thousand)	
Balance as of January 1 of the fiscal year	13,290	12,539
Advance payments from previous periods included in revenue from storage	(2,871)	(2,803)
Prepayments received in the fiscal year	3,394	3,554
Balance as of December 31 of the fiscal year	**13,814**	**13,290**

* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

22. TRADE PAYABLES AND OTHER LIABILITIES

	2020	**2019**
	(in EUR thousand)	
Financial liabilities		
Trade payables	1,318	1,266
Other financial liabilities	142	76
	1,459	**1,341**
Non-financial liabilities		
Payments to employees and Management Board	309	580
Other non-financial liabilities	663	643
	972	**1,223**
	2,431	**2,564**

Trade payables are non-interest-bearing and are normally due within 30 days.

Other non-financial liabilities mainly include liabilities from wage and value added taxes.

23. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

23.1 CARRYING AMOUNTS AND FAIR VALUES

The carrying amounts of financial assets and financial liabilities are presented in the following tables. The carrying amount corresponds to the fair value.

	2020	**2019**
	(in EUR thousand)	
Financial assets		
Financial assets at amortized costs		
Trade receivables	3,752	3,511
Other financial assets	126	116
	3,878	**3,628**
Financial assets at fair value through other comprehensive income (debt instruments)		
Securities investments	100	100
Financial assets at fair value through other comprehensive income (equity instruments)		
Other financial assets	233	233
Total financial assets	**4,211**	**3,960**

Financial liabilities		
Financial liabilities at amortized cost		
Interest-bearing loans	3,827	5,383
Trade payables	1,318	1,266
Other financial liabilities	142	76
	5,286	**6,725**
Total financial liabilities	**5,286**	**6,725**

Current trade receivables, other financial receivables, trade payables and other financial liabilities regularly have short remaining terms; the values shown in the balance sheet approximate the fair values.

The fair values of non-current trade receivables with remaining terms of more than one year correspond to the present values of the payments associated with the assets using a standard market interest rate. The classification was made in Level 2 of the fair value hierarchy.

The fair value of securities investments is determined on the basis of stock exchange prices in active markets. The classification was made in Level 1 of the fair value hierarchy.

The fair values of non-current loans measured at amortized cost in the balance sheet were determined by discounting the expected future cash flows using standard market interest rates. In each case, they were allocated to Level 2 of the fair value hierarchy.

The fair value of other financial assets is determined on the basis of suitable valuation methods. In each case, classification was made in Level 3 of the fair value hierarchy.

23.2 NET RESULT BY VALUATION CATEGORY

The net results of financial assets and financial liabilities by measurement category were as follows:

	Financial income	**Financial expenses**	**Other operating expenses**	**Other comprehensive income**	**Total**
			(in EUR thousand)		
2020					
Financial assets at amortized cost	35	0	(202)	0	**(167)**
Financial assets measured at fair value through other comprehensive income (debt instruments)	0	0	0	0	**0**
Financial liabilities at amortized cost	0	(151)	0	0	**(151)**
	35	**(151)**	**(202)**	**0**	**(318)**
2019					
Financial assets at amortized cost	63	(22)	(250)	0	**(209)**
Financial assets measured at fair value through other comprehensive income (debt instruments)	0	(5)	0	4	**(1)**
Financial liabilities at amortized cost	0	(162)	0	0	**(162)**
	63	**(189)**	**(250)**	**4**	**(372)**

23.3 LIQUIDITY RISK

The Group's objective is to maintain a balance between the continuous coverage of financial requirements and ensuring flexibility by using loans and medium-term investments such as securities. The Group continuously monitors the risk of a possible liquidity bottleneck using a liquidity planning tool. This tool takes into account the maturities of financial assets and financial liabilities as well as expected cash flows from operating activities.

The following tables show the contractually agreed (undiscounted) remuneration and redemption payments of the primary financial liabilities:

	2021	2022	2023 ff.
		(in EUR thousand)	
Liabilities from loans	1,546	1,524	755
Leasing liabilities	533	517	459
Trade payables and other liabilities	2,100	268	267
	4,179	**2,309**	**1,481**

All instruments held as of December 31, 2020 and for which payments had already been contractually agreed were included. Target figures for future new liabilities are not included. Financial liabilities repayable at any time are always allocated to the earliest time period.

23.4 CREDIT RISK

The credit risk is the risk that a business partner does not meet its obligations under a financial instrument and that this leads to a financial loss. In the course of its operating activities, the Group is exposed to default risks, particularly in relation to trade receivables and other financial assets.

Trade receivables

The Group conducts business with both private and corporate customers. Outstanding customer receivables and contract volume are monitored regularly. Credit checks are carried out by an external credit institution within the framework of instalment payment agreements in the "stem cell banking - Germany" segment.

At each balance sheet date, an analysis of expected credit losses is performed using an impairment matrix. The provision rates are based on days past due for groupings of different customer segments with similar loss patterns (e. g. by geographical region, customer type and coverage by collateral provided by the customer). The calculation reflects the probability-weighted outcome, the time value of money and appropriate and understandable information available at the balance sheet date about past events, current conditions and projections of future economic conditions. The maximum default risk is limited to the carrying amount shown in note 13. There are no significant concentrations of default risks in the Group. Collateral provided by customers is considered an integral part of trade receivables and is taken into account in the calculation of impairment. As of December 31, 2020, 5% (December 31, 2019: 13%) of the Group's trade receivables are covered by collateral in the form of a bank guarantee and the pledging of equity instruments in favor of the Group.

The following table shows the information on the credit risk exposure of the Group's trade receivables using a provision matrix:

		Receivables overdue in days				
	Total	Not due	Less than 60 days	Between 60 and 180 days	Between 180 and 360 days	More than 360 days
			(in EUR thousand)			
December 31, 2020						
Gross carrying amount	**4,847**	3,259	235	214	208	930
Expected loss rate		1%	1%	56%	62%	88%
Expected credit loss	**1,094**	31	1	120	128	814
December 31, 2019						
Gross carrying amount	**4,440**	2,922	288	166	107	956
Expected loss rate		0%	8%	20%	31%	88%
Expected credit loss	**928**	1	23	33	33	838

Other financial assets

Other financial assets mainly comprise rental deposits paid by the Group for rental and office premises. The Group considers the risk of default to be very low, and therefore no impairment loss was recognized. The maximum credit risk in the event of counterparty default corresponds to the carrying amount of these instruments.

23.5 MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The market risk includes the risk types of interest rate risk and foreign currency risk. The main financial instruments exposed to market risk include interest-bearing loans and trade receivables.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There are no significant interest rate risks in the Group, as the main loan and financing agreements were concluded with fixed interest rates. Further information on this can be found in note 17.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Group is exposed to foreign currency risks in the course of its operating activities (when sales revenues and expenses are denominated in a foreign currency). During the period under review, the Group generated revenues and expenses in Swiss francs (CHF) and Danish krones (DKK). A change in the exchange rate can therefore generally have an impact on the consolidated balance sheet.

The Group has carried out an analysis of the effects of changes in exchange rates of 5% on the Group result. A change in the exchange rate would not have a material effect on the Group result before taxes or on the Group's equity.

24. CONTINGENCIES AND OTHER OBLIGATIONS

As of the balance sheet date December 31, 2020, the Group has obligations to purchase property, plant and equipment in the amount of EUR 341 thousand (December 31, 2019: EUR 211 thousand).

25. INFORMATION ON RELATIONS WITH RELATED PARTIES

Related parties are unconsolidated subsidiaries, companies and shareholders with a controlling influence, subsidiaries and affiliates of companies with a controlling influence and persons in key positions of the company.

The following table shows the total amounts resulting from transactions with related parties for the fiscal year in question:

	Revenues and earnings	Services received and other expenses	Receivables
		(in EUR thousand)	
2020			
Non-consolidated subsidiaries	26	28	5
2019			
Non-consolidated subsidiaries	73	0	9

The Group maintains relations with non-consolidated subsidiaries in the course of its ordinary business activities. In this context, the Group generally sells and buys services at market conditions.

The following expenses were incurred for management members in key positions:

	2020	2019
	(in EUR thousand)	
Short-term benefits		
Supervisory Board remuneration	110	105
Management Board salaries (without pension expenses)	432	507

Individualized information on the remuneration of the Management Board and Supervisory Board is provided in sections 27 and 28.

26. INFORMATION ON THE SCOPE OF CONSOLIDATION

The following companies are included in the Group as of the balance sheet date of December 31, 2020:

	Registered office	Capital share
Subsidiaries		(in %)
Seracell Pharma GmbH	Rostock, Germany	100

Novel Pharma S.L.	Madrid, Spain	100
Secuvita S.L.	Madrid, Spain	88
Vita 34 Gesellschaft für Zelltransplantate mbH	Vienna, Austria	100
Vita 34 ApS	Søborg, Denmark	100

In addition, the following other investments existed at the balance sheet date:

	Registered office	Capital share	Equity	Annual result
		(in %)	(in EUR thousand)	
Vita 34 Slovakia s.r.o. [1, 2]	Bratislava, Slovakia	100	(602)	(8)
Vita 34 Suisse GmbH [1, 2]	Muttenz, Switzerland	100	11	(7)
Kamieniniu lasteliu bankas UAB „Imunolita“ [1, 3]	Vilnius, Lithuania	35	(262)	92
Bio Save d.o.o. [4, 5]	Belgrade, Serbia	30	128	69

[1] Waiver of inclusion in the consolidated financial statements due to immateriality
[2] Equity and annual result according to the annual financial statements as of December 31, 2019
[3] Equity and annual result according to the annual financial statements as of December 31, 2018
[4] Equity and annual result according to the annual financial statements as of December 31, 2016
[5] There is no significant influence.

The direct parent company of Vita 34 AG is AOC Health GmbH with its registered office in Germany. The ultimate parent company of Vita 34 AG is Active Ownership Capital S.à.r.l. with registered office in Luxembourg. Via one and two corporate chains, respectively, Mr. Florian Schuhbauer and Mr. Klaus Röhrig represent the ultimate controlling party of Vita 34 AG.

27. REMUNERATION OF THE MANAGEMENT BOARD IN ACCORDANCE WITH SECTION 314 HGB

The following gentlemen were appointed to the Management Board in the fiscal year 2020:

Dr. Wolfgang Knirsch	Chief Executive Officer
Falk Neukirch	Chief Financial Officer

Remuneration of the Management Board of Vita 34 AG (remuneration report)

The following information on Management Board compensation is legally required in accordance with the requirements of the German HGB (HGB) and the International Financial Reporting Standards (IFRS).

The Management Board of Vita 34 AG consisted of two members in the fiscal year 2020. The employment contract regulations were adjusted for the last time in fiscal year 2019.

Remuneration system for the Management Board and review

The amount and structure of the remuneration of the Management Board is determined by the Supervisory Board in accordance with Section 87 AktG. The remuneration of the Management Board of Vita 34 AG comprises fixed and variable components as well as other remuneration.

Fixed remuneration, variable performance-related remuneration and fringe benefits

The fixed component is the contractually agreed basic remuneration, which is paid monthly in equal amounts. The variable remuneration component, which relates to targets for a three-year period, is based on the achievement of certain quantitative targets. The target amount of the variable remuneration is capped at 100% for all agreed sub-targets and including the discretionary bonus.

A Management Board contract with a term of three years was concluded with the Chief Executive Officer, Dr. Wolfgang Knirsch, effective January 1, 2018. As part of the variable compensation, the contract defines the four sub-components “performance indicators” EBITDA, number of deposits in Germany, Xetra average price of the Vita 34 share over the last 40 trading days of the year, and a discretionary bonus. In the fiscal year 2020, a new Management Board contract was concluded with the Chief Executive Officer, Dr. Wolfgang Knirsch, with effect from January 1, 2021.

A Management Board contract with a term of three years was concluded with the Chief Financial Officer, Falk Neukirch, with effect from January 1, 2019. The contract, which is valid from January 1, 2019, defines the four

sub- components “performance indicators” EBITDA, number of deposits in Germany, Xetra average price of the Vita 34 share over the last 40 trading days of the year and a discretionary bonus.

In addition, the members of the Management Board received fringe benefits, which mainly consist of benefits paid into provident funds, insurance benefits and the private use of a company car and are taxable individually by the members of the Management Board.

Remuneration of the Management Board for the fiscal year 2020

For the fiscal year 2020, the remuneration of the members of the Management Board for their activities totaled EUR 432 thousand (2019: EUR 507 thousand). Details of the remuneration of the members of the Management Board are shown in individualized form in the following tables.

Grants to the Management Board of Vita 34 AG for the fiscal year 2020

	2019	2020	2020 (min)	2020 (max)
		(in EUR thousand)		
Dr. Wolfgang Knirsch				
CEO				
Non-performance-related component:				
Fixed remuneration	250	250	250	250
Fringe benefits	15	13	13	13
Total	**265**	**263**	**263**	**263**
Performance-related component:				
One-year variable remuneration	30	0	0	30
Multi-year variable remuneration	23	0	0	84
Total	**318**	**263**	**263**	**377**
Pension expenses	0	0	0	0
Total remuneration	**318**	**263**	**263**	**377**

	2019	2020	2020 (min)	2020 (max)
		(in EUR thousand)		
Falk Neukirch				
CFO				
Non-performance-related component:				
Fixed remuneration	160	160	160	160
Fringe benefits	9	9	9	9
Total	**169**	**169**	**169**	**169**
Performance-related component:				
One-year variable remuneration	20	0	0	20
Multi-year variable remuneration	0	0	0	57
Total	**189**	**169**	**169**	**246**
Pension expenses	12	12	12	12
Total remuneration	**201**	**181**	**181**	**258**

Inflow of grants made to the Management Board of Vita 34 AG in fiscal year 2020

	Dr. Wolfgang Knirsch CEO		Falk Neukirch CFO	
	2019	2020	2019	2020
	(in EUR thousand)			
Non-performance-related component:				
Fixed remuneration	250	250	160	160
Fringe benefits	15	13	9	9
Total	**265**	**263**	**169**	**169**
Performance-related component:				
One-year variable remuneration	52	23	41	10
Multi-year variable remuneration	0	0	69	0
Total	**317**	**286**	**279**	**179**
Pension expenses	0	0	12	12

Total remuneration	**317**	**286**	**291**	**191**

No member of the Management Board received benefits or corresponding commitments from a third party in the past fiscal year with regard to his activities as a member of the Management Board.

Premature termination of the employment relationship

For the members of the Management Board the following was agreed on: In the event of the revocation of the appointment for good cause, which is not at the same time a good cause pursuant to Section 626 BGB for the termination of the employment contract without notice, and the resulting termination of the employment contract, the company commits itself to pay the respective Management Board member a severance payment in the amount of the annual fixed remuneration for two years, but not exceeding the remuneration for the remaining term of the employment contract. In the event of incapacity for work, the company will continue to pay a maximum of the contractually agreed fixed remuneration for a period of six months.

There are no material agreements of the company that are subject to the condition of a change of control as a result of a takeover offer, with the exception of an agreement concluded with the two members of the Management Board in the event of a change of control ("change of control provision").

If the change-of-control provision applies, it gives both members of the Management Board the right to terminate their employment contracts within six months after becoming aware of it. According to Mr. Dr. Knirsch's contract, which has been in effect since January 1, 2021, the period is limited to three months.

If a Management Board member exercises this right of termination, the severance payment amounts to 50% of the remuneration (fixed remuneration and bonus) no longer accruing and no longer being paid due to the premature termination of the contract, assuming 100% target fulfilment, plus the payment of an annual gross basic salary. The total amount of the severance payment may not exceed EUR 750,000 (Dr. Wolfgang Knirsch) or EUR 400,000 (Falk Neukirch). According to Mr. Dr. Knirsch's contract, which has been in effect since January 1, 2021, the total amount is limited to EUR 500,000.

Share-based payment

The Management Board members of Vita 34 AG do not receive any additional share-based remuneration.

28. REMUNERATION OF THE SUPERVISORY BOARD

The following persons were appointed to the Supervisory Board in the fiscal year 2020:

Florian Schuhbauer (from 07/01/2020)	Founding partner of Active Ownership Capital S.à.r.l. and Active Ownersip Corporation S.à.r.l. (AOC). Member of the Supervisory Board of PNE AG and NFON AG.
Steffen Richtscheid	Lawyer and partner at the law firm Weidinger Richtscheid
Frank Köhler	Co-founder of Aroma company GmbH, shareholder and director of Aroma Company Köhler&Weckesser GbR and Supervisory Board Member of Shop Apotheke Europe N.V.
Andreas Füchsel (from 07/31/2020)	Lawyer and partner of the international law firm DLA Piper UK LLP
Dr. med. Mariola Söhngen (until 07/01/2020)	Chief Executive Officer Convert Pharmaceuticals SA, Belgium, and Managing Director Söhngen-Consult
Nicolas Schobinger (until 07/06/2020)	Member of the Board of Directors of digitaliKa AG and Supervisory Board member of F24 AG and F24 Holding AG

Remuneration of the executive bodies was paid in 2020 in the amount of EUR 110 thousand (2019: EUR 105 thousand).

The remuneration of the Supervisory Board members is determined in accordance with Section 18 of the Articles of Association. The current version of this regulation is based on the resolution of the Annual General Meeting of June 28, 2017 with effect from January 1, 2017. The remuneration is agreed as fixed remuneration and is paid to the Supervisory Board members on a quarterly basis. Special consideration was given to the function of the Chairman of the Supervisory Board and his deputy.

Remuneration of the Supervisory Board of Vita 34 AG

	2020
	(in EUR thousand)
Florian Schuhbauer (Chairman from 07/01/2020)	20
Steffen Richtscheid (Deputy Chairman)	30
Frank Köhler (Chairman until 07/01/2020)	30
Andreas Füchsel	9
Dr. med. Mariola Söhngen	10
Nicolas Schobinger	11
Total	**110**

With regard to other compensation or benefits granted to members of the Supervisory Board or related parties, please refer to note 25.

29. OBJECTIVES AND METHODS OF FINANCIAL RISK MANAGEMENT

The main financial instruments used by the Group include interest-bearing loans as well as cash and short-term investments. The main purpose of these financial instruments is to finance the Group's business activities. The Group has various other financial assets and liabilities, such as trade receivables and trade payables, which arise directly from its business activities. The main risks to the Group arising from the financial instruments are explained in note 23.

Capital management

The Group manages its capital structure and makes adjustments in line with changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, make a capital repayment to shareholders or issue new shares. As of December 31, 2020 and December 31, 2019, there were no changes in the objectives, policies and procedures. Capital comprises the equity reported in the balance sheet.

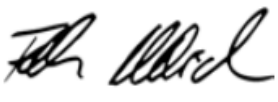
30. AUDITOR'S FEES AND SERVICES IN ACCORDANCE WITH SECTION 314 HGB

The total fee calculated for the auditor PKF Deutschland GmbH for the fiscal year 2020 was EUR 99 thousand and related to auditing services for the statutory audit of the annual and consolidated financial statements of Vita 34 AG.

31. EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred since the end of the fiscal year 2020 that would have had a material impact on the Group's net assets, financial position or results of operations.

Leipzig, March 29, 2021
The Management Board of Vita 34 AG



Dr. Wolfgang Knirsch
Chief Executive Officer

Falk Neukirch
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To Vita 34 AG, Leipzig

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

AUDIT OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the consolidated financial statements of Vita 34 AG, Leipzig, and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in Group equity and the consolidated cash flow statement for the fiscal year from January 1, 2020 to December 31, 2020, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the Vita 34 AG combined management report for the fiscal year from January 1, 2020 to December 31, 2020. In accordance with the requirements of the German HGB, we have not audited the contents of the Declaration on Corporate Governance prepared pursuant to Sections 315d and 289f HGB.

In our opinion, based on the findings of our audit,

- the attached consolidated financial statements comply in all material respects with IFRS, as applicable in the EU, and with the German legal provisions applicable in addition pursuant to Section 315e para. 1 HGB and give a true and fair view of the net assets and financial position of the Group as of December 31, 2020 and of its results of operations for the fiscal year from January 1, 2020 to December 31, 2020 in accordance with these provisions; and

- the attached combined management report provides an accurate overall picture of the Group's situation. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal provisions and accurately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not extend to the content of the above-mentioned Declaration on Corporate Governance pursuant to Sections 315d, 289f HGB.

In accordance with Section 322 para. 3 sentence 1 first half-sentence HGB, we declare that our audit has not led to any objections to the propriety of the consolidated financial statements and the combined management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and the combined management report in accordance with Section 317 HGB and the EU auditors' regulation (no. 537/2014; hereafter: "EU Audit Regulation") in compliance with German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW). Our responsibilities under those standards and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report" section of our auditor's report. We are independent of the Group companies in accordance with the requirements of German commercial law and the rules of professional conduct, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Section 10 para. 2f of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Section 5 para. 1 of the EU Audit Regulation and that we have maintained our independence from the Group companies during the course of the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and the combined management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance for our audit of the consolidated financial statements for the fiscal year from January 1, 2020 to December 31, 2020. These matters are addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, but we do not provide a separate audit opinion on these matters.

We have structured our presentation of these key audit matters as follows:

GOODWILL IMPAIRMENT TESTING:

Reason for determining this issue as a key audit matter: The consolidated financial statements of Vita 34 AG as of December 31, 2020 include "Goodwill" reported in the balance sheet amounting to EUR 18,323 thousand. The goodwill is subject to an impairment test by the company at least once annually in the fourth quarter of the fiscal year. The valuation is determined by use of a valuation model using discounted cash flow techniques. The result is highly dependent on the Management Board's estimates of future cash flows and on the discount rate used. Accordingly, the valuation is associated with significant level of uncertainty and, in our opinion, it is of particular importance for the purposes of our audit.

Audit approach and findings: We have analyzed the process used to perform the impairment testing on goodwill and performed audit procedures on the accounting-related internal controls included in the process. In particular, we have verified the appropriateness of the of the future cash inflows used in the calculation. In doing so, we have, among other things, compared these amounts with current budgets included in the business plans resolved by the Management Board and approved by the Supervisory Board, and with general market expectations. As a relatively small change in the discount rate used can have a significant effect on the amount of the enterprise value calculated under this method, we have also placed focus on the inputs used to calculate the discount rate used in the calculation, including the determination of the weighted average cost of capital and the method used to perform the calculation.

Our audit procedures did not result in any objections to Vita 34 AG's accounting for goodwill.

Reference to relevant information and disclosures: We refer to "Goodwill" in the notes to the consolidated financial statements for a description of the accounting and valuation policies used to perform the impairment testing on goodwill.

OTHER INFORMATION

The Supervisory Board is responsible for the Supervisory Board Report. In addition, the company's legal representatives are responsible for the further information.

The other information comprises the following:

- the responsibility statement,
- the Declaration on Corporate Governance in accordance with Sections 315d and 289f HGB,
- the Supervisory Board Report, and
- the other sections of the Annual Report, with the exception of the audited consolidated financial statements, the audited combined management report, and our audit opinion.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently, we do not express an audit opinion thereon.

In connection with our audit of the consolidated financial statements and the combined management report, our responsibility is to read the other information critically and, in doing so, to consider whether the other information is materially inconsistent with the consolidated financial statements and/or the combined management report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE COMPANY'S LEGAL REPRESENTATIVES AND THE

SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The company's legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e para. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the net assets, financial position, and results of operations of the Group.

In addition, the company's legal representatives are responsible for such internal controls as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the company's legal representatives are responsible for assessing the Group's ability to continue as a going concern. In addition, they also have the responsibility for disclosing, as applicable, matters related to going concern and for preparing financial reports based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the company's legal representatives are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the company's legal representatives are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 consolidated financial statements and this combined management report.

In performing an audit of financial statements in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW), we exercise professional judgment and maintain professional skepticism throughout the audit.

We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. 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.

- obtain an understanding of internal control relevant to the financial statement audit and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- evaluate the appropriateness of accounting policies used by the company's legal representatives and the reasonableness of estimates made by the company's legal representatives and related disclosures.

- conclude on the appropriateness of the company's legal representatives' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are

required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or in the combined management report or, if such disclosures are inadequate, to modify our audit 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 the Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e para. 1 HGB.

- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an audit opinion on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinions.

- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides; and

- perform audit procedures on the prospective information presented by the company's legal representatives in the combined management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the company's legal representatives as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our financial statement audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that have been of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report on the audit of the consolidated financial statements unless law or other regulation precludes public disclosure about the matter.

OTHER LEGAL AND OTHER REGULATORY REQUIREMENTS

REPORT ON THE AUDIT OF THE ELECTRONIC REPRODUCTIONS OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT PREPARED FOR THE PURPOSES OF DISCLOSURE PURSUANT TO Section 317 (3B) HGB.

AUDIT OPINION

In accordance with Section 317 (3b) HGB, we have performed a reasonable assurance audit to determine whether the reproductions of the consolidated financial statements and the combined management report contained in the attached file "vita34agKA.zip" (SHA256: 66C114F0935914253DC662675E29FFA171BCAED3E38242D83411AED15C1B880A) and

prepared for disclosure purposes comply in all material respects with the requirements of Section 328 (1) HGB regarding the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit extends only to the conversion of the information in the consolidated financial statements and the combined management report into the ESEF format and therefore neither to the information contained in these reproductions nor to any other information contained in the aforementioned file.

In our opinion, the reproductions of the consolidated financial statements and the combined management report contained in the aforementioned attached file and prepared for disclosure purposes comply, in all material respects, with the electronic reporting format requirements of Section 328 (1) HGB. We do not express any opinion on the information contained in these reproductions or on the other information contained in the above-mentioned file beyond this opinion and our opinions on the accompanying consolidated financial statements and the accompanying combined management report for the fiscal year from January 1, 2020 to December 31, 2020 contained in the preceding "Report on the audit of the consolidated financial statements and the combined management report".

BASIS FOR THE AUDIT OPINION

We conducted our audit of the reproductions of the consolidated financial statements and the combined management report contained in the above-mentioned attached file in accordance with Section 317 (3b) HGB and the draft IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for Disclosure Purposes pursuant to Section 317 (3b) HGB (IDW EPS 410). Our responsibility thereunder is further described in the section "Responsibility of the Group Auditor for the Audit of the ESEF Documents". Our auditing practice has complied with the quality assurance system requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Auditing Practice (IDW QS 1) applied.

RESPONSIBILITY OF THE LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE ESEF DOCUMENTS

The legal representatives of the company are responsible for the preparation of the ESEF documents with the electronic reproductions of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 no. 2 HGB.

Furthermore, the legal representatives of the company are responsible for the internal controls that they deem necessary to enable the preparation of the ESEF documents that are free from material non-compliance, whether due to fraud or error, with the electronic reporting format requirements of Section 328 (1) HGB.

The legal representatives of the company are also responsible for submitting the ESEF documents, together with the auditor's report and the accompanying audited consolidated financial statements and audited combined management report, as well as other documents required to be disclosed, to the operator of the Federal Gazette.

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE ESEF DOCUMENTS

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of Section 328 (1) HGB. During the audit, we exercise professional judgment and maintain a critical attitude. Furthermore,

- we identify and assess the risks of material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- we obtain an understanding of internal control relevant to the audit of the ESEF documents 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 those controls.
- we evaluate the technical validity of the ESEF documents, i. e. whether the file containing the ESEF documents complies with the requirements of Delegated Regulation (EU) 2019/815, as amended at the reporting date, regarding the technical specification for that file.
- we assess whether the ESEF documents allow for a content identical XHTML reproduction of the audited consolidated financial statements and the audited combined management report.
- we assess whether the tagging of the ESEF documents with inline XBRL technology (iXBRL) enables an adequate and complete machine-readable XBRL copy of the XHTML reproduction.

FURTHER INFORMATION PURSUANT TO SECTION 10 OF THE EU AUDIT REGULATION

We were elected as Group auditor by the Annual General Meeting on July 1, 2020. On October 15, 2020, we were engaged by the Supervisory Board. We have been the Group auditor of Vita 34 AG from the fiscal year 2017.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the Supervisory Board pursuant to Section 11 of the EU Audit Regulation (audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Patrick Niebuhr.

Berlin, March 29, 2021

PKF Deutschland GmbH Wirtschaftsprüfungsgesellschaft

Beier
Wirtschaftsprüfer
(German Public Auditor)

Niebuhr
Wirtschaftsprüfer
(German Public Auditor)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF VITA 34 AG
AS OF AND FOR THE FINANCIAL YEAR ENDED
DECEMBER 31, 2019 (IFRS)

CONSOLIDATED BALANCE SHEET

	Note	For the financial years ended December 31, 2019	2018
		(audited) (in EUR thousand)	
ASSETS			
Non-current assets			
Goodwill	9	18,323	18,323
Intangible assets	8	18,525	19,990
Property, plant and equipment	10	7,285	6,908
Right-of-use assets	11	1,905	0
Other assets	14	1,012	1,312
Trade receivables	13	632	1,088
Restricted cash	15	540	296
		48,221	**47,917**
Current assets			
Inventories	12	294	456
Trade receivables	13	2,879	2,744
Income tax receivables	6	44	845
Other receivables and assets	14	559	395
Cash and cash equivalents	15	9,102	6,960
		12,878	**11,401**
Total Assets		**61,099**	**59,317**
EQUITY & LIABILITIES			
Equity			
Subscribed capital	16	4,146	4,146
Capital reserves	16	24,012	23,913
Retained earnings	16	2,440	1,848
Other reserves	16	(183)	(145)
Treasury shares	16	(261)	(337)
Non-controlling interests	16	114	122
		30,268	**29,546**
Non-current liabilities			
Interest-bearing loans	17	3,799	5,383
Leasing liabilities	11	1,356	0
Deferred grants	20	797	827
Contract liabilities	21	11,563	11,355
Provisions	18	14	0
Pension provisions	19	56	0
Deferred income taxes	6	4,828	4,306
		22,414	**21,870**
Current liabilities			
Trade payables	22	1,266	1,106
Provisions	18	104	164
Income tax payables	6	703	294
Interest-bearing loans	17	1,584	2,305
Lease liabilities	11	546	0
Deferred grants	20	45	63
Contract liabilities	21	2,871	2,803
Other liabilities	22	1,298	1,166
		8,417	**7,901**
Total Equity & Liabilities		**61,099**	**59,317**

CONSOLIDATED STATEMENT OF INCOME

	Note	For the financial years ended December 31, 2019	2018
		(audited)	
		(in EUR thousand)	
Sales revenue	5.1	20,247	20,409
Cost of sales	5.2	(7,635)	(8,435)
Gross profit on sales		**12,612**	**11,974**
Other operating income	5.3	544	716
Marketing and selling costs	5.4	(4,902)	(4,925)
Administrative expenses	5.5	(4,686)	(4,805)
Other operating expenses	5.6	(285)	(329)
Operating result (EBIT)		**3,282**	**2,631**
Financial income		71	44
Financial expenses	5.7	(211)	(891)
Earnings before taxes		**3,142**	**1,784**
Income tax expense/income	6	(1,799)	(952)
Result for the period after taxes		**1,343**	**832**
Attributable to:			
Owners of the parent company		1,350	828
Non-controlling interests		(8)	4
Earnings per share, undiluted/diluted (EUR)			
Undiluted and diluted, relating to the result for the period attributable to the holders of ordinary shares of the parent company	7	0.33	0.20

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2019	2018
		(audited)	
		(in EUR thousand)	
Result for the period		**1,343**	**832**
Other comprehensive income			
Currency translation differences	16	(2)	(7)
Net gain/loss on available-for-sale financial assets	16	4	7
Income tax effect	6	(1)	(2)
Other comprehensive income to be reclassified to the statement of income in subsequent periods		**1**	**(2)**
Result from equity instruments at fair value through other comprehensive income		0	(24)
Reassessment of a defined benefit plan	19	(56)	0
Income tax effect	6	18	0
Other comprehensive income not to be reclassified to the statement of income in subsequent periods		**(38)**	**(24)**
Total comprehensive income after taxes		**1,305**	**807**
Attributable to:			
Owners of the parent company		1,313	803
Non-controlling interests		(8)	4

CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

	Equity attributable to the owners of the parent company									
	Subscribed capital	**Capital reserves**	**Retained earnings**	**Reserves for available-for-sale financial assets**	**Revaluation reserves**	**Currency translation differences**	**Total equity**	**Treasury shares at acquisition costs**	**Non-controlling interests**	**Total equity**
					(audited)					
					(in EUR thousands)					
Balance as of Jan. 1, 2018	**4,146**	**23,913**	**1,810**	**(8)**	**(122)**	**10**	**29,749**	**(337)**	**117**	**29,528**
Result for the period	0	0	828	0	0	0	828	0	4	832
Other comprehensive income	**0**	0	0	(19)	0	(7)	(25)	0	0	(25)
Total comprehensive income	0	**0**	**828**	**(19)**	**0**	**(7)**	**803**	**0**	**4**	**807**
Dividend payment	**0**	0	(653)	0	0	0	(653)	0	0	(653)
Other changes	0	0	(136)	0	0	0	(136)	0	0	(136)
Balance as of Dec. 31, 2018	**4,146**	**23,913**	**1,848**	**(26)**	**(122)**	**3**	**29,762**	**(337)**	**122**	**29,546**
Balance as of Jan. 1, 2019	**4,146**	**23,913**	**1,848**	**(26)**	**(122)**	**3**	**29,762**	**(337)**	**122**	**29,546**
Result for the period	0	0	1,350	0	0	0	1,350	0	(8)	1,343
Other comprehensive income	0	0	0	3	(38)	(2)	(38)	0	0	(38)
Total comprehensive income	**0**	**0**	**1,350**	**3**	**(38)**	**(2)**	**1,313**	**0**	**(8)**	**1,305**
Sale of treasury shares	0	99	0	0	0	0	99	77	0	176
Dividend payment	**0**	0	(656)	0	0	0	(656)	0	0	(656)
Other changes	0	0	(103)	0	0	0	(103)	0	0	(103)
Balance as of Dec. 31, 2019	4,146	**24,012**	**2,440**	**(24)**	**(160)**	**1**	**30,415**	**(261)**	**114**	**30,268**

CONSOLIDATED CASH FLOW STATEMENT

	Note	2019	2018
		(audited)	
		(in EUR thousand)	
Cash flow from operating activities			
Earnings for the period before taxes		3,142	1,784
Adjusted for:			
Depreciation and amortization	8, 10, 11	2,464	2,092
Gains/losses on disposal of non-current assets		6	5
Other non-cash expenses/income		(47)	(237)
Financial income		(71)	(44)
Financial expenses	5.7	184	891
Changes in working capital:			
+/– Inventories		162	(18)
+/– Receivables and other assets		269	1,156
+/– Liabilities		292	(850)
+/– Contract liabilities		277	337
+/– Provisions		(46)	161
Interest paid		(161)	(236)
Income taxes paid		(153)	(443)
Cash flow from operating activities		**6,318**	**4,597**
Cash flow from investing activities		(23)	(17)
Purchase of intangible assets	8	(827)	(795)
Purchase of property, plant, and equipment	10	(550)	(825)
Purchase of companies, net of assumed cash	17	0	(17)
Proceeds from the disposal of property, plant, and equipment		2	5
Proceeds from the sale of financial investments	15	0	2,446
Interest received		8	25
Cash flow from investing activities		**(1,390)**	**821**
Cash flow from financing activities			
Proceeds from share issues	16	176	0
Dividend payment	16	(656)	(653)
Payments for the repayment of financial loans	17	(1,767)	(1,985)
Payments for leases	11	(541)	0
Cash flow from financing activities		**(2,787)**	**(2,638)**
Net change in cash and cash equivalents		2,140	2,779
Cash and cash equivalents at the beginning of the reporting period		6,960	4,180
Cash and cash equivalents at the end of the reporting period (liquid funds)		**9,102**	**6,960**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR 2019

1. INFORMATION ON THE PARENT COMPANY AND THE GROUP

The parent company Vita 34 AG (the "Company") based in Leipzig (Germany), Deutscher Platz 5a, registered in the register court of the local court of Leipzig under HRB 20339, is a company whose corporate purpose is the collection, processing and storage of stem cells from umbilical cord blood and tissue, the development of cell therapeutic procedures and the implementation of projects in the field of biotechnology. Its subsidiaries (together with the company referred to as "Group") are also active in the field of storage of umbilical cord blood and tissue.

The declaration on the German Corporate Governance Code required by Section 161 AktG has been issued and made available to shareholders on the website www.vita34group.de.

The consolidated financial statements of Vita 34 AG for the fiscal year ending December 31, 2019 were approved for publication by the Management Board on March 22, 2020. Vita 34 AG is a limited liability stock corporation founded in Germany with its registered office in Germany, whose shares are admitted to public trading.

2. ACCOUNTING AND VALUATION PRINCIPLES

2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of Vita 34 AG have been prepared in accordance with the International Financial Reporting Standards (IFRS) valid on the balance sheet date, as applicable in the EU, and the supplementary provisions of German commercial law to be observed in accordance with Section 315e para. 1 HGB. All IFRS binding for the fiscal year 2019 and the pronouncements of the International Financial Reporting Interpretations Committee (IFRIC) were applied insofar as they were recognized by the European Union.

The consolidated financial statements of Vita 34 AG are generally prepared on the basis of continued acquisition costs in euro. This does not apply to financial assets measured at fair value. Unless otherwise stated, all values are rounded to the nearest thousand euro (EUR thousand).

2.2 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Vita 34 AG and its subsidiaries as of December 31 of each fiscal year. The financial statements of the subsidiaries are prepared using uniform accounting and valuation methods on the same balance sheet date as the financial statements of the company.

The subsidiaries over which the company exercises control are included in the consolidated financial statements. In particular, the Group controls an associated company if all of the following characteristics are met:

- executive power over the associated company (i.e., based on currently existing rights, the Group has the power to govern the activities of the associated company that have a significant effect on the associated company's return),
- a risk exposure from or entitlement to fluctuating returns from its investment in the associated company, and
- the ability to use its executive power over the associated company in such a way as to affect the performance of this company.

In addition to the parent company Vita 34 AG, the subsidiaries listed in note 26 were included in the Group's consolidation scope. In the fiscal year 2019, the subsidiary Seracell Stammzelltechnologie GmbH was merged with Seracell Pharma GmbH (formerly: Seracell Pharma AG).

2.3 CHANGES IN ACCOUNTING AND VALUATION METHODS

The accounting and valuation methods applied correspond in principle to the methods used in the previous year. The Group applied IFRS 16 for the first time in the fiscal year 2019. The conversion effects for the Group resulting from the first- time application of IFRS 16 as of January 1, 2019 due to the change in accounting method, are described in this section.

Various other standards and amendments to standards were applied for the first time in 2019, which have no impact on the consolidated financial statements of Vita 34 AG. The Group has not applied any standards, amendments or interpretations early that have been published but have not yet come into force.

IFRS 16 Leases

The standard was published in January 2016 and is to be applied for the first time for fiscal years beginning on or after January 1, 2019. IFRS 16 replaces IAS 17 'Leases' and a number of lease-related interpretations. The standard requires lessees to recognize the right to use the leased asset and a corresponding lease liability for most leases. The lessee is no longer required to classify the leased asset as a finance lease or an operating lease as required by IAS 17.

Vita 34 applies IFRS 16 for the first time to the fiscal year beginning January 1, 2019 using the modified retrospective approach. The first-time application affects the leases of Vita 34 that were previously classified as operating leases. As part of the first-time application of IFRS 16, assets for the usage rights to leased assets in the amount of EUR 1,260 thousand and lease liabilities in the same amount were recognized as of January 1, 2019.

In accordance with the application facilitations of IFRS 16, the Group does not apply the new regulations to leases whose term ends within twelve months after the date of first-time application, nor to leases for assets of low value. The minimum lease payments from operating leases as of December 31, 2018 include rent-related obligations. These rent-related obligations were not taken into account when determining the lease liability.

Based on the operating lease obligations as of December 31, 2018, the reconciliation to the opening balance sheet value of the lease obligations as of January 1, 2019 was as follows:

	(in EUR thousand)
Minimum lease payments from operating leases as of December 31, 2018	**2,327**
Non-leasing components	(791)
Leases with provision in 2019	(180)
Short-term leases	**(10)**
Low-value leases	(35)
Leasing obligations as of January 1, 2019 (undiscounted)	**1,311**
Discounting with the marginal borrowing rate as of January 1, 2019	(51)
Leasing liability from first-time application of IFRS 16 as of January 1, 2019	**1,260**

The weighted average interest rate was 1.5%.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING AND VALUATION METHODS

Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the fair value of the assets given at the acquisition date, and the non-controlling interest in the acquiree. Incidental acquisition costs are recognized as expenses within administrative expenses at the time they arise.

Non-controlling interests are measured at the proportionate fair value of the assets acquired and liabilities assumed. After initial recognition, gains and losses are allocated without limit in proportion to the interest held, which may also result in a negative balance for non-controlling interests.

When the Group acquires a company, it assesses the appropriate classification and designation of the financial assets and assumed liabilities in accordance with the contractual terms, economic circumstances and conditions prevailing at the time of acquisition.

Goodwill is initially measured at cost, which is the excess of the consideration transferred over the Group's interest in the identifiable assets acquired and liabilities assumed. In the case of an acquisition at a price below fair value, the resulting gain is reported under other operating income. Before recognizing a gain on an acquisition at less than fair value, a further assessment is made to ensure that all assets acquired and liabilities assumed have been adequately identified and measured.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the business combination, irrespective of whether other assets or liabilities acquired are assigned to those units. This applies regardless of whether other assets or liabilities of the acquired company are allocated to these cash-generating units.

For goodwill, the Group determines at each balance sheet date whether there are any indications of impairment of goodwill. Goodwill is tested for impairment at least once a year. A review is also carried out if events or

circumstances indicate that the value could be impaired. Impairment is determined by calculating the recoverable amount of the cash- generating unit to which the goodwill was allocated. If the recoverable amount of the cash-generating unit is less than the carrying amount of this unit, an impairment loss is recognized. An impairment loss recognized for goodwill may not be reversed in subsequent reporting periods.

Measurement of fair value

All assets and liabilities for which fair value is disclosed in the financial statements are classified in the fair value hierarchy described below, based on the lowest level input parameter that is significant to fair value measurement overall:

(a) Level 1 - Quoted (unadjusted) prices in active markets for identical assets or liabilities

(b) Level 2 – Measurement procedures where the lowest level input parameter that is significant for fair value observation as a whole is directly or indirectly observable in the market

(c) Level 3 – Measurement procedures where the input parameter of the lowest level that is significant for observation at fair value overall is not observable in the market

For assets and liabilities recognized on a recurring basis in the financial statements, the Group determines whether reclassifications between levels in the hierarchy have occurred by reviewing the classification (based on the lowest level input parameter that is significant to the fair value observation overall) at the end of each reporting period.

Research and development costs

Research costs are recognized as expenses in the period in which they are incurred. Development costs incurred as part of an individual project are recognized as assets if they meet the recognition criteria of IAS 38.

After initial recognition, development costs are carried at cost less accumulated amortization and accumulated impairment losses. Amortization begins when the development phase is completed and from the date on which the asset can be used. It is recognized over the period over which future benefits are expected and is included in cost of sales. During the development phase, an annual impairment test is carried out.

Intangible assets

Separately acquired intangible assets that are not acquired as part of a business combination are measured at acquisition cost upon initial recognition. The acquisition costs of intangible assets acquired as part of a business combination correspond to their fair value at the time of acquisition. After initial recognition, intangible assets are carried at acquisition cost, minus any accumulated amortization and any accumulated impairment losses.

Intangible assets with finite useful lives are amortized over their economic lives and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each fiscal year. If the expected useful life of the asset or the expected pattern of amortization of the asset has changed, a different amortization period or method is selected. Such changes are treated as changes in an accounting estimate. Amortization on intangible assets with finite useful lives is recognized in the income statement under the expense category consistent with the function of the intangible asset.

The accounting policies applied to the Group's intangible assets (excluding goodwill) are summarized below:

	Development costs	**Patents and licenses**	**Contracts acquired**	**Customer relationships and brand names**
Useful life	Finite useful life, amortization over the expected product life cycle	Finite useful life, amortization over the expected useful life of 5 to 15 years	Finite useful life, amortized over the expected contract term by which the majority of the expected cash inflows will be received (12 to 20 years)	Finite useful life, amortization over the expected period of 4 to 5 years

Amortization method used	Amortization is calculated using the straight-line method over the expected useful life			
Internally created or acquired	Internally created	Acquired	Acquired	Acquired

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss in the period in which the item is derecognized.

Property, plant and equipment

Property, plant and equipment not acquired in a business combination is carried at acquisition or production costs less accumulated scheduled depreciation. The acquisition costs of property, plant and equipment acquired in a business combination correspond to their fair value at the time of acquisition. Scheduled straight-line depreciation is based on the estimated useful lives of the assets.

Useful life of the assets

	Useful life
Laboratory equipment	5 to 14 years
Cryotanks and accessories	40 years
Office and business equipment	3 to 13 years

The carrying amounts of property, plant and equipment are tested for impairment whenever there is an indication that the carrying amount of an asset may exceed its recoverable amount.

The residual values of assets, the useful lives and the depreciation methods are reviewed at the end of each fiscal year and adjusted if necessary.

Impairment of non-financial assets

The Group assesses at each balance sheet date whether there are any indications that an asset may be impaired. If any such indication exists, or if annual impairment testing for an asset is required, the Group makes an estimate of recoverable amount. The recoverable amount of an asset is the higher of the two amounts of the fair value of an asset or a cash- generating unit less costs to sell and its value in use. The recoverable amount is determined for each individual asset, unless an asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount. To determine the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market expectations regarding the interest effect and the specific risks of the asset. An appropriate valuation model is used to determine fair value less costs to sell. This is based on valuation multiples, stock exchange prices of exchange-traded shares in companies or other available indicators of fair value. Impairment losses of continuing operations are recognized in the expense categories consistent with the function of the impaired asset.

For assets other than goodwill, an assessment is made at each balance sheet date as to whether there is any indication that an impairment loss recognized in prior periods may no longer exist or may have decreased. If such an indicator exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset must be increased to its recoverable amount. This increased carrying amount may not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

After a reversal of an impairment loss, the depreciation charge shall be adjusted in future periods to allocate the asset's revised carrying amount, less any residual carrying amount, on a systematic basis over its remaining useful life.

Financial assets

Initial recognition and measurement of financial assets

In accordance with IFRS 9, financial assets are classified in the following measurement categories:

1. Financial assets at amortized cost (debt instruments)

2. Financial assets at fair value through other comprehensive income (debt instruments)

3. Financial assets at fair value through profit or loss

4. Financial assets at fair value through other comprehensive income (equity instruments)

The classification of financial assets upon initial recognition depends on the characteristics of the cash flow conditions and the business model conditions of the financial asset. When financial assets are recognized for the first time, they are measured at fair value. In the case of financial assets that are not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset are also included. The Group determines the classification of its financial assets upon initial recognition and reviews this classification at the end of each reporting period to the extent permissible and appropriate.

Regular way purchases and sales of financial assets are recognized on the settlement date, i.e. the date on which an asset is delivered to or by the company. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets

1. Financial assets at amortized cost (debt instruments)

The Group classifies financial assets in this category if the following conditions are met:

- The financial asset is held as part of the Group's business model to collect the contractual cash flows, and

- The contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and interest on the principal outstanding.

Financial assets at amortized cost are measured using the effective interest method and are assessed for impairment. Non-current non-interest-bearing receivables are discounted at a market interest rate equivalent to the term. Gains and losses from financial assets at amortized cost are recognized in the income statement.

Financial assets at amortized cost mainly comprise trade receivables.

2. Financial assets measured at fair value through other comprehensive income (debt instruments)

The Group classifies financial assets in this category if the following conditions are met:

- The financial asset is held within the scope of the Group's business model both to collect the contractual cash flows and to sell financial assets and

- The contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and interest on the principal outstanding.

Gains and losses on financial assets measured at fair value through other comprehensive income are recognized in other comprehensive income. This does not include impairment losses and income, interest from the application of the effective interest method and gains and losses from currency translation. If the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to the income statement.

Financial assets from debt instruments measured at fair value through other comprehensive income include investments in securities, which are reported under non-current assets.

3. Financial assets measured at fair value through other comprehensive income (equity instruments)

On initial recognition, the Group may elect to irrevocably classify its investments as investments measured at fair value through other comprehensive income if they meet the definition of equity under IAS 32 and are not held for trading purposes. The classification is made individually for each instrument.

Gains and losses on such financial assets are recognized in other comprehensive income and are not subsequently transferred to the income statement.

Financial assets from equity instruments measured at fair value through other comprehensive income include shares in the other investments listed in Note 26.

4. Financial assets measured at fair value through profit or loss

Financial assets in this category comprise financial assets held for trading, financial assets that are measured at fair value upon initial recognition through profit or loss, or financial assets that must be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of sale or repurchase in the near future. Derivatives, including separate embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified irrespective of the business model and measured at fair value through profit or loss. Notwithstanding the criteria for classifying debt instruments at amortized cost or at fair value through OCI as described above, debt instruments may be designated at fair value through profit or loss upon initial recognition if this eliminates or significantly reduces an accounting mismatch.

Financial assets in this category are carried at fair value on the balance sheet, with net changes in fair value recognized in the income statement.

The Group does not hold any such financial assets.

Derecognition of financial assets

A financial asset is derecognized when the right to receive cash flows from the financial asset expires or the financial asset is transferred.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments that are not carried at fair value through profit or loss. ECLs are based on the difference between the agreed cash flows under the respective contract and the discounted expected cash flows.

ECLs are determined in two stages. For credit risks that have not increased significantly since initial recognition, ECLs are established for credit losses resulting from default events that are possible within the next twelve months (12-month ECL). For credit risks that have increased significantly since initial recognition, an allowance for expected credit losses is established over the remaining life of the exposure, regardless of the time of default (lifetime ECL).

For trade receivables, the Group uses a simplified approach to calculate ECLs. Therefore, the Group does not track changes in credit risk, but establishes an allowance for expected credit losses based on lifetime ECLs at each balance sheet date. The Group has established an allowance matrix based on its historical credit risk experience, adjusted for forward-looking factors specific to debtors and the economic environment.

For debt instruments measured at fair value through other comprehensive income, the Group applies the simplified method for assessing credit risk. At each reporting date, the Group assesses whether the debt instrument has a low credit risk taking into account all reasonable and supportable information available without undue effort or expense. In making this assessment, the Group re-evaluates the internal credit quality of the debt instrument. In addition, the Group believes that credit risk is significantly increased if contractual payments are more than 30 days past due.

Financial liabilities

Initial recognition and measurement of financial liabilities

All financial liabilities are initially recognized at fair value and in the case of loans and liabilities, less directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables as well as loans and borrowings.

Subsequent measurement of financial liabilities

The measurement of financial liabilities depends on their classification as described below:

- Interest-bearing loans

This is the most relevant category for the Group. After initial recognition, interest-bearing loans are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized and as part of the amortization process of the effective interest method.

Amortized cost is calculated taking into account any discount or premium on the purchase and any fees or costs that are an integral part of the effective interest rate. The amortization of the effective interest method is recognized in the income statement as finance costs.

This category generally applies to interest-bearing loans and borrowings. Further information is provided in note 17.

- Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of short-term repurchase. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedging relationships as defined by IFRS 9. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the income statement. Financial liabilities designated upon initial recognition as at fair value through profit or loss are classified as such upon initial recognition and only if the criteria of IFRS 9 are met.

The Group has not classified any financial liabilities as at fair value through profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the respective carrying amounts is recognized in the income statement.

Treasury shares

If the Group acquires treasury shares, these are recognized at acquisition costs and deducted from equity. The purchase, sale, issue or cancellation of treasury shares is recognized directly in equity. Any differences between the carrying amount and the consideration are recognized directly in equity.

Inventories

Inventories are measured at the lower value of acquisition or production costs and net realizable value.

In addition to production materials and wages, the cost of work in progress also includes appropriate portions of production overheads and depreciation to the extent attributable to production. Administrative and selling costs and interest were not included.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash on hand, bank balances and short-term deposits with original maturities of three months or less. Restricted cash is reported separately.

For the purposes of the cash flow statement, cash and cash equivalents include cash and short-term deposits as defined above.

Provisions

A provision is recognized when the Group has a present obligation (legal, contractual or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision recognized as a liability to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to the formation of the provision is shown in the income statement after deduction of the reimbursement. If the effect of the time value of money is material,

provisions are discounted at a pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in provisions due to the passage of time is recognized as interest expense.

Legal disputes are often based on complex legal issues and involve considerable uncertainty. Accordingly, the assessment as to whether a present obligation as of the balance sheet date probably exists as a result of a past event, whether a future outflow of resources is probable and whether the amount of the obligation can be reliably estimated is based on considerable discretion. The assessment is usually made with the involvement of external lawyers. It may become necessary to set up a provision for an ongoing proceeding due to new developments or to adjust the amount of an existing provision. In addition, the outcome of proceedings for Vita 34 may result in expenses that exceed the provision set up for the case.

Pensions

As part of a business combination in 2012, the company assumed a pension agreement and the related reinsurance policies. For this pension obligation, the company has made contributions to an insurance company. The amount of the pension obligation is determined using the actuarial projected unit credit method. The company recognizes the full amount of actuarial gains and losses in other comprehensive income in the reporting period in which they occur. Actuarial gains and losses are immediately transferred to retained earnings and are not reclassified as income in subsequent years.

The amount to be recognized as a liability from a defined benefit plan includes the present value of the defined benefit obligation (using a discount rate based on senior fixed-interest corporate bonds; see note 19) and the fair value of plan assets available for the direct settlement of obligations. Plan assets include qualifying insurance policies. The plan assets are protected against access by creditors of the Group and cannot be paid directly to the Group. The fair value is based on information about the market price. The value of a recognized asset of the defined benefit plan generally corresponds to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. As the plan assets include a qualifying insurance contract that precisely covers all promised benefits in terms of their amount and maturity, the recognition of plan assets is limited to the present value of the obligations covered.

Leases

When concluding an agreement, the Group assesses whether the agreement contains a lease, i. e. the right to use an identified asset for a certain period of time in return for payment. For all leases, the Group records assets for the rights to use the leased assets and liabilities for the payment obligations resulting from the leases. Exceptions to this are short-term leases and leases for assets of low value, for which payments are recognized as expenses in the income statement on a straight-line basis in accordance with the application of the facilitations provided by IFRS 16.

Rights of use of assets

The Group recognizes rights of use under leases from the date on which the asset in question is available for use. Rights of use are measured at amortized cost less accumulated depreciation and impairment losses. Changes resulting from the revaluation of lease liabilities are reflected in the carrying amount of the right of use. The cost of acquisition includes the value of the recognized lease liability plus lease payments made before the asset is made available for use, initial direct costs and asset retirement obligations less lease incentives received. Rights of use are amortized on a straight-line basis over the lease term.

Lease liabilities

The Group recognizes lease liabilities from the date on which the asset is available for use. The lease liability is measured at the present value of the lease payments to be made over the term of the contract.

Lease payments include:

- fixed payments minus lease incentives payable by the lessor,
- variable payments,
- expected payments from residual value guarantees,
- the exercise price of a call option (if exercise was deemed sufficiently certain), and
- contractual penalties in the event of termination of a lease.

Lease payments are discounted at the interest rate on which the lease is based, if determinable. Otherwise, they are discounted at the marginal borrowing rate.

Insofar as leases contain extension or termination options, changes in the term of these options are only taken into account if the exercise or non-exercise of such options is sufficiently certain.

The carrying amount of a lease liability is remeasured if there is a change in the lease (e. g. with regard to the amount of the lease payments or the term of the lease).

Revenue from contracts with customers

The Group generates revenue from the provision of services. The Group recognizes revenue when it fulfils a performance obligation by transferring a promised good or service to a customer.

The production and storage of stem cell deposits represent the major part of the services provided by the Group. As part of the services provided, these are either sold individually to the customer and the storage is invoiced annually (“annual payer contracts”) or they are sold in a package with a contractually agreed duration of storage of the stem cell deposit (“prepayment contracts”). Both the creation and the storage of stem cell deposits constitute separate service obligations. In the case of the individual sale of the services, the transaction price can be clearly allocated to the service obligation. In the event of a sale of the two services in a package to the customer, the transaction price is allocated to the service obligations on the basis of the relative individual sale prices. Revenue from the production of the stem cell deposit is recognized when the process of collecting, preparing and storing the stem cells is completed. Revenue from the storage of stem cell deposits is recognized over the contractually agreed storage period. The allocation of discounts granted at the level of individual contracts is made in the service obligation “creation of stem cell deposits”.

In the case of prepayment contracts, the Group receives prepayments from customers for the storage of stem cell deposits over a period of several years. The customer prepayments received are deferred and reported in the balance sheet item contract liabilities. Invoices to customers are issued in accordance with the contractual terms and conditions and usually provide for payment within 30 days of invoicing.

Government grants

Government grants are recognized when there is reasonable assurance that the grants will be received and the company will comply with the conditions attached to them. In the case of expense-related grants, these are recognized as income over the period necessary to match them with the related expenses they are intended to compensate. If the grant relates to an asset, it is recognized as deferred income and released to income on a straight-line basis over the expected useful life of the asset concerned.

Taxes

Actual tax refund claims and tax liabilities

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The calculation of the amount is based on the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxes

Deferred taxes are recognized using the balance sheet liability method for all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base at the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, unused tax loss carryforwards and unused tax credits to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the unused tax loss carryforwards and tax credits can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the deferred tax asset can be at least partially utilized. Unrecognized deferred tax assets are reviewed on each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. This is based on the tax rates (and tax regulations) that are valid on the balance sheet date or will be valid shortly.

Value added tax

Revenues, expenses and assets are recognized net of value-added tax. There are the following exceptions:

- If the value added tax incurred on the purchase of goods or services cannot be claimed by the tax authorities, the sales tax is recognized as part of the cost of the asset or as part of the expenses.
- Receivables and liabilities are recognized together with the amount of value added tax included therein.

The amount of value added tax refunded by or paid to the tax authorities is recognized in the balance sheet under receivables or liabilities.

2.5 SIGNIFICANT ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

Impairment test of goodwill

Goodwill acquired in the course of business combinations was allocated to the cash-generating units “stem cell banking – Germany” and “Spain” for the purpose of impairment testing.

The recoverable amount of each cash-generating unit is determined based on a value-in-use calculation using cash flow projections based on financial budgets prepared by management for a three-year period and approved by the Supervisory Board. The recoverable amount is heavily dependent on the discount rate used in the discounted cash flow method and the expected future cash inflows. The basic assumptions for determining the recoverable amount, including a sensitivity analysis, are explained in note 9.

Treatment of deferred tax assets

Deferred taxes on loss carryforwards by Novel Pharma S.L. were not capitalized. This company is a pure holding company, for which no sufficient taxable income can be expected in the future based on current tax circumstances.

Deferred taxes were capitalized on the loss carryforwards of Group companies existing as of the balance sheet date, provided that it can be assumed according to the planning calculations that the loss carryforwards will be utilized. Deferred tax assets for differences between the tax balance sheet values and the IFRS balance sheet values of the respective companies were offset against deferred tax liabilities. In the event of a surplus of deferred tax assets, these were capitalized if it is considered probable that taxable income will be available for this purpose.

We refer to the explanations in note 6 “income taxes”.

Revenue from contracts with customers

Breakdown of the transaction price for pre-payment contracts

Both the production and storage of stem cell deposits constitute separate performance obligations. In the case of prepayment contracts, both services are sold to the customer as a package. The allocation of the transaction price to the service obligations is based on the relative individual sales prices.

The Group concludes that the determination of the relative individual sales prices on the basis of the “expected cost plus a margin approach” is the most appropriate method for their determination. Both performance commitments are allocated the same relative margin in relation to the respective cost of production. The production costs for the multi-year benefit obligation for the storage of stem cell deposits are determined on the basis of expected cost and inflation developments.

Existence of a financing component for prepayment contracts

In the case of prepayment agreements, the Group receives prepayments from the customer for the storage of stem cell deposits over a period of several years. With regard to the nature of the service offered, the Group notes that the payment terms were designed for reasons other than the provision of financing to the Group.

The Group therefore concludes that the prepayments made do not contain a financing component.

Revenue recognition for annual payer contracts with multi-year contract terms

The Group offers annual payer contracts, which include a minimum contract period of several years in relation to the service obligation storage of the stem cell deposit. The transaction price for this contract is determined taking into account all payments to be made by the customer during the contract period.

The Group believes that a significant financing component exists for these contracts. Therefore, for payments due in more than one year, an adjustment is made for the time value of money. The allocation of the transaction price to the performance obligations is similar to the allocation of the transaction price for prepayment contracts.

Leases

Determination of the term of a lease with an extension option

The Group determines the term of the lease as the non-cancelable term of the lease and all periods covered by an option to extend the lease if exercise is reasonably certain.

The Group has several leases that include renewal options. The Group makes an assessment as to whether it is reasonably certain that the lease renewal option will be exercised.

Determination of the marginal borrowing rate

The Group is regularly unable to determine the implicit interest rate of a lease. In these cases the lease liability is measured at the marginal interest rate. This is the interest rate that the Group would pay under similar economic conditions for a loan – with a similar term and collateralization – to acquire an asset with a similar value as the right to use the leased asset.

The Group determines the marginal borrowing rate using observable data such as market interest rates, taking into account company-specific adjustments.

Treatment of grants for development projects

Income from publicly subsidized development projects is recognized as income at the time when the corresponding eligible expenses are incurred by the company. Recognition of income requires a notice of subsidy from the public funding authorities.

Recording income at the time when the eligible expenses are incurred ensures that expenses and income are presented in the consolidated financial statements on an accrual basis.

2.6 NEW ACCOUNTING STANDARDS

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have adopted further standards, interpretations and amendments to standards that are not yet mandatory for the fiscal year 2019 and have not yet been applied to these consolidated financial statements. From today's perspective, the standards and interpretations that have already been published but have not yet come into force do not have any material impact on the Group's net assets, financial position and results of operations.

3. SUBSIDIARIES WITH SIGNIFICANT NON- CONTROLLING INTERESTS

Minority shareholders hold interests in the following company:

	Share of equity / voting rights	
Name, registered office	**2019**	**2018**
	(in %)	
Secuvita S.L., Madrid, Spain	12.0	12.0

Minority interests in significant subsidiaries are composed as follows:

	Share of equity / voting rights	
	2019	2018
	(in EUR thousand)	
Secuvita S.L., Madrid, Spain	114	122

The summarized financial information for subsidiaries with significant non-controlling interests is as follows:

	Secuvita S.L., Madrid, Spain	
	2019	2018
	(in EUR thousand)	
Non-current assets	6,472	6,469
Current assets	2,861	2,679
Non-current liabilities	3,811	3,665
Current liabilities	3,043	3,038
Net assets	**2,480**	**2,446**
Sales revenue	2,778	2,501
Result for the period	(63)	37
Comprehensive income	(63)	37
Result attributable to non-controlling interests	(8)	4

4. SEGMENT REPORTING

4.1 INFORMATION ON BUSINESS SEGMENTS

In fiscal year 2019, the Group continues to have only the reportable segment “stem cell banking”, which is active in the collection, processing and storage of stem cells from umbilical cord blood and tissue as well as the development of cell therapeutic procedures.

4.2 INFORMATION ON GEOGRAPHICAL AREAS

The following tables contain information on revenue and non-current assets in accordance with IFRS 8.33 (a) and (b) by geographical area of the Group’s operations for the fiscal years 2019 and 2018:

Revenue from transactions with external customers in accordance with IFRS 8.33 (a)

	2019	2018
	(in EUR thousand)	
Domestic	14,114	13,975
Spain	2,778	2,501
Other foreign countries	3,355	3,933
Group	**20,247**	**20,409**

Sales revenues are allocated on the basis of the location of the customer.

Non-current assets according to IFRS 8.33 (b)

	2019	2018
	(in EUR thousand)	
Domestic	37,838	36,908
Spain	4,513	4,588
Denmark	4,607	4,894
Other foreign countries	1,152	1,181
Group	**48,110**	**47,571**

5. SALES REVENUES, OTHER INCOME, AND EXPENSES

5.1 REVENUE FROM CONTRACTS WITH CUSTOMERS

The sales revenues reported in the income statement for continuing operations are broken down by type of service provided as follows:

	2019	2018
	(in EUR thousand)	
Revenue processing/production	14,923	15,278
Revenue from storage	5,298	5,025
Other revenue	26	107
	20,247	**20,409**

In the year under review, the income from the clinic business reported in the previous year at other revenue was allocated to “revenue processing/production” or “revenue from storage” according to the type of service provided. The previous year’s figures have been adjusted accordingly.

5.2 COST OF SALES

The cost of sales reported in the income statement includes the following expenses:

	2019	2018
	(in EUR thousand)	
Cost of materials	1,115	1,125
External services	2,200	2,273
Personnel expenses	1,705	2,156
Depreciation and amortization	1,743	1,608
Premises costs	228	555
Other expenses	643	718
	7,635	**8,435**

As a result of the first-time application of IFRS 16 from the fiscal year 2019, expenses for the rental of company premises are no longer included in the premises costs, as the rights of use for the company premises are capitalized. Depreciation on these premises, which will be incurred for the first time in the fiscal year 2019, is included in the depreciation and amortization line.

5.3 OTHER OPERATING INCOME

The other operating income reported in the income statement is composed as follows:

	2019	2018
	(in EUR thousand)	
Government grants	197	78
Income from the derecognition of accrued liabilities	44	355
Income from damage compensation	4	0
Miscellaneous other income	299	283
	544	**716**

Government grants mainly relate to subsidies for research and development. There are no unfulfilled conditions or other uncertainties in connection with the government grants.

Income from the derecognition of accrued liabilities mainly comprises the derecognition of financial obligations from trade accounts payable accrued in the previous year, from which the Group received less than expected in the reporting year.

5.4 MARKETING AN SELLING EXPENSES

The selling expenses reported in the income statement are composed as follows:

	2019	2018
	(in EUR thousand)	
Personnel expenses	1,753	1,657
Amortization	382	295
Expenses for marketing measures	2,183	2,114
Other expenses	584	859
	4,902	**4,925**

Other expenses mainly include sales-related occupancy costs, insurance costs and consulting costs.

5.5 ADMINISTRATIVE EXPENSES

The administrative expenses reported in the income statement comprise the following components:

	2019	2018
	(in EUR thousand)	
Personnel expenses	2,301	2,437
Amortization	339	189
Legal, consultancy and audit costs	604	639
Other expenses	1,442	1,540
	4,686	**4,805**

Administrative expenses include research and development expenses of EUR 486 thousand (previous year: EUR 470 thousand).

5.6 OTHER OPERATING EXPENSES

The other operating expenses reported in the income statement are composed as follows:

	2019	2018
	(in EUR thousand)	
Loss of receivables	250	96
Miscellaneous other expenses	36	233
	285	**329**

The losses of receivables result from the recognition of valuation allowances for trade receivables. Miscellaneous other expenses in the previous year mainly include expenses in connection with the termination of active sales activities in the Danish market.

5.7 FINANCIAL EXPENSES

The financial expenses reported in the income statement are composed as follows:

	2019	2018
	(in EUR thousand)	
Loans and overdrafts	160	193
Fees for silent partnerships	0	33
Interest expense for leases	20	0
Other interest expense	3	20
Realized losses from financial assets	27	645
	211	**891**

The losses from financial assets in the previous year are mainly due to the valuation adjustment made on a loan granted to Vita 34 Slovakia.

5.8 EXPENSES FOR EMPLOYEE BENEFITS PURSUANT TO SECTION 314 PARA. 1 NO. 4 HGB

The expenses for employee benefits are made up as follows:

	2019	2018
	(in EUR thousand)	
Wages and salaries	4,780	5,245
Social security contributions	928	956
Expenditure for pension provision	51	49
	5,760	**6,250**

Employer contributions to the statutory pension scheme are classified as benefits under a defined contribution plan and are therefore recognized in full as an expense.

The annual average number of employees in the Group is broken down as follows:

	2019	2018
	(in EUR thousand)	
Employees	115	125
Trainees/interns	3	4
	118	**129**

The reduction in the number of employees is related to the termination of active sales activities in the Danish market.

6. INCOME TAXES

The main components of income tax expense for the fiscal years 2019 and 2018 are as follows:

	2019	2018
	(in EUR thousand)	
Consolidated income statement		
Actual income taxes		
Actual income tax expense	669	663
Adjustment of income taxes accrued in previous years	695	0
Deferred income taxes		
Deferred taxes on the creation and reversal of temporary differences	(390)	(609)
Deferred taxes on loss carryforwards	825	898
Income tax expense	**1,799**	**952**
Consolidated statement of comprehensive income		
Unrealized loss on available-for-sale financial assets	1	2
Profit from the revaluation of actuarial gains and losses	(18)	0
Income taxes recognized directly in equity	**(17)**	**2**

In the fiscal year 2019, a one-off tax expense is to be recorded due to the expected outcome of a tax lawsuit between Vita 34 and the Leipzig tax office. The starting point of the tax law dispute was a change in the tax office's assessment of the tax return of Vita 34 AG, which resulted in a reduction of the tax loss carryforward of EUR 2.6 million as of December 31, 2006. Vita 34 AG has filed a complaint against this assessment. In fiscal year 2017, the tax court dispute was decided in favor of Vita 34 AG. The tax authorities have appealed against the ruling. As a result of the verbal negotiations before the BFH (Federal Fiscal Court), the Management Board must now assume that Vita 34 AG will lose in the lawsuit. As a result of the changed assessment of the Management Board, receivables in the amount of EUR 650 thousand from taxes already paid will be written off. There will be no outflow of liquidity, as the taxes have already been paid in the past.

The income tax receivables reported in the balance sheet relate to refund claims for overpaid taxes and tax prepayments.

The reconciliation between the income tax expense and the product of the net profit for the period shown in the balance sheet and the applicable tax rate for the Group for the fiscal years 2019 and 2018 is as follows:

	2019	2018
	(in EUR thousand)	
Earnings before income taxes	**3,142**	**1,784**
Income tax expense (-) or income (+) at the tax rate of the Group of 31.2% (2019: 31.2%)	(990)	(548)
Adjustments, as the results of Novel Pharma S.L. did not result in a lead to income tax burden	2	4
Adjustment due to tax-free income	16	11
Adjustment for non-deductible expenses	(107)	(250)
Elimination of tax loss carryforwards	0	(59)
Unrecognized deferred tax assets on loss carryforwards	(20)	(34)
Income taxes for previous years	(686)	0
Differences from tax rate differences	(15)	(77)
Income tax expense	**(1,799)**	**(952)**

The change in the Group tax rate results from a higher weighting of companies in Germany when determining the Group tax rate due to higher profit contributions.

Deferred income taxes are comprised of the following as of the balance sheet date:

	Consolidated balance sheet		Consolidated income statement	
	2019	2018	2019	2018
	(in EUR thousand)			
Deferred taxes on temporary differences				
Intangible assets	(4,955)	(5,325)	370	412
Property, plant and equipment	(238)	(152)	(86)	(55)
Trade receivables	34	47	(13)	(15)
Other non-current assets	(73)	(111)	39	0
Current assets	300	0	300	0
Pension obligations	18	0	0	0
Interest-bearing loans	(14)	(17)	3	3
Contract liabilities	(1,616)	(1,417)	(199)	132
Leases	3	0	3	0
Other liabilities	(154)	(127)	(27)	132
	(6,695)	**(7,102)**	**390**	**609**
Tax loss carryforwards	**1,867**	**2,796**	**(825)**	**(898)**
Deferred tax liabilities	**(4,828)**	**(4,306)**		
Deferred income tax expense			**(435)**	**(289)**

In the fiscal year 2019, tax loss carryforwards at one subsidiary were adjusted for fiscal years prior to the affiliation of the company concerned to the Group. As the relevant deferred taxes were formed in prior periods outside the income statement, the carrying amount of the deferred tax liabilities was also adjusted outside the income statement. The adjustment of the tax loss carryforwards resulted in an increase in deferred tax liabilities of EUR 103 thousand and was recorded in the company's revenue reserves.

The loss carryforwards of Group companies developed as follows:

	Registered office	Income tax rate	2019	2018
			(in EUR thousand)	
Seracell Pharma GmbH	Germany	32%	1,063	3,481
Vita 34 ApS	Denmark	22%	3,312	3,698
Secuvita S.L.	Spain	25%	3,433	3,824

Any existing income tax loss carryforwards in Germany, Denmark and Spain are available to the Group without limitation for offsetting against future taxable income of the respective company. Deferred taxes on these tax loss carryforwards were capitalized if it is assumed according to the planning calculation that the loss carryforwards will be utilized. No deferred tax assets were recognized for tax loss carryforwards in the amount of EUR 61 thousand.

Novel Pharma S.L., Spain, has tax loss carryforwards that are available to the Group for offset against future taxable income of Novel Pharma S.L. However, no deferred tax assets were recognized for these losses, as these losses may not be used for offsetting against the taxable income of other Group companies and they arose at an

intermediate holding company that generally does not generate positive taxable income. Their usability is only possible under certain conditions, the fulfilment of which, however, cannot currently be assessed as probable.

7. EARNINGS PER SHARE

Undiluted/diluted earnings per share

In calculating the undiluted/diluted earnings per share, the profit attributable to the holders of ordinary shares of the parent company is divided by the weighted average number of ordinary shares in circulation during the year.

Undiluted/diluted earnings per share are calculated as follows:

	2019	2018
	(in EUR thousand)	
Profit/loss from continuing operations	1,343	832
Less: portion attributable to non-controlling interests	8	(4)
Result from continuing operations attributable to shareholders of Vita 34 AG	**1,350**	**828**
Number of shares outstanding (weighted average)	4,098,153	4,084,052
Earnings per share (EUR)	**0.33**	**0.20**

8. INTANGIBLE ASSETS

The intangible assets developed as follows:

Overview of intangible assets as of December 31, 2019

	Development costs	Patents and licenses	Acquired contracts	Customer relationships and brand names	Total
Acquisition costs as of January 1, 2019	528	3,820	23,618	1,996	29,962
Additions	0	23	0	0	23
Disposals	(46)	(21)	0	0	(67)
Exchange rate differences	0	0	(3)	0	(3)
Acquisition costs as of December 31, 2019	**482**	**3,822**	**23,615**	**1,996**	**29,915**
Accumulated amortization and impairments as of January 1, 2019	51	3,497	5,733	691	9,972
Amortization of the fiscal year	47	133	845	460	1,485
Disposals	(46)	(21)	0	0	(67)
Impairment	0	0	0	0	0
Exchange rate differences	0	0	(1)	0	(1)
Accumulated amortization and impairments as of December 31, 2019	**52**	**3,610**	**6,577**	**1,151**	**11,390**
Carrying amount as of January 1, 2019	477	323	17,885	1,305	19,990
Carrying amount as of December 31, 2019	**430**	**213**	**17,037**	**845**	**18,525**

Overview of intangible assets as of December 31, 2018

	Development costs	Patents and licenses	Acquired contracts	Customer relationships and brand names	Total
Acquisition costs as of January 1, 2018	502	3,869	23,732	1,996	30,099
Additions	26	17	0	0	43
Disposals	0	(66)	(97)	0	(164)
Exchange rate differences	0	0	(17)	0	(17)
Acquisition costs as of December 31, 2018	**528**	**3,820**	**23,618**	**1,996**	**29,962**
Accumulated amortization and impairments as of January 1, 2019	4	3,362	4,967	230	8,564
Amortization of the fiscal year	47	201	865	460	1,574
Disposals	0	(66)	(97)	0	(164)
Exchange rate differences	0	0	(2)	0	(2)
Accumulated amortization and impairments as of December 31, 2018	**51**	**3,497**	**5,733**	**691**	**9,972**
Carrying amount as of January 1, 2018	498	507	18,765	1,766	21,536
Carrying amount as of December 31, 2018	**477**	**323**	**17,885**	**1,305**	**19,990**

The acquired contracts as well as the customer relationships and brand names include the following significant assets as of December 31, 2019:

	Carrying amount	Remaining useful life
	(in EUR thousand)	
Acquired storage contracts Secuvita	3,364	16 years
Acquired storage contracts Vita 34 ApS	4,607	21 years
Acquired storage contracts Vivocell	1,121	20 years
Acquired storage contracts Seracell	7,931	23 to 26 years
Trademark rights Seracell	198	2 years
Customer relations Seracell	647	2 to 5 years

9. GOODWILL

	2019	2018
	(in EUR thousand)	
Acquisition costs as of Jan. 1	18,323	18,323
Acquisition costs as of Dec. 31	**18,323**	**18,323**
Accumulated impairments as of Jan. 1	0	0
Accumulated impairments as of Dec. 31	**0**	**0**
Carrying amount as of Jan. 1	18,323	18,323
Carrying amount as of Dec. 31	**18,323**	**18,323**

Goodwill acquired in business combinations was allocated to cash-generating units for impairment testing as follows:

	2019	2018
	(in EUR thousand)	
Stem cell banking Germany	17,731	17,731
Spain	592	592
	18,323	**18,323**

The Group conducted its annual impairment test in the fourth quarter of fiscal year 2020. The Group considered, among other factors, the relationship between market capitalization and carrying amount in assessing whether there is any indication of impairment. The recoverable amounts based on the impairment test exceeded the carrying amounts for the cash-generating units.

Cash-generating unit "stem cell banking – Germany"

The recoverable amount of the cash-generating unit "stem cell banking - Germany" is determined on the basis of a value- in-use calculation using cash flow forecasts updated compared to the previous year, which are based on financial plans prepared by the management for a period of three years and approved by the Supervisory Board. The discount rate used for the cash flow forecasts for the "stem cell banking - Germany" segment is 7.7% before taxes (previous year: 9.8%). Cash flows beyond the three-year period are extrapolated using a growth rate of 1%.

Cash-generating unit "Spain"

The recoverable amount of the cash-generating unit "Spain" is also determined based on a value-in-use calculation using cash flow projections based on financial budgets prepared by management for a three-year period and approved by the Supervisory Board. The discount rate used for the cash flow forecasts is 9.9% before taxes (previous year: 12.1%). Cash flows beyond the three-year period are extrapolated using a growth rate of 1%.

Basic assumptions for the calculation of the value in use of the business units as of December 31, 2019 and December 31, 2018

The basic assumptions on which management has based its cash flow projections for the impairment test of goodwill are explained below.

Budgeted gross profit margins – Gross profit margins are determined on the basis of the average gross profit margins achieved in the immediately preceding fiscal year for newly concluded contracts.

Discount rates – The discount rates reflect management's estimates of the specific risks associated with each cash- generating unit. This represents the benchmark used by management to assess operating performance and to evaluate future investment projects. The starting point for the derivation of the capitalization rate is a risk-free interest rate with additional consideration of a market risk premium, a country-specific risk surcharge and a company-specific beta factor.

Sensitivity of the assumptions made

In the context of a sensitivity analysis for the cash-generating units, a reduction in the planned gross profit margins by one percentage point or an increase in the discount rates (after taxes) by one percentage point was assumed. On this basis, there is no impairment requirement for the cash-generating units.

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment developed as follows:

Overview of tangible assets as of December 31, 2019

	Land and buildings	Technical equipment	Operating equipment	Total
		(in EUR thousand)		
Acquisition costs as of January 1, 2019	**306**	**8,354**	**2,006**	**10,667**
Additions	0	779	48	827
Disposals	0	(157)	(210)	(367)
Acquisition costs as of December 31, 2019	**306**	**8,977**	**1,844**	**11,127**
Accumulated depreciation and impairments as of January 1, 2019	0	2,369	1,390	3,759
Depreciation of the fiscal year	0	321	126	447
Disposals	0	(157)	(206)	(363)
Accumulated depreciation and impairments as of December 31, 2019	**0**	**2,533**	**1,310**	**3,843**
Carrying amount as of January 1, 2019	306	5,985	617	6,908
Carrying amount as of December 31, 2019	**306**	**6,444**	**534**	**7,285**

Overview of property, plant and equipment as of December 31, 2019

	Land and buildings	Technical equipment	Operating equipment	Total
		(in EUR thousand)		
Acquisition costs as of January 1, 2018	306	7,813	1,858	9,977

Additions	0	544	251	795
Disposals	0	(3)	(102)	(105)
Acquisition costs as of December 31, 2018	**306**	**8,354**	**2,006**	**10,667**
Accumulated depreciation and impairments as of January 1, 2019	0	2,052	1,290	3,342
Depreciation of the fiscal year	0	320	197	517
Disposals	0	(3)	(98)	(101)
Accumulated depreciation and impairments as of December 31, 2018	**0**	**2,369**	**1,390**	**3,759**
Carrying amount as of January 1, 2018	306	5,761	568	6,635
Carrying amount as of December 31, 2018	**306**	**5,985**	**617**	**6,908**

11. LEASES

The Group mainly leases rented premises and motor vehicles. The leases have terms of up to three years. The rights to use assets under leases developed as shown in the following table:

Overview of rights of use under leases as of December 31, 2020

	Land and buildings	Technical equipment	Total
	(in EUR thousand)		
Acquisition cost at January 1, 2019	1,215	44	1,260
Additions	123	111	234
Changes in leases	943	0	943
Acquisition cost at December 31, 2019	**2,282**	**155**	**2,437**
Accumulated depreciation and impairment as of January 1, 2019	0	0	0
Depreciation for the fiscal year	484	48	531
Accumulated depreciation and impairments as of December 31, 2019	**484**	**48**	**531**
Booking value at January 1, 2019	1,215	44	1,260
Booking value at December 31, 2019	**1,798**	**107**	**1,905**

The corresponding leasing liabilities developed as follows:

	2019
	(in EUR thousand)
Leasing liabilities as of January 1	1,260
Payments for the repayment of leasing liabilities	(541)
Additions from new leases	220
Changes in leases	943
Non-cash interest effects	20
Leasing liabilities as of December 31	**1,902**

Leases had the following effects on the result for the period:

	2019
	(in EUR thousand)
Amortization of leases	531
Expenses from short-term leases	10
Expenses from low-value leases	12
Interest expense for leases	20
Expenses from leases	**574**

Total payments for leases in the fiscal year 2019 amounted to EUR 563 thousand.

The Group has concluded various leasing agreements which include an extension option. Management is assessing whether this renewal option can be exercised with reasonable certainty. As of December 31, 2019, the exercise of the existing extension options is not assumed to be sufficiently certain, with the result that they have not been taken into account in the measurement of lease liabilities.

12. INVENTORIES

Inventories are composed as follows:

	2019	2018
	(in EUR thousand)	
Raw materials, consumables and supplies	283	381
Unfinished services	11	75
	294	**456**

In 2019, impairment losses on inventories in the amount of EUR 0 thousand (previous year: EUR 0 thousand) were recognized.

13. TRADE RECEIVABLES

Trade receivables are composed of the following:

	2019	2018
	(in EUR thousand)	
Non-current trade receivables	632	1,088
Current trade receivables	2,879	2,744
	3,511	**3,832**

Due to the sometimes long term duration of the receivables, trade receivables with a term of more than twelve months are reported separately under non-current assets and discounted at a standard market interest rate.

Impairment allowances on trade receivables have developed as follows:

	2019	2018
	(in EUR thousand)	
Balance of impairment allowances at January 1	844	853
Additions (expenses for impairment allowances)	223	94
Utilization	(139)	(45)
Release	0	**(57)**
Balance as of December 31 of the fiscal year	**928**	**844**

In the fiscal year 2019, expenses for the complete write-off of trade receivables amounting to EUR 26 thousand (previous year: EUR 2 thousand) were recognized. All expenses from impairment allowances and write-offs of trade receivables are reported under other operating expenses. Of the trade receivables written off in fiscal year 2019, receivables in the amount of EUR 68 thousand are subject to enforcement measures.

14. OTHER RECEIVABLES AND ASSETS

	2019		2018	
	Total	**Thereof short-term**	**Total**	**Thereof short-term**
		(in EUR thousand)		
Financial receivables and assets				
Securities investments	100	0	345	0
Other financial assets	233	0	233	0
Miscellaneous other financial assets	116	109	176	132
	449	**109**	**754**	**132**
Non-financial assets				
Accrued expenses	984	311	949	259
Other assets	139	139	4	4
	1,122	**450**	**853**	**263**
	1,571	**559**	**1,707**	**395**

The securities investments were pledged as collateral in connection with the granting of a loan and a bank guarantee. The change in fiscal year 2019 results from the sale of securities.

Other financial assets include investments in non-consolidated companies.

Other financial assets include in particular rent deposits for laboratory and office premises used by Group companies.

15. CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH

	2019	2018
	(in EUR thousand)	
Restricted cash	540	296
Cash and cash equivalents	9,102	6,960
	9,642	**7,256**

Cash and cash equivalents are composed of bank balances and cash on hand. Bank balances bear interest at variable interest rates for balances redeemable on demand. The item cash and cash equivalents corresponds to the level of cash and cash equivalents for the purposes of the cash flow statement.

Restricted cash are pledged as collateral for bank loans or rental payments.

16. EQUITY

	2019	2018
	(in EUR thousand)	
Subscribed capital	4,146	4,146
Capital reserves	24,012	23,913
Retained earnings	2,440	1,848
Other reserves	(183)	(145)
Treasury shares	(261)	(337)
Non-controlling interests	114	122
	30,268	**29,546**

The **subscribed capital** includes the statutory share capital of Vita 34 AG according to German stock corporation law. Equity is divided into 4,145,959 (previous year: 4,145,959) bearer shares of no par value.

The **capital reserves** include payments and other payments by shareholders in excess of the share capital as part of capital measures as well as reserves for share price-based compensation. The disposal result of EUR 99 thousand realized from the sale of 14,101 treasury shares was recorded in the capital reserves.

The accumulated results including the current annual result are reported in the **retained earning**. Retained earnings decreased by EUR 656 thousand in the year under review due to a dividend payment. The distribution per share amounted to EUR 0.16.

The Management Board and Supervisory Board of Vita 34 AG propose to distribute a dividend of EUR 0.16 per participating no-par value share with profit entitlement on the balance sheet profit reported in the annual financial statements of Vita 34 AG as of December 31, 2019. This corresponds to a total amount of EUR 656 thousand.

The **other reserves** include actuarial gains and losses from defined benefit pension plans, gains and losses of the financial assets measured at fair value through other comprehensive income and gains and losses from foreign currency translation.

As of the balance sheet date, the Group held 47,806 **treasury shares** (previous year: 61,907 shares).

AUTHORIZED CAPITAL

According to Section 7 para. 2 of the Vita 34 AG Articles of Association, there is an authorized capital. By resolution of the Annual General Meeting on June 4, 2019, the Management Board is authorized, with the approval of the Supervisory Board, to increase the company’s share capital in one or more stages in a period up to June 3, 2024 by up to a total of EUR 2,072,979 by issuing up to 2,072,979 new registered no-par value ordinary shares against cash or non-cash contributions.

INFORMATION ON INVESTMENTS IN THE CAPITAL OF VITA 34 AG

The company had the following information on shareholdings subject to disclosure requirements pursuant to Section 160 para. 1 no. 8 AktG (as of December 31, 2019):

Mr. Michael Köhler notified us on August 10, 2017, that on August 4, 2017, his share of voting rights in Vita 34 AG, held directly or indirectly, exceeded the threshold of 10% of the voting rights in our company and amounted to 482,401 voting rights or 11.64% of the voting rights on that date.

Dr. Peter Haueisen notified us on April 23, 2019 that his share of voting rights in Vita 34 AG, held directly or indirectly on April 15, 2019, exceeded the threshold of 3% of the voting rights in our company and amounted to 126,100 voting rights or 3.04% of the voting rights on that date.

Dr. André Gerth and Polski Bank Komórek Macierzystych S.A., Warsaw, Poland, informed us on November 25, 2019 that they will no longer be acting in concert. On the date of notification, 355,171 voting rights or 8.57% of the voting rights were attributed to Dr. André Gerth and 124,207 voting rights or 2.99% of the voting rights were attributed to Polski Bank Komórek Macierzystych S.A.

17. LOANS

	2019		2018	
	Total	**Thereof short-term**	**Total**	**Thereof short-term**
	(in EUR thousand)			
Liabilities to banks	5,282	1,543	6,974	1,693
Other financial liabilities	0	0	550	550
Liabilities from hire purchase loans	102	41	163	62
	5,383	**1,584**	**7,687**	**2,305**

The loan liabilities break down as follows:

	Interest	**Due Date**	**2019**	**2018**
	(in %)		(in EUR thousand)	
Loan of EUR 7,500 thousand	2.48	2018 – 2023	5,206	6,694
Loan of EUR 1,000 thousand	1.25	2015 – 2020	50	250
Loan of EUR 137 thousand	0.00	2013 – 2024	25	30
Other financial liability of EUR 2,042 thousand	0.00	2015 – 2019	0	550
Hire-purchase loan of EUR 242 thousand	2.86	2017 – 2022	102	142
Hire-purchase loan of EUR 308 thousand	3.39	2017 – 2019	0	22
			5,383	**7,687**

Loans reported in the balance sheet in the amount of EUR 5,256 thousand (nominal amount EUR 8,500 thousand) are secured by a global assignment of the company's receivables from third-party debtors under the storage agreements with the initial letters A to Z, as well as by the pledging of securities held as fixed assets and related settlement accounts in the restricted cash.

The loan liabilities developed as follows:

	2019	**2018**
	(in EUR thousand)	
Loans as of January 1 of the fiscal year Payments	7,687	9,177
for the repayment of financial loans Payments	(1,767)	(1,045)
for the acquisition of companies Non-cash	(550)	(475)
interest effects	13	30
Loans as of December 31 of the fiscal year	**5,383**	**7,687**

The payments for the acquisition of companies relate to the payment of the installment loan for the acquisition of Vita 34 ApS (formerly: StemCare ApS) in fiscal year 2015.

18. PROVISIONS

	2019	**2018**
	(in EUR thousand)	
Balance as of January 1 of the fiscal year	164	3
Addition	49	164
Utilization	95	0
Release	0	3
Balance at December 31 of the fiscal year	**118**	**164**

The provisions include the expected costs in connection with a legal dispute from the fiscal year 2018 in the amount of EUR 69 thousand. The Group assumes that provisions of EUR 104 thousand will be utilized in 2020.

19. PENSION PROVISIONS

In 2014, the pension commitment with a former member of the Management Board was revised. Accordingly, the pension commitment valid until then was limited to the entitlements earned until July 31, 2014. This is a defined benefit pension plan (funded), for which contributions were made to a separately administered pension fund. The amounts included in the financial statements have developed as follows:

	2019	2018
	(in EUR thousand)	
Present value of the defined benefit obligation	(443)	(347)
Fair value of plan assets	387	381
Effects of the recognition ceiling	0	(34)
Defined benefit obligation	**56**	**0**

In accordance with IAS 19.113, the present value of the defined benefit obligation and the fair value of plan assets are netted. The plan assets include a qualifying insurance contract that precisely covers all promised benefits in terms of their amount and maturity. The recognition of plan assets is therefore limited to the present value of the covered obligations.

Development of the present value of the defined benefit obligation

	2019	2018
	(in EUR thousand)	
Present value of the defined benefit obligation as of January 1	347	361
Interest expense	7	6
Revaluations		
Actuarial gains/losses due to changes in financial assumptions	88	(20)
Present value of the defined benefit obligation as of December 31	**443**	**347**

Development of the fair value of plan assets

	2019	2018
	(in EUR thousand)	
Fair value of plan assets as of January 1	381	375
Interest income	8	7
Revaluations		
Income from plan assets excluding amounts included in net interest income expenses and income	(2)	(1)
Fair value of plan assets as of December 31	**387**	**381**

The pension obligations as of December 31, 2020 were measured using the biometric calculation basis Heubeck DIRECTIVE 2018 G according to the modified entry age normal method.

Assumptions for determining the pension obligations

	2019	2018
	(in %)	
Discount factor	1.10	2.10
Salary trend	0.00	0.00
Pension trend	1.90	1.90

Due to the reinsurance policy taken out, no effects on the pension plan obligation are expected to be recognized in profit or loss even if valuation assumptions are changed.

20. DEFERRED GRANTS

The investment grants and subsidies reported under grants developed as follows:

	2019	2018
	(in EUR thousand)	
Balance as of January 1 of the fiscal year	890	957
Released to income	48	66
Balance as of December 31 of the fiscal year	**842**	**890**
Current grants	45	63
Non-current grants	797	827
Balance as of December 31 of the fiscal year	**842**	**890**

The grants are released on a straight-line basis over the useful life of the subsidized assets.

21. CONTRACT LIABILITIES

	2019	2018
	(in EUR thousand)	
Obligation to fulfil concluded storage contracts	1,457	1,619
Advance payment for storage – non current	10,106	9,736
Advance payment for storage – current	2,871	2,803
	12,977	**12,539**
	14,434	**14,158**

The obligations to fulfil concluded storage contracts are obligations to store stem cell deposits for a contract-specific storage period assumed in the context of mergers. The corresponding contracts are not offset by any revenues until the expiry of the contract-specific storage period.

Advance payments for storage include storage fees received in advance from customers for periods between one year and 50 years, which are recognized as revenue on a straight-line basis over the period of storage.

The item developed as follows in the reporting period:

	2019	2018
	(in EUR thousand)	
Balance as of January 1 of the fiscal year	12,539	12,012
Advance payments from previous periods included in revenue from storage	(2,803)	(2,552)
Prepayments received in the fiscal year	3,241	3,078
Balance as of December 31 of the fiscal year	**12,977**	**12,539**

22. TRADE PAYABLES AND OTHER LIABILITIES

	2019	2018
	(in EUR thousand)	
Financial liabilities		
Trade payables	1,266	1,06
Other financial liabilities	76	48
	1,341	**1,154**
Non-financial liabilities		
Payments to employees and Management Board	580	**445**
Other non-financial liabilities	643	**673**
	1,223	**1,118**
	2,564	**2,272**

Trade payables are non-interest-bearing and are normally due within 30 days.

Other non-financial liabilities mainly include liabilities from wage and value added taxes.

23. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

23.1 CARRYING AMOUNTS AND FAIR VALUES

The carrying amounts of financial assets and financial liabilities are presented in the following tables. The carrying amount corresponds to the fair value.

	2019	2018
	(in EUR thousand)	
Financial assets		
Financial assets at amortized costs		
Trade receivables	3,511	3,832
Other financial assets	116	176
	3,628	**4,007**
Financial assets at fair value through other comprehensive income (debt instruments)		
Securities investments	100	345
Financial assets at fair value through other comprehensive income (equity instruments)		
Other financial assets	233	233
Total financial assets	**3,960**	**4,585**
Financial liabilities		
Financial liabilities at amortized cost		
Interest-bearing loans	5,383	7,687
Trade payables	1,266	1,106
Other financial liabilities	76	48
	6,725	**8,842**
Total financial liabilities	**6,725**	**8,842**

Current trade receivables, other financial receivables, trade payables and other financial liabilities regularly have short remaining terms; the values shown in the balance sheet approximate the fair values.

The fair values of non-current trade receivables with remaining terms of more than one year correspond to the present values of the payments associated with the assets using a standard market interest rate. The classification was made in Level 2 of the fair value hierarchy.

The fair value of securities investments is determined on the basis of stock exchange prices in active markets. The classification was made in Level 1 of the fair value hierarchy.

The fair values of non-current loans and silent partnership interests measured at amortized cost in the balance sheet were determined by discounting the expected future cash flows using standard market interest rates. In each case, they were allocated to Level 2 of the fair value hierarchy.

The fair value of other financial assets is determined on the basis of suitable valuation methods. In each case, classification was made in Level 3 of the fair value hierarchy.

23.2 NET RESULT BY VALUATION CATEGORY

The net results of financial assets and financial liabilities by measurement category were as follows:

	Financial income	Financial expenses	Other operating expenses	Other comprehensive income	Total
			(in EUR thousand)		
2019					
Financial assets at amortized cost	63	(22)	(250)	0	**(209)**
Financial assets measured at fair value through other comprehensive income (debt instruments)	0	(5)	0	4	**(1)**
Financial liabilities at amortized cost	0	(162)	0	0	**(162)**
	63	**(189)**	**(250)**	**4**	**(372)**
2018					
Financial assets at amortized cost	44	(642)	(73)	0	(671)
Financial assets measured at fair value through other comprehensive income (debt instruments)	0	(22)	0	7	(15)
Financial assets measured at fair value through other comprehensive income (equity instruments)	0	0	0	(24)	(24)
Financial liabilities at amortized cost	**0**	(226)	0	0	(226)
	44	**(891)**	**(73)**	**(17)**	**(935)**

23.3 LIQUIDITY RISK

The Group's objective is to maintain a balance between the continuous coverage of financial requirements and ensuring flexibility by using loans and medium-term investments such as securities. The Group continuously monitors the risk of a possible liquidity bottleneck using a liquidity planning tool. This tool takes into account the maturities of financial assets and financial liabilities as well as expected cash flows from operating activities.

The following tables show the contractually agreed (undiscounted) remuneration and redemption payments of the primary financial liabilities:

	2020	2021	2022 ff.
		(in EUR thousand)	
Liabilities from loans	1,596	1,547	2,239
Leasing liabilities	539	500	475
Trade payables and other liabilities	1,823	267	528
	3,958	**2,314**	**3,242**

All instruments held as of December 31, 2019 and for which payments had already been contractually agreed were included. Target figures for future new liabilities are not included. Financial liabilities repayable at any time are always allocated to the earliest time period.

23.4 CREDIT RISK

The credit risk is the risk that a business partner does not meet its obligations under a financial instrument and that this leads to a financial loss. In the course of its operating activities, the Group is exposed to default risks, particularly in relation to trade receivables and other financial assets.

Trade receivables

The Group conducts business with both private and corporate customers. Outstanding customer receivables and contract volume are monitored regularly. Credit checks are carried out by an external credit institution within the framework of instalment payment agreements in the "stem cell banking - Germany" segment.

At each balance sheet date, an analysis of expected credit losses is performed using an impairment matrix. The provision rates are based on days past due for groupings of different customer segments with similar loss patterns (e.g. by geographical region, customer type and coverage by collateral provided by the customer). The calculation reflects the probability-weighted outcome, the time value of money and appropriate and understandable information available at the balance sheet date about past events, current conditions and projections of future economic conditions. The maximum default risk is limited to the carrying amount shown in note 13. There are no significant concentrations of default risks in the Group. Collateral provided by customers is considered an integral part of trade receivables and is taken into account in the calculation of impairment. As of December 31, 2019, 13% (December 31, 2018: 25%) of the Group's trade receivables are covered by collateral in the form of a bank guarantee and the pledging of equity instruments in favor of the Group.

The following table shows the information on the credit risk exposure of the Group's trade receivables using a provision matrix:

		Receivables overdue in days				
	Total	**Not due**	**Less than 60 days**	**Between 60 and 180 days**	**Between 180 and 360 days**	**More than 360 days**
			(in EUR thousand)			
December 31, 2019						
Gross carrying amount	**4,440**	2,922	288	166	107	956
Expected loss rate		0%	8%	20%	31%	88%
Expected credit loss	**928**	1	23	33	33	838
December 31, 2018						
Gross carrying amount	**4,676**	3,119	397	78	123	959
Expected loss rate		1%	2%	24%	42%	77%
Expected credit loss	**844**	28	8	19	52	737

Other financial assets

Other financial assets mainly comprise rental deposits paid by the Group for rental and office premises. The Group considers the risk of default to be very low, and therefore no impairment loss was recognized. The maximum credit risk in the event of counterparty default corresponds to the carrying amount of these instruments.

23.5 MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The market risk includes the risk types of interest rate risk and foreign currency risk. The main financial instruments exposed to market risk include interest-bearing loans and trade receivables.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There are no significant interest rate risks in the Group, as the main loan and financing agreements were concluded with fixed interest rates. Further information on this can be found in note 17.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Group is exposed to foreign currency risks in the course of its operating activities (when sales revenues and expenses are denominated in a foreign currency). During the period under review, the Group generated revenues and expenses in Swiss francs (CHF) and Danish krones (DKK). A change in the exchange rate can therefore generally have an impact on the consolidated balance sheet.

The Group has carried out an analysis of the effects of changes in exchange rates of 5% on the Group result. A change in the exchange rate would not have a material effect on the Group result before taxes or on the Group's equity.

24. CONTINGENCIES AND OTHER OBLIGATIONS

As of the balance sheet date December 31, 2019, the Group has obligations to purchase property, plant and equipment in the amount of EUR 211 thousand (December 31, 2018: EUR 349 thousand). In addition, as of the

balance sheet date December 31, 2019, the Group has obligations to purchase goods and services amounting to EUR 0 thousand (December 31, 2018: EUR 14 thousand).

25. INFORMATION ON RELATIONS WITH RELATED PARTIES

Related parties are subsidiaries not included in the consolidated financial statements, associated companies, shareholders with significant influence and persons in key positions of the company.

The following table shows the total amounts resulting from transactions with related parties for the fiscal year in question:

	Revenues and earnings	Receivables
	(in EUR thousand)	
2019		
Non-consolidated subsidiaries	73	9
Other related parties	0	0
2018		
Non-consolidated subsidiaries	97	11
Other related parties	0	0

The Group maintains relations with non-consolidated subsidiaries in the course of its ordinary business activities. In this context, the Group generally sells and buys services at market conditions.

The following expenses were incurred for management members in key positions:

	2019	2018
	(in EUR thousand)	
Short-term benefits		
Supervisory Board remuneration	105	110
Management Board salaries (without pension expenses)	507	624

Individualized information on the remuneration of the Management Board and Supervisory Board is provided in sections 27 and 28.

26. INFORMATION ON THE SCOPE OF CONSOLIDATION

The following companies are included in the Group as of the balance sheet date of December 31, 2019:

	Registered office	Capital share
Subsidiaries		(in %)
Seracell Pharma GmbH	Rostock, Germany	100
Novel Pharma S.L.	Madrid, Spain	100
Secuvita S.L.	Madrid, Spain	88
Vita 34 Gesellschaft für Zelltransplantate mbH	Vienna, Austria	100
Vita 34 ApS	Søborg, Denmark	100

In addition, the following other investments existed at the balance sheet date:

	Registered office	Capital share	Equity	Annual result
		(in %)	(in EUR thousand)	
Vita 34 Slovakia s.r.o. [1, 2]	Bratislava, Slovakia	100	(602)	(8)
Vita 34 Suisse GmbH [1, 2]	Muttenz, Switzerland	100	n/a	n/a
Kamieniniu lasteliu bankas UAB „Imunolita“ [1, 3]	Vilnius, Lithuania	35	(262)	92
Bio Save d.o.o. [4, 5]	Belgrade, Serbia	30	128	69

1 Waiver of inclusion in the consolidated financial statements due to immateriality

2 Equity and annual result according to the annual financial statements as of December 31, 2018

3 Company founded in 2018, no financial statements available yet

4 Equity and annual result according to the annual financial statements as of December 31, 2016

5 There is no significant influence.

27. REMUNERATION OF THE MANAGEMENT BOARD IN ACCORDANCE WITH SECTION 314 HGB

The following gentlemen were appointed to the Management Board in the fiscal year 2019:

Dr. Wolfgang Knirsch	Chief Executive Officer
Falk Neukirch	Chief Financial Officer

Remuneration of the Management Board of Vita 34 AG (remuneration report)

The following disclosures on the remuneration of the Management Board are legally required disclosures in the notes to the financial statements in accordance with the German HGB (cf. Section 314 HGB) and disclosures based on the requirements of the Corporate Governance Code.

The Management Board of Vita 34 AG consisted of two members in the fiscal year 2019. The employment contract regulations were adjusted for the last time in fiscal year 2018.

Remuneration system for the Management Board and review

The amount and structure of the remuneration of the Management Board is determined by the Supervisory Board in accordance with Section 87 of the AktG. The remuneration of the Management Board of Vita 34 AG comprises fixed and variable components as well as other remuneration.

Fixed remuneration, variable performance-related remuneration and fringe benefits

The fixed component is the contractually agreed basic remuneration, which is paid monthly in equal amounts. The variable remuneration component, which relates to targets for a three-year period, is based on the achievement of certain quantitative targets. The target amount of the variable remuneration is capped at 100% for all agreed sub-targets and including the discretionary bonus.

A new Management Board contract with a term of three years was concluded with the Chief Executive Officer, Dr. Wolfgang Knirsch, effective January 1, 2018. As part of the variable compensation, the contract defines the four sub-components “performance indicators” EBITDA, number of deposits in Germany, XETRA average price of the Vita 34 share over the last 40 trading days of the year, and a discretionary bonus.

A new Management Board contract with a term of three years was concluded with the Chief Financial Officer, Falk Neukirch, with effect from January 1, 2019. All entitlements earned under the previous contract up to December 31, 2018 were paid out in April 2019. The contract, which is valid from January 1, 2019, defines the four sub-components “performance indicators” EBITDA, number of deposits in Germany, XETRA average price of the Vita 34 share over the last 40 trading days of the year and a discretionary bonus.

In addition, the members of the Management Board received fringe benefits, which mainly consist of benefits paid into provident funds, insurance benefits and the private use of a company car and are taxable individually by the members of the Management Board.

Remuneration of the Management Board for the fiscal year 2020

For the fiscal year 2019, the remuneration of the members of the Management Board for their activities totaled EUR 507 thousand (2018: EUR 624 thousand). Details of the remuneration of the members of the Management Board are shown in individualized form in the following tables.

Grants to the Management Board of Vita 34 AG for the fiscal year 2020

	2018	2019	2018 (min)	2019 (max)
	(in EUR thousand)			
Dr. Wolfgang Knirsch				
CEO				
Non-performance-related component:				
Fixed remuneration	250	250	250	250
One-time joining or extension premium	72	0	0	
Fringe benefits	13	15	15	15
Total	**335**	**265**	**265**	**265**
Performance-related component:				
One-year variable remuneration	52	30	0	30
Multi-year variable remuneration	0	23	0	84
Total	**387**	**318**	**265**	**379**
Pension expenses	0	0	0	0
Total remuneration	**387**	**318**	**265**	**379**

	2018	2019	2018 (min)	2019 (max)
	(in EUR thousand)			
Falk Neukirch				
CFO				
Non-performance-related component:				
Fixed remuneration	156	160	160	160
Fringe benefits	8	9	9	9
Total	**164**	**169**	**169**	**169**
Performance-related component:				
One-year variable remuneration	41	20	0	20
Multi-year variable remuneration	32	0	0	57
Total	**237**	**189**	**169**	**246**
Pension expenses	12	12	12	12
Total remuneration	**249**	**201**	**181**	**258**

Inflow of grants made to the Management Board of Vita 34 AG in fiscal year 2019

	Dr. Wolfgang Knirsch CEO		Falk Neukirch CFO	
	2018	2019	2018	2019
	(in EUR thousand)			
Non-performance-related component:				
Fixed remuneration	250	250	156	160
One-time joining or extension premium	72	0	0	
Fringe benefits	13	15	8	9
Total	**335**	**265**	**164**	**169**
Performance-related component:				
One-year variable remuneration	43	52	43	41
Multi-year variable remuneration	54	0	0	69
Total	**432**	**317**	**207**	**279**
Pension expenses	0	0	12	12
Total remuneration	**432**	**317**	**219**	**291**

No member of the Management Board received benefits or corresponding commitments from a third party in the past fiscal year with regard to his activities as a member of the Management Board.

Premature termination of the employment relationship

For the members of the Management Board the following was agreed on: In the event of the revocation of the appointment for good cause, which is not at the same time a good cause pursuant to Section 626 BGB for the termination of the employment contract without notice, and the resulting termination of the employment contract, the company commits itself to pay the respective Management Board member a severance payment in the amount of the annual fixed remuneration for two years, but not exceeding the remuneration for the remaining term of the employment contract. In the event of incapacity for work, the company will continue to pay the contractually agreed fixed remuneration for a maximum period of six months.

There are no material agreements of the company that are subject to the condition of a change of control as a result of a takeover bid, with the exception of an agreement concluded with the two members of the Management Board in the event of a change of control ("change of control provision").

If the change-of-control provision applies, it gives both members of the Management Board the right to terminate their employment contracts within six months. If a Management Board member exercises this right of termination, the severance payment amounts to 50% of the remuneration (fixed remuneration and bonus) no longer accruing and no longer being paid due to the premature termination of the contract, assuming 100% target fulfilment, plus the payment of an annual gross basic salary. The total amount of the severance payment may not exceed EUR 750,000 (Dr. Wolfgang Knirsch) or EUR 400,000 (Falk Neukirch).

Share-based payment

The Management Board members of Vita 34 AG do not receive any additional share-based remuneration.

28. REMUNERATION OF THE SUPERVISORY BOARD

The following persons were appointed to the Supervisory Board in the fiscal year 2020:

Frank Köhler	Co-founder of Aroma company GmbH, shareholder and director of Aroma Company Köhler&Weckesser GbR and Supervisory Board Member of Shop Apotheke Europe N.V.
Steffen Richtscheid	Lawyer and partner at the law firm Weidinger Richtscheid
Dr. med. Mariola Söhngen (until 07/01/2020)	Chief Executive Officer Convert Pharmaceuticals SA, Belgium, and Managing Director Söhngen-Consult
Nicolas Schobinger (until 07/06/2020)	Member of the Board of Directors of digitaliKa AG and Supervisory Board member of F24 AG and F24 Holding AG
Andreas Füchsel (from 07/31/2020)	Lawyer and partner of the international law firm DLA Piper UK LLP

Remuneration of the executive bodies was paid in 2019 in the amount of EUR 105 thousand (2018: EUR 110 thousand).

The remuneration of the Supervisory Board members is determined in accordance with Section 18 of the Articles of Association. The current version of this regulation is based on the resolution of the Annual General Meeting of June 28, 2017 with effect from January 1, 2017. The remuneration is agreed as fixed remuneration and is paid to the Supervisory Board members on a quarterly basis. Special consideration was given to the function of the Chairman of the Supervisory Board and his deputy.

Remuneration of the Supervisory Board of Vita 34 AG

	2019 (in EUR thousand)
Frank Köhler (Chairman)	40
Steffen Richtscheid (Deputy Chairman from 03/22/2019)	28
Gerrit Witschaß (Deputy Chairman until 02/28/2019)	0
Dr. med. Mariola Söhngen	22
Nicolas Schobinger	14
Total	**105**

With regard to other compensation or benefits granted to members of the Supervisory Board or related parties, please refer to note 25.

29. OBJECTIVES AND METHODS OF FINANCIAL RISK MANAGEMENT

The main financial instruments used by the Group include interest-bearing loans as well as cash and short-term investments. The main purpose of these financial instruments is to finance the Group's business activities. The Group has various other financial assets and liabilities, such as trade receivables and trade payables, which arise directly from its business activities. The main risks to the Group arising from the financial instruments are explained in note 23.

Capital management

The Group manages its capital structure and makes adjustments in line with changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, make a capital repayment to shareholders or issue new shares. As of December 31, 2019 and December 31, 2018, there were no changes in the objectives, policies and procedures. Capital comprises the equity reported in the balance sheet.

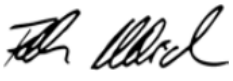
30. AUDITOR'S FEES AND SERVICES IN ACCORDANCE WITH Section 314 HGB

The total fee calculated for the auditor PKF Deutschland GmbH for the fiscal year 2019 was EUR 99 thousand and related to auditing services for the statutory audit of the annual and consolidated financial statements of Vita 34 AG.

31. EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred since the end of the fiscal year 2019 that would have had a material impact on the Group's net assets, financial position or results of operations.

Leipzig, March 22, 2020
Management Board of Vita 34 AG



Dr. Wolfgang Knirsch
Chief Executive Officer

Falk Neukirch
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To Vita 34 AG, Leipzig

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

AUDIT OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the consolidated financial statements of Vita 34 AG, Leipzig, and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in Group equity and the consolidated cash flow statement for the fiscal year from January 1, 2019 to December 31, 2019, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the Vita 34 AG combined management report for the fiscal year from January 1, 2019 to December 31, 2019. In accordance with the requirements of the German HGB, we have not audited the contents of the Declaration on Corporate Governance prepared pursuant to secs. 315d and 289f HGB.

In our opinion, based on the findings of our audit,

- the attached consolidated financial statements comply in all material respects with IFRS, as applicable in the EU, and with the German legal provisions applicable in addition pursuant to Section 315e para. 1 HGB and give a true and fair view of the net assets and financial position of the Group as of December 31, 2019 and of its results of operations for the fiscal year from January 1, 2019 to December 31, 2019 in accordance with these provisions; and

- the attached combined management report provides an accurate overall picture of the Group's situation. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal provisions and accurately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not extend to the content of the above-mentioned Declaration on Corporate Governance pursuant to secs. 315d, 289f HGB.

In accordance with Section 322 para. 3 sentence 1 first half-sentence HGB, we declare that our audit has not led to any objections to the propriety of the consolidated financial statements and the combined management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and the combined management report in accordance with Section 317 HGB and the EU auditors' regulation (no. 537/2014; hereafter: "EU Audit Regulation") in compliance with German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW). Our responsibilities under those standards and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report" section of our auditor's report. We are independent of the Group companies in accordance with the requirements of German commercial law and the rules of professional conduct, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Section 10 para. 2f of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Section 5 para. 1 of the EU Audit Regulation and that we have maintained our independence from the Group companies during the course of the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and the combined management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance for our audit of the consolidated financial statements for the fiscal year from January 1, 2019 to December 31, 2019. These matters are addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, but we do not provide a separate audit opinion on these matters.

The matters which we consider to be the key audit matters were as follows:

GOODWILL IMPAIRMENT TESTING:

Reason for determining this issue as a key audit matter: The consolidated financial statements of Vita 34 AG as at December 31, 2019 include "Goodwill" reported in the balance sheet amounting to EUR 18,323 thousand. The

goodwill is subject to an impairment test by the company at least once annually in the fourth quarter of the fiscal year. The valuation is determined by use of a valuation model using discounted cash flow techniques. The result is highly dependent on the Management Board's estimates of future cash flows and on the discount rate used. Accordingly, the valuation is associated with significant level of uncertainty and, in our opinion, it is of particular importance for the purposes of our audit.

Audit approach and findings: We have analyzed the process used to perform the impairment testing on goodwill and performed audit procedures on the accounting-related internal controls included in the process. In particular, we have verified the appropriateness of the of the future cash inflows used in the calculation. In doing so, we have, among other things, compared these amounts with current budgets included in the business plans resolved by the Management Board and approved by the Supervisory Board, and with general market expectations. As a relatively small change in the discount rate used can have a significant effect on the amount of the enterprise value calculated under this method, we have also placed focus on the inputs used to calculate the discount rate used in the calculation, including the determination of the weighted average cost of capital and the method used to perform the calculation.

Our audit procedures did not result in any objections to Vita 34 AG's accounting for goodwill.

Reference to relevant information and disclosures: We refer to "Goodwill" in the notes to the consolidated financial statements for a description of the accounting and valuation policies used to perform the impairment testing on goodwill.

OTHER INFORMATION

The Supervisory Board is responsible for the Supervisory Board Report. In addition, the company's legal representatives are responsible for the further information.

The other information comprises the following

- the responsibility statement,
- the Declaration on Corporate Governance in accordance with secs. 315d and 289f HGB,
- the Supervisory Board Report, and
- the other sections of the Annual Report, with the exception of the audited consolidated financial statements, the audited combined management report, and our audit opinion.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently, we do not express an audit opinion thereon.

In connection with our audit of the consolidated financial statements and the combined management report, our responsibility is to read the other information critically and, in doing so, to consider whether the other information is materially inconsistent with the consolidated financial statements and/or the combined management report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE COMPANY'S LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The company's legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e para. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the net assets, financial position, and results of operations of the Group.

In addition, the company's legal representatives are responsible for such internal controls as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the company's legal representatives are responsible for assessing the Group's ability to continue as a going concern. In addition, they also have the responsibility for disclosing, as applicable, matters related to going concern and for preparing financial reports based on the going

concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the company's legal representatives are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the company's legal representatives are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 consolidated financial statements and this combined management report.

In performing an audit of financial statements in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW), we exercise professional judgment and maintain professional skepticism throughout the audit.

We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. 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.

- obtain an understanding of internal control relevant to the financial statement audit and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- evaluate the appropriateness of accounting policies used by the company's legal representatives and the reasonableness of estimates made by the company's legal representatives and related disclosures.

- conclude on the appropriateness of the company's legal representatives' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or in the combined management report or, if such disclosures are inadequate, to modify our audit 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 the Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e para. 1 HGB.

- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an audit opinion on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinions.

- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides; and

- perform audit procedures on the prospective information presented by the company's legal representatives in the combined management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the company's legal representatives as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our financial statement audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that have been of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report on the audit of the consolidated financial statements unless law or other regulation precludes public disclosure about the matter.

OTHER LEGAL AND OTHER REGULATORY REQUIREMENTS

FURTHER INFORMATION PURSUANT TO SECTION 10 OF THE EU AUDIT REGULATION

We were elected as Group auditor by the Annual General Meeting on June 4, 2019 and were engaged by the Supervisory Board on November 13, 2019. We have been the Group auditor of Vita 34 AG from the fiscal year 2017.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the Supervisory Board pursuant to Section 11 of the EU Audit Regulation (audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Patrick Niebuhr.

Berlin, March 22, 2020

PKF Deutschland GmbH Wirtschaftsprüfungsgesellschaft

Beier
Wirtschaftsprüfer
(German Public Auditor)

Niebuhr
Wirtschaftsprüfer
(German Public Auditor)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF VITA 34 AG
AS OF AND FOR THE FINANCIAL YEAR ENDED
DECEMBER 31, 2018 (IFRS)

CONSOLIDATED BALANCE SHEET

	Note	For the financial years ended December 31, 2018	2017 (restated)*
		(audited) (in EUR thousands)	
ASSETS			
Non-current assets			
Goodwill	9	18,323	18,323
Intangible assets	8	19,990	21,536
Property, plant, and equipment	10	6,908	6,635
Investments in associates	11	0	129
Other assets	14	1,312	3,665
Trade receivables	13	1,088	1,103
Restricted cash	15	296	763
		47,917	**52,155**
Current assets			
Inventories	12	456	438
Trade receivables	13	2,744	3,705
Current tax assets	6	845	782
Other receivables and assets	14	395	538
Cash and cash equivalents	15	6,960	4,180
		11,401	**9,643**
Total Assets		**59,317**	**61,798**
EQUITY & LIABILITIES			
Equity			
Registered capital	16	4,146	4,146
Capital reserves	16	23,913	23,913
Retained earnings	16	1,848	1,810
Other reserves	16	-145	-120
Treasury shares	16	-337	-337
Non-controlling interests	16	122	117
		29,546	**29,528**
Non-current liabilities			
Interest-bearing loans	17	5,383	8,032
Deferred grants	21	827	890
Contract liabilities	22	11,355	11,269
Deferred income tax	6	4,306	3,880
		21,870	**24,071**
Current liabilities			
Trade payables	23	1,106	949
Provisions	19	164	3
Income tax payable	6	294	11
Interest-bearing loans	17	2,305	1,145
Silent partners' interests	18	0	940
Deferred grants	21	63	66
Contract liabilities	22	2,803	2,552
Other liabilities	23	1,166	2,532
		7,901	**8,198**
Total Equity & Liabilities		**59,317**	**61,798**

* The comparative figures were restated due to the effects of the first-time application of IFRS 15. Information on the adjustments to the prior-year figures can be found in note 2.3 of the notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

	Note	For the financial years ended December 31, 2018	2017 (restated)*
		(in EUR thousands)	
Sales revenue	5.1	20,409	19,192
Cost of sales	5.2	(8,435)	(8,391)
Gross profit on sales		**11,974**	**10,801**
Other operating income	5.3	716	717
Marketing and selling costs	5.4	(4,925)	(5,430)
Administrative expenses	5.5	(4,805)	(4,956)
Other operating expenses	5.6	(329)	(991)
Net operating result (EBIT)		**2,631**	**141**
Financial income	5.8	44	44
Financial expenses	5.7	(891)	(200)
Share of result of associates	11	0	(140)
Earnings before taxes		**1,784**	**(154)**
Income tax expense/income	6	(952)	(171)
Net result for the period		**832**	**(325)**
Attributable to:			
Owners of the parent company		828	(323)
Non-controlling interests		4	(2)
Earnings per share, basic/diluted (EUR)			
Basic and diluted, relating to the net result for the period attributable to the holders of ordinary shares of the parent company	8	0.20	(0.09)

* The comparative figures were restated due to the effects of the first-time application of IFRS 15. Information on the adjustments to the prior-year figures can be found in note 2.3 of the notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2018	2017 (restated)*
		(audited)	
		(in EUR thousands)	
Net result for the period		**832**	**(325)**
Other comprehensive income			
Currency translation differences	16	(7)	(3)
Net gain/loss on available-for-sale financial assets	16	7	3
Income tax effect	6	(2)	(1)
Other comprehensive income to be reclassified to the statement of income in subsequent periods		**(2)**	**(1)**
Result from equity instruments measured at fair value with no effect on income	24	(24)	0
Other comprehensive income not to be reclassified to the statement of income in subsequent periods		**(24)**	**0**
Other comprehensive income		**(25)**	**(1)**
Total comprehensive income after tax		**807**	**(326)**
Attributable to:			
Owners of the parent		803	(324)
Non-controlling interests		4	(2)

* The comparative figures were restated due to the effects of the first-time application of IFRS 15. Information on the adjustments to the prior-year figures can be found in note 2.3 of the notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

	Equity attributable to the owners of the parent company									
	Registered capital	**Capital reserves**	**Retained earnings**	**Reserves for available-for-sale financial assets**	**Revaluation reserves**	**Currency translation differences**	**Total equity**	**Treasury shares, at cost**	**Non-controlling interests**	**Total equity**
					(audited)					
					(in EUR thousands)					
Balance as of Jan. 1, 2017	**3,027**	**18,213**	**2,865**	**(10)**	**(122)**	**13**	**23,985**	**(337)**	**0**	**23,648**
First-time application effect of IFRS 15	0	0	(113)	0	0	0	(113)	0	0	(113)
Balance as of Jan. 1, 2017 (restated)*	**3,027**	**18,213**	**2,751**	**(10)**	**(122)**	**13**	**23,871**	**(337)**	**0**	**23,534**
Net result for the period (restated)*	0	0	(323)	0	0	0	(323)	0	(2)	(325)
Other comprehensive income	0	0	0	2	0	(3)	(1)	0	0	(1)
Total comprehensive income (restated)*	**0**	**0**	**(323)**	**0**	**0**	**(3)**	**(324)**	**0**	**(2)**	**(326)**
Capital increase from issue of new shares	1,120	5,700	0	0	0	0	6,819	0	0	6,819
Dividend payment	0	0	(474)	0	0	0	(474)	0	0	(474)
Increase in shareholding in subsidiary			(144)		0	0	(144)	0	119	(25)
Balance as of Dec. 31, 2017 (restated)*	**4,146**	**23,913**	**1,810**	**(8)**	**(122)**	**10**	**29,749**	**(337)**	**117**	**29,528**
Balance as of Jan. 1, 2018 (restated)*	**4,146**	**23,913**	**1,810**	**(8)**	**(122)**	**10**	**29,749**	**(337)**	**117**	**29,528**
Net result for the period	0	0	828	0	0	0	828	0	4	832
Other comprehensive income	0	0	0	(19)	0	(7)	(25)	0	0	(25)
Total comprehensive income	0	0	828	(19)	**0**	**(7)**	**803**	0	**4**	**807**
Dividend payment		0	(653)	0	0	0	(653)	0	4	(653)
Other changes	0	0	(136)	0	0	0	(136)	0	0	(136)
Balance as of Dec. 31, 2018	**4,146**	**23,913**	**1,848**	**(26)**	**(122)**	**3**	**29,762**	**(337)**	**122**	**29,546**

* The comparative figures were restated due to the effects of the first-time application of IFRS 15. Information on the adjustments to the prior-year figures can be found in note 2.3 of the notes to the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	Note	2018	2017 (restated)*
		(audited)	
		EUR thousand	
Cash flow from operating activities			
Earnings before taxes		1,784	(154)
Adjusted for:			
Amortization and depreciation	8, 10	2,092	1,707
Gains/losses on disposal of non-current assets		5	16
Other non-cash expenses/income		(237)	(40)
Financial income	5.8	(44)	(44)
Financial expenses	5.7	891	200
Changes in working capital:			
+/- Inventories		(18)	163
+/- Receivables and other assets		1,156	119
+/- Liabilities		(850)	(873)
+/- Contract liabilities		337	1,084
+/- Provisions		161	(13)
Interest paid		(236)	(169)
Income taxes paid		(443)	(457)
Cash flow from operating activities		**4,598**	**1,537**
Cash flow from investing activities			
Purchase of intangible assets	8	(17)	(75)
Purchase of property, plant, and equipment	10	(795)	(678)
Purchase of companies, net of assumed cash	17, 23	(825)	(12,886)
Purchase of long-term financial investments		(17)	0
Cash receipts from the disposal of property, plant, and equipment		5	8
Cash receipts from the sale of financial investments	14	2,446	0
Payments for the acquisition of non-controlling interests		0	(25)
Interest received		25	44
Cash flow from investing activities		**821**	**(13,612)**
Cash flow from financing activities			
Cash receipts from share issues		0	6,741
Dividend payment	16	(653)	(474)
Cash receipts from loan drawdowns	17	0	7,425
Cash outflows from loan repayments	17, 18	(1,985)	(249)
Cash flow from financing activities		**(2,637)**	**13,443**
Net change in cash and cash equivalents		2,780	1,368
Cash and cash equivalents at the beginning of the reporting period		4,180	2,813
Cash and cash equivalents at the end of the reporting period (liquid funds)	**15**	**6,960**	**4,180**

* The comparative figures were restated due to the effects of the first-time application of IFRS 15. Information on the adjustments to the prior-year figures can be found in note 2.3 of the notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR 2018

1. INFORMATION ON THE PARENT COMPANY AND THE GROUP

The parent company Vita 34 AG (the "Company"), headquartered in Leipzig (Germany), Deutscher Platz 5a, registered in the commercial register of the District Court Leipzig under HRB 20339, is a company whose corporate purpose is the collection, preparation, and storage of stem cells from umbilical cord blood and tissue, the development of cell therapy procedures, as well as conducting projects in the field of biotechnology. Its subsidiaries (together with the Company referred to as the "Group") also operate in the field of umbilical cord blood and tissue storage.

The declaration on the German Corporate Governance Code required by Section 161 German Stock Corporation Act (AktG) has been issued and made available to shareholders on the website www.vita34group.de.

The consolidated financial statements of Vita 34 AG for the fiscal year ended 31 December 2018 were approved for publication by the Management Board on 27 March 2019. Vita 34 AG is a limited liability stock corporation incorporated and domiciled in Germany whose shares are admitted for public trading.

2. ACCOUNTING AND VALUATION PRINCIPLES

2.1 BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of Vita 34 AG were prepared in accordance with the provisions of the International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable as of the balance sheet date, and with the additional requirements of the German commercial law to be observed pursuant to Sec. 315e Para. 1 German HGB (HGB). All IFRS binding for the fiscal year 2018 and the pronouncements of the International Financial Reporting Interpretations Committee (IFRIC) were applied to the extent that these have been endorsed by the European Union.

The consolidated financial statements of Vita 34 AG are generally prepared in euros on the amortized cost basis with the exception of certain financial assets which are measured at fair value. Unless indicated otherwise, all amounts have been rounded to thousands of euros (kEUR).

2.2 CONSOLIDATION PRINCIPLES

The consolidated financial statements include the financial statements of Vita 34 AG and its subsidiaries as of 31 December of each fiscal year. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies and valuation methods.

Subsidiaries are included in the consolidated financial statements when they are controlled by the Company. In particular, the Group controls a subsidiary if it has all of the following characteristics:

- executive power over the subsidiary (i.e. the Group has the opportunity based on current rights to control those activities of the subsidiary that have a significant influence on its returns),
- risk burden to or claims to variable returns based on its investment in the subsidiary, and
- the ability to use its executive power over the subsidiary in such a manner that the returns of the subsidiary are influenced as a result.

In addition to Vita 34 AG, the parent company, the subsidiaries listed in note 27 are included in the scope of consolidation stellacure GmbH, which was consolidated in full in the fiscal year 2017, has been merged into Vita 34 AG in 2018. In the fiscal year 2018, the Group concluded that it no longer exercises any significant influence over Bio Save d.o.o., Belgrade, Serbia. As a result, the investment in the company is reported within other assets under non-current assets from 1 January 2018.

2.3 CHANGES IN ACCOUNTING POLICIES AND VALUATION METHODS

The accounting policies and valuation methods applied are generally unchanged from those applied in the prior period. The Group has applied IFRS 9 and IFRS 15 for the first time in the fiscal year 2018. The transition effects on the Group following the initial application of IFRS 9 and IFRS 15 as of 1 January 2018 and resulting from the change in accounting policies are described in this section.

Various other standards and amendments to standards will be applied for the first time in 2018. These did not have any effect on the consolidated financial statements of Vita 34 AG. The Group has not applied any standards, amendments or interpretations early that have been issued but have not become effective yet.

For transparency purposes, the income tax receivables are reported separately in the balance sheet of the fiscal year 2018. The corresponding amounts were included in other receivables and assets in previous financial statements. In addition, a payment of the instalment loan from the acquisition of a subsidiary made in the previous year is reported in cash flow from investing activities in both the reporting period and the comparative period. In the previous year's financial statements, the cash outflow of EUR 472 thousand was reported in cash flow from financing activities.

IFRS 15 "Revenue from Contracts with Customers"

The standard was issued in May 2014 and amended in April 2016. It is effective for the first time for fiscal years beginning on or after 1 January 2018. This standard regulates when and in which amount revenues are to be recognized. IFRS 15 replaces IAS 18 "Revenues", IAS 11 "Construction Contracts", and a series of revenue-related interpretations. IFRS 15 is to be applied retrospectively and applies to nearly all contracts with customers; the most significant exceptions are leasing arrangements, financial instruments, and insurance contracts.

Vita 34 applies IFRS 15 for the first time to the fiscal year beginning 1 January 2018, using the full retrospective approach. The figures reported for the previous year have been adjusted for the effects of the changes resulting from IFRS 15. In particular, the initial application of IFRS 15 leads to the following changes affecting Vita 34:

Contract liabilities

IFRS 15 includes disclosure requirements of performance surpluses or obligations at contract level. These assets and liabilities from customer contracts arise depending on the services performed by the company and the customers payment. Taking these requirements into account, reclassifications have been made from the balance sheet items trade payables and deferred income.

Contract liabilities primarily include prepayments received on customer contracts as well as obligations acquired as part of business combinations to fulfill storage contracts which will no longer be matched by payments in the future.

Long-term service contract

For a service contract whose settlement is spread over several business periods, revenues are recognized in accordance with IFRS 15 corresponding to the stage of completion of each of the individual separate performance obligations agreed under the contract, taking into account the allocated individual selling price. Compared with the revenue recognition method used in previous financial statements, this results in a lower revenue volume in 2016 and 2017.

Contracts with multiple performance obligations

IFRS 15 specifies the requirements concerning the timing of accounting for contracts with customers. As a result, for contracts with multiple performance obligations concluded in the years 2013 to 2015 (for the services "creation of a stem cell deposit" and "storage of a stem cell deposit"), a lower allocation of sales revenue is made in accordance with IFRS 15 to the service "creation of a stem cell deposit" realized in the years 2013 to 2015; the resulting trade receivables recorded in previous financial statements are not recognized in accordance with IFRS 15. By contrast, the sales revenue realized from these contracts for the "storage of a stem cell deposit" is higher. Compared to the revenue recognition method used in previous financial statements, this results in a slightly higher revenue volume in 2017.

Effect of IFRS 15 on the consolidated financial statements

The following table shows the effects resulting from the application of IFRS 15 on the consolidated income statement for the period from 1 January to 31 December 2017:

	1 January - 31 December 2017
	(in EUR thousand)
Sales revenue	6
Interest income	(8)
Income tax expense	1
Group net result	**(1)**

There has been no change to the basic and diluted earnings per share for the period from 1 January to 31 December 2017 as a result of the application of IFRS 15.

The following table shows the effect resulting from the application of IFRS 15 on the consolidated balance sheet as of 1 January 2017 and as of 31 December 2017:

	31 December 2017	1 January 2017
	(in EUR thousand)	
Assets		
Inventories	(62)	0
Trade receivables (current)	(101)	(104)
Total assets	**(163)**	**(104)**
Equity and liabilities		
Equity	(115)	(113)
Trade payables (non-current)	(1,808)	(437)
Deferred income (non-current)	(9,460)	(9,011)
Contract liabilities (non-current)	11,269	9,448
Deferred income tax	(54)	(63)
Deferred income (current)	(2,547)	(1,782)
Contract liabilities (current)	2,552	1,787
Other liabilities	0	57
Total equity and liabilities	**(163)**	**(104)**

IFRS 9 "Financial Instruments"

The standard was issued in July 2014 and is effective for the first time for fiscal years beginning on or after 1 January 2018. The standard replaces IAS 39 "Financial instruments" and provides comprehensive guidance on the classification and measurement of financial assets and liabilities, impairment of financial assets, as well as hedge accounting.

The Group applies the standard for the first time for the fiscal year commencing on 1 January 2018 and, in accordance with the transition arrangements, does not restate the previous year's figures.

The following table shows the reconciliation of the carrying values of financial instruments by classes of the consolidated balance sheet and by categories in accordance with IFRS 9 to the previous categories in accordance with IAS 39:

	IFRS 9 category	Carrying amount 1 January 2018	IAS 39 category	Carrying amount 31 December 2017
Financial Assets				
Trade receivables*	AC	4,808	KuF	4,808
Other receivables and assets				
Financial securities	FVtOCI	2,342	ZVvfV	2,342
Other financial investments	FVtOCI	119	ZVvfV	119
Other financial assets	AC	677	KuF	677
Financial liabilities				
Interest-bearing loans	AC	9,177	FbzfA	9,177
Silent partners' interests	AC	940	FbzfA	940
Trade payables[1)]	AC	949	FbzfA	949
Other financial liabilities	AC	853	FbzfA	853
Summarized by category				
Financial assets at amortized cost	AC	5,485		
Financial assets at fair value through other comprehensive income (debt instruments)	FVtOCI	2,342		
Financial assets at fair value through other comprehensive income (equity instruments)	FVtOCI	119		
Financial liabilities at amortized cost	AC	11,919		
Loans and receivables			KuF	5,485
Financial assets available for sale			ZVvfV	2,461
Financial liabilities measured at amortized cost			FbzfA	11,919

1) The carrying amounts as of 1 January 2018 were restated due to the effects of the first time application of IFRS 15

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING AND VALUATION METHODS

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The acquisition costs of a company acquisition are measured as the sum of the consideration transferred, measured at the applicable fair value of the assets transferred at the date of acquisition, and the non-controlling interests held in the acquired company. Acquisition-related costs are recorded as expenses within administrative expenses at the date they are incurred.

Non-controlling shares are measured at the proportional fair value of the acquired assets and assumed liabilities. Following initial recognition, profits and losses are recognized, without limit, in proportion to the shareholding interests, as a result of which a negative balance can result for non-controlling interests.

If the Group acquires a company, it determines the appropriate classification and designation of the financial assets and assumed liabilities in accordance with the contractual terms, economic circumstances, and the prevailing conditions at the time of acquisition.

Goodwill is initially measured at acquisition cost, which is measured as the excess of the consideration transferred over the identifiable assets acquired and liabilities assumed by the Group. In the case of an acquisition at a price under fair value, the resulting gain is recognized under other operating income. Before recognizing a gain on an acquisition below fair value, a further reassessment is made to determine whether all acquired assets and all assumed liabilities have been adequately identified and measured.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the business combination. This applies irrespective of whether other assets or liabilities of the acquired company are assigned to these cash-generating units.

As of 31 December 2018, the Group's cash-generating units to which goodwill arising in a business combination has been assigned were as follows:

- Stem Cell Banking – Germany, and
- Spain.

Changes in the holding percentages that do not lead to a loss of control are recognized as equity transactions. Here, each difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recorded directly in retained earnings and attributed to the Company.

Fair Value Measurement

All assets and liabilities for which the fair value is reported in the financial statements are classified in accordance with the fair value hierarchy described below, based on the lowest level input parameter that is significant for the measurement of the fair value of the instrument as a whole:

(a) Level 1 - Prices for identical assets or liabilities quoted in active markets (non-adjusted);

(b) Level 2 - Measurement procedures in which the lowest level input parameter that is significant overall to the measurement of the fair value is directly or indirectly observable on the market;

(c) Level 3 - Measurement procedures in which the lowest level input parameter that is significant overall to the measurement of the fair value not directly or indirectly observable on the market.

In the case of assets or liabilities that are recognized in the financial statements on a recurring basis, the Group decides whether regrouping between the levels or hierarchy has taken place by reviewing the classification at the end of each reporting period (based on the lowest level input parameter that is significant to the measurement of the fair value of the instrument).

Research and Development Costs

Research costs are recognized as an expense in the period in which they are incurred. Development costs incurred within the scope of an individual project are recognized as assets when they meet the recognition criteria under IAS 38.

Subsequent to initial recognition, development costs are recognized at their acquisition costs less accumulated amortization and accumulated impairment losses. Amortization begins with the conclusion of the development phase and from the point in time at which the asset can be used. It is conducted over the period of expected future use and is recorded in the cost of sales. An impairment test is conducted annually during the development phase.

Intangible Assets

Individually acquired intangible assets that are not acquired as part of a business combination are initially recognized at their acquisition costs. The acquisition costs of intangible assets acquired as part of a business combination are equal to their fair value at the date of acquisition. Subsequent to initial recognition, intangible assets are carried at cost less total accumulated amortization and accumulated impairment losses.

A differentiation is made between intangible assets with finite useful lives and those with indefinite useful lives.

Intangible assets with a finite useful life are amortized over their economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each fiscal year. If the expected useful life of the asset or the expected amortization pattern of the asset has changed, a different amortization period or method is selected. Such changes are treated as changes in an estimate. Amortization of intangible assets with a finite useful life is recognized in the statement of income in the expense category consistent with the function of the intangible asset. Such changes are treated as changes in an estimate. The amortization expense on intangible assets with a finite life is recognized in the statement of income in the expense category consistent with the function of the intangible asset.

For intangible assets with indefinite useful lives, impairment testing is carried out at least annually for the individual asset or at the cash-generating unit level. These intangible assets are not subject to planned

amortization. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the assessment of an indefinite useful life is still justified. If this is not the case, a change in the evaluation from indefinite to finite useful life is conducted prospectively.

A summary of the accounting principles applied to the Group's intangible assets (excluding goodwill) is presented below:

	Development costs	Patents and licenses	Acquired contracts	Customer relationships and trademarks
Useful lives	Finite useful lives amortization over the expected product lifecycle	Finite useful lives amortization over the expected useful life of 5 to 15 years	Finite useful lives amortization over the expected period of the contract of 23 to 28 years	Finite useful lives amortization over the expected period of 4 to 5 years
Amortization methods used	Straight-line amortization over the expected useful life			
Internally generated or acquired	Internally generated	Acquired	Acquired	Acquired

One license acquired as part of a business combination was assigned an indefinite useful life in the financial statements prepared in previous years. During the annual review of whether the assessment of an indefinite useful life is still justified, it was determined that this assessment is no longer appropriate in the fiscal year 2018. Accordingly, the license will be amortized over its identified useful life from this year.

Gains or losses arising on derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the statement of income in the period in which the item is derecognized.

Property, Plant, and Equipment

Property, plant, and equipment not acquired in a business combination are recognized at their acquisition or production costs less planned, accumulated depreciation. The acquisition costs of property, plant, and equipment acquired as part of a business combination are equal to their fair value at the date of acquisition. Planned straight-line depreciation is calculated on the basis of the estimated useful lives of the assets.

Useful Life of the Assets

	Useful life
Laboratory equipment	5-14 years
Cryo-tanks and accessories	40 years
Office and business equipment	3-13 years

The carrying amounts of property, plant, and equipment are tested for impairment as soon as there is any indication that the carrying amount of an asset exceeds its recoverable amount.

The net carrying amounts of the assets, useful lives, and depreciation methods are reviewed at the end of each fiscal year and adjusted if necessary.

Investments in Associates

Associates are companies over which the Group is able to exercise a significant influence on the business and financial policy. As a rule, this is the case where voting rights of between 20% and 50% are held. Associated companies are recognized in the consolidated financial statements in accordance with the equity method and are initially carried at acquisition cost. Goodwill allocated to shares in associated companies is not recognized separately but is included in the acquisition costs. The Group's share in the profit or loss of the associated company from the date of acquisition is recognized in the consolidated statement of income, and its share of changes in

equity not affecting income is recognized directly in the Group equity. The cumulative changes from the date of acquisition increase or decrease the carrying amount of the investment in the associated company.

The financial statements of the associated company are prepared using the same closing date as the consolidated financial statements. To the extent necessary, adjustments are made to the financial statements to ensure they are consistent with the Group's standard accounting policies.

In the fiscal year 2018, the Group assessed the overall circumstances and came to the conclusion that there was no longer any significant influence over Bio Save d.o.o., Belgrade, Serbia. This is reflected among other things in the fact that the existing business relationships have been terminated and no financial information for the application of the equity method is provided by the company.

Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If such indications exist, or if an annual impairment test of an asset is required, the Group estimates the recoverable amount. The recoverable amount of an asset is the higher of the two amounts of the fair value of an asset or a cash-generating unit minus the disposal costs and its value in use. The recoverable amount needs to be determined for each asset, unless an asset does not generate any cash inflows that are mostly independent of those of other assets or other groups of assets. If the carrying amount of an asset exceeds its recoverable amount, the asset is described as impaired and written down to its recoverable amount. To assess 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 regarding the interest effect and the risks specific to the asset. To determine the fair value less costs to sell, an appropriate valuation model is used. This is based on valuation multipliers, stock market prices of publicly traded company shares or other available indicators of fair value. Impairment losses attributable to continuing operations are recognized in the expense categories that correspond to the function of the impaired asset.

With the exception of goodwill, the Group assesses at each balance sheet date whether there is any indication that an impairment loss recognized for an asset in prior years may no longer exist or may have diminished. If such indications exist, the recoverable amount is estimated. A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset must be increased to its recoverable amount. That increased amount shall not exceed the carrying amount that would have been determined, net of amortization or depreciation, had no impairment loss been recognized in prior years.

After a reversal of an impairment loss, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual carrying amount, on a systematic basis over its remaining useful life.

For goodwill, the Group determines at each balance sheet date whether there is any indication that goodwill is impaired. Goodwill is tested for impairment at least once annually. Impairment tests are also conducted if events or circumstances indicate that the goodwill may be impaired. Impairment is determined by finding the recoverable amount of the cash-generating unit that the goodwill is attributable to. If the recoverable amount of the cash-generating unit is less than the carrying amount of this unit, an impairment loss is recorded. Any impairment loss recognized on goodwill may not be reversed in subsequent reporting periods.

Financial Assets

Initial Recognition and Measurement of Financial Assets

Financial assets are classified into the following measurement categories in accordance with IFRS 9:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through other comprehensive income (debt instruments)
- Financial assets at fair value through profit or loss
- Financial assets at fair value through other comprehensive income (equity instruments)

The classification of financial assets on initial recognition is dependent on the characteristics of the cash flows conditions and the business model conditions of the financial asset. Financial assets are measured on initial

recognition at fair value. In the case of financial assets that are not measured at fair value through profit or loss, transaction costs directly attributable to the acquisition of the financial asset are also included. The Group determines the classification of its financial assets upon initial recognition and, where allowed and appropriate, re-evaluates this classification at the end of each reporting period.

Regular way purchases and sales of financial assets are recognized as of the settlement date, i.e., the date on which an asset is delivered to or by the Company. Regular way purchases or sales are purchases or sales of financial assets that prescribe the delivery of the assets within a period determined by market regulations or convention.

Subsequent Measurement of Financial Assets

- Financial assets at amortized cost (debt instruments)

The Group classifies financial assets in this category when the following conditions are fulfilled:

- the financial asset is held as part of the Group's business model to collect the contractual cash flows; and
- the contractual terms of the financial asset result in cash flows at specified dates that represent only principal and interest payments on the principal amount outstanding.

Financial assets at amortized cost are measured using the effective interest method and are assessed for impairment. Long-term non-interest-bearing receivables are discounted using a market interest rate equivalent to their term. Gains and losses on financial assets at amortized cost are recognized in the statement of income.

Financial assets at amortized cost primarily consist of the Group's trade receivables.

- Financial assets at fair value through other comprehensive income (debt instruments)

The Group classifies financial assets in this category when the following conditions are fulfilled:

- as part of the Group's business model, the financial asset is held both to collect the contractual cash flows and to sell financial assets; and
- the contractual terms of the financial asset result in cash flows at specified dates that represent only principal and interest payments on the principal amount outstanding.

Gains and losses on financial assets which are measured at fair value through other comprehensive income are recognized in other comprehensive income, with the exception of impairment losses and income, interest from the use of the effective interest method, and gains and losses on currency translation. If the financial asset is derecognized, the accumulated gain or loss previously recognized in other comprehensive income is reclassified to the statement of income.

Financial assets from debt instruments that are measured at fair value through other comprehensive income include financial securities presented under non-current assets.

- Financial assets at fair value through other comprehensive income (equity instruments)

On initial recognition, the Group may elect to irrevocably classify its investments as investments measured at fair value through other comprehensive income if they meet the definition of equity in IAS 32 and are not held for trading purposes. The classification is made separately for each instrument.

Gains and losses on such financial assets are recorded in other comprehensive income and are not subsequently recognized in the statement of income.

Financial assets from equity instruments that are measured at fair value through other comprehensive income include the shareholdings in other investments listed in note 27.

- Financial assets at fair value through profit or loss

Financial assets in this category include financial assets held for trading purposes, financial assets which are measured at fair value through profit or loss on initial recognition, or financial assets that must be measured at fair value. Financial assets are classified as held for trading purposes if they are acquired with the intention of sale or

repurchase in the near future. Derivatives, including separately embedded derivatives, are also classified as held for trading purposes, unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified independently of the business model and are measured at fair value through profit or loss. Irrespective of the criteria for the classification of debt instrument at amortized cost or at fair value through other comprehensive income, as described above, debt instruments can, on initial recognition, be measured at fair value through profit or loss if an accounting error is resolved or reduced significantly.

Financial assets in this category are recognized at fair value in the balance sheet, and the net changes in the fair value are reported in the statement of income.

The Group does not hold any such financial assets.

Derecognition of Financial Assets

A financial asset is derecognized when the right to the cash flows from the financial asset expires, or the financial asset is transferred.

Impairment of Financial Assets

The Group recognizes impairments for expected credit losses (ECLs) for all debt instruments that are not measured at fair value through profit or loss. ECLs are based on the difference between the agreed cash flows under the respective contract and the discounted expected cash flows.

ECLs are determined in two stages. For credit risks that have not increased significantly since initial recognition, ECLs are formed for credit losses resulting from default events that are possible within the next twelve months (twelve-month ECLs). For credit risks that have increased significantly since initial recognition, an allowance for expected credit losses is recorded over the remaining term of the engagement, independent of the timing of the default (lifetime ECL).

The Group applies a simplified method for determining ECLs for trade receivables. As a result, the Group does not track changes in credit risk, but records an impairment allowance at each reporting date based on lifetime ECLs. The Group has created an impairment matrix based on its historical credit risk experience, adjusted for forward-looking factors which are specific for the debtors and the economic environment.

The Group applies the simplified method of assessing the credit risk of debt instruments that are measured at fair value through other comprehensive income. At each reporting date, the Group makes an assessment of whether the debt instrument has a low credit risk, taking into consideration all reasonable and relevant information that is available without undue effort or cost. In this assessment, the Group makes a new assessment of the internal credit quality of the debt instrument. In addition, the Group is of the opinion that the credit risk has significantly increased when contractual payments are overdue by more than 30 days.

Financial Liabilities

Initial Recognition and Measurement of Financial Liabilities

All financial liabilities are initially recognized at fair value and for loans and liabilities at fair value less directly attributable transaction costs.

The Group's financial liabilities include trade payables and other liabilities as well as loans and borrowings.

Subsequent Measurement of Financial liabilities

The measurement of financial liabilities is dependent on their classification as described below:

- Interest-bearing loans

This is the category with the most relevance for the Group. After initial recognition, interest-bearing loans are subsequently measured at amortized cost under the effective interest method. Gains and losses are reported in profit or loss on derecognition and as part of the amortization process under the effective interest method.

The amortized cost is calculated taking into account any discounts or premiums on acquisition and any fees or costs that are an integral part of the effective interest rate. Amortization under the effective interest method is recognized in the statement of income as financing costs.

This category is generally applied to interest-bearing loans and borrowings. Further information is provided in note 17.

- Financial Liabilities Measured at Fair Value through Profit or Loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading purposes and financial liabilities which are classified on initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading purposes if they are created for the purpose of repurchasing them in the short-term. This category includes derivative financial instruments entered into by the Group which are not designated as hedging instruments in hedging relationships in the sense of IFRS 9. Separated embedded derivatives are also classified as held for trading purposes, unless they are designated as effective hedging instruments.

Gains and losses on liabilities held for trading purposes are recognized in the statement of income. Financial liabilities which are to be measured on initial recognition at fair value through profit or loss are classified as such at the date of initial recognition and only if the criteria under IFRS 9 are fulfilled.

The Group has no financial liabilities that are measured at fair value through profit or loss.

Derecognition of Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on significantly different terms or when the terms of an existing financial liability are significantly modified, such an exchange or modification is accounted for by derecognizing the original liability and recognizing a new liability. The difference between the respective carrying amounts is recognized in the statement of income.

Treasury Shares

If the Group acquires its own shares, they are recognized at acquisition cost and deducted from equity. The purchase, the sale, the issuance, or the retirement of treasury shares is recognized directly in equity. Any differences between the carrying amount and the consideration are recognized directly in equity.

Inventories

Inventories are measured at the lower of cost and net realizable value.

In addition to production materials and wages, the production costs for work in progress also include appropriate portions of production overheads and depreciation to the extent that they relate to production. Administrative and selling costs and interest were not taken into account.

Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet consist of cash at bank and on hand and short-term deposits with an original maturity of no more than three months. Restricted cash is disclosed separately.

For the purpose of the statement of cash flows, cash and cash equivalents consist of the cash and short-term deposits defined above.

Provisions

Provisions are recognized when the Group has a present obligation (legal, contractual, or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the Group expects at least a partial reimbursement for a provision, the reimbursement is only recognized as a separate asset if the reimbursement is virtually certain. The expense relating to the recognition of the provision is recognized in the statement of income net of the reimbursement. If the effect of the interest effect is material, provisions are

discounted at a pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in provisions due to the passage of time is recognized as an interest expense. Legal disputes are often based on complex legal issues and involve considerable uncertainty. Accordingly, the assessment of whether there is a probable present obligation at the balance sheet date as a result of a past event, whether a future cash outflow is probable and the amount of the obligation can be estimated reliably is based on significant estimates. The assessment is generally made with the involvement of external lawyers. It may be necessary to establish a provision for an ongoing case due to new developments or to adjust the amount of an existing provision. In addition, the outcome of a lawsuit for Vita 34 may result in expenses that exceed the provision recognized for the facts of the case.

Pensions

As part of a business combination in 2012, the Company acquired a pension obligation, together with an associated reinsurance policy. The Company has paid premiums to an insurance company for these pension obligations. The amount of the pension obligation is determined using the actuarial prospective entitlement cash value method. The Company recognizes the actuarial gains and losses in the reporting period in which they occur in their full amount in other comprehensive income. In this way, the actuarial profits and losses are transferred directly to retained earnings and are not reclassified to the statement of income in subsequent years.

The amount to be recognized as an asset or liability under a defined benefit plan comprises the cash value of the defined benefit obligation (applying a discount rate based on senior, fixed-rate corporate bonds; see note 20) and the fair value of the plan assets available to settle obligations directly. Plan assets consist of qualifying insurance policies. The plan assets are protected against any claims of the Group's creditors and cannot be paid directly to the Group. The fair value is based on market price information. The value of a recognized asset of the defined benefit plan is generally equivalent to the cash value of any economic benefit in the form of reimbursement from the plan or in the form of a reduction in the future contribution payments to the plan. Since the plan assets consist of a qualifying insurance policy, which precisely covers all of the promised benefits with regard to their amount and due date, the recognition of the plan assets is limited to the cash value of the obligations covered.

Leasing Arrangements

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an estimate of whether the fulfilment of the contractual arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A distinction is drawn between operating leases and finance leases depending on whether all of the risks and rewards incidental to ownership are substantially transferred. The Group's leasing arrangements in the fiscal year 2018 were limited to leases in as lessee.

Operating lease payments are recognized as an expense in the statement of income on a straight-line basis over the lease term. Operating leases were entered into for the rental of offices, the leasing of vehicles, and the leasing of photocopiers, and for a telecommunications system.

In the case of finance leases, an asset and a liability are recognized at the beginning of the lease term. Lease payments are then separated into finance costs and the repayment portion of the residual debt in such a manner as to produce a constant interest rate on the remaining lease liability. Leased assets are depreciated on a scheduled basis over the useful economic life of the asset.

Sales Revenue from Contracts with Customers

The Group earns the largest proportion of its sales revenues from rendering services. The most significant sources of revenue are generated by the manufacture and storage of stem cell deposits. The Group recognized revenue when it fulfils a performance obligation by transferring a promised good or service to a customer. In addition, the following conditions must be satisfied for revenue to be recognized.

Provision of Services

- Manufacture and storage of stem cell deposits

As part of the provided services, these are either sold individually to the customers, with the storage invoiced on an annual basis ("annual payment contracts") or sold as a package with a contractually agreed storage period for the stem cell deposit ("advance payment contracts"). Both the manufacture of the stem cell deposits and the storage of the stem cell deposits represent separate performance obligations. If the services are sold individually,

the transaction price can clearly be allocated to the performance obligation. If the two services are sold as a package to the customer, the transaction price is allocated to the performance obligations on the basis of the relative individual sale prices. Revenue from the manufacturing of the stem cell deposits is recognized at the point in time, once the process of collecting, preparing, and storing the stem cells has been completed. Revenue from the storage of stem cell deposits is recognized over time, over the contractually agreed storage period.

In the case of advance payment contracts, the Group receives advance payments from the customer for the storage of stem cell deposits covering multiple years. The customer advance payments received are reported in the balance sheet under contract liabilities.

Sale of Goods

Revenue is recognized at the moment in time when the control of the asset is transferred to the customer. This usually occurs when the goods are delivered.

Government Grants

Government grants are recognized when there is reasonable assurance that the grants will be received and that the Company will meet the associated conditions met. If the grants relate to an expense item, they are recognized as income over the period necessary to match the grants on a systematic basis to the costs that they are intended to compensate. If the grant relates to an asset, it is recognized as deferred income and amortized on a straight-line basis over the expected useful life of the relevant asset.

Taxes

Current Tax Assets and Liabilities

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The calculation of the amount is based on the tax rates and tax laws that are applicable on the balance sheet date or will shortly be applicable.

Deferred Taxes

Deferred taxes are recognized using the balance sheet orientated liability method on all temporary differences as of the balance sheet date, between the carrying amount of an asset or a liability in the balance sheet and its tax bases.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax losses and unused tax credits can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reviewed at each reporting date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be realized.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realized or the liability is settled. In doing so, tax rates (and tax regulations) that are valid as of the closing date, or that will be valid in the near future, are used as a basis.

Value-Added Tax

Revenue, expenses, and assets are recognized net of value-added tax. Exceptions are:

- if the value-added tax incurred on the purchase of goods or services is not recoverable from the taxation authority, the value-added tax is recognized as part of the cost of the asset or as part of the expenses; and

- receivables and payables are stated with the amount of value-added tax included.

The amount of value-added tax recoverable from or payable to the taxation authority is recognized under receivables or payables in the balance sheet.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING AND VALUATION METHODS

The key forward-looking assumptions and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

Impairment Test of Goodwill

The goodwill acquired as part of the business combinations has been attributed to the "Stem Cell Banking - Germany" and "Spain" cash-generating units for impairment testing purposes.

The recoverable amount of the respective cash-generating unit is determined based on a value-in-use calculation using cash flow projections based on financial plans prepared by Management covering a three-year period and approved by the Supervisory Board. The recoverable amount is heavily dependent on the discount rate used for the discounted cash flow method and the expected future cash inflows. The basic assumptions used to determine the recoverable amount including a sensitivity analysis are explained in note 9.

Treatment of Tax Loss Carry-forwards and Deferred Tax Assets

As part of a tax audit carried out at Vita 34 AG, covering assessment periods up to 2009, the tax authorities did not agree with Vita 34 AG's tax treatment of allowances made against loans to affiliated companies.

The amended assessment issued by the tax authority differed from Vita 34 AG's tax returns, resulting in a reduction of the tax loss carry-forwards as of 31 December 2009 of EUR 2,553 thousand. Vita 34 AG made a legal challenge against these assessments. During the fiscal year 2017, a ruling was obtained in Vita 34 AG's favour. The tax authorities have appealed against this ruling, with the effect that it is not yet legally binding. On the basis of this development, Management continues to assume that the allowances recorded against the loans made to affiliated companies must be taken into account for tax purposes.

The tax expenses and the recognized tax receivables on excess advanced income tax payments have been calculated as of the closing date and based on this assumption.

Deferred tax assets on loss carry-forwards of Novel Pharma S.L. were not capitalized. This company is purely a holding company, in which no sufficient taxable income is expected in the future based on the current tax situation.

Deferred tax assets were capitalized on the loss carry-forwards of the other Group companies at the balance sheet date, to the extent it is probable, based on the business plan, that the loss carry-forwards will be utilized. Deferred tax assets arising on differences between the tax balance sheet values and the IFRS balance sheet values of the corresponding companies were offset against deferred tax liabilities. In the case of an excess of deferred tax assets over liabilities, the assets have been capitalized to the extent that it is considered likely that taxable income for this will be available.

We refer to the explanations in note 6, "Income Taxes".

Sales Revenue from Contracts with Customers

Allocation of the transaction price in advance payment contracts

The manufacture of the stem cell deposits and the storage of the stem cell deposits represent separate performance obligations. When advance payment contracts are entered into, both services are sold to the customer in a single package. The transaction price is allocated to the performance obligations on the basis of the relative individual sales prices.

The Group has concluded that the most appropriate way to determine the relative individual sales prices is to apply the "expected cost-plus-a-margin" approach.

Existence of a financing component in advance payment contracts

In the case of advance payment contracts, the Group receives advance payments from the customer for the storage of stem cell deposits covering multiple years. Under consideration of the nature of the service offered, the Group notes that the payment terms are designed for reasons other than the provision of financing for the Group.

Accordingly, the Group has concluded that the advance payments do not contain a financing component.

Recognition of Grants for Development Projects

Grant income awarded for work on publicly funded development projects is recognized in the income statement at the date on which the relevant qualifying expenditures are incurred by the Company. The recognition of income in profit or loss requires a grant award notice from the public-sector sponsors.

The recognition of the income at the time the qualifying expenses are incurred ensures that the expenses and income are presented in the period covered by the consolidated financial statements.

2.6 NEW ACCOUNTING STANDARDS

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have issued new standards, interpretations, and amended standards that are not yet mandatory for the fiscal year 2018 and have not yet been applied to these consolidated financial statements. In the following, only those standards and interpretations are explained that the Group expects to have a significant effect on the Group's net assets, financial position and results of operations or on the disclosures in the notes to the consolidated financial statements. Other standards and interpretations that have already been published but have not yet entered into force do not currently have any material impact on the net assets, financial position and results of operations of the Group.

IFRS 16 "Leases"

IASB published the new standard for accounting for lease arrangements in January 2016. This provides the obligatory application of the right of use of the leased object and a corresponding lease liability for lessees for most lease arrangements. For lessors, on the other hand, there are only slight changes as compared with classification and recognition of lease arrangements under IAS 17. IFRS 16 requires increased disclosure requirements both for lessees and lessors. IFRS 16 shall be applied for the first time for fiscal years beginning on or after January 1, 2019.

The Group will apply the standard for the first time for the fiscal year commencing on 1 January 2019 and will, in accordance with the transition arrangements, not restate the previous year's figures. Based on the initial recognition of the right to use the leased asset and the corresponding lease obligation, the Group expects a balance sheet extension of approximately EUR 1.4 million as of 1 January 2019. In addition, the Group expects that the application of IFRS 16 will not have a significant effect on the Group's operating results. The additional amortization recorded on the right-of-use-assets recorded for the leased assets in the amount of EUR 0.5 million will be offset by similar amounts of lower expenses recorded for leasing expenses. The Group also anticipates additional interest expense from leases of EUR 0.02 million. Repayments of lease liabilities are reported in cash flow from financing activities in accordance with IFRS 16.

3. SUBSIDIARIES WITH SIGNIFICANT NON-CONTROLLING INTERESTS

Minority shareholders hold interests in the following companies:

	Share of equity/ share of voting rights	
Name, Location	**2018**	**2017**
	(in %)	
Secuvita, S. L., Madrid, Spain.....	12.0	12.0

The shares of minority shareholders for significant subsidiaries are as follows:

	Share of minority shareholders	
	2018	2017
	(in EUR thousand)	
Secuvita, S. L., Madrid, Spain	122	117

The summarized financial information for subsidiaries with significant non-controlling interests is as follows:

	Secuvita, S. L., Madrid, Spain	
	2018	2017
	(in EUR thousand)	
Non-current assets	6,469	6,499
Current assets	2,679	2,595
Non-current liabilities	3,665	3,635
Current liabilities	3,038	3,050
Net assets	**2,446**	**2,409**
Sales revenue	2,501	2,749
Net result for the period	38	(4)
Total comprehensive income	38	(4)
Earnings attributable to non-controlling interests	4	0

4. SEGMENT REPORTING

4.1 INFORMATION ON BUSINESS SEGMENTS

In the fiscal year 2018, the Group again only had the "Stem Cell Banking" reporting segment, which is active in the field of collecting, processing, and storing stem cells from umbilical cord blood and tissue, and in the development of cell therapy processes.

4.2 INFORMATION ON GEOGRAPHIC REGIONS

The following tables contain information on the revenues and non-current assets in accordance with IFRS 8.33 (a) and (b) according to geographic activity areas of the Group for the fiscal years 2018 and 2017:

Revenues from Transactions with External Customers in Accordance with IFRS 8.33 (a)

	2018	2017
	(in EUR thousand)	
Domestic	13,975	10,487
Spain	2,501	2,752
Other foreign countries	3,933	5,953
Group	**20,409**	**19,192**

The classification of the revenues is done on the basis of the location of the customer.

Non-Current Assets in Accordance with IFRS 8.33 (b)

	2018	2017
	(in EUR thousand)	
Domestic	36,908	38,667
Spain	4,588	4,742
Denmark	4,894	5,168
Other foreign countries	1,181	1,239
Group	**47,571**	**49,816**

5. REVENUE, OTHER INCOME, AND EXPENSES

5.1 SALES REVENUE FROM CONTRACTS WITH CUSTOMERS

The sales revenue disclosed in the statement of income for continuing operations breaks down by the nature of the service provided as follows:

	2018	2017
	(in EUR thousand)	
Revenue from processing/manufacturing	14,601	14,771
Revenue from storage	4,930	3,750
Other revenues	879	672
	20,409	**19,192**

5.2 COST OF SALES

Cost of sales disclosed in the statement of income includes the following expenses:

	2018	2017
	(in EUR thousand)	
Cost of materials	1,125	1,209
External services	2,273	2,214
Personnel expenses	2,130	2,479
Amortization and depreciation	1,608	1,214
Premises costs	555	471
Other expenses	744	804
	8,435	**8,391**

5.3 OTHER OPERATING INCOME

Other operating income disclosed in the statement of income consists of the following:

	2018	2017
	(in EUR thousand)	
Government grants	78	324
Income from derecognition of accrued liabilities	355	129
Income from damage settlements	0	5
Sundry other income	283	258
	716	**717**

The income from government grants primarily consists of income from the release of deferred grant income of EUR 66 thousand. There are no unfulfilled conditions or other uncertainties attached to the government grants.

Income from derecognition of accrued liabilities primarily includes derecognition of financial obligations from deliveries and services deferred in the prior year, from which the Group made less use than expected of in the reporting year.

5.4 MARKETING AND SELLING COSTS

The selling expenses disclosed in the statement of income break down as follows:

	2018	2017
	(in EUR thousand)	
Personnel expenses	1,657	1,784
Amortization and depreciation	295	213
Marketing expenses	2,114	2,477
Other expenses	859	957
	4,925	**5,430**

The other expenses primarily include sales-related office space costs, insurance costs, and consulting expenses.

5.5 ADMINISTRATIVE EXPENSES

The administrative expenses disclosed in the statement of income comprise the following:

	2018	2017
	(in EUR thousand)	
Personnel expenses	2,437	2,698
Amortization and depreciation	189	278
Legal, consulting, and audit fees	639	839
Other expenses	1,540	1,142
	4,805	**4,956**

The other expenses primarily include administration-related office costs and IT costs. Administrative expenses include research and development expenses of EUR 470 thousand.

5.6 OTHER OPERATING EXPENSES

Other operating expenses disclosed in the statement of income consist of the following:

	2018	2017
	(in EUR thousand)	
Bad debt losses	96	230
Sundry other expenses	233	760
	329	**991**

The sundry other expenses primarily include expenses in connection with the cessation of active sales activities in the Danish market. In the previous year, this expense position included costs incurred in connection with the integration of Seracell.

5.7 FINANCIAL EXPENSES

The financial expenses disclosed in the statement of income consist of the following:

	2018	2017
	(in EUR thousand)	
Loans and overdraft facilities	193	104
Remuneration for silent partnerships	33	66
Other interest expenses	20	30
Realized losses from financial investments	645	0
	891	**200**

The losses on financial investments mainly result from the impairment allowances recorded on a loan granted to Vita 34 Slovakia.

5.8 FINANCIAL INCOME

The financial income disclosed in the statement of income consists of the following:

	2018	2017
	(in EUR thousand)	
Interest income	44	26
Income from non-current financial investments	0	19
	44	**44**

5.9 EMPLOYEE BENEFIT EXPENSE

The expense for employee benefits breaks down as follows:

	2018	2017
	(in EUR thousand)	
Wages and salaries	5,245	6,610
Social security costs	956	904
Pension costs	49	60
	6,250	**7,575**

The employers contributions to statutory pension insurance are classified as defined contribution plan contributions, and are accordingly recognized in full as an expense.

The annual average number of employees in the Group is as follows:

	2018	2017
	(in EUR thousand)	
Employees	125	120
Trainees/interns	4	4
	129	**124**

6. INCOME TAXES

The main components of income tax expense for the fiscal years 2018 and 2017 consist of the following:

	2018	2017
	(in EUR thousand)	
Consolidated statement of income		
Current income tax expense	663	354
Deferred tax on the creation and reversal of temporary differences	(609)	(142)
Deferred tax on tax losses	898	(41)
Income tax expense	**952**	**171**
Consolidated statement of comprehensive income		
Unrealized gains on available-for-sale financial assets	(2)	(1)
Income taxes recognized in equity	(2)	(1)

The income tax receivables shown in the balance sheet represent the reimbursement claims for overpayments of taxes and advance tax payments. Please refer to note 2.5 for details of the treatment of tax losses carried forwards.

The reconciliation between income tax expense and the product of the balance sheet result for the period and the Group's applicable tax rate for the fiscal years 2018 and 2017 is as follows:

	2018	2017
	(in EUR thousand)	
Earnings before income taxes	**1,784**	**(154)**
Income tax expense (-) or income (+) at the Group tax rate of 30.5% (2017: 28.6%)	(548)	44
Adjustments since results of Novel Pharma S.L. do not lead to an income tax expense	4	2
Adjustments due to tax free income	11	12
Adjustments due to non-deductible expenses	(250)	(124)
Elimination of tax losses carried forward	(59)	0
Unrecognized deferred taxes on losses carried forward	(34)	(27)
Foreign exchange effects	0	1
Deviations from tax rate differences	(77)	(78)
Income tax expense	**(952)**	**(171)**

The change in the Group tax rate results from the greater weighting attributable to the Group's German companies in determining the Group tax rate due to higher earnings contributions.

Deferred income taxes at the reporting date consist of the following:

	Consolidated balance sheet		Consolidated statement of income	
	2018	2017	2018	2017
			(in EUR thousand)	
Deferred taxes on temporary differences				
Intangible assets	(5,325)	(5,502)	412	216
Property, plant, and equipment	(152)	(97)	(55)	(45)
Other non-current assets	(111)	(97)	(15)	6
Current assets	47	47	0	86
Contract liabilities	(1,417)	(1,549)	132	95
Non-current liabilities	(145)	(148)	3	(61)
Current liabilities	1	(129)	132	98
	(7,102)	**(7,475)**	**609**	**395**
Tax losses carried forward	2,796	3,595	(898)	(212)
Deferred tax liabilities (net)	**(4,306)**	**(3,880)**		
Deferred tax expense/income			**(289)**	**183**

A change in the applicable tax rate at a subsidiary in the fiscal year 2018 led to an adjustment to the carrying amount of the recognized deferred tax liabilities. As the deferred tax liabilities were recognized in prior periods outside the statement of income, the carrying amount of deferred tax liabilities was also adjusted outside the statement of income. The change in the tax rate led to an increase in deferred tax liabilities of EUR 136 thousand, and the adjustment was recorded in the Company's retained earnings.

The losses carried forward by the Group companies developed as follows:

Name	Place of business	Income tax rate	2018	2017
			(in EUR thousand)	
Seracell Pharma AG	Germany	32%	3,481	5,708
stellacure GmbH	Germany	32%	*	753
Vita 34 ApS	Denmark	22%	3,698	3,412
Secuvita S.L.	Spain	25%	3,824	4,238

* Merged into Vita 34AG in 2018

The income tax losses carried forward that may exist in Germany, Denmark, and Spain can be used indefinitely by the Group to offset future taxable income of the respective company.

Deferred tax assets on these tax losses carried forward were capitalized to the extent that it can be assumed based on business planning that the losses carried forward will be utilized.

There are tax losses carried forward at Novel Pharma S.L., Spain that are available to the Group for offset against future taxable income of Novel Pharma S.L. However, deferred tax assets have not been recognized in respect of these losses, as these losses may not be used to offset taxable income of other Group companies and they have arisen in an intermediate holding company that does not usually generate a positive taxable income. They can only be used under certain conditions, which are currently not likely to occur.

No deferred tax assets have been recognized for tax losses carried forward in the amount of EUR 89 thousand.

7. EARNINGS PER SHARE

Basic/Diluted Earnings per Share

Basic/diluted earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year.

Basic/diluted earnings per share are calculated as follows:

	2018	2017
	(in EUR thousand)	
Profit/loss from continuing operations	832	(325)
Less: portion attributable to non-controlling interests	(4)	2
Result from continuing operations attributable to shareholders of Vita 34 AG	**828**	**(323)**
Number of shares outstanding (weighted average)	4,084,052	3,549,543
Earnings per share (EUR)	**0.2**	**(0.09)**

8. INTANGIBLE ASSETS

Intangible assets developed as follows:

Overview of intangible assets as of December 31, 2018

	Development costs	Patents and licenses	Acquired contracts	Customer relationships and trade-marks	Total
		(in EUR thousand)			
Acquisition cost as of 01/01/2018	**502**	**3,869**	**23,732**	**1,996**	**30,099**
Additions	26	17	0	0	43
Disposals	0	(66)	(97)	0	(164)
Currency differences	0	(6)	(17)	0	(23)
Acquisition cost as of 31/12/2018	**528**	**3,814**	**23,618**	**1,996**	**29,955**
Cumulative amortization and impairment as of 01/01/2018	4	3,362	4,967	230	8,563
Amortization for the year	47	201	865	461	1,574
Disposals	0	(66)	(97)	0	(164)
Currency differences	0	(6)	(2)	0	(8)
Cumulative amortization and impairment as of 31/12/2018	**51**	**3,491**	**5,733**	**691**	**9,966**
Carrying amount as of 01/01/2018	498	507	18,765	1,766	21,536
Carrying amount as of 31/12/2018	**477**	**323**	**17,885**	**1,305**	**19,990**

Overview of intangible assets as of December 31, 2017

	Development costs	Patents and licenses	Acquired contracts	Customer relationships and trade-marks	Total
		(in EUR thousand)			
Acquisition cost as of 01/01/2017	**407**	**3,747**	**14,938**	**0**	**19,092**
Additions	95	75	0	0	170
Additions resulting from business combinations	0	73	8,802	1,996	10,871
Disposals	0	(25)	0	0	(25)
Currency differences	0	(1)	(8)	0	(9)
Acquisition cost as of 31/12/2017	**502**	**3,869**	**23,732**	**1,996**	**30,099**
Accumulated amortization and impairment as of 01/01/2017	0	3,128	4,287	0	7,415
Amortization for the year	4	244	680	230	1159
Disposals	0	(9)	0	0	(9)
Currency differences	0	(1)	(1)	0	(2)
Accumulated amortization and impairment as of 31/12/2017	**4**	**3,362**	**4,967**	**230**	**8,563**
Carrying value as of Jan. 1, 2017	407	619	10,651	0	11,677
Carrying value as of 31/12/2017	**498**	**507**	**18,756**	**1,766**	**21,536**

The acquired contracts and development projects acquired and the customer relationships and trademarks contain the following significant assets as of December 31, 2018:

	Carrying amount	Remaining useful life
	(in EUR thousand)	
Acquired storage contracts Secuvita	3,570	17 years
Acquired storage contracts Vita 34 ApS	4,844	22 years
Acquired storage contracts Vivocell	1,177	21 years
Acquired storage contracts Seracell	8,279	24 - 27 years
Trademarks Seracell	330	3 years
Customer relationships Seracell	976	3 - 6 years

9. GOODWILL

	2018	2017
	(in EUR thousand)	
Acquisition cost as of Jan. 1	**18,323**	**13,942**
Acquisition of subsidiaries	0	4,909
Changes in the consolidated group	0	0
Disposals	0	(528)
Acquisition cost as of Dec. 31	**18,323**	**18,323**
Cumulative amortization and impairment as of Jan. 1	0	528
Amortization for the year	0	0
Disposals	0	(528)
Accumulated amortization and impairment as of Dec. 31	**0**	**0**
Carrying amount as of Jan. 1	18,323	13,414
Carrying amount as of Dec. 31	**18,323**	**18,323**

The goodwill and intangible assets with indefinite useful lives acquired in business combinations have been attributed to cash-generating units for impairment testing purposes as follows:

	Stem Cell Banking Germany		Spain		Total	
	2018	2017	2018	2017	2018	2017
			(in EUR thousand)			
Goodwill	17,731	17,731	592	592	18,323	18,323
License with indefinite useful life	0	43	0	0	0	43

The Group conducts its annual impairment test in the fourth quarter of the fiscal year. The Group considers the relationship between market capitalization and carrying amount, apart from other factors, in reviewing the indicators for impairment. The recoverable amounts determined in the impairment testing exceeded the carrying amounts of the respective cash-generating units.

Cash-Generating Unit "Stem Cell Banking - Germany"

The recoverable amount of the "Stem Cell Banking - Germany" cash-generating unit is determined based on a value in use calculation using cash flow projections updated from the prior year and based on financial budgets prepared by Management covering a three-year period, and approved by the Supervisory Board. The discount rate used for the cash flow forecasts for the "Stem Cell Banking - Germany" segment before tax is 9.8% (prior year: 10.7%). Cash flows beyond the three-year period are extrapolated using a 1% growth rate.

Cash-Generating Unit "Spain"

The recoverable amount of the cash-generating unit "Spain" is also determined based on a value in use calculation, using cash flow projections based on financial budgets prepared by Management covering a three-year period, and approved by the Supervisory Board. The pre-tax discount rate applied to the cash flow projections is 12.1% (prior year: 13.4%). Cash flows beyond the three-year period are extrapolated using a 1% growth rate.

Key Assumptions Used in Value in Use Calculation of the Business Units as of December 31, 2018 and December 31, 2017

The basic assumptions on the basis of which Management has prepared its cash flow projections for impairment testing of goodwill are explained below.

Budgeted Gross Profit Margins - The gross profit margins are derived from the average gross profit margins achieved for new agreements concluded in the immediately preceding fiscal year.

Discount Rates - The discount rates reflect the estimates of company management with regard to the specific risks attributable to the cash-generating units. This is the benchmark used by management to assess the operating performance and evaluate future investment projects. The discount rate is derived from a risk-free interest rate, also taking a country-specific market risk premium and a company-specific beta factor into account.

Sensitivity of the Assumptions Made

For the purposes of performing the sensitivity analysis for the cash-generating unit, a decrease in the planned gross profit margins of one percentage point or an increase in the discount rates (after taxes) of one percentage point was assumed. On this basis, no impairment requirement for the cash-generating units results.

10. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment developed as follows:

Property, Plant and Equipment as of December 31, 2018

	Land	Technical equipment	Operating and business equipment	Total
		(in EUR thousand)		
Acquisition cost as of Jan. 1, 2018	**306**	**7,813**	**1,858**	**9,976**
Additions	0	544	251	795
Disposals	0	(3)	(102)	(105)
Acquisition cost as of Dec. 31, 2018	**306**	**8,354**	**2,006**	**10,666**
Cumulative depreciation and impairment as of Jan. 1, 2018	0	2,052	1,289	3,341
Depreciation for the year	0	320	197	517
Disposals	0	(3)	(98)	(101)
Cumulative depreciation and impairment as of Dec. 31, 2018	**0**	**2,369**	**1,389**	**3,758**
Carrying amount as of Jan. 1, 2018	306	5,761	568	6,635
Carrying amount as of Dec. 31, 2018	**306**	**5,985**	**617**	**6,908**

Property, Plant, and Equipment as of December 31, 2017

	Land	Technical equipment	Operating and business equipment	Total
		(in EUR thousand)		
Acquisition cost as of Jan. 1, 2017	**306**	**5,911**	**1,793**	**8,010**
Additions	0	553	125	678
Disposals	0	(4)	(104)	(108)
Acquisition of subsidiaries	0	1,353	43	1,396
Acquisition cost as of Dec. 31, 2017	**306**	**7,813**	**1,858**	**9,976**
Accumulated depreciation and impairment as of Jan. 1, 2017	0	1,765	1,218	2,983
Depreciation for the year	0	291	158	449
Disposals	0	(4)	(87)	(91)
Accumulated depreciation and impairment as of Dec. 31, 2017	**0**	**2,052**	**1,289**	**3,341**
Carrying value as of Jan. 1, 2017	306	4,146	575	5,027
Carrying value as of Dec. 31, 2017	**306**	**5,761**	**568**	**6,635**

The carrying amount of technical equipment held under lease purchase arrangements amounted to EUR 380 thousand as of December 31, 2018 (previous year: EUR 391 thousand).

11. INVESTMENTS IN ASSOCIATES

In the fiscal year 2017, the investment in Bio Save d.o.o., Belgrade, Serbia was accounted for as an associated company and included in the consolidated financial statements of Vita 34 AG using the equity method. In the fiscal year 2018, this investment is presented in other assets under non-current assets.

	2017
	(in EUR thousand)
Summarized financial information	
Non-current assets	241
Current assets	666
Non-current liabilities	166
Current liabilities	735
Sales revenue	1,313
Net result for the period	(465)
Total comprehensive income	(465)
Dividends paid during the fiscal year	0
Reconciliation to balance sheet and statement of income	
Net assets of the associate	6
Group shareholding in associate	30%
Goodwill	128
Carrying amount of the Group's interest in the associate	129
Group's share in the result of the associate	(140)

12. INVENTORIES

Inventories consist of the following:

	2018	2017
	(in EUR thousand)	
Raw materials, consumables, and supplies	381	305
Work in progress	75	134
	456	**438**

Impairment allowances of EUR 0 thousand were recorded in 2018 against inventories (previous year: EUR 48 thousand).

13. TRADE RECEIVABLES

Trade receivables consist of the following:

	2018	2017
	(in EUR thousand)	
Non-current trade receivables	1,088	1,103
Current trade receivables	2,744	3,705
	3,832	**4,808**

Due to the partly long term of the receivables, trade receivables due in more than twelve months are reported separately under non-current assets.

The impairment allowances recorded against trade receivables developed as follows:

	2018	2017
	(in EUR thousand)	
Impairment allowances as of Jan. 1	**853**	**617**
Changes in the consolidated group	0	15
Additions (expenses for impairment)	94	220
Utilization	(45)	0
Release	(57)	0
As of Dec. 31 of the fiscal year	**844**	**853**

Expenses of EUR 2 thousand were recorded in the fiscal year for the full write-off of trade receivables (previous year: EUR 10 thousand). All expenses from impairment allowances and write-offs of trade receivables are disclosed under other operating expenses.

14. OTHER RECEIVABLES AND ASSETS

	2018		2017	
	Total	**Of these: current**	**Total**	**Of these: current**
	(in EUR thousand)			
Financial receivables and assets				
Financial securities	345	0	2,342	0
Other financial investments	233	0	119	0
Other financial assets	176	132	677	181
	754	**132**	**3,138**	**181**
Non-financial assets				
Prepaid expenses	949	259	897	188
Other assets	4	4	168	168
	953	**263**	**1,065**	**356**
	1,707	**395**	**4,203**	**538**

The financial securities have been used as collateral security for the purposes of obtaining a loan and a bank guarantee. The change in the fiscal year results from the sale of securities.

Investments in unconsolidated subsidiaries are presented in other financial assets.

Other financial assets include in particular deposits paid on rental properties for laboratory and office space used by Group companies. In the previous year, this item primarily included receivables from loans to subsidiaries of Vita 34 AG which are not included in the consolidated financial statements.

15. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	2018	2017
	(in EUR thousand)	
Restricted cash	296	763
Cash and cash equivalents	6,960	4,180
	7,256	**4,943**

Cash and cash equivalents consist of bank account balances and cash on hand. Bank balances earn interest at the floating rates for on-call deposits. Cash and cash equivalents in the balance sheet equals the cash and cash equivalents balance reported for the purposes of the cash flow statement.

The restricted cash represents collateral pledged for bank loans and rental payments.

16. EQUITY

	2018	2017
	(in EUR thousand)	
Registered capital	4,146	4,146
Capital reserves	23,913	23,913
Retained earnings	1,848	1,810
Other reserves	(145)	(120)
Treasury shares	(337)	(337)
Non-controlling interests	122	117
	29,546	**29,528**

Vita 34 AG's **registered capital** represents the Company's issued share capital as stated in the Company's articles of incorporation and pursuant to German stock corporation law. Equity is divided into 4,145,959 (previous year: 4,145,959) non-par value registered shares.

Capital reserves comprise contributions beyond the issued share capital and other payments by shareholders in connection with capital measures as well as reserves for share-price-based payments.

Retained earnings comprise the cumulative results including the net result for the current year. Retained earnings were reduced by EUR 653 thousand in the reporting year by a dividend payment. The dividend per share was EUR 0.16.

The Management Board and Supervisory Board of Vita 34 AG propose that a dividend of EUR 0.16 per qualifying share be paid on the balance sheet profit reported in the annual financial statements of Vita 34 AG as of 31 December 2018. This represents a total payment of EUR 656 thousand.

Other reserves comprise actuarial gains and losses from defined benefit pension plans, gains and losses on financial assets measured at fair value through other comprehensive income, and gains and losses on foreign currency translation.

As of the balance sheet date, the Group owned 61,907 **treasury shares** (1.49%), as in the previous year.

Authorized Capital

Vita 34 AG has created authorized capital in accordance with Section 7 para. 2 of the Company's articles of association. By resolution of the Annual General Meeting on August 28, 2014, the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital of the Company on one or more occasions until 27 August 2019 by up to a total of EUR 393,791.00 by issuing up to 393,791 new registered non-par value shares in exchange for cash or in-kind contributions (Authorized Capital 2014).

Information Concerning Shareholdings In Vita 34 AG

The Company has been notified of the following shareholdings requiring notification under Section 160 Para. 1 no. 8 AktG (as of 31 December 2018):

Michael Kohler informed us on August 10, 2017 that his direct or indirect voting rights in the Company had exceeded the 10% threshold on August 4, 2017 and that, as of that date, he held a total of 482,401 or 11.64% of Vita 34 AG's total voting rights.

Dr. André Gerth and Polski Bank Komórek Macierzystych S.A., Warsaw, Poland, informed us on June 18, 2018 that they will in future be acting in concert and that the joint share of direct or indirect voting rights in Vita 34 AG has exceeded the 10% threshold of the voting rights in our Company on April 18, 2018 and that, as of that date, it amounted to 480,099 voting rights or 11.58% of the voting rights. Of these, 355,171 voting rights or 8.57% of the voting rights are attributable to Dr. André Gerth and 124,928 voting rights or 3.01% of the voting rights to Polski Bank Komórek Macierzystych S.A.

17. LOANS

	2018		2017	
	Total	Of these current	Total	Of these current
		(in EUR thousand)		
Liabilities to banks	6,974	1,693	7,913	580
Other financial liabilities	550	550	1,012	475
Lease purchase loan	163	62	253	89
	7,687	**2,305**	**9,177**	**1,145**

The loan liabilities consist of the following:

	Interest rate	Maturity	2018	2017
	(in %)		(in EUR thousand)	
Loan of EUR 7,500 thousand	2.48	2018 - 2023	6,694	7,431
Loan of EUR 1,000 thousand	1.25	2015 - 2020	250	450
Loan of EUR 137 thousand	0	2013 - 2024	30	31
Other financial liability of EUR 2,042 thousand	0	2015-2019	550	1,012
Lease purchase loan of EUR 242 thousand	2.86	2017 - 2022	142	181
Lease purchase loan of EUR 308 thousand	3.39	2017-2019	22	72
			7,687	**9,177**

Security has been provided on the loans shown in the balance sheet totaling EUR 6,944 thousand (with a nominal amount of EUR 8,500 thousand) as follows:

- global assignment of the Company's receivables from storage contracts with rights against the respective third parties with names beginning with the letters A-Z; and
- collateral security over financial securities and their respective depot accounts included in restricted cash.

There is a bank guarantee amounting to EUR 550 thousand for another loan of the same amount (nominal amount EUR 2,042 thousand). Financial securities have been provided as collateral to the guaranteeing bank as a security for the bank guarantee.

The movements on the loans were as follows:

	2018	2017
	(in EUR thousand)	
Loans as of Jan. 1	**9,177**	**2,142**
Cash receipts from loan drawdowns	0	7,425
Cash outflows from loan repayments	(1,045)	(249)
Cash flow from business acquisitions	(475)	(472)
Non-cash interest effects	30	35
Additions resulting from business combinations	0	296
Loans as of Dec. 31	**7,687**	**9,177**

Cash outflows from the acquisition of companies represent the repayments made for the instalment loan drawn down in connection with the acquisition of Vita 34 ApS (formerly: StemCare ApS) in the fiscal year 2015.

18. SILENT PARTNERS' INTERESTS

The silent partners' interests of EUR 940 thousand, an investment in the Group held by Mittelständische Beteiligungsgesellschaft Sachsen mbH (MBG), Dresden, were repaid in the fiscal year consistent with the terms of the agreement.

19. PROVISIONS

	2018	2017
	(in EUR thousand)	
As of Jan. 1 of the fiscal year	**3**	**16**
Additions	164	0
Release	3	13
As of Dec. 31 of the fiscal year	**164**	**3**

The provisions made during the reporting year cover the costs expected to be incurred in connection with a legal dispute. The Group expects the legal dispute to be resolved in 2019.

20. PROVISIONS FOR PENSION OBLIGATIONS

In 2014, the pension obligations towards one Management Board member were restructured. Accordingly, the previous pension obligation was limited to the benefits accrued up to July 31, 2014. This is a defined benefit pension plan (covered by investments) for which contributions were made to a separately administered pension fund. The amounts included in the financial statements developed as follows:

	2018	2017
	(in EUR thousand)	
Cash value of the defined benefit pension plan obligation	(347)	(361)
Fair value of plan assets	381	375
Effect of asset ceiling	(34)	(14)
Defined benefit obligation	**0**	**0**

In accordance with IAS 19.113, the cash value of the defined benefit pension plan obligation and the fair value of the plan asset are offset. Plan assets include a qualified insurance policy contract that covers all of the promised benefits exactly with regard to their amount and due date. Thus, recognition of the plan asset is limited to the cash value of the obligations covered.

Assumptions for Determining the Pension Fund Obligations

	2018	2017
	(in %)	
Discount rate	2.10	1.80
Salary trend	0.00	0.00
Pension trend	1.90	1.90

Due to the reinsurance policy, changes to the above parameters would not be expected to have an effect on the pension plan obligation.

21. DEFERRED GRANTS

The investment grants and allowances reported under grants developed as follows:

	2018	2017
	(in EUR thousand)	
As of Jan. 1 of the fiscal year	**957**	**1.037**
Released to income	66	80
As of Dec. 31 of the fiscal year	**890**	**957**
Current grants	63	66
Non-current grants	827	890
As of Dec. 31 of the fiscal year	**890**	**957**

The grants are released on a straight-line basis over the useful life of the subsidized assets.

22. CONTRACT LIABILITIES

	2018	2017
	(in EUR thousand)	
Obligations to fulfill concluded storage contracts	**1,619**	**1,808**
Advance payments for storage - non-current	9,736	9,460
Advance payments for storage – current	2,803	2,552
	12,539	**12,012**
	14,158	**13,821**

The obligations to fulfill concluded storage contracts concern obligations acquired under business combinations to store stem cell deposits over a contractually agreed period of time. The contracts in question are not matched by revenues until the contract-specific storage period expires.

The advance payments for storage comprise storage fees collected from customers in advance for periods between one year and 50 years, which are recognized as revenue on a straight-line basis over the term of storage.

This item developed as follows in the reporting period:

	2018	2017
	(in EUR thousand)	
As of Jan. 1 of the fiscal year	**12,012**	**10,798**
Advance payments from prior periods recognized in storage revenue	(2,552)	(1,787)
Deferred advance payments received during the fiscal year	3,078	3,001
As of Dec. 31 of the fiscal year	**12,539**	**12,012**

23. TRADE PAYABLES AND OTHER LIABILITIES

	2018	2017
	(in EUR thousand)	
Financial liabilities		
Trade payables	1,106	949
Other financial liabilities	48	853
	1,154	**1,802**
Non-financial liabilities		
Payments to employees and members of the Management Board	450	972
Other non-financial liabilities	667	707
	1,118	**1,679**
	2,272	**3,481**

Current trade payables are non-interest bearing and are normally due for settlement after 30 days.

Other financial liabilities are non-interest bearing. The security retention of EUR 350 thousand in connection with the acquisition of Seracell Pharma AG in the fiscal year 2017 reported within other financial liabilities at December 31, 2017 was paid to the seller in the fiscal year 2018 and reported in the consolidated statement of cash flows as a cash outflow for the purchase of companies.

The other non-financial liabilities primarily include liabilities for wages and for value added taxes.

24. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

24.1 CARRYING AMOUNTS AND FAIR VALUES

The carrying amounts of financial assets and financial liabilities are as presented in the following table. The carrying amount and the fair value are identical.

	2018	2017
	(in EUR thousand)	
Financial assets		
Financial assets at amortized cost		
Trade receivables	3,832	4,808
Other financial assets	176	677
	4,007	**5,485**
Financial assets at fair value through other comprehensive income (debt instruments)		
Financial securities	345	2,342
Financial assets at fair value through other comprehensive income (equity instruments)		
Other financial investments	233	119
Total financial assets	**4,585**	**7,946**
Financial liabilities		
Financial liabilities at amortized cost		
Interest-bearing loans	7,687	9,177
Silent partners' interests	0	940
Trade payables	1,106	949
Other financial liabilities	48	853
	8,842	11,919
Total financial liabilities	**8,842**	**11,919**

Current trade receivables, other financial receivables, trade payables, and other financial liabilities generally have short remaining terms; the carrying amounts approximate the fair values.

The fair values of non-current trade receivables with a remaining term of more than one year correspond to the present values of the payments associated with the assets using an interest rate customary in the market. They were classified in Level 2 of the fair value hierarchy.

The fair value of financial securities is based on stock exchange prices quoted on active markets. They are classified in level 1 of the fair value hierarchy.

The fair values of non-current loans and silent partners' interests measured in the balance sheet at amortized cost were determined by discounting the expected future cash flows using a standard market rate of interest. They were classified in Level 2 of the fair value hierarchy.

The fair value of other financial assets is determined using appropriate valuation techniques. They are classified in Level 3 of the fair value hierarchy. The development of other financial assets is shown in the following overview:

	2018
	(in EUR thousand)
As of Jan. 1 of the fiscal year	119
Additions in the fiscal year	17
Reclassification from associated companies	120
Revaluation in other comprehensive income	-24
As of Dec. 31 of the fiscal year	**233**

24.2 NET RESULT BY MEASUREMENT CATEGORY

The following table shows the net result from financial assets and financial liabilities by measurement category:

	Financial income	Financial expenses	Other operating expenses	Other comprehensive income	Total
			(in EUR thousand)		
2018					
Financial assets at amortized cost	44	(642)	(96)	0	(671)
Financial assets at fair value through other comprehensive income (debt instruments)	0	(22)	0	7	(15)
Financial assets at fair value through other comprehensive income (equity instruments)	0	0	0	(24)	(24)
Financial liabilities at amortized cost	0	(226)	0	0	(226)
	44	**(891)**	**(73)**	**(17)**	**(935)**
2017					
Loans and receivables	34	(30)	(230)	0	(227)
Available-for-Sale Financial Assets.	19	0	0	3	22
Financial liabilities measured at amortized cost	0	(169)	0	0	(169)
	52	**(200)**	**(230)**	**3**	**(375)**

No adjustments have been made to the previous year's figures. We refer to the disclosures in note 2.3.

24.3 LIQUIDITY RISK

The Group's objective is to maintain a balance between continuously covering its financial requirements and ensuring flexibility through the use of loans, and medium-term forms of investment such as securities. The Group continually monitors the risk of a shortage of funds using a liquidity planning tool. This tool considers the maturity of both its financial assets and financial liabilities as well as expected cash flows from business activities.

The following table presents the contractually agreed (undiscounted) remuneration and principal repayments for primary financial liabilities:

	2019	2020	2021 and thereafter
		(in EUR thousand)	
Loan liabilities	2,317	1,597	3,773
Trade payables	2,277	800	615
Other financial liabilities	48	0	0
	4,642	**2,397**	**4,388**

All instruments on hand as of December 31, 2018 for which payments had already been contractually agreed were included. Budgeted figures for future new liabilities are not included. Financial liabilities that are repayable at any time are always allocated to the earliest period.

24.4 CREDIT RISK

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument, leading to a financial loss. As part of its operating activities, the Group is exposed to default risks, in particular with regard to trade receivables and other financial assets.

24.5 Trade Receivables

The Group enters into transactions both in the private customer sector as well as in the corporate customer sector. Outstanding customer receivables and contract volumes are monitored on a regular basis. Credit ratings are carried out by an external financial institution as part of contracts with instalment payments in the "Stem Cell Banking - Germany" segment.

An analysis of expected credit losses is made at each reporting date using an impairment matrix. The provision rates are based on the number of days overdue for groupings of various customer segments with similar loss characteristics (e.g., by geographic region, customer type and coverage by collateral provided by the customer). The calculation reflects the probability-weighted result, the time value of money and appropriate and verifiable information available at the balance sheet date concerning past events, current conditions and forecasts of future economic conditions. The maximum default risk is limited to the carrying amount disclosed in note 13. There are no significant concentrations of default risks in the Group. Securities provided by customers are regarded as an integral part of trade receivables and taken into account when calculating impairment allowances. At December 31, 2018, 25% (previous year: 0%) of the Group's trade receivables are covered by collateral in the form of a bank guarantee and the pledging of equity instruments in favour of the Group.

The following provides information on the credit risk exposure to the Group's trade receivables based on a provision matrix:

		Receivables, overdue in days				
	Total	**Not due**	**Less than 60 days**	**Between 60 and 180 days**	**Between 180 and 360 days**	**More than 360 days**
			(in EUR thousand)			
Dec. 31, 2018						
Gross carrying amount	4,676	3,119	397	78	123	959
Expected loss rate		1%	2%	24%	42%	77%
Expected credit losses	844	28	8	19	52	737
Dec. 31, 2017						
Gross carrying amount	5,660	3,951	558	222	177	752
Expected loss rate		0%	1%	41%	47%	88%
Expected credit losses	853	11	8	91	84	659

Other financial assets

Other financial assets primarily consist of rental deposits paid by the Group for rented property and office space. The Group assesses the default risk as very low and has therefore not made any value adjustments. The maximum credit risk in the event of counterparty default corresponds to the carrying amount of these instruments.

One receivable from loans granted to subsidiaries of Vita 34 AG not included in the consolidated financial statements in the amount of EUR 613 thousand reported in this item has been written down in full as the risk of default has increased significantly in the fiscal year 2018.

24.6 MARKET RISK

Market risk is the risk that the fair value of or future cash flows from a financial instrument may fluctuate because of changes in market prices. Market risk includes the risk types interest rate risk and currency risk. The financial instruments which are primarily exposed to market risk are interest-bearing loans and trade receivables.

Interest Rate Risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes to market rates of interest. The Group is not exposed to any significant interest rate risks since the Group's significant loan and financing agreements were concluded at fixed rates of interest. Further information is provided in note 17.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in foreign exchange rates. The Group is exposed to foreign exchange rates in its operating business activities (when sales revenues and expenses are denominated in a foreign currency). In the reporting period, the Group recorded sales and expenses in Swiss francs (CHF) and in Danish crowns (DKK). Accordingly, changes in the exchange rate can affect the consolidated balance sheet.

The Group has made an analysis of the effect on the Group result of changes of 5 percent in the exchange rate. A change in the exchange rate would have no significant effect on the Group earnings before taxes or on the Group equity.

25. CONTINGENCIES AND OTHER OBLIGATIONS

25.1 OBLIGATIONS UNDER OPERATING LEASES – GROUP AS LESSEE

The Group has entered into leases on various motor vehicles and technical equipment. The leases have an average term of between two and five years with no renewal option. There are no obligations imposed on the lessee upon entering into these leases. In addition, the Group has rental agreements for the use of premises.

All such leases are classified and measured as operating leases in accordance with IAS 17.

The following future minimum lease payment obligations existed due to non-cancellable operating leases as of the balance sheet:

	2018	2017
	(in EUR thousand)	
Within one year	843	878
Between one and five years	1,484	1,282
More than five years	0	0
	2,327	**2,160**

The expenses recorded for minimum leasing payments under operating leases in the fiscal year 2018 amounted to EUR 761 thousand (previous year: EUR 785 thousand).

25.2 OBLIGATIONS UNDER LEASE PURCHASE ARRANGEMENTS – GROUP AS LESSEE

As part of the Seracell acquisition in the fiscal year 2017, the Group assumed lease purchase arrangements for technical equipment. These agreements are classified and measured as financing leases under IAS 17.

The future minimum lease payments due under lease purchase arrangements can be reconciled to their present values as follows:

	Minimum lease payments	Present value of minimum lease payments
	(in EUR thousand)	
Within one year	65	62
Between one and five years	105	102
More than five years	0	0
Total minimum lease payments	**171**	**163**
Less interest share	(7)	0
Present value of minimum lease payments	**163**	**163**

25.3 OTHER FINANCIAL OBLIGATIONS

As of December 31, 2018, the Group had purchasing obligations for property, plant, and equipment amounting to EUR 349 thousand (2017: EUR 385 thousand).

In addition, as of the December 31, 2018 closing date, there are purchase obligations for goods and services amounting to EUR 14 thousand (2017: EUR 197 thousand).

26. INFORMATION ON RELATED PARTY TRANSACTIONS

Related parties include subsidiaries not included in the consolidated financial statements, associated companies, shareholders with significant influence, and persons in key positions within the Company.

The following table provides the total amounts of transactions entered into with related parties for the relevant fiscal year:

	Services received and other expenses	Sales and earnings	Receivables
	(in EUR thousand)		
2018			
Unconsolidated subsidiaries	0	97	11
Other related parties	0	0	0
2017			
Unconsolidated subsidiaries	0	111	18
Associated companies and subsidiaries of associated companies	0	1,472	1,049
Other related parties	79	0	0

The Group enters into transactions with unconsolidated subsidiaries in the ordinary course of business. The Group generally sells services at market conditions.

Services totaling EUR 79 thousand were rendered in 2017 by a company which is related to a member of the Supervisory Board.

A working capital credit line was granted to Vita 34 Slovakia s.r.o. The loan granted was written down in full in 2018.

The following expenses were recorded for members of management in key positions:

	2018	2017
	(in EUR thousand)	
Short-term benefits		
Supervisory Board remuneration	110	130
Management Board salaries (excluding pension expenses)	624	1,261

The individualized information on the remuneration of the Management and Supervisory Boards is provided in notes 28 and 29.

27. DISCLOSURE OF GROUP SHAREHOLDINGS IN ACCORDANCE WITH SECTION 313 PARA. 2 HGB

The following companies were included in the Group as of December 31, 2018:

Name	Location	Shareholding
Subsidiaries		(in %)
Seracell Pharma AG	Rostock, Germany	100
Seracell Stammzelltechnologie GmbH	Rostock, Germany	100
Vita 34 Gesellschaft für Zelltransplantate m.b.H.	Vienna, Austria	100
Novel Pharma S.L.	Madrid, Spain	100
Secuvita S.L.	Madrid, Spain	88
Vita 34 ApS (formerly: StemCare ApS)	Gentofte, Denmark	100

In addition, the Group had the following other shareholdings:

Name	Location	Shareholding	Equity	Net result for the year
		(in %)	(in EUR thousand)	
Vita 34 Slovakia s.r.o. [1, 2]	Bratislava, Slovakia	100	(495)	(164)
Vita 34 Suisse GmbH [1, 3]	Muftenz, Switzerland	100	17	n/a
Kamieniniu lasteliu bankas UAB "Imunolita" [1, 2]	Vilnius, Lithuania	35	(352)	76
Bio Save d.o.o. [4, 5]	Belgrade, Serbia	30	128	69

[1] Not included in the consolidated financial statements due to minor significance
[2] Equity and net result for the year in the annual financial statements as of December 31, 2017
[3] Company founded in 2018
[4] The Group did not have significant influence in the fiscal year 2018
[5] Equity and net result for the year in the annual financial statements as of December 31, 2016

28. REMUNERATION OF THE MANAGEMENT BOARD PURSUANT TO SECTION 314 HGB

The following disclosures on Management Board remuneration relate to notes required by law in accordance the German HGB in the notes to the financial statements (cf. Section 314 HGB) and disclosures based on the requirements of the Corporate Governance Code.

From January 1, 2018, the Vita 34 AG Management Board consists of two members.

In fiscal year 2018, the following people were appointed to the Management Board:

Dr. Wolfgang Knirsch	Chief Executive Officer
Falk Neukirch	Chief Financial Officer

The terms of the service contracts were last amended in the fiscal year 2018.

System of Management Board Remuneration and Review

The Supervisory Board determines the remuneration amount and structure of the Management Board pursuant to Section 87 German Stock Corporation Act. Remuneration of Vita 34 AG's Management Board comprises fixed and variable components and other compensation.

Fixed Remuneration, Variable Success-Based Compensation, and Other Benefits

The fixed component is the contractually defined basic salary that is paid out in equal monthly amounts. The variable remuneration component which relates to the targets for a three-year period is based on whether certain quantitative targets are met. The target amount of the variable remuneration is limited if the degree of target achievement is 100% for all agreed sub-targets and including the discretionary bonus.

A new Management Board contract with a term of three years was entered into with Dr. Wolfgang Knirsch, Chief Executive Officer, with effect from January 1, 2018. All rights accruing up until December 31, 2017 from the previous contract were paid out in April 2018. The contract in effect from January 1, 2018 defines four components used as "performance indicators" to determine variable compensation; these consist of EBITDA, the number of deposits in Germany, the average XETRA share price for Vita 34 shares over the last 40 trading days of the year, and a discretionary bonus.

For the contract with Falk Neukirch, Chief Financial Officer, which has been in effect since October 1, 2015, the variable compensation is comprised of four partial components: "strategic corporate objectives" (Component I), "EBIT goal" (Component II), "stock price performance" (Component III), and "discretionary bonus" (Component IV).

In addition, the members of the Management Board received other benefits which consist principally of payments to support funds, insurance payments, and the private use of a company car and which are subject to individual taxation by the members of the Management Board.

Remuneration of the Vita 34 AG Management Board for the Fiscal Year 2018

The remuneration of the members of the Management Board for their activities in fiscal year 2018 totaled EUR 624 thousand (2017: EUR 1,261 thousand). The table below provides a breakdown of Management Board remuneration by person. The variable compensation, calculated on the basis of an annual intermediate goal of the three-year period, was stated together with the amounts calculated based on the Group's 2018 net result.

Contributions Granted to the Vita 34 AG Management Board for the Fiscal Year 2018

	2017	2018	2018 (min)	2018 (max)
		(in EUR thousand)		
Dr. Wolfgang Knirsch				
Chairman of the Management Board				
Non performance-related component:				
Fixed salary	166	250	250	250
One-off joining or extension bonus	0	72	72	72
Fringe benefits	13	13	13	13
Total	**179**	**335**	**335**	**335**
Performance-related components:				
Variable remuneration for one year	43	52	0	84
Variable remuneration for multiple years	35	0	0	0
Total	**257**	**387**	**335**	**419**
Pension expenses	0	0	0	0
Total remuneration	**257**	**387**	**335**	**419**

	2017	2018	2018 (min)	2018 (max)
		(in EUR thousand)		
Falk Neukirch				
Chief Financial Officer				
Non performance-related component:				
Fixed salary	156	156	156	156
Fringe benefits	8	8	8	8
Total	**164**	**164**	**164**	**164**
Performance-related components:				
Variable remuneration for one year	32	41	0	96
Variable remuneration for multiple years	35	32	0	84
Total	**231**	**237**	**164**	**344**
Pension expenses	12	12	12	12
Total remuneration	**243**	**249**	**176**	**356**

Inflow of Grants Made to the Management Board of Vita 34 AG in the Fiscal Year 2018

	Dr. Wolfgang Knirsch Chairman of the Management Board		Falk Neukirch Chief Financial Officer		Dr. André Gerth Chairman of the Management Board Leaving date: Jun. 16, 2017	
	2017	2018	2017	2018	2017	2018
			(in EUR thousand)			
Non performance-related component:						
Fixed salary	166	250	156	156	242	0
One-off joining or extension bonus.	0	72	0	0	0	0
Compensation payment for termination of employment agreement	0	0	0	0	243	36
Fringe benefits	13	13	8	8	16	0
Total	**179**	**335**	**164**	**164**	**501**	**36**
Performance-related components:						
Variable remuneration for one year	29	43	49	43	127	0
Variable remuneration for multiple years	0	54	0	0	70	
Total	208	432	213	207	698	36
Pension expenses	0	0	12	12	12	0
Total remuneration	**208**	**432**	**225**	**219**	**710**	**36**

No member of the Management Board received benefits or corresponding commitments by a third party in the past fiscal year for his activity as member of the Management Board.

Premature Termination of the Employment Agreement

The following has been agreed with the Management Board: In case that the appointment is revoked for an important reason, which is not also an important reason pursuant to Section 626 of the German Civil Code (BGB) for the termination without notice of the employment agreement, and the resulting termination of the employment agreement, the Company commits itself to pay the respective Management Board a compensation payment in the amount of the annual fixed remuneration for two years, but at most in the amount of the remuneration for the remaining term of the employment agreement. In the event of incapacity to work, the Company will continue to pay the contractually agreed fixed remuneration for a maximum period of six months.

There are no significant agreements of the Company that are subject to the condition of a change of control following a takeover offer, except for an agreement made with the two members of the Management Board for the case of a change of control ("change of control term"). If the change of control term is applied, it provides that both members of the Management Board have the right to terminate their respective employment contracts within six months.

Should a member of the Management Board exercise this right of termination, the termination payment is 50% of the salary (fixed salary and bonus) no longer due and payable over the remaining period of the contract due to the premature termination, whereby 100% achievement of the target will be assumed, plus the payment of one year's gross basic salary. The total termination payment may not exceed EUR 750,000 (Dr. Wolfgang Knirsch) or EUR 400,000 (Falk Neukirch).

Share-Based Payments

The Management Board members of Vita 34 AG do not receive any additional share-based compensation.

29. REMUNERATION OF THE SUPERVISORY BOARD (REMUNERATION REPORT)

In the fiscal year 2018, the following persons were appointed to the Supervisory Board:

Frank Kohler	Co-founder of Aroma Company GmbH, Shareholder and Director of Aroma Company Kohler & Weckesser GbR and member of the Supervisory Board of Shop Apotheke Europe N.V.
Gerrit Witschaß (until February 28, 2019)	Authorized officer and Director of Education at Berufsforderungswerk der Fachgemeinschaft Bau Berlin und Brandenburg gGmbH
Dr. med. Mariola Sohngen	Chairwoman of the Management Board of Convert Pharmaceuticals SA, Belgium, Managing Director of Sohngen-Consult
Steffen Richtscheid	Attorney at Law and Partner at the law firm Weidinger Richtscheid

Remuneration paid totaled EUR 110 thousand in 2018 (previous year: EUR 130 thousand).

The remuneration of the Supervisory Board members is determined in accordance with Art. 18 of the articles of association, which is currently based on the resolution of the Annual General Meeting dated June 28, 2017, effective January 1, 2017. The remuneration is agreed as fixed remuneration and is paid quarterly to members of the Supervisory Board. The roles of the Supervisory Board Chairman and his deputy are taken into account separately.

29.1 Remuneration of the VITA 34 AG Supervisory Board - Fixed Remuneration

	2018 (in EUR thousand)
Frank Kohler (Chairman)	40
Gerrit Witschaß (Vice Chairman until February 28, 2019)	30
Dr. med. Mariola Söhngen	20
Steffen Richtscheid	20
Total	**110**

Refer to note 26 for details of other remuneration or benefits awarded to members of the Supervisory Board or their related companies or persons.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND METHODS

The Group's principal financial instruments comprise interest-bearing loans as well as cash and cash equivalents and short-term investments. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. Excess liquid funds are invested in securities. The main risks to the Group arising from financial instruments are explained in note 24.

Capital Management

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, or issue new shares. No changes were made to the objectives, guidelines, and methods as of December 31, 2018 and December 31, 2017. Capital comprises the equity disclosed in the balance sheet.

31. AUDITOR'S FEES AND SERVICES PURSUANT TO SECTION 314 HGB

Total fees charged by PKF Deutschland GmbH, the auditor for the fiscal year 2018, amounted to EUR 95 thousand, consisting of fees charged for audit services for the statutory audits of the annual and consolidated financial statements of Vita 34 AG.

32. EVENTS AFTER THE BALANCE SHEET DATE

After the end of the fiscal year 2018, no events occurred that would have had a special significance for or significant impact on the net assets, financial position or results of operations of the Group.

Leipzig, March 27, 2019
The Vita 34 AG Management Board

Dr. Wolfgang Knirsch
Chief Executive Officer

Falk Neukirch
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To Vita 34 AG, Leipzig

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

AUDIT OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the consolidated financial statements of Vita 34 AG, Leipzig, and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as at December 31, 2018, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in Group equity and the consolidated statement of cash flows for the fiscal year from January 1, 2018 to December 31, 2018, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the Vita 34 AG combined management report for the fiscal year from January 1, 2018 to December 31, 2018. In accordance with the requirements of the German HGB, we have not audited the contents of the Declaration on Corporate Governance prepared pursuant to Secs. 315d and 289f of the German HGB (Handelsgesetzbuch - HGB).

In our opinion, based on our knowledge obtained in the audit:

- the accompanying consolidated financial statements comply in all material respects with International Financial Reporting Standards (IFRS) as applicable in the EU and the supplementary requirements of German commercial law pursuant to Section 315e Para. 1 of the German HGB (HGB), and give a true and fair view of the net assets and financial position of the Group as at December 31, 2018 as well as the results of operations for the fiscal year from January 1, 2018 to December 31, 2018; and

- the attached combined management report, as a whole, provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the statements made in the Declaration on Corporate Governance prepared pursuant to Secs. 315d and 289f HGB described above.

Pursuant to Section 322 Para. 3, first sub-sentence HGB, we declare that our audit has not led to any reservations with respect to the propriety of the consolidated financial statements and the combined management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and the combined management report in accordance with Section 317 HGB and the EU auditors' regulation (no. 537/2014; hereafter: "EU Audit Regulation") in compliance with German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW). Our responsibilities under those standards and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the Group management report" section of our auditor's report. We are independent of the Group companies in accordance with the requirements of German commercial law and the rules of professional conduct, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 Para. 2f of the EU Audit Regulation we declare that we have not provided non-audit services prohibited under Article 5 Para. 1 of the EU Audit Regulation and that we have maintained our independence from the Group companies during the course of the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and the Group management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance for our audit of the consolidated financial statements for the fiscal year from January 1, 2018 to December 31, 2018. These matters are addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, but we do not provide a separate audit opinion on these matters.

The matters which we consider to be the key audit matters were as follows:

GOODWILL IMPAIRMENT TESTING

Reason for determining this issue as a key audit matter: The consolidated financial statements of Vita 34 AG as at December 31, 2018 include "Goodwill" reported in the balance sheet amounting to EUR 18,323 thousand. The goodwill is subjected to an impairment test by the Company at least once annually at December 31 in each fiscal year. The valuation is determined by use of a valuation model using discounted cash flow techniques. The result is highly dependent on the Management Board's estimates of future cash flows and on the discount rate used. Accordingly, the valuation is associated with significant level of uncertainty and, in our opinion, it is of particular importance for the purposes of our audit.

Audit approach and findings: We have analysed the process used to perform the impairment testing on goodwill and performed audit procedures on the accounting-related internal controls included in the process. In particular, we have satisfied ourselves of the appropriateness of the calculations made to determine the future cash flows. In doing so we have, among other things, compared these amounts with current budgets included in the business plans resolved by the Management Board and approved by the Supervisory Board, and with general market expectations. As a relatively small change in the discount rate used can have a significant effect on the amount of the enterprise value calculated under this method, we have also placed focus on the inputs used to calculate the discount rate used in the calculation, including the determination of the weighted average cost of capital and the method used to perform the calculation.

Our audit procedures did not result in any objections to Vita 34 AG's accounting for goodwill.

Reference to relevant information and disclosures: We refer to note 9, "Goodwill," in the notes to the consolidated financial statements for a description of the accounting and valuation policies used to perform the impairment testing on goodwill.

OTHER INFORMATION

The Supervisory Board is responsible for the Supervisory Board Report. In addition, the Company's legal representatives are responsible for the other information. The other information comprises the following:

- the responsibility statement;
- the Declaration on Corporate Governance in accordance with Secs. 315d and 289f HGB;
- the Supervisory Board Report; and
- the other sections of the annual report, with the exception of the audited consolidated financial statements, the audited combined management report, and our audit opinion.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion thereon.

In connection with our audit of the consolidated financial statements and the combined management report, our responsibility is to read the other information critically and, in so doing, to consider whether the other information is materially inconsistent with the consolidated financial statements and/or the combined management report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE COMPANY'S LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The Company's legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e Para. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group.

In addition, the Company's legal representatives are responsible for such internal controls as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Company's legal representatives are responsible for assessing the Group's ability to continue as a going concern. In addition, they also have responsibility for disclosing, as applicable, matters related to going concern and for preparing financial reports based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Company's legal representatives are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Company's legal representatives are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 consolidated financial statements and this combined management report.

In performing an audit of financial statements in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW), we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. 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;

- obtain an understanding of internal control relevant to the financial statement audit and of arrangements and measures relevant to the audit of the Group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems;

- evaluate the appropriateness of accounting policies used by the Company's legal representatives and the reasonableness of estimates made by the Company's legal representatives and related disclosures;

- conclude on the appropriateness of the Company's legal representatives' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or in the combined management report or, if such disclosures are inadequate, to modify our audit 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 the Group to cease to be able to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e Para. 1 HGB;

- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an audit opinion on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinions;

- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides; and

- perform audit procedures on the prospective information presented by the Company's legal representatives in the combined management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the Company's legal representatives as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our financial statement audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that have been of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report on the audit of the consolidated financial statements unless law or other regulation precludes public disclosure about the matter.

OTHER LEGAL AND OTHER REGULATORY REQUIREMENTS

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as Group auditor by the Annual General Meeting on May 15, 2018. We were engaged by the Supervisory Board on October 12, 2018. We have been the Group auditor of Vita 34 AG from the fiscal year 2017.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the Supervisory Board pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Patrick Niebuhr.

Berlin, March 27, 2019

PKF Deutschland GmbH
Wirtschaftsprüfungsgesellschaft

Beier
Wirtschaftsprüfer
(German Public Auditor)

Niebuhr
Wirtschaftsprüfer
(German Public Auditor)

AUDITED UNCONSOLIDATED FINANCIAL STATEMENTS OF VITA 34 AG
AS OF AND FOR THE FINANCIAL YEAR
ENDED DECEMBER 31, 2020 (HGB)

BALANCE SHEET AS OF DECEMBER 31, 2020

	ASSETS	12/31/2020	12/31/2019
		EUR	
A.	**Fixed assets**		
I.	**Intangible assets**		
	Franchises, industrial property right and similar rights and assets as well as licenses to such rights	**109,466.35**	**173,681.65**
II.	**Property, plant and equipment**		
	Other equipment, fixtures, fittings and equipment	**3,683,285.91**	**3,795,399.32**
III.	**Financial assets**		
1.	Shares in affiliated companies	19,707,402.86	19,836,402.86
2.	Loans to affiliated companies	1,789,150.99	1,789,150.99
3.	Investments	120,000.00	120,000.00
4.	Securities investments	99,591.00	99,591.00
		21,716,144.85	**21,845,144.85**
		25,508,897.11	**25,814,225.82**
B.	**Current assets**		
I.	**Inventories**		
1.	Raw materials and supplies	236,472.77	223,776.42
2.	Work in progress	99,447.20	68,411.20
		335,919.97	**292,187.62**
II.	**Accounts receivable and other assets**		
1.	Trade receivables	1,687,976.96	1,952,655.54
2.	Receivables from affiliated companies	1,688,874.89	2,114,368.30
3.	Other assets	990,945.21	216,316.36
		4,367,797.06	**4,283,340.20**
III.	**Cash on hand and in banks**	**9,290,802.57**	**7,521,260.98**
		13,994,519.60	**12,096,788.80**
C.	**Deferred item**	940,406.39	955,686.54
		40.443.823,10	**38.866.701,16**

	LIABILITIES	12/31/2020 EUR	12/31/2019 EUR
A.	**Shareholders' equity**		
I.	**Subscribed capital**	**4,145,959.00**	**4,145,959.00**
	Treasury shares	(1,472.00)	(1,472.00)
		4,144,487.00	**4,144,487.00**
II.	**Capital reserve**	**12,944,635.02**	**12,944,635.02**
III.	**Earnings reserves**		
	Other earnings reserves	4,171,060.51	2,640,876.50
IV.	Unappropriated retained earnings	1,792,043.32	1,530,184.01
		23,052,225.85	**21,260,182.53**
B.	**Special item for investment grants and subsidies for fixed assets**	**362,646.51**	**427,720.98**
C.	**Provisions and accrued liabilities**		
1.	Provision for taxes	403,445.30	234,166.73
2.	Other provisions and accrued liabilities	591,923.19	882,572.86
		995,368.49	**1,116,739.59**
D.	**Liabilities**		
1.	Liabilities to banks	3,750,000.00	5,300,000.00
2.	Advance payments from customers	530,000.00	504,743.31
3.	Trade payables	737,916.90	735,276.33
4.	Payable to affiliated companies	2,845,869.06	2,405,977.28
5.	Other liabilities	156,298.73	140,402.38
	thereof, for taxes: EUR 81,200.66 (previous year: EUR 103,551.70)		
	thereof, for social security EUR 0.00 (previous year: EUR 0.00)		
		8,020,084.69	**9,086,399.30**
E.	**Deferred item**	**8,013,497.56**	**6,975,658.76**
		40.443.823,1	**38.866.701,16**

INCOME STATEMENT FOR 2020

		2020	2019
		EUR	
1.	Revenue	13,971,617.58	13,920,245.67
2.	Cost of sales	5,072,685.01	4,831,040.00
3.	**Gross profit on sales**	**8,898,932.57**	**9,089,205.67**
4.	Selling expenses	3,453,389.06	3,271,652.63
5.	General administrative expenses	3,457,812.87	3,867,534.12
6.	Other operating income	517,881.26	493,936.04
	thereof, income from currency conversion EUR 3,542.56 (previous year: EUR 20,688.70)		
7.	Other operating expenses	2,190,490.54	1,160,126.89
	thereof, expenses from currency conversion EUR 2,652.98 (previous year: EUR 5,689.47)		
8.	**Operating result**	**315,121.36**	**1,283,828.07**
9.	Income from participating interests	1,861,952.07	2,157,164.48
	thereof, from affiliated companies EUR 1,861,952.07 (previous year: EUR 2,157,164.48)		
10.	Income from other securities and long-term loans	31,345.92	36,409.62
	thereof, from affiliated companies EUR 31,345.92 (previous year: EUR 36,409.62)		
11.	Other interest and similar income	87,087.97	106,734.20
	thereof, from affiliated companies EUR 31,017.70 (previous year: EUR 40,883.60)		
	thereof, income from compound interest EUR 19,000.00 (previous year: EUR 59,000.00)		
12.	Depreciation of financial assets	129,277.20	741,929.88
13.	Interest and similar expenses	186,211.53	225,463.63
	thereof, from affiliated companies EUR 64,904.30 (previous year: EUR 66,539.07)		
	thereof, expenses from discounting EUR 1,255.22 (previous year: EUR 1,443.30)		
14.	**Earnings before tax**	**1,980,018.59**	**2,616,742.86**
15.	**Taxes on income**	**187,975.27**	**1,086,558.85**
16.	**Net Income**	**1,792,043.32**	**1,530,184.01**
17.	Profit carried forward from previous year	0.00	0.00
18.	**Retained earnings**	**1,792,043.32**	**1,530,184.01**

NOTES FOR THE FISCAL YEAR 2020

GENERAL NOTES ON THE ANNUAL FINANCIAL STATEMENT

Vita 34 AG (the "Company"), with registered office in Leipzig, Germany, registered in the register court of the local court of Leipzig under HRB 20339, is considered a large corporation in the terms of Section 267 (III) of the HGB in conjunction with Section 264d due to its existing stock exchange listing. It has therefore to prepare its annual financial statements with due regard to Sections 242 ff. of the HGB and the supplementary provisions for corporations pursuant to Sections 264 ff. of the HGB and the Stock Corporation Act and to disclose them pursuant to Sections 325 ff. of the HGB.

The income statement is structured in accordance with the cost summary method.

ACCOUNTING AND VALUATION PRINCIPLES

The accounting and valuation methods remained in principle unchanged from the previous year.

Intangible assets acquired for consideration were valued at acquisition cost less straight-line depreciation. The useful lives are three and five years respectively.

Property, plant and equipment is valued at acquisition cost less straight-line depreciation. The acquisition costs include prorated ancillary acquisition costs and are reduced by acquisition cost reductions. Low-value movable fixed assets that are subject to wear and tear are expensed or capitalized immediately and fully depreciated in the year of acquisition. Depreciation was generally carried out using the straight-line method.

Shares in affiliated companies and investments in other companies are disclosed at cost less extraordinary depreciation on the lower fair value.

Loans to affiliated companies and marketable securities are disclosed at nominal value or at cost less any extraordinary depreciation.

Raw materials and supplies are stated at the lower of cost or market. Acquisition costs are determined using the average cost method. Appropriate value reductions have been made for non-selling inventories.

Work in progress has been valued at the lower of cost or market.

In addition to production material and production wages, production costs also include prorated overheads of the production area, prorated administrative overheads as well as depreciation insofar as such is attributable to the production area. Distribution costs or interest were not taken into account.

Accounts receivables and other assets were recorded at their nominal value. Non-interest-bearing or low-interest-bearing receivables with a term of more than one year are discounted.

Recognizable individual risks have been taken into account by means of allowances. The general credit risk is accounted for by a general allowance for doubtful accounts. Liquid assets are recorded at the nominal value.

The special item was recognized for investment grants (GA funds) and investment subsidies applied for or received and is reversed through other operating income in accordance with the average useful life of the subsidized assets.

Accrued taxes and other provisions and accrued liabilities encompass all discernible risks and contingent liabilities in the amount required in accordance with prudent commercial assessment.

Liabilities are generally recorded at the repayment amounts.

Deferred income includes storage fees prepaid by customers for subsequent years. Deferred income is utilized on an accrual basis in the year in which the service is rendered.

Deferred taxes are calculated on temporary and quasi-permanent differences between the carrying amounts in the commercial balance sheet and the tax balance sheet. In addition, deferred tax assets are established for trade tax loss carryforwards to the extent that a tax loss is anticipated within the next five years. Deferred tax assets and liabilities are netted out. In the case of a surplus of deferred tax assets as of the balance sheet date, no use is made of the capitalization option in Section 274(1), Sentence 2 of the HGB.

Assets and liabilities denominated in foreign currencies are converted at the respective balance sheet date exchange rate as of the balance sheet date. With a residual term of more than one year, the realization principle (Section 252 para. No. 4 of the HGB) and the acquisition cost principle (Section 253 para thereof) were observed.

The Company enters into sales contracts for multiple services, so-called “multi-component agreements”, with its customers, which include both the “production of a stem cell deposit” and “storage of a stem cell deposit”.

The total proceeds from the multi-component transaction are allocated in proportion to the fair values of the individual components and realized separately. The revenue share attributable to the storage of a stem cell deposit is recognized in deferred income and released on a straight-line basis over the agreed prepayment period. In prior periods, total revenue was allocated in proportion to the expected costs of the individual components.

The comparability of the previous year's amounts is limited for the item's revenue, tax expense and deferred income due to a correction made in the 2020 financial year in the current account. Reference is made to the corresponding disclosures in the item “Other operating expenses”.

NOTES TO THE BALANCE SHEET

Fixed Assets

The breakdown and development of fixed assets is attached as an annex to these notes.

Account Receivables and other Assets

Of the trade receivables, receivables in the amount of TEUR 497 have a residual term of more than one year (previous year: TEUR 615). This item includes receivables from other Group companies amounting to TEUR 0 (previous year: TEUR 166). Non-current receivables are discounted at a market interest rate.

Accounts receivable from affiliated companies include trade receivables in the amount of TEUR 126 (previous year: TEUR 305).

All other accounts receivable and other assets are due in the short term.

Other operating assets include anticipatory claims amounting to TEUR 157 (previous year: TEUR 139) from claims to other subsidies.

Shareholders' equity

Subscribed capital

The Company's subscribed capital amounted to EUR 4,145,959.00 as of December 31, 2020 (previous year: EUR 4,145,959.00). The subscribed capital is divided into bearer shares of no par value of EUR 1 each.

As of the balance sheet date, the Company held a total of 1,472 (previous year: 1.472) treasury shares, to which an amount of EUR 1,472.00 of the capital stock is attributable. Furthermore, the affiliated company Secuvita S.L. holds 46,334 shares (previous year: 46,334 shares), corresponding to a share in the share capital of 1.15% (previous year: 1.15%).

Surplus capital

As of December 31, 2020, the Company's surplus capital amounted to EUR 12,944,635.02 (previous year: EUR 12,944,635.02).

Earnings reserves

As of December 31, 2020, the Company's earnings reserves amounted to EUR 4,171,060.51 (previous year: EUR 2,640,876.50). By resolution of the Annual General Meeting on July 1, 2020 on the appropriation of the retained earnings for the financial year 2019, an amount of EUR 1,530,184.01 (previous year: EUR 489,111.66) was transferred to other earnings reserves.

Authorized capital

Pursuant to Section 7(2) of the Articles of Association of Vita 34 AG, there is authorized capital. By resolution of the Annual General Meeting on June 4, 2019 the Management Board is authorized, with the approval of the

Supervisory Board, to increase the Company's share capital on one or more occasions by up to a total of EUR 2,072,979 by issuing up to 2,072,979 new no-par value registered shares in return for cash or non-cash contributions in the period ending on June 3, 2024.

Information on shareholdings in the capital of Vita 34 AG

The Company had the following information on shareholdings subject to reporting pursuant to Section 160 para. 1 no. 8 AktG (as of December 31, 2020):

Mr Florian Schuhbauer and Mr Klaus Röhrig informed us on August 6, 2020 that their share of voting rights in Vita 34 AG, held directly or indirectly, exceeded the threshold of 30% of the voting rights in our Company on August 5, 2020, and amounted to 1,510,610 voting rights or 36.44% of the voting rights on that day.

Dr Peter Haueisen notified us on April 23, 2019 that his voting rights in Vita 34 AG, held directly or indirectly, exceeded the threshold of 3% of the voting rights in our company on April 15, 2019, and amounted to 126,100 voting rights or 3.04% of the voting rights on that date.

Dr André Gerth notified us on August 6, 2020 that his share of voting rights in Vita 34 AG, held directly or indirectly, fell below the threshold of 3% of the voting rights in our company on August 5, 2020, and amounted to 0 voting rights or 0.00% of the voting rights on that date.

Mr Michael Köhler notified us on May 29, 2020 that his share of voting rights in Vita 34 AG, held directly or indirectly, fell below the threshold of 3% of the voting rights in our company on May 25, 2020, and amounted to 0 voting rights or 0.00% of the voting rights on that date.

Provisions and accrued liabilities

Other provisions and accrued liabilities include, in particular, provisions for personnel costs (TEUR 226), for audit and consulting costs (TEUR 135), and for litigation (TEUR 51). The other provisions are due in the short term.

Liabilities

The residual terms of the liabilities recognised in the balance sheet are as follows:

		thereof, with a residual term of				Residual term
	12/31/2020	up to 1 year	1 to 5 years	Over 5 years	12/31/2019	up to 1 year
			(in TEUR)			
Liabilities to banks	3,750	1,500	2,250	0	5,300	1,550
Advance payments from customers	530	530	0	0	505	505
Trade payables	738	738	0	0	735	735
Payable to affiliated companies	2,846	2,846	0	0	2,406	2,406
Other liabilities	156	156	0	0	140	140
Liabilities	**8,020**	**5,770**	**2,250**	**0**	**9,086**	**5,336**

The loans reported on the balance sheet in the amount of TEUR 3,750 (nominal amount TEUR 8,500) are secured by a blanket assignment of the Company's receivables from the storage contracts against the third-party debtors beginning with the letters A-Z.

Deferred taxes

Deferred taxes result from the following states of affairs:

	2020	2019
	(in TEUR)	
Deferred tax liabilities on differences in balance sheet valuations		
Trade receivables	(22)	(27)
Total	**(22)**	**(27)**
Deferred tax assets from differences in balance sheet valuations		
Deferred charges and prepaid expenses	37	47
Provisions and accrued liabilities	2	2
Total	**40**	**49**
Net deferred tax liabilities (-) / assets (+)	**18**	**22**

The calculation was based on a tax rate of 31.925%. Deferred tax assets were not capitalized due exercising of the existing option to recognize them.

NOTES TO THE INCOME STATEMENT

Revenue

The revenue of Vita 34 AG mainly results from the business segment stem cell banking.

Geographically, revenue was generated as follows:

	2020	2019
	(in TEUR)	
Germany	10,773	10,787
Abroad	3,199	3,133
Total	**13,972**	**13,920**

Revenue includes income relating to other periods in the amount of TEUR 95 (previous year: TEUR 45). Regarding limited comparability of revenue in 2019, please refer to the explanations in the item “Other operating expenses”.

Other operating income

Income relating to other periods amounted to TEUR 125 (previous year: TEUR 144) and resulted in the 2020 financial year mainly from income from the reversal of provisions.

Cost of materials in accordance with Section 275 para. 2 No. 5 of the HGB

Cost of materials breaks down as follows:

	2020	2019
	(in TEUR)	
a) Cost of raw materials and supplies Operating supplies	889	817
b) Cost of purchased services	1,640	1,472
Cost of materials	**2,529**	**2,289**

Personnel expenses in accordance with Section 275 para. 2 No. 6 of the HGB

Personnel expenses break down as follows:

	2020	2019
	(in TEUR)	
Wages and salaries	3,534	3,665
b) Social security, pension and other benefit costs	724	709
thereof, for pensions	*67*	*51*
Personnel expenses	**4,258**	**4,374**

Other operating expenses

Other operating expenses include expenses in connection with the settlement of a non-competition clause in the amount of TEUR 1,079 (previous year: TEUR 1,079) with a subsidiary.

The German Financial Reporting Enforcement Panel (FREP) has drawn the attention of Vita 34 AG to matters that were not properly reported in previous years.

For purposes of recognizing revenue from multi-component transactions such as VitaPlus25 and VitaPlus 50, the package prices to be prepaid by customers are to be allocated to the two performance obligations “production of a stem cell depot” and “storage of the stem cell deposit”. In the preliminary view of the FREP, the estimated costs for the “storage of the stem cell depot” should have included other attributable costs and taken into account expected cost increases during the storage period. Vita 34 AG has taken the FREP's Preliminary Findings as an opportunity to recalculate the key for the allocation of package prices. Based on the new key, a larger portion of the package price will be attributable to the inventory obligation, which in this respect will lead to later recognition of revenue. The adjustment to revenue recognition affected deferred income (increase of TEUR 738) by taking into account the subsequent tax effect (increase of TEUR 235 in other assets). The Company has made the adjustment to the balance sheet items affected by this in 2020 in current account. This results in the following effects on the income statement:

	(in TEUR)
Revenue adjustment for 2019	127
Tax effect on revenue adjustment for 2019	(40)
Revenue adjustment for 2016 to 2018	611
Tax effect on revenue adjustments for 2016 to 2018	(195)
Total effect from adjustment in current account	**503**

Other operating expenses include further expenses relating to other periods amounting to TEUR 19 (previous year: TEUR 0).

Financial result

In financial year 2020, a write-down of the book value of the shareholding in Seracell Pharma GmbH in the amount of TEUR 129 (previous year: TEUR 720) was undertaken. The write-down was offset by investment income from this company from the dividend entitlement for 2020 amounting to TEUR 1,862 (previous year: TEUR 2,157).

Taxes on income

In the financial year, one-time tax income of TEUR 159 was recorded, resulting from the changed tax assessment for previous years. The change in the tax assessment is a consequential effect of the tax litigation concluded in the previous year. Regarding the limited comparability of income taxes in 2019, please refer to the explanations in the item “Other operating expenses”.

MISCELLANEOUS INFORMATION

Number of employees

The Group employed an average of 94 persons during the financial year. In addition, there was an average of one trainee during the year.

Information on the Management Board

The following people were appointed to the Management Board in the 2020 financial year:

Dr Wolfgang Knirsch	Chief Executive Officer (CEO)
Falk Neukirch	Chief Financial Officer (CFO)

Remuneration of the Management Board of Vita 34 AG (remuneration report)

The following disclosures on the remuneration of the Management Board are disclosures required by law in accordance with the requirements of the HGB and International Financial Reporting Standards (IFRS).

The Management Board of Vita 34 AG consisted of two members in financial year 2020. The employment agreement provisions were last adjusted in financial year 2020.

System of Management Board remuneration and review

The amount and structure of Management Board remuneration are determined by the Supervisory Board pursuant to Section 87 AktG. The remuneration of the Management Board of Vita 34 AG comprises fixed and variable components as well as other remuneration.

Fixed remuneration, variable performance-based remuneration and fringe benefits

The fixed component is the contractually agreed basic remuneration, which is paid monthly in equal amounts. The variable remuneration component, which relates to targets for a three-year period, is based on the achievement of specific quantitative goals. The target amount of the variable remuneration is capped at a goal achievement level of 100% for all agreed sub-targets, including the discretionary bonus.

A Management Board contract with a term of three years was concluded with the Chairman of the Management Board, Dr Wolfgang Knirsch, with effect from January 1, 2018. As part of the variable remuneration, the contract defines the four sub-components "key performance indicators" EBITDA, deposits in Germany, XETRA average price of Vita 34 shares over the last 40 trading days of the year, and a discretionary bonus. In the 2020 financial year, a new Management Board contract was concluded with the Chairman of the Management Board, Dr Wolfgang Knirsch, with effect from January 1, 2021.

A Management Board contract with a term of three years was concluded with Chief Financial Officer Falk Neukirch with effect from January 1, 2019. The contract, which will apply from January 1, 2019, defines the four sub-components "performance indicators" EBITDA, deposits in Germany, XETRA average price of the Vita 34 share over the last 40 trading days of the year and a discretionary bonus as part of the variable remuneration.

In addition, the members of the Management Board received fringe benefits consisting mainly of benefits to provident funds, insurance benefits and the private use of a company car, which are taxable individually by the Management Board members.

Management Board remuneration for financial year 2020

For the 2020 financial year, the remuneration of the members of the Management Board for their services totaled TEUR 432 (2019: TEUR 507). Details of the remuneration of the members of the Management Board are shown in individualized form in the following tables.

Benefits granted to the Management Board of Vita 34 AG for the financial year 2020

	2019	2020	2020 (min)	2020 (max)
		(in EUR thousand)		
Dr. Wolfgang Knirsch				
Chairman of the Board				
Performance-independent component:				
Fixed remuneration	250	250	250	250
Ancillary benefits	15	13	13	13
Total	**265**	**263**	**263**	**263**
Performance-based component:				
One-year variable remuneration	30	0	0	30
Multi-year variable remuneration	23	0	0	84
Total	**318**	**263**	**263**	**377**
Pension expenses	0	0	0	0
Total remuneration	**318**	**263**	**263**	**377**

	2019	2020	2020 (min)	2020 (max)
		(in EUR thousand)		
Falk Neukirch				
Chief Financial Officer				
Performance-independent component:				
Fixed remuneration	160	160	160	160
Ancillary benefits	9	9	9	9
Total	**169**	**169**	**169**	**169**
Performance-based component:				
One-year variable remuneration	20	0	0	20
Multi-year variable remuneration	0	0	0	57
Total	**189**	**169**	**169**	**246**
Pension expenses	12	12	12	12
Total remuneration	**201**	**181**	**181**	**258**

Inflow of benefits granted to the Management Board of Vita 34 AG in the financial year 2020

	Dr. Wolfgang Knirsch CEO		Falk Neukirch CFO	
	Chairman of the Board		Chief Financial Officer	
	2019	2020	2019	2020
	(in EUR thousand)			
Performance-independent component:				
Fixed remuneration	250	250	160	160
Ancillary benefits	15	13	9	9
Total	**265**	**263**	**169**	**169**
Performance-based component:				
One-year variable remuneration	52	23	41	10
Multi-year variable remuneration	0	0	69	0
Total	**317**	**286**	**279**	**179**
Pension expenses	0	0	12	12
Total remuneration	**317**	**286**	**291**	**191**

No member of the Management Board received benefits or corresponding commitments from a third party in the past financial year with regard to his activities as a member of the Management Board.

Early termination of the employment relation

The following was agreed for the members of the Management Board: In the event of a revocation of the appointment for good cause, which is not at the same time good cause pursuant to Section 626 of the Civil Code for termination of the employment agreement without notice, and consequent termination of the employment agreement, the Company undertakes to pay the respective Management Board member a severance payment in the amount of the annual fixed remuneration for two years, but not exceeding the remuneration for the remaining term of the employment agreement. In the event of incapacity for work, the Company will continue to pay at maximum the contractually agreed fixed remuneration for a period of six months.

There are no material agreements of the Company that are subject to the condition of a change of control as a result of a takeover bid, except for an agreement made with the two members of the Management Board in the event of a change of control ("Change-of-Control Provision").

If the Change-of-Control Provision applies, it gives both Management Board members the right to terminate their employment contracts within six months of becoming aware of it. In accordance with the contract with Dr Knirsch, which has been in effect since January 1, 2021, the period is limited to three months.

If a member of the Management Board exercises this right of termination, the severance payment is to amount to 50% of the remuneration (fixed salary and bonus) no longer accruing and payable as a result of the early termination of the contract, assuming 100% goal achievement, plus payment of one year's gross base salary. The total amount of the severance payment may not exceed EUR 750,000 (Dr Wolfgang Knirsch) or EUR 400,000 (Falk Neukirch). In accordance with Dr Knirsch's contract, which has been in effect since January 1,2021, the total amount is limited to EUR 500,000.

Share-based payment

The Management Board members of Vita 34 AG do not receive any additional share-based remuneration.

Information on the Supervisory Board

The following persons were appointed to the Supervisory Board in the 2020 financial year:

Florian Schuhbauer (as of July 1, 2020)	Founding partner of Active Ownership Capital S.à.r.l. and Active Ownership Corporation S.à.r.l. (AOC).
	Member of the Supervisory Board of PNE AG and NFON AG.
Steffen Richtscheid	Lawyer and partner at the law firm Weidinger Richtscheid
Frank Köhler	Co-founder of Aroma Company GmbH, shareholder and director of Aroma Company Köhler & Weckesser GbR and member of the supervisory board of Shop Apotheke Europe N.V.
Andreas Füchsel (as of July 31, 2020)	Lawyer and partner of the international law firm DLA Piper UK LLP
Mariola Söhngen, M.D (until July 1, 2020)	Chairwoman of the Board of Convert Pharmaceuticals SA, Belgium, and Managing Director of Söhngen-Consult
Nicolas Schobinger (until July 6, 2020)	Member of the Board of Directors of digitaliKa AG and member of the Supervisory Board of F24 AG and F24 Holding AG

Board remuneration was paid in 2020 in the amount of TEUR 110 (2019: TEUR 105).

The remuneration of the members of the Supervisory Board is determined in accordance with Section 18 of the Articles of Association. This provision in its current version is based on the resolution of the shareholders in general meeting on June 28, 2017, effective January 1, 2017. The remuneration is agreed as fixed remuneration and is paid to the members of the Supervisory Board on a quarterly basis. Particular attention was paid to the function of the Chairman of the Supervisory Board and his deputy.

Remuneration of the Supervisory Board of Vita 34 AG

	2020
	(in EUR thousand)
Florian Schuhbauer (Chairman from July 1, 2020)	20
Steffen Richtscheid (Vice Chairman)	30
Frank Köhler (Chairman until July 1, 2020)	30
Andreas Füchsel	9
Mariola Söhngen, M.D	10
Nicolas Schobinger	11
Total	**110**

Information on shareholdings

Name	Registered office	Share of capital	Shareholders' equity	Net income
		(in %)	(in EUR thousand)	
Seracell Pharma Ltd.	Rostock, Germany	100	349	1,862
Novel Pharma S.L. [1]	Madrid, Spain	100	4,581	(5)
Secuvita S.L. [1, 2]	Madrid, Spain	88	(1,383)	233
Vita 34 Gesellschaft für Zelltransplantate mbH [1]	Vienna, Austria	100	326	116
Vita 34 ApS [1]	Søborg, Denmark	100	(1,158)	(31)
Vita 34 Slovakia s.r.o. [1]	Bratislava, Slovakia	100	(602)	(8)
Vita 34 Suisse GmbH [1]	Muttenz, Switzerland	100	11	(7)
Kamieniniu lasteliu bankas UAB "Imunolita" [3]	Vilnius, Lithuania	35	(262)	92
Bio Save d.o.o. [4]	Belgrade, Serbia	30	128	69

[1] Shareholders' equity and net income for the year as per annual financial statements as of 31 December 2019

[2] Indirect shareholding via a subsidiary of Vita 34 AG

[3] Shareholders' equity and net income as per annual financial statements as of 31 December 2018

[4] Shareholders' equity and net income as per annual financial statements as of 31 December 2016

As the parent company, Vita 34 AG prepared the top-level consolidated financial statements according to IFRS as of December 31, 2020. The consolidated financial statements are publicized in the electronic federal gazette (*Bundesanzeiger*) and published at www.vita34group.de .

Transactions not included in the balance sheet

The Company has entered into rental and lease agreements for real estate and office equipment which are not reflected on the balance sheet. This approach helps reduce capital commitment and leaves the investment risk with the lessor. The agreements have a residual term of up to four years.

Other financial obligations

As of the reporting date, there were other financial obligations from rental and lease agreements until 2023 and from purchase commitments until 2021 totaling TEUR 4,240. These include other financial obligations to affiliated companies in the amount of TEUR 2,697.

Liability relations

The Company has made a commitment to a subsidiary to provide it with financial support until January 2021 to meet its obligations to third parties, if required. Vita 34 AG is thus the largest creditor due to the granting of a loan to the company in question. The current assets of the subsidiary exceed the current liabilities of third parties as of the balance sheet date. Therefore, the risk of utilization is considered to be low.

Information on the Corporate Governance Declaration

Vita 34 AG issued a Corporate Governance Declaration in 2020 and published it in accordance with stock exchange regulations. The corporate governance rules and the declaration of conformity are available on the Internet at www.vita34group.de.

Auditors' fees and services pursuant to Section 285 para. 17 of the HGB

The total fee charged by the auditor for the financial year amounts to TEUR 99 and relates to audit services for the statutory audit of the annual and consolidated financial statements of Vita 34 AG.

Proposed application of net income

The Management and Supervisory Boards propose to appropriate the retained earnings of EUR 1,792,043.32 reported in the annual financial statements of Vita 34 AG as of December 31, 2020, as follows:

	EUR
Distribution of a dividend of EUR 0.00 on each no-par value share with dividend rights	0.00
Transfer to other earnings reserves	1,792,043.32
Carried forward to new account	0.00

Report on events after the balance sheet date

No events occurred after the close of the 2020 financial year that would have had a significant impact on the financial, liquidity and earnings situation of the Company.

Leipzig, March 29, 2021

Management Board of Vita 34 AG

Dr. Wolfgang Knirsch

Chief Executive Officer

Falk Neukirch

Chief Financial Officer

DEVELOPMENT OF THE FIXED ASSETS

	Historical Costs				Accumulated Depreciation				Book Value	
	01/01/2020	Additions	Disposal	12/31/2020	01/01/2020	Additions	Disposal	12/31/2020	12/31/2020	12/31/2019
					(in EUR)					
I. Intangible Assets										
1. Franchises, industrial rights and similar rights and assets as well as license to such rights.....	3,654,660.36	38,908.50	0.00	3,693,568.86	3,480,978.71	103,123.80	0.00	3,584,102.51	109,466.35	173,681.65
	3,654,660.36	**38,908.50**	**0.00**	**3,693,568.86**	**3,480,978.71**	**103,123.80**	**0.00**	**3,584,102.51**	**109,466.35**	**173,681.65**
II. Property, plant and equipment										
1. Other equipment, fixtures fittings and equipment	8,976,034.59	388,952.20	36,097.86	9,328,888.93	5,180,635.27	497,344.67	32,376.92	5,645,603.02	3,683,285.91	3,795,399.32
	8,976,034.59	**388,952.20**	**36,097.86**	**9,328,888.93**	**5,180,635.27**	**497,344.67**	**32,376.92**	**5,645,603.02**	**3,683,285.91**	**3,795,399.32**
III. Financial assets										
1. Shares in affiliated companies	22,295,402.86	0.00	0.00	22,295,402.86	2.459.000,00	129,000.00	0.00	2,588,000.00	19,707,402.86	19,836,402.86
2. Loans to affiliated companies	2,424,302.46	0.00	0.00	2,424,302.46	635,151.47	0.00	0.00	635,151.47	1,789,150.99	1,789,150.99
3. Investments	305,475.05	0.00	0.00	305,475.05	185,475.05	0.00	0.00	185,475.05	120,000.00	120.000,00
4. Securities investments...	**99,591.00**	**0.00**	**0.00**	**99,591.00**	**0.00**	**0.00**	**0.00**	**0.00**	**99,591.00**	**99,591.00**
	25,124,771.37	**0.00**	**0.00**	**25,124,771.37**	**3,279,626.52**	**129,000.00**	**0.00**	**3,408,626.52**	**21,716,144.85**	**21,845,144.85**
	37,755,466.32	**427,860.70**	**36,097.86**	**38,147,229.16**	**11,941,240.50**	**729,468.47**	**32,376.92**	**12,638,332.05**	**25,508,897.11**	**25,814,225.82**

AUDITOR'S OPINION

To Vita 34 AG, Leipzig

Opinion on the audit of the annual financial statements and the SUMMARIZED management report

Auditor’s opinion

We have audited the annual financial statements of Vita 34 AG, Leipzig, consisting of the balance sheet as of December 31, 2020 and the income statement for the financial year from 1 January to December 31, 2020, and the notes, including the presentation of the accounting and valuation methods. In addition, we have audited the management report of Vita 34 AG for the financial year from 1 January 2020 to December 31, 2020, which is combined with the consolidated management report of Vita 34 AG. In accordance with the provisions of German law, we have not audited the content of the statements made in the section “Miscellaneus information” of our auditor’s opinion.

In our opinion based on the findings of our audit,

- the attached annual financial statements comply in all material respects with German commercial law provisions for corporations and provide a true and fair view of the financial and liquidity position of the Company as of December 31, 2020 and of its earnings position for the financial year from January 1 to December 31, 2020 with due regard to German principles of orderly accounting (GoB), and

- the attached combined management report provides an accurate view of the Company's situation. In all material respects, this combined management report is consistent with the annual financial statements, complies with the provisions of German law and accurately presents the opportunities and risks associated with future development. Our audit opinion on the combined management report does not cover the content of the components of the combined management report mentioned in the section "Miscellaneous information".

Pursuant to Section 322 para 3 Sentence 1 of the HGB, we declare that our audit did not lead to any objections regarding the propriety of the annual financial statements and the combined management report.

Basis for the auditor’s opinion

We have conducted our audit of the annual financial statements and the combined management report in conformance with Section 317 of the German HGB and Regulation (EU) No 537/2014 (the “Audit Regulation”) with due regard to German principles of orderly auditing of financial statements issued by the German Independent Auditors' Institute (IDW). Our responsibility in accordance with these regulations and principles is further described in the section, "Responsibility of the auditor for the audit of the annual financial statements and the combined management report" of our auditor’s opinion. We are independent of the Company in accordance with European and German commercial and professional regulations and have fulfilled our other German professional duties in accordance with these requirements. In addition, pursuant to Article 10 para (f) of the Audit Regulation, we declare that we have not performed any prohibited non-audit services in accordance with Article 5 para 1 thereof. We of the opinion that the documentation we have obtained is sufficient and appropriate to provide a basis for our opinion on the annual financial statements and the combined management report.

Particularly important audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon; we are not providing a separate opinion on these matters.

Below, we describe the audit matters that we consider to be of particular importance:

Sustained value of financial assets

Reasons for designation as a particularly important audit matter: When testing financial assets for sustained value, in particular shares in affiliated companies, we believe that there is an increased risk of incorrect accounting due to their materiality and the discretionary nature of the assessment as to whether there is objective evidence of

a lower fair value and prolonged impairment. In addition, the valuations are highly dependent on the assessment of future cash inflows by the legal representatives and the discount rate used. The sustained value of financial assets was therefore a particularly important matter in the context of our audit.

Audit approach and findings: With regard to the fair values determined by the legal representatives and their assessment of the impairment as likely to be permanent, we addressed the underlying processes and controls in connection with the determination of the fair values and assessed the effectiveness of the controls implemented as part of the process for budgeting future cash flows. The underlying valuation models were used to determine the fair value both methodologically and arithmetically. We also examined whether the budget plans reflect general market expectations. The valuation parameters used in estimating fair values, such as estimated growth rates and cost of capital, were compared to available market data and assessed against changes in significant assumptions, including future market conditions. In order to be able to assess a possible impairment risk in the event of a change in one of the key assumptions deemed possible, we also performed our own sensitivity analyses.

Our audit procedures have not led to any reservations with regard to the assessment of the recoverability of financial assets.

Reference to related information and data: For information on the accounting and valuation principles applied in connection with the impairment of financial assets, please refer to the disclosures in Section II of the notes to the annual financial statements. Accounting and valuation policies and on the write-downs of financial assets in the section on financial result.

Miscellaneous information

The Supervisory Board is responsible for the report of the Supervisory Board. Otherwise, the legal representatives are responsible for the other information. The miscellaneous information includes the following:

- the representation by the legal representatives,
- the corporate governance declaration pursuant to Section 289f of the HGB,
- the report of the Supervisory Board,
- the remaining parts of the annual report, with the exception of the audited consolidated financial statements and the combined management report and our auditor’s opinion.

Our auditor’s opinion on the financial statements and the combined management report does not cover the other information, and we have not formed an opinion thereon.

Our responsibility in our audit of the annual financial statements and the combined management report is to read the additional information critically and consider any material inconsistencies between the additional information and the annual financial statements and/or the combined management report or our knowledge obtained in the audit or any material misstatement.

Responsibility of the legal representatives and the Supervisory Board for the annual financial statements and the combined management report

The legal representatives are responsible for the preparation and of the annual financial statements in accordance with the provisions of German commercial law for corporations in all material respects, and for the fact that the annual financial statements provide a true and fair view of the financial, liquidity and earnings position of the Company in accordance with German principles of orderly accounting (GoB).

In addition, the legal representatives are responsible for the internal controls they have determined to be necessary in accordance with German principles of orderly accounting to enable the preparation of annual financial statements that are free from material misstatements, whether intentional or unintentional.

In preparing the annual financial statements, the legal representatives are responsible for assessing the Company's ability to continue as a going concern. They are also responsible for disclosing any matters relating to the continuation of the Company's activities, if relevant. In addition, they are responsible for conducting the accounting on the basis of the accounting principle of the going concern, unless there are actual or legal circumstances to the contrary.

In addition, the legal representatives are responsible for the preparation of the combined management report, which as a whole provides an accurate view of the Company's position, is consistent in all material respects with the annual financial statements, complies with the provisions of German law and suitably presents the opportunities and risks of future development. The legal representatives are responsible for the precautions and measures (systems) which they have deemed necessary to enable the preparation of a combined management report in compliance with the applicable provisions of German law and to provide sufficient suitable documentation for the statements made in the combined management report.

The Supervisory Board is responsible for monitoring the Company's accounting process for the preparation of the annual financial statements and the combined management report.

Responsibility of the auditor for the audit of the annual financial statements and the combined management report

Our objective is to obtain sufficient certainty as to whether the annual financial statements as a whole are free of material misstatements, whether intended or not, and whether the combined management report as a whole provides a true and fair view of the Company's position, conforms in all material respects with the annual financial statements, with the findings obtained during our audit and with the provisions of German law, suitably presents the opportunities and risks of future development, and contains our auditor's opinion on the annual financial statements and the combined management report.

"Sufficient certainty" is a high degree of certainty, but no guarantee that an audit conducted in accordance with Section 317 of the HGB and the Audit Regulation and taking into account the generally accepted standards for the audit of financial statements promulgated by the German Independent Auditors' Institute (IDW) will always reveal material misstatement. Misstatements may result from breaches or inaccuracies and are considered material if it can be reasonably expected that they will influence the financial decisions of the addressees made individually or collectively based on the annual financial statements and the combined management report.

During the audit, we exercise due discretion and maintain a critical attitude. In addition,

- we identify and assess the risks of material misstatements, whether intentional or not, in the annual financial statements and the combined management report, plan and perform audit procedures in response to these risks, and obtain audit documentation sufficient and appropriate to support our auditor's opinion. The risk that material misrepresentations will not be detected is higher in the case of breaches than in the case of inaccuracies, since breaches may entail fraudulent interaction, forgeries, intentional incompleteness, misleading information or the overriding of internal controls.

- We gain an understanding of the internal controlling system relevant to the audit of the annual financial statements and of the precautions and measures relevant to the audit of the combined management report in order to plan audit procedures that are appropriate under the given circumstances, but not with the aim of expressing an opinion on the effectiveness of these systems of the Company.

- We assess the appropriateness of the accounting policies used by the legal representatives and the acceptability of the estimated values and related disclosures presented by the legal representatives.

- We draw conclusions about the appropriateness of the going concern principle applied by the legal representatives and, based on the evidence obtained in the audit, whether there is any material uncertainty in connection with events or circumstances that could raise significant doubts about the Company's ability to continue its business activity. If we come to the conclusion that there is material uncertainty, we are obliged to draw attention in our auditor's opinion to the relevant information in the annual financial statements and the combined management report or, if this information is inappropriate, to modify our auditor's opinion. We draw our conclusions based on evidence obtained up to the date of our auditor's opinion. However, future events or circumstances may prevent the Company from continuing its business activities.

- We express an opinion on the overall presentation, structure and content of the annual financial statements including the information and whether the annual financial statements present the underlying business transactions and events such that the annual financial statements provide a

true and fair view of the financial, liquidity and earnings position in accordance with German principles of orderly accounting (GoB).

- We assess the consistency of the combined management report with the annual financial statements, the compliance of the report with the law and the picture it conveys of the Company's position.

- We perform audit procedures on the forward-looking statements made by the legal representatives in the combined management report. On the basis of sufficient and suitable audit evidence, we comprehend in particular the significant assumptions underlying the future-oriented statements made by the legal representatives and assess the appropriate derivation of the future-oriented statements from these assumptions. We do not express an independent opinion on these forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events could differ materially from the forward-looking statements.

- We discuss with those responsible for monitoring, inter alia, the planned scope and timing of the audit and significant audit findings, including any deficiencies in the internal controlling system, which we identify during our audit.

- We declare to those charged with governance that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that may reasonably be thought to bear on our independence and the safeguards that have been put in place to address them.

From the matters we discussed with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure of the matter.

Other statutory and legal requirements

Report on the audit of the electronic reproductions of the financial statements and the management report prepared for disclosure purposes in accordance with Section 317 para 3b of the HGB" ("ESEF Report")

Auditor's opinion

In accordance with Section 317 para 3b of the HGB, we have performed a reasonable assurance test to determine whether the data contained in the attached file "vita34agJA.zip" (SHA256 hash value: C012A3116BE7C67DE61310DF13003C1631D3E6CF32BC3AE077B3ADDFD1B773B1) and prepared for the purpose of disclosure comply in all material respects with the requirements of Section 328 para 1 of the HGB regarding the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit extends only to the conversion of the information contained in the annual financial statements and the combined management report into ESEF format and therefore not to the information contained in these reproductions nor to any other information contained in the above-mentioned file.

In our opinion, the reproductions of the annual financial statements and the combined management report contained in the aforementioned attached file and prepared for disclosure purposes comply, in all material respects, with the electronic reporting format requirements of Section 328 para 1 of the HGB. Other than this opinion and our opinions on the accompanying annual financial statements and on the accompanying combined management report for the financial year from January 1 to December 31, 2020 included in the "Report on the audit of annual financial statements and combined management report" above, we do not express any opinion on the information included in these reproductions or on the other information included in the aforementioned file.

Basis for the auditor’s opinion

We conducted our audit of the reproductions of the annual financial statements and the combined management report contained in the above-mentioned attached file in accordance with Section 317 para 3b of the HGB and in compliance with the draft IDW Auditing Standard: Audit of electronic reproductions of financial statements and management reports prepared for disclosure purposes in accordance with Section 317 para 3b of the HGB (IDW EPS 410). Our corresponding responsibility is further described in the section "Auditor's responsibility for the

audit of ESEF documents". Our auditing procedure met the quality assurance system requirements of the IDW Quality Assurance Standard: Requirements for quality assurance in auditing practice (IDW QS 1).

Responsibility of the legal representatives and the Supervisory Board for the ESEF documents

The Company's management is responsible for the preparation of the ESEF documents containing the electronic reproductions of the annual financial statements and the combined management report in accordance with Section 328 para 1 Sentence 4 No. 1 of the HGB.

Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of ESEF documents that are free from material violations, whether due to fraud or error, of the requirements of Section 328 para 1 of the HGB regarding the electronic reporting format.

The legal representatives of the Company are also responsible for submitting the ESEF documents together with the auditor's opinion and the attached audited annual financial statements and audited combined management report as well as other documents to be disclosed to the operator of the Bundesanzeiger.

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Responsibility of the auditor for the audit of the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material violations, whether due to fraud or error, of the requirements of Section 328 para 1 of the HGB. During the audit, we exercise due discretion and maintain a critical attitude. In addition,

we identify and assess the risks of material violations, whether intentional or not, of the requirements in Section 328 para 1 of the HGB, plan and perform audit procedures in response to these risks, and obtain audit documentation sufficient and appropriate to support our auditor’s opinion.

We gain an understanding of the internal controls relevant to the audit of the ESEF documents in order to plan audit procedures that are appropriate under the given circumstances, but not with the aim of expressing an opinion on the effectiveness of these systems.

we assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents complies with the requirements of Delegated Regulation (EU) 2019/815 as amended on the reporting date regarding the technical specifications for this file.

we assess whether the ESEF documentation provides a content equivalent XHTML reproduction of the audited annual financial statements and the audited combined management report.

Miscellaneous information pursuant to Article 10 of the EU Audit Regulation

We were selected as auditors by the shareholders in general meeting on July 1, 2020. We were commissioned by the Supervisory Board on October 15, 2020. We have been acting as auditors of Vita 34 AG without interruption since the 2017 financial year.

We declare that the statements contained in this auditor’s opinion are consistent with the additional report to the Supervisory Board in accordance with Article 11 of the Audit Regulation (audit report).

AUDITOR IN CHARGE

The auditor responsible for the audit is Mr Patrick Niebuhr.

Berlin, March 29, 2021

PKF Deutschland GmbH

Wirtschaftsprüfungsgesellschaft

Beier
Wirtschaftsprüfer
(German Public Auditor)

Niebuhr
Wirtschaftsprüfer
(German Public Auditor)

22. GLOSSARY OF TECHNICAL TERMS

The following scientific terms and abbreviations when used in this Exchange Offer Memorandum have the definitions ascribed to them opposite below, except where otherwise indicated.

Term or abbreviation	Definition
AAT deficiency (Alpha-1 antitrypsin deficiency)	A genetic dysfunction of the immune system that may result in lung disease or liver disease.
Adipose tissue	Loose connective tissue composed mostly of fat but also other cells.
Advanced Therapy Medicinal Products	Medicines for human use that are based on modified genes, tissues or cells
Allogeneic	Genetically different although belonging to or obtained from the same species.
Allogeneic stem cell transplantation	Replacing a person's stem cells with new, healthy stem cells coming from a donor or from donated umbilical cord blood.
Anaemia	Condition in which the number of red blood cells or the hemoglobin concentration within them is lower than normal.
Anticoagulation reagent	A chemical substance that prevents or reduces coagulation of blood, prolonging the clotting time.
Apheresis	An extracorporeal blood filtration treatment that involves removing whole blood from a donor or patient and separating the blood into individual components so that one particular component can be removed.
Autologous stem cell transplantation	The transplantation of stem cells, which have previously been collected from the recipient him-/herself.
CAR-T Therapy	Immuno-oncological therapy using chimeric antigen receptor T-cells (CAR-T cells), which are produced by genetically modifying the patient's T cells. The premise of CAR-T immunotherapy is to modify T cells to recognize cancer cells in order to more effectively target and destroy them. Scientists harvest T cells from people, genetically alter them, then infuse the resulting CAR-T cells into patients to attack their tumors. CAR-T therapies have already been approved by the FDA in the USA and by the EMA in Europe for selected indications.
Chimeric antigen receptor T cells (CAR-T cells)	T cells that have been genetically engineered to produce an artificial T-cell receptor for use in immunotherapy.
Colony forming cell (CFC) assay	In vitro assay based on the ability of a single cell to grow into a colony.
Cryopreservation (Cryoconservation)	Process where umbilical cord blood as well as stem cells from umbilical cord tissue or other suitable cell material are preserved by cooling to −196 degrees Celsius by using liquid nitrogen. At such temperature, any enzymatic or chemical activity which might cause damage to the biological material in question is effectively stopped.
Cryoprotection	Substance used to protect biological tissue from freezing damage.
Dendritic cells	Antigen-presenting cells (also known as accessory cells) of the mammalian immune system with the main function to process antigen material and present it on the cell surface to the T cells to educate the immune system.
Encephalopathy	Any disorder or disease that affects the function or structure of the brain, especially chronic degenerative conditions.
Erythrocytes (red blood cells)	Anucleate, biconcave cells, filled with the protein hemoglobin, which transports oxygen and carbon dioxide between the lungs and tissues.
Extracorporeal procedure	Medical procedure which is performed outside of the body.
Ferritin	A universal intracellular blood protein that stores iron and releases it in a controlled fashion.
Haematopoietic stem cells	Blood-forming stem cells contained mainly in bone marrow and umbilical cord blood.
Human leukocyte antigen (HLA)	Complex of genes, which encode cell-surface proteins responsible for the regulation of the immune system.
Human leukocyte antigen (HLA) tissue markers	Proteins / markers used for matching patients and donors for bone marrow or cord blood transplants.
Immunogenicity	The ability of a foreign substance, such as an antigen, to provoke an immune

	response in the body of a human or other animal.
Immunomodulatory	Chemical agent (as methotrexate or azathioprine) that modifies the immune response or the functioning of the immune system.
Induced pluripotent stem cells (iPS cells)	Stem cells that are derived from skin or blood cells that have been reprogrammed back into an embryonic-like pluripotent state that enables the development of an unlimited source of any type of human cell needed for therapeutic purposes.
Leukocyte (white blood cells)	Cells of the immune system that are involved in protecting the body against both infectious disease and foreign invaders.
Lymphoblastic leukaemia	Cancer of the lymphoid line of blood cells characterized an overproduction of immature white blood cells, called lymphoblasts.
Lymphoma	A cancer of the lymphatic system, which is part of the body's immune system.
Mesenchymal stem cells (MSCs)	Multipotent adult stem cells that are present in multiple tissues, including umbilical cord, bone marrow and fat tissue. They can differentiate into a variety of cell types.
Monoclonal antibody therapies	Immunotherapy that uses monoclonal antibodies laboratory-produced by a single clone of cells or cell line and consisting of identical antibody molecules. The objective is that this treatment will enable/enforce the patient's immune system to attack those cells.
Mucous membranes	A protective epithelial layer that line parts of the ear, nose, throat, digestive tract and parts of the body that are exposed to air.
Multipotent stem cells	Stem cells that have the capacity to self-renew by dividing and to develop into multiple specialized cell types present in a specific tissue or organ.
Myelodysplastic syndrome	Group of diverse bone marrow disorders in which the bone marrow does not produce enough healthy blood cells.
Natural killer (NK) cells	A lymphocyte able to bind to certain tumor cells and virus-infected cells without the stimulation of antigens and kill them by the insertion of granules containing perforin.
NetCord FACT standards	Evidence-based requirements for cord blood collection, banking and release for administration set by an international team of experts and the basis of the FACT (foundation for the accreditation of cellular therapy) accreditation program for cord blood banks.
Oligopotent stem cells	Stem cells that can only develop into few descendants.
Perinatal tissues	Tissues that are discarded at birth, such as the placenta, umbilical cord and cord blood.
Peripheral blood	Flowing, circulating blood of the body consisting of red blood cells, white blood cells, and platelets, which are not sequestered within the lymphatic system, spleen, liver, or bone marrow.
Pharmacovigilance	The pharmacological science relating to the collection, detection, assessment, monitoring, and prevention of adverse effects with pharmaceutical products.
Pluripotent stem cells	Stem cells that have the capacity to self-renew by dividing and to develop into each and every type of cell but not into a complete organism.
Reagents	Substance or compound added to a system to cause a chemical reaction or to test if a reaction occurs.
Stem cells	Primitive cells that have the potential to differentiate, or develop into, a variety of specific cell types.
Thrombocytes (Platelets)	Component of blood whose function (along with the coagulation factors) is to react to bleeding from blood vessel injury by clumping, thereby initiating a blood clot.
Tissue preparation	Unmanipulated tissues from a human body that are not defined as organs (functionally intact unit) per se as well as any novel preparations whose preparation is based on such primary tissues, with the exception of sperm and egg cells (germ cells), as well as impregnated egg cells and embryos in toto.
T-lymphocytes (T-cells)	Type of leukocytes which are a major component of the adaptive immune system and one of two primary types of lymphocytes, B cells being the second type, which determine the specificity of immune response to antigens (foreign substances) in the body.

Totipotent stem cell	Stem cells that can generate a complete organism but only exist in early-stage embryos.
Ultracentrifugation.....	A specialized technique used to spin samples at exceptionally high speeds in order to separate components by gravity.
Umbilical cord blood	Blood that remains in the placenta and in the attached umbilical cord after childbirth.
Umbilical cord blood bank.....	A facility which stores umbilical cord blood for future therapeutic use.
Unipotent stem cells	Stem cells which can only build cells of their own type.

23. RECENT DEVELOPMENTS AND OUTLOOK

23.1 Recent Developments

On July 13, 2021, the Company held an extraordinary shareholders' meeting to resolve on a capital increase against contribution in kind (the "Offer Capital Increase", as defined) to enable the full exchange of PBKM Shares for new shares of the Company. The extraordinary shareholders' meeting resolved to increase the Company's share capital from EUR 4,145,959.00 by up to EUR 12,280,560.00 to up to EUR 16,426,519.00 by issuing up to 12,280,560 Vita 34 Offer Shares, each with a pro rata amount of EUR 1.00 per share in the share capital. The subscription rights of the shareholders of the Company were excluded. The resolution on the Offer Capital Increase was registered with the Company's Commercial Register at the Local Court (*Amtsgericht*) of Leipzig on August 24, 2021. See „*3.3 Offer Capital Increase*".

As per July 31, 2021, Falk Neukirch stepped down as CFO of the Company and Andreas Schafhirt was appointed by the Supervisory Board to the position of CFO of the Company on August 16, 2021 for an initial period until April 2022.

23.2 Outlook

According to the International Monetary Fund („**IMF**"), new waves and new variants of the coronavirus are causing concern for the outlook, although recent vaccine approvals have raised hopes of a turnaround in the pandemic during 2021. Amid exceptionally high uncertainty, the global economy is forecast to grow 5.5% in 2021. The degree of recovery will vary widely across countries, depending on access to medical measures, effectiveness of political support, vulnerability to cross-country transmission, and structural characteristics at the beginning of the crisis. As of April 7, 2021, economic growth of 4.5% was forecast for Europe by the IMF.

The Group intends to consistently drive forward its already initiated transformation process from a pure stem cell bank to a more broadly positioned cell bank in order to offer further storage options in the short to medium term, to be able to supply the best available individual cells for current and future cell therapies in each case and thus to develop additional market potential via new business areas. By developing new products and services related to the cryo-preservation of stem cells or, prospectively, other cell sources, the Group intends to position itself in medically promising areas at an early stage in order to participate in the identified market potential. Currently, the focus is on the one hand on the storage of stem cells from the autologous fat. The related product launch of „AdipoVita", which enables the preservation of adipose tissue and the stem cells contained therein also for adults, is planned for 2022. On the other hand, the Group is consistently pushing ahead with its efforts to also be able to store immune cells and cell preparations from peripheral blood and, prospectively, umbilical cord blood in the future. The new immune cell isolate product based on this is expected to generate initial revenues from 2023.

In addition to organic growth, the Group intends to actively pursue further market consolidation through horizontal and vertical acquisitions in order to grow both geographically and along the value chain. In this context, announced opportunities in the business-to-government („**B2G**") and business-to-business („**B2B**") business are to be exploited. The demand for services in the field of cell isolation, cell propagation and cell modification is expected to increase, especially due to the further establishment of personalized cell therapies. The Group is examining further strategic options for new offers, which could be represented by partnerships or acquisitions.

The market position achieved in the European markets is to be defended or expanded by increasing revenue and earnings in line with market growth. In the German-speaking countries, the primary goal is to sustainably consolidate the market presence and leading market position through targeted marketing activities. The changes in sales partners abroad should lead to a sustained moderate growth trend in these regions.

The industry is currently undergoing a consolidation process in which the Group would like to actively participate. The Group therefore intends to develop new markets in attractive European regions through opportunistic acquisitions or beneficial partnerships.

In general, the Management Board assesses the sensitivity of the business model of the Group with regard to economic fluctuations as low. Therefore, with regard to the economic effects of the COVID-19 pandemic so far, the Management Board does not currently expect a sustained negative impact on the Group's business development. The current assessment of the Group's development in the financial year 2021 does not include effects of a significantly further spread of COVID-19.

At the same time, the Group is taking precautions in many ways to minimize the potential impact of COVID-19 on business development. In addition to targeted stockpiling of important supply materials, personnel deployment planning has been continuously optimized to the extent that independently acting teams guarantee smooth operations at all times – even in the event of a possible infection of individual employees. At present, no regulatory restrictions are expected to affect operations. The Group has carried out an intensive risk prevention process in response to the potential impact of COVID-19, implemented appropriate

precautionary measures, and will take further measures depending on how the situation develops. However, the Group continues to have no control over temporary limitations in the reach of sales and marketing activities, such as field sales.

Against the background of the positive business development, particularly in the second half of 2020 but also in the first half of 2021, and the brightening market environment, the Management Board assesses the Group's prospects for success as very good. The additional momentum that has been recorded since April 2020 as a result of the expansion of the „VitaPUR" contract model to include the storage of umbilical cord tissue is also positive. Since then, the share of contracts concluded with tissue storage has increased significantly, leading to a rise in revenue per contract concluded as well as in recurring revenue and thus to a corresponding shift in the timing of cash flow.

For the financial year 2021, the Management Board expects revenues between EUR 20.3 and EUR 22.3 million and an adjusted EBITDA (reported EBITDA adjusted for special effects incurred as a result of consulting costs following the takeover offer of AOC Health GmbH and the review of a prospectively possible merger with PBKM) between EUR 5.5 and EUR 6.1 million, in each case not considering any effect of the Business Combination. For more information, see „*11 Profit Forecast*" and „*12 Pro Forma Financial Information*".

From 2021 onwards, the Group can benefit noticeably from the expected extensions of old contracts. In the next few years, an average of 5,000 old contracts per year will expire, which are expected to be converted to annual payment.

In the medium term, additional impulses are expected from the storage of immune cells from peripheral blood of adults. Against this background, a research cooperation was concluded with the Institute for Radiopharmaceutical Cancer Research of the Helmholtz Center in Dresden-Rossendorf (HZDR). Within the framework of the collaboration, the principal suitability of cryopreserved immune cell isolates for the production of immune cell therapeutics will initially be examined in preclinical scientific work. The influence of long-term storage of immune cell preparations on the quality of cell therapeutics will also be analyzed. With the expected results, the Group believes that it could create the ideal conditions for establishing its own product as a further cell source for existing and future immune therapies.