



QUARTERLY STATEMENT

January to September 2020



LETTER FROM THE MANAGEMENT BOARD

Dear Shareholders,

In the third quarter of 2020, we were not only able to reaffirm the excellent earnings level we have now achieved, but also to generate an EBITDA margin of 32.5%. At the same time, we also succeeded in putting sales clearly back on track for growth, increasing both on the previous quarter (+10.1%) and on the same quarter in the previous year (+1.4%). This development has once again impressively underlined the resilience of our business model.

Business in our core market DACH was the driving force behind our positive development. In Germany in particular, we succeeded in generating strong growth in new business. Here, we were able to grow by 6.9% compared with the same quarter of the previous year. Compared with the previous quarter, growth was even 20.9%. This positive development was largely made possible by the realignment of our marketing and sales activities initiated at the end of 2019. Online marketing activities were intensified in a targeted manner, and the activities of our field sales force were expanded and strengthened in the direction of doctors and midwives. This was supported by the fact that our sales force was able to become active again in the third quarter as the COVID-19 pandemic subsided. These activities were complemented by a regained sales partnership, which has been contributing to new contracts concluded by Vita 34 AG since Q2 2020.

As a result of the above-mentioned measures, the number of contracts concluded in the core market DACH has increased in almost all contract variants. The product "VitaPUR" including the umbilical cord tissue option has developed particularly dynamically since the product launch in April 2020. Since then, the share of contracts concluded with tissue storage has increased significantly, which has further boosted sales per contract. In addition, this model is designed as an annual payer model, which will have an additional positive impact on the cash flow from storage business.

The strong development in our core market DACH more than compensated for a slightly more restrained development in international business. However, there are also indications internationally that the temporary slowdown can be ended. For example, the development in Spain and the Eastern European markets has already stabilized in the third quarter compared to the previous quarter and is even rising slightly again in some cases.

We are also making progress with our future and R&D projects as planned. The development project for the storage of immune cells from the peripheral blood of adults, for which we are now moving to cooperation with development partners following successful internal examinations, should be mentioned here. The development of our product "AdipoVita" for the attractive market of aesthetic medicine is also progressing according to plan. Here, we recently received the manufacturing permit for the Leipzig site and are now entering the phase of establishing a distribution partnership. In our core business of umbilical cord blood, we see further fields of application in regenerative stem cell therapy, for example for the treatment of strokes.

Although the general environment is currently deteriorating again due to the COVID-19 pandemic and the corresponding countermeasures and restrictions, we can confirm our previous forecasts. For the full year 2020, we are planning sales in the range of EUR 19.0 to 21.0 million and EBITDA between EUR 4.8 and 5.8 million.

The start into the fourth quarter has been promising so far. At the same time, we are now laying the foundations for continuing the resumed growth curve in 2021. We are continuing to intensify our marketing and sales activities and intend to further improve our reach and, in particular, our communication with the multipliers midwives and gynecologists. Our goal is to maintain the very positive momentum in new business, and ideally even expand it. At the same time, the storage business, which is currently growing at a rate of over 2% per year, offers a stable basis that will be further boosted in the coming years by the forthcoming contract renewals. Vita 34 is thus ideally positioned to operate very successfully even in the current challenging environment and continue to develop very positively in 2021.

Leipzig, November 11, 2020



Dr. Wolfgang Knirsch
Chief Executive Officer



Falk Neukirch
Chief Financial Officer

GROUP KEY FIGURES

		Q3 2020	Q3 2019	9M 2020	9M 2019
Income Statement					
Sales revenue	EUR thousand	5,424	5,351	15,024	15,119
Gross profit	EUR thousand	3,391	3,472	9,139	9,487
EBITDA	EUR thousand	1,761	1,753	4,368	4,542
EBITDA margin as a percentage of sales	%	32.5	32.8	29.1	30.0
Operating result (EBIT)	EUR thousand	1,140	1,137	2,528	2,697
Result for the period	EUR thousand	750	173	1,860	1,220
Earnings per share	EUR	0.18	0.04	0.45	0.30
Balance sheet					
Balance sheet total	EUR thousand			61,451	61,099
Equity	EUR thousand			32,141	30,268
Equity ratio	%			52.3	49.5
Liquid funds	EUR thousand			10,519	9,102
Cash flow					
Investments	EUR thousand			479	695
Depreciation and amortization	EUR thousand			1,840	1,844
Cash flow from operating activities	EUR thousand			3,125	4,627
Employees					
At the reporting date	Number			117	120

Business Development and Results of Operations

THIRD QUARTER OF 2020

TAKEOVER OFFER OF AOC HEALTH GMBH

AOC Health GmbH had submitted a takeover offer to the shareholders of Vita 34 AG and published the corresponding offer document on the Internet on June 29, 2020. On July 3, 2020, the Management Board and the Supervisory Board had issued a joint reasoned statement pursuant to section 27 WpÜG on the mandatory offer of AOC Health GmbH. By the reporting date, the mandatory offer had been accepted for 217,510 Vita 34 shares. This corresponds to 5.25% of the share capital and voting rights of Vita 34 AG. According to its last voting rights announcement on August 5, 2020, AOC Health GmbH thus holds a total share of 36.44%.

ANNUAL GENERAL MEETING 2020

At the Annual General Meeting 2020, which was held in Leipzig on July 1, 2020 as a virtual Annual General Meeting, the shareholders resolved to transfer the balance sheet profit of EUR 1,530,184.01 reported as of December 31, 2019, to other retained earnings and thus to retain it within the company. Furthermore, Mr. Florian Schuhbauer was elected as a new member of the Supervisory Board. Mr. Nicolas Schobinger resigned from the Supervisory Board on July 6, 2020. Thereupon, Mr. Andreas Füchsel was appointed by the court as a member of the Supervisory Board on July 31, 2020. The Management Board and the Supervisory Board were discharged for the fiscal year 2019.

RESULTS OF OPERATIONS IN THE THIRD QUARTER OF 2020

With sales of EUR 5,424 thousand, Vita 34 recorded a clearly dynamic sales development and thus a return to the growth path. Compared to the previous quarter, a plus of 10.1% was achieved. Compared to the same quarter of the previous year with sales of EUR 5,351 thousand, the increase is 1.4%. The main growth driver was the very good business development in the core market DACH, especially in Germany. Significant impetus was generated in the new storage business.

Despite a slightly lower gross profit margin of 63% (Q3 2019: 65%), EBITDA of EUR 1,761 thousand was kept at the level of the prior-year quarter (Q3 2019: EUR 1,753 thousand), resulting in an EBITDA margin of 32.5% (Q3 2019: 32.8%). Further savings in administrative costs were decisive here. This was offset by slightly higher marketing and selling expenses. EBIT reached EUR 1,140 thousand compared to EUR 1,137 thousand in the previous year. The result for the period, at EUR 750 thousand, was significantly above the level of the prior-year quarter of EUR 173 thousand, which is due to a one-time tax expense effect in the prior-year period.

NINE-MONTH PERIOD OF 2020

RESULTS OF OPERATIONS IN THE NINE-MONTH PERIOD OF 2020

Business development was very positive over the entire nine-month period of 2020, not least thanks to the increased momentum in the third quarter. This applies to both sales and earnings. Negative effects from the COVID-19 pandemic, such as the temporary significant reduction or cessation of travel by the sales force, were compensated. In addition, Vita 34 was forced to slightly increase its stock levels of individual input materials in order to cushion possible fluctuations on the procurement side. These effects are difficult to isolate in the results of operations, financial position and net assets and were of minor significance overall.

In the first nine months of 2020, sales revenues in the amount of EUR 15,024 thousand were generated, which is almost at the level of the prior year of EUR 15,119 thousand. After a still slightly restrained start into 2020, Vita 34 already gained momentum in the course of the second quarter and then even more so in the third quarter. Overall, the core market DACH showed slight growth with a steadily improving performance during the reporting period.

Gross profit for the nine-month period amounted to EUR 9,139 thousand, almost at the level of the prior-year period of EUR 9,487 thousand. The reasons were slightly higher cost of sales due to a slightly increased headcount and an increase in maintenance costs compared to the prior year's period. Accordingly, the gross margin (based on sales) decreased slightly from 62.7% to 60.8%. The development of earnings before interest, taxes, depreciation and amortization (EBITDA) shows that the ongoing, still very high cost discipline based on the cost efficiency measures implemented in 2019 is taking effect. In absolute figures, it decreased slightly from EUR 4,542 thousand to EUR 4,368 thousand, which is largely due to one-time cost increases in other operating expenses due to consulting costs in connection with the takeover offer. At 29.1%, the EBITDA margin could be confirmed almost at the very high level of the prior year of 30.0% and, after a restrained start into 2020, increased significantly, especially in the second and third quarter of 2020.

Selling and marketing expenses increased slightly in the reporting period. Administrative expenses fell once again compared with the same period of the previous year.

Earnings before interest and taxes (EBIT) for the nine-month period of 2020 amounted to EUR 2,528 thousand compared to EUR 2,697 thousand in the prior-year period. After EUR 1,220 thousand in the corresponding period of the prior year, the result for the nine-month period 2020 amounted to EUR 1,860 thousand. Earnings per share are calculated accordingly at EUR 0.45 (9M 2019: EUR 0.30).

Financial Position and Net Assets

Based on the good earnings development, Vita 34 was able to generate a cash flow from operating activities of EUR 3,125 thousand in the first nine months of 2020. This figure remained slightly below the previous year's figure of EUR 4,627 thousand due to a slightly higher inventory level for precautionary reasons in the course of the COVID-19 pandemic and increased income tax payments, but still underlines the high internal financing power of Vita 34. Cashflow from investing activities amounted to EUR –681 thousand in the prior year's period, whereas the outflow of funds was significantly lower in the past nine-month period with EUR –87 thousand, especially because liquid funds previously pledged as collateral were released due to the good credit rating of the company. This leads to a cash inflow (EUR +370 thousand) to available cash and cash equivalents, which reduces the cash outflow from investing activities on a one-time basis. The cash flow from financing activities of EUR –1,621 thousand (9M 2019: EUR –2,209 thousand) is mainly composed of scheduled repayments (EUR –1,206 thousand) and lease payments (EUR –416 thousand). The difference to the prior year's period results from the resolution of the Annual General Meeting to retain the profit for 2019 in full

and, in contrast to the previous year, to waive a dividend. In total, cash and cash equivalents increased to EUR 10,519 thousand as of September 30, 2020 (December 31, 2019: EUR 9,102 thousand).

The balance sheet total remained stable at EUR 61,451 thousand compared to the figure of EUR 61,099 thousand as of December 31, 2019. On the assets side of the balance sheet, non-current assets including goodwill decreased from EUR 48,221 thousand to EUR 46,927 thousand. Here, scheduled amortization of intangible assets resulting from the valuation of customer contracts in the course of acquisitions, the scheduled reduction of the lease right-of-use (IFRS 16) and an increase in non-current trade receivables were offset by the increasing success of the new pricing model "VitaPUR". On the equity and liabilities side of the balance sheet, equity increased from EUR 30,268 thousand to EUR 32,141 thousand due to the positive result for the period. The equity ratio improved from 49.5% to 52.3%. Non-current liabilities decreased to EUR 21,212 thousand as of September 30, 2020 (December 31, 2019: EUR 22,414 thousand).

Forecast

Against the background of the stable business development in the first nine months of 2020 and the indications for the further course of business so far, the Management Board of Vita 34 AG continues to maintain its forecast for the full year 2020 – despite the again intensified general countermeasures and restrictions in the course of the COVID-19 pandemic. The company expects sales revenues of between EUR 19.0 and 21.0 million (excluding acquisitions) and EBITDA of between EUR 4.8 and 5.8 million.

The Management Board continues to assess the sensitivity of the Vita 34 business model to economic fluctuations as low. Based on the experience gained so far, the COVID-19 pandemic is not expected to have a profound impact on business development. Correspondingly, the effects of a possible significant further spread of COVID-19 are not taken into account.

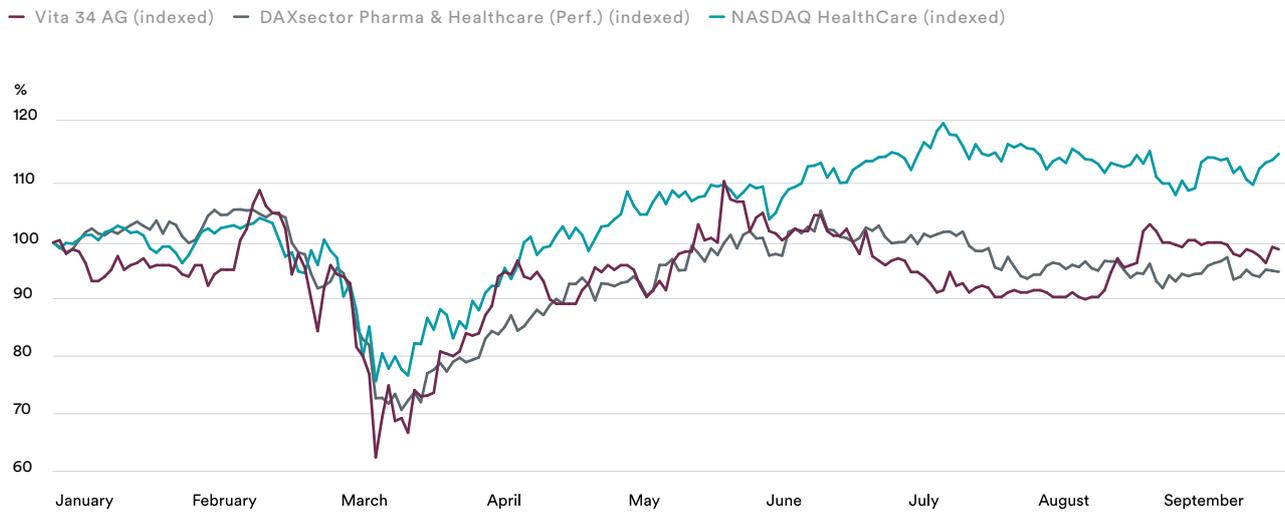
Share

Key Share Data 9M 2020

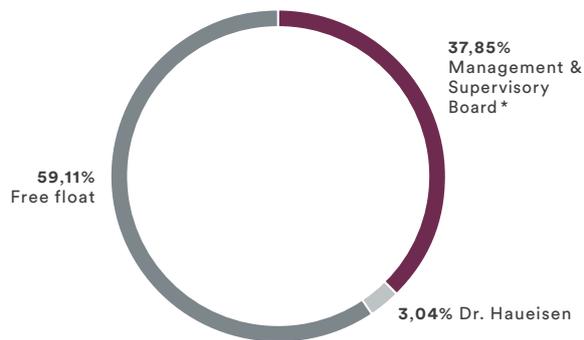
Ticker symbol/Reuters symbol	V3V/V3VGn.DE
Securities identification number/ISIN	A0BL84/DE000A0BL849
Number of shares	4,145,959
Price on 01/02/2020*	EUR 12.95
Price on 09/30/2020*	EUR 12.80
Market capitalization (09/30/2020)	EUR 53.1 million

* Closing prices Xetra trading system of Deutsche Börse AG

Share Price Development 9M 2020



Shareholder Structure (as of October 30, 2020)



* Thereof, 36.44% are attributed to Mr. Florian Schuhbauer (32.56% AOC Health GmbH + 3.87% PBKM).

Consolidated Income Statement

EUR thousand	Q3 2020	Q3 2019	9M 2020	9M 2019
Sales revenues	5,424	5,351	15,024	15,119
Cost of sales	-2,033	-1,879	-5,884	-5,632
Gross profit on sales	3,391	3,472	9,139	9,487
Other operating income	116	44	450	320
Marketing and selling costs	-1,127	-1,004	-3,605	-3,441
Administrative expenses	-1,131	-1,265	-3,170	-3,537
Other operating expenses	-109	-111	-286	-131
Operating result (EBIT)	1,140	1,137	2,528	2,697
Financial income	11	7	63	33
Financial expenses	-44	-47	-139	-158
Earnings before taxes	1,108	1,098	2,451	2,572
Income tax expense	-357	-925	-592	-1,352
Result for the period after taxes	750	173	1,860	1,220
Attribution of the result for the period to the:				
Owners of the parent company	745	163	1,851	1,213
Non-controlling interests	5	10	9	7
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	0.18	0.04	0.45	0.30

Consolidated Balance Sheet (Assets)

EUR thousand	09/30/2020	12/31/2019
Non-current assets		
Goodwill	18,323	18,323
Intangible assets	17,473	18,525
Property, plant and equipment	7,388	7,285
Right-of-use assets	1,540	1,905
Other assets	998	1,012
Trade receivables	1,085	632
Restricted cash	119	540
	46,927	48,221
Current assets		
Inventories	361	294
Trade receivables	2,823	2,879
Income tax receivables	80	44
Other receivables and assets	741	559
Cash and cash equivalents	10,519	9,102
	14,524	12,878
Total Assets	61,451	61,099

Consolidated Balance Sheet (Equity and Liabilities)

EUR thousand	09/30/2020	12/31/2019
Equity		
Subscribed capital	4,146	4,146
Capital reserves	24,012	24,012
Retained earnings	4,290	2,440
Other reserves	-170	-183
Treasury shares	-261	-261
Non-controlling interests	123	114
	32,141	30,268
Non-current liabilities		
Interest-bearing loans	2,673	3,799
Lease liabilities	1,025	1,356
Deferred grants	760	797
Contract liabilities	11,615	11,563
Provisions	14	14
Pension provisions	56	56
Deferred income taxes	5,069	4,828
	21,212	22,414
Current liabilities		
Trade payables	1,259	1,266
Provisions	77	104
Income tax liabilities	442	703
Interest-bearing loans	1,534	1,584
Lease liabilities	523	546
Deferred grants	48	45
Contract liabilities	2,866	2,871
Other liabilities	1,349	1,298
	8,098	8,417
Total Equity and Liabilities	61,451	61,099

Consolidated Cash Flow Statement

EUR thousand	9M 2020	9M 2019
Cash flow from operating activities		
Result for the period before taxes	2,451	2,572
Adjustments for:		
Depreciation and amortization	1,840	1,844
Gains/losses from the disposal of non-current assets	4	0
Other non-cash expenses/income	6	-24
Financial income	-63	-33
Financial expenses	139	137
Changes in net working capital:		
+/- Inventories	-67	87
+/- Receivables and other assets	-482	288
+/- Liabilities	43	-97
+/- Contract liabilities	45	168
+/- Provisions	-27	-61
Interest paid	-115	-124
Income taxes paid	-650	-132
Cash flow from operating activities	3,125	4,627
Cash flow from investing activities		
Purchase of intangible assets	-37	-7
Purchase of property, plant, and equipment	-442	-688
Proceeds from the sale of property, plant, and equipment	0	2
Proceeds from the sale of financial investments	370	0
Interest received	22	11
Cash flow from investing activities	-87	-681
Cash flow from financing activities		
Proceeds from the issue of shares	0	176
Dividend payments	0	-656
Payments for the repayment of financial loans	-1,206	-1,326
Payments for leases	-416	-404
Cash flow from financing activities	-1,621	-2,209
Net change in cash and cash equivalents	1,417	1,736
Cash and cash equivalents at the beginning of the reporting period	9,102	6,960
Cash and cash equivalents at the end of the reporting period (liquid funds)	10,519	8,696

IMPRINT

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Vita 34 on the Internet: www.vita34group.de



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