

VITA34

# ANNUAL REPORT 2021

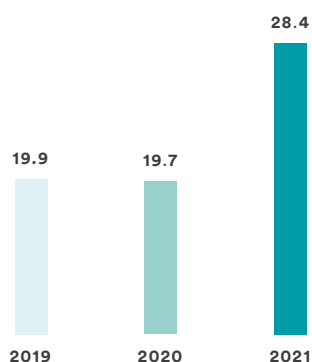


# KEY FINANCIAL FIGURES

		2019	2020*	2021
<b>Statement of income</b>				
Sales revenue	EUR thousand	19,934	19,668	28,419
Gross profit	EUR thousand	11,783	11,256	12,438
EBITDA	EUR thousand	5,433	4,936	814
EBITDA margin as a percentage of sales	%	27.3	25.1	2.9
Operating result (EBIT)	EUR thousand	2,453	1,973	-3,071
Net result for the period	EUR thousand	718	1,439	-3,926
Earnings per share	EUR	0.18	0.35	-0.63
<b>Balance sheet</b>				
		Dec. 31, 2019*	Dec. 31, 2020*	Dec. 31, 2021
Balance sheet total	EUR thousand	58,775	58,673	177,946
Equity	EUR thousand	28,048	26,231	41,942
Equity ratio	%	47.7	44.7	23.6
Liquid funds	EUR thousand	9,102	10,396	33,298
<b>Cash flow</b>				
		2019*	2020	2021
Cash flow from investing activities	EUR thousand	-1,390	-252	24,871
Depreciation and amortization	EUR thousand	2,979	2,964	3,885
Cash flow from operating activities	EUR thousand	6,318	3,531	2,727
<b>Employees</b>				
		Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021
At the reporting date	Number	120	116	775

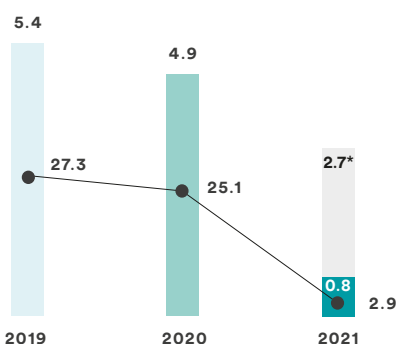
\* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

Sales revenues in EUR million



EBITDA in EUR million

EBITDA margin as a percentage of sales in %





## VITA 34 – EUROPE'S LEADING CELL BANK

Vita 34 was founded in Leipzig in 1997 and is today one of the leading cell banks in Europe. As the first private umbilical cord blood bank in Europe and a pioneer in cell banking, the company has since then been a full-service provider of cryopreservation, offering the collection, processing and storage of stem cells from umbilical cord blood and umbilical cord tissue.

Based on the expansion of the business model in 2019, Vita 34 intends to also offer the storage of immune cells from peripheral blood as well as of stem cells from autologous fat in the future. Additional growth potential exists in new expanding business areas such as cell and gene therapies (including CART-T) and CDMO.





# CONTENT

## 4 To our shareholders

- 4 Letter from the Management Board
- 8 Supervisory Board Report
- 12 Vita 34 AG Shares

## 16 Combined management report

- 16 Preliminary note
- 16 Fundamentals of the Company and the Group
- 25 Business Report
- 32 Corporate Governance
- 32 Opportunity and risk report
- 37 Forecast report
- 39 Footnotes

## 40 Consolidated Financial Statements

- 42 Consolidated Statement of Income
- 43 Consolidated Statement of Comprehensive Income
- 44 Consolidated Balance Sheet
- 46 Consolidated Statement of Changes in Group Equity
- 48 Consolidated Cash Flow Statement
- 50 Notes to the Consolidated Financial Statements for the Fiscal Year 2021

## 118 Further Information

- 120 Responsibility Statement
- 121 Independent Auditor's Report
- 130 Financial Calendar 2022
- 131 Imprint

# LETTER FROM THE MANAGEMENT BOARD

## DEAR SHAREHOLDERS, DEAR CUSTOMERS AND BUSINESS PARTNERS,

as Europe's first umbilical cord blood bank and a pioneer in family cell banking, growth and change have always gone hand in hand at Vita 34. In the 25 years since the company was founded, we have regularly paired attractive organic growth with additive growth leaps through corporate acquisitions. In parallel, this type of service has become established almost everywhere throughout Europe over the past two decades, spawning numerous competitors spread across the continent. In the course of the significant market consolidation of recent years, two pan-European and market-leading companies have then essentially emerged, followed by a manageable number of remaining regional providers.

With the business combination of Vita 34 and PBKM in the past fiscal year 2021, it now came to the merger of these two largest European companies and thus to the preliminary culmination of the consolidation process in the market. At the end of May, both companies signed a joint agreement on the business combination. In July, the shareholders of Vita 34 then also approved the transaction by a large majority at an Extraordinary General Meeting. The takeover offer published in September was in turn accepted by the shareholders of PBKM, also with a large majority of around 98%, and the business combination became effective on November 8, 2021. By the end of the year, the remaining shares in PBKM were also acquired by way of a squeeze-out. Vita 34 AG now owns 100% of the shares in PBKM. The merger has created by far the leading cell bank in Europe and the third largest company of its kind worldwide. On the basis of this solid foundation, Vita 34 will continue to decisively shape European and global cell banking in the future and lead it to new size by establishing new technologies and services.

In recent years, both companies had discussed the possibilities and potential of a merger on several occasions. Broad international structures of both groups, the associated enormous complexity of the transaction and shareholder structures ultimately led both companies to postpone in-depth discussions time and again. The transaction, which was then completed last year, was the first of its kind between a company listed in Frankfurt and one in Warsaw. Substantial legal and organizational complexity of the transaction presented both companies with correspondingly great challenges, which came up against comparatively low personnel resources in both companies. However, with an optimally assembled team of highly motivated internal employees and external specialists, the transaction ultimately proceeded smoothly and successfully overall.

As successful as the legal operation was in the past fiscal year, the merger is expected to be equally successful in 2022 at the structural level. Here, too, we are encountering anything but a lower level of complexity in both companies, and here, too, we are addressing the issues at hand immediately and in full. We consider the swift and complete integration of both companies into an optimally positioned Group to be an important key to the further success of Vita 34. We are convinced that these personnel and financial efforts will start to pay off in every respect in the transition year 2022. We have already identified and started implementation of various projects to maximize the synergies being the outcome of the merger. The full execution will take most likely up to three years mainly due to regulatory and legal requirements.





Members of the Management Board from left to right: Andreas Schafhirt, Jakub Baran, Tomasz Baran

At the same time, further growth will be accompanied by a comprehensive change in our company. This change is also reflected, among other things, in the fact that this year we are guiding you through the events of the past fiscal year as the Management Board with a fundamentally new composition. With an extensive reorganization of the Management Board a few weeks ago, we set the course for accelerated growth in our core business and in our new expanding business areas like Cell & Gene Therapies (incl. CAR-T) and CDMO. In addition to the new appointment of Jakub Baran as Chairman of the Management Board, the Board was expanded to include the newly created position of Chief Commercial Officer (CCO), where Tomasz Baran will focus on sales and marketing activities. Andreas Schafhirt, who took over the position on an interim basis last year as a specialist in complex financial transactions, will remain Chief Financial Officer of the company. Thus, the Management Board is composed of experienced members of both companies – Vita 34 and PBKM. Accordingly, the Group will be able to benefit from the experience and expertise of both companies at board level, while at the same time maintaining its relatively lean structure.

As a result of the business combination and the initial consolidation of PBKM FamiCord as of November 8, Vita 34 grew to a new magnitude in every respect in the past financial year. Revenues of the combined group increased by 44.5% to EUR 28.4 million, with the subgroup PBKM results being consolidated here for just under two months. The market capitalization of our company also increased significantly to approximately EUR 240 million at year-end 2021 against the backdrop of the implemented capital increase and the share exchange offer.

At the same time, however, we have to pay tribute to the aforementioned complexity of our business combination with a number of special effects. First of all, this relates to the costs directly associated with the transaction, which have a not inconsiderable impact on earnings. The accounted costs for legal and specialist advice, the preparation and implementation of the capital increase, and the share exchange including squeeze-out totaled EUR 2.7 million. In addition, the merger naturally also entails a number of integration and harmonization measures, which are associated with corresponding costs.

The most significant effect results from the harmonization of accounting under IFRS 15 (revenue recognition). For the subgroup PBKM, this leads to a significantly lower recognition of revenue and earnings contributions. The special business model of cell banking comprises the preparation and very long-term storage of stem cell units for our customers. The services are remunerated either by long-term advance payments or subscriptions. The special feature of PBKM service offerings is the existence of certain termination rights for the customer during the contract term, which is usually indefinite. Due to the empirically extremely rare terminations, PBKM has, in interpretation of IFRS 15, accounted for the contracts with an 18-year term – so until the newborn becomes an adult – according to the so-called principle of economic efficiency. With the application of the Vita 34 accounting guidelines, which, according to currently prevailing opinion and business practice in Germany, must strictly follow the so-called legal principle for the interpretation of IFRS 15, the revenue recognition for the subgroup PBKM had to be adjusted both for the past and the current business. Accordingly, revenue may only be recognized at the beginning of the contract for a sufficiently secure contract term. As a result, revenues and earnings previously recognized in the first year of the contract are recognized pro rata temporis in later periods over the term of the contract. The Management Board plans to counteract this effect with appropriate contractual adjustments, which are expected to have a positive impact from the second half of 2022. Due to the retroactive recognition of this effect, which is also required for the initial consolidation of PBKM, additional positive revenue and earnings contributions will be recognized in future periods.

At the same time, extensive investments in the future of Vita 34 had an earnings-reducing effect at the level of the subgroup PBKM amounting to EUR 1.0 million. This expenditure is a part of the significant start-up costs for the new expanding business areas Cell & Gene Therapies and CDMO, reflecting only a small part of the total investments taken so far into these new business opportunities.

A purely organic analysis of business performance shows that the positive developments of the first nine months of 2021 unfortunately slowed down in the fourth quarter, correlating with a strong increase in the number of COVID-19 infections. This slowdown was observed both at Vita 34 and at PBKM. We however believe that our investments of today will be reflected in an all the more attractive market position of Vita 34 tomorrow and establish the company in new, even far more attractive markets.



The current economic environment, particularly also with regard to the attack on Ukraine by Russia as well as the effects of the pandemic situation, will initially slow us down on this path, but will not thwart us. While COVID-19 especially had a negative impact on new customer business around the turn of the year – the peak of the Omicron wave – in recent weeks we have felt a change in demand from our customers due to the uncertainties caused by the war, which should lead to an overall weaker development of Vita 34 in 2022. The Group plans to dynamically adjust its marketing and sales expenses in 2022 depending on market developments. Our research and development projects, which we expect to make significant progress, will continue to receive a high level of attention in 2022.

Accordingly, we assume today that Vita 34 will be able to show more attractive growth rates in the medium and long term. In order for this to take place on a solid foundation, the current fiscal year 2022 will essentially have the character of a transition year, in which we will fully integrate all companies of the new group into the Group and thus prepare for the next growth spurt.

With regard to the effects of the harmonization of accounting in accordance with IFRS 15 described above, the Management Board expects that, with appropriate adjustments to the terms and conditions of customer contracts, it will again be possible to recognize a greater volume of revenue from newly concluded contracts with a longer term from the second half of the year onwards.





Despite ongoing consolidation, the European market for storage of umbilical cord blood and tissue is still fragmented. In the further consolidation process, Vita 34 shall continue to play the leading active role and accordingly, the Management Board expects further company acquisitions also for the fiscal year 2022.

Based on a current assessment against the backdrop of the tense economic environment, the Management Board accordingly expects consolidated sales of between EUR 68 and 75 million for the full year 2022. Despite initial cost-cutting measures already initiated – mainly in the areas of marketing, production, and from the post-merger integration process – the Management Board currently anticipates a significant decline in earnings. In this context, it should be emphasized that the ongoing initiatives in the cell and gene therapy area as well as in the CDMO area will have a significant negative impact on the expected financial results. Accordingly, earnings before interest, taxes, depreciation and amortization (EBITDA) are expected to be in the range of EUR –2 to 1 million.

The estimate is based on a constant exchange rate of the euro to the Polish zloty and other currencies (HUF, RON, TRY, GBP) compared to March 31, 2022. Effects from potential acquisitions considered in 2022, including resulting transaction costs, as well as other non-recurring effects are not included in the forecast. With regard to the effects of the harmonization of accounting in accordance with IFRS 15 described above in the subgroup PBKM segment and in section 3 of the notes to the consolidated financial statements, the Management Board

assumes that, with appropriate adjustments to the terms and conditions of customer contracts, it will again be possible to recognize a larger volume of revenue from newly concluded contracts at the beginning of the contract from the second half of the year onwards. A corresponding volume of sales has been assumed for the forecast.

For Vita 34 AG itself, the Management Board expects a moderate decline in sales and EBITDA for the full year 2022 due to the difficult economic environment.

Overall, we are confident that we will be able to quickly put the current negative market environment behind us again and thus make Vita 34's new revenue and financial strength visible as early as next year. We would like to thank you already today for your support along the way. We would also like to thank our employees and business partners for their daily efforts to ensure the success of our company.

Yours sincerely

The Management Board of Vita 34 AG

Jakub Baran  
Chief Executive  
Officer

Andreas Schafhirt  
Chief Financial  
Officer

Tomasz Baran  
Chief Commercial  
Officer

# SUPERVISORY BOARD REPORT

## DEAR SHAREHOLDERS,

The Supervisory Board intensively performed the tasks incumbent upon it according to the law, the Articles of Association and the bylaws in the 2021 reporting year. The Supervisory Board monitored the work of the Management Board at all times and acted in an advisory capacity. This was based on the written and oral reports of the Management Board, the information provided by the Management Board at Supervisory Board meetings and regular consultation meetings between the Management Board and the Chairman of the Supervisory Board. Between the regular Supervisory Board meetings, the Chairman of the Supervisory Board regularly exchanged information with the Management Board in order to ensure a comprehensive exchange of information between the bodies. Within the Supervisory Board, the Chairman of the Supervisory Board also regularly exchanged information with members of the Supervisory Board on current topics related to the company.

Thus, the Supervisory Board was kept informed of the intended business policy, strategy, company planning, risk situation and risk management, compliance, the current development of the business and significant business transactions as well as the situation of the company and the Group as a whole.

The Supervisory Board held ten Supervisory Board meetings in financial year 2021. At regular intervals, the Management Board informed the Supervisory Board in detail on the economic and financial development of the company, including the risk situation, and provided additional information upon request. All members of the Supervisory Board attended all ten meetings. The Supervisory Board has formed an Audit Committee and a Personnel and Remuneration Committee. In accordance with the recommendations of the Corporate Governance Code, the Supervisory Board also met regularly without the Management Board.

## CHANGES ON THE SUPERVISORY BOARD

The member of the Supervisory Board Mr. Steffen Richtscheid stepped down from office with effect from the end of the 2021 Annual General Meeting. At the Annual General Meeting held on December 15, 2021, a resolution was passed to increase the size of the Supervisory Board from four to seven members and to amend the Articles of Association accordingly. Also at the Annual General Meeting held on December 15, 2021, the following individuals were elected to the Supervisory Board: Dr. Alexander Granderath, Dr. Ursula Schütze-Kreilkamp, Mr. Konrad Mitterski and Mr. Nils Herzing. Mr. Andreas Füchsel was re-elected a member of the Supervisory Board, which means that the Supervisory Board is now fully constituted with seven members. The election of Dr. Granderath and Mr. Andreas Füchsel became effective upon adoption of the resolution by the Annual General Meeting on December 15, 2021. The election of Dr. Ursula Schütze-Kreilkamp, Mr. Konrad Mitterski and Mr. Nils Herzing was postponed until the increase in the size of the Supervisory Board became effective, which took place when the respective amendment to the Articles of Association was entered in the Commercial Register on January 18, 2022. The Supervisory Board therefore consisted of four members until January 18, 2022, and seven members since that date.

Mr. Florian Schuhbauer resigned as Chairman of the Supervisory Board, whereupon Dr. Alexander Granderath was elected the new Chairman of the Supervisory Board and Mr. Florian Schuhbauer the Deputy Chairman of the Supervisory Board.

The company provided appropriate support for the members of the Supervisory Board during their induction and for training and development measures. The internal structures and processes of the company were explained to the new Supervisory Board members in an on-boarding process. In addition, on taking up office, the company's external legal adviser provided detailed training on obligations under capital market law and current capital market issues. Training and continuing education measures were carried out in particular with regard to changes in relevant legal requirements.

## CONFLICTS OF INTEREST

In the reporting period, the Supervisory Board was not informed by its members of any circumstances that could constitute a material and not merely temporary conflict of interest.

Mr. Florian Schuhbauer disclosed to the Supervisory Board a conflict of interest as an indirect shareholder in AOC Health GmbH and its shareholding of more than 60% in Polski Bank Komórek Macierzystych S.A., Warsaw, Poland, with regard to the business combination between Vita 34 AG and Polski Bank Komórek Macierzystych S.A. Warsaw, Poland.

Mr. Andreas Füchsel disclosed a conflict of interest to the Supervisory Board due to his business relations with AOC Health GmbH with regard to the business combination between Vita 34 AG and Polski Bank Komórek Macierzystych S.A.

For these reasons, Mr. Florian Schuhbauer and Mr. Andreas Füchsel abstained from voting on resolutions of the Supervisory Board related to the business combination.

Furthermore, Mr. Andreas Füchsel disclosed to the Supervisory Board a conflict of interest as a partner of the law firm DLA Piper UK LLP in the context of the resolutions of the Supervisory Board on the payment of fees and the commissioning of further advice to DLA Piper UK LLP with regard to the business combination between Vita 34 AG and Polski Bank Komórek Macierzystych S.A. For this reason, he abstained from voting on the corresponding resolutions of the Supervisory Board.

## FOCUS OF THE SUPERVISORY BOARD'S DELIBERATIONS

In addition to overarching issues, the Supervisory Board dealt with topics relating to individual areas and, where necessary, adopted the necessary resolutions. The focal points of the Supervisory Board meetings in the reporting year were as follows:

- The Annual and Consolidated Financial Statements for Financial Year 2020 as well as the Declaration of Conformity and Dependency Report and appropriation of net income
- The economic development of the Group in 2021
- Management Board matters (the remuneration system for Management Board members, the Management Board bonus (discretionary bonus), the resignation of Mr. Falk Neukirch from the Management Board, the appointment of Mr. Andreas Schafhirt as a member of the Management Board and Chief Financial Officer of Vita 34 AG, the schedule of responsibilities, the sole power of representation of the Chairman of the Management Board of Vita 34 AG, Dr. Wolfgang Knirsch)
- Management of the subsidiaries of the Vita 34 Group
- Sales and marketing activities
- Proposed resolutions for the ordinary virtual Annual General Meeting 2021 including the proposals for the candidates for the elections to the Supervisory Board as well as the proposals for the approval of the Management Board remuneration system and adjustment of the remuneration of the Supervisory Board members
- Proposed resolution on the increase in the company's share capital against contributions in kind excluding shareholders' statutory subscription rights for the extraordinary virtual General Stockholders' Meeting 2021
- Current status of actions for annulment and information enforcement proceedings
- Business combination between Vita 34 AG and Polski Bank Komórek Macierzystych S.A., Warsaw, Poland, by way of share exchange and subsequent integration of Polski Bank Komórek Macierzystych S.A. into the Vita 34 Group
- Squeeze-out at Polski Bank Komórek Macierzystych S.A., Warsaw, Poland
- Delisting from Polski Bank Komórek Macierzystych S.A., Warsaw, Poland after execution of squeeze-out

- Composition of the Supervisory Board (enlargement of the Supervisory Board from previously four to seven members; appointment of Dr. Alexander Granderath, Dr. Ursula Schütze-Kreilkamp, Mr. Konrad Milterski and Mr. Nils Herzing as new members of the Supervisory Board; Reelection of Mr. Andreas Füchsel as member of the Supervisory Board; resignation of Mr. Florian Schuhbauer as Chairman of the Supervisory Board and election of Dr. Alexander Granderath as new Chairman of the Supervisory Board and election of Mr. Florian Schuhbauer as Deputy Chairman of the Supervisory Board)
- Formation of an Audit Committee and a Personnel and Remuneration Committee
- Auditing of the Annual and Consolidated Financial Statements for financial year 2019 by the German Financial Reporting Enforcement Panel (FREP) and advice on necessary adjustments with regard to the error findings communicated by the FREP, as well as auditing of the Consolidated Financial Statements for financial year 2020 by the FREP with regard to the implementation of error findings

## CORPORATE GOVERNANCE

The Supervisory Board dealt with the Corporate Governance standards practiced in the company and the implementation of the recommendations and suggestions of the German Corporate Governance Code in the version dated December 16, 2019. On March 29, 2022, the Management Board and Supervisory Board issued a Declaration of Conformity, which is published on the company's website in the Investor Relations section.

## ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS, AUDIT OF THE FINANCIAL STATEMENTS

The Annual Financial Statements of Vita 34 AG are prepared in accordance with the provisions of the German Commercial Code (HGB), the Consolidated Financial Statements along with the Combined Management Report of Vita 34 AG are prepared on the basis of Sections 315, 315a of the German Commercial Code (HGB) in conjunction with the International Financial Reporting Standards (IFRS), as they are to be applied in the European Union. The auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (Berlin branch), audited the Annual Financial Statements of Vita 34 AG, the Consolidated Financial Statements and the Combined Management Report. The audit engagement was issued in accordance with the resolution of the Annual General Meeting, the legal requirements and the requirements of the GCGC.

As a result, it should be noted that the rules of the German Commercial Code (HGB) and IFRS were complied with in the preparation of the financial statements. The Annual Financial Statements and the Consolidated Financial Statements were each issued unqualified auditor's opinions. The financial statements were discussed in detail at the Supervisory Board meeting held on April 29/30, 2022 in the presence of and following a report by the auditors. At this meeting, the representatives of the auditors reported on the main findings of their audit and on the control and risk management system with regard to accounting. They also addressed the scope, focus and costs of the audit. Furthermore, they noted that there were no grounds for objection; PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft had only provided audit services in the following areas.

The Supervisory Board has examined the Annual Financial Statements, the Consolidated Financial Statements and the Combined Management Report as well as the proposal for the appropriation of the balance sheet profit. As a result of our own examination, no objections were raised against the Annual Financial Statements of Vita 34 AG, the Consolidated Financial Statements of Vita 34 AG and the combined Management Report, the corresponding audit reports of the auditor, as well as against the proposal for the appropriation of the balance sheet profit. Following its own review, the Supervisory Board concurred with the results of the audit, adopted the Annual Financial Statements of Vita 34 AG prepared by the Management Board and approved the Consolidated Financial Statements in its meeting on April 30, 2022. The Supervisory Board concurs with the summarized Management Report and, in particular, with the assessment of the further development of the company.



Vita 34 AG prepared a Dependency Report for financial year 2021 pursuant to Section 312 of the German Stock Corporation Act (AktG). The Dependency Report was also audited by the auditor appointed by the Annual General Meeting (PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Berlin branch) pursuant to Section 313 (1) AktG. A separate written report was submitted on the results of the audit. As there were no objections to the report of the Management Board, the auditors' report was issued in accordance with Art. 313 par. 3 AktG. At the financial statements meeting held on April 29/30, 2022, the auditors also reported on the results of this audit and confirmed that the factual information in the Dependency Report is correct.

The Dependency Report was submitted to the Supervisory Board for review in good time prior to the balance sheet meeting on April 29/30, 2022 in accordance with Section 314 of the German Stock Corporation Act (AktG). The Supervisory Board examined the Dependency Report in detail at its meeting. The Supervisory Board determined that, based on the final results of its review, there were no objections to the declaration of the Management Board at the end of the report on relations with affiliated companies and approved the Dependency Report at its meeting on April 29, 2022.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft issued the following unqualified audit opinion on the Dependency Report in accordance with Art. 313 par. 3 of the German Stock Corporation Act (AktG):

In accordance with our engagement, we have audited the report of the Management Board pursuant to § 312 AktG on relationships with affiliated companies pursuant to § 313 AktG for the fiscal year 2021. As the final results of our audit do not give rise to any objections, we issue the following auditor's report in accordance with § 313 (3) sentence 1 AktG:

Following our dutiful audit and assessment, we confirm that

1. the actual information in the report is correct,
2. the consideration paid by the company for the legal transactions listed in the report was not unreasonably high or that disadvantages were compensated.

Berlin, April 29, 2022

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Thomas Kieper	Susanne Patommel
Certified Public Accountant	Certified Public Accountant

The Supervisory Board would like to thank the Management Board and the employees for their work in this financial year.

April 30, 2022

For the Supervisory Board



Dr. Alexander Granderath  
Chairman of the Supervisory Board  
Vita 34 AG

# VITA 34 AG SHARES

## KEY SHARE FIGURES 2021

Ticker symbol/Reuters symbol	V3V / V3VGn.DE
Securities identification number/ ISIN	A0BL84/DE000A0BL849
Initial quotation	March 27, 2007
Market segment	Prime Standard
Indices	CDAX, Prime All Share, Technology All Share, DAXsubsector Biotechnology, DAXsubsector Pharma & Healthcare
Price on 01/04/2021*	12.25 EUR
Price on 12/31/2021*	14.95 EUR
High/low	17.30 EUR/12.25 EUR
Number of shares	16,036,459
Freefloat on 12/30/2021	30.9%
Market capitalization on 12/30/2021	EUR 239.7 million
Designated Sponsor	Hauck Aufhäuser Lampe Privatbank AG

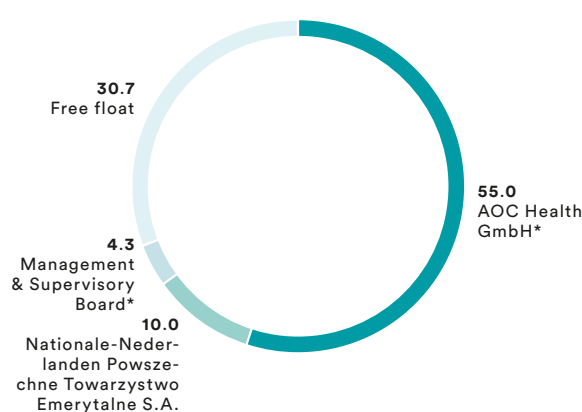
\* Closing prices Xetra trading system of Deutsche Börse AG

As a result of the capital increase against contribution in kind carried out in fiscal year 2021, the number of outstanding shares of Vita 34 AG increased from 4,145,959 to 16,426,519 registered no-par value ordinary shares with a proportionate amount of the share capital of EUR 1.00 each (no-par value shares) with effect from November 18, 2021.

## VITA 34 ON THE CAPITAL MARKET

In 2021, equities were in investors' favor worldwide. The availability of the first vaccines to protect against COVID-19 created a positive mood on the markets in the first half of the year. In the hope that the vaccination campaigns would quickly put an end to the global pandemic and thus restore normality to social and economic life, many investors snapped up shares and thus ensured rising share prices. At the same time, politicians around the world supported the economic recovery with a series of stimulus packages, led by the US government's weighty fiscal

## Shareholder structure as of March 22, 2022 in %



\*The Deputy Chairman of the Supervisory Board, Florian Schuhbauer, is a shareholder of AOC Health GmbH

package. The German DAX selection index conquered levels above the 15,000-point mark and was up a good 13% at the end of the first half. In the second half of the year, a series of uncertainties then led to a significantly subdued mood on the stock markets. The pace of vaccination in Germany fell short of expectations, while virus mutations simultaneously caused a return of general uncertainty. At the same time, significantly rising raw material prices and increasing supply chain problems led to new challenges for the global economy.

Overall, the stock markets still managed a positive performance in the second half of the year. However, the upward momentum weakened noticeably. In November, the DAX then set a new record high of 16,290 points, but fell back significantly from the highs at the end of the year to 15,885 points. For the year as a whole, the DAX thus gained 15.8%. At the same time, the European STOXX Europe 600 rose by 22.5%, outperforming the US Dow Jones Industrial Average, which gained 19.7%.

In 2021, growth stocks were once again particularly popular with investors. They gained an average of 21.3% and thus significantly outperformed the overall market. The share of Vita 34 AG managed an even better performance in the past fiscal year. The positive business development and the emerging merger of PBKM and Vita 34 attracted increasing attention among investors and caused the share price to rise from EUR 12.25 at the beginning of the year to EUR 17.30 at the beginning of May on Xetra closing price basis. However, the deterioration of the general sentiment in the second half of the year then also caused the Vita 34 share price to move sideways for the most part. At the end of November, the share again reached the highs of the beginning of May, before finally ending the year at EUR 14.95. The share price rose by 22.0%. With an increase of 22.0%, it developed considerably better than the SDAX, which rose by 10.3%.

After the anchor investor of the Polish PBKM announced in July 2020 that it had acquired a stake of more than 30% in Vita 34, investor inquiries repeatedly revolved around the topic of a possible merger of the two companies during the remainder of 2020 and also at the beginning of 2021. On May 31, 2021, both companies finally signed an agreement on a business combination. Consequently, capital market communications in the second half of the year were noticeably dominated by transaction-related decisions and publications. On July 13, 2021, the Extraordinary General Meeting of Vita 34 AG decided positively on the merger of both companies and approved the increase of the share capital from EUR 4,145,959.00 to EUR 16,426,519.00 to be carried out for this purpose by issuing 12,280,560 new shares. The public offer to the shareholders of PBKM for the exchange of PBKM shares into shares of Vita 34 AG then started on September 20, 2021. At the end of the one-time extended offer period, the acceptance rate was around 98% and thus around 3% above the minimum

acceptance threshold. The business combination became effective as of November 9, 2021. On December 27, 2021, the remaining approximately 2% of the outstanding PBKM shares were exchanged in the course of a squeeze-out, followed by the delisting from the Warsaw Stock Exchange.

Also in 2021, the share of Vita 34 AG was analyzed by two institutes within the scope of equity research. Analyst Henrik Markmann of Montega and analyst Cansu Tatar of Warburg Research followed the developments of the company within the framework of paid research mandates and continuously evaluated Vita 34. In detail, the recommendations of the institutions as of December 31, 2021 were as follows:

Institution	Analyst	Recommendation	Target price
Montega	Henrik Markmann	Buy	EUR 25.00
Warburg Research	Cansu Tatar	Hold	EUR 17.20

Status: 12/31/2021

The Annual General Meeting 2021 of the company was again held as a so-called virtual Annual General Meeting without the physical presence of shareholders on December 15 in Berlin as part of the pandemic legislation. Of the company's share capital of EUR 16,426,519.00, 58.32% was represented at the time of voting (2020: 51.44%). In addition to the new elections of the Supervisory Board, which was enlarged from four to seven members, the key issues put to the vote were the remuneration systems for the Management Board and Supervisory Board, the creation of new authorized and contingent capital, and various amendments to the Articles of Association.

**Share price development 2021 of Vita 34 AG compared to the SDAX**

— Vita 34 AG (XETRA) — SDAX (indexed)







# COMBINED MANAGEMENT REPORT

## 4 To our shareholders

- 4 Letter from the Management Board
- 8 Supervisory Board Report
- 12 Vita 34 AG Shares

## 16 Combined Management Report

- 16 Preliminary note
- 16 Fundamentals of the Company and the Group
- 25 Business Report
- 32 Corporate Governance
- 32 Opportunity and risk report
- 37 Forecast report
- 39 Footnotes

## 40 Consolidated Financial Statements

- 42 Consolidated Statement of Income
- 43 Consolidated Statement of Comprehensive Income
- 44 Consolidated Balance Sheet
- 46 Consolidated Statement of Changes in Group Equity
- 48 Consolidated Cash Flow Statement
- 50 Notes to the Consolidated Financial Statements for the Fiscal Year 2021

## 118 Further Information

- 120 Responsibility Statement
- 121 Independent Auditor's Report
- 130 Financial Calendar 2022
- 131 Imprint

# COMBINED MANAGEMENT REPORT

## Preliminary note

Vita 34 AG, Leipzig, signed a merger agreement on May 31, 2021 with Polski Bank Komórek Macierzystych S.A. (PBKM), which operates under the umbrella of the “FamiCord Group”, being the largest stem cell bank in Europe to date. The business combination became effective as of November 8, 2021, after the voluntary public exchange offer of Vita 34 AG to the shareholders of PBKM was accepted with 97.98% of the share capital, all closing conditions were either fulfilled or waived and the required execution of the capital increase was registered in the commercial register of Vita 34 AG.

As a result of the merger, the Vita 34 Group (hereinafter referred to as “Vita 34” or “Vita 34 Group”) became by far the largest cell bank in Europe and number three worldwide based on the number of stored stem cell deposits. Accordingly, the financial, human and technological resources within the Group have increased significantly and the already comprehensive services have been further expanded by, for example, the manufacture of advanced therapy medicinal products. In addition, new growth opportunities in the operating business as well as noticeable revenue potentials and cost synergies are opening up for Vita 34. Further details are provided in the following combined management report.

Vita 34 AG is hereinafter equated with the parent company of the Vita 34 Group. The “Vita 34 Group” resulted from the merger of Vita 34 AG and its subsidiaries (hereinafter referred to as “subgroup Vita 34”) as well as PBKM and its subsidiaries (hereinafter referred to as “subgroup PBKM”) and comprises the business activities of these two subgroups, divided into the two company segments “subgroup Vita 34” and “subgroup PBKM”. The subgroup PBKM has been consolidated in the Vita 34 Group since November 8, 2021. The subgroup Vita 34 comprises the business activities of the Vita 34 Group according to the structure of the Group prior to November 8, 2021. Should the following exclusively refer to matters of the parent company or one of the subsidiaries, this will be explicitly indicated.

## Fundamentals of the Company and the Group

This combined management report informs about the business development of Vita 34 AG (“the company”), Leipzig, and the Group (“Vita 34” or “Vita 34 Group”) for the fiscal year from January 1 to December 31, 2021. The company prepares its financial statements in accordance with the provisions of the German Commercial Code (HGB) and the provisions of the German Stock Corporation Act (AktG). The Group prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union pursuant to § 315e HGB. The composition of the scope of consolidation, which is an integral part of the consolidated financial statements, is presented in the notes to the consolidated financial statements under Note 4 “Information on the scope of consolidation”.

### BUSINESS MODEL

The core business of Vita 34 AG and the Group is the collection, preparation and storage of stem cells from umbilical cord blood and tissue. Since the merger with PBKM, the company, which was founded in 1997, is by far the largest cell bank in Europe and the third largest worldwide with more than 850 thousand stem cell deposits in the Group. In addition, the Vita 34 Group has a comprehensive range of services, which was expanded by the merger to include the manufacture of advanced therapy medicinal products based on mesenchymal stem cells and used for experimental treatment by specialized medical institutions and development of own Cell & Gene Therapies. As of December 31, 2021, the Group currently operates internationally (with a focus on Europe) with 775 employees and stores umbilical cord blood from approximately 50 countries in its own facilities.

**Medical potential.** More than thirty years ago, the first transplantation of stem cells from umbilical cord blood took place. Since then, more than 40,000 umbilical cord blood samples have been used therapeutically for patients. Worldwide, more than 806,000<sup>1</sup> umbilical cord bloods are stored in public umbilical cord blood banks and more than four million are available in private umbilical cord blood banks<sup>2</sup>.

According to the assessment of Vita 34, in the public perception, the application of stem cells is still primarily associated with the already established treatment of diseases of the hematopoietic system and immune system such as leukemia or lymphoma. While this is the main application of umbilical cord blood from public banks, applications of private storage have shifted significantly into the field of regenerative medicine in recent years. Particular successes are currently being recorded in the treatment of early childhood cerebral palsy and autism, as publications of study results from the USA and other countries have shown.

Vita 34 also wants to participate in the increasing use of cells in the treatment of diseases. This is the focus of the efforts of the Development division, for example in the immune cell project, in which the development of a manufacturing process for cryopreserved immune cell isolates from peripheral blood is to be advanced. CAR-T cell therapies impressively demonstrate the great potential of immune cells for the treatment of severe and very severe diseases. Additional growth opportunities are offered by the production of biological agents such as viral vectors both for self-developed Cell & Gene Therapies (incl. CAR-T) and for third-party companies as Contract Development & Manufacturing Organization (CDMO), i.e. as contract manufacturers and developers.

**Cooperation with maternity clinics and gynecologists.** In order to obtain the youngest and most vital stem cells immediately after birth, Vita 34 cooperates with numerous maternity facilities in Europe. The company regularly trains clinic staff in the professional collection of umbilical cord blood and tissue as well as related duties in accordance with the appropriate national regulations in order to ensure the greatest possible process quality. Clinic coverage in the DACH region alone (Germany, Austria and Switzerland), the core market of subgroup Vita 34, for example, amounts to 82% and in Poland, the home market of subgroup PBKM, for example, to 90%.

**Storage and recovery process.** After collection in one of the partner clinics, the stem cells are transported by the fastest route according to documented specifications to one of Vita 34's 14 international laboratory locations. There, they are examined as well as cryopreserved and stored on the basis of the corresponding manufacturer's permit. The stem cells from umbilical cord blood and tissue are thus preserved for therapeutic use for many decades. With the storage, parents invest in the participation in medical progress and thus in a preventive product by securing a unique chance for their child directly at birth.

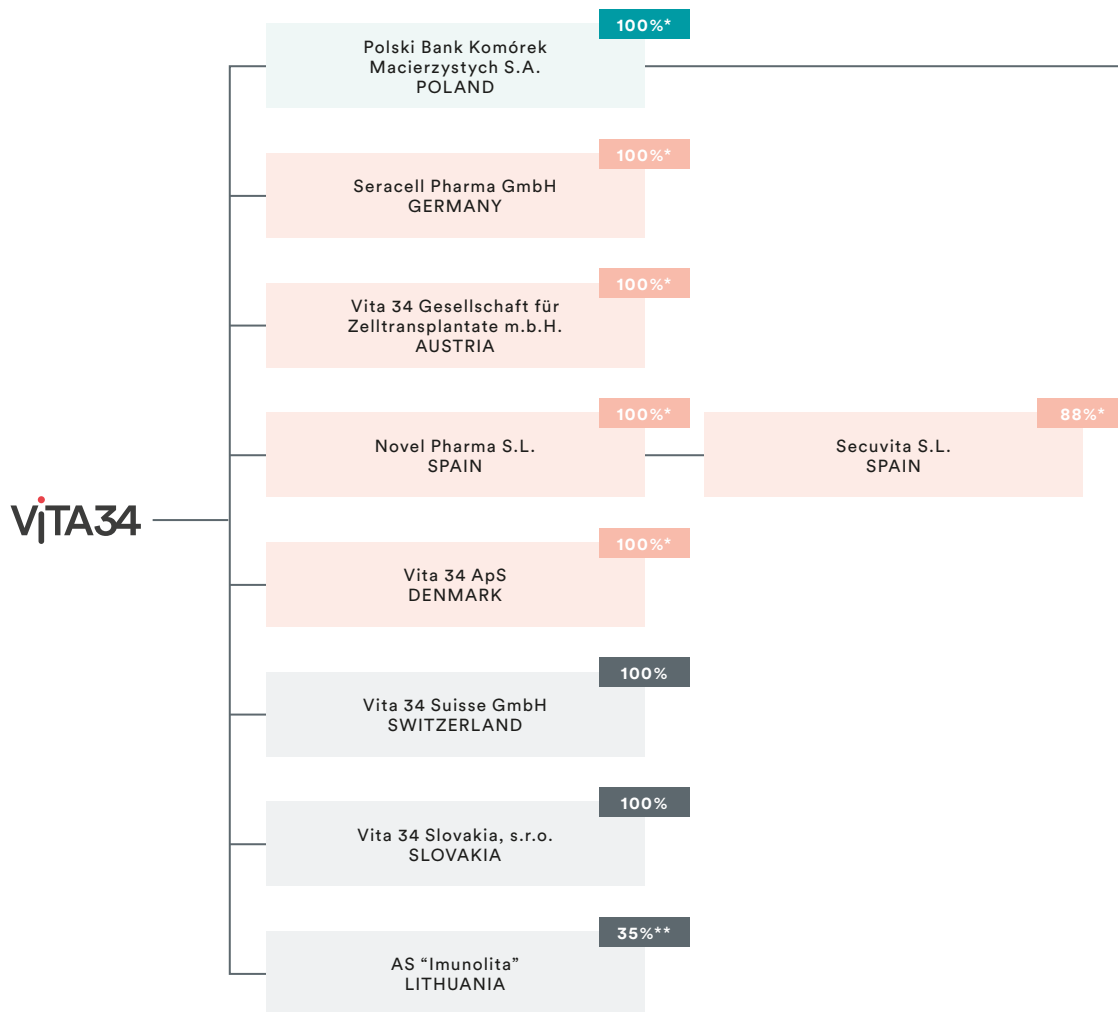
**Quality assurance and innovation leadership.** Vita 34 stands for compliance with the highest quality standards. Through consistent quality assurance, Vita 34 can set and maintain these standards. This is also reflected in the many authorizations and approvals that secure the company's innovation leadership among cord blood banks in Europe. They are:

- authorizations and approvals from the German Federal Institute for Vaccines and Biomedical Pharmaceuticals (Paul Ehrlich Institute) for the dispensing of umbilical cord blood preparations for therapeutic use in hematological-oncological diseases in siblings (familial-allogeneic use) and for foreign recipients (allogeneic use).
- the permission to collect, process, cryopreserve and store umbilical cord tissue from Germany, Austria, Switzerland (DACH region) and Luxembourg.
- a patent from the European Patent Office (EPO) for a process for the disinfection, preparation, cryopreservation and cell isolation of umbilical cord tissue and the cells contained therein. Vita 34 is thus currently the only German stem cell bank that is allowed to collect and store both blood and tissue from the umbilical cord of newborns in accordance with all applicable regulations.
- the necessary authorizations to offer customers the option of storing and dispensing for therapeutic use both whole blood and separated blood from the umbilical cord.

In 2018, Vita 34 received accreditation according to the internationally recognized NetCord FACT standard (FACT accreditation). The certificate confirms that Vita 34 meets the highest quality standards in its activities as a stem cell bank. The underlying criteria are developed by doctors from a large number of countries and go beyond the already strict regulations of the German authorities. NetCord FACT accreditation has been also granted to subsidiaries of PBKM in Spain (Famicordon) and Switzerland (Famicell).

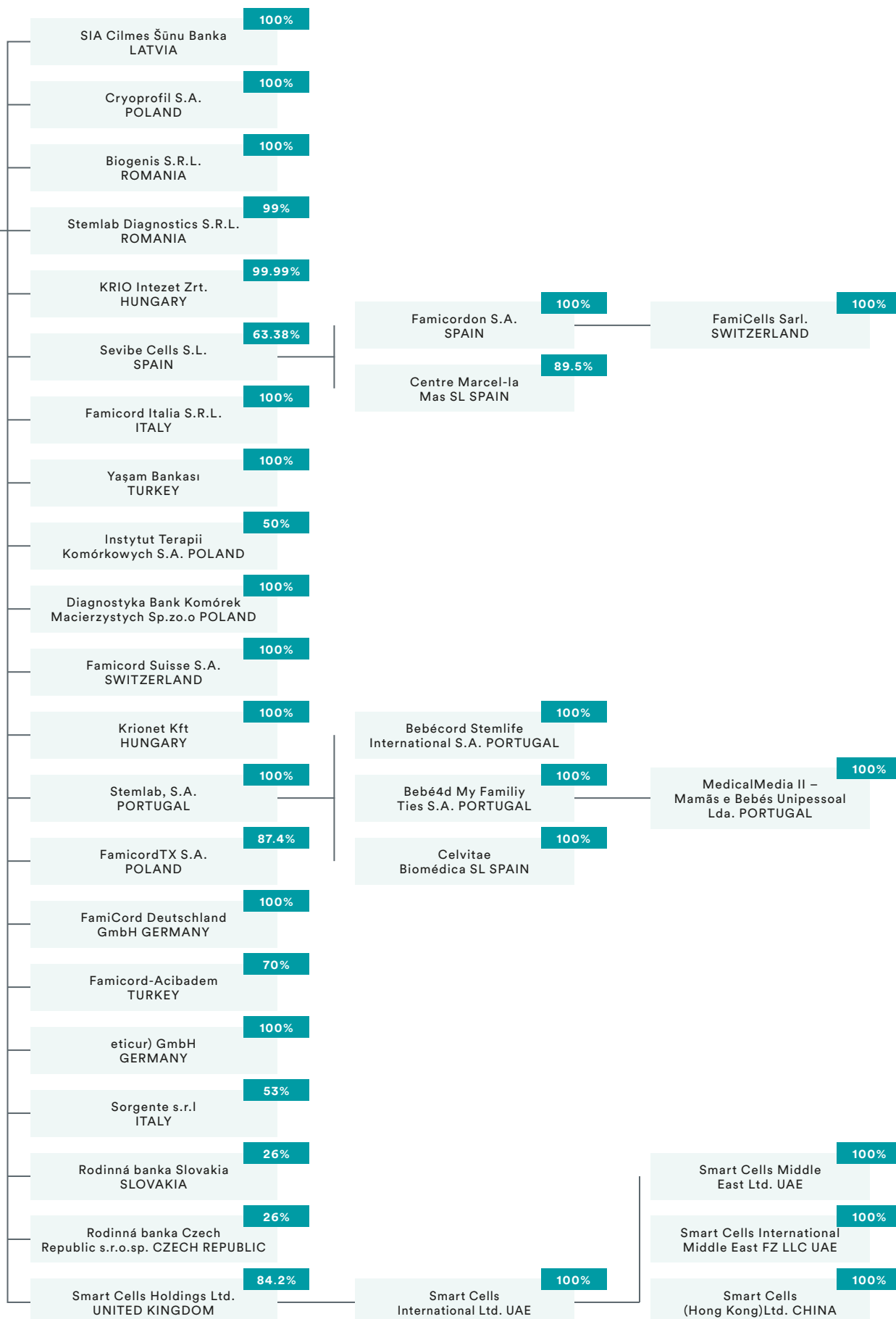
In addition, Vita 34 received permission in the year 2020 to collect and manufacture autologous adipose tissue preparations for a possible later isolation of adult stem cells. The associated product launch of "AdipoVita", which enables the preservation of adipose tissue and the stem cells contained therein also for adults, is planned for the second half of 2022.

Corporate structure and shareholdings



\* full consolidation  
\*\* incl. majority of voting rights





## AS A RESULT OF THE MERGER WITH PBKM, VITA 34 IN POLAND ALSO HAS:

- an authorization for the manufacture of an advanced therapy medicinal product
- a manufacturing authorization for investigational medicinal products for tested, sterile products – aseptically manufactured: 1. small-volume liquid forms; 2. solid forms and implants; biological research medicinal products: 1. cell therapy products, 2. tissue engineered products; packaging in outer packages. Quality control tests: 1. microbiological tests: sterile products; 2. physicochemical testing; 3. biological research.
- an authorization to collect, test, process and store subcutaneous adipose tissue and to collect, test, process, store and distribute cells from subcutaneous adipose tissue
- a license for transport activities – DP3 uptake: hematopoietic cells and umbilical cord.
- a license for import activities from Serbia, Montenegro, Bosnia, Macedonia and Albania – DP3 uptake: hematopoietic cells, umbilical cord
- a permission for the collection, processing, storage, transfer into circulation, distribution, hematopoietic cells from umbilical cord blood and tissues and cells from the human fetus, i.e., umbilical cord
- a permission for the collection, processing, storage and transfer into circulation of bone marrow, the collection, processing, storage, transfer into circulation and distribution of hematopoietic cells from bone marrow, hematopoietic cells from peripheral blood, and lymphocytes from peripheral blood for Donor Lymphocyte Infusion (DLI).
- a permission to collect, process and dispense skeletal muscle tissue and cells from skeletal muscle tissue for the manufacture of a tissue engineered product and a tissue engineered experimental product
- provisions on compliance with the requirements for hygiene and working conditions in a genetic engineering facility where the contained use of genetically modified organisms (GMOs) can be confirmed.
- a provision for a positive opinion in the field of fulfillment of the requirements for industrial hygiene and safety by equipment, premises, stations and work processes
- a permission to operate a genetic engineering facility in which the contained use of genetically modified microorganisms of risk category II is to be carried out – quality control

- a permission to operate a genetic engineering facility in which the contained use of genetically modified microorganisms of the second hazard category is to be carried out – production
- an authorization for the contained use of genetically modified human cell lines and bacteria (*Escherichia coli*) for the in vitro modification of human cell lines and primary cells using plasmid vectors and lentiviral particles in a genetic engineering facility.

In addition, the laboratories in Warsaw (Poland), Cantanhede (Portugal), Girona (Spain) and Budapest (Hungary) are accredited according to the quality standards of the American Association of Blood Banks (AABB).

## COMPREHENSIVE PRODUCT PORTFOLIO

As a result of the merger with PBKM, Vita 34 has an even broader portfolio of cell-oriented service offerings, whose focus has been significantly expanded from perinatal medicine to personalized medicine. Offered are the preservation of stem cells from perinatal tissue, preservation of stem cells from adult body fat, the development for cryopreservation of endogenous immune cells, the development of CAR-T as well as the contract manufacturing of pharmaceutical intermediates, for example viral vectors.

- In recent years, Vita 34 has continuously expanded its range of services in addition to the collection, preparation and cryopreservation of stem cells from umbilical cord blood and tissue. As a result of the merger with PBKM, the Vita 34 Group additionally offers the following services, which until now have not been standardized at Group level, but managed and branded in the respective markets:
- PBKM has a wide range of products for long-term storage of biological material obtained at birth (“family banking”). In addition to the storage of umbilical cord blood alone, PBKM in some countries also offers the storage of placental blood or umbilical cord tissue or placenta. Umbilical cord tissue can be stored as whole tissue or in processed fragments. Furthermore, the mesenchymal stem cells contained in the umbilical cord tissue can be obtained directly via a special isolation procedure in order to be stored in pure form and to be available more quickly for future therapies. From the placenta, both the tissue itself and the placental blood can be obtained in the course of washing out the placental vessels. This increases the cell number and improves the transplantation potential of the stored cells.

- In the course of the merger, it was also possible to expand the range of services offered. These relate on the one hand to optional services in connection with the banking products. On the other hand, products and services from third-party providers round off the range of services:
  - isolation of cells from the stored material for better future access to medical therapies
  - additional tests of the stored material including genetic tests
  - free transplant assistance for cord blood or tissue stem cell therapy in both classic and novel therapies (Plus Package) through advanced quality testing, free worldwide transportation and professional processing.
  - long-term storage of stem cell samples at a Group storage location other than the local stem cell bank
  - long-term storage of stem cell samples in two separate locations: one part of the sample remains in the local stem cell bank and the other part is stored in the Swiss laboratory of Famicord Suisse as part of the “Swiss Safety” Package.
  - isolation and storage of DNA material from the newborn as part of a biobanking service to compare genetic information with changes obtained later in life
  - genetic or diagnostic services for adults, children, and newborns using whole exome sequencing (WES) and consultation with a geneticist (third-party service)
  - special insurance of Allianz to provide financial support for autologous transplants with umbilical cord blood, for example in cancer therapies, to cover, among other things, costs for treatment, consultations, testing and travel (third-party service)
- In addition, Vita 34 also offers services in its subgroup PBKM that are not directly related to its core competence as a leading umbilical cord blood bank, but round out its offering in related areas. These services include:
  - sperm banking for freezing sperm, e.g. in the case of tumor diseases or for fertility treatments
  - fat banking for storage of adipose tissue as a source of mesenchymal stem cells
  - medical consultations and non-diagnostic ultrasound examinations

- Other fields and activities are contract manufacturing for classical transplantations or novel cell therapies. In the first case, samples from bone marrow and/or mobilized peripheral blood stem cells are delivered to transplantation clinics. In the second case, cell therapeutics are based on mesenchymal stem cells and are used for experimental treatments by specialized medical institutions. These cell products are produced either individually for single patients or in larger batches for clinical trials.

The stock exchange listed company Vita 34 AG, Leipzig, is the parent company of the Vita 34 Group. With the exception of Polski Bank Komórek Macierzystych S.A., Warsaw (Poland), which was delisted from the Warsaw Stock Exchange with effect from April 8, 2022, Seracell Pharma GmbH, Rostock, and Vita 34 ApS, Søborg (Denmark), the European subsidiaries and affiliates function exclusively as sales companies of Vita 34 AG, with the parent company assuming strategic and operational tasks for the majority of the subsidiaries. PBKM, as a stem cell bank, has a product range complementary to Vita 34. Seracell operates as a complete cryobank with its own manufacturing process at the Rostock site, thus providing production and storage capacities for future growth of Vita 34 AG.

The following companies were included in the consolidated financial statements of Vita 34 AG as of December 31, 2021 and fully consolidated accordingly: Polski Bank Komórek Macierzystych S.A. (Poland) (including the subsidiaries Cilmes Šūnu Banka, SIA (Latvia), KRIO Intezet Zrt. (Hungary), Biogenis S.R.L. (Romania), Sevibe Cells S.L. (Spain), FamiCord Italia S.R.L. (Italy), Yaşam Bankası Sağlık Hizmetleri İç ve Dış Ticaret Anonim Şirketi (Turkey), Diagnostyka Bank Komórek Macierzystych Sp. z o.o. (Poland), Cryoprofil S.A. (Poland), Stemlab Diagnostic S.R.L. (Romania), Instytut Terapii Komórkowych S.A. (Poland), Krionet Kft. (Hungary), FamiCord Suisse S.A. (Switzerland), Stemlab, S.A. (Portugal), Celvitae Biomédica SL (Spain), Bebécord Stemlife International S.A. (Portugal), Bebéd4d My Family Ties, S.A. (Portugal), MedicalMedia II – Mamãs e Bebés Unipessoal, Lda. (Portugal), FamiCordon S.A. (Spain), FamiCells Sàrl (Switzerland), FamiCordTX S.A. (Poland), FamiCord Deutschland GmbH (Germany), Famicord-Acibadem Kordon Kanı Sağlık Hizmetleri A.Ş (Turkey), eticur GmbH (Germany), Sorgente s.r.l. (Italy), Centre Marcel-la Mas, S. L. (Spain), Smart Cells Holdings Ltd. (England), Smart Cells International Ltd. (England), Smart Cells Middle East Ltd. (United Arab Emirates), Smart Cells International Middle East FZ LCC (United Arab Emirates) and Smart Cells (Hong Kong) Ltd. (Hong Kong)), Seracell Pharma GmbH (Germany), Vita 34 Gesellschaft für Zelltransplantate m.b.H. (Austria), Novel Pharma S.L. (Spain), Secuvita S.L. (Spain), Vita 34 ApS (Denmark) (see also Note 4 “Information on the scope of consolidation”).

## VITA 34 ON THE INTERNATIONAL MARKET

Vita 34 has successfully implemented its strategy of further internationalization in recent years. The Group currently stores umbilical cord blood from around 50 countries. This is possible through the network of own companies and third-party business partners.

## OBJECTIVES AND STRATEGIES

Vita 34 is the pioneer of stem cell banking in Europe. The merger with PBKM creates by far the largest cell bank in Europe and the third largest worldwide based on the number of stored stem cell deposits. In order to strengthen or expand this position in a targeted manner, new business areas are to be developed in addition to the core business of umbilical cord blood banking. Vita 34 benefits significantly from the profound experience of the past 25 years around stem cells, which can be used in the future also for other cell types – first and foremost for immune cells. They will play a special role in modern medicine, the personalized medicine.

Vita 34 aims to raise awareness of umbilical cord blood-based therapies, thereby increasing both the size of the market and the number of services offered. In addition, it is planned to expand its own offering by developing new cell therapies and at the same time introduce the services in new countries where comparable offerings are not yet available. Furthermore, the business is to be expanded into new adjacent areas, including the manufacture of biological agents such as viral vectors both for in-house developed Cell & Gene Therapies (incl. CAR-T) and for third party companies as a contract manufacturer and developer (CDMO). As a result, Vita 34's current offering will be expanded by what it considers to be very fast-growing attractive business areas, and necessary investments would only have to be made once.

As a result of the strategic change that has already begun, Vita 34 will address the broad mass of society in the future. While its services have so far been aimed exclusively at expectant parents, the company will increasingly become a broad-based service provider in personalized medicine in the future, providing people of all genders, origins and ages with a service that can support therapies under development by supplying young and healthy cells.

## NEW PRODUCTS FOR THIRD-PARTY COMPANIES AND NEW CELL & GENE THERAPIES

In parallel to its own product developments, Vita 34 intends to contribute its experience as a Contract Development and Manufacturing Organization (CDMO) to the projects of third parties and to manufacture pharmaceutical products on their behalf. Vita 34 has years of know-how, state-of-the-art laboratories, highly trained personnel and attractive cost structures to become just as successful in this market as with its established products. At the same time, the international networks will be considerably expanded, thus anchoring Vita 34 sustainably in the structures of the global pharmaceutical industry. Already today, the first contracts for contract manufacturing of pharmaceutical intermediates as CDMO exist in the EU and in North America, which provide the company with a corresponding reputation. In new products, Vita 34 sees great revenue potential. In particular, potential revenues from the production of biological agents, such as viral vectors, are addressed here, on the one hand for third-party companies as CDMO and, on the other hand, for in-house developed cell therapies.

## EXPANSION OF THE CORE BUSINESS

Vita 34 traditionally focuses on a combination of organic and inorganic growth as part of its corporate strategy. In recent years, internationalization has been successfully advanced, as evidenced by the current storage of umbilical cord blood from around 50 countries. Following the merger with PBKM, according to its own estimates, Vita 34 has a market coverage of approximately 80% in Europe. The company is represented in all economically attractive markets from Vita 34's point of view – according to its own assessment, usually being number one in the market. The only exceptions are markets such as France, where special circumstances or legal restrictions speak against market entry. A particularly interesting, albeit fiercely contested market is Great Britain, where, according to its own estimates, Vita 34 is currently already the third largest provider. In the medium term, the aim is to complete the consolidation of the European market by 2026 and to be the market leader in all submarkets. The key success factors here will be the company's extremely strong position in Europe's core markets already covered, its great financial strength, and its technological leadership.

The clear focus of internationalization is on the markets in Europe. It is strategically complemented by activities in the first non-European test markets. Vita 34 has already laid the foundation for additional growth in the Middle East and Hong Kong. This experience, together with the further expansion of the network, will further broaden and strengthen the medium- to long-term growth prospects of the company.

Organic growth will be driven primarily by new business from the storage of umbilical cord blood and tissue as well as expected revenues from contract extensions.



## INORGANIC GROWTH

Another focus of Vita 34's growth strategy is traditionally on vertical and horizontal acquisitions in Europe, which are intended to strategically strengthen the market position according to clearly defined parameters and to tap additional synergies, particularly in the areas of marketing and sales as well as manufacturing and administration. The vertical portfolio expansion strategy involves opportunistic acquisitions along the value chain or of companies with complementary product offerings. The horizontal market expansion strategy focuses on the selective development of specific European markets.

Vita 34 has already successfully acquired and integrated numerous companies since 2010. In the fiscal year 2021, another very significant step in the company's history was taken through the merger with PBKM. Under the umbrella of Vita 34, a cell bank of global importance has thus been created, which is by far the number 1 in Europe and already the number 3 worldwide. From this position of strength, Vita 34 is decisively shaping the further consolidation of the European market and is on the verge of continuing its growth outside Europe. However, this depends heavily on many factors, including the ability to find good targets at a reasonable price, the willingness of the current owners to sell, the financial performance of Vita 34, the growth potential of the target companies and the identified synergies.

## ONGOING COST EFFICIENCY

As a result of the merger with PBKM, significant annual cost synergies are planned over the next three to five years. These are to be realized through process optimization as a result of optimized use of laboratories and capacities (including savings potential from the adjusted test strategy), through improved purchasing conditions, through synergies in sales, marketing and customer support, as well as through the reduction of duplicate costs, for example in relation to the capital market and IT. With the exception of one-time expenses, these synergies are offset by very limited expenses. Vita 34 continuously reviews all activities for their contribution to the current and future profitability of the Group. In order to sustainably secure future profitable growth, the Management Board will continue to evaluate further opportunities to increase cost efficiency.

## MANAGEMENT SYSTEM AND PERFORMANCE INDICATORS

For Group-wide management and for regular capital market-oriented communication, the Management Board of Vita 34 AG uses the key figures revenue and EBITDA (= earnings before interest, taxes, depreciation and amortization). The development of the key performance indicators with regard to defined target values is permanently monitored internally and reported on a quarterly, semi-annual and annual basis. The key figures for the financial corporate management of the Group are as follows:

## REVENUE

Revenue represents the equivalent value of operating activities. Fees received for storage services to be provided over several periods are recognized over the period in which the corresponding storage is provided.

## EBITDA

EBITDA and for 2021 additionally adjusted EBITDA (reported EBITDA adjusted for costs for the merger with PBKM) are the key performance indicators of Vita 34. They serve as an essential benchmark for the cash flow strength and the operating profitability of the company.

The precise development of these performance indicators and other important key figures is explained in the chapters "Revenue and earnings situation", "Financial situation", and "Net assets".

## NON-FINANCIAL PERFORMANCE INDICATORS

### RESEARCH AND DEVELOPMENT PROJECTS

In 2021, the company was pushing ahead intensively with a total of ten R&D projects. Several experimental therapies are in trials, while the pharmaceutical industry is already testing a large number of applications in clinical trials.

### NEW CUSTOMER CONTRACTS AND NUMBER OF DEPOSITS

The development of new customer contracts and the number of deposits are used to evaluate the market acceptance of Vita 34's products and services and, in particular, to measure the impact of marketing and sales activities.

### SUBSCRIPTION CUSTOMERS

We believe that subscription model contributes a lot to the success of Vita 34. It allows not only to lower the entry barrier for the customers but also creates pressure at the competitors. Number of new clients acquired paying annual subscription as well as revenues generated by cumulated base of the customers are important indicators of the long-term strategy.

## RESEARCH AND DEVELOPMENT

Vita 34 sees the area of research and development (R&D) as an essential growth driver for the further development of the company. Therefore, these activities are based on a careful market analysis. This includes knowledge about the state of science and about the latest developments in the field of therapies and, last but not least, a careful analysis of the respective targeted market in order to be able to define the economic potential of new products.

In all R&D activities, partners and projects are selected on an economically reasonable scale, which are oriented towards market trends and have an adequate risk profile. Beyond the current core business, Vita 34 continuously evaluates the need for new products, e.g. for Regenerative Medicine (storage of adipose tissue as a starting point for mesenchymal stem cells and adipocytes), for cell therapies (storage of T cells, natural killer (NK) cells, dendritic cells) as well as for Aesthetic Medicine. The aim is to participate in the further progress of development in these areas in the medium and long term. However, final decisions have not yet been made in most of the aforementioned areas.

In the fiscal year 2021, expenses in the area of research & development amounted to EUR 0.8 million (2020: EUR 0.5 million), which corresponds to a share of 2.8% (2020: 2.6%) of revenue. In total, Vita 34 employed 37 (2020: 7) people in the area of research & development as of December 31, 2021.

With the significantly advanced R&D projects of Vita 34, a positioning as a strong partner of the pharmaceutical industry in the market is aimed for in the future. With three combined R&D and laboratory centers and several in-house laboratories, Vita 34 has the necessary structures to be a valuable partner for a large number of companies in the future. Already today, first contracts for contract manufacturing of pharmaceutical intermediates as CDMO exist in the EU and in North America, which provide the company with a corresponding reputation.

In the coming years, R&D activities will include for example the identification, isolation and characterization of immune cells from adult peripheral blood. At the beginning of 2021, a research cooperation with the Institute for Radiopharmaceutical Cancer Research of the Helmholtz Center in Dresden-Rossendorf (HZDR) began. The subject matter is research and development work in connection with cryopreserved immune cell isolates. Within the scope of this 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. In case of successful development, revenues from the immune cell isolate might be expected from 2023 onwards.

In a joint research project with the Fraunhofer Institute for Cell Therapy and Immunology, Vita 34 has developed a GMP process for the cryopreservation of adipose tissue for autologous fat transplantation. In a second development stage, the process for the isolation of mesenchymal stem cells from fresh and cryopreserved adipose tissue is to be tested. These stem cells not only offer attractive prospects for Regenerative Medicine. With new adipose tissue-derived stem cells and the future product "AdipoVita", Vita 34 can also participate in the attractive growth market of Aesthetic Medicine. Already known applications here include cell-assisted lipofilling, the treatment of wound healing disorders and the aesthetic treatment of skin wrinkles and scars.

In oncological research, immune cell therapy is a great hope with currently already impressive treatment successes. This Personalized Medicine, which focuses on an individual therapy for the patient, is a growth market in which Vita 34 can participate with its specific competence. In this area in particular, the R&D focal points and the advance work performed to date by the subgroups Vita 34 and PBKM complement each other optimally.

The immune system is an effective weapon in the fight against cancer. Immuno-oncological therapies aim to modify the immune system to effectively fight tumor cells. Compelling advances in oncology are being achieved through so-called CAR-T cells, which are generated by genetically modifying a patient's T cells. CAR-T therapies have already been approved by the FDA in the USA and by the EMA in Europe for selected indications.

The peripheral blood of cancer patients, which is currently used as a standard source for obtaining therapeutic immune cells, is stressed by aging processes (immunosenescence) and by radiation or chemotherapeutic treatments. In addition, the persistence of CAR cells in the patient's blood plays a crucial role. Persistence describes the duration of action of the CAR cells and depends on the so-called naivety of the lymphocytes, which also include the T cells. Lymphocytes are classified as naive if they have not yet had contact with antigens and thus have not yet been activated. Lymphocytes from young adults or from umbilical cord blood are to a large extent naive and thus of great interest as a starting point for the development of new immune cell therapies.

Vita 34 aims to provide the starting material for the generation of individual T cells and their conversion into CAR T cells in the future. The preventive storage of autologous peripheral blood of young adults or also the pre-emptive storage at diagnosis offer Vita 34 considerable opportunities for new products. In the future, the developed processes can also be used for the production of cryopreserved immune cell isolates from umbilical cord blood. In the medium term, this would also provide additional impetus for the established business. CAR-T cell storage could be supported by PBKM manufacturing licenses for CAR-T CD19 production for both clinical trials and hospital exemption procedures.

With the production of cryopreserved immune cell preparations, Vita 34 is not only entering a sales market with very high potential. Innovative products and services from Vita 34 can also optimize oncological therapy. With the production of cryopreserved immune cell isolates as starting material for immuno-oncological therapies, Vita 34 can develop new products for self-care. This will address target groups that could not yet be reached through the traditional business.

## EMPLOYEES AND QUALIFICATIONS

Vita 34 has an international team of motivated and qualified employees. They are the foundation for the long-term positive development as well as for the successful acquisition and integration of new companies. Vita 34 promotes cross-team cooperation and joint ventures. The team structure, a flat corporate hierarchy and the very good working environment contribute significantly to employee satisfaction. In addition, Vita 34 employees can make suggestions within the framework of Vita's idea management.

As of the reporting date December 31, 2021, Vita 34 employed a total of 775 employees (2020: 116 employees).

### Employee structure Vita 34 as of December 31, 2021

Number	2021	2020
<b>Total employees*</b>	<b>775</b>	<b>116</b>
thereof Management Board	2	2
of which employees in management positions	41	15

\* Based on headcount excluding temporary workers and trainees, part-time employees and employees on parental leave

The workforce of Vita 34 is characterized by a high share of women of about 78%. Female employees hold 61% of management positions. Offers for the compatibility of family and career are taken up by employees. These include part-time employment, flexible distribution of shift work, individual parental leave arrangements, additional cash benefits for childcare in crèches and kindergartens, and flexible working hours. The preventive measures offered to employees as part of health management, the foreign language offer and group life insurance also generated a great deal of interest in the reporting year.

## Business Report

### MACROECONOMIC ENVIRONMENT AND INDUSTRY-RELATED FRAMEWORK CONDITIONS

#### MACROECONOMIC ENVIRONMENT

The Kiel Institute for the World Economy (IfW)<sup>3</sup> expected global gross domestic product (GDP) to grow by 5.7% in 2021. However, the recovery of the global economy lost momentum after the middle of the year. In many parts of the world, renewed corona infections slowed economic activity, supply bottlenecks hampered the recovery in industrial production, and the Chinese economy appears to have lost its footing. Uncertainty about the impact of the Omicron variant of the coronavirus on the economy is high.

In the euro zone, after two quarters of strong increases of more than 2% each, the production level in the third quarter of 2021 was only 0.3% lower than at the end of 2019. In view of the force of the Corona wave in Europe, containment measures were again adopted and consumption options were restricted, particularly for the unvaccinated segment of the population. The emergence of Omicron has further increased uncertainty about future economic developments. Against this background, the recovery in the particularly burdened contact-intensive service sectors is likely to have suffered a setback. A slight decline in overall economic output was expected for the fourth quarter of 2021, especially as supply bottlenecks significantly impacted industrial activity. Overall, the IfW expected economic output in the euro zone to grow by 5.0% year-on-year.

In December 2021, the IfW<sup>4</sup> forecast GDP growth of 2.6% for 2021 in Germany. Thus, overall, the dent in the recovery process caused by the ongoing wave of infections is somewhat larger than was still expected in the fall forecast. However, thanks to greater progress in vaccination, the setback will have been nowhere near as severe as in the previous winter half-year. The economic consequences of the pandemic continued to be felt severely, but they diminished from wave to wave.

The purchasing power of the population is an important factor in the decision to store umbilical cord blood and tissue. For 2021, the Gesellschaft für Konsumforschung (GfK) calculated a moderate growth of nominally 1.9% throughout Europe compared to the previous year.<sup>5</sup>

#### INDUSTRY-RELATED FRAMEWORK CONDITIONS

Vita 34 estimates the annual revenue volume of the European market for the storage of umbilical cord blood at approximately EUR 130 million (own estimations based on first-year payments of concluded contracts for new sample storage). The economic success of Vita 34 is largely determined by the development of new storages. Possible fluctuations in the annual number of births tend to play a subordinate role, as there is still enormous potential for increasing the share of deposits within this basic population.

The storage rate of umbilical cord blood in private umbilical cord blood banks (number of stored umbilical cord blood samples in relation to the number of annual births) is just under 2% in Europe. With approximately 0.8% of umbilical cord blood samples from newborns stored annually, the storage rate in Germany is among the lowest in Europe. In comparison, the storage rate in the countries of Eastern and Southern Europe is on average five to six times higher than in Germany. In Spain and Portugal, the storage rate reaches around 3.0% and 9.0%, respectively.<sup>6</sup> This low market penetration illustrates the market potential for storage in Europe. The main influencing factors are the willingness to provide for oneself, which varies according to the performance of the healthcare systems, and the awareness of the product offering at the time of birth or before.

## BUSINESS DEVELOPMENT

2021 was pretty successful for the Vita 34 Group in operational and strategic terms. While the operating business developed extremely positively with a marked increase in business volume and, for example, delivered profit margins at a very high level (adjusted) throughout the year, the merger with PBKM was driven forward at the same time with high intensity and successfully concluded with effect from November 8, 2021 after the completion of the share exchange. The new strength of the company as the undisputed number 1 in Europe and number 3 in the world opens up new strategic options for the further development of the Group.

The development over the full twelve months of 2021 is hardly comparable with the previous year due to the merger with PBKM in the fourth quarter of 2021 and the inclusion in the consolidated financial statements for the period November 8 to December 31, 2021. The first three quarters of 2021 had shown year-on-year that development in the core business was characterized by growth. In the DACH region, demand for Vita 34's services remained high throughout aforementioned three quarter with certain slowdown visible in the fourth quarter, essentially accompanied by optimum conversion of marketing spend. It is evident that the increased and sustained use of marketing tools is leading to a correspondingly positive revenue performance. In addition to new business, the renewals of an increasing number of expiring prepayment contracts, mostly with terms of 20 years, also contributed to the good business performance. Experience to date shows that the majority of customers have decided to extend their expiring contracts. In the future, contract extensions will have a positive impact on revenue and earnings and secure sustainably rising cash flows for the Group.

### LIMITED COMPARABILITY WITH PRIOR-YEAR FIGURES

The key financial figures for 2021 were influenced to a large extent by special factors. The first-time consolidation of PBKM for the period November 8 to December 31, 2021 had a significant impact on all key financial figures. At the same time, the accounting of PBKM was adjusted to the accounting of Vita 34, in particular with regard to revenue recognition, so that the PBKM figures are also not comparable with the previous year. The costs for the merger with PBKM had a one-time impact in 2021. These are adjusted in the amount of accounted EUR 2.7 million at EBITDA level. Comparability is further complicated by the adjustment of the previous year's figures at Vita 34 following a balance sheet audit by the German Financial Reporting Enforcement Panel ("FREP"), which led to an adjustment in revenue recognition for the years 2006 to 2021. This shifts the recognition of revenues and earnings contributions from the first contractual year pro rata temporis into the future. For the reporting year, the corresponding effect on earnings amounts to EUR 0.8 million.

Unless stated otherwise, the adjusted financial figures of the subgroup Vita 34 including the consolidated financial figures of the subgroup PBKM for the period November 8 to December 31, 2021 are thus reported at Group level for the reporting year. The comparison is made with the adjusted prior-year figures 2020 of the subgroup Vita 34. No pro forma disclosures are made for the fiscal year 2020. An opening balance sheet was prepared for the subgroup PBKM as of November 8, 2021, taking into account the Vita 34 accounting guidelines. The subgroup PBKM will be included in the consolidated financial statements of Vita 34 under continuation of the carrying amounts, with adjustment to the accounting principles applied throughout the Group.

### COMPARISON OF ACTUAL RESULTS WITH FORECAST 2021

Vita 34 had started the year 2021 with the following forecast: Revenues were expected to range from EUR 20.3 to 22.3 million. Adjusted EBITDA was expected to be between EUR 5.5 and 6.1 million. In the course of the successful merger with PBKM and the first-time consolidation for the period November 8 to December 31, 2021, the forecast was cancelled. A new annual forecast for 2021 could no longer be issued due to the very complex transaction and corporate structure. The original forecast could be met at the level of the subgroup Vita 34 (without the subgroup PBKM) with achieved revenue of EUR 21.0 million and EBITDA of EUR 5.6 million corrected for comparison purposes by the costs for the merger with PBKM and the adjustment effects from FREP findings.

#### Cumulative storage figures

Figures in thousand	2017	2018	2019	2020	2021
Total	215*	226*	237*	247*	858**

\* excluding storage figures of the subgroup PBKM

\*\* thereof 601 thousand from storage of the subgroup PBKM

## REVENUE AND EARNINGS SITUATION OF THE GROUP (IFRS)

Sales revenues increased from EUR 19.7 million to EUR 28.4 million in 2021. This revenue growth of 44.5% results on the one hand from the good operational development and on the other hand from the first-time consolidation of just under two months activity of PBKM, whose revenue with a volume of EUR 7.5 million for the period November 8 to December 31, 2021 were included in the consolidated financial statements. On a comparable basis to 2020 and thus in the segment subgroup Vita 34, sales revenues increased by 6.6% in 2021. In this context, it should be noted that the basis of comparison in 2020 decreased from EUR 20.1 million to EUR 19.7 million due to a slight change in revenue recognition as a result of a FREP audit that has since been completed. In the course of the year, revenue showed an overall increasing upward momentum in the first three quarters, which was mainly driven by strong growth in new business in the core market Germany and thus led to a continuation of the growth course. In the fourth quarter, however, there was a slight downward trend.

EUR thousand	2021	2020 *
Revenue	28,419	19,668
Cost of sales	-15,981	-8,413
<b>Gross profit</b>	<b>12,438</b>	<b>11,256</b>
Marketing and selling expenses	-5,616	-4,931
Administrative expenses	-7,546	-4,168
Other operating income less expenses	-2,346	-184
<b>Operating result/EBIT</b>	<b>-3,071</b>	<b>1,973</b>
Financial result	-375	-111
Income tax expenses	-479	-423
<b>Result for the period</b>	<b>-3,926</b>	<b>1,439</b>
<b>Operating result/EBIT</b>	<b>-3,071</b>	<b>1,973</b>
Depreciation and amortization for the period	3,885	2,964
<b>EBITDA</b>	<b>814</b>	<b>4,937</b>

\* Prior-year figures adjusted. The adjustments are explained in the notes to the consolidated financial statements under 2.3.

Cost of sales increased from EUR 8.4 million to EUR 16.0 million. The disproportionate increase is due in particular to the consolidation of PBKM, which has a higher cost of sales ratio overall, which is attributable to a different structure in the revenue collection over time and a higher share of revenue in countries with lower purchasing power and therefore lower-margin pricing. This effect more than compensated for the improvement achieved in the course of 2021, which resulted in particular from economies of scale and the impetus from the high-margin German business. Gross profit amounted to EUR 12.4 million (2020: EUR 11.3 million), which is equivalent to a gross margin of 43.8% (2020: 57.2%).

On the expense side, marketing and selling expenses rose by 13.9% from EUR 4.9 million to EUR 5.6 million. Vita 34 had specifically increased marketing expenses in the second quarter. At the same time, the disproportionately low rise compared to revenue growth was already apparent in the course of the year and was additionally favored by the overall lower marketing and selling expense ratio at PBKM. The ratio of marketing and selling expenses to revenue was thus 19.8% (2020: 25.1%). Throughout the reporting year, the focus was particularly on intensified addressing and product-specific information of gynecologists and midwives as key multipliers in the sales process. In addition, online marketing of the products to the target group of expectant parents was further intensified.

The pronounced cost discipline of the previous year was continued in 2021, limiting the increase in administrative expenses. During the year, administrative expenses rose at a significantly lower rate despite additional consulting costs in the course of the audit of the financial statements, but were then overshadowed by the effects of the consolidation of PBKM. Overall, administrative expenses amounted to EUR 7.5 million after EUR 4.2 million in the previous year.

EBITDA amounted to EUR 0.8 million, compared with EUR 4.9 million in the previous year. The continued very healthy operating earnings strength, which had been evident throughout 2021, was overshadowed by several factors. The subgroup PBKM generated a negative contribution to earnings in the just under two consolidated months, caused in particular by the necessary adjustments to Vita 34's accounting policies. Above all, however, the development of earnings was characterized by high special costs incurred for the merger with PBKM. In addition, high up-front costs for the development of the new business areas had an impact on earnings. The EBITDA figure for the previous year has been adjusted due to the change in accounting treatment as a result of the FREP audit. Adjusted for the expense from the merger with PBKM, EBITDA amounted to EUR 3.5 million. Accordingly, the adjusted EBITDA margin was 12.5%, compared with 25.1% in the prior-year period.

The operating result (EBIT) was also significantly impacted by the special costs. EBIT amounted to EUR -3.1 million in the past fiscal year (2020: EUR 2.0 million). The financial result was EUR -0.4 million after EUR -0.1 million in the previous year. The increase was due to the higher utilization of interest-bearing liabilities.

At EUR 0.5 million, income tax expenses were slightly above the previous year's level of EUR 0.4 million and were influenced by the development of earnings including special effects. The one-time special effects dominating the earnings development could not be compensated in total by the intact operating earnings development and ultimately led to a result for the period 2021 of EUR -3.9 million (2020: EUR 1.4 million). Earnings per share, taking into account minority interests, averaged EUR -0.25 (2020: EUR 0.35 based on 4,098,153 shares).



## SEGMENT REPORT

Since the merger with PBKM, the Vita 34 Group reports on the two segments subgroup Vita 34 and subgroup PBKM.

### SEGMENT SUBGROUP VITA 34

In the segment subgroup Vita 34, the adjusted financial figures of the Vita 34 Group in 2020 following the FREP audit are compared with the adjusted financial figures of the subgroup Vita 34 in 2021. Revenue increased by 6.6% from EUR 19.7 million to EUR 21.0 million in 2021. The development of the core market DACH was particularly pleasing. The international markets, above all Spain, also proved robust. Growth was generated via a higher number of deposits. The fourth quarter showed a slight slowdown in revenue growth. The continuing cost discipline based on the cost efficiency measures already implemented in the subgroup Vita 34 over the past two years continues to have an impact, as evidenced by adjusted EBITDA (reported EBITDA adjusted for costs of the merger with PBKM). This key figure decreased to EUR 4.8 million compared to EUR 4.9 million in the previous year. Excluding the adjustment, EBITDA for the subgroup Vita 34 was EUR 2.1 million (previous year: EUR 4.9 million). In the past fiscal year, the subgroup Vita 34 bore special charges of EUR 2.7 million at the EBITDA level, which were not attributable to the operating cell banking business, but resulted from the merger with PBKM. Investments in the subgroup Vita 34 increased from EUR 0.6 million to EUR 1.2 million, which, in addition to the modernization of the nitrogen supply at the Leipzig site, is mainly due to the squeeze-out in the course of the merger with PBKM.

### SEGMENT SUBGROUP PBKM

For the segment subgroup PBKM, an opening balance sheet was prepared as of November 8, 2021, which takes into account the accounting principles of the Vita 34 Group as a whole, particularly with regard to revenue recognition. In the segment subgroup PBKM, the period from November 8 to December 31, 2021 is reported. Comparative figures for 2020 are not available. Revenues in the segment subgroup PBKM amounted to EUR 7.5 million and were generated predominantly in the core business of cell banking. Around EUR 0.2 million of revenue was already attributable to CDMO activities. EBITDA of the subgroup PBKM amounted to EUR -1.2 million. This includes high start-up costs for the new business areas of EUR 1.0 million. The adjustment to the Group's accounting policies for revenue recognition in accordance with IFRS 15 resulted in a total decrease of EUR 1.6 million in revenue and earnings contributions in the reporting period. These will be deferred to future periods pro rata temporis over the continuation of customer contracts. Investments in the reporting period amounted to EUR 1.1 million and mainly related to the expansion of the laboratories in Poland for the new areas of cell and gene therapies (incl. CAR-T) and CDMO.

## FINANCIAL POSITION OF THE GROUP

Financial management is directly assigned to the Management Board and mainly comprises the management of the capital structure, liquidity management, interest and exchange rate hedging, as well as the procurement of financial resources. The subsidiaries of the subgroup Vita 34 are integrated into the Group's liquidity management. A uniform liquidity and financial management system is currently being implemented for the entire Group.

Vita 34 counters exchange rate fluctuations between foreign currencies and the euro with the use of exchange rate hedging instruments, if this is required due to the volatility of the markets or the volume of foreign currency transactions. In the case of external financing with variable interest rates, Vita 34 also makes use, on a case-by-case basis, of various interest rate hedging instruments with a medium- to longer-term interest rate commitment (e.g. interest rate swaps).

Within the Vita 34 Group, the securing of liquidity for the financing requirements of the growth as well as the investments made is essentially carried out in the two subgroups through the self-generated cash flows and through existing bank loans. In 2021, there were no significant adjustments to the credit conditions. The Vita 34 Group has credit lines in the amount of EUR 0.4 million, of which EUR 0.0 million had been utilized as of the balance sheet date. In addition, there is an earmarked investment credit line of EUR 8.0 million, of which EUR 3.8 million has not been utilized.

The merger with PBKM had been implemented in 2021 via a voluntary public exchange offer of Vita 34 AG to the shareholders of PBKM as well as a capital increase required in the corresponding scope, which was entered in the commercial register on November 9, 2021. Based on the resolution of the extraordinary shareholders' meeting of Vita 34 AG on July 13, 2021, the share capital of Vita 34 AG had been increased from EUR 4,145,959.00 by EUR 11,890,500 to EUR 16,036,459 by issuing 11,890,500 new registered no-par value shares.

Against the background of the clear growth course of the Vita 34 Group, the dividend policy does not currently provide for any distributions, as the funds are to be retained to finance further growth at Vita 34.

The financial position of the Group is characterized in all areas by the merger with PBKM. Cash flow from operating activities amounted to EUR 2.7 million in the reporting year (previous year: EUR 3.5 million). Starting from a negative pre-tax result for the period of EUR 3.4 million, depreciation and amortization of EUR 3.9 million in particular had a compensating effect. Furthermore, higher debt and contract liabilities of EUR 2.5 million had a positive effect on cash flow from operating activities.

Cash flow from investing activities amounted to EUR 24.9 million in the past fiscal year (previous year: EUR –0.3 million). The figure is largely influenced by the assets and liabilities acquired in connection with the first-time consolidation of the subgroup PBKM. The transaction resulted in a net positive cash inflow of EUR 27.0 million. The primary investing activities are characterized by ongoing capacity expansions due to the increasing number of deposits and the expansion of the laboratories in Poland for gene and cell therapies (incl. CAR-T) and CDMO. Overall, investments in property, plant and equipment thus increased from EUR 0.6 million to EUR 2.2 million.

Cash flow from financing activities was EUR –4.7 million in fiscal year 2021 (previous year: EUR –2.0 million). This is mainly composed of scheduled repayments (EUR –2.3 million) and lease payments (EUR –0.9 million). The costs of the capital increase required for the share swap also had an impact (EUR –1.4 million). In the course of the squeeze-out of the remaining shareholders of PBKM and the acquisition of these shares, there was also an outflow of EUR 4.3 million. These factors are offset by cash inflows of EUR 4.2 million from taking out financial loans.

The sum of the cash flows results in an increase in cash and cash equivalents in the amount of EUR 22.9 million to EUR 33.3 million. Thus, Vita 34 has solid liquidity as a basis for further organic and inorganic growth.

## NET ASSETS OF THE GROUP

The balance sheet total increased very significantly due to the merger with PBKM and the first-time consolidation. Comparability as of December 31, 2020 is only possible to a very limited extent. An opening balance sheet was prepared for PBKM as of November 8, 2021, which implements revenue recognition comparable to Vita 34 and thus also accounting for customer contracts as well as the effects in particular on receivables, liabilities and equity. The balance sheet total amounted to EUR 178.0 million as of December 31, 2021 (December 31, 2020: EUR 58.7 million). On the assets side of the balance sheet, non-current assets including goodwill was EUR 122.3 million as of the reporting date, compared with EUR 44.2 million as of the end of 2020. The changes

on the assets side are almost exclusively attributable to the first-time recognition of PBKM. Thus, goodwill increased by EUR 35.3 million. Intangible assets rose by EUR 8.6 million to EUR 22.8 million. Intangible assets of PBKM amounting to EUR 10.5 million were included here for the first time. At the same time, the intangible assets of Vita 34, and in particular the acquired customer contracts included therein, were written down as scheduled by EUR 2.0 million. Property, plant and equipment increased by EUR 14.4 million. Here, the recognition of PBKM's property, plant and equipment added up to the investments made in 2021, which were significantly limited due to the uncertain environment. Deferred tax assets in the amount of EUR 9.1 million mainly result from loss carryforwards of Group companies.

Current assets amounted to EUR 55.7 million as of the reporting date (December 31, 2020: EUR 14.5 million). Here, too, the increase is mainly due to the first-time consolidation of PBKM. Cash and cash equivalents grew from EUR 10.4 million to EUR 33.3 million.

On the liabilities side of the balance sheet, equity increased to EUR 41.9 million as of the balance sheet date (December 31, 2020: EUR 26.2 million), in particular due to the first-time consolidation of PBKM. The notional equity ratio was 23.6% as of December 31, 2021, compared to 44.7% as of December 31, 2020. Despite the significant absolute increase in equity, the ratio decreased as a result of the disproportionately high rise in the balance sheet total and the overall lower equity base of 20.3% of the subgroup PBKM. The main reason for the significantly higher proportion of debt is the contractual liabilities and potential repayment obligations, which account for 57.6% of debt and result from the special structure of the storage contracts at PBKM with the possibility of termination and corresponding accrual-based recognition of revenues and obligations.

Non-current liabilities rose from EUR 24.3 million to EUR 72.6 million as of December 31, 2021. This reflects the first-time consolidation of PBKM's non-current liabilities of EUR 49.5 million and Vita 34's non-current liabilities of EUR 23.1 million, which were slightly reduced by 4.9%. Current liabilities increased from EUR 8.1 million to EUR 63.4 million, mainly due to the first-time consolidation of PBKM. Important items within current liabilities are again contract liabilities, which increased from EUR 3.1 million to EUR 14.8 million, and potential repayment obligations, which are reported at EUR 21.8 million. They include obligations arising from acquisitions to fulfill concluded storage contracts as well as storage fees collected in advance from customers. The storage contracts of PBKM include a theoretical annual termination option. The accounting effects from the Group accounting guideline of the Vita 34 Group require a correspondingly higher recognition of the obligations from these contracts within liabilities at the subgroup PBKM. In the subgroup Vita 34,

these contract liabilities, which result from acquired storage contracts, are of significantly minor importance. Nevertheless, this item has increased significantly disproportionately in the Group as a whole, without negative cash flows being expected from it in the subsequent period. The storage fees collected in advance are recognized as income gradually over the term.

#### Key balance sheet items

Assets EUR thousand	Dec. 31, 2021	Dec. 31, 2020 *
Non-current assets	122,267	44,152
thereof goodwill	53,653	18,323
Current assets	55,678	14,521
thereof cash and cash equivalents	33,298	10,396
<b>Liabilities</b> EUR thousand	<b>Dec. 31, 2021</b>	<b>Dec. 31, 2020 *</b>
Equity	41,942	26,231
Non-current liabilities	72,629	24,327
thereof contract liabilities	41,696	16,468
Current liabilities	63,375	8,115
thereof contract liabilities	14,786	3,102
thereof potential repayment obligations	21,837	0

\* Prior-year figures adjusted. The adjustments are explained in the notes to the consolidated financial statements under 2.3.

## RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS OF VITA 34 AG (HGB)

The annual financial statements of Vita 34 AG were prepared in accordance with the accounting principles for corporations, taking into account the German Stock Corporation Act (AktG) and the German Commercial Code (HGB).

At EUR 14.9 million, revenues in the fiscal year 2021 were above the previous year's level of EUR 14.0 million despite a slight weakening at the end of the year in the German market. Cost of sales increased from EUR 5.1 million to EUR 5.6 million due in part to slightly increased procurement costs. This results in a gross profit of EUR 9.3 million compared to EUR 8.9 million in the fiscal year 2020, corresponding to a gross margin of 62.5% (2020: 63.7%).

EUR thousand	2021	2020
Revenue	14,916	13,972
Cost of sales	-5,599	-5,073
<b>Gross profit</b>	<b>9,317</b>	<b>8,899</b>
Selling expenses	-3,758	-3,453
Administrative expenses	-4,664	-3,458
Other operating income less expenses	-2,772	-1,673
<b>Operating result/EBIT</b>	<b>-1,877</b>	<b>315</b>
Financial result	-66	1,665
Income tax income/expense	72	-188
<b>Result for the period</b>	<b>-1,877</b>	<b>1,792</b>
Operating result/EBIT	-1,877	315
Depreciation and amortization for the period	600	600
<b>EBITDA</b>	<b>-1,277</b>	<b>915</b>

Selling expenses increased from EUR 3.5 million to EUR 3.8 million due to additional marketing measures. Administrative expenses increased from EUR 3.5 million to EUR 3.7 million despite continued high cost discipline.

The balance of other operating income and expenses was EUR -2.8 million in the reporting period, compared with EUR -1.7 million in the previous year. The increase in expenses is mainly due to one-time costs of EUR 2.7 million for consulting services as a result of the merger with PBKM. In addition, the item includes an expense from prior-year adjustments in the amount of EUR 1.7 million. Please refer to the disclosures in the notes.

EBITDA in the fiscal year 2021 was EUR -1.3 million (2020: EUR 0.9 million), in particular as a result of the non-recurring costs, and the operating result (EBIT) was EUR -1.9 million (2020: EUR 0.3 million).

Due to a value adjustment at the subsidiary Seracell Pharma GmbH, the financial result decreased to EUR -0.1 million, compared to EUR 1.7 million in the previous year, and income taxes resulted in income of EUR 0.1 million (previous year: expense of EUR 0.2 million). The result for the year under review was thus EUR -1.9 million, compared with EUR 1.8 million in the previous year.

## Financial Position of Vita 34 AG (HGB)

EUR thousand	2021	2020
Cash flow from operating activities	1,158	779
Cash flow from investing activities	808	1,735
Cash flow from financing activities	-5,082	-324

Cash flow from operating activities increased year-on-year in the reporting period despite the lower result due to the reduction in working capital.

Cash flow from investing activities resulted in a net cash inflow of EUR 0.8 million (2020: EUR 1.7 million). In contrast to a cash outflow for the acquisition of property, plant and equipment (EUR 1.1 million), dividend payments received of EUR 1.6 million had a positive impact on cash flow from investing activities.

The negative cash flow from financing activities of EUR -5.1 million (2020: EUR -0.3 million) resulted mainly from transactions with non-controlling interests, which led to a cash outflow of EUR 10.8 million. On the other hand, cash inflows from taking out financial loans amounted to EUR 4.2 million, with simultaneous repayments of EUR 1.5 million.

As of December 31, 2021, cash and cash equivalents amounted to EUR 6.2 million (December 31, 2020: EUR 9.3 million).

## Net assets of Vita 34 (HGB)

Assets EUR thousand	Dec. 31, 2021	Dec. 31, 2020
Property, plant and equipment and other intangible assets	4,255	3,793
Financial assets	203,586	21,716
Cash and cash equivalents	6,174	9,291
Other assets	7,458	5,644
<b>Balance sheet total</b>	<b>221,473</b>	<b>40,444</b>

Liabilities EUR thousand	Dec. 31, 2021	Dec. 31, 2020
Equity	197,710	23,052
Loans	6,473	3,750
Other liabilities and provisions	6,261	5,629
Deferred income	11,029	8,013
<b>Balance sheet total</b>	<b>221,473</b>	<b>40,444</b>

Property, plant and equipment and other intangible assets amounted to EUR 4.3 million as of December 31, 2021 (previous year: EUR 3.8 million). The increase is attributable to the investments made.

Financial assets increased from EUR 21.7 million to EUR 203.6 million due to the merger with PBKM. They consist of shares in affiliated companies and investments in the amount of EUR 201.8 million (previous year: EUR 19.7 million) and loans to affiliated companies in the unchanged amount of EUR 1.8 million. Other assets amounted to EUR 7.5 million as of December 31, 2021 (previous year: EUR 5.6 million). These mainly comprised trade receivables of EUR 2.5 million (previous year: EUR 1.7 million) and receivables from affiliated companies of EUR 2.3 million (previous year: EUR 1.7 million). In addition, prepaid expenses of EUR 1.2 million (previous year: EUR 0.9 million) were included.

On the liabilities side, equity increased from EUR 23.1 million to EUR 197.7 million due to the merger with PBKM and the resulting significant increase in capital reserves. The equity ratio grew accordingly to 89.3% as of December 31, 2021 (previous year: 57.0%).

In connection with the voluntary public exchange offer of Vita 34 AG to the shareholders of PBKM, which was carried out and successfully concluded in 2021, the required capital increase had been registered in the commercial register on November 9, 2021. Based on the resolution of the extraordinary shareholders' meeting of Vita 34 AG on July 13, 2021, the share capital of Vita 34 AG had been increased from EUR 4,145,959.00 by EUR 11,890,500 to EUR 16,036,459 through the issuance of 11,890,500 new registered no-par value shares. As a result, Vita 34 AG holds a total of 9,150,272 PBKM shares (corresponding to approx. 97.98% of the share capital and voting rights of PBKM). Within the scope of a squeeze-out, the remaining shares of PBKM could be acquired until December 31, 2021.

Loans increased to EUR 6.5 million as of December 31, 2021 (previous year: EUR 3.8 million) due to a slightly higher utilization of loans. Other liabilities and provisions amounted to EUR 6.3 million at the end of 2021, compared with EUR 5.6 million in the previous year. They mainly include liabilities to affiliated companies of EUR 3.1 million (previous year: EUR 2.8 million), the special item for grants and allowances of EUR 0.3 million (previous year: EUR 0.4 million), and provisions of EUR 2.4 million (previous year: EUR 1.0 million).

Deferred revenues increased from EUR 8.0 million to EUR 11.0 million as of the balance sheet date. This includes storage fees, which are paid in advance by customers on a one-off basis and reversed on a straight-line basis over the agreed storage period.

#### OVERALL STATEMENT ON THE ECONOMIC SITUATION OF THE GROUP

In the opinion of the Management Board, the economic situation of the Vita 34 Group at the time of publication of the annual report continues to be very satisfactory despite the challenging environment caused by the COVID-19 pandemic. In its new setup in the course of the merger with PBKM, the company has been able to achieve a market position as by far the largest cell bank in Europe and the third largest worldwide. With over 850,000 deposits and customers from around 50 countries, Vita 34 is excellently positioned. The new strength achieved in 2021 also enables continuously higher investments in research and development. The new group of companies presents itself as extremely strong in cash flow. The strategy of combining organic and inorganic growth will continue to be implemented. Vita 34 is successfully focused on stable and profitable growth. The past fiscal year was, and also 2022 will be, a transition year in terms of financial ratios. Extensive integration projects have already begun and will continue in 2022. The revenue and adjusted earnings figures show that the Group continues to operate very profitably and with strong growth in its core business.

#### EMPLOYEES OF VITA 34 AG (HGB)

In the annual average 2021, 96 people were employed at Vita 34 (without the Management Board, temporary workers, part-time employees and employees on parental leave). In the previous year, there were 94 employees.

## Corporate Governance

### DECLARATION ON CORPORATE GOVERNANCE IN ACCORDANCE WITH § 289F HGB AND § 315D HGB

The Declaration on Corporate Governance in accordance with § 289f and § 315d HGB can be viewed on the website of Vita 34 AG at <https://ir.vita34.de/en/investor-relations/corporate-governance/declaration-on-corporate-governance/>.

## Opportunity and risk report

### RISK MANAGEMENT SYSTEM, COMPLIANCE SYSTEM, AND ACCOUNTING-RELATED INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

#### COMPLIANCE SYSTEM

With the adoption of a Code of Conduct in 2017 and a comprehensive system of process standards and work instructions, the Management Board has created a set of rules that defines and ensures compliant behavior (compliance system). In view of the size of the company, the Management Board and Supervisory Board consider the established and practiced system of compliance measures to be targeted, adequate and sufficient. In the opinion of the Management Board and Supervisory Board, the introduction of a special compliance system beyond this is not necessary due to the good experience in the past and the size of the company to date. The establishment of a protected whistleblower system has also been dispensed with to date, as in the view of the Management Board and Supervisory Board there is still insufficient practical experience with this in Germany. Nor is it intended to anticipate the implementation of the European Whistleblowing Directive in national law.

#### OPPORTUNITY AND RISK MANAGEMENT

The main objective of the opportunity and risk management of Vita 34 AG is to promote the business success and to ensure the continuation of the company within an opportunity-oriented and at the same time risk-conscious scope of action. The internal guidelines for risk management define both the principles, procedures, instruments, risk areas and responsibilities within the company, as well as the reporting requirements and communication obligations. The opportunity and risk management is oriented towards the legal provisions of § 91 (2) AktG.

Since 2006, Vita 34 AG has operated an opportunity and risk management system pursuant to § 91 (2) and (3) AktG, which is valid for both Vita 34 AG and the subgroup Vita 34 (consisting of Vita 34 AG and its subsidiaries, but excluding Polski Bank Komórek Macierzystych S.A. ("PBKM") and its subsidiaries). An extension of the risk management system to the Vita 34 Group as a whole, including PBKM and its subsidiaries (together "subgroup PBKM") is currently being implemented.



In accordance with German Accounting Standard No.20 (GAS 20), an opportunity is defined as the possibility of a positive deviation from the defined corporate goals, while a risk is defined as the possibility of a negative deviation from the corporate forecast.

The Management Board bears overall responsibility for the opportunity and risk management system, which is designed to ensure comprehensive and uniform management of opportunities and risks. All employees and risk officers (usually the divisional team leaders or, in the case of subsidiaries, the operational management/authorized officers) are responsible for the management, implementation and further development of opportunity and risk management in their areas in day-to-day business. The risk manager monitors the fulfillment of these tasks in consultation with the risk officers and is responsible for the centrally controlled opportunity and risk management process. In accordance with § 107 (3) sentence 2 AktG, the Audit Committee of the Supervisory Board, which was formed in December 2021, monitors the effectiveness of the risk management system.

#### **DESCRIPTION OF THE MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM WITH REGARD TO THE CONSOLIDATED FINANCIAL REPORTING PROCESS IN ACCORDANCE WITH § 315 (4) HGB**

An accounting-related internal control system is another central component of the risk management system. This internal system is used in particular to manage accounting, bookkeeping and controlling processes. The subsidiaries are included in the consolidated financial statements by means of reporting. The Group is monitored and controlled by means of annual budget planning, monthly reporting of actual figures and budget reconciliation analyses. Risk management and the internal control system are considered together and intervene directly at Management Board and management level. The Management Board is responsible for determining the scope and focus of the systems in place on the basis of company-specific requirements. Despite appropriate and functional systems in place, absolute certainty in the identification and management of risks cannot be guaranteed.

If a risk is identified, it is evaluated with regard to its impact on operational processes and the consolidated financial statements. If necessary, external specialists are also consulted for this purpose. In a second step, new control mechanisms are implemented as part of the accounting-related internal control system to ensure that the operating processes and the preparation of the annual and consolidated financial statements are safeguarded despite the identified risks.

The identification, recording and assessment of new risks are carried out in an operational process. Controlling performs an annual risk inventory in order to analyze, review and supplement the types of risk recorded in cooperation with the responsible managers and the Management Board. Changes in risks and corresponding key figures are regularly reported to the Management Board and the Supervisory Board. The risk management system is documented and the individual risks are described in the risk management report.

In addition, various procedures are laid down in the company regulations and other corporate guidelines. Essential processes are subject to the dual control principle in all areas of the company, so that at least two signatures are always required for execution. In the case of IT-supported systems, access rights (read and write authorization) are regulated for each employee.

The established planning, budgeting and reporting system enables the permanent monitoring of the net assets, financial position and results of operations of the entire Group, among other things by means of the monthly reporting of actual figures and the comparison of these figures with the annual budget proposed by the Management Board and confirmed by the Supervisory Board. The certified integrated BI software LucaNet is used for this purpose. The technical systems are based, among other things, on the integrated process software (VitaFlow) with connected data warehouse. Actual data as well as quantity and quality-related key figures from this flow into the planning, budgeting and reporting system.

External service providers are involved in the preparation of quarterly, half-yearly and annual financial statements. The allocation of tasks in the preparation of the financial statements is defined and documented.

Vita 34's opportunity and risk management process consists of the following steps:

#### **OPPORTUNITY AND RISK IDENTIFICATION**

Risks are identified using a mix of methods and with the help of accompanying systems, such as the established planning, budgeting and reporting system described above, and the compliance system. The methods optionally include: strategy definition and regular monitoring of strategic alignment, expert surveys, risk workshops, process analyses, analysis of balance sheets, annual reports and key figures, benchmarking and operational comparisons, market analyses and market observations. The decision-making power is vested in the Management Board. Scientific/general medical risk identification is supported by extensive literature and database research. Technical infrastructure systems, e.g. N2 monitoring in production, particle measurement, firewall and network traffic monitoring and temperature controls, are used extensively for early risk detection in operations. In the marketing/sales area, permanent literature research and regular market research measures are carried out for early detection. For capital market risks, Vita 34 uses appropriate information portals and external service providers.

At Vita 34, risks were classified into eight risk areas, which can have a significant impact on the Group's business activities. The associated risk types form the basis for the annual risk inventory. In this context, the risk manager analyzes and revises on a quarterly basis, in consultation with the risk officers, the individual risks identified during the year that have been included as a risk type for their area.

#### OPPORTUNITY AND RISK ASSESSMENT

Risk assessment and analysis is aggregated at Vita 34 on the basis of the probability of occurrence and amount of damage/impact assigned to the respective risk. Risks are continuously monitored and are the subject of the Management Board's discussions with the team leaders, which usually take place several times a month, as well as of the monthly discussions of the Management Board with the responsible persons in the subsidiaries. In addition, risks are reported to Group Controlling as part of the monthly reporting process. The reporting and the results of the discussions are regularly included in the discussion of the Group's monthly financial statements at the Management Board meeting.

- Probability of occurrence: With what probability does a loss associated with a risk occur?
- Amount of damage/impact: How extensive is the damage? What impact does it have on the company?

The risk assessment is carried out at the level of the subgroup Vita 34 (extension to the subgroup PBKM is already being implemented), i.e. individual risk assessments are carried out by all subsidiaries included in the subgroup Vita 34. The individual risks of the consolidated companies are aggregated and evaluated at Group level.

Based on the two key figures mentioned above, a risk assessment is carried out by multiplying the probability of occurrence and the amount of damage. Based on the risk assessment, the risks are assigned to different risk categories (low, medium and high risk), which in turn are associated with different consequences for action.

In risk assessment, a distinction is made between gross risk and net risk. The gross risk reflects the fundamental risk assessment and thus covers the entire, potentially conceivable risk scope of the initial situation. The gross risk can thus be understood as a worst-case consideration under the assumption that no additional specific measures are used to manage the risk. If necessary and possible, risk-controlling measures are taken. The net assessment shows the de facto residual risk that the company has to bear itself under the assumption that the risk-controlling measures actually take effect to the extent forecast.

#### OPPORTUNITY AND RISK MANAGEMENT

Opportunities and risks are managed in accordance with the principles of opportunity and risk management. The general strategy for dealing with identified risks is defined centrally and communicated to the risk officers. These are responsible for ensuring implementation in day-to-day business and for developing and implementing suitable risk-reducing measures in their respective areas of responsibility. The strategy for dealing with identified risks includes risk avoidance, risk reduction with the aim of reducing the impact or probability of occurrence, risk transfer to third parties or risk acceptance. The decision on the implementation of the corresponding risk management strategy also takes into account the costs in relation to the benefits of any planned risk-reducing measures. The respective progress of planned risk-reducing measures is recorded by Group Controlling as part of reporting and closely monitored by the Chief Financial Officer. In addition, the effectiveness of risk-reducing measures already implemented is assessed. Depending on the risk classification defined in the opportunity and risk assessment, decision-making authority with regard to risk acceptance generally lies with the Management Board. The decision to accept significant risks without taking additional risk-reducing measures can only be made by the entire Management Board.

#### RISK REPORTING

Risks are continuously monitored. Their regular observation is carried out by the risk officers. Reporting to the Management Board takes place on a quarterly basis at Vita 34. Furthermore, additional reporting takes place on an ad hoc basis within the framework of the monthly Management Board meetings. Reporting by the subsidiaries takes place in monthly conference calls with a member of the Management Board and as part of the monthly reporting process to Group Controlling. The results of these meetings are regularly included in the discussion of the Group's monthly financial statements at the Management Board meeting. The summary of risks (including aggregation of risks at Group level) for the purpose of preparing the risk management report takes place on a quarterly basis in the form of a reporting package, which is prepared for each Group company – so far in the subgroup Vita 34, in the future also in the subgroup PBKM.

## EXPLANATION OF THE RISKS

This report explains the financial risks aggregated on the level of the subgroup Vita 34, which are considered relevant for the company's target achievement in 2021 and beyond. Applying our assessment methodology, we see risks in the following eight risk categories: strategic risks, marketing and sales risks, production risks, financial risks, procurement risks, personnel risks, legal risks, and IT risks. From the totality of identified opportunities and risks, those opportunities and risks are explained below that, from today's perspective, can significantly influence the results of operations, financial position and net assets of the subgroup Vita 34 and of Vita 34 AG with high or medium risk. In the reporting period, no risks with a high risk assessment were identified.

### Deterioration of macroeconomic conditions

The current geopolitical situation and especially the Russia-Ukraine war pose new challenges to the entire global economy. However, the potential impact on Vita 34 cannot be estimated at present, so that this results in certain forecast uncertainties with regard to the further development of revenue and earnings. We are monitoring further developments very closely, especially with regard to sales and the use of production factors.

The Corona pandemic, which has now been ongoing for two years, has led to a considerable impairment of the overall economic situation with an increase in short-time working and corporate insolvencies in Germany. In the meantime, there are initial indications that the pandemic crisis situation in Europe and North America could be overcome in 2022 and that there will subsequently be a further recovery and catch-up in the global economy. At the same time, there are fears that China's no-covid strategy will lead to significant production cuts there if the omicron pathogen spreads, and subsequently to a renewed bottleneck in global supply chains. This could result in a further price surge, new production bottlenecks and the exacerbation or prolongation of existing bottlenecks.

In Europe, there was a sharp rise in consumer prices in 2021 and 2022. This was caused on the one hand by shortages of goods as a result of supply chain disruptions (with corresponding consequential effects) and on the other hand by a huge increase in energy prices, which continued dynamically at the beginning of 2022. In addition, there is a noticeable uncertainty among people due to the economic situation, but also as a result of political instability and the turning of the times (Ukraine war, confrontation between the USA, Russia and China, climate crisis). There is a risk that this mixture of loss of purchasing power, clouded expectations for the future and uncertainty may lead to a stagnation or even decline in demand for Vita 34's services in 2022. It has been observed already that in some markets number of newborns dropped significantly. Vita 34 monitors this development constantly and in a timely manner. For raw materials critical to production, we rely on a 6-month range or partly beyond, provided that shelf life and location conditions do not speak against it. Further sales price increases in order to be able to pass on additional raw material taxes would be a possible measure. Cost adjustments are also an option if business volumes develop lower than budgeted.

### Risks from the acquisition of shareholdings

Vita 34 AG has merged with PBKM, headquartered in Warsaw, as of November 8, 2021. While the corporate part of the merger has been largely completed (delisting and conversion of the stock corporation into a Polish limited liability company are to take place in the first half of 2022), the corporate integration of PBKM with its more than 30 subsidiaries into the Vita Group is currently being implemented. Additional costs will be incurred for the necessary sub-steps, which have been budgeted accordingly for 2022. Annual savings of EUR 2.7 to 3.5 million are planned over the next three to five years. These are offset by one-off planned restructuring expenses of EUR 1.5 million.

### Loss of key personnel and bottleneck in the procurement of new as well as additional employees

Highly qualified employees are essential for achieving our strategic and financial goals due to their skills. It is therefore important to retain them over the long term or ensure sufficient staffing levels on a permanent basis. However, there is still strong competition for highly qualified personnel, especially in the area of finance/controlling, which is of particular importance for us to be able to successfully integrate the acquired PBKM in a timely manner and realize the targeted synergies. If we lose employees in strategically important positions or fail to identify, recruit and retain additional highly talented employees suitable for the specific needs of our business for further organic growth, there may be risks to the business development of our company.

In order to ensure the best possible staffing levels, Vita 34 has implemented a human resources management process. We continuously invest in the improvement of our personnel marketing. Furthermore, the willingness to change is counteracted with selective adjustments in the employment contracts, the improvement of communication channels as well as the strengthening of an appreciative environment. As part of an attractive overall package, we not only pay salaries in line with the market, but are also prepared, if necessary, to adjust the existing salary structure among existing employees in the relevant department upwards accordingly. Furthermore, we position ourselves as an attractive employer through our product portfolio with its positive connotations, a flexible working time model, an appreciative working environment, a good team spirit, as well as financial and non-financial fringe benefits. In addition, due to the new size of the company and the expanded internationality as a result of the merger with PBKM, we offer new opportunities in personnel development through job enlargement, job enrichment and job rotation. At the same time, this diversification leads to a higher spread of risk.

## OPPORTUNITIES FOR FUTURE DEVELOPMENT

### Product Opportunities

Vita 34 has developed a process for the harvesting and cryopreservation of autologous adipose tissue. Permission to harvest and produce adipose tissue preparations for possible later isolation of adult stem cells was granted to Vita 34 in 2020. The associated product launch is expected.

Due to the intensive scientific development in the field of regenerative medicine, Vita 34 expects a worldwide increasing demand for cryopreservation as well as safe storage of cells and tissue. Through targeted investments in research and development, Vita 34 strives to open up further product fields in the long term. The company sees the opportunity to conquer distinctive market positions as a service provider and supplier for pharmaceutical/therapeutic-oriented companies in each case. An example of that direction is the immune cells banking project.

Vita 34 plans to expand its CDMO activity to provide services for early-stage biotech companies which needs to manufacture its biological drug candidates through development process. In order to achieve that more sales and marketing activities are planned for 2022, which can result in new contracts for the future.

Vita 34 traditionally relies on organic growth as part of its corporate strategy. The Company is working intensively to continuously increase market penetration in the most attractive markets through targeted marketing and sales measures in order to expand its market position and expand underdeveloped markets.

### Market opportunities through the merger with PBKM and further acquisitions

The merger with PBKM made Vita 34 by far the largest cell bank in Europe and number three worldwide. Accordingly, the financial, human and technological resources within the Group have increased significantly and the already comprehensive services have been further expanded. In addition, new growth opportunities in the operating business as well as noticeable revenue and cost synergies are opening up for Vita 34.

Through targeted strategic acquisitions, Vita 34 has recorded attractive growth spurts in the past and has put itself in a position to sustainably strengthen its leading position in the European market. The merger with PBKM will result in synergy effects and competitive advantages, offering new opportunities in customer acquisition, especially through the different product ranges. In addition, access to new technologies as well as qualified personnel will be made possible. Vita 34 has built up outstanding expertise in planning the integration of the acquired companies in a targeted manner and implementing it quickly and successfully.

In the context of the increasing consolidation of the market for private stem cell banking, Vita 34 regularly reviews the potential to expand through opportunistic acquisitions and thus improve its geographic market position across Europe.

Vita 34 is also evaluating the opportunities and concrete possibilities to establish itself in the business-to-government (B2G) sector. Biobanking has experienced an upswing worldwide in recent years. In some cases, government biobanks are facing the task of expanding their capacity due to the increasing demand for storage. There are also initial signs of efforts by some countries to delegate the rebuilding of public biobanks to private service providers who have the necessary expertise and experience in cell banking.

## OVERALL ASSESSMENT OF THE MANAGEMENT BOARD

As the leading cell bank in Europe and number 3 worldwide, Vita 34 considers itself well positioned with regard to opportunities and risks in order to secure the continued existence of the company in the long term and to take advantage of the opportunities that arise. The new size of the company and the expanded internationality as a result of the merger with PBKM also have a positive effect here. A risk management system classifies the probability of occurrence and impact, thus enabling continuous monitoring of risks. After reviewing the risk situation as of the balance sheet date December 31, 2021, there were no risks that jeopardize the continued existence of the company. The overall risk situation of Vita 34 has not changed fundamentally compared to the previous year, despite the ongoing COVID-19 pandemic, the macroeconomic consequences of the Ukraine war and the associated potential revenue and earnings effects, as well as possible challenges from the merger with PBKM. Nor are any risks discernible for the future that could jeopardize the company's continued existence.

## Forecast report

The assumptions underlying this forecast report are based on the internal budget planning of the Vita 34 Group as well as on the statements and publications of leading economic institutions. These essentially include the Federal Ministry for Economic Affairs and Energy (BMWi), the European Central Bank (ECB), the International Monetary Fund (IMF), as well as the business associations relevant for the company. In addition, general sentiment indicators and the currently perceivable purchasing behavior on the customer side are included in the analysis.

Since the beginning of 2022, there has been a noticeable slowdown in the core business, particularly in the DACH region and in Eastern Europe, after the growth momentum had already weakened towards the end of the previous year. According to internal analyses, this development, which is essentially related to the Omicron wave, intensified in the course of the first quarter with the start of the war in Ukraine. Both in Eastern Europe and in the DACH region, there has been a noticeable change in customer demand coming from general uncertainty caused by the war. Although the Management Board assumes that the impact of COVID-19 on business performance will initially weaken in the coming weeks, it is currently difficult to assess how long the war will continue to dampen customer sentiment and to what extent a continuation of the current situation may also have an increasingly negative impact on sentiment in other European countries. In addition, the macroeconomic environment is clouded by risks from a prolonged phase of inflation. Overall, this environment is assessed as fundamentally negative for the business performance expected in 2022.

Based on a current assessment against the backdrop of the tense economic environment, the Management Board accordingly expects consolidated sales of between EUR 68 and 75 million for the full year 2022. Despite initial cost-cutting measures already initiated – mainly in the areas of marketing, production, and from the post-merger integration process – the Management Board currently anticipates a significant decline in earnings. In this context, it should be emphasized that the ongoing initiatives in the cell and gene therapy area as well as in the CDMO area will have a significant negative impact on the expected financial results. Accordingly, earnings before interest, taxes, depreciation and amortization (EBITDA) are expected to be in the range of EUR –2 to 1 million.

The estimate is based on a constant exchange rate of the euro to the Polish zloty and other currencies (HUF, RON, TRY, GBP) compared to March 31, 2022. Effects from potential acquisitions considered in 2022, including resulting transaction costs, as well as other non-recurring effects are not included in the forecast. With regard to the effects of the harmonization of accounting in accordance with IFRS 15 described above in the subgroup PBKM segment and in section 3 of the notes to the consolidated financial statements, the Management Board assumes that, with appropriate adjustments to the terms and conditions of customer contracts, it will again be possible to recognize a larger volume of revenue from newly concluded contracts at the beginning of the contract from the second half of the year onwards. A corresponding volume of sales has been assumed for the forecast.

Also due to the difficult economic environment, the Management Board expects a moderate decline in sales and EBITDA for Vita 34 AG for the full year 2022.

The currently ten actively pursued R&D projects are to be driven forward intensively. The number of projects is expected to remain stable in 2022. Significant progress is expected within the projects. The new deposits expected for 2022 in relation to full-time equivalent employees are expected to grow slightly, not least due to the positive effects of the increasing integration of PBKM into the new overall Group. This key figure offers important insights with regard to productivity and compliance with quality standards, where further increases are planned in 2022. Also in terms of new customer contracts and the number of deposits, despite the clouding of the market environment and possible fluctuations during the year, further slight growth is planned for the full year in 2022, which is expected to be slightly below the forecast revenue development. Vita 34 continues to see excellent opportunities for increasing market acceptance of its own products and services. These are to be exploited through corresponding marketing and sales activities, which are also to be continued in 2022 at least at a comparable level to 2021.

### FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements. They are based on the current information available to Vita 34 at the time the Annual Report was prepared. However, such forward-looking statements are subject to risks and uncertainties. If the underlying assumptions do not materialize or further opportunities/risks arise, the actual results may differ from the estimates made. Vita 34 can therefore not assume any liability for these statements.



**DEPENDENCY REPORT**

In the fiscal year 2021, Vita 34 AG was a dependent company of AOC Health GmbH, Frankfurt am Main, Germany, within the meaning of § 312 AktG. Pursuant to § 312 AktG, Vita 34 AG has therefore prepared a report on relationships with affiliated companies. This report concludes with the following statement by the Management Board:

“We declare that, with respect to the legal transactions listed in the report on relations with affiliated companies, the company received appropriate consideration for each legal transaction in the fiscal year 2021, according to the circumstances known to us at the time the legal transactions were carried out or the measure was taken or omitted, and was not disadvantaged by the fact that the measure was taken or omitted.”

Leipzig, April 29, 2022

Management Board of Vita 34 AG



Jakub Baran  
Chief Executive  
Officer



Andreas Schafhirt  
Chief Financial  
Officer



Tomasz Baran  
Chief Commercial  
Officer

## Footnotes

- 1 <https://wmda.info/cord-blood/basics-cord-blood/#:~:text=More%20than%20806%2C000%20cord%20blood,Donors%20and%20Cord%20blood%20units>).
- 2 Mayani et al. Cord blood research, banking and transplantation: achievements, challenges and perspectives. Bone Marrow Transpl. 2019
- 3 [https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2021/KKB\\_85\\_2021-Q4\\_Welt\\_DE.pdf](https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2021/KKB_85_2021-Q4_Welt_DE.pdf)
- 4 <https://www.ifw-kiel.de/de/publikationen/medieninformationen/2021/winterprognose-ifw-kiel-aussichten-fuer-2022-deutlich-verschlechtert/>
- 5 <https://www.gfk.com/de/presse/europaeer-haben-2021-durchschnittlich-15055-euro-zur-verfuegung>
- 6 <https://celltrials.org/maps-cell-and-gene-therapy/percentage-of-births-banking-cord-blood/germany>



# CONSOLIDATED FINANCIAL STATEMENTS

<b>4</b>	<b>To our shareholders</b>
4	Letter from the Management Board
8	Supervisory Board Report
12	Vita 34 AG Shares
<b>16</b>	<b>Combined Management Report</b>
16	Preliminary note
16	Fundamentals of the Company and the Group
25	Business Report
32	Corporate Governance
32	Opportunity and risk report
37	Forecast report
39	Footnotes
<b>40</b>	<b>Consolidated Financial Statements</b>
42	Consolidated Statement of Income
43	Consolidated Statement of Comprehensive Income
44	Consolidated Balance Sheet
46	Consolidated Statement of Changes in Group Equity
48	Consolidated Cash Flow Statement
50	Notes to the Consolidated Financial Statements for the Fiscal Year 2021
<b>118</b>	<b>Further Information</b>
120	Responsibility Statement
121	Independent Auditor's Report
130	Financial Calendar 2022
131	Imprint

## Consolidated Statement of Income

EUR thousand	Note	2021	2020 *
Sales revenue	6.1	28,419	19,668
Cost of sales	6.2	-15,981	-8,413
<b>Gross profit on sales</b>		<b>12,438</b>	<b>11,256</b>
Other operating income	6.3	958	590
Marketing and selling costs	6.4	-5,616	-4,931
Administrative expenses	6.5	-7,546	-4,168
Other operating expenses	6.6	-3,304	-774
<b>Operating result (EBIT)</b>		<b>-3,071</b>	<b>1,973</b>
Financial income	6.7	195	72
Financial expenses	6.8	-547	-183
Share in the result of associated companies		-23	0
<b>Earnings before taxes</b>		<b>-3,447</b>	<b>1,862</b>
Income tax expense/income	7	-479	-423
<b>Result for the period after taxes</b>		<b>-3,926</b>	<b>1,439</b>
<b>Attributable to:</b>			
Owners of the parent company		-3,667	1,449
Non-controlling interests		-259	-10
<b>Earnings per share, undiluted/diluted (EUR)</b>			
Undiluted and diluted, relating to the result for the period attributable to the holders of ordinary shares of the parent company	8	-0.63	0.35

\* Prior-year figures adjusted. The adjustments are explained in Note 2.3.



## Consolidated Statement of Comprehensive Income

EUR thousand	Note	2021	2020 *
<b>Result for the period</b>		-3,926	1,439
<b>Other comprehensive income</b>			
Currency translation differences	18	-512	7
Net gain/loss on available-for-sale financial assets	18	0	0
Income tax effect	7	0	0
<b>Other comprehensive income to be reclassified to the statement of income in subsequent periods</b>		-512	7
Reassessment of a defined benefit plan		50	-30
Income tax effect	21	-15	9
<b>Other comprehensive income not to be reclassified to the statement of income in subsequent periods</b>	7	34	-21
<b>Total comprehensive income after taxes:</b>		<b>-4,404</b>	<b>1,425</b>
Attributable to:			
Owners of the parent company		-4,195	1,435
Non-controlling interests		-209	-10

\* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

## Consolidated Balance Sheet

### Assets

EUR thousand	Note	December 31, 2021	December 31, 2020 *	January 1, 2020 *
<b>Non-current assets</b>				
Goodwill	10	53,653	18,323	18,323
Intangible assets	9	22,828	14,230	16,160
Property, plant and equipment	11	21,861	7,444	7,285
Right-of-use assets	12	10,012	1,467	1,905
Shares in associated companies	4	422	0	0
Other financial assets	16	1,005	339	339
Other non-financial assets	16	1,559	980	967
Deferred tax assets	7	9,144	0	0
Contract assets	14	1,089	614	179
Trade receivables	15	575	635	632
Restricted cash	17	119	119	540
		<b>122,267</b>	<b>44,152</b>	<b>46,330</b>
<b>Current assets</b>				
Inventories	13	3,299	372	294
Trade receivables	15	12,113	2,329	2,664
Income tax receivables	7	1,044	758	84
Contract assets	14	2,811	95	27
Other financial receivables and assets	16	2,076	119	109
Other non-financial receivables and assets	16	1,038	453	450
Cash and cash equivalents	17	33,298	10,396	9,102
		<b>55,678</b>	<b>14,521</b>	<b>12,730</b>
<b>Total Assets</b>		<b>177,946</b>	<b>58,673</b>	<b>59,060</b>

\* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

## Equity &amp; Liabilities

EUR thousand	Note	December 31, 2021	December 31, 2020*	January 1, 2020*
<b>Equity</b>				
Subscribed capital	18	16,036	4,146	4,146
Capital reserves	18	36,960	24,012	24,012
Retained earnings	18	-5,120	-1,452	-2,901
Other reserves	18	-1,989	-196	-182
Treasury shares	18	-2,813	-261	-261
Non-controlling interests	18	-1,133	-18	-8
		<b>41,942</b>	<b>26,231</b>	<b>24,807</b>
<b>Non-current liabilities</b>				
Interest-bearing loans	19	11,017	2,292	3,799
Leasing liabilities	12	8,777	962	1,356
Deferred grants	22	835	755	797
Repayment obligations	23	0	0	0
Contract liabilities	24	41,696	16,468	15,810
Provisions	20	286	14	14
Pension provisions	21	36	86	56
Deferred income taxes	7	5,714	3,750	3,822
Other financial liabilities	25	3,375	0	0
Other non-financial liabilities	25	892	0	0
		<b>72,629</b>	<b>24,327</b>	<b>25,655</b>
<b>Current liabilities</b>				
Trade payables	25	8,250	1,318	1,266
Provisions	20	10	59	104
Income tax payables	7	404	432	703
Interest-bearing loans	19	10,445	1,534	1,584
Lease liabilities	12	2,202	515	546
Deferred grants	22	361	42	45
Repayment obligations	23	21,837	0	0
Contract liabilities	24	14,786	3,102	3,053
Other financial liabilities	25	1,606	142	76
Other non-financial liabilities	25	3,475	972	1,223
		<b>63,375</b>	<b>8,115</b>	<b>8,599</b>
<b>Total Equity &amp; Liabilities</b>		<b>177,946</b>	<b>58,673</b>	<b>59,060</b>

\* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

## Consolidated Statement of Changes in Group Equity

EUR thousand	Equity attributable to the owners of the parent company			
	Subscribed capital	Capital reserves	Retained earnings*	Reserves for available-for-sale financial assets
<b>Balance as of January 1, 2020</b>	<b>4,146</b>	<b>24,012</b>	<b>341</b>	<b>-23</b>
Retrospective adjustment	0	0	-3,242	0
<b>Balance as of January 1, 2020 (adjusted)</b>	<b>4,146</b>	<b>24,012</b>	<b>-2,901</b>	<b>-24</b>
Result for the period (adjusted)	0	0	1,449	0
Other comprehensive income (adjusted)	0	0	0	0
<b>Total comprehensive income (adjusted)</b>	<b>0</b>	<b>0</b>	<b>1,449</b>	<b>0</b>
Purchase of treasury shares	0	0	0	0
Dividend payment	0	0	0	0
Other changes	0	0	0	0
<b>Balance as of December 31, 2020 (adjusted)</b>	<b>4,146</b>	<b>24,012</b>	<b>-1,452</b>	<b>-24</b>
<b>Balance as of January 1, 2021 (adjusted)</b>	<b>4,146</b>	<b>24,012</b>	<b>-1,452</b>	<b>-24</b>
Result for the period	0	0	-3,667	0
Other comprehensive income	0	0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-3,667</b>	<b>0</b>
Capital increase in kind	11,891	16,702	0	0
Squeeze-out	0	-3,754	0	0
<b>Balance as of December 31, 2021</b>	<b>16,036</b>	<b>36,960</b>	<b>-5,120</b>	<b>-24</b>

\* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

Equity attributable to the owners of the parent company						
	Revaluation reserves	Currency translation differences*	Total equity	Treasury shares at acquisition costs	Non-controlling interests*	Total equity*
	-160	2	28,317	-261	-8	28,048
	0	0	-3,242	0	0	-3,242
	-160	2	25,075	-261	-8	24,807
	0	0	1,449	0	-10	1,439
	-21	7	-14	0	0	-14
	-21	7	1,435	0	-10	1,425
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	-181	9	26,510	-261	-18	26,231
	-181	9	26,510	-261	-18	26,231
	0	0	-3,667	0	-259	-3,926
	34	-562	-527	0	50	-478
	34	-562	-4,195	0	-209	-4,404
	0	-1,266	27,327	-2,553	-324	24,450
	0	0	-3,754	0	-582	-4,337
	-147	-1,819	45,888	-2,814	-1,133	41,942



## Consolidated Cash Flow Statement

EUR thousand	Note	2021	2020 *
<b>Cash flow from operating activities</b>			
Earnings for the period before taxes		-3,447	1,862
Adjusted for:			
Depreciation and amortization	9, 11, 12	3,885	2,964
Gains/losses on disposal of non-current assets		35	4
Other non-cash expenses/income		-135	0
Financial income	6	-195	-72
Financial expenses	6	547	182
Changes in working capital:			
+/- Inventories		319	-78
+/- Receivables and other assets		1,122	227
+/- Contract assets		-527	-503
+/- Liabilities		97	-134
+/- Contract liabilities		2,366	705
+/- Provisions		-49	-46
Interest paid		-103	-149
Income taxes paid		-1,190	-1,432
<b>Cash flow from operating activities</b>		<b>2,727</b>	<b>3,531</b>
<b>Cash flow from investing activities</b>			
Purchase of intangible assets	9	-84	-39
Purchase of property, plant, and equipment	11	-2,176	-606
Purchase of companies, net of assumed cash	3	27,003	0
Proceeds from the sale of financial investments		219	370
Interest received		-92	22
<b>Cash flow from investing activities</b>		<b>24,871</b>	<b>-252</b>

\* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

EUR thousand	Note	2021	2020 *
<b>Cash flow from financing activities</b>			
Payments for equity injections	16	-1,396	0
Transaction with non-controlling interests	3	-4,337	0
Proceeds from taking out financial loans	19	4,227	0
Payments for the repayment of financial loans	19	-2,290	-1,597
Payments for leases	12	-900	-555
Proceeds from grants received	22	0	166
Receipts/payments from extraordinary items	7	0	0
<b>Cash flow from financing activities</b>		<b>-4,696</b>	<b>-1,986</b>
Net change in cash and cash equivalents		22,902	1,294
Cash and cash equivalents at the beginning of the reporting period	17	10,396	9,102
Exchange rate-related change in cash and cash equivalents		0	1
<b>Cash and cash equivalents at the end of the reporting period (liquid funds)</b>	<b>17</b>	<b>33,298</b>	<b>10,396</b>

\* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

# Notes to the Consolidated Financial Statements for the Fiscal Year 2021

## 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 with the Register Court of the District 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 the “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 § 161 of the German Stock Corporation Act was issued on March 29, 2022 and made available to shareholders on the website [www.vita34group.de](http://www.vita34group.de).

The consolidated financial statements of Vita 34 AG for the fiscal year ending December 31, 2021, were released for publication by the Management Board on April 29, 2022. The approval by the Supervisory Board took place on April 29, 2022. Vita 34 AG is a stock corporation incorporated in Germany, with limited liability and registered office in Germany, whose shares are admitted to public trading.

## 2. ACCOUNTING AND VALUATION PRINCIPLES

### 2.1 BASIS OF THE 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) valid on the reporting date, as applicable in the EU, and the supplementary provisions of commercial law to be observed pursuant to § 315e (1) HGB. All IFRS mandatory for the fiscal year 2021 and the pronouncements of the International Financial Reporting Interpretations Committee (IFRIC) have been applied insofar as they have been recognized by the European Union. In addition, all legal disclosure and explanation requirements of the German Commercial Code (HGB) that go beyond the IASB regulations, in particular for the preparation of a Group management report that is combined with the management report of the individual financial statements, have been fulfilled.

The consolidated financial statements of Vita 34 AG are generally prepared on the basis of amortized cost in euros. This does not apply to financial assets measured at fair value. Unless otherwise indicated, all values are rounded to the nearest thousand euros (EUR thousand).

The consolidated financial statements have also been prepared on a going concern basis, which assumes that the Group is able to meet its liabilities, including the mandatory repayment terms of the credit facilities. Potential sustainability risks, in particular those relating to climate change, are analyzed by the Management Board on an ongoing basis and taken into account in the valuation of assets and liabilities and in the disclosures on significant judgments and estimation uncertainties in the financial statements. The Management Board has not identified any significant risks for its business model in this context. Therefore, Vita 34 does not currently expect any material effects of sustainability risks on the financial statements.

The business combination with Polski Bank Komórek Macierzystych S.A., Warsaw, Poland (“PBKM”), was used as an opportunity to harmonize the accounting and valuation principles between the two subgroups. This had a significant impact on the amount and timing of revenue recognition in the subgroup PBKM. Due to the empirically extremely rare terminations, PBKM had generally accounted for contracts assuming an 18-year term (until the child reaches the age of majority) in interpretation of IFRS 15 in accordance with the so-called economic principle. In these consolidated financial statements, the current prevailing opinion and business practice in Germany is that IFRS 15 is strictly based on the so-called legal principle. In the context of the business combination, this led to an adjustment of revenue recognition in the subgroup PBKM for both the past and the current business.

## 2.2 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Vita 34 AG, its subsidiaries and associated companies as of December 31 of each fiscal year. The financial statements of the subsidiaries and associated companies are prepared as of the same reporting date as the financial statements of the parent company, using uniform accounting policies.

Due to the business combination with PBKM, the group of consolidated companies has increased significantly. In addition to the parent company Vita 34 AG, PBKM and the other subsidiaries and associated companies listed in section 4 are included in the consolidated financial statements. The newly consolidated subsidiaries and associated companies with the respective capital shares are also listed in section 4.

### Subsidiaries

The financial statements of the subsidiaries of Vita 34 AG are prepared using uniform accounting policies as of the same balance sheet date as the financial statements of the parent company.

The direct and indirect capital shares of Vita 34 AG in the subsidiaries also correspond to the share of voting rights, unless otherwise stated. The contributions of the non-consolidated companies to the Group's consolidated revenue, consolidated earnings and balance sheet total were not considered material. These companies were therefore not included in the consolidated financial statements.

The consolidated financial statements include the subsidiaries over which the company exercises control. In particular, the Group controls an investee when it has all of the following characteristics:

- control over the investee (i.e., the Group has the power to direct those activities of the investee that have a significant effect on its returns),
- a risk exposure to or rights to fluctuating returns from its investment in the investee; and
- the ability to use its executive power over the investee in such a way that it affects the returns of the investee.

Where the Group does not have a majority of the voting rights or rights equivalent to voting rights of an investee, it considers all relevant facts and circumstances when assessing whether it has control of the investee. These include:

- a contractual agreement with the other voters,
- rights resulting from other contractual agreements,
- voting rights and potential voting rights of the Group.

If facts and circumstances indicate that one or more of the three elements of control have changed, the Group must reassess whether it controls an investee.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

### Associated companies

An associated company is an entity over which the Group has significant influence and which is not a subsidiary. Significant influence is the power to participate in the financial and operating policy decisions of the entity in which the investment is held. This does not constitute control or joint control over the decision-making processes.

The results, assets and liabilities of associated companies are to be included using the equity method.

Under the equity method, investments in associated companies are included in the consolidated balance sheet at cost, adjusted for changes in the Group's share of profit or loss and other comprehensive income of the associated company after the date of acquisition.

An investment in an associated company is accounted for from the date on which the criteria for an associated company are met. Any excess of the cost of the investment over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognized as goodwill. Under the equity method, goodwill is included in the carrying amount of the investment and is not tested separately for impairment.

The application of the equity method is discontinued from the date on which its investment ceases to be an associated company.

### 2.3 ADJUSTMENT OF ACCOUNTING METHODS AND ERROR CORRECTIONS

The accounting and valuation methods applied are the same as those used in the previous year, with the following exceptions.

#### Error corrections

In the fiscal year 2021, two error corrections were made in the accounting and valuation methods.

In the course of a review of the error adjustments, the German Financial Reporting Enforcement Panel (FREP) has drawn the attention of Vita 34 AG to the fact that additional retrospective adjustments are necessary that go beyond the error correction already implemented in 2020.

For the purpose of recognizing revenue from multi-component business, the package prices to be prepaid by the customers are to be allocated to the two service obligations "production of a cell deposit" and "storage of the cell deposit". Vita 34 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. To include in the estimated costs for the "storage of the cell deposit" according to the FREP determination further attributable costs as well as to consider expected cost increases during the storage period. 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. The corresponding risk was already referred to in the previous year's report. In addition, despite considerable estimation uncertainties and a lack of practicability, the adjustment was only not recognized for the fiscal year 2019 in application of a facilitation rule. The adjustment to revenue recognition that is now necessary has impacted contract liabilities and deferred taxes.

Within the scope of the necessary error correction, Vita 34 has retroactively adjusted the sales revenues for the fiscal years 2006 to 2020. Corrections of the fiscal years prior to 2006 were omitted, as the effects from this are classified as immaterial.

In the course of determining the costs attributable to the storage of the cell deposit, it was determined that costs for insurance benefits for multi-year contract terms in the years 2013 to 2019 were inadvertently expensed in the year in which the invoice was issued. The accounting for this matter has therefore been adjusted for the fiscal years 2013 to 2019 by accruing the advance payments on the assets side of the balance sheet as of December 31, 2019 under "Other non-financial assets" (non-current) in the amount of EUR 295 thousand and reversing the item on a straight-line basis at EUR 7 thousand p.a. over the contract term.

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



## Consolidated income statement

EUR thousand	2020		
	Before adjustment	Adjustment	After adjustment
Revenues	20,069	-401	19,668
Cost of sales	-8,407	-5	-8,412
<b>Gross profit</b>	<b>11,663</b>	<b>-408</b>	<b>11,255</b>
<b>Operating result (EBIT)</b>	<b>2,380</b>	<b>-408</b>	<b>1,972</b>
<b>Earnings before taxes</b>	<b>2,270</b>	<b>-408</b>	<b>1,862</b>
Income tax expense	-769	346	-423
<b>Result for the period</b>	<b>1,501</b>	<b>-62</b>	<b>1,439</b>
<b>Attribution of the result for the period to the</b>			
owners of the parent company	1,511	-62	1,449
minority interests	-10	0	-10
<b>Earnings per share, undiluted/diluted (EUR)</b>	<b>0.37</b>	<b>-0.02</b>	<b>0.35</b>

## Consolidated statement of comprehensive income

EUR thousand	2020		
	Before adjustment	Adjustment	After adjustment
<b>Result for the period</b>	<b>1,501</b>	<b>-62</b>	<b>1,439</b>
<b>Total comprehensive income after taxes</b>	<b>1,487</b>	<b>-62</b>	<b>1,425</b>
Allocation of the total comprehensive income to the			
owners of the parent company	1,497	-62	1,435
minority interests	-10	0	-10

## Consolidated balance sheet

EUR thousand	December 31, 2020			January 1, 2020		
	Before adjustment	Adjustment	After adjustment	Before adjustment	Adjustment	After adjustment
Other non-financial assets	692	288	980	672	295	967
Contract assets	0	709	709	0	206	206
Trade receivables	3,752	-788	2,964	3,511	-215	3,296
<b>Total assets</b>	<b>4,444</b>	<b>209</b>	<b>4,653</b>	<b>4,183</b>	<b>285</b>	<b>4,468</b>
Equity	29,536	-3,305	26,231	28,048	-3,242	24,806
Contract liabilities	15,122	4,448	19,570	14,747	4,116	18,863
Deferred income taxes	4,684	-934	3,750	4,410	-588	3,822
<b>Total equity and liabilities</b>	<b>4,444</b>	<b>209</b>	<b>4,653</b>	<b>4,183</b>	<b>285</b>	<b>4,468</b>

**Consolidated cash flow statement**

EUR thousand	2021		
	Before adjustment	Adjustment	After adjustment
Result for the period before taxes	2,270	-408	1,862
Contract assets	-573	70	-503
Receivables and other assets	221	6	227
Contract liabilities	373	332	705

In the annual financial statements as of December 31, 2020, financial and non-financial assets were reported together under "Other assets" (non-current) and "Other receivables and assets" (current). In addition, other financial and non-financial liabilities were reported together under non-current and current "Other liabilities". This does not comply with the requirements of IAS 1.54. The presentation was therefore adjusted in the reporting year.

In addition, current and non-current contract assets will be reported separately for the first time as of December 31, 2021. In previous years, these were reported under trade receivables.

The corrections made are reflected in the restated classification of the balance sheet as of December 31, 2021.

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. This was offset by a claim of the Group for partial reimbursement in 2021. The payment was reported in the cash flow statement of the previous year as an extraordinary item in the cash flow from financing activities. In the reporting year, the disclosure was adjusted so that this payment is included in the cash flow from operating activities in the line item "Income taxes paid".

**Changes in accounting estimates**

The consolidated financial statements are based on estimates and assumptions concerning the future. Based on historical experience and reasonable expectations of future events, the derived estimates and judgments are continually reviewed and adjusted, if necessary. Nevertheless, the estimates do not always correspond to the subsequent actual circumstances. Due to new findings with regard to the useful life of cryogenic tanks, the expected useful life was reduced from 40 to 25 years in the fiscal year.

Depreciation in the fourth quarter of 2021 was therefore EUR 47 thousand higher than the depreciation of cryogenic tanks in previous quarters.

Depreciation will increase by EUR 185 thousand in 2022 and by EUR 157 thousand in subsequent years on the existing stock of cryogenic tanks due to the shorter useful lives.

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING AND VALUATION METHODS**

Due to the merger with Polski Bank Komórek Macierzystych S.A., Warsaw, Poland ("PBKM"), the accounting and valuation principles were harmonized throughout the Group.

**Business combinations****Business combinations under common control**

For business combinations under common control, both the book value continuation method and the revaluation method can be applied. The Group decides on a case-by-case basis which method results in an accurate presentation in the consolidated financial statements. With regard to the book value continuation method, the Group also decides on a retrospective or prospective application on a case-by-case basis.

Previously, the Group applied the book value method prospectively for business combinations under common control.

The determination of whether an investor has common control over the entities involved in the business combination is based on an analysis of existing voting rights, other contractual rights and other circumstances. Under the book value accounting method, there is no revaluation of the assets and liabilities of the acquired company. Instead, the assets and liabilities of the acquired company are carried forward. The difference between the consideration paid and the book assets received is recognized in capital reserve.

The transaction costs incurred are reflected in expenses.

#### Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of a business acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition-date fair value of the assets given, and the non-controlling interest in the acquiree. The consideration transferred includes:

- the fair values of the assets transferred
- the fair value of an asset or liability arising from a contingent consideration arrangement
- the fair value of an existing equity interest in the subsidiary.

Incidental acquisition costs are expensed as incurred within administrative expenses.

Non-controlling interests are measured at the proportionate fair value of the assets acquired and liabilities assumed. After initial recognition, profits and losses are allocated without limitation in proportion to the interest held, which may also result in a negative balance for non-controlling interests.

When the Group acquires a business, it assesses the appropriate classification and designation of the financial assets acquired and liabilities assumed in accordance with the contractual terms, economic circumstances and conditions prevailing at the acquisition date.

Goodwill is initially measured at cost being 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 below fair value, the resulting gain is recognized in other operating income. Before recognizing a gain on an acquisition for less than fair value, a further assessment is made as to whether all assets acquired and all liabilities assumed have been correctly 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. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. This applies irrespective of whether other assets or liabilities of the acquired company are allocated to these cash-generating units.

For goodwill, the Group assesses at each reporting date whether there is any indication that goodwill may be impaired. Goodwill is tested for impairment at least once a year. A review is also performed if events or circumstances indicate that the value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill has been allocated. If the recoverable amount of the cash-generating unit is less than the carrying amount of this unit, an impairment loss is recognized. Impairment losses recognized for goodwill may not be reversed in subsequent reporting periods.

#### Translation of foreign currency items

The functional currency of the parent company and the reporting currency of these consolidated financial statements is the euro (EUR). The functional currency of foreign subsidiaries is the currency of the country in which the companies operate.

In preparing the financial statements of each Group company, transactions denominated in currencies other than the functional currency of the Group company (foreign currencies) are translated using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated using the closing rate. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the exchange rates at the date when the fair value was determined. Non-monetary items measured at cost are translated using the exchange rate at the date of initial recognition.

Translation differences arising from monetary items are recognized in profit or loss in the period in which they occur.

Translation differences from non-monetary items are treated differently. If gains or losses from a non-monetary item are recognized directly in other comprehensive income, the translation difference is also recognized directly in equity. If gains or losses from a non-monetary item are recognized in profit or loss, the translation difference is also recognized in profit or loss.

For the purpose of preparing consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into euros (EUR) using exchange rates prevailing at the reporting date. Income and expenses are translated at the average exchange rate for the period, unless the exchange rates for the period have fluctuated significantly. In this case, the exchange rates at the date of the transaction are used. Exchange differences arising from the translation of foreign operations into the Group currency are recognized in other comprehensive income and accumulated in the foreign currency translation reserve.

On disposal of a foreign operation, all accumulated translation differences attributable to the Group from that operation are reclassified to profit or loss. The following transactions are considered to be disposals of foreign operations:

- the disposal of the entire Group interest in a foreign operation,
- a partial disposal with loss of control over foreign subsidiaries or
- a partial disposal of an interest in a joint arrangement or associated company that includes a foreign operation.

When parts of a subsidiary that includes a foreign operation are disposed of without loss of control, the portion of the exchange differences attributable to the disposed interest is allocated to non-controlling interests from the date of disposal. In the case of a partial disposal of shares in associates or joint arrangements without a change in status, the corresponding share of the amount of the translation differences is reclassified to profit or loss.

#### Measurement of fair value

All assets and liabilities for which fair value is reported in the financial statements are categorized in the fair value hierarchy described below based on the lowest level input that is significant to the fair value measurement as a whole:

- a. Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- b. Level 2 – Measurement procedures for which the lowest level input that is significant to the fair value observation as a whole is directly or indirectly observable on the market
- c. Level 3 – Measurement procedures for which the lowest level input that is significant to the fair value observation as a whole is not observable in the market

For assets and liabilities recognized in the financial statements on a recurring basis, the Group determines whether reclassifications between levels in the hierarchy have occurred by reviewing the classification (based on the lowest level input that is significant to the fair value observation as a whole) at the end of each reporting period.

**Research and development costs**

Research costs are recognized as an expense in the period in which they are incurred. Development costs incurred as part of an individual project are capitalized if they meet the recognition criteria of IAS 38.

The consensus view is that companies conducting research on biosimilar drugs should not capitalize the expenses associated with this work until regulatory approval has been obtained or is imminent. In the case of development work related to the development of a new product or manufacturing process in the pharmaceutical industry, the granting of regulatory approval is appropriate evidence of the technical feasibility of completing the intangible asset and bringing it to market. As a result, only a small portion of the expenditure for the development of a new product or production process can be capitalized.

After initial recognition, development costs are carried at cost less accumulated amortization and accumulated impairment losses. Amortization commences on completion of the development phase and from the date on which the asset is available for use. It is recognized over the period in which future benefits are expected to be received and is included in cost of sales. An impairment test is performed annually during the development phase.

**Intangible assets**

Individually acquired intangible assets that are not acquired in a business combination are initially measured at cost. The cost of intangible assets acquired in a business combination is their fair value at the acquisition date. After initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets with finite useful lives are amortized over their useful economic lives and assessed 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 each fiscal year-end. If there has been a change in the expected useful life of the asset or in the expected pattern of consumption of the future economic benefits embodied in the asset, the asset is amortized over a different period or using a different amortization method. Such changes are treated as changes in an accounting estimate. Amortization of intangible assets with finite useful lives is recognized in the income statement in 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 as follows:

	Development costs	Patents and licenses	Acquired contracts	Customer relationships and brand names
Useful lives	Finite useful life, amortization over the expected product life cycle of 5 years	Finite useful life, amortization over the expected useful life of 2 to 15 years	Finite useful life, amortization is charged over the expected life of the contracts, up to which the majority of the expected cash inflows will be collected	Finite useful life, amortization is charged over the expected life of 3 to 20 years
Amortization method used	Amortization is calculated using the straight-line method over the expected useful life of the asset.			
Internally created or acquired	Internally created	Acquired	Acquired	Acquired



Gains or losses arising from the 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 are stated at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment acquired in a business combination is their fair value at the date of acquisition.

Property, plant and equipment under construction are measured at the amount of total cost directly attributable to their acquisition or construction, including finance costs, less any impairment losses. Assets under construction are not depreciated until their construction is complete and they are available for use.

Costs incurred after an item of property, plant and equipment is ready for use, such as costs for repairs, overhauls, maintenance or operating costs, are recognized in the income statement in the reporting period in which they are incurred. If it can be demonstrated that costs incurred after the initial recognition of an item of property, plant and equipment meet the criteria for capitalization, these costs increase the original value of the item of property, plant and equipment.

Depreciation begins when an asset is available for use. Scheduled straight-line depreciation is based on the estimated useful lives of the assets. Depreciation ceases when the asset is classified as held for sale or is derecognized from the balance sheet.

#### Useful life of the assets

	Useful life
Building	10 to 40 years
Laboratory equipment	5 to 20 years
Cryotanks	25 years (previously: 40 years)
Accessories cryotanks	40 years
Vehicles	2 to 7 years
Office and business equipment	3 to 20 years

The carrying amounts of property, plant and equipment are reviewed for impairment whenever there are indications that the carrying amount of an asset may exceed its recoverable amount.

The residual values of assets, useful lives and 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 reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. The recoverable amount of an asset is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. The recoverable amount must be 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 is 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 assessments of the time value of money and the risks specific to the asset. 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 reporting 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 any such indication 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 asset's 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 must 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, net of any residual value, 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 into the following measurement categories:

- (1) Financial assets at amortized cost (debt instruments)
- (2) Financial assets measured at fair value through other comprehensive income (debt instruments)
- (3) Financial assets measured at fair value through other comprehensive income (equity instruments)
- (4) Financial assets measured at fair value through profit or loss

The classification of financial assets at 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 initially, 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 directly attributable to the acquisition of the financial asset are also included. Transaction costs relating to financial assets at fair value through profit or loss are recognized in the income statement. The Group determines the classification of its financial assets at initial recognition and reviews this designation at the end of each reporting period, where permissible and appropriate.

Regular way purchases or sales of financial assets are recognized on the settlement date, i.e. the date on which an asset is delivered to or by the entity. Regular way purchases or sales are purchases or sales of financial assets that require delivery of 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 within the Group's business model for the collection of contractual cash flows and is
- The contractual terms of the financial asset give rise to cash flows at specified times 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 using a market interest rate with an equivalent maturity. Gains and losses on financial assets carried at amortized cost are recognized in the income statement.

Financial assets at amortized cost mainly comprise trade receivables, the unconsolidated subsidiaries listed in section 4 and loans whose cash flows from these loans consist solely of principal and interest payments.

(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 for both collection of contractual cash flows and sale of financial assets as part of the Group's business model and
- The contractual terms of the financial asset give rise to cash flows at specified times 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 gains, interest from the application of the effective interest method, or gains and losses from foreign currency translation. If the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss.

Financial assets from debt instruments measured at fair value through other comprehensive income include securities investments, which are reported under non-current assets.

(3) Financial assets measured at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Group may elect to irrevocably classify its investments as equity 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. 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.

The financial assets from equity instruments measured at fair value through other comprehensive income include shares in the other investments listed in section 4, to the extent that this classification has been chosen.

(4) Financial assets measured at fair value through profit or loss

Financial assets in this category include financial assets held for trading, financial assets measured at fair value through profit or loss upon initial recognition, or financial assets that are required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated 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 as held for trading and measured at fair value through profit or loss, irrespective of the business model.

Financial assets in this category are recognized in the balance sheet at fair value, with net changes in fair value recognized in the income statement.

Financial assets measured at fair value through profit or loss include loans whose cash flows do not consist solely of principal and interest payments because the frequency of interest rate changes does not correspond to the interest calculation formula.

Derecognition of financial assets

A financial asset is derecognized when the rights to cash flows from the financial asset expire 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 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 three stages. For credit risks that have not increased significantly since initial recognition, ECLs are recognized 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 recognized over the remaining term of the exposure, irrespective of the time of default (lifetime ECL). In addition, specific information available in individual cases is taken into account when measuring credit risks.

For trade receivables without a financing component, the Group applies a simplified approach to calculate ECLs. Therefore, the Group does not track changes in credit risk but establishes an allowance at each balance sheet date based on lifetime ECLs. The Group has established an allowance matrix based on its historical credit risk experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments measured at fair value through other comprehensive income, the Group assesses at each reporting date whether the debt instrument is of low credit risk taking into account all reasonable and supportable information that is available without undue effort or cost. In making this assessment, the Group re-evaluates the internal credit quality of the debt instrument. In addition, the Group considers that the credit risk has increased significantly when 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, net of directly attributable transaction costs.

The valuation of put options of minority shareholders that are not traded on an active market is based on best estimates using probability forecasts and recognized financial mathematical methods. The initial recognition of put options of minority shareholders was against non-controlling interests. The Group's financial liabilities comprise trade and other payables, put options as well as loans and borrowings.

#### Subsequent measurement of financial liabilities

The measurement of financial liabilities depends on their classification as described below:

- Financial liabilities measured at amortized cost

After initial recognition, these liabilities 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 through the amortization process of the effective interest method.

Amortized cost is calculated taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the effective interest rate. The amortization of the effective interest method is recognized as financing costs in the income statement.

This category applies to interest-bearing loans, trade payables and other financial liabilities. Further disclosures are made in the section 25.

- 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.

All gains or losses resulting from the measurement of these financial liabilities are recognized in profit or loss, unless they are part of a designated hedging relationship.

The Group's financial liabilities comprise variable purchase price components from business combinations.

The subsequent measurement of put options held by minority shareholders is recognized in the income statement.

#### 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 cost 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 of cost and net realizable value. The cost of inventories is based on the first-in-first-out allocation method.

Net realizable value is the selling price at the balance sheet date less value added tax and excise duties, discounts, rebates and other similar items, and the costs necessary to make the sale.

In addition to production material and production wages, the production cost of work in progress also includes appropriate portions of the overheads of the production area as well as depreciation insofar as they are attributable to the production area. Administrative and selling expenses as well as interest have not been 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. Cash and cash equivalents that are not freely available are reported separately.

For the purpose of the cash flow statement, cash and cash equivalents comprise 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 to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to the creation of the provision is recognized in the income statement net of any 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 and market expectations of the time value of money. In the case of discounting, 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 are associated with considerable uncertainties. Accordingly, the assessment of whether it is probable that a present obligation from a past event exists at the reporting date, whether a future outflow of resources is probable and whether the amount of the obligation can be reliably estimated is based on considerable judgment. The assessment is usually made with the assistance of external lawyers. It may be necessary to establish a provision for ongoing proceedings due to new developments or to adjust the amount of an existing provision. In addition, the outcome of a case may result in expenses for Vita 34 that exceed the provision recognized for the matter.



**Pensions**

As part of a business combination in 2012, the company assumed a pension agreement and the reinsurance policies concluded in this connection. The company paid contributions to an insurance company for this pension obligation. The amount of the pension obligation is determined using the projected unit credit actuarial method. The company recognizes the full amount of actuarial gains and losses in other comprehensive income in the reporting period in which they occur. The actuarial gains and losses are recognized immediately in retained earnings and are not reclassified to profit or loss in subsequent years.

The amount recognized as a defined benefit liability includes the present value of the defined benefit obligation (using a discount rate based on senior fixed rate corporate bonds; see Note 19) and the fair value of plan assets available for immediate settlement of obligations. Plan assets include qualifying insurance policies. Plan assets are protected from access by creditors of the Group and cannot be paid directly to the Group. The fair value is based on market price information. The value of a recognized defined benefit plan asset is generally 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 comprise a qualifying insurance contract that precisely covers all promised benefits in terms of their amount and maturity, the recognition of the plan assets is limited to the present value of the obligations covered.

**Leases**

The Group assesses at the inception of an arrangement whether the arrangement contains a lease, i.e. a right to use an identified asset for a specified period of time in return for payment. For all leases, the Group recognizes assets for the right to use the leased assets and liabilities for the payment obligations under the leases. Exceptions to this are short-term leases and leases of low-value assets, for which the payments are recognized as an expense in the income statement on a straight-line basis in accordance with the application relief of IFRS 16.

**Right-of-use assets**

The Group recognizes rights of use arising from leases from the date on which the asset is available for use. Rights of use are measured at amortized cost less accumulated depreciation and impairment losses.

Changes arising from the remeasurement of lease liabilities are included in the carrying amount of the right-of-use asset. The cost includes the value of the recognized lease liability plus lease payments made prior to origination, initial direct costs, and asset retirement obligations, less lease incentives received. Subsequent to initial recognition, the Group measures a right-of-use asset in a similar way to other non-current non-financial assets, i.e. it recognizes the amortization of the right-of-use asset and any impairment losses. Right-of-use assets are amortized on a straight-line basis over the lease term.

**Useful life of the rights of use**

	Useful life
Buildings, premises and engineering structures	10 to 20 years
Vehicles	2 to 5 years

#### Lease liabilities

The Group recognizes lease liabilities from the date on which the relevant asset is available for use. The lease liability is measured at the present value of the lease payments to be made over the lease term.

Lease payments include:

- Fixed payments less lease incentives to be paid by the lessor,
- Variable payments,
- Expected payments from residual value guarantees,
- The exercise price of a call option (if exercise was deemed to be reasonably certain) and
- Contractual penalties in the event of termination of a lease.

Lease payments are discounted – to the extent determinable – at the interest rate implicit in the lease. Otherwise, the lease payments are discounted at the lessee's incremental borrowing rate.

The lessee's marginal borrowing rate is the sum of the risk-free interest rate and the Group companies' credit risk premium, quantified on the basis of the range of margins available to the Group companies for investment credit facilities that are adequately secured by the companies' assets.

To the extent that leases contain renewal or termination options, changes in the term resulting from 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., in the amount of the lease payments or the term of the lease).

#### Derivatives and hedging transactions

The Group holds derivative financial instruments to hedge interest rate risks. Derivatives are initially measured at fair value. Subsequently, derivatives are measured at fair value. Any resulting changes are generally recognized in profit or loss.

#### **Revenue from contracts with customers**

The Group generates revenue from the rendering of services as well as the sale of goods and materials. The Group recognizes revenue when it fulfils a performance obligation by transferring a promised good or service to a customer.

Invoices to customers are issued in accordance with the terms of the contract and typically provide for payment within 30 days of issuance. The fee payable by the customer does not include any variable compensation components.

#### Multi-component business

The manufacture and storage of cell deposits represent the main part of the services provided by the Group. Both the production and storage of cell deposits are separate performance obligations of a multi-component business. Revenue from the manufacture of cell deposits is recognized when the process of cell collection, preparation and storage is complete. Revenue from the storage of cell deposits is recognized over the contractually agreed storage period. Here, the input-based method is chosen to measure the progress of the service, since it is not possible to measure the flow of benefits to the customer (output-based method) in isolation for the service obligation "storage of a cell deposit". Price discounts granted at the level of individual contracts are allocated to the service obligation "production of cell deposits".

As a rule, the Group collects part of the fee immediately after completion of the processing. The provision of the storage service can be paid annually in advance or in arrears, or as an advance payment over several years. The contracts also differ within the Group with regard to the minimum contract periods. Due to the long storage periods, the Group has taken out insurance that guarantees the storage of the cell deposits for the contractually agreed period.

The Group first determines the period for which it has a contractual unconditional right to receive consideration. This is usually the contractually determined non-cancelable minimum term. Some prepayment contract models do not have a non-cancelable minimum term, however, a refund of prepaid amounts is excluded in case of early termination. In this respect, the Group considers that this condition acts as a penalty and therefore determines the contract term based on the period for which a prepayment has been made.

In some jurisdictions, consumer protection laws provide for low-threshold termination options with refund entitlement for prepayment contract models, so that the period for which the Group has an unconditional right to receive consideration is correspondingly shorter.

The package prices to be paid by the customers for the specific period are allocated to the two performance obligations “production of a cell deposit” and “storage of a cell deposit”. As individual sales prices for the performance obligations do not exist due to legal and factual hurdles, the Group performs the allocation according to the “expected cost plus a margin” approach, whereby the same relative margin is taken into account for both performance obligations in relation to the respective manufacturing costs. If the revenue attributable to the performance obligations exceeds the advance payments made for them, this amount is recognized under contract assets in the balance sheet. If the advance payment made is higher than the revenue attributable to the performance obligations, this amount is recognized under contract liabilities. If, in the case of prepayments for several years, a legally permissible right of termination during the contractual minimum term or a right of the customer to switch to another contract model with (partial) reimbursement of the prepayment made is possible, a portion of the prepayment is recognized in the contract liabilities item as a repayment obligation. Contract assets and liabilities are rolled forward in line with the progress of the performance obligation “storage of a cell deposit”.

#### Presence of a financing component

In case of prepayment for several years, the Group receives prepayments for cell deposit storage from the customer. In view of the nature of the service provided, the payment terms offered by the Group are determined for reasons other than the provision of financing to the customer. Therefore, the Group considers that these advance payments do not include a financing component.

For the service obligation “storage of a cell deposit”, the Group also offers annual payment contracts with a minimum contract term of several years without a statutory right of termination. The transaction price for this contract is determined taking into account all payments to be made by the customer during the contract period. In these cases, the payment received from the customer at the beginning of the contract is below the production cost of the service obligation “storage of a cell deposit”. For this reason, the Group concludes that there is a financing component for these contracts. Therefore, for payments due in more than one year, an adjustment is made for the time value of money. After expiration of the contract term, the annual payments on the service component “storage of a cell deposit” are no longer recognized and are fully recognized in revenue.

#### Other revenues

Other revenues include revenues from project business as well as from the sale of goods and materials. The decisive factor for the recognition of these revenues is the date on which the service is rendered.

**Contract assets and liabilities**

Contract assets represent the Group's right to consideration for services transferred under a multiple-element arrangement to the extent that such consideration exceeds the payment made to date for such services.

Contract liabilities comprise advance payments made by customers for storage services for the periods specified in the individual contracts, which are recognized as revenue on a pro rata basis over the period to which they relate. Furthermore, obligations to fulfill concluded storage contracts are recognized under contract liabilities. These are obligations assumed as part of business combinations for the storage of cell deposits over a contract-specific storage period.

**Repayment obligations**

The repayment obligations comprise advance payments made by customers for storage services to which they are entitled in the event of a possible switch to a different contractual model or the exercise of a statutory right of termination before the end of the contractual minimum term.

**Government grants**

Government grants are recognized when there is reasonable assurance that the grants will be received and that the entity will comply with the conditions attaching to them. They are measured at fair value. In the case of expense-related grants, they are recognized as income over the period necessary to match them with the related costs for which 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 related asset.

**Taxes****Actual tax refund claims and tax liabilities**

Current income taxes are recognized in the balance sheet at the time they are incurred.

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 amount is determined taking into account the respective local tax laws and existing case law. 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.

Management regularly reviews the positions in the tax returns with respect to situations where the applicable tax law permits different interpretations and considers whether it is more likely than not that the taxing authority will accept an uncertain tax treatment. The Group assesses the impact of uncertainty arising from these treatments using the most likely amount or the expected value, whichever is more appropriate for predicting the resolution of the uncertainty.

**Deferred taxes**

Deferred taxes are recognized using the balance sheet liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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 profit 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 to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reviewed at each balance sheet date and 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, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The tax rates (and tax laws) used are those that have been enacted or substantively enacted by the balance sheet date.

Current and deferred taxes are recognized in profit or loss unless they relate to items recognized directly in equity or in other comprehensive income. In this case, the taxes are also recognized in other comprehensive income or directly in equity.

#### Value-added tax

Revenues, expenses and assets are recognized net of value-added taxes. The following exceptions apply:

- If the value-added tax incurred on the purchase of goods or services is not recoverable from the tax authorities, the value-added tax is recognized as part of the cost of the asset or as part of the expense.
- Receivables and liabilities are recognized together with the amount of value-added tax included.

The amount of value-added tax recoverable from, or payable to, the taxation authority is included in receivables or payables in the balance sheet.

#### **Borrowing costs**

Financing costs include interest on borrowings, exchange rate differences on borrowings and losses on derivatives (interest rate swaps), which are recognized in the income statement.

Borrowing costs associated with the acquisition or construction of an item of property, plant and equipment that qualifies (i.e., requires a substantial period of time to prepare for its intended use) are recognized in the value of the asset during the period of construction or adjustment.

Other borrowing costs are recognized in the income statement.

## **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.

#### **Classification of subsidiaries and scope of consolidation**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The determination of whether de facto control exists is generally at the discretion of the Management Board.



**Impairment test of goodwill**

Goodwill is not amortized but is subject to an impairment test. Goodwill is tested for impairment as of December 31 of each fiscal year in the fourth quarter of the fiscal year and, independently thereof, upon the occurrence of significant events or changes in circumstances that indicate a need for impairment.

Goodwill acquired in the course of business combinations has been allocated to the respective cash-generating units for impairment testing. In order to determine the need for impairment, the recoverable amount of a cash-generating unit is compared with its carrying amount.

The Group currently has 13 cash-generating units, which – due to the restrictions imposed by medical law on the provision of services in the area of cell deposit processing and storage – essentially correspond to the acquired companies or groups of companies.

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 covering a five-year period and approved by the Supervisory Board. The impact of the COVID-19 pandemic on the recoverable cash flows has been taken into account. The recoverable amount is highly dependent on the discount rate used in 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 10.

**Estimated useful lives**

Depreciation rates are determined on the basis of current knowledge of the expected useful lives of property, plant and equipment and intangible assets. The expected useful lives are reviewed regularly. For details of the depreciation periods, please refer to the explanatory notes in Note 2.4 “Intangible assets” and “Property, plant and equipment”.

**Current and deferred income taxes**

Current income taxes are recognized in the balance sheet at the time they are incurred. They are determined taking into account the respective local tax laws and existing case law. The complexity of these regulations and possible differences in their interpretation lead to uncertainties with regard to the tax treatment of individual business transactions.

Deferred tax assets have been recognized for tax loss carryforwards of Group companies at the balance sheet date to the extent that it is probable, based on the budgets, that the tax loss carryforwards will be utilized. Deferred tax assets for 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 event of a surplus of deferred tax assets, these have been capitalized if it is considered probable that taxable income will be available for this purpose.

**Revenue from contracts with customers**

In the context of revenue recognition, the package prices to be paid by the 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 determined directly, the Group estimates them using the expected-cost-plus-a-margin approach, taking into account the same relative margin for both performance obligations in relation to the respective manufacturing costs.

Determination of the period for which there is an unconditionally enforceable right to consideration

The Group offers contracts of varying variability in terms of contract duration. In some subsidiaries, it is common practice for customers to be able to switch between contracts with different contract durations and between upfront payments for several years and annual payments with the greatest possible flexibility. In addition, in some jurisdictions there are statutory termination rights that permit terminations even during the minimum contractual term. The contract term must therefore be derived individually for the various contract types, taking into account all possible factors, and estimates of the existence of substantial termination rights on the part of the customer are subject to discretion. The determination of the period for which an unconditionally enforceable claim to consideration exists has an impact on the total package price of the two performance obligations and on the allocation of revenues to the production of the cell deposit.

Breakdown of the transaction price for multi-component business

The expected price development for future storage costs is determined on a quarterly basis. The estimation of the expected price development for storage costs for contracts with a term of up to 50 years is subject to a corresponding uncertainty. The Group includes in the estimate all currently available information on cost increase rates and useful lives of assets.

**Leases**Determination of the term of a lease with an extension option

The Group determines the lease term to be the non-cancelable term of the lease and any periods covered by an option to renew the lease if exercise is reasonably certain.

The Group has several leases that contain renewal options. The Group makes an assessment as to whether it is reasonably certain that the option to renew the lease will be exercised.

Determination of the marginal borrowing rate

The Group is generally unable to determine the implicit interest rate of a lease. In these cases, the lease liability is measured using the incremental borrowing rate. This is the interest rate that the Group would have to pay under similar economic conditions for a loan – with a similar term and collateral – to acquire an asset with a similar value to the right-of-use asset.

The Group determines the incremental borrowing rate using observable data such as market interest rates, taking into account company-specific adjustments.

**2.6 NEW AND AMENDED STANDARDS AND INTERPRETATIONS**New requirements currently in force

Amendments to standards required to be applied by companies with fiscal years beginning on or after January 1, 2021 relate to the following

Standard/Interpretations		Endorsement	Application obligation
Amendments to IFRS 4	Insurance contracts – extension of the exemption from the application of IFRS 9	December 15, 2020	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Reform of the reference interest rates – phase 2	January 13, 2021	January 1, 2021
Amendments to IFRS 16	COVID-19-related tenant relief after June 30, 2021	August 30, 2021	April 1, 2021

These changes had no impact on the consolidated financial statements of Vita 34 AG.

**Standards and interpretations to be applied in the future**

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 fiscal year 2021 and have not yet been applied to these consolidated financial statements. These include:

Standard/Interpretations		Endorsement	Application obligation
Amendments to IAS 16	Property, plant and equipment: Revenue before intended use	June 28, 2021	January 1, 2021
Amendment to IFRS 3	Reference to framework concept	June 28, 2021	January 1, 2022
Amendment to IAS 37	Onerous contracts: Contract performance costs	June 28, 2021	January 1, 2022
Annual improvement of IFRS (2018–2020)	Improvements to IFRS 9, IFRS 16, IFRS 1, IAS 41	June 28, 2021	January 1, 2022
IFRS 17	Insurance contracts	November 19, 2021	January 1, 2023
Amendments to IAS 1	Classification of liabilities as current or non-current	pending	January 1, 2023
Amendments to IAS 1	Accounting and valuation methods	March 2, 2022	January 1, 2023
Amendments to IAS 8	Definition of estimation uncertainties	March 2, 2022	January 1, 2023
Amendments to IFRS 17	Insurance contracts: first-time adoption of IFRS 17 and IFRS 9 – comparative information (published on December 9, 2021)	pending	January 1, 2023
Amendments to IAS 12	Deferred tax relating to assets and liabilities from a single transaction	pending	January 1, 2023
Amendment to IFRS 10 and IAS 28	Sale of assets of an investor to or contribution to its associate or joint venture	pending	pending

According to current estimates, the standards and interpretations that have already been published but are not yet effective will not have any significant impact on the Group's financial reporting.

### 3. BUSINESS COMBINATIONS: POLSKI BANK KOMÓREK MACIERZYSTYCH S.A.

#### Business combination under common control

Prior to the business combination, AOC Health GmbH ("AOC Health") held 62.4% of the shares in Polski Bank Komórek Macierzystych S.A., Warsaw, Poland ("PBKM"). Thus, control over PBKM within the meaning of IFRS 10 existed.

On May 25, 2020, AOC Health also acquired for the first time various share packages in the company from the previous major shareholders of Vita 34 AG. After the execution of a corresponding mandatory offer, AOC Health directly held approx. 32.56% in Vita 34 AG and indirectly (via its subsidiary PBKM) another 3.87%. In total, AOC Health thus controlled 36.43% of the voting rights of the company. Taking into account 47,806 shares (corresponding to a share in the share capital of approx. 1.2%), which are held by Vita 34 AG itself and do not carry voting rights, the de facto voting rights share of AOC Health increased to approx. 36.86%.

In the four-member Supervisory Board of Vita 34 AG, AOC Health provides two Supervisory Board members, one of whom is the Chairman of the Supervisory Board. The number of members of the Management Board is determined by the Supervisory Board. The members of the Management Board are appointed and dismissed by the Supervisory Board.

At the discretion of Vita 34, control of Vita 34 by AOC Health within the meaning of IFRS 10 exists for the following reasons:

- the existing attendance majority at the Annual General Meetings 2020 and 2021, which is favored by a fragmented shareholder structure of Vita 34 AG with a large number of small shareholders and hardly any larger intentional investors and at which significant decisions initiated by AOC Health were made,
- the possibility to enforce decisions in the Supervisory Board of Vita 34 AG, which are made with a simple majority.

Already on May 31, 2021, Vita 34 AG had signed an agreement with PBKM, which determined the conditions of the intended merger of the two companies. In this agreement, it was agreed that Vita 34 AG would offer the shareholders of PBKM to exchange all shares of PBKM for shares of Vita 34 in the context of a contribution in kind.

Based on the resolution of the extraordinary shareholders' meeting of Vita 34 AG on July 13, 2021, the share capital of Vita 34 AG was increased from EUR 4,145,959 by EUR 11,890,500 to EUR 16,036,459 by issuing 11,890,500 new registered no-par value shares. The capital increase was notarized on November 8, 2021 and entered in the commercial register on November 9, 2021.

The new shares of Vita 34 AG with a nominal value of EUR 11,890,500 created in the course of the capital increase were then delivered to the PBKM shareholders participating in the share exchange on November 8, 2021 as consideration for the shares in PBKM held by the shareholders. The fair value of the shares amounted to EUR 173 million according to an independent valuation report. In return, Vita 34 received 9,146,539 shares or 97.94% of the share capital and voting rights in PBKM. The difference consolidated in the capital reserve amounts to EUR 16,702 thousand.

After all closing conditions under the voluntary public exchange offer of Vita 34 to the shareholders of Polski Bank Komórek Macierzystych S.A., Warsaw, Poland ("PBKM") have either been fulfilled or waived, the execution of the capital increase required for the closing of the exchange offer was filed for registration in the commercial register on November 8, 2021. The registration took place on November 9, 2021.

Within the scope of a squeeze-out, the acquisition of the remaining 188,354 shares in PBKM took place in November and December 2021 at a purchase price of EUR 4.3 million, after which Vita 34 AG is now 100% shareholder of PBKM.

As the majority shareholder of Vita 34 AG and PBKM, AOC Health GmbH exercises control over both companies, so that the business combination has taken place as a transaction under common control.

As the investment in PBKM was merely transferred from one part of the Group to another, there is no revaluation of the assets and liabilities of the acquired company. Rather, the assets and liabilities of the acquired company are carried forward. The difference between the consideration paid and the book assets received is recognized in additional capital reserve. The Group believes that the book value continuation method is appropriate to account for the business combination. The Group has opted for prospective accounting.

Based on the assessment of the overall circumstances, Vita 34 AG assumes that the business combination took place on November 8, 2021. The initial consolidation was therefore based on the consolidated balance sheet of PBKM and its subsidiaries and associated companies ("PBKM Group") as of November 8, 2021.

By resolution dated November 5, 2021, the Supervisory Board approved the amendment to Article 7 (1) Share capital of the Articles of Association.

The acquisition of the remaining 188,354 shares in PBKM as part of the squeeze-out was assessed as a transaction with non-controlling interests, so that the effects are reflected solely in equity.

The transaction costs (EUR 2,733 thousand) incurred are reflected in expenses.

Costs of equity procurement were deducted from equity. We refer to Note 18.

**Assets and liabilities at the acquisition date**

As of the acquisition date, the carrying amounts of the following assets and liabilities acquired by the PBKM Group are as follows:

EUR thousand	Carrying amount at the date of initial consolidation
	<b>November 8, 2021</b>
<b>Assets</b>	<b>128,880</b>
Non-current assets	79,417
Goodwill	35,760
Intangible assets	10,560
Property, plant and equipment	13,426
Shares in associated companies	442
Lease usage rights	8,923
Other receivables and assets	1,242
Deferred tax assets	9,065
Current assets	49,463
Inventories	3,246
Trade receivables	10,660
Income tax receivables	51
Contract assets	2,665
Other receivables and assets	5,838
Cash and cash equivalents	27,003
<b>Liabilities</b>	<b>100,621</b>
Non-current liabilities	51,060
Interest bearing loans	11,350
Lease liabilities	8,366
Deferred grants	148
Contract liabilities	24,132
Provisions	268
Deferred income taxes	2,608
Other liabilities	4,188
Current liabilities	49,560
Trade payables	6,167
Income tax liabilities	103
Interest bearing loans	4,326
Lease liabilities	1,527
Deferred grants	468
Repayment obligations	21,732
Contract liabilities	10,458
Other liabilities	4,780
<b>Total net assets at carrying amounts</b>	<b>28,259</b>

The net assets acquired amount to EUR 28,259 thousand. In addition, non-controlling interests in the amount of EUR –906 thousand and the currency reserve in the amount of EUR –1,266 thousand were taken over.

The carrying amounts of the acquired assets and liabilities are derived from the prepared subgroup financial statements of the PBKM Group as of November 8, 2021. In these interim financial statements, Vita AG's uniform Group accounting principles have already been taken into account. For the effects on revenue recognition in particular, please refer to the explanations in section 2.1.

The carrying amounts of goodwill result from the purchase price allocations performed at the time of the acquisition of subsidiaries by PBKM. Goodwill was tested for impairment. At the end of the fiscal year, there was no assessment that differed from the balance sheet date.

The uniformly applied accounting and valuation methods resulted in reduced sales revenue and earnings contributions due to the different service offerings and associated recognition under IFRS 15 as well as certain termination rights in the PBKM Group.

Contract liabilities mainly include the following:

- repayment claims by customers to which they are entitled in the event of a possible switch to another contract model or the exercise of a statutory right of termination before the end of the contractual minimum term;
- storage fees collected in advance for periods between one year and 50 years, which are recognized as revenue on a straight-line basis over the period of storage.

#### Subsidiaries of PBKM at the time of acquisition

At the time of acquisition, PBKM had 30 subsidiaries and 2 associated companies. For detailed information on the size of the shareholdings, please refer to Note 4.

For detailed information on subsidiaries with significant non-controlling interests, please refer to the following note 4.

#### Effects of the business combinations on the Group

Group revenue increased by EUR 7,462 thousand due to the acquisition of PBKM. The result for the period includes a negative result of this Group in the amount of EUR –2,519 thousand, which has been incurred since the acquisition date. If the business combination had taken place at the beginning of the year, the Group's revenue would have amounted to EUR 72,282 thousand and the result for the period would have been EUR –8,588 thousand.

Other operating expenses include costs of EUR 2,854 thousand incurred in connection with the business combination. By contrast, the costs of the capital increase required for the share swap amounting to EUR 1,396 thousand were deducted directly from equity.

## 4. INFORMATION ON THE SCOPE OF CONSOLIDATION

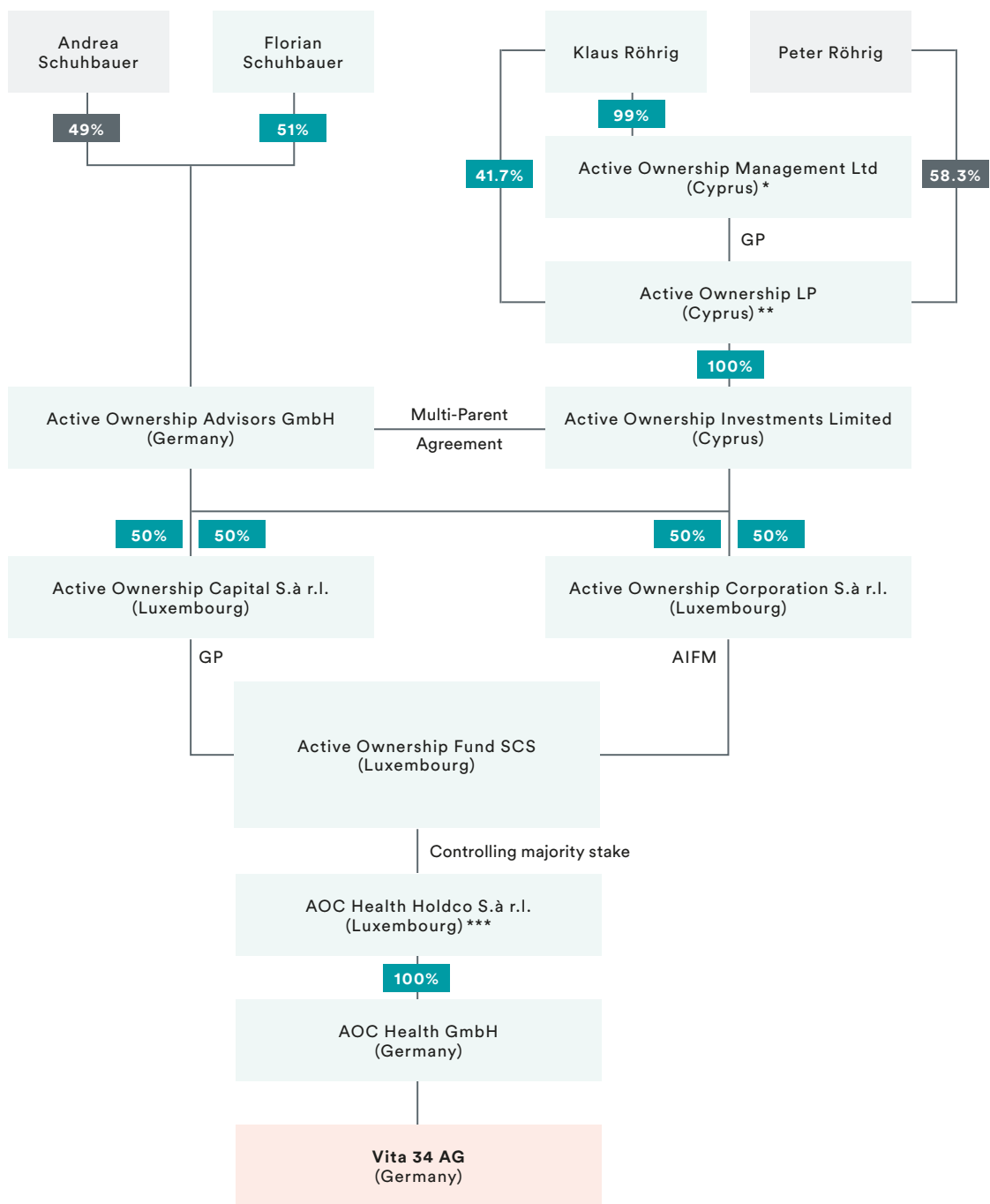
The immediate parent company of Vita 34 AG is AOC Health GmbH with registered office in Germany. The ultimate parent company of Vita 34 AG is Active Ownership Capital S.à.r.l., domiciled in Luxembourg. Via one and two corporate chains, respectively, Mr. Florian Schuhbauer and Mr. Klaus Röhrig represent the ultimate controlling party of Vita 34 AG.

The determination of whether an investor has de facto control over an investee is usually judgmental and involves assessing when an investor's involvement with an investee is sufficient to confer control and when the interests of the other shareholders are sufficiently dispersed.



For control to exist, an investor must ultimately have the ability to influence the investee so as to affect the level of returns of the relevant. For the reasons stated in section 3, control of Vita 34 by AOC Health is de facto present.

The following chart shows the control situation of AOC Health GmbH as of December 31, 2021:



\* formerly Tamliano Investments Ltd.  
\*\* formerly Tamliano Import & Advisory LP  
\*\*\* formerly AOC Health S.à r.l.

Vita 34 AG is neither included in consolidated financial statements nor included in consolidated financial statements that are not published.

**Subsidiaries**

The subsidiaries of the Group as of December 31, 2021 are listed below. Unless otherwise stated, the percentage of ownership corresponds to the voting rights held by the Group.

Name Subsidiaries	Registered office	Capital share in % 2021	Capital share in % 2020
Seracell Pharma Ltd.	Rostock, Germany	100	100
Novel Pharma S.L.	Madrid, Spain	100	100
Secuvita S.L.	Madrid, Spain	88	88
Vita 34 Society for Cell Transplants Ltd.	Vienna, Austria	100	100
Vita 34 ApS	Søborg, Denmark	100	100
Polksi Bank Komorek Macierzystych S.A.	Warsaw, Poland	100	
Cilmes Šūnu Banka, SIA*	Riga, Latvia	100	
KRIO Intezet Zrt.*	Budapest, Hungary	100	
Biogenis S.R.L.*	Bucharest, Romania	100	
Sevibe Cells S.L.*	Barcelona, Spain	63	
FamiCord Italia S.R.L.*	Milan, Italy	100	
Yaşam Bankası Sağlık Hizmetleri İç ve Dış Ticaret Anonim Şirketiv	Ankara, Turkey	100	
Diagnostyka Bank Komórek Macierzystych Sp. z o.o.*	Krakow, Poland	100	
Cryoprofil S.A.*	Warsaw, Poland	100	
Stemlab Diagnostic S.R.L.*	Galati, Romania	99	
Instytut Terapii Komórkowych S.A.***	Olsztyn, Poland	50	
Krionet Kft.*	Budapest, Hungary	100	
FamiCord Suisse S.A.*	Lugano, Switzerland	100	
Stemlab, S.A.*	Cantanhede, Portugal	100	
Celvitae Biomédica SL*	Madrid, Spain	100	
Bebécord Stemlife International S.A.*	Lisbon, Portugal	100	
Bebé4d My Family Ties, S.A.*	Lisbon, Portugal	100	
MedicalMedia II – Mamãs e Bebés Unipessoal, Lda.*	Lisbon, Portugal	100	
FamiCordon S.A.*	Madrid, Spain	63	
FamiCells Sàrl*	Marly, Switzerland	63	
FamiCordTX S.A.*	Warsaw, Poland	87	
FamiCord Deutschland GmbH *	Leipzig, Germany	100	
Famicord-Acibadem Kordon Kanı Sağlık Hizmetleri A.Ş.*	Istanbul, Turkey	70	
eticur) GmbH*	Munich, Germany	100	
Sorgente s.r.l.*	Milan, Italy	53	
Centre Marcel-la Mas, S. L.*	Barcelona, Spain	57	
Smart Cells Holdings Ltd.*	London, England	84	
Smart Cells International Ltd.*	London, England	84	
Smart Cells Middle East Ltd.*	Dubai, United Arab Emirates	84	
Smart Cells International Middle East FZ LCC *	Dubai, United Arab Emirates	84	
Smart Cells (Hong Kong) Ltd.*	Hong Kong	84	

\* Subsidiary PBKM

\*\* Share of voting rights at 53.5%

**Non-controlling interests**

Minority shareholders hold interests in the following companies:

Name, registered office	Share of equity/voting rights	
	2021 in %	2020 in %
Secuvita S.L., Madrid, Spain	12.0	12.0
Sevibe Cells Group, Barcelona, Spain	36.6	
SmartCells Group, London, England	15.8	
Sorgente, Milan, Italy	47.0	

The summarized financial information and cash flows for subsidiaries with significant non-controlling interests are as follows:

EUR thousand	Secuvita S.L.		Sevibe Cells Group		SmartCells Group		Sorgente	
	2021	2020	2021	2020	2021	2020	2021	2020
Non-current assets	5,031	5,209	4,676		2,579		947	
Current assets	3,211	2,951	2,871		4,331		1,086	
Non-current liabilities	3,843	3,792	3,814		3,999		1,213	
Current liabilities	3,047	2,991	4,721		2,976		770	
Net assets	1,352	1,376	-988		-65		50	
Revenues	2,701	2,568	7,360		2,188		2,505	
Result for the period	-24	-84	-83		-161		-271	
Overall result	-24	-84	-83		-161		-271	
Result attributable to minority interests	-3	-10	-153		-26		-124	
Cash flow from operating activities	330	115	55		-382		202	
Cash flow from investing activities	20	21	-311		669		-1	
Cash flow from financing activities	-63	-53	86		238		-73	
Net change in cash and cash equivalents	287	83	-170		525		128	

In 2020 and 2021 – apart from the described transactions with minority shareholders of PBKM in the context of the squeeze-out – no business transactions took place between Vita 34 AG and non-controlling shareholders.

**Shares in associated companies**

The Group's associated companies as of December 31, 2021 are disclosed below:

Name Associated companies	Registered office	Capital share in % 2021	Capital share in % 2020
Rodinná banka perinatálnych a mezenchymálnych buniek s.r.o.*	Bratislava, Slovakia	26	
Rodinná banka perinatálnych a mezenchymálnych buniek s.r.o.*	Ostrava, Czech Republic	26	

\* Associated companies PBKM

The associated companies are individually and collectively immaterial to the Group.

**Non-consolidated subsidiaries and other investments**

In addition, the following shares in non-consolidated subsidiaries and other investments existed as of the balance sheet date:

Name	Registered office	Capital share in % 2021	Capital share in % 2020	Equity in EUR thousand	Result for the year in EUR thousand
<b>Non-consolidated subsidiaries:</b>					
Vita 34 Slovakia s.r.o.*	Bratislava, Slovakia	100	100	-614	-5
Vita 34 Suisse GmbH*	Muttenz, Switzerland	100	100	13	0
Kamieniniu lasteliu bankas UAB "Imunolita"***	Vilnius, Lithuania	35	35	-262	92
<b>Other investments:</b>					
NextCellPharma***	Stockholm, Sweden	1		14,674	-2,388
DystrogenTherapeutics	Chicago, USA	8		n.a.	n.a.

\* Waiver of inclusion in the consolidated financial statements due to immateriality

\*\* Equity and result for the year according to annual financial statements as of December 31, 2018

\*\*\*Equity and result for the year according to annual financial statements as of August 31, 2021

**5. SEGMENT REPORTING****5.1 INFORMATION ABOUT BUSINESS SEGMENTS**

In fiscal year 2020, the Group only had the reportable segment "stem cell banking", which is active in the field of collection, processing and storage of stem cells from umbilical cord blood and tissue as well as the development of cell therapeutic procedures.

With the merger with PBKM on November 9, 2021, the Group has two reportable segments. Both segments are active in the above-mentioned field of stem cell banking, but differ in their organizational and operational structure with separate financial information. The products and services of the two segments correspond to the service portfolios of the two subgroups PBKM and Vita 34. In this regard, we refer to section 2.4 for the presentation of the respective product portfolios as well as in the section business model in the management report. The composition of the operating segments was also based on internal reporting structures. The segment reporting of the subgroup Vita 34 in the previous year corresponds to the published Group reporting of the previous year.

Information regarding the results of each reportable segment is presented below. A segment's EBITDA is used to evaluate its performance because the Management Board believes it is the most relevant information in assessing the results of certain segments relative to other companies operating in those areas. The stated figures correspond to the internally reported valuation methods. Other items beyond the figures shown here presented to the decision-makers for review.

Results of operations of the segments for the fiscal year 2021:

EUR	Subgroup Vita 34	Subgroup PBKM	Total	Group
Segment sales	20,956,515,81	7,462,144,41	28,418,660,22	28,418,660,22
Depreciation and amortization	-2,908,344,77	-977,104,84	-3,885,449,61	-3,885,449,61
EBITDA	2,050,651,39	-1,236,647,97	814,003,42	814,003,42

Differences between the total of the two segments and the figures reported in the Group for other interest and income result from the capital consolidation of the two segments in the Group as a whole.

The accounting principles applied to segment reporting are the same as those applied to the consolidated financial statements and are analogous to IFRS as adopted by the EU. Therefore, no reconciliation due to differences between internal valuation and valuation according to IFRS needs to be made.

## 5.2 INFORMATION ABOUT GEOGRAPHICAL AREAS

The following tables provide information on revenue in accordance with IFRS 8.33 (a) by geographical area of the Group's operations for the fiscal years 2021 and 2020:

### Revenue from transactions with external customers in accordance with IFRS 8.33 (a)

EUR thousand	2021	2020*
Domestic	14,836	13,802
Spain	3,227	2,553
Other foreign countries	8,435	3,313
<b>Group</b>	<b>28,418</b>	<b>19,668</b>

\* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

Revenue is allocated based on the location of the customer. The actual location of an end customer cannot be taken into account in the breakdown of revenue by geographical area. Revenues are generated with a large number of customers, so that no significant portion is attributable to one or a few external customers.

### Non-current assets according to IFRS 8.33 (b)

EUR thousand	2021	2020*
Domestic	35,766	35,873
Poland	46,027	0
Portugal	14,302	0
Other foreign countries	7,398	796
<b>Group</b>	<b>111,794</b>	<b>43,569</b>

\* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

Non-current assets are allocated according to the registered office of the individual Group company.

## 6. SALES REVENUES, OTHER INCOME AND EXPENSES

### 6.1 SALES REVENUES FROM CONTRACTS WITH CUSTOMERS

The sales revenues reported in the income statement for continuing operations breaks down as follows according to the type of service provided:

EUR thousand	2021	2020*
Revenue processing/manufacturing	20,319	14,337
Revenue from storage	6,945	5,309
Other revenues	1,154	23
	<b>28,419</b>	<b>19,668</b>

\* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

Other revenues mainly include revenues from project business (e.g. performance of COVID-19 tests) as well as medical services not related to the processing and storage of cell deposits.

### 6.2 COST OF SALES

The cost of sales reported in the income statement includes the following expenses:

EUR thousand	2021	2020
Cost of materials	2,569	1,056
Third-party services	5,127	2,652
Personnel expenses	4,176	1,714
Depreciation and amortization	3,029	2,294
Other expenses	1,081	697
	<b>15,981</b>	<b>8,413</b>

Other expenses mainly include premises and repair costs.

### 6.3 OTHER OPERATING INCOME

The other operating income reported in the income statement is composed as follows:

EUR thousand	2021	2020
Government grants	333	230
Income from the derecognition of accrued liabilities	142	162
Miscellaneous other income	483	198
	<b>958</b>	<b>590</b>

Government grants mainly relate to grants for research and development. The grants are settled over time to fund ongoing research and are disbursed in accordance with the relevant contracts. 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 obligations to employees accrued in the previous year, from which the Group had lower than expected claims in the reporting year.

The main items included in miscellaneous other income are exchange rate differences and continued salary payments by health insurance funds.



**6.4 MARKETING AND SELLING EXPENSES**

The selling expenses recognized in the income statement are composed as follows:

EUR thousand	2021	2020
Personnel expenses	1,656	1,751
Depreciation and amortization	291	434
Expenses for marketing measures	3,103	2,315
Other expenses	566	431
	<b>5,616</b>	<b>4,931</b>

Other expenses mainly include sales-related occupancy costs, insurance costs and consulting fees.

**6.5 ADMINISTRATIVE EXPENSES**

The administrative expenses recognized in the income statement comprise the following components:

EUR thousand	2021	2020
Personnel expenses	3,311	2,169
Depreciation and amortization	566	236
Legal, consulting and audit fees	1,191	573
Investor Relations	406	325
Other expenses	2,073	865
	<b>7,546</b>	<b>4,168</b>

Other expenses include research and development expenses of EUR 811 thousand (previous year: EUR 504 thousand).

Other expenses also include insurance costs of EUR 202 thousand (previous year: EUR 195 thousand), Supervisory Board costs of EUR 241 thousand (previous year: EUR 112 thousand) and incidental costs of monetary transactions of EUR 254 thousand (previous year: EUR 49 thousand).

**6.6 OTHER OPERATING EXPENSES**

The other operating expenses reported in the income statement are composed as follows:

EUR thousand	2021	2020
Losses on receivables	201	202
Consulting costs	2,854	516
Miscellaneous other expenses	249	55
	<b>3,304</b>	<b>774</b>

The losses on receivables result from the recognition of allowances for trade receivables.

The consulting costs are mainly related to the business combination with PBKM in the fiscal year. For further details, please refer to Note 3.

**6.7 FINANCIAL INCOME**

The financial income reported in the income statement comprises the following components:

EUR thousand	2021	2020
Interest income	174	72
Income from non-current financial assets	21	0
	<b>195</b>	<b>72</b>

Interest income includes income from the compounding of non-current receivables in the amount of EUR 16 thousand (previous year: EUR 19 thousand).

**6.8 FINANCIAL EXPENSES**

The financial expenses recognized in the income statement break down as follows:

EUR thousand	2021	2020
Loans and overdrafts	143	149
Interest expense for leases	80	31
Other interest expense	324	2
	<b>547</b>	<b>183</b>

**6.9 EXPENSES FOR EMPLOYEE BENEFITS PURSUANT TO § 314 (1) NO. 4 HGB**

The breakdown of employee benefit expenses is as follows:

EUR thousand	2021	2020
Wages and salaries	7,559	4,620
Social security contributions	1,509	946
Expenses for retirement benefits	74	68
	<b>9,142</b>	<b>5,634</b>

Employer contributions to the statutory pension scheme are classified as benefits to a defined contribution plan and are therefore expensed in full.

The average number of employees in the Group during the year is as follows:

Quantity	2021	2020
Employees	250	116
Trainees/Interns	0	1
	<b>250</b>	<b>117</b>

## 7. INCOME TAXES

The main components of income tax expense for fiscal years 2021 and 2020 are as follows:

EUR thousand	2021	2020*
<b>Consolidated income statement</b>		
<b>Actual income taxes</b>		
Actual income tax expense	851	656
Adjustment of income taxes incurred in prior years	-79	-168
<b>Deferred income taxes</b>		
Deferred taxes on the origination and reversal of temporary differences	-288	-441
Deferred taxes on loss carryforwards	-5	376
<b>Income tax expense</b>	<b>-479</b>	<b>423</b>
<b>Consolidated statement of comprehensive income</b>		
Unrealized loss on available-for-sale financial assets	0	0
Gain on remeasurement of actuarial gains and losses	15	-9
<b>Income taxes recognized directly in equity</b>	<b>15</b>	<b>-9</b>

\* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

As part of the business combination, transaction costs of EUR 1,396 thousand less the related income taxes of EUR 418 thousand were recognized directly in equity. The deferred tax expense includes the tax income of EUR 289 thousand related to the fiscal year 2021, which is attributable to the transaction costs in connection with the capital increase.

In recent years, the Group has concluded various agreements within the Group. The Group aims to achieve an appropriate tax burden for the Group companies. However, due to inconsistent case law in some cases, the agreements concluded give rise to risks that may result in additional tax charges in the course of tax audits. It is difficult to quantify the amount of the tax risks, as it is not possible to conclusively assess how intercompany agreements are recognized by the tax authorities in the individual countries in terms of principle and amount.

Among other things, a tax audit of the Group parent company and the German subsidiaries was pending at the balance sheet date. At the time of preparation of the consolidated financial statements, there were no significant audit findings that would have necessitated a special risk provision in the company.

The reconciliation between income tax expense and the product of accounting profit and the applicable tax rate of the Group for the fiscal years 2021 and 2020 is as follows:

EUR thousand	2021	2020 *
<b>Earnings before income taxes</b>	<b>-3,447</b>	<b>1,862</b>
Income tax income (+) or expense (-) at the Group tax rate of 24.3% (2020: 31.0%)	837	-577
Adjustments, as results of some companies do not lead to income tax charge	-382	1
Adjustment for tax-exempt income	37	10
Adjustment for non-deductible expenses	932	207
Discontinuation of tax loss carryforwards	0	0
Unrecognized deferred tax assets on tax loss carryforwards	116	-21
Adjustment due to changes in tax law	0	0
Income taxes for prior years	36	-27
Differences from tax rate differentials	39	-16
<b>Income tax expense</b>	<b>-479</b>	<b>-423</b>

\* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

The Group's tax rate changes due to the first-time consolidation of the subgroup PBKM and the generally lower income tax rates in the subgroup PBKM, which operates primarily in Southern and Eastern Europe.

Deferred income taxes break down as follows as of the reporting date:

EUR thousand	Consolidated balance sheet		Consolidated income statement	
	2021	2020 *	2021	2020 *
<b>Deferred taxes on temporary differences</b>				
Intangible assets	-4,894	-3,826	554	455
Property, plant and equipment	-1,764	-315	-55	-77
Trade receivables	638	120	-15	-13
Other non-current assets	-2,812	-79	-141	-227
Current assets	315	315	0	236
Pension obligations	12	27	0	0
Interest bearing loans	-64	-5	-6	96
Contract liabilities	-706	-917	-211	-11
Leases**	1,286	8	-22	5
Other liabilities	7,869	-183	183	-23
	-119	-4,855	287	441
<b>Tax loss carryforwards</b>	<b>3,549</b>	<b>1,105</b>	<b>5</b>	<b>-376</b>
<b>Deferred tax assets</b>	<b>9,144</b>	<b>0</b>		
<b>Deferred tax liabilities</b>	<b>-5,714</b>	<b>-3,750</b>		
<b>Deferred income tax expense/income</b>			<b>292</b>	<b>65</b>

\* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

\*\* The simplification provisions for leases in IAS 12 were utilized.

The loss carryforwards of the Group companies developed as follows:

Name	Registered office	Income tax rate	2021 EUR thousand	2020 EUR thousand
Vita 34 AG	Germany	32%	747	0
Vita 34 ApS	Denmark	22%	2,041	2,661
Secuvita S.L.	Spain	25%	3,129	3,376
PBKM	Poland	19%	6,841	
Sevibe Cells	Spain	25%	4,555	
Famicordon	Spain	25%	249	
DBKM	Poland	19%	129	
FamicordTX	Poland	19%	1,051	
CSB	Latvia	15%	4	
Yasam	Turkey	20%	231	
Acibadem	Turkey	20%	212	
Famicord IT	Italy	24%	1,473	
Sorgente	Italy	24%	327	
Famicord Deutschland	Germany	30%	179	
Ericur	Germany	30%	5,584	
Famicord Suisse	Switzerland	17%–22%	1,754	
Biogenis	Romania	16%	207	
Famicell	Spain	25%	385	
CMM	Spain	25%	96	
Stemlab	Portugal	21%	540	
Celvitae	Spain	25%	5,205	
<b>Total</b>			<b>34,940</b>	<b>7,100</b>

Deferred taxes on tax loss carryforwards of Group companies were capitalized insofar as it can be assumed in accordance with the planning calculation that the loss carryforwards will be utilized. No deferred tax assets were recognized for tax loss carryforwards amounting to EUR 18,472 thousand (previous year: EUR 319 thousand). Deferred taxes are entirely non-current. Current income taxes are entirely short-term.

In the case of some subsidiaries that merely perform a holding function, there are tax loss carryforwards available to the Group for offsetting against future taxable results of the respective companies. However, no deferred tax assets have been recognized for these losses, as these losses may not be used to offset the taxable profit of other Group companies and to the extent that they arose at an intermediate holding company, which generally does not generate positive taxable profit. These losses can only be utilized under certain conditions, the fulfillment of which, however, is currently not considered probable.

## 8. EARNINGS PER SHARE

### Undiluted/diluted earnings per share

In calculating undiluted/diluted earnings per share, the profit attributable to holders of ordinary shares of the parent company is divided by the weighted average number of ordinary shares outstanding during the year. The increased number of shares became effective upon registration in the commercial register on November 9, 2021. Earnings contributions of the subgroup PBKM were included from November 8, 2021.

Undiluted/diluted earnings per share are calculated as follows:

EUR thousand	2021	2020 *
Profit/loss from continuing operations	-3,926	1,439
thereof: portion attributable to non-controlling interests	259	10
<b>Earnings from continuing operations attributable to shareholders of Vita 34 AG</b>	<b>-3,667</b>	<b>1,449</b>
Number of shares outstanding (weighted average)	5,825,064	4,098,153
<b>Earnings per share (EUR)</b>	<b>-0.63</b>	<b>0.35</b>

\* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

### Weighted average number of ordinary shares used to calculate undiluted/diluted earnings per share

	2021	2020
Ordinary shares as of January 1 of the fiscal year	4,145,959	4,145,959
New ordinary shares from capital increase during the fiscal year	11,890,500	0
Ordinary shares as of December 31 of the fiscal year	16,036,459,00	4,145,959,00
Less treasury shares	-208,342	-47,806
Ordinary shares as of December 31 of the fiscal year excluding treasury shares	15,828,117	4,098,153
Weighted average number of ordinary shares used to calculate undiluted/diluted earnings per share	5,825,064	4,098,153

As the PBKM Group's earnings for the period from November 8, 2021 to December 31, 2021 have been included in the consolidated financial statements, the increased number of shares has also been taken into account from November 8, 2021.



## 9. INTANGIBLE ASSETS

Intangible assets developed as follows:

### Overview of intangible assets as of December 31, 2021

EUR thousand	Development costs	Patents and licenses	Acquired contracts	Customer relationships and brand names	Total
Acquisition cost as of January 1, 2021	482	3,862	23,638	1,996	29,977
Additions	42	41	0	0	84
Disposals	0	0	0	0	0
Additions to the scope of consolidation	621	5,201	1,322	7,454	14,599
Currency differences	2	-19	10	35	26
<b>Acquisition cost as of December 31, 2021</b>	<b>1,147</b>	<b>9,085</b>	<b>24,969</b>	<b>9,485</b>	<b>44,686</b>
Accumulated depreciation and impairment losses as of January 1, 2021	98	3,727	10,310	1,612	15,746
Depreciation and amortization for the fiscal year	49	247	1,390	332	2,018
Disposals	0	0	0	0	0
Impairments	60	0	0	0	60
Additions to the scope of consolidation	555	2,011	865	608	4,039
Currency differences	2	-14	5	2	-6
<b>Accumulated depreciation and impairment losses as of December 31, 2021</b>	<b>763</b>	<b>5,970</b>	<b>12,570</b>	<b>2,554</b>	<b>21,858</b>
Carrying amount as of January 1, 2021	384	134	13,328	384	14,230
<b>Carrying amount as of December 31, 2021</b>	<b>384</b>	<b>3,114</b>	<b>12,399</b>	<b>6,931</b>	<b>22,828</b>

In the reporting year, an impairment loss of EUR 60 thousand was recognized on capitalized development costs, as the recoverable amount in the calculation (EUR 236 thousand) was lower than the carrying amount (EUR 296 thousand) of the corresponding item. The impairment is due to delays in the timing of the development project, which were not expected to this extent.

## Overview of intangible assets as of December 31, 2020

EUR thousand	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
Disposals	0	0	0	0	0
Additions to the scope of consolidation	0	0	0	0	0
Currency differences	0	0	23	0	23
<b>Acquisition cost as of December 31, 2020</b>	<b>482</b>	<b>3,862</b>	<b>23,638</b>	<b>1,996</b>	<b>29,977</b>
Accumulated depreciation and impairment losses as of January 1, 2020	52	3,610	8,942	1,151	13,755
Depreciation and amortization for the fiscal year	46	117	1,361	460	1,985
Disposals	0	0	0	0	0
Impairments	0	0	0	0	0
Additions to the scope of consolidation	0	0	0	0	0
Currency differences	0	0	7	0	7
<b>Accumulated depreciation and impairment losses as of December 31, 2020</b>	<b>98</b>	<b>3,727</b>	<b>10,310</b>	<b>1,612</b>	<b>15,746</b>
Carrying amount as of January 1, 2020	430	213	14,673	845	16,160
<b>Carrying amount as of December 31, 2020</b>	<b>384</b>	<b>134</b>	<b>13,328</b>	<b>384</b>	<b>14,230</b>

The acquired contracts and customer relationships and brand names include the following significant assets as of December 31, 2021:

EUR thousand	Carrying amount	Remaining useful life
Acquired storage contracts Secuvita	1,724	5 years
Acquired storage contracts Vita 34 ApS	3,413	11 years
Acquired storage contracts Vivocell	584	5 years
Acquired storage contracts Seracell	6,235	11 to 16 years
Customer relations Seracell	128	1 to 4 years
Trademark rights eticur) GmbH	199	9 years
Trademark rights Smart Cells Holding	1765	10 years
Trademark rights Sorgente	705	8 years
Trademark rights Bebecord	724	8 years
Trademark rights Bebe 4d	259	8 years
Trademark rights Acibadem	47	1 year
Acquired storage contracts Smart Cells Holding	110	20 years
Acquired storage contracts Sorgente	55	3 years
Acquired storage contracts Diagnostyka Bank Komórek Macierzystych	231	3 years
Acquired storage contracts Bebecord	15	1 year
Acquired deposit contracts Polski Bank Komórek Macierzystych	21	1 year
Acibadem customer relations	563	23 years
Customer relations eticur) GmbH	1,245	24 years
Customer Relations Smart Cells Holding	1,408	25 years

## 10. GOODWILL

EUR thousand	2021	2020
Acquisition cost as of January 1	18,323	18,323
Acquisition of subsidiaries	0	0
Disposals	0	0
Additions to the scope of consolidation	39,056	0
Currency differences	-509	0
<b>Acquisition cost as of December 31</b>	<b>56,870</b>	<b>18,323</b>
Accumulated impairment losses as of January 1	0	0
Impairment losses of the fiscal year	0	0
Disposals	0	0
Additions to the scope of consolidation	3,296	0
Currency differences	-79	0
<b>Accumulated impairment losses as of December 31</b>	<b>3,217</b>	<b>0</b>
Carrying amount as of January 1	18,323	18,323
<b>Carrying amount as of December 31</b>	<b>53,653</b>	<b>18,323</b>

For the purpose of impairment testing, the goodwill acquired in the business combinations was allocated to the cash-generating units – mainly the acquired subsidiaries or groups of companies – as follows:

EUR thousand	2021	2020
Vita 34 AG	17,731	17,731
Secuvita S.L.	592	592
FamiCord Suisse	1,401	0
Diagnostyka Bank Komórek Macierzystych	527	0
KRIO Intezet	124	0
Stemlab Group (Stemlab S.A., Bebécord, Bebé4d)	21,303	0
Sevibe Group (Sevibe Cells, FamiCordon, FamiCell)	4,144	0
Yaşam Bankasi	63	0
Acibadem	1,335	0
eticur)	1,378	0
Sorgente	133	0
Smart Cells	4,511	0
Longa Vita	411	0
	<b>53,653</b>	<b>18,323</b>

The Group performed its annual impairment test as of December 31, 2021 in the fourth quarter of fiscal year 2021 and independently upon the occurrence of significant events or changes in circumstances that indicate a need for impairment. The Group considers the relationship between market capitalization and carrying amount, among other factors, to identify an indication of impairment. The recoverable amounts based on the impairment test exceeded the carrying amounts for the cash-generating units.

The recoverable amounts of the respective cash-generating units are determined on the basis of a value-in-use calculation using cash flow projections updated compared to the previous year, which are based on financial budgets prepared by the respective management for a period of five years and approved by the Supervisory Board. Cash flows beyond the five-year period are extrapolated using a growth rate of 1%. The growth rates are consistent with the forecasts contained in the relevant industry reports.

#### Basic assumptions for the calculation of the value in use of the business units as of December 31, 2021 and December 31, 2020

The basic assumptions on which management has based its cash flow projections for goodwill impairment testing are explained below.

The cash flow estimates cover a planning period of five years before moving into perpetuity (terminal value). The basis for this is the three-year detailed operating plan approved by the Management Board and Supervisory Board, in which management incorporates its medium-term expectations based on estimates of market volumes, market shares, and cost and price developments. As a rule, top-down planning is carried out by extrapolating the growth rates of the detailed three-year operating plan.

**Projected gross profit margins** – Gross profit margins are determined based on the average gross profit margins achieved for newly signed contracts in the immediately preceding fiscal year.

**Growth rate** – The growth rates are determined from economic and other external factors and their impact on future development.

**Discount rates** – The discount rates were derived from the data of the companies included in the respective peer group, which reflect the subjective risk of this company. The starting point for deriving the capitalization rate is a risk-free interest rate with additional consideration of a market risk premium (4.2% to 9.7%), a country-specific risk surcharge and a company-specific beta factor.

The discount rates used for the cash flow forecasts for the individual cash-generating units are shown below:

in %	Discount rate before taxes December 31, 2021	Discount rate after taxes December 31, 2021	Growth rate December 31, 2021
Vita 34 AG	8.36%	6.09%	1.00%
Secuvita S.L.	9.81%	7.59%	1.00%
FamiCord Suisse	4.96%	4.88%	3.58%
Diagnostyka Bank Komórek Macierzystych	7.82%	7.32%	2.16%
KRIO Intezet	8.99%	8.71%	3.98%
Stemlab Group (Stemlab S.A., Bebécord, Bebé4d)	4.90%	4.66%	3.52%
Sevibe Group (Sevibe Cells, FamiCordon, FamiCell)	4.83%	4.83%	2.13%
Yaşam Bankası	29.49%	26.62%	10.94%
Acibadem	29.49%	26.62%	12.78%
eticur)	4.42%	4.28%	7.74%
Sorgente	7.39%	7.04%	3.41%
Smart Cells	4.65%	4.39%	2.72%
Longa Vita	7.82%	7.32%	-0.80%

in %	Discount rate before taxes December 31, 2020	Discount rate after taxes December 31, 2020	Growth rate December 31, 2020
Vita 34 AG	8.10%	5.97%	1.00%
Secuvita S.L.	10.64%	8.17%	1.00%

#### Sensitivity of the assumptions made

As part of a sensitivity analysis for the cash-generating units, a decrease in the planned gross profit margins of the perpetual annuity by one percentage point, an increase in the discount rates (after taxes) by one percentage point of the perpetual annuity and a reduction in the perpetual growth rate by one percentage point were assumed. For the sensitivity analysis, management has defined accordingly which changes in these assumptions are possible based on experience that could lead to a potential impairment. In accordance with IAS 36, the calculation was made on the assumption that these changes would not result in any further parameter changes (ceteris paribus). The figures assigned to the key assumptions represent the Management Board's assessment of future developments in the relevant industries and are based on historical figures from mainly internal sources. Based on these findings, no impact on the business model is assumed, also with regard to the COVID-19 pandemic. No additional risk assessment in the form of further scenarios is carried out.

In the course of this analysis, potential impairments were identified for the following cash-generating units:

#### DBKM

EUR thousand	December 31, 2021
Limit value of the change in % points: 0.902%	
Assumption: increase in long-term WACC by 1%	
<b>Possible impairment of the carrying amount</b>	<b>-181,578.11</b>
Limit value of the change in % points: -4.9982%	
Assumption: reduction of long-term EBIT margin by 1%	
<b>Possible impairment of the carrying amount</b>	<b>0.00</b>
Limit value of the change in % points: -1.098%	
Assumption: reduction of long-term growth rate by 1%	
<b>Possible impairment of the carrying amount</b>	<b>0.00</b>

The estimated recoverable amount of the cash-generating unit DBKM exceeds the carrying amount by EUR 1,995 thousand and was the starting point for the sensitivity analysis.

#### SORGENTE

EUR thousand	December 31, 2021
Limit value of the change in % points: 1.1457%	
Assumption: increase in long-term WACC by 1%	
<b>Possible impairment of the carrying amount</b>	<b>0.00</b>
Limit value of the change in % points: -0.7721%	
Assumption: reduction of long-term EBIT margin by 1%	
<b>Possible impairment of the carrying amount</b>	<b>-104,420.70</b>
Limit value of the change in % points: -1.3948%	
Assumption: reduction of long-term growth rate by 1%	
<b>Possible impairment of the carrying amount</b>	<b>0.00</b>

The estimated recoverable amount of the cash-generating unit Sorgente exceeds the carrying amount by EUR 354 thousand and was the starting point for the sensitivity analysis.

#### Portugal

EUR thousand	December 31, 2021
Assumption: increase in long-term WACC by 1%	
<b>Additional impairment of the carrying amount</b>	<b>-6,650,474.66</b>
Assumption: reduction of long-term EBIT margin by 1%	
<b>Additional impairment of the carrying amount</b>	<b>0.00</b>
Assumption: reduction of long-term growth rate by 1%	
<b>Additional impairment of the carrying amount</b>	<b>-5,819,088.59</b>



**Acibadem**

EUR thousand	December 31, 2021
Assumption: increase in long-term WACC by 1%	
<b>Additional impairment of the carrying amount</b>	<b>-554,570.19</b>
Assumption: reduction of long-term EBIT margin by 1%	
<b>Additional impairment of the carrying amount</b>	<b>-126,364.16</b>
Assumption: reduction of long-term growth rate by 1%	
<b>Additional impairment of the carrying amount</b>	<b>-262,817.26</b>

Due to impairment losses already recognized, a change in the parameters above 0 percentage points for the cash-generating unit Acibadem immediately leads to additional impairment requirements.

**11. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment developed as follows:

**Overview of property, plant and equipment as of December 31, 2021**

EUR thousand	Land and buildings	Technical equipment	Operating equipment	Total
Acquisition cost as of January 1, 2021	306	9,488	1,898	11,692
Additions	382	990	804	2,176
Disposals	-216	-397	-176	-790
Additions to the scope of consolidation	7,204	13,471	5,505	26,180
Currency differences	19	-50	58	27
<b>Acquisition cost as of December 31, 2021</b>	<b>7,695</b>	<b>23,502</b>	<b>8,089</b>	<b>39,286</b>
Accumulated depreciation and impairment losses as of January 1, 2021	0	2,818	1,431	4,248
Depreciation and amortization for the fiscal year	100	554	244	898
Disposals	0	-350	-68	-418
Impairments	0	0	0	0
Additions to the scope of consolidation	2,329	7,186	3,240	12,755
Currency differences	3	-41	-20	-58
<b>Accumulated depreciation and impairment losses as of December 31, 2021</b>	<b>2,432</b>	<b>10,167</b>	<b>4,826</b>	<b>17,425</b>
Carrying amount as of January 1 2021	306	6,670	467	7,444
<b>Carrying amount as of December 31, 2021</b>	<b>5,263</b>	<b>13,335</b>	<b>3,263</b>	<b>21,861</b>

## Overview property, plant and equipment as of December 31, 2020

EUR thousand	Land and buildings	Technical equipment	Operating equipment	Total
Acquisition cost as of January 1, 2020	306	8,977	1,844	11,127
Additions	0	547	58	606
Disposals	0	-36	-4	-40
Additions to the scope of consolidation	0	0	0	0
Currency differences	0	0	0	0
<b>Acquisition cost as of December 31, 2020</b>	<b>306</b>	<b>9,488</b>	<b>1,898</b>	<b>11,692</b>
Accumulated depreciation and impairment losses as of January 1, 2020	0	2,533	1,310	3,843
Depreciation and amortization for the fiscal year	0	317	125	442
Disposals	0	-32	-4	-36
Additions to the scope of consolidation	0	0	0	0
Currency differences	0	0	0	0
<b>Accumulated depreciation and impairment losses as of December 31, 2020</b>	<b>0</b>	<b>2,818</b>	<b>1,431</b>	<b>4,248</b>
Carrying amount as of January 1, 2020	306	6,444	534	7,285
<b>Carrying amount as of December 31, 2020</b>	<b>306</b>	<b>6,670</b>	<b>467</b>	<b>7,444</b>

In the fourth quarter of the fiscal year, the economic useful life of the cryogenic tanks was prospectively reduced to 25 years. This is a change in an accounting estimate due to new findings over time.

## 12. LEASES

The rights-of-use assets under leases developed as shown in the following table:

### Overview of rights of use from leases as of December 31, 2021

EUR thousand	Land and buildings	Operating equipment	Total
Acquisition cost as of January 1, 2021	2,341	194	2,535
Additions	150	352	501
Change in leases	5	2	7
Disposals	0	-186	-186
Additions to the scope of consolidation	10,141	3,251	13,392
Currency differences	36	-20	16
<b>Acquisition cost as of December 31, 2021</b>	<b>12,673</b>	<b>3,592</b>	<b>16,266</b>
Accumulated depreciation and impairment losses as of January 1, 2021	960	108	1,068
Depreciation and amortization for the fiscal year	756	154	910
Disposals	0	-149	-149
Impairments	0	0	0
Additions to the scope of consolidation	2,770	1,700	4,469
Currency differences	-3	-42	-45
<b>Accumulated depreciation and impairment losses as of December 31, 2021</b>	<b>4,482</b>	<b>1,771</b>	<b>6,253</b>
Carrying amount as of January 1, 2021	1,382	85	1,467
<b>Carrying amount as of December 31, 2021</b>	<b>8,191</b>	<b>1,821</b>	<b>10,012</b>

### Overview of rights of use from leases as of December 31, 2020

EUR thousand	Land and buildings	Operating equipment	Total
Acquisition cost at January 1, 2020	2,282	155	2,437
Additions	49	59	108
Change in leases	11	-21	-10
<b>Acquisition cost at December 31, 2020</b>	<b>2,341</b>	<b>194</b>	<b>2,535</b>
Accumulated depreciation and impairment losses as of January 1, 2020	484	48	531
Depreciation and amortization for the fiscal year	476	61	537
<b>Accumulated depreciation and impairment losses as of December 31, 2020</b>	<b>960</b>	<b>108</b>	<b>1,068</b>
Carrying amount as of January 1, 2020	1,798	107	1,905
<b>Carrying amount as of December 31, 2020</b>	<b>1,382</b>	<b>85</b>	<b>1,467</b>

The corresponding lease liabilities developed as follows:

EUR thousand	2021	2020
Lease liabilities as of January 1	1,477	1,902
Cash outflows for the repayment of lease liabilities	-900	-555
Additions from new leases	505	108
Change in leases	-36	-10
Non-cash interest effects	25	31
Currency differences	16	0
Changes in the scope of consolidation	9,893	0
<b>Lease liabilities on December 31</b>	<b>10,979</b>	<b>1,477</b>

The following effects on profit or loss for the period resulted from leases:

EUR thousand	2021	2020
Amortization of leases	910	537
Expenses from short-term leases	168	0
Expenses from low-value leases	14	11
Interest expense for leases	25	31
<b>Expenses from leases</b>	<b>1,117</b>	<b>579</b>

In total, lease payments of EUR 1,083 thousand (previous year: EUR 566 thousand) were made in the fiscal year.

The Group has entered into various lease agreements which include an extension option. Management makes an assessment as to whether this renewal option can be exercised with sufficient certainty. As of December 31, 2021, the exercise of the existing renewal options was not assumed to be sufficiently certain, so that no recognition was made in the measurement of the lease liabilities.

### 13. INVENTORIES

Inventories break down as follows:

EUR thousand	2021	2020
Raw materials and supplies	3,219	330
Unfinished services	8	42
Finished products and goods	72	0
	<b>3,299</b>	<b>372</b>

In 2021, impairment losses on inventories amounting to EUR 1 thousand (previous year: EUR 18 thousand) were recognized.

**14. CONTRACT ASSETS**

EUR thousand	2021	2020*
Non-current contract assets	1,089	614
Current contract assets	2,811	95
	<b>3,901</b>	<b>709</b>

\* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

Non-current contract assets include receivables from annual payment contracts with multi-year contract terms. The receivables are due for payment within ten years.

Current contract assets increased by EUR 2,665 thousand as of October 31, 2021 due to the merger with PBKM. The receivables are due for payment within one year.

**15. TRADE RECEIVABLES**

Trade receivables break down as follows:

EUR thousand	2021	2020*
Non-current trade receivables	575	635
Current trade receivables	12,113	2,329
	<b>12,688</b>	<b>2,964</b>

\* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

Due to the long term of some 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.

The allowances for trade receivables developed as follows:

EUR thousand	2021	2020*
Balance of valuation allowances on January 1	1,094	928
Changes in the scope of consolidation	2,244	0
Allocations (expenses for valuation allowance)	192	166
Utilization	-78	0
Resolution	-72	0
Currency differences	-24	0
<b>Balance on December 31 of the fiscal year</b>	<b>3,357</b>	<b>1,094</b>

\* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

In fiscal year 2021, expenses for the complete derecognition of trade receivables in the amount of EUR 127 thousand (previous year: EUR 36 thousand) were recognized. All expenses from allowances and write-offs of trade receivables are reported under other operating expenses.

**16. OTHER RECEIVABLES AND ASSETS**

EUR thousand	2021		2020	
	Total	Thereof short-term	Total	Thereof short-term
<b>Financial receivables and assets</b>				
Securities investments	0	0	100	0
Other financial assets	402	96	233	0
Other financial assets	2,679	1,980	126	119
	<b>3,081</b>	<b>2,076</b>	<b>458</b>	<b>119</b>
<b>Non-financial assets</b>				
Deferred expenses	2,144	779	1,276	295
Other assets	453	259	157	157
	<b>2,597</b>	<b>1,038</b>	<b>1,433</b>	<b>453</b>
	<b>5,678</b>	<b>3,114</b>	<b>1,891</b>	<b>572</b>

Other financial assets include investments in non-consolidated companies.

Other financial assets include in particular short-term loans to third parties.

Deferred expenses for cell deposit storage recognized within non-financial assets represent the value of prepaid services for the storage of cell deposits and other biological materials over a period of one to 30 years.

**17. CASH AND CASH EQUIVALENTS, RESTRICTED CASH**

EUR thousand	2021	2020
Means of payment not freely available	119	119
Cash and cash equivalents	33,298	10,396
	<b>33,417</b>	<b>10,515</b>

Cash and cash equivalents comprise bank balances and cash on hand. Bank balances bear interest at variable rates for balances repayable on demand. The item cash and cash equivalents corresponds to the level of cash and cash equivalents for the purposes of the statement of cash flows.

Cash and cash equivalents that are not freely available are pledged as collateral for bank loans or for rental payments.

## 18. EQUITY

The **subscribed capital** includes the share capital of Vita 34 AG in accordance with the Articles of Association and German stock corporation law. Equity is divided into 16,036,459 (previous year: 4,145,959) registered shares with a par value of EUR 1.00 each. For further information on the capital increase, which took place in the run-up to the business combination with PBKM, please refer to note 3.

**Capital reserves** include payments received in excess of the share capital and other payments made by shareholders as part of capital measures, as well as reserves from expired, unused stock option plans. The transaction costs directly attributable to the capital increase less the related income tax effects totaling EUR 978,131.28 are deducted from the capital reserve.

**Retained earnings** include the cumulative results including the current year's result.

The Management Board and Supervisory Board of Vita 34 AG propose to fully offset the accumulated deficit reported in the annual financial statements of Vita 34 AG as of December 31, 2021, against the capital reserve.

**Other reserves** include actuarial gains and losses on defined benefit pension plans, gains and losses on financial assets at fair value through **other comprehensive** income, and gains and losses on foreign currency translation.

As of the balance sheet date, the Group holds **treasury shares amounting to 208,342 shares** (previous year: 47,806 shares).

### AUTHORIZED CAPITAL

Pursuant to § 7 (2) of the Articles of Association of Vita 34 AG, there is authorized capital. By resolution of the Annual General Meeting on December 15, 2021, the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital of the company in a period until December 14, 2026, once or several times by up to a total of EUR 7,000,000 by issuing up to 7,000,000 new registered no-par value ordinary shares against cash or non-cash contributions. The authorized capital 2019 was cancelled by resolution of the Annual General Meeting on December 15, 2021.

### CONTINGENT CAPITAL

The Annual General Meeting on December 15, 2021, resolved to increase the share capital by up to EUR 5,600,000.00 by issuing up to 5,600,000 no-par value registered shares (contingent capital 2021). The contingent capital 2017 was cancelled by resolution of the Annual General Meeting on December 15, 2021.

### INFORMATION ON SHAREHOLDINGS IN THE CAPITAL OF VITA 34 AG

The company had the following information on shareholdings subject to notification pursuant to § 160 (1) No. 8 AktG (as of December 31, 2021):

Mr. Norman Rentrop notified us on June 7, 2021, that his share of voting rights in Vita 34 AG, held directly or indirectly, exceeded the threshold of 3% of the voting rights in our company on June 2, 2021, and amounted to 138,292 voting rights or 3.34% of the voting rights on that date.

The subsidiary Polski Bank Komórek Macierzystych S.A. notified us on November 8, 2021, that its share of voting rights in Vita 34 AG, held directly or indirectly, exceeded the threshold of 5% of the voting rights in our company on November 8, 2021, and amounted to 160,536 voting rights or 5.03% of the voting rights on that day.

On November 8, 2021, we disclosed that on November 9, 2021, our own share of voting rights, held directly or indirectly, fell below the threshold of 3% of the voting rights in our company and amounted to 208,342 voting rights or 1.30% of the voting rights on that date.

Mr. Norman Rentrop informed us on November 11, 2021, 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 November 10, 2021, and amounted to 150,000 voting rights or 0.94% of the voting rights on that day.

Mr. Peter Haueisen informed us on November 11, 2021, 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 November 9, 2021, and amounted to 167,235 voting rights or 1.04% of the voting rights on that day.



Mr. Florian Schuhbauer and Mr. Klaus Röhrig (AOC Health GmbH) informed us on November 12, 2021, that their share of voting rights in Vita 34 AG, held directly or indirectly, together continued to exceed the threshold of 30% of the voting rights in our company on November 8, and amounted to 1,350,074 voting rights or 32.56% of the voting rights on that day.

Mr. Florian Schuhbauer and Mr. Klaus Röhrig (AOC Health GmbH) informed us on November 12, 2021, that their share of voting rights in Vita 34 AG, held directly or indirectly, together exceeded the threshold of 50% of the voting rights in our company on November 9, and amounted to 8,816,260 voting rights or 54.98% of the voting rights on that day.

Mr. Jakub Baran notified us on November 12, 2021, 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 November 9, 2021, and amounted to 514,631 voting rights or 3.21% of the voting rights on that date.

Nationale-Nederlanden Ortwarty Fundusz Emerytalny notified us on November 15, 2021, that its share of voting rights in Vita 34 AG, held directly or indirectly, exceeded the threshold of 5% of the voting rights in our company on November 9, 2021, and amounted to 1,603,594 voting rights or 9.99% of the voting rights on that date.

Nationale-Nederlanden Powszechna Towarzystwo Emerytalne S.A. (Nationale-Nederlanden Ortwarty Fundusz Emerytalny) notified us on November 15, 2021, that its share of voting rights in Vita 34 AG, held directly or indirectly, exceeded the threshold of 10% of the voting rights in our company on November 9, 2021, and amounted to 1,689,314 voting rights or 10.53% of the voting rights on that day.

Mr. Guanchang Guo (Hauck & Aufhäuser Privatbankiers AG – Exchange Trustee) informed us on November 16, 2021, that his voting rights in Vita 34 AG, held directly or indirectly, exceeded the threshold of 20% of the voting rights in our company on November 9, 2021, and amounted to 3,618,379 voting rights or 22.56% of the voting rights on that day.

Mr. Guanchang Guo (Hauck & Aufhäuser Privatbankiers AG – Exchange Trustee) informed us on November 23, 2021, that his share of voting rights in Vita 34 AG, held directly or indirectly, fell below the threshold of 10% of the voting rights in our company on November 18, 2021, and amounted to 803,855 voting rights or 5.01% of the voting rights on that day.

Mr. Guanchang Guo (Hauck & Aufhäuser Privatbankiers AG – Exchange Trustee) informed us on November 23, 2021, that his share of voting rights in Vita 34 AG, held directly or indirectly, fell below the threshold of 5% of the voting rights in our company on November 19, 2021, and amounted to 798,084 voting rights or 4.98% of the voting rights on that day.

Mr. Guanchang Guo (Hauck & Aufhäuser Privatbankiers AG – Exchange Trustee) informed us on December 3, 2021, 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 December 2, 2021, and amounted to 71,968 voting rights or 0.45% of the voting rights at that time.

## 19. LOANS

EUR thousand	2021		2020	
	Total	Thereof short-term	Total	Thereof short-term
Liabilities to banks	21,324	10,394	3,745	1,488
Other financial liabilities	120	33	21	5
Liabilities from hire-purchase loans	18	18	60	41
	<b>21,462</b>	<b>10,445</b>	<b>3,827</b>	<b>1,534</b>

The loan liabilities broke down as follows:

EUR thousand	Interest rate in %	Maturity	2021	2020
Vita 34 loan	3-month EURIBOR + 2	2022	4,223	
Vita 34 loan	2.48	2023	2,244	3,745
Secuvita loan	0.00	2024	16	21
Seracell hire purchase loan	2.86	2022	18	60
PBKM loan	EURIBOR 1M + 2.2	2022–2023	11,914	
Sorgente loan	1.95	2022–2023	22	
Sorgente loan	2.50	2022–2023	106	
Sorgente loan	2.75	2022–2024	70	
Sorgente loan	2.60	2026	136	
Sorgente loan	2.10	2026	118	
Sorgente loan	EURIBOR + spread 1.75	2027	192	
Famicord Suisse loan	0.00	2022–2027	162	
Stemlab, SA loan	0.02	2022	62	
Stemlab, SA loan	0.01	2022–2026	750	
Stemlab, SA loan	0.01	2022–2026	750	
Stemlab, SA loan	0.00	2022	1	
Stemlab, SA loan	0.05	2022–2023	64	
Stemlab, SA loan	0.02	2022–2026	186	
Stemlab, SA loan	0.00	2022–2026	231	
Famicell loan	0.00	2022–2023	93	
CMM loan	0.03	2022	3	
CMM loan	0.02	2022–2025	48	
SmartCells International	0.03	2021–2027	54	
			<b>21,462</b>	<b>3,827</b>

The reported loans of Vita 34 AG in the total amount of EUR 6,473 thousand (nominal amount EUR 15,500 thousand) are secured as follows:

A loan in the amount of EUR 2,250 thousand through a blanket assignment of the company's receivables from the storage agreements against the third-party debtors with the initials A to Z. According to the agreement, the Group has to comply with certain financial ratios. The net gearing ratio must not exceed 2.0 during the contract period.

A further loan in the amount of EUR 4,223 thousand through the pledging of the securities accounts as well as the securities settlement accounts with regard to the acquired shares in PBKM (for further details, please refer to Note 3). According to the agreement, the Group has to comply with certain financial ratios. The adjusted gross debt must not exceed EUR 6.0 million during the contract period.

The following information is provided on the reported loan from PBKM in the amount of EUR 11.9 million (nominal amount EUR 14.1 million):

On September 10, 2018, the Group, as guarantor, entered into a term loan and revolving credit facility agreement in the amount of up to EUR 16.3 million. The loan in the amount of EUR 14.1 million (Credit Facility A) was granted to finance the acquisition of Stemlab shares, while the working capital facility in the amount of up to EUR 2.2 million was granted to finance the Group's ongoing operations. On October 22, 2019, the Group signed an amendment to the Term Facility Agreement and the Revolving Credit Facility Agreement, increasing the amount of the loan by an additional EUR 5.5 million (Credit Facility B). The repayment date for the term facility is October 10, 2023 and interest is based on EURIBOR plus margin. The facility will be repaid in monthly installments, with a larger final installment of 20% of Credit Facility A and approximately 43% of Credit Facility B due. The Group has also made an amendment to the revolving credit facility agreement, reducing the amount of the facility to EUR 1.7 million and extending the repayment period to 2 years. The revolving facility bears interest at WIBOR plus a margin. The funds available under the facility can be used as an overdraft, bank guarantee or letter of credit. The term loan facility is repaid in full at maturity.

The facility is secured in particular by a pledge of all shares in Stemlab S.A. held by the Group, shares in Bebécord Stemlife International S.A. and Bebé4d My Family Ties S.A. held by Stemlab S.A., a guarantee of up to EUR 29.6 million provided until the end of 2026, and by registered and financial liens on the Group's bank accounts.

Under the agreement, the Group must comply with certain financial covenants. In particular, the Group may:

- not exceed the ratio of 3.5 times debt to reported EBITDA,
- the ratio of 4.25 times debt to reported EBITDA for debt repayable in 2020,
- the ratio of 3.75 times debt to reported CASH EBITDA for debt repayable in 2021, and
- the ratio of 3.5 times debt to reported EBITDA for debt repayable after 2022

must not be exceeded. In addition, the company may not distribute dividends in excess of 20% of net income and must maintain a debt coverage ratio of at least 1.2.

During the periods presented and subsequent to the balance sheet date, the Group has complied with all covenants under the Credit Facility Agreement.

Loan liabilities developed as follows:

EUR thousand	2021	2020
Loans as of January 1 of the fiscal year	3,827	5,383
Proceeds from borrowings	4,227	0
Outflows from the repayment of financial loans	-2,290	-1,597
Cash outflows from the acquisition of companies	0	0
Non-cash interest effects	2	40
Currency differences	21	0
Addition due to business combination	15,676	0
<b>Loans as of December 31 of the fiscal year</b>	<b>21,462</b>	<b>3,827</b>

**20. PROVISIONS**

EUR thousand	2021	2020
Balance as of January 1 of the fiscal year	73	118
Changes in the scope of consolidation	268	0
Addition	8	0
Utilization	13	46
Resolution	40	0
<b>Balance on December 31 of the fiscal year</b>	<b>295</b>	<b>73</b>

The provisions will be cash-effective in the amount of EUR 10 thousand in 2022.

The provisions mainly include provisions for therapy cost subsidies in the event of the use of a preparation, insofar as these subsidies are contractually agreed.

**21. PENSION PROVISIONS**

In 2014, the pension commitment with a former member of the Management Board was restructured. Accordingly, the pension commitment valid until then was limited to the entitlements earned up to July 31, 2014. This is a defined benefit pension plan (funded) for which contributions were made to a separately managed pension fund. The amounts included in the financial statements have developed as follows:

EUR thousand	2021	2020
Present value of defined benefit obligation	-435	-479
Fair value of plan assets	399	393
Effects of the recognition ceiling	0	0
<b>Liability from defined benefit obligation</b>	<b>-36</b>	<b>-86</b>

In accordance with IAS 19.113, the present value of the defined benefit obligation and the fair value of plan assets are offset. The plan assets include a long-term fund for the fulfillment of employee benefits 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 obligations covered.

**Development of the present value of the defined benefit obligation**

EUR thousand	2021	2020
Present value of defined benefit obligation as of January 1	479	443
Interest expense	4	5
<b>Revaluations</b>		
Actuarial gains/losses due to changes in financial assumptions	-48	31
<b>Present value of defined benefit obligation as of December 31</b>	<b>435</b>	<b>479</b>

**Development of the fair value of plan assets**

EUR thousand	2021	2020
Fair value of plan assets as of January 1	393	387
Employer contribution	1	0
Interest income	3	4
<b>Revaluations</b>		
Income from plan assets excluding amounts included in net interest expense and income	2	2
<b>Fair value of plan assets as of December 31</b>	<b>399</b>	<b>393</b>

The pension obligations as of December 31, 2021 were measured using the Heubeck DIRECTIVE 2018 G biometric calculation basis according to the projected unit credit method.

**Assumptions for the determination of the pension obligation**

in %	2021	2020
Discount rate	1.30	0.80
Salary trend	0.00	0.00
Pension trend	1.90	1.90

As a result of the reinsurance policy taken out, neither an impact on the pension plan obligation on profit or loss nor cash outflows by the company in subsequent years are expected.

**22. DEFERRED GRANTS**

The investment grants and subsidies reported under grants developed as follows:

EUR thousand	2021	2020
Balance as of January 1 of the fiscal year	797	842
Access	13	0
Repayment	111	0
Addition due to business combination	617	0
Reversed to income	122	45
Currency differences	4	0
<b>Balance on December 31 of the fiscal year</b>	<b>1,196</b>	<b>797</b>
Short-term grants	361	42
Long-term grants	835	755
<b>Balance on December 31 of the fiscal year</b>	<b>1,196</b>	<b>797</b>

The grants are released on a straight-line basis over the useful life of the subsidized assets.

**23. REPAYMENT OBLIGATIONS**

EUR thousand	2021	2020
Repayment liabilities – current	21,837	0
	<b>21,837</b>	<b>0</b>

Repayment liabilities include repayment claims by customers to which they are entitled in the event of a possible switch to a different contract model or the exercise of a statutory termination right before the end of the contractual minimum term.

**24. CONTRACT LIABILITIES**

EUR thousand	2021	2020 *
Obligation to fulfill concluded storage contracts – long-term	3,600	1,308
Obligation to fulfill concluded storage contracts – short-term	137	0
	<b>3,737</b>	<b>1,308</b>
Advance payment for storage – long-term	38,096	15,159
Advance payment for storage – short term	14,649	3,102
	<b>52,745</b>	<b>18,261</b>
	<b>56,481</b>	<b>19,570</b>

\* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

The obligations to fulfill concluded storage contracts relate to obligations assumed as part of business combinations for the storage of stem cell deposits over a contract-specific storage period. Upon expiration of the obligation, the short-term obligation to fulfill concluded storage contracts will be recognized in income in fiscal year 2022. The non-current portion of the obligations will be recognized in income from fiscal year 2023.

Advance payments for storage include storage fees collected in advance from customers for periods ranging from one year (short-term) to 50 years (long-term), which are recognized as revenue on a straight-line basis over the period of storage.

The item developed as follows in the reporting period:

EUR thousand	2021	2020 *
Balance as of January 1 of the fiscal year	18,261	17,405
Changes in the scope of consolidation	31,505	0
Advance payments from previous periods included in sales from storage	–6,322	–3,053
Advance payments received and accrued in the fiscal year	9,300	3,908
<b>Balance on December 31 of the fiscal year</b>	<b>52,745</b>	<b>18,261</b>

\* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

**25. TRADE PAYABLES AND OTHER LIABILITIES**

EUR thousand	2021	2020
<b>Financial liabilities</b>		
Trade payables		
Trade payables	7,530	1,318
Other liabilities	721	0
<b>Other financial liabilities</b>		
Put options	3,375	0
Variable purchase price components	500	0
Other financial liabilities	1,106	142
	<b>13,232</b>	<b>1,459</b>
<b>Non-financial liabilities</b>		
Employee and Management Board benefits	1,719	309
Other non-financial liabilities	2,647	663
	<b>4,367</b>	<b>972</b>
	<b>17,598</b>	<b>2,431</b>

Trade payables are non-interest bearing and are normally due within 30 days.

Other financial liabilities mainly include liabilities from put options granted to non-controlling shareholders of Group companies in the context of business combinations. As writer, Vita 34 can be obligated to repurchase existing put options held by non-controlling shareholders.

Other non-financial liabilities mainly include liabilities for value-added taxes and social security contributions.



## 26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### 26.1 CARRYING AMOUNTS AND FAIR VALUES

The carrying amounts of financial assets and financial liabilities are shown in the following statements. The carrying amount corresponds to the fair value.

EUR thousand	2021	2020*
<b>Financial assets</b>		
<b>Financial assets at amortized cost</b>		
Trade receivables	12,688	2,964
Other financial assets	2,679	126
Other investments	113	0
	<b>15,480</b>	<b>3,090</b>
<b>Financial assets measured at fair value through other comprehensive income (debt instruments)</b>		
Securities investments	0	100
<b>Financial assets measured at fair value through other comprehensive income (equity instruments)</b>		
Other financial assets	289	233
<b>Total financial assets</b>	<b>15,769</b>	<b>3,423</b>
<b>Financial liabilities</b>		
<b>Financial liabilities at amortized cost</b>		
Interest bearing loans	21,462	3,827
Trade payables	8,250	1,318
Put options	3,375	0
Other financial liabilities	1,106	142
	<b>34,193</b>	<b>5,286</b>
<b>Financial liabilities measured at fair value through profit or loss</b>		
Variable purchase price components	500	0
<b>Total financial liabilities</b>	<b>34,693</b>	<b>5,286</b>

\* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

Trade receivables, other financial receivables, trade payables and other financial liabilities generally have short remaining terms to maturity; the values recognized in the balance sheet approximate their 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 the 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 the non-current loans measured at amortized cost in the balance sheet were determined by discounting the expected future cash flows using market interest rates. The classification was made in each case in level 2 of the fair value hierarchy.

The fair value of other financial assets is determined on the basis of appropriate valuation methods. They are allocated to Level 3 of the fair value hierarchy.

The fair value of the other financial assets is determined on the basis of appropriate valuation methods. They are classified within level 1 of the fair value hierarchy.

## 26.2 NET RESULT BY MEASUREMENT CATEGORY

The net results of financial assets and financial liabilities by measurement category were as follows:

EUR thousand	Financial income	Financial expenses	Other operating expenses	Total
<b>2021</b>				
Financial assets at amortized cost	51	-15	-201	-165
Financial assets measured at fair value through other comprehensive income (debt instruments)	0	0	0	0
Financial liabilities at amortized cost	0	-338	0	-338
	<b>51</b>	<b>-353</b>	<b>-201</b>	<b>-503</b>
<b>2020*</b>				
Financial assets at amortized cost	35	0	-202	-167
Financial assets measured at fair value through other comprehensive income (debt instruments)	0	0	0	0
Financial liabilities at amortized cost	0	-151	0	-151
	<b>35</b>	<b>-151</b>	<b>-202</b>	<b>-318</b>

\* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

## 26.3 DERIVATIVES

The Group has entered into open transactions to hedge variable interest rates for a long-term investment facility. This allowed the variable interest rates to be converted into fixed interest rates.

The company does not apply hedge accounting in this context.

The following derivative financial instruments were held:

As of December 31, 2021	No.	Trading date	Maturity date	Instrument	Nominal value EUR	Carrying amount EUR
	37629	30/12/2019	10/09/2023	IRS	631,566.07	10,300.43
	41925	31/03/2021	31/03/2022	IRS	438,789.86	1,007.77
	41928	31/03/2021	31/03/2022	IRS	210,522.02	493.83
	42640	29/06/2021	30/06/2022	IRS	1,316,369.59	5,886.25
<b>Gesamter Wert</b>					<b>2,597,247.55</b>	<b>17,688.28</b>

## 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND METHODS

The Group's objective is to maintain a strong capital base in order to maintain the confidence of investors, creditors and the markets and to ensure the sustainable development of the company. The Management Board regularly monitors the return on capital and the level of dividends.

The main financial instruments used by the Group comprise interest-bearing loans as well as cash and short-term investments and are therefore the focus of capital management. 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. The main risks to which the Group is exposed as a result of its financial instruments are explained in Note 25.

### 27.1 CAPITAL MANAGEMENT

The Group manages its capital structure and makes adjustments in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may make adjustments to dividend payments to shareholders or a capital repayment to shareholders, or issue new shares. As of December 31, 2021 and December 31, 2020, respectively, there were no changes to the objectives, policies and procedures. Capital comprises equity as reported in the balance sheet. The Management Board also uses various ratios to assess and monitor the capital structure. These include first- and second-degree liquidity as well as equity and debt ratios. There are no specific targets for individual indicators or minimum capital requirements. Capital management also takes into account requirements arising from loan agreements (covenants). The contractually agreed limits are explained in section 19.

### 27.2 LIQUIDITY RISK

The Group's objective is to maintain a balance between continuously covering its cash requirements and ensuring flexibility through the use of loans and medium-term investments such as securities. The Group continuously monitors the risk of any liquidity shortage by means of 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) compensation and redemption payments of the non-derivative financial liabilities:

EUR thousand	< 1 year	> 1 year < 2 years	> 2 years
Liabilities from loans	10,437	9,531	1,529
Lease liabilities	2,202	1,893	6,885
Trade payables and other liabilities	11,149	267	3,277
	<b>23,788</b>	<b>11,691</b>	<b>11,691</b>

All instruments held on December 31, 2021 and for which payments had already been contractually agreed were included. Planned figures for future new liabilities are not included. Financial liabilities repayable at any time are always assigned to the earliest time bucket.

The Group also holds derivative financial instruments; there is no liquidity risk.

### 27.3 CREDIT RISK

Credit risk is the risk that a counterparty will fail to discharge its obligations under a financial instrument, resulting in a financial loss.

The following types of credit risk arise for the Group:

- Credit risk arising from the creditworthiness of financial institutions,
- Credit risk arising from the creditworthiness of corporate customers, which, however, in the absence of significant concentration of credit risk and the large proportion of relatively small transactions in total revenue, does not require any special collateral for transactions, apart from monitoring counterparties in terms of their creditworthiness,
- Credit risk arising from the balance of revenue recognized but not yet invoiced that will be paid in the future after invoicing and
- Credit risk relating to future payments of receivables from individual customers who have opted for the subscription model in their contracts with the Group.

In the Group's opinion, the credit risk of customers does not differ from the average credit risk in the market in which the Group operates.

The Group's preferred methods of payment are bank transfers, credit cards and prepayments. Decisions to grant credit are made taking into account the outcome of the solvency assessment, the value of the contract, the maturity and the expected outstanding balance.

The credit risk on cash and cash equivalents and derivatives is limited as the Group's counterparties are banks with high credit ratings.

In the course of its operating activities, the Group is exposed to default risks, in particular with regard to trade receivables and other financial assets.

#### Trade receivables

The Group enters into transactions with both retail and corporate customers. Outstanding customer receivables and contract volumes are monitored regularly. Credit checks are carried out in part by an external credit institution.

At each balance sheet date, an analysis of expected credit losses is performed using an impairment matrix. Provisioning rates are based on days past due for groupings of different customer segments with similar loss patterns (e.g., by geographic region, customer type, as well as coverage by collateral provided by the customer). The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and understandable information available at the balance sheet date about past events, current conditions, and projections of future economic conditions. The maximum exposure to credit risk is limited to the carrying amount reported in Note 15. There are no significant concentrations of default risk in the Group.

Information on the credit risk exposure of the Group's trade receivables is presented below using a provision matrix:

EUR thousand	Total	Receivables overdue in days				
		Not due	Less than 60 days	Between 60 and 180 days	Between 180 and 360 days	More than 360 days
<b>December 31, 2021</b>						
Gross carrying amount	16,045	8,665	1,284	2,064	1,226	2,806
Expected failure rate		1%	2%	13%	63%	80%
Expected credit loss	3,357	63	25	259	768	2,243
<b>December 31, 2020*</b>						
Gross carrying amount	4,059	2,471	235	214	208	930
Expected failure rate		1%	1%	56%	62%	88%
Expected credit loss	1,094	31	1	120	128	814

\* Prior-year figures adjusted. The adjustments are explained in Note 2.3.

#### 27.4 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. 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.

#### 27.5 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. Movements in market interest rates may have a negative impact on the Group's financial results. The Group is exposed to interest rate risk due to possible changes in the accrued interest on floating rate loans granted by external financial institutions to the Group companies.

The Group has entered into interest rate swaps to hedge the floating interest rates of a long-term investment facility. This allowed the variable interest rates to be converted into fixed interest rates.

Further information can be found in the Notes 19 and 25.3.

#### 27.6 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 exchange rates. The Group is exposed to increased foreign exchange risk arising from its operating activities (where revenues and expenses are denominated in a foreign currency). During the reporting period, the Group recorded revenues and expenses in Polish zloty (PLN), Romanian leu (RON), Hungarian forint (HUF), Turkish lira (TRY), Swiss francs (CHF), US dollars (USD), Danish kroner (DKK), British pounds (GBP), UAE dirham (AED) and Hong Kong dollars (HKD).

A change in the exchange rate can therefore generally have an impact on the consolidated balance sheet.

The Group has performed an analysis of the effects of changes in the exchange rate:

EUR thousand	Trade receivables	Effect increase exchange rate +10%	Trade payables	Effect decrease exchange rate -10%
PLN	2,720	272	3,943	394
RON	756	76	136	14
HUF	101	10	100	10
TRY	264	26	78	8
CHF	2,081	208	291	29
USD	-	-	2	0
DKK	475	47	4	0
GBP	353	35	230	23
AED	1,079	108	20	2
HKD	75	8	-	-

Significant exchange rate fluctuations were recorded for the Turkish currency TRY. The Group has analyzed the potential impact of exchange rate fluctuations on earnings and cash flows. Due to the fact that companies whose functional currency is the Turkish lira are included in the consolidated financial statements 2021 for only two months, the impact on these financial statements is immaterial. The Group will closely monitor the exchange rate development and, if necessary, initiate further appropriate and necessary measures to minimize the exchange rate risk.

## 28. CONTINGENCIES AND OTHER FINANCIAL OBLIGATIONS

As of the reporting date December 31, 2021, the Group has obligations to purchase property, plant and equipment in the amount of EUR 312 thousand (December 31, 2020: EUR 341 thousand) and other obligations in the amount of EUR 258 thousand (December 31, 2020: EUR 0 thousand).

As of December 31, 2021, the Group has issued promissory bills totaling EUR 2.9 million. The promissory bills were issued in connection with grant/co-financing agreements for projects co-financed by the European Union, among others.

In addition, the Group companies had off-balance sheet liabilities from guarantees provided to secure real estate leases.

The Group has granted a guarantee to the Director of the Polish Chamber of Finance in connection with a lottery organized by the Group, which is valid until December 30, 2022.

## 29. RELATED PARTY DISCLOSURES

Related parties are associated companies and joint ventures (including their subsidiaries) and unconsolidated subsidiaries, as well as persons who have a significant influence on the financial and business policy of Vita 34. The latter include all persons in key positions as well as their close family members. At Vita 34, these are the members of the Management Board and the Supervisory Board.

For information on changes in the composition of the Management Board after the reporting date, please refer to section 32.

An overview of the Group of companies is provided in section 4.

In connection with the share swap with shareholders of PBKM and the subsequent squeeze-out, transactions were also carried out with related parties. The exchange of shares and the squeeze-out were carried out at arm's length conditions; the exchange ratio and the purchase price for the shares were determined by an independent valuation report as of the balance sheet date. The subscription of new shares by related parties took place in detail:

- In the amount of 7,466,186 new Vita 34 shares by AOC Health GmbH by means of contribution of 5,743,220 PBKM shares;
- In the amount of 514,631 new Vita 34 shares by Mr. Jakub Baran by means of contribution of 395,870 PBKM shares;
- In the amount of 78,299 new Vita 34 shares by Mr. Tomasz Baran by means of contribution of 60,230 PBKM shares;

By pledge agreement dated September 15, 2021, AOC Health GmbH pledged securities in favor of Commerzbank AG, which extended a loan to Vita 34 AG. The total volume of the transaction was EUR 100 million. AOC Health GmbH did not receive any remuneration for the granting of this third-party collateral. This is therefore a transaction that was not concluded at arm's length conditions.

The following table shows the total amounts of transactions with related parties. The amounts stated comprise the expenses and income recognized in the income statement.

### Purchased service transfers in the area of research and development

EUR thousand	2021	2020
<b>Other related companies</b>		
BioPlanta GmbH	168	
	<b>168</b>	<b>0</b>

### Rental relationships

EUR thousand	2021	2020
<b>Other related companies</b>		
Nardus Consulting*	69	
	<b>69</b>	<b>0</b>

\* One member of the management of Krio Intezet Zrt. is a shareholder of the company.  
The expenses relate to costs for renting office and laboratory space



**Other services purchased**

EUR thousand	2021	2020
<b>Non-consolidated subsidiaries</b>		
Vita 34 Suisse*	16	28
<b>Other related companies</b>		
Sorgente Genetica s.r.l.**	16	
	<b>32</b>	<b>28</b>

\* The company provides technical and regulatory support in Switzerland.

\*\* Minority shareholders and members of the management of Sorgente are shareholders of the company. The expenses relate to costs for the use of a sales program.

**Other services provided**

EUR thousand	2021	2020
<b>Non-consolidated subsidiaries</b>		
Imunolita UAB*	33	26
<b>Other related companies</b>		
Sorgente Genetica s.r.l.**	171	
	<b>204</b>	<b>26</b>

\* Revenue results from storage services provided.

\*\* Revenue results from commissions for cooperation and rental of premises.

**Receivables**

EUR thousand	2021	2020
<b>Non-consolidated subsidiaries</b>		
Imunolita UAB*	6	0
Vita 34 Suisse*	12	5
	<b>19</b>	<b>5</b>

\* The receivables and liabilities result from the service relationships presented.

**Liabilities**

EUR thousand	2021	2020
<b>Other related companies</b>		
Sorgente Genetica s.r.l.*	15	
	<b>15</b>	

\* The receivables and liabilities result from the service relationships presented.

The following expenses were incurred for members of the management in key positions:

EUR thousand	2021	2020
<b>Short-term benefits</b>		
Supervisory Board remuneration	128	110
Management Board salaries (without pension expenses)	617	432

The individualized information on the remuneration of the Management Board and the Supervisory Board of Vita 34 AG is provided in the following section.

### 30. REMUNERATION OF EMPLOYEES IN KEY POSITIONS

#### 30.1 MANAGEMENT BOARD

In fiscal year 2021, the following gentlemen were appointed to the Management Board:

Dr. Wolfgang Knirsch	Chief Executive Officer (CEO)
Falk Neukirch	Chief Financial Officer (CFO) until July 31, 2021
Andreas Schafhirt	Chief Financial Officer (CFO) from August 16, 2021

There was a change in the Management Board during the fiscal year. By resolution of the Supervisory Board on August 16, 2021, Andreas Schafhirt was appointed as the new Chief Financial Officer. The previous CFO, Falk Neukirch, resigned from his position and left the company.

Mr. Jakub Baran (President of the Management Board) and Mr. Tomasz Baran (Vice President of the Management Board) are also considered to be key management personnel following the acquisition and integration of PBKM during the fiscal year. Other members of the Management Board are Marcin Radziszewski and Tomasz Ołdak.

#### System of Management Board remuneration and review

The amount and structure of Management Board remuneration are determined by the Supervisory Board in accordance with § 87 AktG. In principle, the remuneration of the Management Board consists of (1) fixed basic remuneration, (2) optional performance-related variable remuneration, and (3) fringe benefits. The remuneration of the Management Board member Mr. Andreas Schafhirt consisted exclusively of fixed basic remuneration and fringe benefits. The authoritative remuneration system was implemented by means of the respective Management Board service agreement.

#### Fixed remuneration, variable performance-based remuneration and fringe benefits

The fixed component is the contractually agreed basic remuneration (EUR 489 thousand; previous year: EUR 410 thousand), which is paid in twelve equal monthly amounts.

The incentive bonus (EUR 91 thousand; previous year: EUR 0 thousand) is based on the achievement of certain quantitative targets. The performance-related variable remuneration is structured as an annual bonus with a one-year assessment basis. For this purpose, a total target amount in EUR is contractually defined with the respective Management Board member. The target amount of the variable remuneration is capped at 100% target achievement for all agreed sub-targets, including the discretionary bonus. The amount that can actually be paid out depends on the degree of target achievement with regard to three contractually agreed performance indicators.

In addition, the Supervisory Board of the company may, at its reasonable discretion, grant an additional voluntary discretionary bonus after the end of the respective fiscal year in the event of extraordinary performance by a member of the Management Board for the company. The gross maximum amount for the discretionary bonus is contractually agreed with the respective Management Board member. The Management Board member has no legal claim to the discretionary bonus.

Such a discretionary bonus of EUR 32 thousand was granted to the Management Board for the fiscal year, which is outstanding as of the reporting date and will be settled in the current fiscal year.

Furthermore, the members of the Management Board receive fringe benefits (EUR 37 thousand; previous year: EUR 22 thousand) consisting mainly of benefits for company pension purposes (EUR 7 thousand), insurance benefits (EUR 9 thousand) and the private use of company cars (EUR 21 thousand), which are taxable individually by the Management Board members.

All obligations included in the pension provision relate to former Management Board members. There are no pension commitments to Management Board members employed during the fiscal year. The information on pension provisions is presented in detail in Note 21.

The Management Board members of Vita 34 AG and PBKM do not receive any additional share-based remuneration.

#### Management Board of Vita 34 AG

EUR thousand	2021	2020
Short-term benefits	538	432
	<b>538</b>	<b>432</b>

#### Management Board of Polski Bank Komórek Macierzystych S.A.

EUR thousand	2021	2020
Short-term benefits	99	
	<b>99</b>	

The remuneration is divided into a fixed and a variable component. Both the fixed component (EUR 60 thousand) and the variable component (EUR 39 thousand) are due in the short term. No fringe benefits were granted.

#### Premature termination of the employment relationship

As a matter of principle, severance payment arrangements have been agreed in the Management Board service contracts which comply with the recommendations of the German Corporate Governance Code. In the event of premature termination of the employment relationship prior to expiry of the agreed contractual term at the instigation of the company, the Management Board member may receive a compensation payment.

In the event of a change of control, a special right of termination was agreed in the Management Board service contract with Dr. Knirsch which limited a severance payment to a maximum of EUR 550 thousand. A similar agreement existed with the Management Board member Falk Neukirch, who left in fiscal year 2021. Mr. Neukirch was not granted a benefit in the event of premature termination due to a change of control in the fiscal year 2021 but would in principle have been limited to EUR 400 thousand. There is no special agreement with Management Board member Andreas Schaffhirt in the event of a change of control.

The Management Board service agreements also provided for a post-contractual non-competition clause (Dr. Knirsch: two years; Mr. Neukirch: one year). No post-contractual non-competition clause has been agreed with Mr. Schaffhirt.

**30.2 SUPERVISORY BOARD**

The following persons were appointed to the Supervisory Board in fiscal year 2021:

Dr. Alexander Granderath (Chairman from December 15, 2021)	Chairman of the Supervisory Board of Francotyp Postalia AG Intermist COO and Member of the Investment Committee of Haniel GmbH Member of the Advisory Board of the Serafin Group of Companies
Florian Schuhbauer (Chairman until December 15, 2021; Deputy Chairman from December 15, 2021)	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 (until December 15, 2021)	Lawyer and partner at the law firm Weidinger Richtscheid
Frank Köhler	Co-founder of Aroma Company GmbH Partner and director of Aroma Company Köhler & Weckesser GbR Member of the Supervisory Board of Shop Apotheke Europe N.V. Managing Director of Humiecki & Graef GmbH
Andreas Füchsel	Lawyer and partner of the international law firm DLA Piper UK LLP

The remuneration system for the Supervisory Board is governed by § 18 of the Company's Articles of Association and provides both the abstract and the concrete framework for the remuneration of Supervisory Board members.

Against this background, the remuneration of the Supervisory Board members and § 18 of the Articles of Association were last amended by the Annual General Meeting on December 15, 2021 with (retroactive) effect for the entire fiscal year 2021.

In principle, Supervisory Board remuneration consists of fixed basic remuneration and fringe benefits (liability insurance and expenses).

**Supervisory Board remuneration for fiscal year 2021**

EUR thousand	2021	2020
Short-term benefits	113	110
	<b>113</b>	<b>110</b>

For other remuneration or benefits granted to members of the Supervisory Board or related parties, please refer to Note 29.

### 31. AUDITORS' FEES AND SERVICES PURSUANT TO § 314 HGB

The total fee charged for the auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft for the fiscal year 2021 amounted to EUR 290 thousand and relates to audit services for the statutory audit of the annual and consolidated financial statements of Vita 34 AG

### 32. EVENTS AFTER THE BALANCE SHEET DATE

Russia's attack on Ukraine in February 2022 and the sanctions against Russia adopted by the European Union also have an impact on the German economy. The conflict is also accompanied by many other economic uncertainties, the impact of which on the Group's business model will only become more apparent in the course of the next few months. The Group does not currently expect any significant impact on the Group's business model.

Effective March 22, 2022, the CEO of PBKM, Mr. Jakub Baran, has been appointed Chairman of the Management Board. The previous CEO, Dr. Wolfgang Knirsch, has left the Management Board and the Group. The severance payment amounted to EUR 288 thousand.

Furthermore, the Management Board was expanded to include the newly created position of CCO. Mr. Tomasz Baran, who is also a member of PBKM's Management Board, was appointed to this position effective March 22, 2022.

Leipzig, April 29, 2022

Management Board of Vita 34 AG



Jakub Baran  
Chief Executive  
Officer



Andreas Schafhirt  
Chief Financial  
Officer



Tomasz Baran  
Chief Commercial  
Officer



# FURTHER INFORMATION

## 4 To our shareholders

- 4 Letter from the Management Board
- 8 Supervisory Board Report
- 12 Vita 34 AG Shares

## 16 Combined Management Report

- 16 Preliminary note
- 16 Fundamentals of the Company and the Group
- 25 Business Report
- 32 Corporate Governance
- 32 Opportunity and risk report
- 37 Forecast report
- 39 Footnotes

## 40 Consolidated Financial Statements

- 42 Consolidated Statement of Income
- 43 Consolidated Statement of Comprehensive Income
- 44 Consolidated Balance Sheet
- 46 Consolidated Statement of Changes in Group Equity
- 48 Consolidated Cash Flow Statement
- 50 Notes to the Consolidated Financial Statements for the Fiscal Year 2021

## 118 Further Information

- 120 Responsibility Statement
- 121 Independent Auditor's Report
- 130 Financial Calendar 2022
- 131 Imprint



# RESPONSIBILITY STATEMENT

## CONSOLIDATED FINANCIAL STATEMENTS 2021

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements and the consolidated financial statements of Vita 34 AG give a true and fair view of the net assets, financial position and results of operations of the company and the Group, and the combined management report includes a fair review of the development and performance of the business and the position of the company and the Group, together with a description of the principal opportunities and risks associated with the expected development of the company and the Group.

Leipzig, in April 2022

Management Board of Vita 34 AG



Jakub Baran  
CEO



Andreas Schaffhirt  
CFO



Tomasz Baran  
CCO

# INDEPENDENT AUDITOR'S REPORT

To Vita 34 AG, Leipzig

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

### AUDIT OPINIONS

We have audited the Consolidated Financial Statements of Vita 34 AG, Leipzig, and its subsidiaries (the Group) comprising the Consolidated Balance Sheet as of December 31, 2021, the Consolidated Statement of Comprehensive Income, the Consolidated Income Statement, the Consolidated Statement of Changes in Group Equity, and the Consolidated Cash Flow Statement for the financial year from January 1 to December 31, 2021, and the Notes to the Consolidated Financial Statements, including a summary of significant accounting policies. In addition, we have audited the Group Management Report of Vita 34 AG, which is combined with the Management Report, for the financial year from January 1 to December 31, 2021.

In our opinion, based on the findings of our audit,

- the attached Consolidated Financial Statements comply in all material respects with the IFRS, as adopted by the EU, and the additional requirements of German law pursuant to § 315e (1) HGB and give a true and fair view of the net assets and financial position of the Group as of the balance sheet date and its results of operations for the financial year from January 1 to December 31, 2021, in accordance with these requirements and
- the enclosed Group Management Report as a whole provides a suitable view of the Group's position. In all material respects, this Group Management Report is consistent with the Consolidated Financial Statements, complies with German legal requirements and accurately presents the opportunities and risks of future development.

In accordance with § 322 para. 3 sentence 1 HGB, we declare that our audit has not led to any reservations concerning the correctness of the Consolidated Financial Statements and the Group Management Report.

## BASIS FOR THE AUDIT JUDGEMENTS

We conducted our audit of the Consolidated Financial Statements and the Group Management Report in accordance with § 317 HGB and the EU Regulation on Auditors (No. 537/2014; hereinafter "EU-APrVO") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under those regulations and standards is further described in the "Auditor's responsibility for the audit of the Consolidated Financial Statements and the Group Management Report" section of our audit opinion. We are independent of the Group companies in accordance with European law as well as German commercial law and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. Furthermore, in accordance with Article 10 (2) (f) EU-APrVO, we declare that we have not performed any prohibited non-audit services in accordance with Article 5 (1) EU-APrVO. 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.

## PARTICULARLY IMPORTANT AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters which, in our professional judgement, were of the greatest significance in our audit of the Consolidated Financial Statements for the financial year from January 1 to December 31, 2021. These matters were considered in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

In our view, the following matters were most significant in our audit:

1. **Impairment of goodwill**
2. **Accounting for sales revenue in accordance with IFRS 15**
3. **Business combination under common control**

We have structured our presentation of these key audit matters as follows:

1. Facts and the problem
2. Audit approach and findings
3. Reference to further information

In the following, we present the particularly important audit matters:

### 1. Impairment of goodwill

1. In the company's Consolidated Financial Statements, goodwill totaling EUR 53,653 thousand (30.2% of the balance sheet total) is reported under the balance sheet item "Goodwill". Goodwill is tested for impairment by the company once a year or whenever there is an indication that goodwill may be impaired. The impairment test is performed at the level of the cash-generating units or groups to which the respective goodwill is allocated. In the impairment test, the carrying amount of the respective cash-generating units including goodwill is compared with the corresponding recoverable amount. The recoverable amount is generally determined on the basis of the value in use. The basis for the measurement is generally the present value of future cash flows of the respective cash-generating unit or group. The present values are determined using discounted cash flow models. The starting point is the Group's approved medium-term plan, which is updated with assumptions about long-term growth rates. Expectations about future market developments and assumptions about the development of macroeconomic factors are also taken into account. Discounting is based on the weighted average cost of capital of the respective cash-generating unit or group of cash-generating units. As a result of the impairment test, no need for impairment was identified.

The result of this assessment is highly dependent on the estimation of the legal representatives with regard to the future cash flows of the respective group of cash-generating units, the discount rate used, the growth rate and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complexity of the valuation, this matter was of particular importance in the context of our audit.

2. As part of our audit, we verified, among other things, the methodological approach used to perform the impairment test. After comparing the future cash flows used in the calculation with the Group's approved medium-term planning, we assessed the appropriateness of the calculation, in particular by reconciling it with general and industry-specific market expectations. We also assessed the appropriate consideration of the costs of corporate functions. Knowing that even relatively small changes in the discount rate used can have a significant impact on the amount of the recoverable amount determined in this way, we dealt intensively with the parameters used in determining the discount rate and understood the calculation scheme. In order to take account of the existing forecast uncertainties, we reproduced the sensitivity analyses prepared by the company and performed our own sensitivity analyses. In doing so, we determined that the carrying amounts of the cash-generating units or groups, including the allocated goodwill, are sufficiently covered by the discounted future cash flows, taking into account the available information.

Overall, the valuation parameters and assumptions applied by the legal representatives are in line with our expectations and are also within what we consider to be reasonable ranges.

3. The company's disclosures on goodwill impairment testing are included in the summary of significant accounting policies in the section "Business Combinations and Goodwill" of chapter 2.4, in Significant Estimates and Assumptions in the section "Goodwill Impairment Testing" of chapter 2.5 and in section 10 "Goodwill" of the Notes to the Consolidated Financial Statements.

## 2. Accounting for sales revenue in accordance with IFRS 15

1. In the Consolidated Financial Statements of Vita 34 AG, sales revenues in the amount of EUR 28.4 million are reported, of which EUR 20.3 million are attributable to the collection and processing of umbilical cord blood, EUR 6.9 million to its storage, and EUR 1.2 million to other sales revenues. This item, which is significant in terms of amount, is subject to a particular risk in view of the complexity of the processes required for accurate recognition and accrual and the existence of multi-component contracts.

In addition, the German Financial Reporting Enforcement Panel ("FREP") opened a new procedure with regard to the implementation of the previous FREP error finding as of the financial year 2020 and, with regard to the continued incomplete recognition of costs under the expected-cost-plus-a-margin approach and the insufficient retrospective correction of the identified error, again notified Vita 34 AG of an error finding. The effects on the Consolidated Financial Statements are material and include in particular the retrospective error correction according to IAS 8 including the determination of the relevant period of the retrospective adjustment, as well as the necessary recalculation of the allocation of the transaction price to the two separate performance obligations collection and processing of umbilical cord blood and storage according to IFRS 15.

In addition, the revenues and the corresponding contract liabilities and contract assets are based to a large extent on estimates and assumptions made by the legal representatives, particularly with regard to the costs to be included in the course of the "expected cost plus a margin" approach when allocating the transaction price to the performance obligations and with regard to the determination of the contractual terms to be taken into account for the various types of contracts. Due to the large number of different contract constellations and manual adjustment entries, the correct recognition and deferral of revenue is to be regarded as complex, even taking into account the FREP error findings in the application of the IFRS 15 accounting standard.

Against this background, the recognition of revenue was of particular importance in the context of our audit.

2. Taking into account the knowledge that there is an increased risk of misstatements in the financial statements due to the complexity of data collection and processing as well as the estimates and assumptions to be made with regard to certain individual contractual arrangements, we initially assessed the processes and controls established by the Group for the recognition of revenue as part of our audit. In doing so, we also assessed the IT systems used for invoicing and correct recording of transactions up to the point of recording in the general ledger.

As part of our case-by-case audit procedures, we traced the different characteristics of the various contractual models and assessed whether the performance obligations and their contractual terms were correctly identified and whether these services were provided over a specific period or at a specific point in time. In this context, we also assessed the appropriateness of the procedures applied, including the cost calculation performed within the Group as the basis for revenue allocation using the expected-cost-plus-a-margin approach, and assessed the estimates made or judgments made by the legal representatives for revenue recognition and deferral against the background of the FREP error finding.

In addition, we assessed on a test basis the evidence supporting the revenue and the cash receipts. Through consistent audit procedures in the audit of the operating subsidiaries, we ensured that we adequately addressed the inherent audit risk of revenue.

We were able to satisfy ourselves that the systems and processes in place, as well as the controls in place, are adequate and that the estimates made and assumptions made by the legal representatives are sufficiently documented and justified in light of the FREP error finding for the accounting treatment of revenue.

3. The company's disclosures on revenues in the Consolidated Financial Statements of Vita 34 AG are included in sections 2.3 "Adjustment of Accounting Policies and Correction of Errors", 2.4 "Summary of Significant Accounting and Valuation Policies" and 2.5 "Significant Estimates and Assumptions" as well as 6.1 "Revenues from Contracts with Customers" of the Notes to the Consolidated Financial Statements.

### **3. Business combination under common control**

1. Based on the merger agreement between Vita 34 AG and Polski Bank Komórek Macierzystych S.A. (PBKM) of May 31, 2021, initiated by the joint main and anchor shareholder AOC Health GmbH (AOC Health), the shares of PBKM were contributed to Vita 34 AG as a contribution in kind in the course of a share exchange. Due to the controlling position of AOC Health in both subgroups, Vita 34 AG has classified the transaction as a business combination under common control. As a result, the transaction was not accounted for using the purchase method in accordance with IFRS 3 with the disclosure of hidden reserves and liabilities, but by continuing the previous carrying amounts (book value continuation). The accounting of the acquired assets in the amount of EUR 128.9 million and liabilities in the amount of EUR 100.6 million from the IFRS subgroup financial statements of PBKM also had to be adjusted to the accounting guideline of Vita 34 AG, which resulted in significant adjustment effects, particularly in the area of revenue recognition, which led to an increased risk of error due to the complexity of IFRS 15 accounting for the various contract models and the manual accounting processing of the adjustments.

Due to the significant effects of the timing of the first-time inclusion of PBKM in the Vita 34 Group as well as the acquisition of PBKM on the net assets, financial position and results of operations of the Vita 34 Group and the complex adjustments to the accounting policies of Vita 34 AG, particularly in the area of revenue recognition, the depiction of the business combination under common control was of particular importance within the scope of our audit.

2. As part of our audit, we first obtained an understanding of the underlying contractual arrangements and assessed the effects of the business combination under common control and the related application of the going concern basis. In conjunction with this, we assessed, among other things, the standardization of accounting rules and the accounting treatment of the business combination under common control. In this context, we traced and assessed the adjustment of revenue recognition under IFRS 15 to the uniform rules applicable to the Group. We were able to convince ourselves that the adjustments made as part of the standardization of accounting rules and the presentation of the business combination under common control are appropriate. We also assessed the disclosures required in the Notes in this context.
3. The company's disclosures on the presentation of the business combination under common control and on the effects of the unification of accounting rules are included in all sections of chapter 3 "Business combinations: Polski Bank Komórek Macierzystych S.A." of the Notes to the Consolidated Financial Statements.

## OTHER INFORMATION

The legal representatives are responsible for the other information.

The other information includes

- the Declaration on Corporate Governance pursuant to § 289f HGB and § 315d HGB obtained by us prior to the date of this auditor's report
- the Annual Report expected to be available to us after the date of the auditor's report – without further cross-references to external information – with the exception of the audited Consolidated Financial Statements, the audited Group Management Report and our auditor's report

Our audit opinions on the Consolidated Financial Statements and the Group Management Report do not cover the other information and, accordingly, we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, we have a responsibility to read the other information referred to above and, in doing so, assess whether the other information is

- materially inconsistent with the Consolidated Financial Statements, the content of the audited Group Management Report disclosures or our knowledge obtained in the audit; or
- otherwise appears to be materially misrepresented.

## RESPONSIBILITY OF THE LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The legal representatives are responsible for the preparation of the Consolidated Financial Statements, which comply in all material respects with IFRS as adopted by the EU and the additional requirements of German law pursuant to § 315e (1) HGB and for ensuring that the Consolidated Financial Statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. Furthermore, the legal representatives are responsible for the internal controls that they have determined are 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 legal representatives are responsible for assessing the Group's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to going concern. Furthermore, they are responsible for preparing the financial statements on the basis of the going concern principle, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Moreover, the legal representatives are responsible for the preparation of the Group Management Report, which as a whole provides a suitable view of the Group's position and is consistent in all material respects with the Consolidated Financial Statements, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the preparations and measures (systems) that they have deemed necessary to enable the preparation of a Group Management Report in accordance with the applicable German legal requirements and to provide sufficient appropriate evidence for the statements made in the Group Management Report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the Consolidated Financial Statements and the Group Management Report.

## AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

Our objective is 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 Group Management Report as a whole provides a suitable view of the Group's position and is consistent, in all material respects, with the Consolidated Financial Statements and the audit findings, complies with German legal requirements and suitably presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinion on the Consolidated Financial Statements and the Group Management Report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and EU-APrVO and German generally accepted standards for the audit of financial statements 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 made on the basis of these Consolidated Financial Statements and the Group Management Report.

During the audit, we exercise professional judgement and maintain a critical attitude. Furthermore,

- we identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Group 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 opinion. The risk of not detecting material misstatements is higher for non-compliance than for misstatement, as non-compliance can involve fraud, forgery, intentional omissions, misleading representations, or the override of internal controls.
- we obtain an understanding of internal control relevant to the audit of the Consolidated Financial Statements and of the arrangements and actions 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 opinion on the effectiveness of those systems.
- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the legal representatives.
- we conclude on the appropriateness of the going concern basis of accounting used by the legal representatives and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that could 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 our auditor's report to the related disclosures in the Consolidated Financial Statements and the Group Management Report or, if such disclosures are inadequate, to modify our respective audit opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or conditions could result in the Group being unable to continue as a going concern.

- we assess the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that the Consolidated Financial Statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with IFRS as adopted by the EU, and the additional requirements of German law pursuant to § 315e Abs.1 HGB.
- we obtain sufficient appropriate audit evidence regarding the accounting information of the entities or business activities within the Group to express opinions on the Consolidated Financial Statements and on the Group Management Report. We are responsible for directing, supervising and performing the audit of the Consolidated Financial Statements. We are solely responsible for our audit opinions.
- we assess the consistency of the Group Management Report with the Consolidated Financial Statements, its compliance with the law and the understanding of the Group's position presented by it.
- we perform audit procedures on the forward-looking statements made by the legal representatives in the Group Management Report. On the basis of sufficient appropriate audit evidence, we in particular verify the significant assumptions underlying the forward-looking statements made by the legal representatives and assess the appropriate derivation of the forward-looking statements from these assumptions. We do not express an independent opinion on the forward-looking statements or the underlying assumptions. There is a significant unavoidable risk that future events can differ materially from the forward-looking statements.

We discuss with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal control that we identify during our audit.

We make a declaration to those charged with governance that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that could reasonably be thought to bear on our independence and the safeguards that have been put in place to address them.

We determine from the matters discussed with those charged with governance those matters that were of the greatest 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 the auditor's report unless the law or regulations preclude public disclosure of the matter.



## OTHER STATUTORY AND OTHER LEGAL REQUIREMENTS

### REPORT ON THE AUDIT OF THE ELECTRONIC REPRODUCTIONS OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT PREPARED FOR THE PURPOSE OF DISCLOSURE IN ACCORDANCE WITH § 317 (3A) HGB

#### AUDIT OPINION

In accordance with § 317 (3a) HGB, we have performed a reasonable assurance engagement to determine whether the reproductions of the Consolidated Financial Statements and the Group Management Report (hereinafter also referred to as “ESEF documents”) contained in the file 529900EWA4GSZEZ4P40-2021-12-31-de.zip and prepared for the purpose of disclosure comply in all material respects with the requirements of § 328 (1) HGB on the electronic reporting format (“ESEF format”). In accordance with German statutory provisions, this audit only covers the transfer of the information contained in the Consolidated Financial Statements and the Group Management Report into the ESEF format and therefore neither the information contained in these reproductions nor any other information contained in the aforementioned file.

In our opinion, the reproductions of the Consolidated Financial Statements and the Group Management Report contained in the aforementioned file and prepared for the purpose of disclosure comply, in all material respects, with the requirements of § 328 (1) HGB regarding the electronic reporting format. We report on this audit opinion as well as on our audit opinions contained in the preceding “Report on the audit of the Consolidated Financial Statements and the Group Management Report” on the enclosed Consolidated Financial Statements and the enclosed Group Management Report for the financial year from January 1 to December 31, 2021, we do not express any opinion whatsoever on the information contained in these reproductions or on the other information stated in the above-mentioned file.

#### BASIS FOR THE AUDIT OPINION

We conducted our audit of the reproductions of the Consolidated Financial Statements and the Group Management Report contained in the above-mentioned file in accordance with § 317 (3a) HGB and the IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for Disclosure Purposes in Accordance with § 317 (3a) HGB (IDW PS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility thereafter is further described in the section “Group Auditor’s Responsibility for the Audit of the ESEF Documents.” Our auditing practice has complied with the quality assurance system requirements of the IDW Quality Assurance Standard: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1).

#### 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 Group Management Report in accordance with § 328 (1) sentence 4 no. 1 HGB and for the preparation of the Consolidated Financial Statements in accordance with § 328 (1) Sentence 4 No. 2 HGB.

Furthermore, the company’s legal representatives are responsible for the internal controls 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 § 328 (1) HGB.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

**GROUP 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 § 328 (1) HGB. During the audit, we exercise professional judgement and maintain a critical attitude. Furthermore,

- we identify and assess the risks of material non-compliance with the requirements of § 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 audit 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 assess the technical validity of the ESEF documentation, i. e. whether the file containing the ESEF documentation meets the requirements of Delegated Regulation (EU) 2019/815, as amended at the reporting date, for the technical specification for that file.
- we assess whether the ESEF documentation provides a consistent XHTML representation of the audited Consolidated Financial Statements and the audited Group Management Report.
- we assess whether the markup of the ESEF documents with inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of Delegated Regulation (EU) 2019/815, as applicable on the reporting date, provides an adequate and complete machine-readable XBRL copy of the XHTML rendering.

**OTHER INFORMATION ACCORDING TO ARTICLE 10 EU-APRVO**

We were elected Group auditors of the financial statements by the Annual General Meeting on December 15, 2021. We were appointed commissioned by the Supervisory Board on December 19, 2021. We have served as the Group auditors of Vita 34 AG, Leipzig, without interruption since financial year 2021.

We declare that the audit opinions contained in this audit report are consistent with the additional report to the audit committee pursuant to Article 11 EU-APrVO (audit report).

**NOTE ON OTHER MATTERS – USE OF THE AUDIT OPINION**

Our audit opinion should always be read in conjunction with the audited Consolidated Financial Statements and the audited Group Management Report as well as the audited ESEF documents. The Consolidated Financial Statements and Group Management Report converted to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic reproductions of the audited Consolidated Financial Statements and the audited Group Management Report and do not replace them. In particular, the “Report on the audit of the electronic reproductions of the Consolidated Financial Statements and the Group Management Report prepared for disclosure purposes in accordance with § 317 (3a) HGB” and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

**RESPONSIBLE AUDITOR**

The auditor responsible for the audit is Susanne Patommel.

Berlin, April 29, 2022

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft

Thomas Kieper	Susanne Patommel
Wirtschaftsprüfer	Wirtschaftsprüferin

# FINANCIAL CALENDAR 2022

04/30/2022	Annual Report 2021
05/31/2022	Quarterly Statement (Q1)
06/29/2022	Annual General Meeting
08/30/2022	Interim Report (January to June)
11/22/2022	Quarterly Statement (Q3)

# IMPRINT

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Silvester Group, Hamburg

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Vita 34 AG, Leipzig

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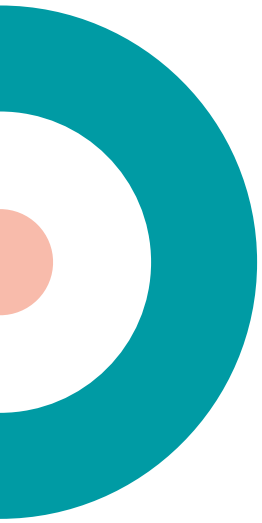
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## PUBLICATION

This annual report was published in German and English on April 30, 2022 and is available for download on our Internet site. This document is a convenience translation of the legally binding German-language document.

Vita 34 on the Internet: [www.vita34group.de](http://www.vita34group.de)



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**VITA34**