QUARTERLY STATEMENT

January to March 2023

LETTER FROM THE MANAGEMENT BOARD

Dear Shareholders,

The first quarter of the new fiscal year 2023 continued to be characterized by a market environment that has to be described as weak. In addition to the defining macroeconomic factors such as significantly higher energy prices, a fundamental change in the interest rate environment, and a substantial increase in inflation, it was above all the noticeable drop in birth rates in many European markets that had a considerable impact on our day-to-day business. Nevertheless, we succeeded in holding our own even in this negative environment and closed the first quarter well, given the circumstances.

At EUR 17.9 million, our sales were 15.7% higher than in the previous year. The main contributors to this significant growth were the price increases we successfully implemented so far in several markets, as well as positive effects from contract adjustments in connection with the harmonization of our accounting in accordance with IFRS 15. As already mentioned, this positive development was contrasted by a market environment characterized by continuing declines in birth rates in the core markets of Europe. In our core market of Germany, for example, birth rates in the first quarter were even lower than the lows of the already weak prior year 2022, according to the German Federal Statistical Office. Our organic growth was correspondingly negative. However, thanks to strict cost discipline and the implementation of efficiency enhancement measures, we succeeded in keeping large parts of our cost of sales virtually unchanged or only slightly higher than in the same period of the previous year. Accordingly, our earnings before interest, taxes, depreciation, and amortization (EBITDA) were positive at EUR 0.3 million, following a clearly negative figure in the previous year.

Overall, it is therefore quite positive that the price increases we have established so far have a revenue-increasing effect and that customer response reflects the fact that, even at the new price level, cryopreservation of stem cells is an attractive option for expectant parents to provide for the health of their family. At the same time, we continue to experience a historic decline in birth rates. While there is no question that this negative trend will be overcome, it is impossible to predict when this will be the case, and strict cost discipline accordingly remains the top priority in our day-to-day business.

In addition to adjusting cost structures, we are also focusing our investments in the new business areas Cell & Gene Therapies and CDMO in a more targeted manner. Accordingly, the investments in the current fiscal year 2023 are intended to pursue our subprojects and to run fewer projects in parallel. Just a few weeks after the end of the first quarter, we started enrolling patients (“First Patient In”) for the Phase I clinical trial of Tarcidomgen Kimleucel. The drug candidate is an anti-CD19 CAR-T, a chimeric antigen receptor, and the first candidate in Vita 34’s Cell & Gene Therapy portfolio, putting our entry into the CAR-T market within reach. A market that has immense potential to revolutionize cancer treatment.

With regard to the further course of the year, we assess the general market environment as continuing to be difficult overall and, against the backdrop of falling birth rates, difficult to assess. However, due to the positive impetus provided by the established price adjustments and an optimized cost base, we believe we are well equipped to cope with this difficult market phase in the coming quarters. We therefore stand by our forecast for the full year of sales between EUR 75 and 82 million and EBITDA in the range of EUR 5.5 to 7.0 million.

Leipzig, May 2023

The Management Board of Vita 34 AG

Jakub Baran
Chief Executive Officer

Dirk Plaga
Chief Financial Officer

Tomasz Baran
Chief Commercial Officer

GROUP KEY FIGURES

		01/01/2023 – 03/31/2023	01/01/2022 – 03/31/2022
Statement of Profit and Loss			
Sales revenue	EUR thousand	17,904	15,480
Gross profit	EUR thousand	5,681	3,592
EBITDA	EUR thousand	272	–1,064
EBITDA margin as a percentage of sales	%	1.5	–6.9
Operating result (EBIT)	EUR thousand	–1,813	–3,195
Net result for the period	EUR thousand	–3,040	–2,937
Earnings per share	EUR	–0.18	–0.18
Balance sheet		**Mar. 31, 2023**	Dec. 31, 2022
Balance sheet total	EUR thousand	150,453	151,508
Equity	EUR thousand	12,682	15,852
Equity ratio	%	8.4	10.5
Liquid funds	EUR thousand	14,697	16,290
Cash flow		**01/01/2023 – 03/31/2023**	01/01/2022 – 03/31/2022
Cash flow from investing activities	EUR thousand	–1,226	–1,072
Depreciation and amortization	EUR thousand	2,085	2,130
Cash flow from operating activities	EUR thousand	1,974	423

Business Development and Results of Operations

The Vita 34 Group was able to increase its revenues by 15.7% to EUR 17.9 million in the first three months of 2023. The first significant revenue driver was price effects. Vita 34 succeeded in selectively adjusting prices to market conditions in almost all country markets. These price adjustments contributed approximately EUR 1.8 million to revenue in the first quarter of 2023. The restructured storage contracts in the subgroup PBKM and the associated positive effects in accounting and revenue recognition according to IFRS 15 (expected to be EUR 5.7 million in 2023) also had a revenue-boosting effect in the first quarter of 2023. In the reporting period, significant positive revenue effects amounting to around EUR 1.1 million have now been generated from this for the first time.

The positive effects from the price adjustments and from the revenue recognition in accordance with IFRS 15 for the restructured contracts were almost entirely responsible for the growth. By contrast, demand was very subdued in a persistently weak market environment. The overall environment of a pandemic, the war in Ukraine, inflation, rising interest rates, uncertainty about energy supplies and economic fears had a negative impact on people’s willingness to spend in many countries, especially on expectant parents. Demand was also significantly impacted by the continuing decline in birth rates in the core European markets. In Germany, for example, the birth rate in the first quarter of 2023 fell below the lows of 2022. Organic business and revenue development fell short of potential despite interim signs of recovery. The number of contract renewals and corresponding applications continues to increase. The integration projects following the merger of Vita 34 and PBKM are largely running according to plan.

The cost of sales increased at a significantly lower rate than sales, by only 2.8%, so that the cost of sales ratio fell accordingly. Gross profit improved from EUR 3.6 million to EUR 5.7 million. The effects from the price adjustments and the revenue recognition according to IFRS 15 had an almost entirely positive impact on the earnings development. At the same time, the Vita 34 Group continued to keep its major cost items strictly under control and implemented further efficiency enhancement measures. Marketing and selling expenses amounted to EUR 2.5 million in the first quarter of 2023 (previous year: EUR 2.3 million). Marketing and selling activities will be deliberately continued at a comparable level despite the ongoing weaker market environment. Administrative expenses fell slightly from EUR 4.9 million to EUR 4.7 million. This figure continues to include significant expenses for the new activities in the areas of Cell and Gene Therapies (incl. CAR-T) and CDMO.

Against the background of pronounced cost discipline and revenue growth, EBITDA, which had still declined significantly in the previous year, improved from EUR –1.1 million to EUR 0.3 million, thus returning to positive figures for the first time since the merger. The EBITDA margin was 1.5%. EBIT increased significantly from EUR –3.2 million to EUR –1.8 million. Financial expenses increased from EUR 0.4 million to EUR 1.1 million. In addition to the general rise in interest rates and exchange rate differences, this was mainly due to additional financial expenses from hyperinflationary accounting triggered by the inflationary environment for the subsidiary in Turkey.

Earnings before taxes after three months of 2023 were EUR –2.8 million (prior-year period: EUR –3.5 million). Due to the absence of the positive tax effects from the previous year, earnings after taxes remained virtually unchanged at EUR –3.0 million (prior-year period: EUR –2.9 million). This results in unchanged earnings per share for the three-month period 2023 of EUR –0.18.

Development in the Segments

In the subgroup PBKM, revenues increased by 27.0% from EUR 10.9 million to EUR 13.9 million The main factor here was the effects of the change in revenue recognition in accordance with IFRS 15. Segment EBITDA amounted to EUR 0.9 million (prior-year period: EUR –1.3 million). This means that this segment was able to continue the turnaround in earnings that had already begun in the third and fourth quarters of 2022. Investments in the subgroup PBKM amounted to EUR 0.8 million (prior-year period: EUR 0.9 million) and, in addition to the new business areas, mainly went into cryotanks and laboratory equipment. In addition to adjusting cost structures in the areas of administration, marketing and sales, the company is focusing its investments primarily on the new business areas of Cell and Gene Therapies and CDMO. Accordingly, the investments in the current fiscal year 2023 are intended to specifically pursue the most promising subprojects, thereby reducing the number of projects running in parallel. Patient recruitment (“First Patient In”) for phase I of the clinical trial of Tarcidomgen Kimleucel is currently underway. The drug candidate is an anti-CD19 CAR-T, a chimeric antigen receptor, and the first candidate in the Cell and Gene Therapy portfolio.

In the subgroup Vita 34 segment, revenues decreased by 6.4% from EUR 4.5 million to EUR 4.3 million. The weak demand trend was met by first positive price effects, which will not be fully reflected in revenue until the second quarter of 2023 and therefore could not fully compensate for the decline in demand. Segment EBITDA amounted to EUR –0.6 million, compared with EUR 0.3 million in the same period of the previous year. Deliberately slightly increased marketing expenses and the still missing sales effects were responsible for this earnings development. In addition, Vita 34 AG not only forms the subgroup Vita 34 as an operating unit with its subsidiaries, but also assumes the holding function for the Group as a whole. This leads to corresponding cost burdens in the amount of approximately EUR 1 million per year. In addition, there are cost burdens in the subgroup Vita 34, because this subgroup also assumes the holding function for the Group as a whole. Investments continued to be implemented in a very controlled manner and on balance amounted to EUR 0.4 million (prior-year period: EUR 0.2 million).

Financial Position and Net Assets

Cash flow from operating activities improved from EUR 0.4 million to EUR 2.0 million in the first quarter of 2023. The increase in cash flow is mainly based on the improved earnings performance. Depreciation and amortization remained stable at EUR 2.1 million (prior-year period: EUR 2.1 million). The positive revenue effects from the contract adjustments and IFRS 15 accounting were not cash-effective. Nevertheless, the subgroup PBKM succeeded in generating a significantly improved cash flow from operating activities of EUR 2.0 million, compared to EUR 0.1 million in the same period of the previous year. In the subgroup Vita 34 segment, cash flow from operating activities was close to zero after EUR –0.8 million in the first quarter of 2022.

In the Group as a whole, a net amount of around EUR 1.2 million was invested in the reporting period. In the previous year, this figure was EUR 1.1 million. Investments in property, plant and equipment, particularly in cryotanks and laboratory equipment, were the main focus at EUR 1.5 million. Financing activities resulted in a cash outflow of EUR 2.3 million, compared with a cash outflow of EUR 0.7 million in the prior-year period. This was mainly due to scheduled repayments of loans. As of March 31, 2023, the Vita 34 Group has cash and cash equivalents in the amount of EUR 14.7 million, compared to EUR 16.3 million as of December 31, 2022.

The picture for non-current and current assets as of March 31, 2023 is very stable compared with December 31, 2022. There were hardly any changes in non-current assets, which increased from EUR 110.4 million to EUR 111.3 million. Depreciation and amortization largely coincided with capital expenditure; accordingly, property, plant and equipment remained almost at the same level as on December 31, 2022, at EUR 24.8 million (December 31, 2022: EUR 24.4 million). Current assets decreased by around EUR 2 million to EUR 39.1 million, significantly influenced by the change in cash and cash equivalents.

Equity decreased in line with the result for the period from EUR 15.9 million to EUR 12.7 million. Accordingly, the equity ratio was 8.4%, down from 10.5%. At EUR 67.7 million, non-current liabilities were at the same level as at the end of 2022 (EUR 67.1 million). Current liabilities increased slightly from EUR 68.5 million to EUR 70.1 million. The scheduled repayment of interest-bearing loans was offset by several minor changes, for example in trade payables, as of the reporting date.

Forecast

The Vita 34 Group can continue to confirm the full-year forecast for 2023. For the fiscal year 2023, a significant increase in consolidated revenue and consolidated EBITDA is expected. Accordingly, consolidated revenues of EUR 75 to 82 million and earnings before interest, taxes, depreciation and amortization (EBITDA) of EUR 5.5 to 7.0 million are forecast. This includes expected positive effects from the accounting according to IFRS 15 in the amount of EUR 5.7 million, which affect both sales and earnings, but do not affect liquidity. The Management Board of Vita 34 AG assesses the general market environment as still difficult and, against the background of declining birth rates, also difficult to predict for the further course of the year. However, due to the positive impulses of the established price adjustments and an optimized cost basis, it considers the company to be well equipped under the circumstances to cope with this difficult market phase in the coming quarters. Furthermore, the statements made in the forecast report of the combined management report 2022, in particular regarding the upcoming financing projects, remain valid.

The forecast is based on a constant exchange rate of the euro to the Polish zloty and other currencies (HUF, RON, TRY, GBP) compared with March 31, 2023.

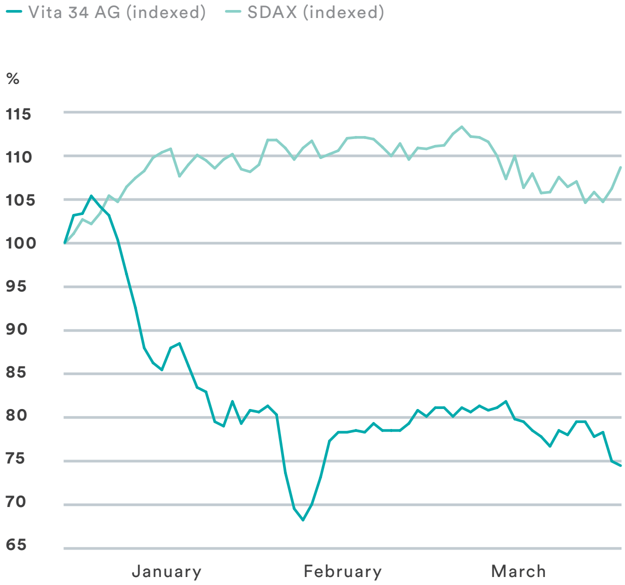
Share

Key Share Data Q1 2023

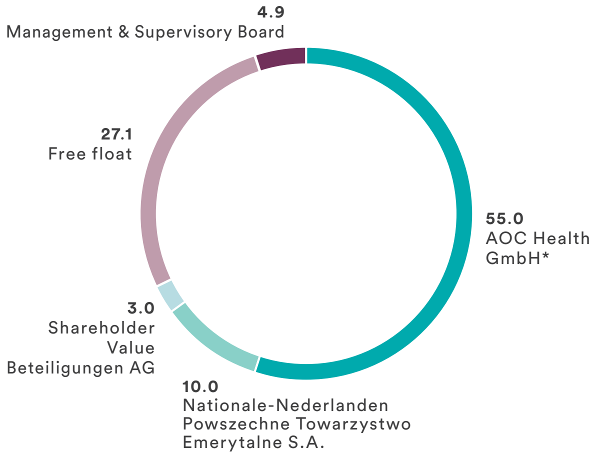
Ticker symbol/Reuters symbol	V3V/V3VGn.DE
WKN/ISIN	A0BL84/DE000A0BL849
Number of shares	16,036,459
Price on 01/03/2023*	EUR 7.86
Price on 03/31/2023*	EUR 5.88
Market capitalization (03/31/2023)	EUR 94.3 million

* Closing prices Xetra trading system of Deutsche Börse AG

Share Price Development Q1 2023



Shareholder Structure (as of March 31, 2023) in %



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

Consolidated Statement of Profit and Loss

EUR thousand	**01/01/2023 – 03/31/2023**	01/01/2022 – 03/31/2022
Sales revenues	17,904	15,480
Cost of sales	–12,223	–11,888
Gross profit on sales	**5,681**	**3,592**
Other income	395	750
Marketing and selling expenses	–2,532	–2,257
Administrative expenses	–4,654	–4,907
Other expenses	–420	–296
Impairment losses on trade and other receivables	–283	–76
Operating result (EBIT)	**–1,813**	**–3,195**
Financial income	124	134
Financial expenses	–1,069	–425
Earnings before taxes	**–2,758**	**–3,486**
Income tax expense/income	–282	549
Result for the period after taxes	**–3,040**	**–2,937**
Attribution of the result for the period to the		
Owners of the parent company	–2,888	–2,810
Minority interests	–152	–127
Earnings per share, undiluted/diluted (EUR) Undiluted and diluted earnings per share, relating to the result for the period attributable to holders of ordinary shares of the parent company	–0.18	–0.18

Consolidated Balance Sheet (Assets)

Assets

EUR thousand	**Mar. 31, 2023**	Dec. 31, 2022
Non-current assets		
Goodwill	39,434	39,491
Other intangible assets	18,050	18,647
Property, plant and equipment	24,772	24,433
Right-of-use assets	11,706	11,393
Shares in associated companies	415	414
Other financial assets	1,049	1,045
Other non-financial assets	1,649	1,719
Deferred tax assets	9,658	9,634
Contract assets	4,082	3,088
Trade receivables	517	580
	111,332	**110,443**
Current assets		
Inventories	3,449	3,891
Trade receivables	12,187	12,751
Income tax receivables	1,873	1,841
Contract assets	3,044	2,701
Other financial receivables and assets	2,013	1,943
Other non-financial receivables and assets	1,858	1,647
Cash and cash equivalents	14,697	16,290
	39,120	**41,065**
Total assets	**150,453**	**151,508**

Consolidated Balance Sheet (Equity & Liabilities)

Equity & Liabilities

EUR thousand	**Mar. 31, 2023**	Dec. 31, 2022
Equity		
Subscribed capital	16,036	16,036
Capital reserves	36,986	36,960
Loss carryforwards	−33,550	−30,663
Other reserves	−2,760	−3,021
Treasury shares	−2,813	−2,813
Non-controlling interests	−1,217	−648
	12,682	**15,852**
Non-current liabilities		
Interest-bearing loans	1,306	1,724
Leasing liabilities	10,393	10,331
Deferred grants	696	723
Contract liabilities	46,839	45,892
Other provisions	347	320
Pension provisions	0	0
Deferred tax liabilities	5,104	5,126
Other financial liabilities	3,021	3,012
Other non-financial liabilities	0	0
	67,706	**67,129**
Current liabilities		
Trade payables	8,378	8,056
Other provisions	5	5
Income tax liabilities	415	371
Interest-bearing loans	12,705	13,779
Lease liabilities	2,602	2,357
Deferred grants	244	256
Repayment obligations	25,074	24,470
Contract liabilities	14,615	13,853
Other financial liabilities	1,999	1,778
Other non-financial liabilities	4,029	3,603
	70,065	**68,527**
Total Equity & Liabilities	**150,453**	**151,508**

Consolidated Cash Flow Statement

EUR thousand	01/01/2023 – 03/31/2023	01/01/2022 – 03/31/2022
Cash flow from operating activities		
Result for the period before income taxes	–2,758	–3,486
Adjusted for:		
Depreciation and amortization	2,085	2,130
Impairments	0	0
Gains/losses on the disposal of non-current assets	194	0
Other non-cash expenses/income	35	69
Financial income	–124	–134
Financial expenses	1,069	425
Changes in net working capital:		
+/– Inventories	443	–134
+/– Receivables and other assets	416	–594
+/– Contract assets	–1,338	–67
–/+ Debts	1,033	135
–/+ Contract and repayment liabilities	2,282	2,168
–/+ Provisions	0	0
Interest paid	–1,046	–191
Income taxes paid	–316	100
Cash flow from operating activities	**1,974**	**423**
Cash flow from investing activities		
Purchase of intangible assets	–57	–152
Purchase of property, plant and equipment	–1,494	–1,001
Purchase of companies, net of cash assumed	0	0
Purchase of non-current financial investments	–26	0
Proceeds from the sale of property, plant and equipment	254	0
Proceeds from the sale of financial investments	0	0
Interest received	97	81
Cash flow from investing activities	**–1,226**	**–1,072**
Cash flow from financing activities		
Payments for equity injections	0	0
Transaction with non-controlling shareholders	0	1,311
Proceeds from taking out financial loans	134	286
Payments for the repayment of financial loans	–1,698	–1,924
Payments for leases	–771	–635
Proceeds from grants received	0	237
Cash flow from financing activities	**–2,341**	**–725**
Net changes in cash and cash equivalents	–1,594	–1,374
Cash and cash equivalents at the beginning of the reporting period	16,290	33,298
Exchange rate-related change in cash and cash equivalents	1	0
Cash and cash equivalents at the end of the reporting period	**14,697**	**31,924**

FINANCIAL CALENDAR 2023

08/31/2023	Interim Report (January to June)
09/26/2023	Annual General Meeting
11/21/2023	Quarterly Statement (Q3)

IMPRINT

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