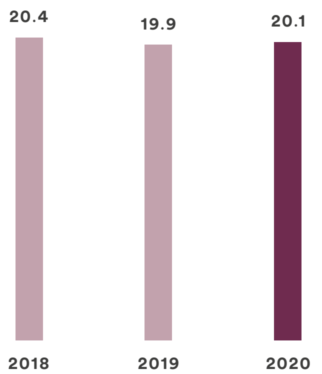
ANNUAL REPORT 2020

KEY FINANCIAL FIGURES

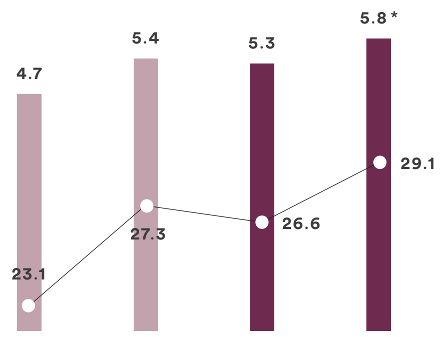
		2018	2019*	2020
Statement of income				
Sales revenue	EUR thousand	20,409	19,934	20,069
Gross profit	EUR thousand	11,974	11,783	11,663
EBITDA	EUR thousand	4,722	5,433	5,344
EBITDA margin as a percentage of sales	%	23.1	27.3	26.6
Operating result (EBIT)	EUR thousand	2,631	2,453	2,380
Net result for the period	EUR thousand	832	718	1,501
Earnings per share	EUR	0.20	0.18	0.37
Balance sheet		Dec. 31, 2018	Dec. 31, 2019*	**Dec. 31, 2020**
Balance sheet total	EUR thousand	59,317	58,775	58,464
Equity	EUR thousand	29,546	28,048	29,536
Equity ratio	%	49.8	47.7	50.5
Liquid funds	EUR thousand	6,960	9,102	10,396
Cash flow		2018	2019*	**2020**
Investments	EUR thousand	1,655	1,400	645
Depreciation and amortization	EUR thousand	2,092	2,979	2,964
Cash flow from operating activities	EUR thousand	4,597	6,318	3,980
Employees		Dec. 31, 2018	Dec. 31, 2019	**Dec. 31, 2020**
At the reporting date	Number	123	120	116

* 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 %



* Adjusted EBITDA for 2020 is calculated from EBITDA of EUR 5.3 million plus special effects of EUR 0.5 million incurred as a result of consulting costs following the takeover offer of AOC Health GmbH and the review of a prospectively possible merger with PBKM. Adjusted EBITDA of the previous years corresponds to the reported EBITDA.

VITA 34 – ONE OF THE LARGEST CELL BANKS IN EUROPE

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.

CONTENT

DR. WOLFGANG KNIRSCH
CEO of Vita 34 AG

- Responsible for corporate strategy, manufacturing, research and development, marketing and sales
- Many years of experience in marketing & sales in the pharmaceutical industry (Höchst AG, Merck KGaA, Biotest AG)

FALK NEUKIRCH
CFO of Vita 34 AG

- Responsible for Finance, Human Resources, Legal, Investor Relations, IT and Purchasing
- Many years of experience in establishing finance departments of listed companies as well as in company acquisitions and their integration (Deloitte; JV MD/Infineon/Toppan Photomasks; First Sensor AG)

INTERVIEW WITH THE MANAGEMENT BOARD

WITH DR. WOLFGANG KNIRSCH, CHIEF EXECUTIVE OFFICER, AND FALK NEUKIRCH, CHIEF FINANCIAL OFFICER OF VITA 34 AG

Mr. Knirsch, is Vita 34 AG resilient?

Dr. Knirsch: We do not want to strain this adjective too much. However, if you mean that we have been extremely stable through 2020, fully meeting our forecasts given at the beginning of the year and thus demonstrating not only stable revenue of EUR 20.1 million but also strong earnings growth, for example by 7.6% in adjusted EBITDA* or by 105.6% in earnings per share, you are right.

Neukirch: Our market is per se very resistant to economic cycles and, as has now been shown, also largely resistant to pandemics and crises. Nevertheless, you have to be very well positioned, especially in such a challenging environment, to be able to benefit from this stability. This applies on the one hand to sales and marketing, where in 2020 the severely restricted personal contact with midwives, doctors and clinics had to be compensated for by effective alternative sales measures. On the other hand, on the procurement side, the readiness to perform at any time had to be ensured through intelligent stockpiling and explicitly developed flexibility for certain input materials. Thirdly, in logistics, the transport times set by our permits and approvals had to be adhered to at all times up to the point of storage – even in an international context. We were able to implement all this very successfully.

Dr. Knirsch: And this is mainly thanks to our extremely dedicated team, which at the same time enabled us to ensure that all employees were protected in the best possible way. Our special thanks go to them.

What were the reasons for the strong earnings growth in the past fiscal year?

Neukirch: No reason was the basis for comparison in 2019, as we had already achieved a very satisfactory result with an EBITDA margin of 27.3% in the previous year as well. The fact that we were able to increase this figure to 29.1% on an adjusted basis in 2020 is thanks to our very consistent cost management, which, for example, led to a further reduction in administrative expenses. As a result, we were able to almost compensate for the quite noticeable one-off special costs that we incurred as a result of consulting costs following the takeover offer of AOC Health GmbH and the review of a prospectively possible merger with PBKM. The major difference compared to previous years was that we have now completely reorganized and thus significantly optimized our international structures, enabling us to once again to increase marketing and sales expenses for future organic growth, particularly in the DACH region, without reducing our operating profitability.

Dr. Knirsch: It should be emphasized that we deliberately increased our marketing expenses once again, especially in the fourth quarter. For example, we again intensified our efforts to address gynecologists and midwives, our two most important target groups, and to market our products online to parents-to-be. We expect this to generate additional growth momentum on the revenue side, which will already be visible in 2021.

* Adjusted EBITDA for 2020 is calculated from EBITDA of EUR 5.3 million plus special effects of EUR 0.5 million incurred as a result of consulting costs following the takeover offer of AOC Health GmbH and the review of a prospectively possible merger with PBKM. Adjusted EBITDA 2019 corresponds to the reported EBITDA.

Is the focus on the DACH market or more on international business?

Neukirch: In international business, we have now achieved an optimized structure that also gives us many opportunities for profitable growth again. In this special year, Spain and Southeastern Europe still fell slightly short of expectations due to the pandemic, but have already shown their potential again. We are also already feeling growth impetus again in Eastern Europe. However, Germany and the DACH region are and will remain our core market.

Dr. Knirsch: We continue to see the greatest potential for us here. In the second half of 2020, we were able to increase revenue in the DACH region by almost 4% compared to the same period of the previous year, and compared to the first half of 2020, revenue in the DACH region rose by over 9%. With our “VitaPur” product launched at the end of 2019, we demonstrated last year the momentum that can be generated through a changed entry-level price and marketing approach. We achieved additional impetus, particularly since April 2020, by expanding this contract model to include the storage of umbilical cord tissue. Since then, the share of contracts concluded for tissue storage has risen significantly, resulting in an increase in revenue per contract concluded.

Neukirch: In addition, the increased demand for our “VitaPur” product results in rising recurring revenue. Thus, cash flows from our new business are also shifting into the future, but at the same time these are supporting our future business development. This represents a very desirable development for us.

Will international growth then come primarily through a merger with the Polish competitor?

Neukirch: The fact is that both companies have the same major shareholder, who has already stated that he prefers a merger. We also see strategic and synergetic advantages due to the different geographical focus. At present, however, we can only speculate on the when and how. However, it is also a fact that our shareholders consider Vita 34 AG to be very well positioned on its own. Otherwise, more shareholders would have accepted the mandatory takeover offer of AOC Health GmbH. Should a merger take place, which is very complex for two listed companies across national borders, we think it is important that investors retain the opportunity to invest in such an exciting and future-oriented market.

Dr. Knirsch: Our corporate strategy does not take into account a possible merger. We want to continue to grow very profitably and, in addition, have a whole range of future projects in the pipeline that can take us to a completely different level in the medium term, such as regenerative stem cell therapy, storage of immune cells from the peripheral blood of adults, and the storage of adipose cells for use in aesthetic medicine.

Can you already reveal a little more?

Dr. Knirsch: An important example is the research cooperation we have entered into with the Institute for Radiopharmaceutical Cancer Research at the Helmholz Center Dresden-Rossendorf (HZDR). The subject here is research and development work in connection with cryopreserved immune cell isolates. Within the scope of the collaboration, the principal suitability of cryopreserved immune cell isolates for the production of immune cell therapeutics will first be tested in preclinical scientific work. We also want to analyze the influence of long-term storage of immune cell preparations on the quality of cell therapeutics. After initial preliminary investigations, we are entering this research collaboration with very positive expectations. With the expected results, we would have created ideal conditions for our product to be used as an additional cell source for existing and future immunotherapies. The collaboration agreement was signed very recently in February 2021.

What is the status of "AdipoVita"?

Dr. Knirsch: We are on schedule with our projects in aesthetic medicine. For "AdipoVita", we received the manufacturing permit for the Leipzig site in the second half of the year and we are now expanding the corresponding sales partnerships. Even though we see significantly greater potential in other areas, we are continuing to drive "AdipoVita" forward in parallel. Aesthetic medicine is and remains very interesting for us because it is a very large market with high growth dynamics.

If the COVID-19 pandemic has had little negative impact on your business development, are there maybe even positive aspects for Vita 34?

Dr. Knirsch: We see more indirect positive effects and expect, for example, additional attention for the regenerative potential of stem cells from umbilical cord blood and tissue. For example, there are very promising studies in Europe, the U.S. and China on the treatment of COVID-19-related pneumonia using mesenchymal stem cells from umbilical cord tissue. The initial results show that this therapeutic approach has very great potential and that the chances of survival of severely ill COVID-19 patients have been significantly improved. There are a number of studies worldwide addressing this. We will see the results in the next few months. And generally speaking, in times of a pandemic, the growing focus on health aspects is further strengthening the awareness of expectant parents to provide their children with comprehensive preventive health care at the start of their lives.

Can you already give an outlook for 2021?

Dr. Knirsch: In the second half of 2020, we succeeded in clearly returning to our growth course. We aim to continue this trend in 2021 – with even slightly stronger growth rates than in 2020. We have already done the groundwork by expanding our marketing and sales activities. Accordingly, we expect the momentum in the core DACH region in particular to continue. Our ambition is to increase this growth rate even further. A key driver, particularly of our earnings performance in the coming years, will be the renewals of existing contracts that are due to take place from now on. Over the next few years, an average of 5,000 existing contracts will expire each year, which will be converted to annual payment. This high-margin business also supports our shift towards a stronger focus on annually recurring revenues.

Neukirch: In concrete figures, we want to achieve a range of EUR 20.3 to 22.3 million in revenue in 2021 after EUR 20.1 million in 2020. We want to confirm our earnings power in 2021. Accordingly, we are planning adjusted EBITDA of EUR 5.5 to 6.1 million after EUR 5.8 million in 2020.

Dr. Knirsch: Without question, we will again face a very challenging environment in 2021. However, similar to 2020, we continue to see ourselves in an excellent position and our market continues to offer great prospects.

SUPERVISORY BOARD REPORT

DEAR SHAREHOLDERS,

In the reporting year 2020, the Supervisory Board intensively fulfilled the duties assigned to it by law, the Articles of Association and the rules of procedure. The Supervisory Board constantly monitored the work of the Management Board and provided advice. This was based on the written and oral reports of the Management Board, 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 to ensure a comprehensive exchange of information between the bodies. Within the Supervisory Board body, the Chairman of the Supervisory Board also regularly exchanged information with members of the Supervisory Board on current issues concerning the company.

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

The Supervisory Board held twelve Supervisory Board meetings in the fiscal year 2020. At regular intervals, the Management Board informed the Supervisory Board comprehensively at the Supervisory Board meetings about 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 twelve meetings, with the exception of Mr. Richtscheid, who was unable to attend the Supervisory Board meetings on April 29, 2020 and July 9, 2020. The Supervisory Board did not form any committees. In accordance with the recommendations of the Corporate Governance Code, the Supervisory Board also met regularly without the Management Board.

CHANGES IN THE SUPERVISORY BOARD

Ms. Dr. Mariola Söhngen stepped down from the Supervisory Board after her regular term of office expired on July 1, 2020. Mr. Florian Schuhbauer was elected to the Supervisory Board at the Annual General Meeting on July 1, 2020 and subsequently elected by the Supervisory Board as its Chairman. Mr. Nicolas Schobinger resigned from the Supervisory Board with effect from July 6, 2020. Mr. Andreas Füchsel was appointed as a member of the Supervisory Board by court order of the Leipzig Local Court on July 31, 2020, with the result that the Supervisory Board was once again fully composed of four members.

The company provided appropriate support for the members of the Supervisory Board during their induction and training and education measures. The internal structures and procedures 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 advisor provided detailed training on obligations under capital market law and current capital market issues. Training and education measures were carried out in particular with regard to changes in relevant legal requirements. For example, all members of the Supervisory Board were informed in detail by the company's external legal advisor about the amendments to the German Corporate Governance Code and the associated need for action.

CONFLICTS OF INTEREST

In the reporting period, no circumstances were disclosed to the Supervisory Board by its members 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 indirect shareholder of AOC Health GmbH with regard to its mandatory offer to the outside shareholders of Vita 34 AG. For this reason, he did not participate in the consultations of the Supervisory Board regarding the statement on the takeover offer and also did not participate in the corresponding resolution.

Mr. Andreas Füchsel disclosed to the Supervisory Board a conflict of interest as a partner of the law firm DLA Piper UK LLP with regard to the Supervisory Board's approval of the conclusion of a mandate agreement between the company and DLA Piper UK LLP and the commissioning of DLA Piper UK LLP to provide consulting services under this mandate agreement. For this reason, he abstained from voting on the relevant resolutions of the Supervisory Board.

FOCUS OF DISCUSSIONS IN THE SUPERVISORY BOARD

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

- Annual and consolidated financial statements for the fiscal year 2019 and Declaration of Conformity
- Management Board matters (compensation, extension of appointment of Dr. Wolfgang Knirsch)
- Sales and marketing activities
- Current status of the actions for rescission
- Proposed resolutions for the virtual Annual General Meeting 2020
- Effects of the mandatory offer of AOC Health GmbH on Vita 34 AG and resolution of a statement on the mandatory offer, in particular with regard to a possible merger with Polski Bank Komórek Macierzystych S.A., Warsaw, Poland
- Composition of the Supervisory Board (resignation of Nicolas Schobinger and court appointment of Andreas Füchsel)
- Possible cooperation with other companies to increase the number of storages
- Strategic further development in core business, in particular product development, further development through inorganic growth, status of research and development projects
- Self-assessment of the work of the Supervisory Board
- Budget planning 2021 and medium-term planning 2022/2025

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 February 7, 2017 and the new version applicable from March 20, 2020. On March 29, 2021, the Management Board and Supervisory Board issued a Declaration of Conformity, which is printed in the "Corporate Governance" section on page 24 of the Annual Report and published on the company's website under "Investor Relations".

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS, AUDIT

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 together with the summarized management report of Vita 34 AG are prepared on the basis of §§ 315, 315 a HGB in conjunction with the International Financial Reporting Standards (IFRS), as they are to be applied in the European Union. The auditor, PKF Deutschland GmbH Wirtschaftsprüfungsgesellschaft (Berlin branch), audited the annual financial statements of Vita 34 AG, the consolidated financial statements and the combined management report. The audit mandate was issued in accordance with the resolution of the Annual General Meeting, legal provisions and the provisions of the GCGC.

As a result, it should be noted that the provisions 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 each received unqualified opinions. The financial statement documents were discussed in detail at the financial statements meeting of the Supervisory Board on March 25, 2021 in the presence and following a report of the auditor. At this meeting, the representatives of the auditor reported on the main results of their audit and on the control and risk management system with regard to accounting. They also discussed the scope, focus and costs of the audit. Furthermore, they stated that there were no reasons for bias; PKF Deutschland GmbH Wirtschaftsprüfungsgesellschaft only provided auditing services.

The Supervisory Board examined the annual financial statements, the consolidated financial statements, the combined management report and the proposal for the appropriation of profits. 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, the combined management report, the corresponding audit reports of the auditor and the proposal for the appropriation of the balance sheet profit. Following its own examination, the Supervisory Board agreed 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 a circular resolution on March 29, 2021. The Supervisory Board agrees with the combined management report and in particular with the assessment of the further development of the Company.

Vita 34 AG prepared a dependency report for the fiscal year 2020 pursuant to § 312 AktG. The dependency report was also audited by the auditor appointed by the Annual General Meeting (PKF Deutschland GmbH Wirtschaftsprüfungsgesellschaft) pursuant to § 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 § 313 (3) AktG. At the financial statements meeting on March 25, 2021, 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 before the financial statements meeting on March 25, 2021 in accordance with § 314 AktG. The Supervisory Board reviewed 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 in a circular resolution on March 29, 2021.

PKF Deutschland GmbH Wirtschaftsprüfungsgesellschaft issued the following unqualified audit opinion on the dependency report in accordance with § 313 (3) AktG:

According to the final result of our audit, no objections are to be raised against the dependency report. Pursuant to § 313 (3) AktG, we issue the following unqualified audit opinion on the report of the Management Board of Vita 34 AG pursuant to § 312 AktG on relationships with affiliated companies for the period from January 1, 2020 to December 31, 2020:

Following our dutiful audit and assessment, we confirm that

1. the actual information in the report is correct, and

2. the consideration paid by the company for the legal transactions listed in the report was not unreasonably high.

Berlin, March 29, 2021

PKF Deutschland GmbH
Wirtschaftsprüfungsgesellschaft

Beier	Niebuhr
Wirtschaftsprüfer	Wirtschaftsprüfer

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

March 29, 2021

For the Supervisory Board

Florian Schuhbauer
Chairman of the Supervisory Board

VITA 34 AG SHARES

Share Price Development

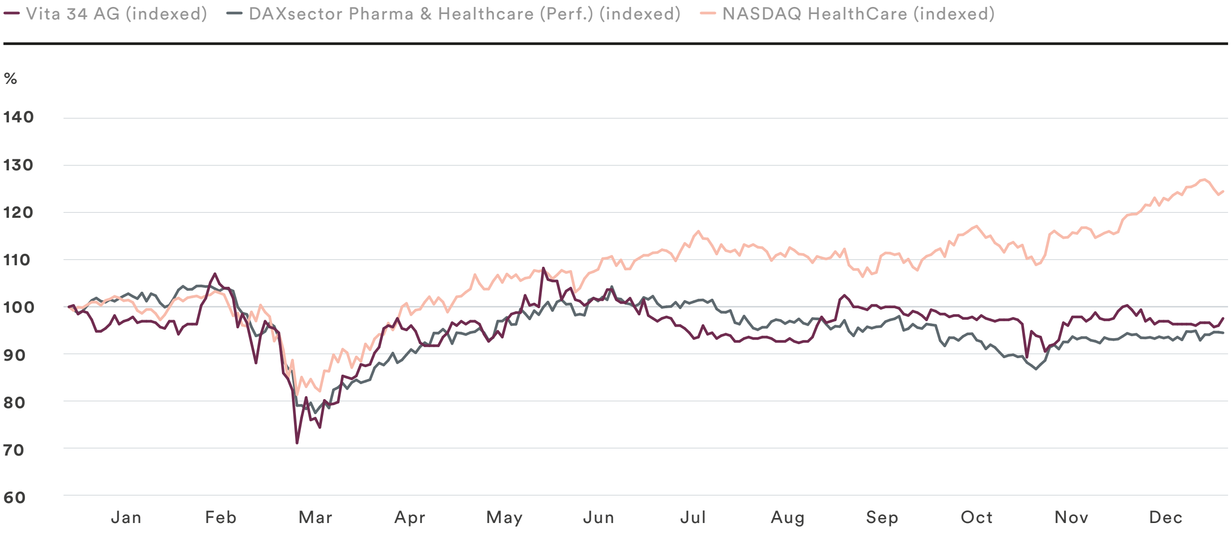
The share of Vita 34 AG started the stock market year 2020 with a Xetra closing price of EUR 12.95. In the course of the worldwide stock market crash at the outbreak of the COVID-19 pandemic, the annual low was reached at EUR 8.22 on March 12. After a rapid recovery, the high for the year was EUR 14.30 on June 12. Finally, the Xetra closing price of EUR 12.55 on December 30 corresponded to a full-year share price performance of –3.1%. The benchmark indices DAXsector Pharma & Healthcare and NASDAQ HealthCare achieved an annual performance of –7.0% and +31.0%, respectively. The market capitalization of Vita 34 AG was EUR 52.0 million on December 30, 2020. An average of 4,216 shares per day were traded on Xetra in the fiscal year 2020.

Key Share Data 2020

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 01/02/2020*	EUR 12.95
Price on 12/30/2020*	EUR 12.55
High/low	EUR 14.30/EUR 8.22
Number of shares	4,145,959
Freefloat on 12/30/2020	59.11%
Market capitalization on 12/30/2020	EUR 52.0 million
Designated Sponsor	ICF BANK AG

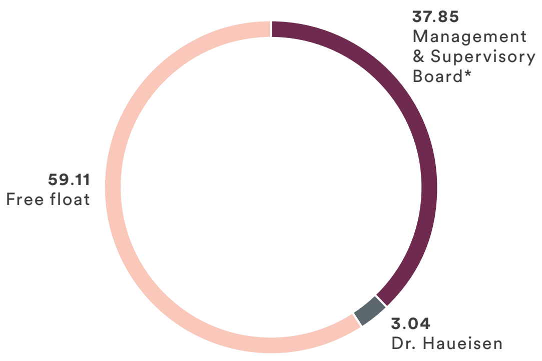
* Closing prices Xetra trading system of Deutsche Börse AG

Share Price Development 2020 Indexed: 100 = Xetra closing price on January 2, 2020



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

Shareholder structure as of December 31, 2020 in %



* Thereof 36.44% were attributable to Florian Schuhbauer (32.56% AOC Health GmbH + 3.87% PBRM).

As of December 31, 2020, the free float amounted to 59.11% (December 31, 2019: 75.1%). 3.04% of the shares were held by Dr. Peter Haueisen, while 37.85% were attributable to the Management and Supervisory Board of Vita 34.

Investor Relations

Vita 34 AG maintains an active and transparent information policy towards all participants of the capital market. In addition to regular analyst events, this also includes participation in capital market conferences, management roadshows and one-on-one meetings. The declared goal is to contribute to a fair valuation of the share through an open dialog.

During the year 2020, the Vita 34 share was continuously covered by Montega and Warburg Research. The latter recommended the share as a hold on July 6, 2020 with a target of EUR 15.00. The experts at Montega last issued a buy recommendation for the share on November 25, 2020, with a target price of EUR 20.00.

Further information on the Vita 34 share is available for download on the Internet at www.vita34group.de in the “Share” section.

COMBINED MANAGEMENT REPORT

COMBINED MANAGEMENT REPORT

Fundamentals of the Company and the Group

BUSINESS MODEL

The **core business** of Vita 34 AG and the Group (hereinafter “Vita 34”) is the collection, preparation, and storage of stem cells from umbilical cord blood and tissue. With 247 thousand stem cell deposits, the Group, which was founded in 1997, is by far the largest stem cell bank in the German-speaking countries and thus one of the two largest private umbilical cord blood banks in Europe today. In processing umbilical cord blood and umbilical cord tissue, Vita 34 works in a highly regulated market, which is covered by the transfusion and organ transplant act. The Group is currently internationally active (with a focus on Europe) with 116 employees and stores umbilical cord blood from more than 20 countries.

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. More than 800,000 umbilical cord blood donations are now stored in public umbilical cord blood banks worldwide and more than four million are available in private umbilical cord blood banks [1].

In the public perception, the use of stem cells is still primarily associated with the already established treatment of diseases of the hematopoietic and immune system such as leukemia or lymphomas. While this is the main application of umbilical cord blood from public banks, the applications of private deposits have clearly shifted to the field of regenerative medicine for several years now. In the future, this will involve the treatment of sports injuries, wear and tear of bones and cartilage as well as subsequent symptoms of heart attacks and strokes. Particular successes are currently being recorded in the treatment of early childhood brain damage and autism, as publications of study results from the USA have shown.

Vita 34 also wants to participate in the increasing use of cells in the treatment of diseases. Development efforts are focused on this, 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 driven forward. CAR-T cell therapies impressively demonstrate the great potential of immune cells for the treatment of severe and most serious diseases.

Cooperation with maternity clinics and gynecologists. In order to obtain the youngest and most vital stem cells during birth, Vita 34 works together with over 600 maternity clinics in Germany. Vita 34 regularly trains clinical staff in the collection of umbilical cord blood and tissue in order to ensure the greatest possible process assurance in accordance with the legal requirements. Thus, over 90% of all births in Germany can be covered by our services.

Storage and recovery process. After the stem cells have been collected, they are transported in special transport packaging by courier to the stem cell laboratory of Vita 34 in Leipzig. There, they are cryopreserved and stored in accordance with GMP (Good Manufacturing Practice) based on the corresponding manufacturing permit. The stem cells from umbilical cord blood and tissue are thus preserved for many decades for therapeutic use. With storage, parents invest in the participation in medical progress and thus in a preventive product by securing a unique opportunity for their child directly at birth.

Quality assurance and innovation leadership. The name Vita 34 stands for compliance with the highest quality standards. Only through consistent quality assurance, Vita 34 can set and maintain these standards. This is also reflected in the various authorizations and approvals that secure the Company the innovation leadership among the umbilical cord blood banks in Europe. For example, Vita 34 is the only private stem cell bank in Germany that, in addition to the permission for the storage of umbilical cord blood for autologous purposes, also possesses:

- 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-allogene application) and for foreign recipients (allogeneic application)

- 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 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 under all applicable regulations.

- the necessary authorizations to offer customers the possibility of storing and dispensing both whole blood and separated blood for therapeutic use

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.

In addition, Vita 34 was granted permission in 2020 to collect and produce 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 2021. The required distribution partnership with a clinic group in the field of aesthetic medicine is already being established.

COMPREHENSIVE PRODUCT PORTFOLIO

In addition to the collection, preparation and cryopreservation of stem cells from umbilical cord blood (**“VitaPlus”**) and tissue (**“VitaPlusCord”**), Vita 34 has continuously expanded its product range in recent years.

- Since the probability of matching tissue characteristics is highest among siblings, Vita 34 founded the **“Sibling Initiative”** as early as 2002. The company enables the free storage of stem cells from the umbilical cord blood of a child whose brother or sister is seriously ill and needs the stem cells of the newborn sibling for treatment, for example in leukemia.

- With **“VitaPlusDonation”**, the stem cells are stored for personal provision, while at the same time their tissue-specific characteristics are made available worldwide for stem cell search purposes in an anonymous format on www.stemcellsearch.org. Thus, the stem cells are available for personal therapeutic stem cell application, but can also be donated to a third-party patient if necessary.

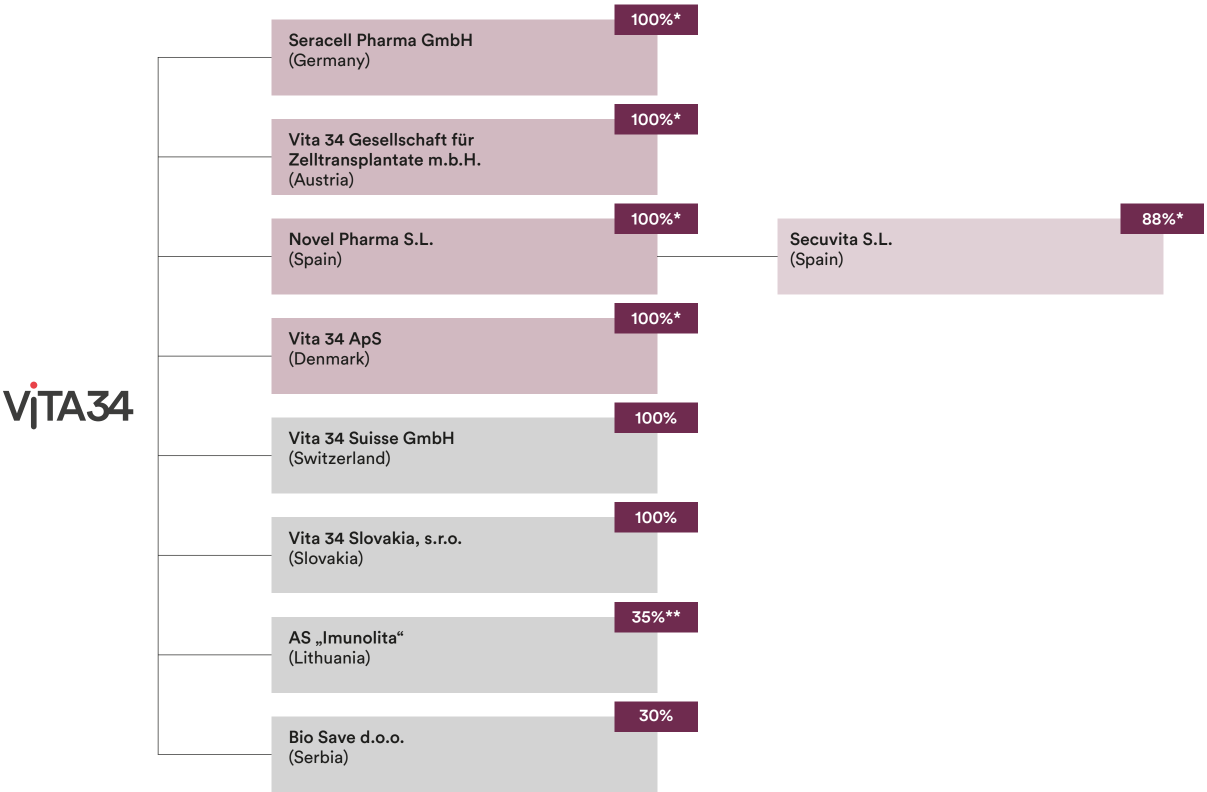
- The product **“VitaMine&Yours”**, introduced in 2016, combines the storage of umbilical cord blood for personal provision with the possibility of a donation. If sufficient quantities are available (which due to individual influencing factors is only achieved with a part of all collections), the umbilical cord blood collected at birth can be divided – into a personal deposit for the child and a second deposit free of charge for the customer as a public donation. In addition to individual health care, Vita 34 is thus the first private stem cell bank to provide an additional service to the general public.

- In May 2018, the new pricing model **“VitaPur”** was introduced to the market for the storage of umbilical cord blood and in April 2020 was extended to include the storage of umbilical cord tissue. With its price structure (lower initial price for storage with higher recurring annual fee), it is aimed specifically at price-sensitive customers and helps to further increase market penetration in the core markets of the DACH region.

- The **Vita 34 Preventive Screening** based on umbilical cord blood or a saliva sample complements the standard medical examinations and helps to detect genetic health risks and predispositions to intolerances at an early stage with early detection tests. It includes DNA tests for risks of intolerance to antibiotics, lactose and cereal flour, as well as for a disorder of the immune system (AAT deficiency) or hereditary fructose intolerance.

- Vita 34 has established the only **mobile stem cell team** in Europe and thus enables the treatment with stem cells from umbilical cord blood in any hospital. The mobile stem cell team of Vita 34 delivers the cryopreserved stem cells to the respective hospital, performs quality tests again before handing them over to the doctor and ensures the professional preparation for the transplantation. In addition to complying with all pharmaceutical law requirements for the storage of stem cells, Vita 34 also meets the highest quality standards when delivering the umbilical cord blood. This is possible thanks to special mobile equipment and the use of mobile clean room technology – regardless of the clinic’s equipment.

Corporate Structure and Shareholdings



* full consolidation
** incl. majority of voting rights

CORPORATE STRUCTURE AND SHAREHOLDINGS

The stock exchange listed Vita 34 AG is the parent company of the Group. With the exception of Seracell Pharma GmbH and Vita 34 ApS, the European subsidiaries and associated companies operate exclusively as sales companies of Vita 34 AG, with the parent company assuming strategic and operational tasks, such as the preparation and storage of stem cells, for the subsidiaries. Seracell operates as a complete cryobank with its own manufacturing process at the Rostock site, thus providing production and storage capacity 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, 2020, and are therefore fully consolidated: Seracell Pharma GmbH, Vita 34 Gesellschaft für Zelltransplantate m.b.H. (Austria), Novel Pharma S.L. (Spain), Secuvita S.L. (Spain), Vita 34 ApS (Denmark).

The investment in Bio Save d.o.o. (Serbia) is reported under other assets in non-current assets.

The Vita 34 Group is referred to as Vita 34 in the following. If it concerns exclusively the interests of the parent company or one of the subsidiaries, this is explicitly stated.

VITA 34 ON THE INTERNATIONAL MARKET

Vita 34 has successfully implemented the strategy of further internationalization in recent years. The Group currently stores umbilical cord blood from more than 20 countries.

OBJECTIVES AND STRATEGIES

Vita 34 AG is the pioneer of stem cell banking in Europe. In the future, the company is working on opening up new business areas in addition to its core business of umbilical cord blood banking and thus developing into the European market leader in cell banking. To achieve this strategic goal and the associated growth, the Management Board has identified the following four core areas:

NEW RESEARCH AND DEVELOPMENT AREAS

Through targeted research and development of market-oriented products and services, Vita 34 continues to develop from a pure stem cell bank to a more broadly based cell bank that can supply the best available patient's own cells for current and future cell therapies. Vita 34 pursues a clearly focused innovation strategy by developing new products and services around the cryopreservation of stem cells from perinatal tissue or other suitable cell sources. To this end, the company cooperates with selected renowned research institutes and universities and, by storing different cell material, creates quality standards for later medical use. In this way, Vita 34 opens up the potential to benefit from the increasing demand for cryopreserved cell material for personalized use in the field of regenerative medicine or cell therapies in the future. In addition, the value chain is to be expanded to include products and services for the pharmaceutical industry or governmental organizations. Currently, the cryopreservation of immune cells from peripheral blood is being prepared. Vita 34 has successfully initiated in vitro studies for its cell isolation process and the immune cells derived from it in 2020, which are expected to be completed by 2022.

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

In all research & development activities, projects are selected on an economically reasonable scale, in line with market trends and with an adequate risk profile in the partnerships. In addition to the current core business, Vita 34 continuously evaluates the need for new products for regenerative medicine (storage of adipose tissue as the starting point for mesenchymal stem cells and adipocytes) and for cell therapies (storage of T cells, natural killer (NK) cells, dendritic cells). The aim is to participate in the progress of further developments in the field of regenerative stem cell medicine and various immunoncological cell therapies in the medium and long term.

EXPANSION OF THE CORE BUSINESS

Vita 34 traditionally focuses on organic growth as part of its corporate strategy. In recent years, the company has successfully pushed ahead with internationalization, as the current storage of umbilical cord blood from more than 20 countries proves. The company keeps on working on continuously increasing the market penetration in the high-margin core market DACH. At the same time, its market presence domestically and abroad is to be stabilized and expanded overall. For this purpose, Vita 34 has a broad product portfolio in the field of storage of umbilical cord blood and umbilical cord tissue. The aim is to continuously expand the product range for stem cell deposits through active portfolio and life cycle management.

INORGANIC GROWTH

A further focus of the growth strategy is on vertical and horizontal acquisitions in Europe, which should strategically strengthen the market position according to clearly defined parameters and open up additional synergies, particularly in the areas of marketing and sales as well as production 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 entry into specific European markets.

ONGOING COST EFFICIENCY

Vita 34 continuously reviews all activities for their contribution to the current and future profitability of the Group. In order to secure future profitable growth on a sustainable basis, the Management Board will continue to examine further opportunities to increase cost efficiency.

MANAGEMENT SYSTEM AND PERFORMANCE INDICATORS

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

REVENUE

Revenue represents the gross inflow of economic benefits from operating activities. Revenue received for warehousing services covering several periods is spread over the period in which the warehousing services are provided.

EBITDA

EBITDA and, for 2020, additionally adjusted EBITDA are the key performance indicators of Vita 34. They serve as an essential benchmark for the cash flow strength and the operating earnings power of the company. Adjusted EBITDA does not take into account the one-time costs incurred in the reporting period for consulting services in the course of the takeover offer of AOC Health GmbH and the review of a prospectively possible merger with PBKM.

The exact development of these key performance indicators and other key figures is explained in the sections “Revenue and Earnings”, “Financial Position” and “Net Assets”.

RESEARCH AND DEVELOPMENT

Vita 34 considers research and development to be a key growth driver for the further development of the company. Therefore, these activities are based on a careful market analysis. This includes knowledge of the state of the art and the latest developments in the field of therapies and, last but not least, a careful analysis of the respective targeted market in order to define the economic potential of new products.

In the fiscal year 2020, research and development expenses amounted to EUR 0.5 million (2019: EUR 0.5 million), which corresponds to 2.5% (2019: 2.4%) of revenue. Vita 34 employed a total of 8 (2018: 9) people in research & development in the year under review.

In the coming years, Vita 34 will focus on two main areas, based on its core competence. On the one hand, the focus of R&D activities shall be on the identification, isolation and characterization of immune cells from peripheral blood of adults. The new product “immune cell isolate” based on this is expected to generate first revenues from 2023. On the other hand, Vita 34 will further develop the future product “AdipoVita”, which enables the collection of stem cells from the adipose tissue of adults, in order to open up to the attractive market of aesthetic medicine as early as 2021.

APPLICATIONS FOR REGENERATIVE AND AESTHETIC MEDICINE

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. Prospectively, the process for isolation of mesenchymal stem cells from fresh and cryopreserved adipose tissue is to be tested in a second development stage. These stem cells not only offer attractive perspectives for regenerative medicine. With new products based on adipose tissue stem cells, Vita 34 can also participate in the growing market of aesthetic medicine. Already known applications here are cell- assisted lipofilling, the treatment of wound healing disorders and the aesthetic treatment of skin wrinkles and scars.

IMMUNE CELL BANKING FOR A NEW ERA OF CANCER THERAPY

In oncological research, immune cell therapy is a great source of hope with currently already impressive treatment successes. This personalized medicine, which focuses on the individual therapy of the patient, is a growth market in which Vita 34 can participate with its specific competence.

The immune system is an effective weapon in the battle against cancer. Immunoncological therapies aim to modify the immune system in such a way that tumor cells are effectively attacked. Convincing progress in oncology is achieved by so-called CAR-T cells, which are produced by genetically modifying the 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 of therapeutic immune cells, is affected by aging processes (immunosenescence) and by radiation or chemotherapeutic treatments. In addition, the persistence of CAR cells in the patient’s blood plays a decisive role. The persistence describes the duration of action of the CAR cells and depends on the so-called naivety of the lymphocytes, to which the T cells also belong. Lymphocytes are classified as naive if they have not yet had contact with antigens and thus have not yet been activated. Lymphocytes of young adults or from umbilical cord blood are to a large extent naive and are therefore 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 collection 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. Prospectively, the developed processes are also applicable for the production of cryopreserved immune cell isolates from umbilical cord blood. In the medium term, this would also provide additional impetus for the company’s traditional business.

With the production of cryopreserved immune cell preparations, Vita 34 is not only entering a sales market with very high potential. The innovative products and services of Vita 34 can also optimize oncological therapy. With the production of cryopreserved immune cell isolates as starting material for immunoncological therapies, Vita 34 can develop new products for personal provision. This enables Vita 34 to address target groups that could not previously 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 team-spanning cooperation and joint activities. The team structure, a flat company hierarchy and the very good working environment contribute significantly to employee satisfaction. In addition, Vita 34 employees can contribute suggestions as part of Vita idea management.

As of December 31, 2020, Vita 34 employed a total of 116 full- or part-time employees (2019: 120 employees) and two trainees (2019: two trainees).

Employee structure of Vita 34 and the subsidiaries included in the scope of consolidation as of December 31, 2020

Number	**2020**	2019
Total number of employees*	**116**	**120**
Thereof: Management Board	2	2
Thereof employees in management functions	15	15
Trainees	**0**	**2**

* based on headcount excluding temporary staff and trainees, marginal part-time employees and employees on parental leave

The staff of Vita 34 is characterized by a high proportion of women of around 70%. In management positions, 53% of the employees are women. Around a quarter of the employees in Germany take advantage of offers to balance family and career. In addition to part-time employment, these include flexible distribution of shift work and individual parental leave arrangements. The flexible working hours scheme introduced in 2016 continues to be very well received by employees. The preventive measures offered to employees as part of the health management system also generated great interest in the year under review.

Business Report

MACROECONOMIC ENVIRONMENT AND INDUSTRY-RELATED FRAMEWORK CONDITIONS

MACROECONOMIC ENVIRONMENT

The Kiel Institute for the World Economy (IfW)2 expects global gross domestic product (GDP) to have declined by 3.8% in 2020. In the process, the global economy was able to recover in the third quarter a considerable part of the declines in production levels suffered in the first half of the year due to the COVID-19 pandemic. Although this recovery was slowed by another wave of infection and measures to contain it, production in the global aggregate remained on an upward trend in the second half of the year. While the gross domestic product in Europe probably declined again in the fourth quarter, it is likely to have continued to rise in most of the rest of the world. Unlike in the spring, no serious negative effects of the pandemic on manufacturing output, international trade in goods and raw material prices were apparent in the fourth quarter.

In the euro zone, the fall wave of the coronavirus - with varying intensity - hit most European countries, prompting governments to once again take far-reaching measures to slow the spread of the virus. Following the strong recovery recorded in the summer, the IfW expected economic activity to decline again in the fourth quarter. However, the decline is likely to have been nowhere near as sharp as in the spring when uncertainty was visibly greater and production restrictions more far-reaching. Overall, the IfW expects gross domestic product in the euro zone to decline by 7.2% in 2020.

In Germany, the IfW[3] expects GDP to decline by 5.2% in 2020. The recovery of the German economy was significantly interrupted by the resurgence of the Corona pandemic and the shutdown measures reintroduced in November. However, the resulting declines are unlikely to have reached the scale seen in the spring. As a result, the burdens were concentrated more strongly on individual, consumer-related sectors. In many cases, these sectors had not yet fully recovered from the slump in the spring, so that less economic activity is likely to have been lost there in the winter half-year.

The purchasing power of the population is an important factor in the decision to store umbilical cord blood and tissue. For 2020, the Gesellschaft für Konsumforschung (GfK) calculated a decline in purchasing power of around 5.3% across Europe compared to the previous year.[4]

INDUSTRY-RELATED FRAMEWORK CONDITIONS

The economic success of Vita 34 is largely determined by the development of new storages. Possible fluctuations in the annual birth figures tend to play a subordinate role, as there is still enormous potential for increasing the proportion of new deposits within this population. According to the company's own data and estimates, the storage rate in Europe currently fluctuates between approx. 1% and 10% depending on the country. The main influencing factors here are the willingness to make personal provision, which varies according to the performance of the health care systems, and the awareness of the product range at the time of birth or before. In Germany, the storage rate is currently below 1%. This low market penetration illustrates the market potential for storage.

BUSINESS DEVELOPMENT

In the fiscal year 2020, revenue of EUR 20.1 million reached the previous year's level and was thus within the forecast range of EUR 19.0 to 21.0 million. Revenue in the DACH region improved by 2.3% year-on-year, with the growth resulting entirely from the second half of the year and the core DACH market. By contrast, the number of storages in the southern European countries more severely affected by the COVID-19 pandemic fell short of expectations overall, although positive recovery trends were already evident by the end of the year. Overall, a loss in revenue of −4.2% had to be accepted here compared to the previous year. On the earnings side, adjusted EBITDA (EBITDA of EUR 5.3 million adjusted for negative special effects of EUR 0.5 million due to consulting costs as a result of the takeover offer of AOC Health GmbH and a prospectively possible merger with PBKM; adjusted EBITDA 2019 corresponds to the reported EBITDA) increased disproportionately to revenue by 7.6% to EUR 5.8 million. This was due in particular to continued consistent cost management, which enabled administrative expenses, for example, to be reduced once again. At EUR 5.3 million (previous year: EUR 5.4 million), EBITDA was within the forecast range of EUR 4.8 to 5.8 million. As of December 31, 2020, 247 thousand stem cell depots were stored at Vita 34 (previous year: 237 thousand).

Cumulated Storage Figures

EUR thousand	2016	2017	2018	2019	**2020**
Total	155	215	226	237	247

GROUP REVENUE AND EARNINGS (IFRS)

At EUR 20.1 million, revenue in 2020 reached the level of the previous year. While revenue in the DACH region, including the hospital business, improved by 2.3% year-on-year, the trend in the rest of the world was down. There, the negative effects of the COVID-19 pandemic had an impact, particularly in the southern countries of Europe. The revenue trend over the course of the year showed a clear overall increase in momentum in the second half of the year, driven primarily by strong growth in new business in the core market of Germany, thus leading to a return to the growth path.

EUR thousand	**2020**	2019*
Revenue	20,069	19,934
Cost of sales	−8,407	−8,151
Gross profit	**11,663**	**11,783**
Marketing and selling expenses	−4,931	−4,902
Administrative expenses	−4,168	−4,686
Other operating income less expenses	−184	258
Operating profit/EBIT	**2,380**	**2,453**
Financial result	−110	−140
Income tax expenses	−769	−1,595
Net result for the period	**1,501**	**718**
Operating profit/EBIT	**2,380**	**2,453**
Depreciation and amortization for the period	2,964	2,979
EBITDA	**5,344**	**5,433**

* 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 8.2 million to EUR 8.4 million as a result of higher procurement costs from external service providers in the area of laboratory diagnostics and logistics as well as an increase in maintenance costs. Gross profit amounted to EUR 11.7 million (2019: EUR 11.8 million), which is equivalent to a gross margin of 58.1% (2019: 59.1%).

On the expense side, marketing and selling expenses amounted to EUR 4.9 million, on a par with the level of the previous year. The ratio of marketing and selling expenses to revenue was thus 24.6% (2019: 24.6%). In 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. These measures were supplemented by a regained sales partnership, which contributed to new contracts concluded by Vita 34 AG since the second quarter of 2020. In addition, the online marketing of the products to the target group of expectant parents was intensified once again.

The pronounced cost discipline of the previous year was consistently continued in 2020 and led to significant savings in administrative expenses, which fell from EUR 4.7 million to EUR 4.2 million. In the area of research and development, expenses of EUR 0.5 million were incurred in the fiscal year 2020 (2019: EUR 0.5 million).

EBITDA amounted to EUR 5.3 million after EUR 5.4 million in the previous year, although one-off costs of EUR 0.5 million for consulting services as a result of the takeover offer of AOC Health GmbH and the review of a prospectively possible merger with PBKM were recorded under other operating expenses. However, this effect was almost compensated by the continued consistent cost management, which is particularly evident when looking at the adjusted EBITDA of EUR 5.8 million (2019: EUR 5.4 million). The EBITDA margin was 26.6% in the reporting year (adjusted EBITDA margin 2020: 29.1%) compared to 27.3% in the previous year.

The operating result (EBIT) in the past fiscal year amounted to EUR 2.4 million (previous year: EUR 2.5 million). As in the previous year, the financial result stood at EUR –0.1 million.

At EUR 0.8 million, income tax expenses were significantly below the previous year's level of EUR 1.6 million, which was characterized by a one-off tax expense effect. This effect is reflected accordingly in a higher result for the period after taxes 2020 of EUR 1.5 million (2019: EUR 0.7 million). Earnings per share, taking into account minority interests, amounted to EUR 0.37 based on 4,098,153 shares (2019: EUR 0.18 based on a weighted annual average of 4,098,153 shares).

FOURTH QUARTER OF 2020

Revenue in the fourth quarter of 2020 increased slightly from EUR 5.1 million to EUR 5.2 million. This development reflects the turnaround in revenue development achieved in the second half of 2020, which was driven in particular by growth in the DACH region (including hospital business).

At EUR 1.1 million, EBITDA was at the prior-year quarterly level of EUR 1.1 million, equivalent to an EBITDA margin of 21.2% (Q4 2019: 22.3%). This includes EUR 0.4 million in special costs in connection with the review of a prospectively possible merger with PBKM. Adjusted EBITDA in the fourth quarter amounted to EUR 1.5 million, corresponding to an EBITDA margin of 28.9%. EBIT reached EUR 0.4 million, compared to EUR 0.4 million in the same quarter of the previous year. Marketing and selling expenses totaled EUR 1.3 million in the fourth quarter of 2020 (Q4 2019: EUR 1.5 million), while administrative expenses were EUR 1.0 million (Q4 2019: EUR 1.1 million).

GROUP FINANCIAL POSITION

Based on the good earnings development, Vita 34 was able to generate a cash flow from operating activities of EUR 4.0 million in the fiscal year 2020. The figure remained below the previous year's level of EUR 6.3 million due to increased receivables resulting from the new "VitaPUR" contract model, increased inventory levels to safeguard process stability during the COVID-19 pandemic, and scheduled tax back payments for prior periods, but nevertheless underscores the high internal financing power of Vita 34.

Cash flow from investing activities amounted to EUR –1.4 million in the previous year, whereas in the past fiscal year, there was a significantly lower cash outflow of EUR –0.3 million, in particular because cash and cash equivalents previously pledged as collateral (EUR 0.4 million) were released due to the company's good creditworthiness and no payments were made for acquisitions.

Cash flow from financing activities was EUR –2.4 million in the fiscal year 2020 (2019: EUR –2.8 million). This mainly comprises scheduled repayments (EUR –1.6 million) and lease payments (EUR –0.6 million). The difference compared to the previous year results from the resolution of the Annual General Meeting 2020 to retain the net profit for 2019 of Vita 34 AG in full and, in contrast to the previous year, to forego a dividend.

As of the reporting date, Vita 34 had cash and cash equivalents in the amount of EUR 10.4 million (December 31, 2019: EUR 9.1 million). Thus, Vita 34 has solid liquidity as a basis for further organic and inorganic growth.

With regard to the principles and objectives of financial management, reference is made to the explanations in the notes.

GROUP NET ASSETS

The balance sheet total was EUR 58.5 million as of December 31, 2020 (December 31, 2019: EUR 58.8 million). On the assets side of the balance sheet, non-current assets including goodwill amounted to EUR 43.8 million as of the reporting date, compared to EUR 45.9 million as of the end of 2019. Here, scheduled amortization of intangible assets resulting from the valuation of customer contracts in the course of acquisitions, and the scheduled reduction of lease usage rights (IFRS 16) were offset by an increase in non-current trade receivables, which is attributable to the increasing success of the new "VitaPUR" pricing model.

Current assets amounted to EUR 14.6 million as of the reporting date (December 31, 2019: EUR 12.9 million). The increase was mainly due to the rise in cash and cash equivalents from EUR 9.1 million to EUR 10.4 million. This rise more than compensated for the simultaneous decrease in current trade receivables from EUR 2.9 million to EUR 2.5 million.

On the equity and liabilities side of the balance sheet, equity increased to EUR 29.5 million as of December 31, 2020 (December 31, 2019: EUR 28.0 million) due to the positive result for the period. Accordingly, the equity ratio also improved from 47.7% to 50.5%.

Non-current liabilities decreased from EUR 22.3 million to EUR 21.0 million as of December 31, 2020. This reflects in particular the lower interest-bearing loans (EUR –1.5 million) and the lower lease liabilities (EUR –0.4 million). Current liabilities decreased from EUR 8.4 million to EUR 7.9 million, mainly due to lower income tax liabilities (EUR –0.3 million).

Overall, non-current and current interest-bearing loans decreased by 28.9% from EUR 5.4 million to EUR 3.8 million due to scheduled repayments. The major share of non-current and current contract liabilities amounting to EUR 15.1 million (December 31, 2019: EUR 14.7 million) includes deferred income from storage fees prepaid by customers for subsequent years.

Key balance sheet items

Assets EUR thousand	**Dec. 31, 2020**	Dec. 31, 2019*
Non-current assets	43,819	45,857
Thereof goodwill	18,323	18,323
Current assets	14,644	12,919
Thereof liquid funds	10,396	9,102

Equity and liabilities EUR thousand	**Dec. 31, 2020**	Dec. 31, 2019*
Equity	29,536	28,048
Non-current liabilities	21,015	22,309
Thereof contract liabilities	12,222	11,876
Current liabilities	7,913	8,417

* 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 regulations of the German Commercial Code (HGB).

At EUR 14.0 million, revenue in the fiscal year 2020 was slightly above the previous year's level of EUR 13.9 million. The cost of sales increased from EUR 4.8 million to EUR 5.1 million. This results in a gross profit of EUR 8.9 million compared to EUR 9.1 million in the fiscal year 2019, corresponding to a gross margin of 63.7% (previous year: 65.3%).

EUR thousand	**2020**	2019
Revenue	13,972	13,920
Cost of sales	–5,073	–4,831
Gross profit	**8,899**	**9,089**
Marketing and selling expenses	–3,453	–3,272
Administrative expenses	–3,458	–3,868
Other operating income less expenses	–1,673	–666
Operating profit/EBIT	**315**	**1,284**
Financial result	1,665	1,333
Income tax expense	–188	–1,087
Net result for the period	**1,792**	**1,530**
Operating profit/EBIT	315	1,284
Depreciation and amortization for the period	600	609
EBITDA	**915**	**1,892**

Marketing and selling expenses increased from EUR 3.3 million to EUR 3.5 million, while administrative expenses decreased from EUR 3.9 million to EUR 3.5 million.

The balance of other operating income and expenses was EUR –1.7 million in the reporting period, compared with EUR –0.7 million in the previous year. The increase in expenses is mainly attributable to one-off costs of EUR 0.4 million for consulting services as a result of the takeover offer of AOC Health GmbH and the review of a prospectively possible merger with PBKM. This item also includes an expense of EUR 0.5 million from prior-year adjustments. Please refer to the disclosures in the notes.

EBITDA in the fiscal year 2020 amounted to EUR 0.9 million (previous year: EUR 1.9 million) and the operating result (EBIT) to EUR 0.3 million (previous year: EUR 1.3 million).

While the financial result improved from EUR 1.3 million to EUR 1.7 million due to lower amortization on financial assets, income taxes decreased by EUR 0.9 million. The net profit for the year was therefore EUR 2.3 million, compared with EUR 1.5 million in the previous year.

Financial position of Vita 34 AG (HGB)

EUR thousand	**2020**	2019
Cash flow from operating activities	779	2,172
Cash flow from investing activities	1,735	1,267
Cash flow from financing activities	–324	–1,931

Cash flow from operating activities decreased in the reporting period as a result of lower EBITDA and a small change in working capital compared with the previous year.

Cash flow from investing activities resulted in a net cash inflow of EUR 1.7 million (2019: EUR 1.3 million), mainly due to the non-recurrence of payments for acquisitions from previous years in the amount of EUR 0.6 million.

Cash flow from financing activities amounted to EUR –0.3 million (2019: EUR –1.9 million) and resulted mainly from the repayment of loans in the amount of EUR 1.6 million (2019: EUR 1.7 million). The reduction compared to the previous year results from the omitted dividend payment in 2020 (2019: EUR 0.7 million) and a higher cash inflow from intercompany loans.

As of December 31, 2020, cash and cash equivalents amounted to EUR 9.2 million (December 31, 2019: EUR 7.0 million).

Net assets of Vita 34 (HGB)

Assets EUR thousand	**Dec. 31, 2020**	Dec. 31, 2019
Property, plant, and equipment and other intangible assets	3,793	3,969
Financial assets	21,716	21,845
Liquid funds	9,291	7,521
Other assets	5,644	5,531
Balance sheet total	**40,444**	**38,867**

Equity and liabilities EUR thousand	**Dec. 31, 2020**	Dec. 31, 2019
Equity	23,052	21,260
Loans	3,750	5,300
Other liabilities and provisions	5,628	5,331
Deferred income	8,013	6,976
Balance sheet total	**40,444**	**38,867**

Property, plant and equipment and other intangible assets amounted to EUR 3.8 million as of December 31, 2020 (previous year: EUR 4.0 million).

At EUR 21.7 million, financial assets remained at the level of the previous year's reporting date and consisted of shares in affiliated companies and investments amounting to EUR 19.8 million (previous year: EUR 20.0 million), investment securities amounting to EUR 0.1 million (previous year: EUR 0.1 million) and loans to affiliated companies amounting to EUR 1.8 million (previous year: EUR 1.8 million). Other assets totaled EUR 5.6 million as of December 31, 2020 (previous year: EUR 5.5 million). These mainly consisted of trade receivables of EUR 1.7 million (previous year: EUR 2.0 million) and receivables from affiliated companies of EUR 1.7 million (previous year: EUR 2.1 million). In addition, prepaid expenses of EUR 0.9 million (previous year: EUR 1.0 million) were included.

On the equity and liabilities side, equity increased from EUR 21.3 million to EUR 23.1 million due to the improved net result for the year. Accordingly, the equity ratio rose to 57.0% as of December 31, 2020 (previous year: 54.7%).

Loans decreased to EUR 3.8 million as of December 31, 2020 (previous year: EUR 5.3 million) due to scheduled repayments. Other liabilities and provisions amounted to EUR 5.6 million at the end of 2020, compared to EUR 5.3 million in the previous year. They mainly included liabilities to affiliated companies of EUR 2.8 million (previous year: EUR 2.4 million), the special item for grants and subsidies of EUR 0.4 million (previous year: EUR 0.4 million) and provisions of EUR 1.0 million (previous year: EUR 1.1 million).

Deferred income increased from EUR 7.0 million to EUR 8.0 million as of the balance sheet date. This includes storage fees, which are paid in advance by customers on a one-off basis and released 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 Vita 34 at the time of publication of the Annual Report continues to be very satisfactory despite the challenging environment caused by the COVID-19 pandemic. The company has implemented its strategy of combining organic and inorganic growth in recent years with vigor and great determination. Accordingly, Vita 34 is successfully focused on stable and profitable growth. The main adjusted earnings figures (reported earnings figures adjusted for negative special effects of EUR 0.5 million due to consulting costs as a result of the takeover offer of AOC Health GmbH and a prospectively possible merger with PBKM) has exceeded the previous year's level. The corporate and sales structure in the core market DACH as well as in the international markets was sustainably optimized. In parallel, the company is developing more and more into a cell bank with a significantly broader potential customer base. Based on the very solid earnings situation, coupled with a high liquidity position and a strong equity ratio, Vita 34 has the resources to significantly further develop the business organically and inorganically.

EMPLOYEES OF VITA 34 AG (HGB)

In the annual average for 2020, 94 people were employed at Vita 34 (on a full-time basis excluding the Management Board, temporary staff, marginal part-time employees and employees on parental leave). In addition, there was an annual average of one apprenticeship. The staff of Vita 34 is characterized by a high share of women of about 70%.

Corporate Governance

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

DECLARATION OF CONFORMITY IN ACCORDANCE WITH § 161 AKTG

Pursuant to § 161 AktG, the Management Board and Supervisory Board of a German stock corporation listed on the stock exchange are obliged to declare once a year whether the recommendations of the Government Commission on the German Corporate Governance Code have been and are being complied with or which recommendations have not been or are not being applied. The following Declaration of Conformity is permanently accessible on the company's website.

"The Management Board and Supervisory Board of Vita 34 AG declare pursuant to § 161 AktG (German Stock Corporation Act) that the recommendations of the Government Commission on the German Corporate Governance Code (GCGC) in the version of December 16, 2019, which entered into force upon publication in the Federal Gazette on March 20, 2020, have been complied with since the issuance of the last Declaration of Conformity of March 20, 2020, and that we will continue to comply with them in the future, with the exception of the points listed below:

- Section A.2 GCGC: Vita 34 AG has installed appropriate measures, oriented to the risk situation of the company, in order to ensure compliance with legal provisions and internal company guidelines. The established early risk detection system is reviewed annually within the scope of the audit of the financial statements, and no objections have been raised. In view of the size of the company, the Management Board and Supervisory Board consider the established and implemented system of compliance measures to be appropriate, adequate and sufficient. The Management Board and Supervisory Board do not consider the introduction of a special compliance management system to be necessary in view of the good experience gained in the past and the size of the company. The establishment of a protected whistleblower system will also be dispensed with for the time being, as the Management Board and Supervisory Board believe there is still insufficient practical experience with this in Germany. The implementation of the European Whistleblowing Directive into national law should also not be anticipated. It will therefore continue to be waited and seen whether the arguments put forward against a whistleblowing system, such as in particular high costs, possible negative effects on the working atmosphere and susceptibility to abuse, actually play a role in practice and what solutions will be established to avoid these points. The Management Board and Supervisory Board will continue to monitor the developing practice in this regard.

- Section B.2 GCGC: Section B.2 of the Code 2020 recommends that the Supervisory Board should ensure long-term succession planning together with the Management Board and describe the procedure in the Declaration on Corporate Governance. The Supervisory Board has not yet developed any guidelines for succession planning for the two Management Board members. The Supervisory Board will continuously monitor the need for succession planning with regard to the specific needs of the company and, if necessary, ensure long-term succession planning together with the Management Board.

- Section B.5 and Section C.2 GCGC: No age limit has been set for members of the Management Board and Supervisory Board. The decisive factor for the performance of board members is not age; we do not consider such an age limit to be appropriate.

- Sections D.2, D.3, D.4, D.5 and G.17 GCGC: The establishment of committees (i. e. a body composed of only a part of the Supervisory Board members), in particular the establishment of an audit committee and a nomination committee, is not reasonable due to the size of the Supervisory Board of Vita 34 AG. A committee membership can therefore also not be taken into account in the Supervisory Board remuneration.

- Section F.2 GCGC: The company continues to base its publication obligations on the legally prescribed deadlines in order to avoid an otherwise higher administrative burden and associated costs, as well as the additional commitment of management capacity. This is also in line with the intention of the legislator, which has extended the deadline for publication of the half-year financial statements from two to three months.

- Sections G.6 and G.10 GCGC: The Management Board service contract of Dr. Wolfgang Knirsch was extended by a further two years. The extension was essentially based on the previous service contract, which followed the recommendations of the version of the German Corporate Governance Code valid at that time. It was therefore not possible to take into account the recommendations now newly included in the Code in sections G.6 and G.10 on the excess of long-term variable compensation over short-term variable compensation and on the investment of variable compensation amounts in shares of the company or the granting of predominantly share-based variable compensation.

- Note on the remuneration system: The currently existing and practiced remuneration of the Management Board at Vita 34 AG was introduced before the GCGC 2020 came into force. Insofar as the new recommendations of the GCGC 2020 are not yet complied with in this respect, a declaration of deviation is not required. In this respect, GCGC 2020 does not require any adjustment of existing and ongoing contracts. The Supervisory Board is currently preparing a Management Board compensation system for submission for approval by this year's Annual General Meeting 2021 that meets the requirements of the Act Implementing the Second Shareholders' Rights Directive (Act of December 12, 2019 - Federal Law Gazette Part I 2019 No. 50 December 19, 2019 p. 2637 – ARUG II) and which is based on the recommendations of the GCGC 2020.

Leipzig, March 29, 2021

The Supervisory Board The Management Board

CORPORATE GOVERNANCE PRACTICES

For Vita 34 AG, the principles of good corporate governance are an essential basis of the management of the company and the cooperation with its shareholders, employees and business partners. Corporate governance practices that exceed the legal requirements are not applied.

WORKING METHODS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Both bodies work closely together for the benefit of the company. The Management Board is responsible for corporate governance, while the Supervisory Board advises and monitors the Management Board. The Management Board and Supervisory Board comply with the rules of proper corporate governance.

The Management Board of Vita 34 AG consists of two members. The Chairman of the Management Board is Dr. Wolfgang Knirsch, the Chief Financial Officer is Falk Neukirch. The Management Board independently manages Vita 34 AG and is oriented towards the goal of a sustainable increase in the company value.

The work of the Management Board is regulated overall by the rules of procedure. The rules of procedure contain the principles of management by the members of the Management Board, matters reserved for the Management Board as a whole and the unanimity required for Management Board resolutions in the case of two Management Board members. The rules of procedure can be viewed at https://ir.vita34.de/investor-relations/corporate-governance/.

The Management Board informs the Supervisory Board regularly, promptly and comprehensively about all issues of strategy, planning, business development, risk situation, risk management and compliance that are relevant to the company. No member of the Management Board is currently a member of the Supervisory Board of a company outside the Group.

The Supervisory Board of Vita 34 AG consisted of three and four members, respectively, in the fiscal year 2020. Ms. Dr. Mariola Söhngen resigned from the Supervisory Board after the expiration of her regular term of office as of July 1, 2020. Mr. Florian Schuhbauer was elected to the Supervisory Board at the Annual General Meeting on July 1, 2020, and subsequently elected by the Supervisory Board as its Chairman. Mr. Nicolas Schobinger resigned from the Supervisory Board with effect from July 6, 2020. Mr. Andreas Füchsel was appointed as a member of the Supervisory Board by court order of the Leipzig Local Court on July 31, 2020. Since then, the Supervisory Board has again consisted of four members. It monitors and advises the Management Board in the management of the business. To this end, the Supervisory Board regularly discusses business development as well as planning, strategy and their implementation. It approves the annual budget drawn up by the Management Board, approves the annual financial statements and notes the consolidated financial statements with approval. It is also responsible for appointing and dismissing members of the Management Board and for representing the company vis-à-vis the Management Board.

Due to the size of the Supervisory Board, no committees were formed.

The Supervisory Board has adopted rules of procedure which can be viewed at https://ir.vita34.de/investor-relations/corporate- governance/.

The Chairman of the Supervisory Board coordinates the work within the Supervisory Board, chairs the meetings and handles the external affairs of the Supervisory Board. The members of the Supervisory Board are independent in their decisions and are not bound by the specifications or instructions of third parties.

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 indirect shareholder of AOC Health GmbH with regard to its mandatory offer to the outside shareholders of Vita 34 AG. For this reason, he did not participate in the consultations of the Supervisory Board regarding the statement on the takeover offer and also did not participate in the corresponding resolution. Beyond that, no conflicts of interest were disclosed to the Supervisory Board by members of the Management Board or the Supervisory Board during the reporting period. To date, no member of the Management Board of Vita 34 AG has changed to the chairmanship of the Supervisory Board. The Supervisory Board currently consists of four members, Mr. Florian Schuhbauer (member since July 1, 2020), Mr. Andreas Füchsel (member since July 31, 2020), Mr. Frank Köhler (member since June 28, 2017) and Mr. Steffen Richtscheid (member since June 28, 2017). Mr. Frank Köhler and Mr. Steffen Richtscheid are independent members of the Supervisory Board within the meaning of the German Corporate Governance Code.

The Supervisory Board has set specific targets for its composition and drawn up a competence profile for the entire body. According to this, the number of independent Supervisory Board members should be four. The Supervisory Board members should make sufficient time available for the performance of their mandate. Each member of the Supervisory Board should have competencies in the following areas:

- Corporate strategy and future strategic development
- Business model(s)/key business areas (key markets and customer groups, products)
- Internationality/regional scope
- Technological (digital) influencing factors
- Accounting or auditing within the meaning of § 100 (5) AktG
- Risk management, compliance and legal/corporate governance
- Management and supervision of comparable companies

In addition, each member of the Supervisory Board shall have the following minimum requirements for professional competence:

- General knowledge of the industry and the sales markets in which the company operates
- Ability to understand and critically question the business model of Vita 34
- Basic knowledge of the relevant legal standards
- Basic knowledge in the area of compliance
- Basic financial knowledge, especially in accounting and annual financial statements
- Ability to audit financial statements, with the assistance of the auditor if necessary
- Ability to understand the reports of the Supervisory Board, to critically question them and to draw own conclusions
- Ability to assess the regularity, efficiency, expediency and legality of the business decisions to be evaluated and to check them for plausibility

All members of the Supervisory Board shall possess the following minimum personal competencies:

- Willingness and ability to make sufficient substantive commitments
- Willingness for regular training
- Personal independence and integrity

- Secrecy
- Ability to interact and work in a team
- Ability to cooperate
- Intercultural understanding
- Leadership and power of persuasion
- Compliance with regulatory requirements, if applicable

According to the assessment of the Supervisory Board members, all members of the Supervisory Board comprehensively cover all required competencies.

The Supervisory Board regularly assesses how effectively the Supervisory Board performs its work. As part of last year's self-assessment, the Board discussed the work performed in the past year and analyzed how the Supervisory Board performed the tasks assigned to it by law (controlling, advising the Management Board) and whether all issues for which the Supervisory Board was responsible were dealt with swiftly and on a sound factual basis.

The remuneration for the members of the Management Board consists of non-performance-related and performance-related components. Vita 34 AG discloses the remuneration of the Management Board on an individual basis. The remuneration of the Supervisory Board is regulated in § 18 of the Articles of Association. The members of the Supervisory Board receive a fixed remuneration at Vita 34 AG. Performance-related remuneration is not provided for. Further details on the remuneration of the Management Board and Supervisory Board can be found in Notes 27 and 28 of the Notes to the Consolidated Financial Statements.

The Management Board publishes insider information concerning Vita 34 AG without delay unless it is exempted from doing so in individual cases. In addition, the company maintains insider lists for specific occasions, which record all persons with access to the relevant insider information.

A firm principle of the communication policy of Vita 34 AG is to treat all shareholders and interest groups equally when publishing information that concerns the company and is decisive for assessing the development of the company.

All mandatory publications and additional investor relations publications of the company are published in German and English. All information relevant to the capital market is available in German and English on the Vita 34 AG website at www.vita34group.de.

In accordance with Article 19 of Regulation (EU) No. 596/2014 (Market Abuse Regulation), the members of the Management Board and Supervisory Board as well as certain employees discharging managerial responsibilities and persons closely related to them must disclose the purchase and sale of shares in Vita 34 AG and related financial instruments (Directors' Dealings). In the fiscal year 2020, Vita 34 AG was notified of the transfer of shares as part of the settlement of the mandatory offer of AOC Health GmbH as a reportable securities transaction.

TARGETS FOR THE FEMALE QUOTA

In May 2015, the Bundestag passed a law on equal participation of women and men in management positions. In accordance with the legal requirement, which affects Vita 34 AG as a listed and non-co-determined company, binding target figures were set for the Supervisory Board, the Management Board and the next management level of the Vita 34 Group. In detail, the following was resolved for the individual levels:

- For the Supervisory Board of Vita 34 AG, the Supervisory Board has set a target figure of 0% for the period up to June 30, 2022 with effect from the end of June 30, 2017.
- For the Management Board of Vita 34 AG, the Supervisory Board has set a target figure of 0% for the period up to June 30, 2022 with effect from the end of June 30, 2017. The Management Board currently consists of two members. The Supervisory Board does not intend to expand the Management Board or to change its composition.
- For the management levels below the Management Board, the Management Board has set a target figure of 40% for the period up to June 30, 2022.

The target figures set were achieved in the fiscal year 2020.

DIVERSITY CONCEPT IN ACCORDANCE WITH § 289F PARA. 2 NO. 6 HGB

The Management Board and Supervisory Board have so far not drawn up an independent diversity concept in accordance with § 289f para. 2 no. 6 HGB with regard to the composition of the representative body and the Supervisory Board with regard to aspects such as age, gender, educational or professional background. The Management Board and Supervisory Board are of the opinion that, apart from the objectives for the composition of the Management Board and Supervisory Board and the measures to promote diversity that have been implemented in the company to date and are being pursued, an additional diversity concept will not bring any substantial added value. However, in the fiscal year 2021, the Management Board and Supervisory Board will again examine whether it makes sense to create a separate diversity concept.

TAKEOVER-RELEVANT INFORMATION IN ACCORDANCE WITH § 289A PARA. 1 AND § 315A PARA. 1 HGB

Composition of the subscribed capital
The subscribed capital of Vita 34 AG amounts to EUR 4,145,959 and is divided into 4,145,959 registered no-par-value ordinary shares (no-par shares). Each share has one voting right. The shares are fully paid up. All shares carry the same rights and obligations. The rights and obligations of the shareholders are set out in detail in the provisions of the AktG, in particular §§ 12, 53a et seq., 118 et seq. and 186 AktG.

Authorizations of the Management Board to issue or buy back shares
According to sec. 7 para. 2 of the Vita 34 AG Articles of Association, there is an authorized capital. By resolution of the Annual General Meeting on June 4, 2019, the Management Board is authorized, with the approval of the Supervisory Board, to increase the company's share capital in one or more stages in the period up to June 3, 2024 by up to a total of EUR 2,072,979.00 by issuing up to 2,072,979 new registered no-par value ordinary shares against cash or non-cash contributions (Authorized Capital 2019). If the share capital is increased against cash contributions, the shareholders shall be granted a subscription right. The subscription right may also be granted to shareholders indirectly in accordance with sec. 186 para. 5 AktG. However, the Management Board is authorized, in each case with the approval of the Supervisory Board, to decide on the exclusion of shareholders' subscription rights.

An exclusion of subscription rights is only permitted under the authorization resolution:

- to compensate for fractional amounts;
- to issue shares as employee shares to employees of the company and employees of affiliated companies of the company;
- for capital increases against contributions in kind;
- to the extent necessary to grant the holders of conversion and/or option rights or a conversion obligation outstanding at the time of the utilization of Authorized Capital 2019 or a conversion obligation from convertible bonds and/or bonds with warrants already issued or to be issued in the future by Vita 34 AG or its group companies a subscription right to new shares to the extent to which they would be entitled as shareholders after exercising the conversion and/or option rights or after fulfilment of a conversion obligation;
- if the issue price of the new shares in the case of capital increases in exchange for cash contributions is not significantly lower than the stock exchange price of the shares already listed at the time of the final determination of the issue price and the shares issued do not exceed a total of 10% of the share capital either at the time this authorization becomes effective or at the time it is exercised. Shares that were sold or issued or are to be issued during the term of this authorization up to the time of its utilization on the basis of other authorizations in direct or corresponding application of § 186 para. 3 sentence 4 AktG under exclusion of subscription rights shall be counted towards this limit.

The total of the shares issued against cash and non-cash contributions under exclusion of the subscription right may not exceed 10% of the share capital at the time of this authorization becoming effective or – if this value is lower – at the time of exercising this authorization. This 10% limit shall include shares which were issued during the term of the Authorized Capital 2019 with an exclusion of the subscription right pursuant to § 186 para. 3 sentence 4 AktG and against contributions in kind under the Authorized Capital 2019, and such shares which are to be issued during the term of the Authorized Capital 2019 under bonds with conversion or option rights or, respectively, conversion obligations issued with an exclusion of the subscription right of the shareholders.

The Management Board, with the approval of the Supervisory Board, shall decide on the further details of the implementation of capital increases from the Authorized Capital 2019, in particular the content of the rights attached to the shares and the terms and conditions of the share issue. The Supervisory Board is authorized to amend the wording of § 7 para. 2 of the Articles of Association in accordance with the respective utilization of the Authorized Capital and, if the Authorized Capital is not or not fully utilized by June 3, 2024, after expiry of the authorization.

By resolution of the Annual General Meeting on June 28, 2017 under agenda item 9, the Management Board was authorized, with the approval of the Supervisory Board, to issue bearer or registered bonds with a total nominal value of up to EUR 40,000.000.00 with a conversion right or with option rights securitized in bearer or registered warrants or a combination of these instruments with or without a term limitation to a total of up to 1,513,250 registered no-par value shares of Vita 34 AG ("Vita 34 shares") with a proportionate amount of the share capital totaling up to EUR 1,513,250.00 ("Bonds"). In order to grant shares to the holders or creditors of convertible bonds or bonds with warrants issued on the basis of this authorization, the share capital was contingently increased by up to EUR 1,513,250.00 by issuing up to 1,513,250 registered no-par value shares (Contingent Capital 2017).

By resolution of the Annual General Meeting of May 15, 2018 under agenda item 10, the Management Board and the Supervisory Board were authorized to issue stock options with the right to subscribe to a total of 100,000 shares to the Management Board and managers of the Vita 34 Group until December 31, 2021. At the same time, a contingent capital of EUR 100,000 was created to service the stock options. One shareholder has filed a legal challenge against this resolution. The legal proceedings are still ongoing.

Restrictions regarding voting rights or the transfer of shares
Each share entitles the holder to one vote at the Annual General Meeting and is decisive for the shareholders' share of the company's profits. This does not apply to treasury shares held by the company, from which the company has no rights. In the cases of § 136 AktG, the voting rights from the shares concerned are excluded by law.

The Management Board is not aware of any other restrictions on the transfer of shares.

Major shareholders of the company
The following direct or indirect participations in the capital of Vita 34 AG exceed 10% of the voting rights:

- Shareholding of Mr. Klaus Röhrig with the subsidiaries Tamlino Investments Limited, Tamlino Import & Advisory LP, Active Ownership Investments Limited, Active Ownership Capital S.à r.l., Active Ownership Fund SICAV-FIS SCS, AOC Health HoldCo S.à r.l., AOC Health GmbH, Polski Bank Komórek Macierzystych S.A. according to the voting rights notification published on August 6, 2020: 36.44%

- Shareholding of Mr. Florian Schuhbauer with the subsidiaries Active Ownership Advisors GmbH, Active Ownership Capital S.à r.l., Active Ownership Fund SICAV-FIS SCS, AOC Health HoldCo S.à r.l., AOC Health GmbH, Polski Bank Komórek Macierzystych S.A. according to the voting rights notification published on August 5, 2020: 36.44%

Supplementary disclosures in accordance with § 160 AktG
Reference is made to the explanations in the notes on equity.

Regulations on the appointment and dismissal of members of the Management Board and amendments to the Articles of Association
The legal provisions governing the appointment and dismissal of members of the Management Board can be found in §§ 84 and 85 AktG. § 9 of the Vita 34 AG Articles of Association provides for an identical regulation. Pursuant to §§ 179, 133 AktG and § 25 of the Vita 34 AG Articles of Association, the Articles of Association may be amended by a resolution of the Annual General Meeting with a simple majority of the share capital represented unless a larger majority is required by law.

Significant agreements contingent on a change of control following a takeover offer
There are no significant agreements of the company contingent upon a change of control as a result of a takeover offer, with the exception of an agreement concluded with the two members of the Management Board in the event of a change of control ("change of control regulation").

If the change of control regulation applies, it gives both members of the Management Board the right to terminate their contracts of service within six months.

If a Management Board member exercises this right of termination, the severance payment amounts to 50% of the remuneration (fixed salary and bonus) no longer accruing and no longer being paid due to the premature termination of the contract, assuming 100% target fulfilment, plus the payment of one year' s gross basic salary. The total amount of the severance payment may not exceed EUR 500,000 (Dr. Wolfgang Knirsch) or EUR 400,000 (Falk Neukirch).

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Vita 34 has been running an internal risk and opportunity management system since 2006, which applies to both the Group and Vita 34 AG. All significant risks and opportunities are identified, evaluated and prioritized so that appropriate control measures can be taken. In accordance with the German Accounting Standard No. 20 (DRS 20), a risk is defined as the possibility of a negative deviation from the company forecast, while an opportunity is defined as the possibility of a positive deviation from the defined company targets.

The risk management system is based on comprehensive documentation and transparent communication of risks. Related activities are identified and monitored within the risk management system. An 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 via annual budget planning, monthly reporting of actual figures and budget comparison analyses. Risk management and the internal control system are viewed together and intervene directly at the Management Board and management level. Based on company-specific requirements, the Management Board determines the scope and orientation of the systems set up on its own responsibility. Despite adequate and functionally implemented systems, it is not possible to guarantee absolute certainty that risks will be identified and managed. If a risk is identified, external specialists are called in to eliminate it in a first step. In parallel, an evaluation is carried out with regard to the influence of the risk on the operating processes and the consolidated financial statements. In a second step, new control mechanisms are implemented as part of the accounting-related internal control system to ensure that, despite the risks identified, operational processes and the preparation of the annual and consolidated financial statements are safeguarded.

Identification, recording and evaluation of new risks are performed in an operating process. Every year, the controlling department carries out a risk inventory in order to analyze, review and supplement recorded risk types 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 manual and the risk information sheets document the risk management system and describe the individual risks.

In addition, various procedures are laid down and partially validated in the company rules and other company guidelines. Significant 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 IT-supported systems, access rights (read and write authorization) are regulated for each employee.

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

Opportunity and Risk Report

In addition to the regular process-related risks, primarily risks within projects and on special occasions are identified, analyzed and recorded on the basis of the risk management system. Risks are divided into the following risk categories: strategic, financial, personnel and legal risks, product, capital market and infrastructure risks, as well as marketing and sales risks.

Out of the entirety of the identified risks and opportunities, the following refers to those risks and opportunities that, from today's perspective, could significantly influence the results of operations, financial position and net assets of the Group and Vita 34 AG.

COMPANY RISKS

PRODUCT RISK

Future research may show that stem cells from other sources are an always obtainable and equivalent alternative to stem cells from umbilical cord blood and tissue for therapeutic use. The diseases to be treated with autologous stem cells mainly occur at an advanced age. Today, however, these patients do not yet have an autologous umbilical cord blood deposit. A risk could arise from the fact that research with bone marrow or peripheral stem cells is therefore being pushed forward more quickly. Currently, autologous bone marrow stem cells are used for treatment after heart attacks, although research on animal models has shown that stem cells from umbilical cord blood are more effective.

The development of so-called iPS cells (induced pluripotent stem cells), based on a patient's nucleated body cells, can also lead to an alternative stem cell source for various regenerative therapies. However, renowned scientists have been able to show that umbilical cord blood is more suitable for this technology than other, older somatic cells (for example skin cells). Vita 34 entered into research cooperations in this field very early on in order to establish umbilical cord blood as a cell source for iPS techniques. Due to the advantages of umbilical cord blood compared to other cell sources, the increasing use of the latter does not represent a risk that could endanger the existence of the company in principle from the management's point of view, but rather contributes to the expansion of the application possibilities of stem cells from umbilical cord blood. In addition, Vita 34 participates in selected research projects in order to identify potential for further adult stem cell sources at an early stage and to use this potential in its own product development.

The primary concentration on one business segment – stem cell banking – is currently also to be seen under product risks. Vita 34 is also countering this risk by the expansion of the business model in 2019, which in future also includes the storage of stem cells from the body's autologous fat tissue as well as immune cells and cell preparations from peripheral blood and prospectively umbilical cord blood.

MANUFACTURING RISKS

Due to the ongoing COVID-19 pandemic, in case of infection and depending on the size of the affected group of employees, interruptions in the manufacturing process could occur. Vita 34 counters this risk, among other things, through strict contact restrictions within the company as well as comprehensive precautionary and hygiene measures. The fact that Vita 34 has been classified as a system-relevant company has a risk-reducing effect. According to this classification, even in the event of an infection among employees, there is no quarantine of an entire group, but only of the infected person, which would significantly reduce the impact on manufacturing.

STRATEGIC RISKS

There is a risk that market expansion at national and especially international level may be slower or less extensive than expected. Markets may develop unexpectedly due to regulatory, market or economic influences and thus limit or delay growth. It is to be assumed that market expansion and Vita 34 growth will not take a linear course over the quarters, but will be subject to fluctuations. In addition, there is a risk that ongoing sales cooperations will be terminated, resulting in a reduction in revenue and earnings.

FINANCIAL RISKS

Changes in the general economic conditions on markets or influences on consumers, as currently the continuing unforeseeable effects of the coronavirus pandemic, can lead to both price fluctuations and bad debt losses. Especially in foreign markets, financial risks can arise due to changes in interest and tax policies and exchange rate fluctuations. An increase in competition can result in financial risks or liquidity risks. Risks are to be avoided and minimized by long-term business and forward-looking liquidity planning as well as the controlling of the subsidiaries. Default risks on receivables are monitored by means of permanent control of receivables and their maturities. In the sales partner business, risks are minimized as far as possible by means of collateralization of receivables and in some cases prepayment agreements.

LEGAL RISKS

Legal risks can arise from the various regulations and laws affecting Vita 34. Legislative changes in the field of medical and pharmaceutical law, as well as divergent legal opinions on the application of existing law in the context of approval or licensing procedures, have the potential to influence the existing business structures. By maintaining active contact with decision-makers, we try to present the special features of Vita 34 within the context of interpreting the law and to ensure that the implementation of the changes is practice-oriented. Furthermore, competition law disputes can influence or considerably restrict the business activities of Vita 34, for example in marketing and sales. Legal risks also arise from failed collection of umbilical cord blood and tissue, improper transport, processing errors at Vita 34 or the destruction of stored preparations, which can lead, for example, to liability claims by the affected customers. In order to complement the comprehensive quality management system, Vita 34 has taken out insurance policies to adequately counteract possible damage claims and liability risks. They are intended to eliminate or at least limit the economic consequences of any risks that may arise. The scope of the insurance contracts taken out is continuously reviewed and adjusted if necessary. In addition, Vita 34 will not apply any restrictions affecting quality for cost reasons.

MARKETING AND SALES RISKS

Potential customers may be influenced by negative, unobjective or false media coverage of umbilical cord blood storage or stem cell applications. This can lead to revenue losses as well as a change in consumer behavior as a result of macroeconomic developments. In addition, the selection of cooperations or cooperation partners can lead to a loss of revenue due to damage to the company's reputation or contractual constellations. There is a risk that the business activities of Vita 34 will be negatively affected by an increase in the intensity of competition. This includes aggressive low-price offers as well as significant price reductions by competitors or new companies entering the market. These measures may lead to weaker than expected revenue and earnings development at Vita 34.

The company is countering these risks, among other things, with its new product "VitaPur" with an entry price of less than EUR 1,000, by further strengthening the Vita 34 brand, also as a quality leader in the German market, through targeted marketing campaigns, and through innovative development work with regard to new business areas beyond stem cell storage, which at the same time open up additional benefits for existing customers.

The respective applicable contact restrictions due to the COVID-19 pandemic complicate contact both with gynecologists and midwives as multipliers in the sales process and with customers, which may have a negative impact on the number of storages. In this context, Vita 34 increasingly relies on holding video conferences instead of the previous face-to-face appointments. In addition, a new "Corona brochure" was made available via mailings or as a download in order to continue to actively contact midwives, gynecologists and parents.

CAPITAL MARKET RISKS

The development of the share price of Vita 34 is influenced by external events, such as crises on the financial market. Related investment decisions of shareholders are partly controlled by factors that have no connection to the fundamental key figures of Vita 34. The company will continue to distinguish itself through its compliance with laws and regulations and through transparent communication with shareholders on the capital market.

PERSONNEL RISKS

Due to the established measures of the internal control system and a personnel policy characterized by social and safety-oriented standards, Vita 34 sees no risks that could endanger the company.

INFRASTRUCTURE RISKS

The failure of process- and sales-relevant technology or the failure or restriction of logistic processes can influence the earnings situation of Vita 34. For example, the effects and developments in connection with a further spread of the coronavirus on supply chains and logistics processes, especially in cross-border business, are not foreseeable. Therefore, Vita 34 has decided to significantly increase the stockpiling of production-critical material in order to ensure security of supply beyond the normally usual delivery times. In addition, redundant backup systems largely avoid or eliminate the risks described.

The listed risks are not currently specified. Overall, there are currently no risks that could endanger the company's existence.

OPPORTUNITIES FOR THE FUTURE DEVELOPMENT

PRODUCT OPPORTUNITIES

In 2012, Vita 34 developed a procedure for the conservation of umbilical cord tissue based on Good Manufacturing Practice (GMP), which allows the collection of mesenchymal stem cells as starting cells for regenerative medicine. Since 2013, Vita 34 is the only private stem cell bank in Germany that is able to store not only umbilical cord blood but also umbilical cord tissue according to GMP guidelines. This unique selling proposition offers Vita 34 the opportunity to develop further market potentials through the corresponding product range "VitaPlusCord" and as a consequence to profit from an increased number of new storages.

Vita 34 has also developed a procedure for the collection and cryopreservation of autologous fat tissue. Permission for the collection and production of adipose tissue preparations for a possible later isolation of adult stem cells was granted to Vita 34 in 2020. The associated product launch of "AdipoVita" is planned for 2021.

Due to the intensive scientific development in the field of regenerative medicine, Vita 34 expects a worldwide increase in demand for cryopreservation and safe storage of cells and tissue. Through targeted investments in research and development, Vita 34 is striving to open up further product fields in the long term. The company sees the opportunity to gain significant market positions as a service provider and supplier for pharmaceutical/therapeutic oriented companies.

MARKET OPPORTUNITIES IN THE CORE MARKET DACH

Vita 34 traditionally focuses on organic growth as part of its corporate strategy. The company is working intensively on continuously increasing its market penetration in the high-margin core market DACH through targeted marketing and sales measures in order to further expand its leading position in the DACH market and to profit from this on a sustained basis.

OPPORTUNITIES FROM INTERNATIONALIZATION

Vita 34 is active in more than 20 international markets with the help of subsidiaries as well as sales and cooperation partnerships. The company is continually opening up new attractive markets, which provide earnings contributions in the medium term. As part of these cooperations, the partner companies enjoy independence in the areas of marketing and sales. Vita 34 then takes over the preparation and storage of the umbilical cord blood and tissue in Leipzig and Rostock. Through this form of cooperation, Vita 34 can profit from additional income without incurring own distribution costs abroad. The company expands its stable base through geographic diversification and opens up the possibility of participating in the potential of several target markets.

MARKET OPPORTUNITIES FROM ACQUISITIONS

In the past, Vita 34 has initiated attractive growth spurts through targeted strategic acquisitions, enabling the company to strengthen its leading position in the European market in the long term. This has resulted in synergy effects and competitive advantages, which provide new opportunities in customer acquisition, particularly through the various product offerings. In addition, access to new technologies and qualified personnel is enabled. Vita 34 has built up outstanding expertise in planning the integration of the acquired companies and implementing it swiftly and successfully.

As part of the increasing consolidation of the private stem cell banking market, Vita 34 regularly examines the potential for expansion through opportunistic acquisitions, thereby improving its geographical market position throughout Europe.

Vita 34 also evaluates the opportunities and concrete possibilities to establish itself in the business-to-government (B2G) sector. Biobanking has experienced a worldwide upswing in recent years. Some state-owned biobanks are faced with the task of expanding their capacities due to the increasing demand for storage. There are also initial efforts by some countries to delegate the establishment of new public biobanks to private service providers who have the necessary expertise and experience in cell banking.

OVERALL ASSESSMENT OF THE MANAGEMENT BOARD

As one of the leading stem cell banks in Europe with market leadership in the German-speaking market, Vita 34 considers itself well positioned in terms of opportunities and risks to secure the continued existence of the company in the long term and to take advantage of any opportunities that arise. 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, 2020, there were no risks that could endanger 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. There are also no discernible risks for the future that could endanger the company's existence.

Forecast Report

The following statements on the future course of business of Vita 34 and the assumptions regarding the economic development of markets deemed to be significant for this purpose are based on the company's assessments which it considers to be realistic at present according to the information currently available. However, against the background of the current economic environment, these are subject to some uncertainty and therefore carry the unavoidable risk that the forecast developments will not actually occur either in their tendency or to the extent they are expected to occur.

EXPECTED MACROECONOMIC DEVELOPMENT

According to the International Monetary Fund (IMF), new waves and new variants of the coronavirus are causing concern for the outlook, although recent vaccine approvals have raised hopes of a turnaround in the pandemic during 2021. Amid exceptionally high uncertainty, the global economy is forecast to grow 5.5% in 2021. The degree of recovery will vary widely across countries, depending on access to medical measures, effectiveness of political support, vulnerability to cross-country transmission, and structural characteristics at the beginning of the crisis. Economic growth of 4.2% is forecast for the euro area.

EXPECTED DEVELOPMENT OF VITA 34

Vita 34 will consistently drive forward the initiated transformation process from a pure stem cell bank to a more broadly positioned cell bank in order to offer further storage options in the short to medium term, to be able to supply the best available individual cells for current and future cell therapies in each case and thus to develop additional market potential via new business areas. By developing new products and services related to the cryopreservation of stem cells or, prospectively, other cell sources, the company intends to position itself in medically promising areas at an early stage in order to participate in the identified market potential. Currently, the focus is on the one hand on the storage of stem cells from the autologous fat. The related product launch of "AdipoVita", which enables the preservation of adipose tissue and the stem cells contained therein also for adults, is planned for 2021. On the other hand, Vita 34 is consistently pushing ahead with its efforts to also be able to store immune cells and cell preparations from peripheral blood and, prospectively, umbilical cord blood in the future. The new immune cell isolate product based on this is expected to generate initial revenues from 2023.

In addition to organic growth, Vita 34 will actively pursue further market consolidation through horizontal and vertical acquisitions in order to grow both geographically and along the value chain. In this context, announced opportunities in the business-to-government (B2G) and business-to-business (B2B) business are to be exploited. The demand for services in the field of cell isolation, cell propagation and cell modification is increasing, especially due to the further establishment of personalized cell therapies. Here, Vita 34 is examining further strategic options for new offers, which could be represented by partnerships or acquisitions.

The market position achieved in the European markets is to be defended or expanded by increasing revenue and earnings in line with market growth. In the German-speaking countries, the primary goal is to sustainably consolidate the market presence and leading market position through targeted marketing activities. The changes in sales partners abroad should lead to a sustained moderate growth trend in these regions.

The industry is currently undergoing a consolidation process in which Vita 34 AG would like to actively participate. The company therefore intends to develop new markets in attractive European regions through opportunistic acquisitions or beneficial partnerships.

FINANCIAL FORECAST

In general, the Management Board assesses the sensitivity of the business model of Vita 34 with regard to economic fluctuations as low. Even particularly drastic economic effects, such as after the attacks of September 11, 2001, or in the course of the financial crisis, had no significant impact on the business development of Vita 34. Analogous to the business development in 2020 and with the extent of the economic effects of the COVID-19 pandemic so far, the Management Board therefore does not currently assume a resulting sustained negative impact on the business development. The current assessment of the company's development in the fiscal year 2021 does not include effects of a significantly further spread of the COVID-19 virus ("coronavirus").

At the same time, the company is taking precautions in many ways to minimize the potential impact of an even stronger spread of the COVID-19 virus on business development. In addition to targeted stockpiling of important supply materials, personnel deployment planning is continuously optimized to the extent that independently acting teams guarantee smooth operations at all times – even in the event of a possible infection of individual employees. As things stand at present, no regulatory restrictions are expected to affect operations. The company has carried out an intensive risk prevention process in response to the potential impact of the COVID-19 virus, implemented appropriate precautionary measures, and will take further measures depending on how the situation develops.

However, the company continues to have no control over temporary limitations in the reach of sales and marketing activities, such as field sales.

Against the background of the positive business development, particularly in the second half of 2020, and the brightening market environment, the Management Board assesses the company's prospects for success as very good. The additional momentum that has been recorded since April 2020 as a result of the expansion of the "VitaPUR" contract model to include the storage of umbilical cord tissue is also positive. Since then, the share of contracts concluded with tissue storage has increased significantly, leading to a rise in revenue per contract concluded as well as in recurring revenue and thus to a corresponding shift in the timing of cash flow.

For the fiscal year 2021, the Management Board expects revenues between EUR 20.3 and 22.3 million and adjusted EBITDA (reported EBITDA adjusted for negative special effects due to consulting costs as a result of a prospectively possible merger with PBKM) between EUR 5.5 and 6.1 million.

From 2021 onwards, Vita 34 AG can benefit noticeably from the expected extensions of old contracts. In the next few years, an average of 5,000 old contracts per year will expire, which are to be converted to annual payment.

In the medium term, additional impulses are expected from the storage of immune cells from peripheral blood of adults. Against this background, a research cooperation was concluded with the Institute for Radiopharmaceutical Cancer Research of the Helmholz Center in Dresden-Rossendorf (HZDR). Within the framework of the collaboration, the principal suitability of cryopreserved immune cell isolates for the production of immune cell therapeutics will initially be examined in preclinical scientific work. The influence of long-term storage of immune cell preparations on the quality of cell therapeutics will also be analyzed. With the expected results, Vita 34 could create the ideal conditions for establishing its own product as a further cell source for existing and future immune therapies.

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 2020, Vita 34 AG was a dependent company of AOC Health GmbH, Frankfurt am Main, Germany, within the meaning of sec. 312 German Stock Corporation Act (AktG). Pursuant to sec. 312 German Stock Corporation Act (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 2020, 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, March 29, 2021

The Management Board of Vita 34 AG

Dr. Wolfgang Knirsch
Chief Executive Officer

Falk Neukirch
Chief Financial Officer

Footnotes

1 Mayani et al. Cord blood research, banking and transplantation: achievements, challenges and perspectives. Bone Marrow Transpl. 2019

2 https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2020/KKB_73_2020-Q4_Welt_DE.pdf

3 https://www.ifw-kiel.de/de/publikationen/kieler-konjunkturberichte/2020/zweite-corona-welle-unterbricht-erholung-15552/

4 https://www.gfk.com/de/presse/Europaeern-stehen-2020-rund-773-Euro-weniger-zur-Verfuegung?hsLang=de

5 https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Income

EUR thousand	Note	**2020**	2019*
Sales revenue	5.1	20,069	19,934
Cost of sales	5.2	–8,407	–8,151
Gross profit on sales		**11,663**	**11,783**
Other operating income	5.3	590	544
Marketing and selling costs	5.4	–4,931	–4,902
Administrative expenses	5.5	–4,168	–4,686
Other operating expenses	5.6	–774	–285
Operating result (EBIT)		**2,380**	**2,453**
Financial income		73	71
Financial expenses	5.7	–183	–211
Earnings before taxes		**2,270**	**2,313**
Income tax expense/income	6	–769	–1,595
Result for the period after taxes		**1,501**	**718**
Attributable to:			
Owners of the parent company		1,511	742
Non-controlling interests		–10	–24
Earnings per share, undiluted/diluted (EUR) Undiluted and diluted, relating to the result for the period attributable to the holders of ordinary shares of the parent company	7	0.37	0.18

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

Consolidated Statement of Comprehensive Income

EUR thousand	Note	2020	2019*
Result for the period		1,501	718
Other comprehensive income			
Currency translation differences	16	7	–2
Net gain/loss on available-for-sale financial assets	16	0	4
Income tax effect	6	0	–1
Other comprehensive income to be reclassified to the statement of income in subsequent periods		**7**	**1**
Reassessment of a defined benefit plan	19	–30	–56
Income tax effect	6	9	18
Other comprehensive income not to be reclassified to the statement of income in subsequent periods		**–21**	**–38**
Total comprehensive income after taxes:		**1,487**	**681**
Attributable to:			
Owners of the parent company		1,497	705
Non-controlling interests		–10	–24

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

Consolidated Balance Sheet

Assets

EUR thousand	Note	**Dec. 31, 2020**	Dec. 31, 2019*	Jan. 1, 2019*
Non-current assets				
Goodwill	9	18,323	18,323	18,323
Intangible assets	8	14,230	16,160	18,141
Property, plant and equipment	10	7,444	7,285	6,908
Right-of-use assets	11	1,467	1,905	0
Other assets	14	1,031	1,012	1,312
Trade receivables	13	1,205	632	1,088
Restricted cash	15	119	540	296
		43,819	**45,857**	**46,067**
Current assets				
Inventories	12	372	294	456
Trade receivables	13	2,547	2,879	2,744
Income tax receivables	6	758	84	845
Other receivables and assets	14	572	559	395
Cash and cash equivalents	15	10,396	9,102	6,960
		14,644	**12,919**	**11,401**
Total Assets		**58,464**	**58,775**	**57,468**

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

Total Equity & Liabilities

EUR thousand	Note	**Dec. 31, 2020**	Dec. 31, 2019*	Jan. 1, 2019*
Equity				
Subscribed capital	16	4,146	4,146	4,146
Capital reserves	16	24,012	24,012	23,913
Retained earnings	16	1,852	341	358
Other reserves	16	–196	–182	–145
Treasury shares	16	–261	–261	–337
Non-controlling interests	16	–18	–8	16
		29,536	**28,048**	**27,951**
Non-current liabilities				
Interest-bearing loans	17	2,292	3,799	5,383
Leasing liabilities	11	962	1,356	0
Deferred grants	20	755	797	827
Contract liabilities	21	12,222	11,876	11,355
Provisions	18	14	14	0
Pension provisions	19	86	56	0
Deferred income taxes	6	4,684	4,410	4,052
		21,015	**22,309**	**21,616**
Current liabilities				
Trade payables	22	1,318	1,266	1,106
Provisions	18	59	104	164
Income tax payables	6	432	703	294
Interest-bearing loans	17	1,534	1,584	2,305
Lease liabilities	11	515	546	0
Deferred grants	20	42	45	63
Contract liabilities	21	2,900	2,871	2,803
Other liabilities	22	1,113	1,298	1,166
		7,913	**8,417**	**7,901**
Total Equity & Liabilities		**58,464**	**58,775**	**57,468**

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

Consolidated Statement of Changes in Group Equity

	Equity attributable to the owners of the parent company			
EUR thousand	Subscribed capital	Capital reserves	Retained earnings*	Reserves for available-for-sale financial assets
Balance as of Jan. 1, 2019	**4,146**	**23,913**	**1,848**	**–26**
Retrospective adjustment	0	0	–1,490	0
Balance as of Jan. 1, 2019 (adjusted)	**4,146**	**23,913**	**358**	**–26**
Result for the period (adjusted)	0	0	742	0
Other comprehensive income (adjusted)	0	0	0	3
Total comprehensive income (adjusted)	**0**	**0**	**742**	**3**
Sale of treasury shares	0	99	0	0
Dividend payment	0	0	–656	0
Other changes	0	0	–103	0
Balance as of Dec. 31, 2019 (adjusted)	**4,146**	**24,012**	**341**	**–23**
Balance as of Jan. 1, 2020 (adjusted)	**4,146**	**24,012**	**341**	**–23**
Result for the period	0	0	1,511	0
Other comprehensive income	0	0	0	0
Total comprehensive income	**0**	**0**	**1,511**	**0**
Balance as of Dec. 31, 2020	**4,146**	**24,012**	**1,852**	**–23**

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

	Revaluation reserves	Currency translation differences*	Total equity	Treasury shares at acquisition costs	Non-controlling interests	Total equity*
	–122	**3**	**29,762**	**–337**	**122**	**29,546**
	0	1	–1,489	0	–106	–1,595
	–122	**4**	**28,272**	**–337**	**16**	**27,951**
	0	0	742	0	–24	718
	–38	–2	–37	0	0	–37
	–38	**–2**	**705**	**0**	**–24**	**681**
	0	0	99	77	0	176
	0	0	–656	0	0	–656
	0	0	–103	0	0	–103
	–160	**2**	**28,317**	**–261**	**–8**	**28,048**
	–160	**2**	**28,317**	**–261**	**–8**	**28,048**
	0	0	1,511	0	–10	1,501
	–21	7	–14	0	0	–14
	–21	**7**	**1,497**	**0**	**–10**	**1,487**
	–181	**9**	**29,815**	**–261**	**–18**	**29,536**

Consolidated Cash Flow Statement

EUR thousand	Note	**2020**	2019 *
Cash flow from operating activities			
Earnings for the period before taxes		2,270	2,313
Adjusted for:			
Depreciation and amortization	8, 10, 11	2,964	2,979
Gains/losses on disposal of non-current assets		4	6
Other non-cash expenses/income		2	–47
Financial income		–73	–71
Financial expenses	5.7	182	184
Changes in working capital:			
+/– Inventories		–78	162
+/– Receivables and other assets		–352	269
+/– Liabilities		–134	292
+/– Contract liabilities		373	590
+/– Provisions		–46	–46
Interest paid		–149	–161
Income taxes paid		–984	–153
Cash flow from operating activities		**3,980**	**6,318**
Cash flow from investing activities			
Purchase of intangible assets	8	–39	–23
Purchase of property, plant, and equipment	10	–606	–827
Purchase of companies, net of assumed cash	17	0	–550
Proceeds from the disposal of property, plant, and equipment		0	2
Proceeds from the sale of financial investments	15	370	0
Interest received		22	8
Cash flow from investing activities		**–252**	**–1,390**

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

EUR thousand	Note	**2020**	2019*
Cash flow from financing activities			
Proceeds from share issues	16	0	176
Dividend payment	16	0	–656
Payments for the repayment of financial loans	17	–1,597	–1,767
Payments for leases	11	–555	–541
Proceeds from grants received		166	0
Receipts/payments from extraordinary items	6	–448	0
Cash flow from financing activities		**–2,434**	**–2,787**
Net change in cash and cash equivalents		1,294	2,140
Cash and cash equivalents at the beginning of the reporting period		9,102	6,960
Exchange rate-related change in cash and cash equivalents		1	–0
Cash and cash equivalents at the end of the reporting period (liquid funds)		**10,396**	**9,102**

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

Notes to the Consolidated Financial Statements for the Fiscal Year 2020

1. INFORMATION ON THE PARENT COMPANY AND THE GROUP

The parent company Vita 34 AG (the "company") based in Leipzig (Germany), Deutscher Platz 5a, registered in the register court of the local court of Leipzig under HRB 20339, is a company whose corporate purpose is the collection, processing and storage of stem cells from umbilical cord blood and tissue, the development of cell therapeutic procedures and the implementation of projects in the field of biotechnology. Its subsidiaries (together with the company referred to as "Group") are also active in the field of storage of umbilical cord blood and tissue.

The declaration on the German Corporate Governance Code required by § 161 AktG has been issued and made available to shareholders on the website www.vita34group.de.

The consolidated financial statements of Vita 34 AG for the fiscal year ending December 31, 2020 were approved for publication by the Management Board on March 29, 2021. Vita 34 AG is a limited liability stock corporation founded in Germany with its registered office in Germany, whose shares are admitted to public trading.

2. ACCOUNTING AND VALUATION PRINCIPLES

2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of Vita 34 AG have been prepared in accordance with the International Financial Reporting Standards (IFRS) valid on the balance sheet date, as applicable in the EU, and the supplementary provisions of German commercial law to be observed in accordance with § 315e para. 1 HGB. All IFRS binding for the fiscal year 2020 and the pronouncements of the International Financial Reporting Interpretations Committee (IFRIC) were applied insofar as they were recognized by the European Union.

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

2.2 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Vita 34 AG and its subsidiaries as of December 31 of each fiscal year. The financial statements of the subsidiaries are prepared using uniform accounting and valuation methods on the same balance sheet date as the financial statements of the company.

The subsidiaries over which the company exercises control are included in the consolidated financial statements. In particular, the Group controls an associated company if all of the following characteristics are met:

- executive power over the associated company (i. e., based on currently existing rights, the Group has the power to govern the activities of the associated company that have a significant effect on the associated company's return),
- a risk exposure from or entitlement to fluctuating returns from its investment in the associated company, and
- the ability to use its executive power over the associated company in such a way as to affect the performance of this company.

In addition to the parent company Vita 34 AG, the subsidiaries listed in note 26 were included in the Group's consolidation scope.

2.3 ADJUSTMENT OF ACCOUNTING METHODS AND CORRECTIONS OF ERRORS

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

The Financial Reporting Enforcement Panel (FREP) has drawn the attention of Vita 34 AG to matters that were not properly recorded in previous years.

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

For purposes of recognizing revenue from multi-component transactions such as VitaPlus25 and VitaPlus 50, the package prices to be prepaid by customers are to be allocated to the two performance obligations ‘production of a stem cell deposit’ and ‘storage of the stem cell deposit’. Vita 34 AG determines the allocation key according to the ‘expected cost plus a margin approach’. This approach relates the fulfillment costs of the two services increased by a margin. In the preliminary view of the FREP, the estimated costs for the ‘storage of the stem cell deposit’ should have included further attributable costs as well as expected cost increases during the storage period. Vita 34 AG has taken the FREP’s preliminary findings as an opportunity to recalculate the key for the allocation of package prices. Based on the new key, a larger portion of the package price is to be allocated to the storage obligation, which in this respect leads to a later recognition of revenue. Due to a lack of practicability, Vita 34 AG has not corrected the allocation retroactively for all previous years in application of a facilitation rule, but only for the fiscal year 2019. The correction of the revenue recognition has affected the contract liabilities and deferred taxes.

Vita AG did not implement an adjustment in the determination of the settlement costs of the inventory liability advocated by the FREP in its preliminary finding, as it considers its interpretation of the standard – supported by the assessment of an external expert – to be at least justifiable in this respect. Should the company not prevail with this assessment, the revenues for 2020 would have to be reduced by EUR 152 thousand (previous year: EUR -157 thousand). The result for the period after taxes decreased by EUR 104 thousand (previous year: EUR -108 thousand).

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

Consolidated Statement of Income

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

Consolidated Statement of Comprehensive Income

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

Consolidated Balance Sheet

	31.12.2019			01.01.2019		
EUR thousand	Before adjustment	Adjustment	After adjustment	Before adjustment	Adjustment	After adjustment
Intangible assets	18,525	−2,365	16,160	19,990	−1,849	18,141
Income tax receivables	44	40	84	845	0	845
Total Assets	**61,099**	**−2,324**	**58,775**	**59,317**	**−1,849**	**57,468**
Equity	30,268	−2,220	28,048	29,546	−1,595	27,951
Contract liabilities	11,563	313	11,876	11,355	0	11,355
Deferred income taxes	4,828	−418	4,410	4,306	−254	4,052
Total Equity & Liabilities	**61,099**	**−2,324**	**58,775**	**59,317**	**−1,849**	**57,468**

Consolidated Cash Flow Statement

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING AND VALUATION METHODS

Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the fair value of the assets given at the acquisition date, and the non-controlling interest in the acquiree. Incidental acquisition costs are recognized as expenses within administrative expenses at the time they arise.

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

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

Goodwill is initially measured at cost, which is the excess of the consideration transferred over the Group's interest in the identifiable assets acquired and liabilities assumed. In the case of an acquisition at a price below fair value, the resulting gain is reported under other operating income. Before recognizing a gain on an acquisition at less than fair value, a further assessment is made to ensure that all assets acquired and liabilities assumed have been adequately identified and measured.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the business combination, irrespective of whether other assets or liabilities acquired are assigned to those units. This applies regardless of whether other assets or liabilities of the acquired company are allocated to these cash-generating units.

For goodwill, the Group determines at each balance sheet date whether there are any indications of impairment of goodwill. Goodwill is tested for impairment at least once a year. A review is also carried out if events or circumstances indicate that the value could be impaired. Impairment is determined by calculating the recoverable amount of the cash-generating unit to which the goodwill was allocated. If the recoverable amount of the cash-generating unit is less than the carrying amount of this unit, an impairment loss is recognized. An impairment loss recognized for goodwill may not be reversed in subsequent reporting periods.

Measurement of fair value

All assets and liabilities for which fair value is disclosed in the financial statements are classified in the fair value hierarchy described below, based on the lowest level input parameter that is significant to fair value measurement overall:

a. Level 1 - Quoted (unadjusted) prices in active markets for identical assets or liabilities

b. Level 2 – Measurement procedures where the lowest level input parameter that is significant for fair value observation as a whole is directly or indirectly observable in the market

c. Level 3 – Measurement procedures where the input parameter of the lowest level that is significant for observation at fair value overall is not observable in the market

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

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

After initial recognition, development costs are carried at cost less accumulated amortization and accumulated impairment losses. Amortization begins when the development phase is completed and from the date on which the asset can be used. It is recognized over the period over which future benefits are expected and is included in cost of sales. During the development phase, an annual impairment test is carried out.

Intangible assets
Separately acquired intangible assets that are not acquired as part of a business combination are measured at acquisition cost upon initial recognition. The acquisition costs of intangible assets acquired as part of a business combination correspond to their fair value at the time of acquisition. After initial recognition, intangible assets are carried at acquisition cost, less any accumulated amortization and any accumulated impairment losses.

Intangible assets with finite useful lives are amortized over their economic lives and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each fiscal year. If the expected useful life of the asset or the expected pattern of amortization of the asset has changed, a different amortization period or method is selected. Such changes are treated as changes in an accounting estimate. Amortization of intangible assets with finite useful lives is recognized in the income statement under the expense category consistent with the function of the intangible asset.

The accounting policies applied to the Group's intangible assets (excluding goodwill) are summarized below:

	Development costs	Patents and licences	Contracts acquired	Customer relationships and brand names
Useful lives	Finite useful life, amortization over the expected product life cycle	Finite useful life, amortization over the expected useful life of 5 to 15 years	Finite useful life, amortized over the expected contract term by which the majority of the expected cash inflows will be received (12 to 20 years)	Finite useful life, amortization over the expected period of 4 to 5 years
Amortization method used	Amortization is calculated using the straight-line method over the expected useful life			
Internally created or acquired	Internally created	Acquired	Acquired	Acquired

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss in the period in which the item is derecognized.

Property, plant and equipment
Property, plant and equipment not acquired in a business combination is carried at acquisition or production costs less accumulated scheduled depreciation. The acquisition costs of property, plant and equipment acquired in a business combination correspond to their fair value at the time of acquisition. Scheduled straight-line depreciation is based on the estimated useful lives of the assets.

Useful life of the assets

	Useful life
Laboratory equipment	5 to 14 years
Cryotanks and accessories	40 years
Office and business equipment	3 to 13 years

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

The residual values of assets, the useful lives and the depreciation methods are reviewed at the end of each fiscal year and adjusted if necessary.

Impairment of non-financial assets
The Group assesses at each balance sheet date whether there are any indications that an asset may be impaired. If any such indication exists, or if annual impairment testing for an asset is required, the Group makes an estimate of recoverable amount. The recoverable amount of an asset is the higher of the two amounts of the fair value of an asset or a cash-generating unit less costs to sell and its value in use. The recoverable amount is determined for each individual asset, unless an asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount. To determine the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market expectations regarding the interest effect and the specific risks of the asset. An appropriate valuation model is used to determine fair value less costs to sell. This is based on valuation multiples, stock exchange prices of exchange-traded shares in companies or other available indicators of fair value. Impairment losses of continuing operations are recognized in the expense categories consistent with the function of the impaired asset.

For assets other than goodwill, an assessment is made at each balance sheet date as to whether there is any indication that an impairment loss recognized in prior periods may no longer exist or may have decreased. If such an indicator exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset must be increased to its recoverable amount. This increased carrying amount may not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

After a reversal of an impairment loss, the depreciation charge shall be adjusted in future periods to allocate the asset’s revised carrying amount, less any residual carrying amount, on a systematic basis over its remaining useful life.

Financial assets

Initial recognition and measurement of financial assets

In accordance with IFRS 9, financial assets are classified in the following measurement categories:

(1) Financial assets at amortized cost (debt instruments)

(2) Financial assets at fair value through other comprehensive income (debt instruments)

(3) Financial assets at fair value through profit or loss

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

The classification of financial assets upon initial recognition depends on the characteristics of the cash flow conditions and the business model conditions of the financial asset. When financial assets are recognized for the first time, they are measured at fair value. In the case of financial assets that are not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset are also included. The Group determines the classification of its financial assets upon initial recognition and reviews this classification at the end of each reporting period to the extent permissible and appropriate.

Regular way purchases and sales of financial assets are recognized on the settlement date, i. e. the date on which an asset is delivered to or by the company. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets

(1) Financial assets at amortized cost (debt instruments)

The Group classifies financial assets in this category if the following conditions are met:

- The financial asset is held as part of the Group's business model to collect the contractual cash flows, and
- The contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and interest on the principal outstanding.

Financial assets at amortized cost are measured using the effective interest method and are assessed for impairment. Non-current non-interest-bearing receivables are discounted at a market interest rate equivalent to the term. Gains and losses from financial assets at amortized cost are recognized in the income statement.

Financial assets at amortized cost mainly comprise trade receivables.

(2) Financial assets measured at fair value through other comprehensive income (debt instruments)

The Group classifies financial assets in this category if the following conditions are met:

- The financial asset is held within the scope of the Group's business model both to collect the contractual cash flows and to sell financial assets and
- The contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and interest on the principal outstanding.

Gains and losses on financial assets measured at fair value through other comprehensive income are recognized in other comprehensive income. This does not include impairment losses and income, interest from the application of the effective interest method and gains and losses from currency translation. If the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to the income statement.

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

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

On initial recognition, the Group may elect to irrevocably classify its investments as investments measured at fair value through other comprehensive income if they meet the definition of equity under IAS 32 and are not held for trading purposes. The classification is made individually for each instrument.

Gains and losses on such financial assets are recognized in other comprehensive income and are not subsequently transferred to the income statement.

Financial assets from equity instruments measured at fair value through other comprehensive income include shares in the other investments listed in Note 26.

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

Financial assets in this category comprise financial assets held for trading, financial assets that are measured at fair value upon initial recognition through profit or loss, or financial assets that must be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of sale or repurchase in the near future. Derivatives, including separate embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified irrespective of the business model and measured at fair value through profit or loss. Notwithstanding the criteria for classifying debt instruments at amortized cost or at fair value through OCI as described above, debt instruments may be designated at fair value through profit or loss upon initial recognition if this eliminates or significantly reduces an accounting mismatch.

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

The Group does not hold any such financial assets.

Derecognition of financial assets
A financial asset is derecognized when the right to receive cash flows from the financial asset expires or the financial asset is transferred.

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments that are not carried at fair value through profit or loss. ECLs are based on the difference between the agreed cash flows under the respective contract and the discounted expected cash flows.

ECLs are determined in two stages. For credit risks that have not increased significantly since initial recognition, ECLs are established for credit losses resulting from default events that are possible within the next twelve months (12-month ECL). For credit risks that have increased significantly since initial recognition, an allowance for expected credit losses is established over the remaining life of the exposure, regardless of the time of default (lifetime ECL).

For trade receivables, the Group uses a simplified approach to calculate ECLs. Therefore, the Group does not track changes in credit risk, but establishes an allowance for expected credit losses based on lifetime ECLs at each balance sheet date. The Group has established an allowance matrix based on its historical credit risk experience, adjusted for forward-looking factors specific to debtors and the economic environment.

For debt instruments measured at fair value through other comprehensive income, the Group applies the simplified method for assessing credit risk. At each reporting date, the Group assesses whether the debt instrument has a low credit risk taking into account all reasonable and supportable information available without undue effort or expense. In making this assessment, the Group re-evaluates the internal credit quality of the debt instrument. In addition, the Group believes that credit risk is significantly increased if contractual payments are more than 30 days past due.

Financial liabilities

Initial recognition and measurement of financial liabilities

All financial liabilities are initially recognized at fair value and in the case of loans and liabilities, less directly attributable transaction costs.

The Group's financial liabilities include trade and other payables as well as loans and borrowings.

Subsequent measurement of financial liabilities

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

- Interest-bearing loans

This is the most relevant category for the Group. After initial recognition, interest-bearing loans are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized and as part of the amortization process of the effective interest method.

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

This category generally applies to interest-bearing loans and borrowings. Further information is provided in note 17.

- Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of short-term repurchase. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedging relationships as defined by IFRS 9. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the income statement. Financial liabilities designated upon initial recognition as at fair value through profit or loss are classified as such upon initial recognition and only if the criteria of IFRS 9 are met.

The Group has not classified any financial liabilities as at fair value through profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the respective carrying amounts is recognized in the income statement.

Treasury shares

If the Group acquires treasury shares, these are recognized at acquisition costs and deducted from equity. The purchase, sale, issue or cancellation of treasury shares is recognized directly in equity. Any differences between the carrying amount and the consideration are recognized directly in equity.

Inventories

Inventories are measured at the lower value of acquisition or production costs and net realizable value.

In addition to production materials and wages, the cost of work in progress also includes appropriate portions of production overheads and depreciation to the extent attributable to production. Administrative and selling costs and interest were not included.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash on hand, bank balances and short-term deposits with original maturities of three months or less. Restricted cash is reported separately.

For the purposes of the cash flow statement, cash and cash equivalents include cash and short-term deposits as defined above.

Provisions

A provision is recognized when the Group has a present obligation (legal, contractual or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision recognized as a liability to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to the formation of the provision is shown in the income statement after deduction of the reimbursement. If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in provisions due to the passage of time is recognized as interest expense.

Legal disputes are often based on complex legal issues and involve considerable uncertainty. Accordingly, the assessment as to whether a present obligation as of the balance sheet date probably exists as a result of a past event, whether a future outflow of resources is probable and whether the amount of the obligation can be reliably estimated is based on considerable discretion. The assessment is usually made with the involvement of external lawyers. It may become necessary to set up a provision for an ongoing proceeding due to new developments or to adjust the amount of an existing provision. In addition, the outcome of proceedings for Vita 34 may result in expenses that exceed the provision set up for the case.

Pensions

As part of a business combination in 2012, the company assumed a pension agreement and the related reinsurance policies. For this pension obligation, the company has made contributions to an insurance company. The amount of the pension obligation is determined using the actuarial projected unit credit method. The company recognizes the full amount of actuarial gains and losses in other comprehensive income in the reporting period in which they occur. Actuarial gains and losses are immediately transferred to retained earnings and are not reclassified as income in subsequent years.

The amount to be recognized as a liability from a defined benefit plan includes the present value of the defined benefit obligation (using a discount rate based on senior fixed-interest corporate bonds; see note 19) and the fair value of plan assets available for the direct settlement of obligations. Plan assets include qualifying insurance policies. The plan assets are protected against access by creditors of the Group and cannot be paid directly to the Group. The fair value is based on information about the market price. The value of a recognized asset of the defined benefit plan generally corresponds to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. As the plan assets include a qualifying insurance contract that precisely covers all promised benefits in terms of their amount and maturity, the recognition of plan assets is limited to the present value of the obligations covered.

Leases
When concluding an agreement, the Group assesses whether the agreement contains a lease, i. e. the right to use an identified asset for a certain period of time in return for payment. For all leases, the Group records assets for the rights to use the leased assets and liabilities for the payment obligations resulting from the leases. Exceptions to this are short-term leases and leases for assets of low value, for which payments are recognized as expenses in the income statement on a straight-line basis in accordance with the application of the facilitations provided by IFRS 16.

Rights of use of assets
The Group recognizes rights of use under leases from the date on which the asset in question is available for use. Rights of use are measured at amortized cost less accumulated depreciation and impairment losses. Changes resulting from the revaluation of lease liabilities are reflected in the carrying amount of the right of use. The cost of acquisition includes the value of the recognized lease liability plus lease payments made before the asset is made available for use, initial direct costs and asset retirement obligations less lease incentives received. Rights of use are amortized on a straight-line basis over the lease term.

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

Lease payments include:

- fixed payments minus lease incentives payable by the lessor,
- variable payments,
- expected payments from residual value guarantees,
- the exercise price of a call option (if exercise was deemed sufficiently certain), and
- contractual penalties in the event of termination of a lease.

Lease payments are discounted at the interest rate on which the lease is based, if determinable. Otherwise, they are discounted at the marginal borrowing rate.

Insofar as leases contain extension or termination options, changes in the term of these options are only taken into account if the exercise or non-exercise of such options is sufficiently certain.

The carrying amount of a lease liability is remeasured if there is a change in the lease (e. g. with regard to the amount of the lease payments or the term of the lease).

Revenue from contracts with customers
The Group generates revenue from the provision of services. The Group recognizes revenue when it fulfils a performance obligation by transferring a promised good or service to a customer.

The production and storage of stem cell deposits represent the major part of the services provided by the Group. As part of the services provided, these are either sold individually to the customer and the storage is invoiced annually ("annual payer contracts") or they are sold in a package with a contractually agreed duration of storage of the stem cell deposit ("prepayment contracts"). Both the creation and the storage of stem cell deposits constitute separate service obligations. In the case of the individual sale of the services, the transaction price can be clearly allocated to the service obligation. In the event of a sale of the two services in a package to the customer, the transaction price is allocated to the service obligations on the basis of the relative individual sale prices. Revenue from the production of the stem cell deposit is recognized when the process of collecting, preparing and storing the stem cells is completed. Revenue from the storage of stem cell deposits is recognized over the contractually agreed storage period. The allocation of discounts granted at the level of individual contracts is made in the service obligation "creation of stem cell deposits".

In the case of prepayment contracts, the Group receives prepayments from customers for the storage of stem cell deposits over a period of several years. The customer prepayments received are deferred and reported in the balance sheet item contract liabilities. Invoices to customers are issued in accordance with the contractual terms and conditions and usually provide for payment within 30 days of invoicing.

Government grants

Government grants are recognized when there is reasonable assurance that the grants will be received and the company will comply with the conditions attached to them. In the case of expense-related grants, these are recognized as income over the period necessary to match them with the related expenses they are intended to compensate. If the grant relates to an asset, it is recognized as deferred income and released to income on a straight-line basis over the expected useful life of the asset concerned.

Taxes

Actual tax refund claims and tax liabilities

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The calculation of the amount is based on the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxes

Deferred taxes are recognized using the balance sheet liability method for all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base at the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, unused tax loss carryforwards and unused tax credits to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the unused tax loss carryforwards and tax credits can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the deferred tax asset can be at least partially utilized. Unrecognized deferred tax assets are reviewed on each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. This is based on the tax rates (and tax regulations) that are valid on the balance sheet date or will be valid shortly.

Value added tax
Revenues, expenses and assets are recognized net of value-added tax. There are the following exceptions:

- If the value added tax incurred on the purchase of goods or services cannot be claimed by the tax authorities, the sales tax is recognized as part of the cost of the asset or as part of the expenses.

- Receivables and liabilities are recognized together with the amount of value added tax included therein.

The amount of value added tax refunded by or paid to the tax authorities is recognized in the balance sheet under receivables or liabilities.

2.5 SIGNIFICANT ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

Effects of the COVID-19 pandemic
Currently, Vita 34 does not see any significant impact of the COVID 19 pandemic on the Group's business model. The Group has taken the expected effects into account in the valuations of the recognized assets. At the time of the preparation of the financial statements, this assessment did not result in any significant effects on the valuation of assets. In this assessment, assumptions were made about the further course of the COVID-19 pandemic including the economic impact.

Impairment test of goodwill
Goodwill acquired in the course of business combinations was allocated to the cash-generating units "stem cell banking – Germany" and "Spain" for the purpose of impairment testing.

The recoverable amount of each cash-generating unit is determined based on a value-in-use calculation using cash flow projections based on financial budgets prepared by management for a five-year period and approved by the Supervisory Board. The impact of the COVID-19 pandemic on the recoverable cash flows was taken into account. The recoverable amount is heavily dependent on the discount rate used in the discounted cash flow method and the expected future cash inflows. The basic assumptions for determining the recoverable amount, including a sensitivity analysis, are explained in note 9.

Treatment of deferred tax assets
Deferred taxes on loss carryforwards by Novel Pharma S.L. were not capitalized. This company is a pure holding company, for which no sufficient taxable income can be expected in the future based on current tax circumstances.

Deferred taxes were capitalized on the loss carryforwards of Group companies existing as of the balance sheet date, provided that it can be assumed according to the planning calculations that the loss carryforwards will be utilized. Deferred tax assets for differences between the tax balance sheet values and the IFRS balance sheet values of the respective companies were offset against deferred tax liabilities. In the event of a surplus of deferred tax assets, these were capitalized if it is considered probable that taxable income will be available for this purpose.

We refer to the explanations in note 6 "income taxes".

Revenue from contracts with customers
Breakdown of the transaction price for pre-payment contracts
In the context of revenue recognition, the package prices to be prepaid by customers are to be allocated to the two performance obligations 'production of a stem cell deposit' and 'storage of a stem cell deposit' in proportion to their individual selling prices. As these individual selling prices cannot be directly determined, the Group estimates them using the "expected-cost-plus-a-margin approach", whereby the same relative margin based on the respective manufacturing costs is taken into account for both performance obligations.

Existence of a financing component for prepayment contracts
In the case of prepayment agreements, the Group receives prepayments from the customer for the storage of stem cell deposits over a period of several years. With regard to the nature of the service offered, the Group notes that the payment terms were designed for reasons other than the provision of financing to the Group.

The Group therefore concludes that the prepayments made do not contain a financing component.

Revenue recognition for annual payer contracts with multi-year contract terms
The Group offers annual payer contracts, which include a minimum contract period of several years in relation to the service obligation storage of the stem cell deposit. The transaction price for this contract is determined taking into account all payments to be made by the customer during the contract period.

The Group believes that a significant financing component exists for these contracts. Therefore, for payments due in more than one year, an adjustment is made for the time value of money. The allocation of the transaction price to the performance obligations is similar to the allocation of the transaction price for prepayment contracts.

Leases
Determination of the term of a lease with an extension option
The Group determines the term of the lease as the non-cancelable term of the lease and all periods covered by an option to extend the lease if exercise is reasonably certain.

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

Determination of the marginal borrowing rate
The Group is regularly unable to determine the implicit interest rate of a lease. In these cases the lease liability is measured at the marginal interest rate. This is the interest rate that the Group would pay under similar economic conditions for a loan – with a similar term and collateralization – to acquire an asset with a similar value as the right to use the leased asset.

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

Treatment of grants for development projects
Income from publicly subsidized development projects is recognized as income at the time when the corresponding eligible expenses are incurred by the company. Recognition of income requires a notice of subsidy from the public funding authorities.

Recording income at the time when the eligible expenses are incurred ensures that expenses and income are presented in the consolidated financial statements on an accrual basis.

2.6 NEW ACCOUNTING STANDARDS
The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have adopted further standards, interpretations and amendments to standards that are not yet mandatory for the fiscal year 2020 and have not yet been applied to these consolidated financial statements. From today's perspective, the standards and interpretations that have already been published but have not yet come into force do not have any material impact on the Group's net assets, financial position and results of operations.

3. SUBSIDIARIES WITH SIGNIFICANT NON-CONTROLLING INTERESTS

Minority shareholders hold interests in the following company:

	Share of equity/voting rights	
Name, registered office	**2020** in %	2019 in %
Secuvita S.L., Madrid, Spain	12.0	12.0

Minority interests in significant subsidiaries are composed as follows:

	Share of equity/voting rights	
EUR thousand	**2020**	2019*
Secuvita S.L., Madrid, Spain	–18	–8

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

The summarized financial information for subsidiaries with significant non-controlling interests is as follows:

	Secuvita S.L., Madrid, Spain	
EUR thousand	**2020**	2019*
Non-current assets	5,209	5,474
Current assets	2,951	2,861
Non-current liabilities	3,792	3,832
Current liabilities	2,991	3,043
Net assets	1,376	1,460
Sales revenue	2,568	2,758
Result for the period	–84	–199
Comprehensive income	–84	–199
Result attributable to non-controlling interests	–10	–24

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

4. SEGMENT REPORTING

4.1 INFORMATION ON BUSINESS SEGMENTS
In fiscal year 2020, the Group continues to have only the reportable segment “stem cell banking”, which is active in the collection, processing and storage of stem cells from umbilical cord blood and tissue as well as the development of cell therapeutic procedures.

4.2 INFORMATION ON GEOGRAPHICAL AREAS
The following tables contain information on revenue and non-current assets in accordance with IFRS 8.33 (a) and (b) by geographical area of the Group’s operations for the fiscal years 2020 and 2019:

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

EUR thousand	**2020**	2019 *
Domestic	14,100	13,857
Spain	2,568	2,757
Other foreign countries	3,401	3,320
Group	**20,069**	**19,934**

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

Sales revenues are allocated on the basis of the location of the customer.

Non-current assets according to IFRS 8.33 (b)

EUR thousand	**2020**	2019 *
Domestic	35,873	37,294
Spain	3,137	3,515
Denmark	3,764	4,100
Other foreign countries	796	849
Group	**43,569**	**45,757**

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

5. SALES REVENUES, OTHER INCOME, AND EXPENSES

5.1 REVENUE FROM CONTRACTS WITH CUSTOMERS
The sales revenues reported in the income statement for continuing operations are broken down by type of service provided as follows:

EUR thousand	**2020**	2019 *
Revenue processing/production	14,574	14,605
Revenue from storage	5,473	5,303
Other revenue	23	26
	20,069	**19,934**

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

5.2 COST OF SALES

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

EUR thousand	2020	2019 *
Cost of materials	1,056	1,115
External services	2,356	2,200
Personnel expenses	1,714	1,705
Depreciation and amortization	2,294	2,259
Premises costs	296	228
Other expenses	691	643
	8,407	**8,151**

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

5.3 OTHER OPERATING INCOME

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

EUR thousand	2020	2019
Government grants	230	197
Income from the derecognition of accrued liabilities	162	44
Income from damage compensation	0	4
Miscellaneous other income	198	299
	590	**544**

Government grants mainly relate to subsidies for research and development. There are no unfulfilled conditions or other uncertainties in connection with the government grants.

Income from the derecognition of accrued liabilities comprises the derecognition of financial obligations from trade accounts payable accrued in the previous year and obligations to employees, from which the Group received less than expected in the reporting year.

5.4 MARKETING AN SELLING EXPENSES

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

EUR thousand	2020	2019
Personnel expenses	1,751	1,753
Amortization	434	382
Expenses for marketing measures	2,315	2,183
Other expenses	431	584
	4,931	**4,902**

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

5.5 ADMINISTRATIVE EXPENSES

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

EUR thousand	**2020**	2019
Personnel expenses	2,169	2,301
Amortization	236	339
Legal, consultancy and audit costs	573	604
Other expenses	1,190	1,442
	4,168	**4,686**

Administrative expenses include research and development expenses of EUR 504 thousand (previous year: EUR 486 thousand).

5.6 OTHER OPERATING EXPENSES

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

EUR thousand	**2020**	2019
Loss of receivables	202	250
Consulting costs	516	0
Miscellaneous other expenses	55	36
	774	**285**

The losses on receivables result from the recognition of valuation allowances for trade receivables. The consulting costs relate to the takeover offer submitted by AOC Health GmbH in the fiscal year and the review of a prospectively possible merger with PBKM.

5.7 FINANCIAL EXPENSES

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

EUR thousand	**2020**	2019
Loans and overdrafts	149	160
Interest expense for leases	31	20
Other interest expense	2	3
Realized losses from financial assets	0	27
	183	**211**

5.8 EXPENSES FOR EMPLOYEE BENEFITS PURSUANT TO § 314 PARA. 1 NO. 4 HGB

The expenses for employee benefits are made up as follows:

EUR thousand	**2020**	2019
Wages and salaries	4,620	4,780
Social security contributions	946	928
Expenditure for pension provision	68	51
	5,634	**5,760**

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

The annual average number of employees in the Group is broken down as follows:

Number	**2020**	2019
Employees	116	115
Trainees/interns	1	3
	117	**118**

6. INCOME TAXES

The main components of income tax expense for the fiscal years 2020 and 2019 are as follows:

EUR thousand	**2020**	2019 *
Consolidated income statement		
Actual income taxes		
Actual income tax expense	656	669
Adjustment of income taxes accrued in previous years	–168	695
Deferred income taxes		
Deferred taxes on the creation and reversal of temporary differences	–223	–583
Deferred taxes on loss carryforwards	504	854
Income tax expense	**769**	**1,595**
Consolidated statement of comprehensive income		
Unrealized loss on available-for-sale financial assets	0	1
Profit from the revaluation of actuarial gains and losses	–9	–18
Income taxes recognized directly in equity	**–9**	**–17**

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

In the fiscal year 2020, the tax authorities granted an existing appeal against the tax assessment of a Group company for a previous year. This resulted in a repayment claim for taxes overpaid in previous years in the amount of EUR 159 thousand.

In the fiscal year 2019, a one-off tax expense was to be recorded due to the expected outcome of a tax lawsuit between Vita 34 and the Leipzig tax office. The starting point of the tax law dispute was a change in the tax office's assessment of the tax return of Vita 34 AG, which resulted in a reduction of the tax loss carryforward of EUR 2.6 million as of December 31, 2006. Vita 34 AG had filed a complaint against this assessment. In fiscal year 2017, the tax court dispute was decided in favor of Vita 34 AG. The tax authorities have appealed against the ruling. As a result of the verbal negotiations before the BFH (Federal Fiscal Court), the Management Board had to assume that Vita 34 AG will lose in the lawsuit. As a result of the changed assessment of the Management Board, receivables in the amount of EUR 650 thousand from taxes already paid will be written off. There was no outflow of liquidity, as the taxes have already been paid in the past. This assessment was confirmed in the BFH (Federal Fiscal Court) ruling, which was received by the company in 2020.

The reconciliation between the income tax expense and the product of the net profit for the period shown in the balance sheet and the applicable tax rate for the Group for the fiscal years 2020 and 2019 is as follows:

EUR thousand	2020	2019 *
Earnings before income taxes	**2,270**	**2,313**
Income tax expense (-) or income (+) at the tax rate of the Group of 31.2% (2019: 31.2%)	–708	–722
Adjustments, as the results of Novel Pharma S.L. did not result in a lead to income tax burden	1	2
Adjustment due to tax-free income	10	16
Adjustment for non-deductible expenses	–194	–105
Unrecognized deferred tax assets on loss carryforwards	–21	–62
Income taxes for previous years	168	–679
Differences from tax rate differences	–25	–44
Income tax expense	**–769**	**–1,595**

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

Deferred income taxes are comprised of the following as of the balance sheet date:

	Consolidated balance sheet		Consolidated income statement	
EUR thousand	2020	2019 *	2020	2019 *
Deferred taxes on temporary differences				
Intangible assets	–3,826	–4,339	513	511
Property, plant and equipment	–315	–238	–77	–86
Trade receivables	–108	34	–142	–13
Other non-current assets	–79	–73	–6	39
Current assets	315	300	15	300
Pension obligations	27	18	0	0
Interest-bearing loans	–1	–14	13	3
Contract liabilities	–1,633	–1,564	–69	–147
Leases	8	3	5	3
Other liabilities	–183	–154	–29	–27
	–5,795	**–6,027**	**223**	**583**
Tax loss carryforwards	**1,111**	**1,617**	**–504**	**–854**
Deferred tax liabilities	**–4,684**	**–4,410**		
Deferred income tax expense			**–281**	**–271**

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

The loss carryforwards of Group companies developed as follows:

Name	Registered office	Income tax rate	**2020 EUR thousand**	2019 EUR thousand
Seracell Pharma GmbH	Germany	32%	0	1,063
Vita 34 ApS	Denmark	22%	2,660	3,312
Secuvita S.L.	Spain	25%	3,376	3,433

The existing income tax loss carryforwards in Denmark and Spain are available to the Group without limitation for offsetting against future taxable income of the respective company. Deferred taxes on these tax loss carryforwards were capitalized if it is assumed according to the planning calculation that the loss carryforwards will be utilized. No deferred tax assets were recognized for tax loss carryforwards in the amount of EUR 319 thousand (previous year: EUR 311 thousand).

Novel Pharma S.L., Spain, has tax loss carryforwards that are available to the Group for offset against future taxable income of Novel Pharma S.L. However, no deferred tax assets were recognized for these losses, as these losses may not be used for offsetting against the taxable income of other Group companies and they arose at an intermediate holding company that generally does not generate positive taxable income. Their usability is only possible under certain conditions, the fulfilment of which, however, cannot currently be assessed as probable.

In the course of a dividend distribution from a Group company to Vita 34 AG in the fiscal year 2020, capital gains taxes in the amount of EUR 448 thousand were paid. The Group is entitled to a partial refund in 2021. The payment is reported in the cash flow statement as an extraordinary item in the cash flow from financing activities.

7. EARNINGS PER SHARE

Undiluted/diluted earnings per share

In calculating the undiluted/diluted earnings per share, the profit attributable to the holders of ordinary shares of the parent company is divided by the weighted average number of ordinary shares in circulation during the year.

Undiluted/diluted earnings per share are calculated as follows:

EUR thousand	**2020**	2019*
Profit/loss from continuing operations	1,501	718
Less: portion attributable to non-controlling interests	10	24
Result from continuing operations attributable to shareholders of Vita 34 AG	**1,511**	**742**
Number of shares outstanding (weighted average)	4,098,153	4,098,153
Earnings per share (EUR)	**0.37**	**0.18**

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

8. INTANGIBLE ASSETS

The intangible assets developed as follows:

Overview of intangible assets as of December 31, 2020

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
Exchange rate differences	0	0	23	0	23
Acquisition costs as of December 31, 2020	**482**	**3,862**	**23,638**	**1,996**	**29,977**
Accumulated amortization and impairments as of January 1, 2020	52	3,610	8,942	1,151	13,755
Amortization of the fiscal year	46	117	1,361	460	1,985
Exchange rate differences	0	0	7	0	7
Accumulated amortization and impairments as of December 31, 2020	**98**	**3,727**	**10,310**	**1,612**	**15,746**
Carrying amount as of January 1, 2020	430	213	14,673	845	16,160
Carrying amount as of December 31, 2020	**384**	**134**	**13,328**	**384**	**14,230**

Overview of intangible assets as of December 31, 2019 *

EUR thousand	Development costs	Patents and licenses	Acquired contracts	Customer relationships and brand names	Total
Acquisition costs as of January 1, 2019	528	3,820	23,618	1,996	29,962
Additions	0	23	0	0	23
Disposals	−46	−21	0	0	−67
Exchange rate differences	0	0	−3	0	−3
Acquisition costs as of December 31, 2019	**482**	**3,822**	**23,615**	**1,996**	**29,915**
Accumulated amortization and impairments as of January 1, 2019	51	3,497	7,582	691	11,821
Amortization of the fiscal year	47	133	1,361	460	2,001
Disposals	−46	−21	0	0	−67
Exchange rate differences	0	0	−1	0	−1
Accumulated amortization and impairments as of December 31, 2019	**52**	**3,610**	**8,942**	**1,151**	**13,755**
Carrying amount as of January 1, 2019	477	323	16,036	1,305	18,141
Carrying amount as of December 31, 2019	**430**	**213**	**14,673**	**845**	**16,160**

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

The acquired contracts as well as the customer relationships and brand names include the following significant assets as of December 31, 2020:

EUR thousand	Carrying amount	Remaining useful life
Acquired storage contracts Secuvita	2,045	6 years
Acquired storage contracts Vita 34 ApS	3,763	12 years
Acquired storage contracts Vivocell	701	6 years
Acquired storage contracts Seracell	6,805	12 to 17 years
Trademark rights Seracell	66	1 year
Customer relations Seracell	319	1 to 4 years

9. GOODWILL

EUR thousand	**2020**	2019
Acquisition costs as of Jan. 1	18,323	18,323
Acquisition costs as of Dec. 31	**18,323**	**18,323**
Accumulated impairments as of Jan. 1	0	0
Accumulated impairments as of Dec. 31	**0**	**0**
Carrying amount as of Jan. 1	18,323	18,323
Carrying amount as of Dec. 31	**18,323**	**18,323**

Goodwill acquired in business combinations was allocated to cash-generating units for impairment testing as follows:

EUR thousand	**2020**	2019
Stem cell banking Germany	17,731	17,731
Spain	592	592
	18,323	**18,323**

The Group conducted its annual impairment test in the fourth quarter of fiscal year 2020. The Group considered, among other factors, the relationship between market capitalization and carrying amount in assessing whether there is any indication of impairment. The recoverable amounts based on the impairment test exceeded the carrying amounts for the cash-generating units.

Cash-generating unit “stem cell banking – Germany”

The recoverable amount of the cash-generating unit “stem cell banking - Germany” is determined on the basis of a value-in-use calculation using cash flow forecasts updated compared to the previous year, which are based on financial plans prepared by the management for a period of five years and approved by the Supervisory Board. The discount rate used for the cash flow forecasts for the “stem cell banking – Germany” segment is 8.1% before taxes (previous year: 7.7%). Cash flows beyond the five-year period are extrapolated using a growth rate of 1%.

Cash-generating unit "Spain"
The recoverable amount of the cash-generating unit "Spain" is also determined based on a value-in-use calculation using cash flow projections based on financial budgets prepared by management for a five-year period and approved by the Supervisory Board. The discount rate used for the cash flow forecasts is 10.6% before taxes (previous year: 9.9%). Cash flows beyond the five-year period are extrapolated using a growth rate of 1%.

Basic assumptions for the calculation of the value in use of the business units as of December 31, 2020 and December 31, 2019
The basic assumptions on which management has based its cash flow projections for the impairment test of goodwill are explained below.

Budgeted gross profit margins – Gross profit margins are determined on the basis of the average gross profit margins achieved in the immediately preceding fiscal year for newly concluded contracts.

Discount rates – The discount rates reflect management's estimates of the specific risks associated with each cash- generating unit. This represents the benchmark used by management to assess operating performance and to evaluate future investment projects. The starting point for the derivation of the capitalization rate is a risk-free interest rate with additional consideration of a market risk premium, a country-specific risk surcharge and a company-specific beta factor.

Sensitivity of the assumptions made
In the context of a sensitivity analysis for the cash-generating units, a reduction in the planned gross profit margins by one percentage point or an increase in the discount rates (after taxes) by one percentage point was assumed. On this basis, there is no impairment requirement for the cash-generating units.

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment developed as follows:

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

EUR thousand	Land and buildings	Technical equipment	Operating equipment	**Total**
Acquisition costs as of January 1, 2020	306	8,977	1,844	11,127
Additions	0	547	58	606
Disposals	0	−36	−4	−40
Acquisition costs as of December 31, 2020	**306**	**9,488**	**1,898**	**11,692**
Accumulated depreciation and impairments as of January 1, 2020	0	2,533	1,310	3,843
Depreciation of the fiscal year	0	317	125	442
Disposals	0	−32	−4	−36
Accumulated depreciation and impairments as of December 31, 2020	**0**	**2,818**	**1,431**	**4,248**
Carrying amount as of January 1, 2020	306	6,444	534	7,285
Carrying amount as of December 31, 2020	**306**	**6,670**	**467**	**7,444**

Overview of property, plant and equipment as of December 31, 2019

EUR thousand	Land and buildings	Technical equipment	Operating equipment	Total
Acquisition costs as of January 1, 2019	306	8,354	2,006	10,667
Additions	0	779	48	827
Disposals	0	–157	–210	–367
Acquisition costs as of December 31, 2019	**306**	**8,977**	**1,844**	**11,127**
Accumulated depreciation and impairments as of January 1, 2019	0	2,369	1,390	3,759
Depreciation of the fiscal year	0	321	126	447
Disposals	0	–157	–206	–363
Accumulated depreciation and impairments as of December 31, 2019	**0**	**2,533**	**1,310**	**3,843**
Carrying amount as of January 1, 2019	306	5,985	617	6,908
Carrying amount as of December 31, 2019	**306**	**6,444**	**534**	**7,285**

11. LEASES

The Group mainly leases rented premises and motor vehicles. The leases have terms of up to three years. The rights to use assets under leases developed as shown in the following table:

Overview of rights of use under leases as of December 31, 2020

EUR thousand	Land and buildings	Operating equipment	Total
Acquisition cost at January 1, 2020	2,282	155	2,437
Additions	49	59	108
Changes in leases	11	–21	–10
Acquisition cost at December 31, 2020	**2,341**	**194**	**2,535**
Accumulated depreciation and impairment as of January 1, 2020	484	48	531
Depreciation for the fiscal year	476	61	537
Accumulated depreciation and impairments as of December 31, 2020	**960**	**108**	**1,068**
Booking value at January 1, 2020	1,798	107	1,905
Booking value at December 31, 2020	**1,382**	**85**	**1,467**

Overview of rights of use under leases as of December 31, 2019

EUR thousand	Land and buildings	Operating equipment	**Total**
Acquisition cost at January 1, 2019	1,215	44	1,260
Additions	123	111	234
Changes in leases	943	0	943
Acquisition cost at December 31, 2019	**2,282**	**155**	**2,437**
Accumulated depreciation and impairment as of January 1, 2019	0	0	0
Depreciation for the fiscal year	484	48	531
Accumulated depreciation and impairments as of December 31, 2019	**484**	**48**	**531**
Booking value at January 1, 2019	1,215	44	1,260
Booking value at December 31, 2019	**1,798**	**107**	**1,905**

The corresponding leasing liabilities developed as follows:

EUR thousand	**2020**	2019
Leasing liabilities as of January 1	1,902	1,260
Payments for the repayment of leasing liabilities	–555	–541
Additions from new leases	108	220
Changes in leases	–10	943
Non-cash interest effects	31	20
Leasing liabilities as of December 31	**1,477**	**1,902**

Leases had the following effects on the result for the period:

EUR thousand	**2020**	2019
Amortization of leases	537	531
Expenses from short-term leases	0	10
Expenses from low-value leases	11	12
Interest expense for leases	31	20
Expenses from leases	**579**	**574**

In total, payments of EUR 566 thousand (previous year: EUR 563 thousand) were made for leases in the fiscal year.

The Group has concluded various leasing agreements which include an extension option. Management is assessing whether this renewal option can be exercised with reasonable certainty. As of December 31, 2020, the exercise of the existing extension options was not assumed to be sufficiently certain, with the result that they have not been taken into account in the measurement of lease liabilities.

12. INVENTORIES

Inventories are composed as follows:

EUR thousand	**2020**	2019
Raw materials, consumables and supplies	330	283
Unfinished services	42	11
	372	**294**

In 2020, impairment losses on inventories in the amount of EUR 18 thousand (previous year: EUR 0 thousand) were recognized.

13. TRADE RECEIVABLES

Trade receivables are composed of the following:

EUR thousand	**2020**	2019
Non-current trade receivables	1,205	632
Current trade receivables	2,547	2,879
	3,752	**3,511**

Due to the sometimes long term duration of the receivables, trade receivables with a term of more than twelve months are reported separately under non-current assets and discounted at a standard market interest rate.

Non-current trade receivables include receivables from annual payment contracts with multi-year contract terms amounting to EUR 788 thousand (previous year: EUR 215 thousand). The receivables are due for payment within ten years.

Impairment allowances on trade receivables have developed as follows:

EUR thousand	**2020**	2019
Balance of impairment allowances at January 1	928	844
Additions (expenses for impairment allowances)	164	223
Utilization	0	–139
Release	2	0
Balance as of December 31 of the fiscal year	**1,094**	**928**

In the fiscal year 2020, expenses for the complete write-off of trade receivables amounting to EUR 36 thousand (previous year: EUR 26 thousand) were recognized. All expenses from impairment allowances and write-offs of trade receivables are reported under other operating expenses. Of the trade receivables written off in the fiscal year 2020, receivables in the amount of EUR 63 thousand are subject to enforcement measures.

14. OTHER RECEIVABLES AND ASSETS

	2020		2019	
EUR thousand	**Total**	Thereof short-term	**Total**	Thereof short-term
Financial receivables and assets				
Securities investments	100	0	100	0
Other financial assets	233	0	233	0
Miscellaneous other financial assets	126	119	116	109
	458	**119**	**449**	**109**
Non-financial assets				
Accrued expenses	987	295	984	311
Other assets	157	157	139	139
	1,145	**453**	**1,122**	**450**
	1,603	**572**	**1,571**	**559**

Other financial assets include investments in non-consolidated companies.

Other financial assets include in particular rent deposits for laboratory and office premises used by Group companies.

15. CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH

EUR thousand	**2020**	2019
Restricted cash	119	540
Cash and cash equivalents	10,396	9,102
	10,515	**9,642**

Cash and cash equivalents are composed of bank balances and cash on hand. Bank balances bear interest at variable interest rates for balances redeemable on demand. The item cash and cash equivalents corresponds to the level of cash and cash equivalents for the purposes of the cash flow statement.

Restricted cash are pledged as collateral for bank loans or rental payments. In the fiscal year 2020, cash and cash equivalents in the amount of EUR 370 thousand, which resulted from the disposal of financial investments in the previous year, were released from the pledge.

16. EQUITY

The **subscribed capital** includes the statutory share capital of Vita 34 AG according to German stock corporation law. Equity is divided into 4,145,959 (previous year: 4,145,959) bearer shares of no-par value.

The **capital reserves** include payments and other payments by shareholders in excess of the share capital as part of capital measures as well as reserves for share price-based compensation.

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

The Management Board and the Supervisory Board of Vita 34 AG propose to transfer the balance sheet profit reported in the annual financial statements of Vita 34 AG as of December 31, 2020, in its entirety to the retained earnings.

The **other reserves** include actuarial gains and losses from defined benefit pension plans, gains and losses of the financial assets measured at fair value through other comprehensive income and gains and losses from foreign currency translation.

As of the balance sheet date, the Group held 47,806 **treasury shares** (previous year: 47,806 shares).

AUTHORIZED CAPITAL

According to § 7 para. 2 of the Vita 34 AG Articles of Association, there is an authorized capital. By resolution of the Annual General Meeting on June 4, 2019, the Management Board is authorized, with the approval of the Supervisory Board, to increase the company's share capital in one or more stages in a period up to June 3, 2024 by up to a total of EUR 2,072,979 by issuing up to 2,072,979 new registered no-par value ordinary shares against cash or non-cash contributions.

INFORMATION ON INVESTMENTS IN THE CAPITAL OF VITA 34 AG

The company had the following information on shareholdings subject to disclosure requirements pursuant to sec. 160 para. 1 no. 8 AktG (as of December 31, 2020):

Mr. Florian Schuhbauer and Mr. Klaus Röhrig informed us on August 6, 2020, that their share of voting rights in Vita 34 AG, held directly or indirectly, exceeded the threshold of 30% of the voting rights in our company on August 5, 2020, and amounted to 1,510,610 voting rights or 36.44% of the voting rights on that day.

Mr. Dr. Peter Haueisen informed us on April 23, 2019, that his voting rights in Vita 34 AG, held directly or indirectly, exceeded the threshold of 3% of the voting rights in our company on April 15, 2019, and amounted to 126,100 voting rights or 3.04% of the voting rights on that day.

Mr. Dr. André Gerth informed us on August 6, 2020, that his share of voting rights in Vita 34 AG, held directly or indirectly, fell below the threshold of 3% of the voting rights in our company on August 5, 2020, and amounted to 0 voting rights or 0.00% of the voting rights on that day.

Mr. Michael Köhler informed us on May 29, 2020, that his voting rights in Vita 34 AG, held directly or indirectly, fell below the threshold of 3% of the voting rights in our company on May 25, 2020, and amounted to 0 voting rights or 0.00% of the voting rights on that day.

17. LOANS

	2020		2019	
EUR thousand	**Total**	Thereof short-term	**Total**	Thereof short-term
Liabilities to banks	3,766	1,493	5,282	1,543
Liabilities from hire purchase loans	60	41	102	41
	3,827	**1,534**	**5,383**	**1,584**

The loan liabilities break down as follows:

EUR thousand	Interest in %	Due date	**2020**	2019
Loan of EUR 7,500 thousand	2.48	2018 – 2023	3,745	5,206
Loan of EUR 1,000 thousand	1.25	2015 – 2020	0	50
Loan of EUR 137 thousand	0.00	2013 – 2024	21	25
Hire-purchase loan of EUR 242 thousand	2.86	2017 – 2022	60	102
			3,827	**5,383**

Loans of EUR 3,745 thousand (nominal amount of EUR 7,500 thousand) reported in the balance sheet are secured by a global assignment of the company's receivables from the storage contracts against the third-party debtors with the initials A to Z.

The loan liabilities developed as follows:

EUR thousand	**2020**	2019
Loans as of January 1 of the fiscal year	5,383	7,687
Payments for the repayment of financial loans	–1,597	–1,767
Payments for the acquisition of companies	0	–550
Non-cash interest effects	40	13
Loans as of December 31 of the fiscal year	**3,827**	**5,383**

The payments for the acquisition of companies in the previous year related to the payment of the installment loan for the acquisition of Vita 34 ApS (formerly: StemCare ApS) in the fiscal year 2015.

18. PROVISIONS

EUR thousand	**2020**	2019
Balance as of January 1 of the fiscal year	118	164
Addition	0	49
Utilization	46	95
Balance at December 31 of the fiscal year	**73**	**118**

The provisions include the expected costs in connection with a legal dispute from the fiscal year 2018 in the amount of EUR 51 thousand. The Group assumes that provisions of EUR 59 thousand will be utilized in 2021.

19. PENSION PROVISIONS

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

EUR thousand	**2020**	2019
Present value of the defined benefit obligation	479	443
Fair value of plan assets	–393	–387
Defined benefit obligation	**86**	**56**

In accordance with IAS 19.113, the present value of the defined benefit obligation and the fair value of plan assets are netted. The plan assets include a qualifying insurance contract that precisely covers all promised benefits in terms of their amount and maturity. The recognition of plan assets is therefore limited to the present value of the covered obligations.

Development of the present value of the defined benefit obligation

EUR thousand	**2020**	2019
Present value of the defined benefit obligation as of January 1	443	347
Interest expense	5	7
Revaluations		
Actuarial gains/losses due to changes in financial assumptions	31	88
Present value of the defined benefit obligation as of December 31	**479**	**443**

Development of the fair value of plan assets

EUR thousand	**2020**	2019
Fair value of plan assets as of January 1	387	381
Interest income	4	8
Revaluations		
Income from plan assets excluding amounts included in net interest income expenses and income	2	–2
Fair value of plan assets as of December 31	**393**	**387**

The pension obligations as of December 31, 2020 were measured using the biometric calculation basis Heubeck DIRECTIVE 2018 G according to the modified entry age normal method.

Assumptions for determining the pension obligations

in %	**2020**	2019
Discount factor	0.80	1.10
Salary trend	0.00	0.00
Pension trend	1.90	1.90

Due to the reinsurance policy taken out, no effects on the pension plan obligation are expected to be recognized in profit or loss even if valuation assumptions are changed.

20. DEFERRED GRANTS

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

EUR thousand	**2020**	2019
Balance as of January 1 of the fiscal year	842	890
Released to income	45	48
Balance as of December 31 of the fiscal year	**797**	**842**
Current grants	42	45
Non-current grants	755	797
Balance as of December 31 of the fiscal year	**797**	**842**

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

21. CONTRACT LIABILITIES

EUR thousand	**2020**	2019 *
Obligation to fulfil concluded storage contracts	1,308	1,457
Advance payment for storage – non current	10,914	10,419
Advance payment for storage – current	2,900	2,871
	13,814	**13,290**
	15,122	**14,747**

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

The obligations to fulfil concluded storage contracts are obligations to store stem cell deposits for a contract-specific storage period assumed in the context of mergers. The corresponding contracts are not offset by any revenues until the expiry of the contract-specific storage period.

Advance payments for storage include storage fees received in advance from customers for periods between one year and 50 years, which are recognized as revenue on a straight-line basis over the period of storage.

The item developed as follows in the reporting period:

EUR thousand	**2020**	2019 *
Balance as of January 1 of the fiscal year	13,290	12,539
Advance payments from previous periods included in revenue from storage	–2,871	–2,803
Prepayments received in the fiscal year	3,394	3,554
Balance as of December 31 of the fiscal year	**13,814**	**13,290**

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

22. TRADE PAYABLES AND OTHER LIABILITIES

EUR thousand	**2020**	2019
Financial liabilities		
Trade payables	1,318	1,266
Other financial liabilities	142	76
	1,459	**1,341**
Non-financial liabilities		
Payments to employees and Management Board	309	580
Other non-financial liabilities	663	643
	972	**1,223**
	2,431	**2,564**

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

Other non-financial liabilities mainly include liabilities from wage and value added taxes.

23. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

23.1 CARRYING AMOUNTS AND FAIR VALUES

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

EUR thousand	**2020**	2019
Financial assets		
Financial assets at amortized costs		
Trade receivables	3,752	3,511
Other financial assets	126	116
	3,878	**3,628**
Financial assets at fair value through other comprehensive income (debt instruments)		
Securities investments	100	100
Financial assets at fair value through other comprehensive income (equity instruments)		
Other financial assets	233	233
Total financial assets	**4,211**	**3,960**
Financial liabilities		
Financial liabilities at amortized cost		
Interest-bearing loans	3,827	5,383
Trade payables	1,318	1,266
Other financial liabilities	142	76
	5,286	**6,725**
Total financial liabilities	**5,286**	**6,725**

Current trade receivables, other financial receivables, trade payables and other financial liabilities regularly have short remaining terms; the values shown in the balance sheet approximate the fair values.

The fair values of non-current trade receivables with remaining terms of more than one year correspond to the present values of the payments associated with the assets using a standard market interest rate. The classification was made in Level 2 of the fair value hierarchy.

The fair value of securities investments is determined on the basis of stock exchange prices in active markets. The classification was made in Level 1 of the fair value hierarchy.

The fair values of non-current loans measured at amortized cost in the balance sheet were determined by discounting the expected future cash flows using standard market interest rates. In each case, they were allocated to Level 2 of the fair value hierarchy.

The fair value of other financial assets is determined on the basis of suitable valuation methods. In each case, classification was made in Level 3 of the fair value hierarchy.

23.2 NET RESULT BY VALUATION CATEGORY

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

EUR thousand	Financial income	Financial expenses	Other operating expenses	Other comprehensive income	Total
2020					
Financial assets at amortized cost	35	0	–202	0	**–167**
Financial assets measured at fair value through other comprehensive income (debt instruments)	0	0	0	0	**0**
Financial liabilities at amortized cost	0	–151	0	0	**–151**
	35	**–151**	**–202**	**0**	**–318**
2019					
Financial assets at amortized cost	63	–22	–250	0	**–209**
Financial assets measured at fair value through other comprehensive income (debt instruments)	0	–5	0	4	**–1**
Financial liabilities at amortized cost	0	–162	0	0	**–162**
	63	**–189**	**–250**	**4**	**–372**

23.3 LIQUIDITY RISK

The Group's objective is to maintain a balance between the continuous coverage of financial requirements and ensuring flexibility by using loans and medium-term investments such as securities. The Group continuously monitors the risk of a possible liquidity bottleneck using a liquidity planning tool. This tool takes into account the maturities of financial assets and financial liabilities as well as expected cash flows from operating activities.

The following tables show the contractually agreed (undiscounted) remuneration and redemption payments of the primary financial liabilities:

EUR thousand	2021	2022	2023 ff.
Liabilities from loans	1,546	1,524	755
Leasing liabilities	533	517	459
Trade payables and other liabilities	2,100	268	267
	4,179	**2,309**	**1,481**

All instruments held as of December 31, 2020 and for which payments had already been contractually agreed were included. Target figures for future new liabilities are not included. Financial liabilities repayable at any time are always allocated to the earliest time period.

23.4 CREDIT RISK

The credit risk is the risk that a business partner does not meet its obligations under a financial instrument and that this leads to a financial loss. In the course of its operating activities, the Group is exposed to default risks, particularly in relation to trade receivables and other financial assets.

Trade receivables

The Group conducts business with both private and corporate customers. Outstanding customer receivables and contract volume are monitored regularly. Credit checks are carried out by an external credit institution within the framework of instalment payment agreements in the "stem cell banking - Germany" segment.

At each balance sheet date, an analysis of expected credit losses is performed using an impairment matrix. The provision rates are based on days past due for groupings of different customer segments with similar loss patterns (e.g. by geographical region, customer type and coverage by collateral provided by the customer). The calculation reflects the probability-weighted outcome, the time value of money and appropriate and understandable information available at the balance sheet date about past events, current conditions and projections of future economic conditions. The maximum default risk is limited to the carrying amount shown in note 13. There are no significant concentrations of default risks in the Group. Collateral provided by customers is considered an integral part of trade receivables and is taken into account in the calculation of impairment. As of December 31, 2020, 5% (December 31, 2019: 13%) of the Group's trade receivables are covered by collateral in the form of a bank guarantee and the pledging of equity instruments in favor of the Group.

The following table shows the information on the credit risk exposure of the Group's trade receivables using a provision matrix:

		Receivables overdue in days				
EUR thousand	**Total**	Not due	Less than 60 days	Between 60 and 180 days	Between 180 and 360 days	More than 360 days
December 31, 2020						
Gross carrying amount	**4,847**	3,259	235	214	208	930
Expected loss rate		1%	1%	56%	62%	88%
Expected credit loss	**1,094**	31	1	120	128	814
December 31, 2019						
Gross carrying amount	**4,440**	2,922	288	166	107	956
Expected loss rate		0%	8%	20%	31%	88%
Expected credit loss	**928**	1	23	33	33	838

Other financial assets

Other financial assets mainly comprise rental deposits paid by the Group for rental and office premises. The Group considers the risk of default to be very low, and therefore no impairment loss was recognized. The maximum credit risk in the event of counterparty default corresponds to the carrying amount of these instruments.

23.5 MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The market risk includes the risk types of interest rate risk and foreign currency risk. The main financial instruments exposed to market risk include interest-bearing loans and trade receivables.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There are no significant interest rate risks in the Group, as the main loan and financing agreements were concluded with fixed interest rates. Further information on this can be found in note 17.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Group is exposed to foreign currency risks in the course of its operating activities (when sales revenues and expenses are denominated in a foreign currency). During the period under review, the Group generated revenues and expenses in Swiss francs (CHF) and Danish krones (DKK). A change in the exchange rate can therefore generally have an impact on the consolidated balance sheet.

The Group has carried out an analysis of the effects of changes in exchange rates of 5% on the Group result. A change in the exchange rate would not have a material effect on the Group result before taxes or on the Group's equity.

24. CONTINGENCIES AND OTHER OBLIGATIONS

As of the balance sheet date December 31, 2020, the Group has obligations to purchase property, plant and equipment in the amount of EUR 341 thousand (December 31, 2019: EUR 211 thousand).

25. INFORMATION ON RELATIONS WITH RELATED PARTIES

Related parties are unconsolidated subsidiaries, companies and shareholders with a controlling influence, subsidiaries and affiliates of companies with a controlling influence and persons in key positions of the company.

The following table shows the total amounts resulting from transactions with related parties for the fiscal year in question:

EUR thousand	Revenues and earnings	Services received and other expenses	Receivables
2020			
Non-consolidated subsidiaries	26	28	5
2019			
Non-consolidated subsidiaries	73	0	9

The Group maintains relations with non-consolidated subsidiaries in the course of its ordinary business activities. In this context, the Group generally sells and buys services at market conditions.

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

EUR thousand	2020	2019
Short-term benefits		
Supervisory Board remuneration	110	105
Management Board salaries (without pension expenses)	432	507

Individualized information on the remuneration of the Management Board and Supervisory Board is provided in sections 27 and 28.

26. INFORMATION ON THE SCOPE OF CONSOLIDATION

The following companies are included in the Group as of the balance sheet date of December 31, 2020:

Name	Registered office	Capital share in %
Subsidiaries		
Seracell Pharma GmbH	Rostock, Germany	100
Novel Pharma S.L.	Madrid, Spain	100
Secuvita S.L.	Madrid, Spain	88
Vita 34 Gesellschaft für Zelltransplantate mbH	Vienna, Austria	100
Vita 34 ApS	Søborg, Denmark	100

In addition, the following other investments existed at the balance sheet date:

	Registered office	Capital share in %	Equity in EUR thousand	Annual result in EUR thousand
Vita 34 Slovakia s.r.o.[1, 2]	Bratislava, Slovakia	100	–602	–8
Vita 34 Suisse GmbH[1, 2]	Muttenz, Switzerland	100	11	–7
Kamieniniu lasteliu bankas UAB „Imunolita“[1, 3]	Vilnius, Lithuania	35	–262	92
Bio Save d.o.o.[4, 5]	Belgrade, Serbia	30	128	69

1 Waiver of inclusion in the consolidated financial statements due to immateriality
2 Equity and annual result according to the annual financial statements as of December 31, 2019
3 Equity and annual result according to the annual financial statements as of December 31, 2018
4 Equity and annual result according to the annual financial statements as of December 31, 2016
5 There is no significant influence.

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

27. REMUNERATION OF THE MANAGEMENT BOARD IN ACCORDANCE WITH § 314 HGB

The following gentlemen were appointed to the Management Board in the fiscal year 2020:

Dr. Wolfgang Knirsch	Chief Executive Officer
Falk Neukirch	Chief Finanacial Officer

Remuneration of the Management Board of Vita 34 AG (remuneration report)
The following information on Management Board compensation is legally required in accordance with the requirements of the German Commercial Code (HGB) and the International Financial Reporting Standards (IFRS).

The Management Board of Vita 34 AG consisted of two members in the fiscal year 2020. The employment contract regulations were adjusted for the last time in fiscal year 2019.

Remuneration system for the Management Board and review
The amount and structure of the remuneration of the Management Board is determined by the Supervisory Board in accordance with § 87 AktG. The remuneration of the Management Board of Vita 34 AG comprises fixed and variable components as well as other remuneration.

Fixed remuneration, variable performance-related remuneration and fringe benefits
The fixed component is the contractually agreed basic remuneration, which is paid monthly in equal amounts. The variable remuneration component, which relates to targets for a three-year period, is based on the achievement of certain quantitative targets. The target amount of the variable remuneration is capped at 100% for all agreed sub-targets and including the discretionary bonus.

A Management Board contract with a term of three years was concluded with the Chief Executive Officer, Dr. Wolfgang Knirsch, effective January 1, 2018. As part of the variable compensation, the contract defines the four sub-components “performance indicators” EBITDA, number of deposits in Germany, Xetra average price of the Vita 34 share over the last 40 trading days of the year, and a discretionary bonus. In the fiscal year 2020, a new Management Board contract was concluded with the Chief Executive Officer, Dr. Wolfgang Knirsch, with effect from January 1, 2021.

A Management Board contract with a term of three years was concluded with the Chief Financial Officer, Falk Neukirch, with effect from January 1, 2019. The contract, which is valid from January 1, 2019, defines the four sub-components “performance indicators” EBITDA, number of deposits in Germany, Xetra average price of the Vita 34 share over the last 40 trading days of the year and a discretionary bonus.

In addition, the members of the Management Board received fringe benefits, which mainly consist of benefits paid into provident funds, insurance benefits and the private use of a company car and are taxable individually by the members of the Management Board.

Remuneration of the Management Board for the fiscal year 2020
For the fiscal year 2020, the remuneration of the members of the Management Board for their activities totaled EUR 432 thousand (2019: EUR 507 thousand). Details of the remuneration of the members of the Management Board are shown in individualized form in the following tables.

Grants to the Management Board of Vita 34 AG for the fiscal year 2020

Dr. Wolfgang Knirsch CEO EUR thousand	2019	**2020**	2020 (min)	2020 (max)
Non-performance-related component:				
Fixed remuneration	250	250	250	250
Fringe benefits	15	13	13	13
Total	**265**	**263**	**263**	**263**
Performance-related component:				
One-year variable remuneration	30	0	0	30
Multi-year variable remuneration	23	0	0	84
Total	**318**	**263**	**263**	**377**
Pension expenses	0	0	0	0
Total remuneration	**318**	**263**	**263**	**377**

Falk Neukirch CFO EUR thousand	2019	**2020**	2020 (min)	2020 (max)
Non-performance-related component:				
Fixed remuneration	160	160	160	160
Fringe benefits	9	9	9	9
Total	**169**	**169**	**169**	**169**
Performance-related component:				
One-year variable remuneration	20	0	0	20
Multi-year variable remuneration	0	0	0	57
Total	**189**	**169**	**169**	**246**
Pension expenses	12	12	12	12
Total remuneration	**201**	**181**	**181**	**258**

Inflow of grants made to the Management Board of Vita 34 AG in fiscal year 2020

	Dr. Wolfgang Knirsch CEO		Falk Neukirch CFO	
EUR thousand	2019	**2020**	2019	**2020**
Non-performance-related component:				
Fixed remuneration	250	250	160	160
Fringe benefits	15	13	9	9
Total	**265**	**263**	**169**	**169**
Performance-related component:				
One-year variable remuneration	52	23	41	10
Multi-year variable remuneration	0	0	69	0
Total	**317**	**286**	**279**	**179**
Pension expenses	0	0	12	12
Total remuneration	**317**	**286**	**291**	**191**

No member of the Management Board received benefits or corresponding commitments from a third party in the past fiscal year with regard to his activities as a member of the Management Board.

Premature termination of the employment relationship
For the members of the Management Board the following was agreed on: In the event of the revocation of the appointment for good cause, which is not at the same time a good cause pursuant to § 626 BGB for the termination of the employment contract without notice, and the resulting termination of the employment contract, the company commits itself to pay the respective Management Board member a severance payment in the amount of the annual fixed remuneration for two years, but not exceeding the remuneration for the remaining term of the employment contract. In the event of incapacity for work, the company will continue to pay a maximum of the contractually agreed fixed remuneration for a period of six months.

There are no material agreements of the company that are subject to the condition of a change of control as a result of a takeover offer, with the exception of an agreement concluded with the two members of the Management Board in the event of a change of control ("change of control provision").

If the change-of-control provision applies, it gives both members of the Management Board the right to terminate their employment contracts within six months after becoming aware of it. According to Mr. Dr. Knirsch's contract, which has been in effect since January 1, 2021, the period is limited to three months.

If a Management Board member exercises this right of termination, the severance payment amounts to 50% of the remuneration (fixed remuneration and bonus) no longer accruing and no longer being paid due to the premature termination of the contract, assuming 100% target fulfilment, plus the payment of an annual gross basic salary. The total amount of the severance payment may not exceed EUR 750,000 (Dr. Wolfgang Knirsch) or EUR 400,000 (Falk Neukirch). According to Mr. Dr. Knirsch's contract, which has been in effect since January 1, 2021, the total amount is limited to EUR 500,000.

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

28. REMUNERATION OF THE SUPERVISORY BOARD

The following persons were appointed to the Supervisory Board in the fiscal year 2020:

Florian Schuhbauer (from 07/01/2020)	Founding partner of Active Ownership Capital S.à.r.l. and Active Ownersip Corporation S.à.r.l. (AOC). Member of the Supervisory Board of PNE AG and NFON AG.
Steffen Richtscheid	Lawyer and partner at the law firm Weidinger Richtscheid
Frank Köhler	Co-founder of Aroma company GmbH, shareholder and director of Aroma Company Köhler & Weckesser GbR and Supervisory Board Member of Shop Apotheke Europe N.V.
Andreas Füchsel (from 07/31/2020)	Lawyer and partner of the international law firm DLA Piper UK LLP
Dr. med. Mariola Söhngen (until 07/01/2020)	Chief Executive Officer Convert Pharmaceuticals SA, Belgium, and Managing Director Söhngen-Consult
Nicolas Schobinger (until 07/06/2020)	Member of the Board of Directors of digitaliKa AG and Supervisory Board member of F24 AG and F24 Holding AG

Remuneration of the executive bodies was paid in 2020 in the amount of EUR 110 thousand (2019: EUR 105 thousand).

The remuneration of the Supervisory Board members is determined in accordance with § 18 of the Articles of Association. The current version of this regulation is based on the resolution of the Annual General Meeting of June 28, 2017 with effect from January 1, 2017. The remuneration is agreed as fixed remuneration and is paid to the Supervisory Board members on a quarterly basis. Special consideration was given to the function of the Chairman of the Supervisory Board and his deputy.

Remuneration of the Supervisory Board of Vita 34 AG

TEUR	**2020**
Florian Schuhbauer (Chairman from 07/01/2020)	20
Steffen Richtscheid (Deputy Chairman)	30
Frank Köhler (Chairman until 07/01/2020)	30
Andreas Füchsel	9
Dr. med. Mariola Söhngen	10
Nicolas Schobinger	11
Total	**110**

With regard to other compensation or benefits granted to members of the Supervisory Board or related parties, please refer to note 25.

29. OBJECTIVES AND METHODS OF FINANCIAL RISK MANAGEMENT

The main financial instruments used by the Group include interest-bearing loans as well as cash and short-term investments. The main purpose of these financial instruments is to finance the Group's business activities. The Group has various other financial assets and liabilities, such as trade receivables and trade payables, which arise directly from its business activities. The main risks to the Group arising from the financial instruments are explained in note 23.

Capital management

The Group manages its capital structure and makes adjustments in line with changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, make a capital repayment to shareholders or issue new shares. As of December 31, 2020 and December 31, 2019, there were no changes in the objectives, policies and procedures. Capital comprises the equity reported in the balance sheet.

30. AUDITOR'S FEES AND SERVICES IN ACCORDANCE WITH § 314 HGB

The total fee calculated for the auditor PKF Deutschland GmbH for the fiscal year 2020 was EUR 99 thousand and related to auditing services for the statutory audit of the annual and consolidated financial statements of Vita 34 AG.

31. EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred since the end of the fiscal year 2020 that would have had a material impact on the Group's net assets, financial position or results of operations.

Leipzig, March 29, 2021
The Management Board of Vita 34 AG

Dr. Wolfgang Knirsch	Falk Neukirch
Chief Executive Officer	Chief Financial Officer

FURTHER INFORMATION

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements and the consolidated financial statements 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 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 March 2021
The Management Board of Vita 34 AG

Dr. Wolfgang Knirsch	Falk Neukirch
Chief Executive Officer	Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To Vita 34 AG, Leipzig

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

AUDIT OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the consolidated financial statements of Vita 34 AG, Leipzig, and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in Group equity and the consolidated cash flow statement for the fiscal year from January 1, 2020 to December 31, 2020, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the Vita 34 AG combined management report for the fiscal year from January 1, 2020 to December 31, 2020. In accordance with the requirements of the German Commercial Code, we have not audited the contents of the Declaration on Corporate Governance prepared pursuant to §§ 315d and 289f HGB.

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

- the attached consolidated financial statements comply in all material respects with IFRS, as applicable in the EU, and with the German legal provisions applicable in addition pursuant to § 315e para. 1 HGB and give a true and fair view of the net assets and financial position of the Group as of December 31, 2020 and of its results of operations for the fiscal year from January 1, 2020 to December 31, 2020 in accordance with these provisions; and

- the attached combined management report provides an accurate overall picture of the Group's situation. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal provisions and accurately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not extend to the content of the above-mentioned Declaration on Corporate Governance pursuant to §§ 315d, 289f HGB.

In accordance with § 322 para. 3 sentence 1 first half-sentence HGB, we declare that our audit has not led to any objections to the propriety of the consolidated financial statements and the combined management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and the combined management report in accordance with § 317 HGB and the EU auditors' regulation (no. 537/2014; hereafter: "EU Audit Regulation") in compliance with German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW). Our responsibilities under those standards and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report" section of our auditor's report. We are independent of the Group companies in accordance with the requirements of German commercial law and the rules of professional conduct, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with § 10 para. 2f of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under § 5 para. 1 of the EU Audit Regulation and that we have maintained our independence from the Group companies during the course of the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and the combined management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance for our audit of the consolidated financial statements for the fiscal year from January 1, 2020 to December 31, 2020. These matters are addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, but we do not provide a separate audit opinion on these matters.

We have structured our presentation of these key audit matters as follows:

GOODWILL IMPAIRMENT TESTING:

Reason for determining this issue as a key audit matter: The consolidated financial statements of Vita 34 AG as of December 31, 2020 include "Goodwill" reported in the balance sheet amounting to EUR 18,323 thousand. The goodwill is subject to an impairment test by the company at least once annually in the fourth quarter of the fiscal year. The valuation is determined by use of a valuation model using discounted cash flow techniques. The result is highly dependent on the Management Board's estimates of future cash flows and on the discount rate used. Accordingly, the valuation is associated with significant level of uncertainty and, in our opinion, it is of particular importance for the purposes of our audit.

Audit approach and findings: We have analyzed the process used to perform the impairment testing on goodwill and performed audit procedures on the accounting-related internal controls included in the process. In particular, we have verified the appropriateness of the of the future cash inflows used in the calculation. In doing so, we have, among other things, compared these amounts with current budgets included in the business plans resolved by the Management Board and approved by the Supervisory Board, and with general market expectations. As a relatively small change in the discount rate used can have a significant effect on the amount of the enterprise value calculated under this method, we have also placed focus on the inputs used to calculate the discount rate used in the calculation, including the determination of the weighted average cost of capital and the method used to perform the calculation.

Our audit procedures did not result in any objections to Vita 34 AG's accounting for goodwill.

Reference to relevant information and disclosures: We refer to "Goodwill" in the notes to the consolidated financial statements for a description of the accounting and valuation policies used to perform the impairment testing on goodwill.

OTHER INFORMATION

The Supervisory Board is responsible for the Supervisory Board Report. In addition, the company's legal representatives are responsible for the further information.

The other information comprises the following:

- the responsibility statement,
- the Declaration on Corporate Governance in accordance with §§ 315d and 289f HGB,
- the Supervisory Board Report, and
- the other sections of the Annual Report, with the exception of the audited consolidated financial statements, the audited combined management report, and our audit opinion.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently, we do not express an audit opinion thereon.

In connection with our audit of the consolidated financial statements and the combined management report, our responsibility is to read the other information critically and, in doing so, to consider whether the other information is materially inconsistent with the consolidated financial statements and/or the combined management report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE COMPANY'S LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The company's legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e para. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the net assets, financial position, and results of operations of the Group.

In addition, the company's legal representatives are responsible for such internal controls as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the company's legal representatives are responsible for assessing the Group's ability to continue as a going concern. In addition, they also have the responsibility for disclosing, as applicable, matters related to going concern and for preparing financial reports based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the company's legal representatives are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the company's legal representatives are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

In performing an audit of financial statements in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW), we exercise professional judgment and maintain professional skepticism throughout the audit.

We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the financial statement audit and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- evaluate the appropriateness of accounting policies used by the company's legal representatives and the reasonableness of estimates made by the company's legal representatives and related disclosures.

- conclude on the appropriateness of the company's legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or in the combined management report or, if such disclosures are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e para. 1 HGB.

- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an audit opinion on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinions.

- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides; and

- perform audit procedures on the prospective information presented by the company's legal representatives in the combined management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the company's legal representatives as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our financial statement audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that have been of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report on the audit of the consolidated financial statements unless law or other regulation precludes public disclosure about the matter.

OTHER LEGAL AND OTHER REGULATORY REQUIREMENTS

REPORT ON THE AUDIT OF THE ELECTRONIC REPRODUCTIONS OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT PREPARED FOR THE PURPOSES OF DISCLOSURE PURSUANT TO § 317 (3B) HGB.

AUDIT OPINION

In accordance with § 317 (3b) HGB, we have performed a reasonable assurance audit to determine whether the reproductions of the consolidated financial statements and the combined management report contained in the attached file “vita34agKA.zip” (SHA256: 66C114F0935914253DC662675E29FFA171BCAED3E38242D83411AED15C1B880A) and prepared for disclosure purposes comply in all material respects with the requirements of § 328 (1) HGB regarding the electronic reporting format (“ESEF format”). In accordance with German legal requirements, this audit extends only to the conversion of the information in the consolidated financial statements and the combined management report into the ESEF format and therefore neither to the information contained in these reproductions nor to any other information contained in the aforementioned file.

In our opinion, the reproductions of the consolidated financial statements and the combined management report contained in the aforementioned attached file and prepared for disclosure purposes comply, in all material respects, with the electronic reporting format requirements of § 328 (1) HGB. We do not express any opinion on the information contained in these reproductions or on the other information contained in the above-mentioned file beyond this opinion and our opinions on the accompanying consolidated financial statements and the accompanying combined management report for the fiscal year from January 1, 2020 to December 31, 2020 contained in the preceding “Report on the audit of the consolidated financial statements and the combined management report”.

BASIS FOR THE AUDIT OPINION

We conducted our audit of the reproductions of the consolidated financial statements and the combined management report contained in the above-mentioned attached file in accordance with § 317 (3b) HGB and the draft IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for Disclosure Purposes pursuant to § 317 (3b) HGB (IDW EPS 410). Our responsibility thereunder is further described in the section “Responsibility of the Group Auditor for the Audit of the ESEF Documents”. Our auditing practice has complied with the quality assurance system requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Auditing Practice (IDW QS 1) applied.

RESPONSIBILITY OF THE LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE ESEF DOCUMENTS

The legal representatives of the company are responsible for the preparation of the ESEF documents with the electronic reproductions of the consolidated financial statements and the combined management report in accordance with § 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 (1) sentence 4 no. 2 HGB.

Furthermore, the legal representatives of the company are responsible for the internal controls that they deem necessary to enable the preparation of the ESEF documents that are free from material non-compliance, whether due to fraud or error, with the electronic reporting format requirements of § 328 (1) HGB.

The legal representatives of the company are also responsible for submitting the ESEF documents, together with the auditor’s report and the accompanying audited consolidated financial statements and audited combined management report, as well as other documents required to be disclosed, to the operator of the Federal Gazette.

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE ESEF DOCUMENTS

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of § 328 (1) HGB. During the audit, we exercise professional judgment and maintain a critical attitude. Furthermore,

- we identify and assess the risks of material non-compliance with the requirements of § 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- we obtain an understanding of internal control relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those controls.

- we evaluate the technical validity of the ESEF documents, i. e. whether the file containing the ESEF documents complies with the requirements of Delegated Regulation (EU) 2019/815, as amended at the reporting date, regarding the technical specification for that file.

- we assess whether the ESEF documents allow for a content identical XHTML reproduction of the audited consolidated financial statements and the audited combined management report.

- we assess whether the tagging of the ESEF documents with inline XBRL technology (iXBRL) enables an adequate and complete machine-readable XBRL copy of the XHTML reproduction.

FURTHER INFORMATION PURSUANT TO § 10 OF THE EU AUDIT REGULATION

We were elected as Group auditor by the Annual General Meeting on July 1, 2020. On October 15, 2020, we were engaged by the Supervisory Board. We have been the Group auditor of Vita 34 AG from the fiscal year 2017.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the Supervisory Board pursuant to § 11 of the EU Audit Regulation (audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Patrick Niebuhr.

Berlin, March 29, 2021

PKF Deutschland GmbH
Wirtschaftsprüfungsgesellschaft

Beier	Niebuhr
Wirtschaftsprüfer	Wirtschaftsprüfer

FINANCIAL CALENDAR 2021

03/30/2021	Annual Report
05/11/2021	Quarterly Statement (Q1)
06/30/2021	Annual General Meeting
08/26/2021	Half-year Report
11/11/2021	Quarterly Statement (Q3)

IMPRINT

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Better Orange IR & HV AG, Munich

CONCEPT & DESIGN
Silvester Group, Hamburg

PHOTO CREDITS
Getty Images, Munich
Max Niemann, Leipzig
Vita 34 AG, Leipzig

PRODUCTION
The production of the paper is certified in accordance with DIN ISO 9001 and 14001. The cellulose and paper plants of the manufacturer are certified in accordance with FSC Chain of Custody. The wood originated exclusively from controlled and sustainably managed forests.

PUBLICATION
This annual report was published in German and English on March 30, 2021 and is available for download on our Internet site. This document is a convenience translation of the legally binding German-language document.

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