# INTERIM REPORT

January to June 2019

# GROUP KEY FIGURES

| | | Q2 2019 | Q2 2018 | **H1 2019** | H1 2018 |
|---|---|---|---|---|---|
| **Income statement** | | | | | |
| Sales revenue | EUR thousand | 4,983 | 5,100 | 9,768 | 10,177 |
| Gross profit | EUR thousand | 3,126 | 2,844 | 6,015 | 5,774 |
| EBITDA | EUR thousand | 1,497 | 929 | 2,789 | 1,996 |
| EBITDA margin as percentage of sales | % | 30.0 | 18.2 | 28.6 | 19.6 |
| Operating result (EBIT) | EUR thousand | 883 | 374 | 1,560 | 916 |
| Net result for the period | EUR thousand | 586 | 236 | 1,048 | 544 |
| Earnings per share | EUR | 0.14 | 0.06 | 0.26 | 0.13 |
| **Balance sheet** | | | | **06/30/2019** | 12/31/2018 |
| Balance sheet total | EUR thousand | | | 60,269 | 59,317 |
| Equity | EUR thousand | | | 30,115 | 29,546 |
| Equity ratio | % | | | 50.0 | 49.8 |
| Liquid funds | EUR thousand | | | 7,297 | 6,960 |
| **Cash flow** | | | | **H1 2019** | H1 2018 |
| Investments | EUR thousand | | | 413 | 658 |
| Depreciation and amortization | EUR thousand | | | 1,229 | 1,081 |
| Cash flow from operating activities | EUR thousand | | | 2,359 | 1,633 |
| **Employees** | | | | **06/30/2019** | 12/31/2018 |
| Number at balance sheet date | Number | | | 120 | 132 |

# CONTENT

# LETTER FROM THE MANAGEMENT BOARD

Dear Shareholders,

In the first half of 2019, we were again able to increase our earnings strength very significantly. EBITDA improved by 39.7% to EUR 2.8 million and earnings per share doubled. The positive effects of the measures taken in 2018 have thus materialized as planned. The EBITDA margin of 28.6% that has now been achieved – at the same time a new operating record for our Group – clearly underlines the earnings strength inherent in our business.

Overall after six months, Group sales are still down 4.0% compared with the same period of the previous year, which is still due to the restructuring and optimization of our international positioning. On a positive note, however, sales in the second quarter rose by 4.1% compared with the first quarter of 2019. The pleasing development in the DACH region meant that sales revenues in the second quarter were already almost at the level of the comparable quarter of the previous year.

With our more than solid earnings strength, our outstanding market position, especially in our core market DACH, and not least our strong internal financing strength – we have increased our operating cash flow by 44.4% –, we are able to address the upcoming future issues from a position of strength, above all the development of new products that has already begun and the strategic further development into one of Europe's largest cell banks. We have focused on combining future growth with profitability to an even greater extent. The successes confirm our strategy. We will continue to use the additional freedom gained for targeted sales and marketing measures as well as promising R&D projects. For example, we are increasingly investing in our brand in conurbations in the DACH region and are also addressing expectant parents with selectively broad outdoor advertising.

At the same time, we are only at the beginning of the planned expansion of our business model, which envisages that we will also offer the storage of stem cells from autologous fat as well as immune cells in the future. The basic conviction of our strategic expansion remains that autologous cells will increasingly become valuable source material for medical therapies up to cosmetic treatments in the future. As of today, more than 230,000 customers from more than 20 countries have already provided for the health of their families with a cell deposit at Vita 34. We are building on this leap of trust and want to continue to grow profitably – and the prospects are excellent in our business, which is insensitive to economic cycles, despite the increasing global economic and geopolitical uncertainties.

Leipzig, August 28, 2019

The Management Board of Vita 34 AG

Dr. Wolfgang Knirsch
Chief Executive Officer

Falk Neukirch
Chief Financial Officer

# Vita 34 AG Shares

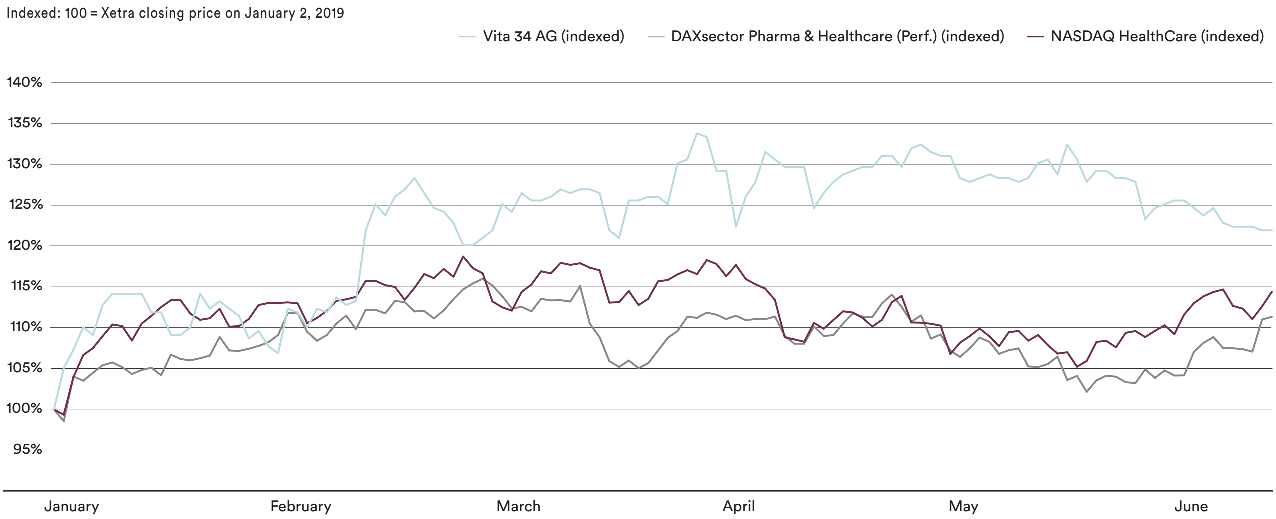
## KEY SHARE FIGURES AND SHARE PRICE DEVELOPMENT H1 2019

### Key Share Figures H1 2019

| | |
|---|---|
| Ticker symbol/Reuters symbol | V3V/V3VGn.DE |
| Securities number/ISIN | A0BL84/DE000A0BL849 |
| Number of shares | 4,145,959 |
| Price on January 2, 2019* | EUR 10.95 |
| Price on June 28, 2019* | EUR 13.35 |
| Market capitalization on June 28, 2019* | EUR 55.3 million |

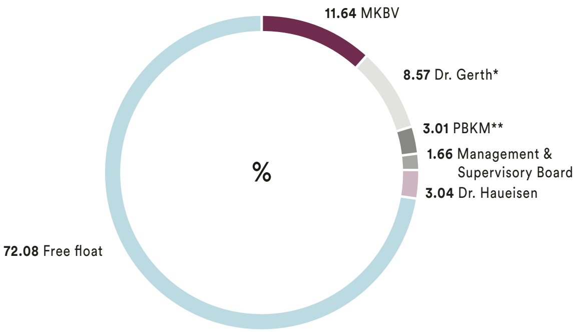
* Closing prices Xetra trading system of Deutsche Börse AG

### Share Price Development H1 2019



## Shareholder Structure

As of July 31, 2019




* Attribution of voting rights of PBKM designated as “acting in concert”; see voting rights notification dated June 20, 2018
** Attribution of voting rights of Dr. Gerth designated as “acting in concert”; see voting rights notification dated June 20, 2018

## RESEARCH

In the first half of 2019, Vita 34 AG continued to be monitored by the analysts of Montega AG and Warburg Research. In their current studies within the first six months of 2019, Montega AG and Warburg Research rated the Vita 34 share as “Buy” with a price target of EUR 17.50 and EUR 18.40 respectively.

## ANNUAL GENERAL MEETING

This year’s Annual General Meeting took place on June 4, 2019 in Leipzig. At the time of the voting, 49.8% of the voting capital was represented at the meeting. In addition to the usual resolutions on the appropriation of retained earnings, the discharge of the Management Board and Supervisory Board and the election of the auditor, the agenda particularly included resolutions on the election of a new member of the Supervisory Board and the creation of new Authorized Capital 2019. The shareholders approved all agenda items with a large majority.

# INTERIM GROUP MANAGEMENT REPORT

## Fundamentals of the Group

Through the targeted development of new products and services, Vita 34 aims to transform itself from a stem cell bank into a broader cell bank that stores autologous cells for current and future therapies or cosmetic treatments and makes them available for potential future treatments. This strategic expansion has already been described in detail in the Combined Management Report 2018.

Further information on the fundamentals of the Group can be found on pages 14 to 19 of the Annual Report 2018.

## Business Report

### RESULTS OF OPERATIONS

#### FIRST HALF OF 2019

In the first six months of 2019, sales revenues totaled EUR 9,768 thousand (H1 2018: EUR 10,177 thousand). The expected temporary dampening effects from the change of sales partner in the international business were compensated to some extent by the sales development in the DACH region, where Vita 34 continued to grow organically as a result of successfully launched marketing measures compared to the first quarter of 2019. Since the cost of sales decreased disproportionately higher than sales mainly due to the efficiency measures initiated in 2018, the gross profit improved from EUR 5,744 thousand to EUR 6,015 thousand in the reporting period. The resulting gross margin rose from 56.7% to 61.6%.

The positive effects from the cost efficiency measures are particularly clearly reflected in earnings before interest, taxes, depreciation and amortization (EBITDA), which rose by 39.7% from EUR 1,996 thousand to EUR 2,789 thousand year-on-year. The EBITDA margin thus increased from 19.6% to 28.6%.

Marketing and selling expenses (– 8.7%) as well as administrative expenses (– 7.2%) were also reduced as a result of the efficiency measures and consistent cost discipline. Accordingly, there was also a slight improvement in the corresponding expense ratios.

The operating result (EBIT) rose in the first half of 2019 by 70.4% from EUR 916 thousand to EUR 1,560 thousand, while the net result for the period almost doubled from EUR 544 thousand to EUR 1,048 thousand. On this basis, earnings per share, including minority interests, amounted to EUR 0.26 (H1 2018: EUR 0.13).

#### SECOND QUARTER 2019

In the second quarter 2019, sales of EUR 4,983 thousand almost reached the level of the previous year's period of EUR 5,100 thousand. Compared to the first quarter 2019, growth of 4.1% was achieved.

Due to the positive development in the DACH region as well as the cost efficiency measures taken, all levels of the income statement also showed an extremely positive earnings development in the months of April to June 2019. Accordingly, EBITDA improved by 61.2% to EUR 1,497 thousand (Q2 2018: EUR 929 thousand), equivalent to an EBITDA margin of 30.0% (Q2 2018: 18.2%). Marketing and selling expenses decreased from EUR 1,390 thousand to EUR 1,156 thousand, while administrative expenses of EUR 1,201 thousand were at the level of the previous year's figure of EUR 1,243 thousand. EBIT rose significantly from EUR 374 thousand to EUR 883 thousand. The net result for the period increased from EUR 236 thousand to EUR 586 thousand.

### FINANCIAL POSITION

Due to the clearly positive earnings development, cash flow from operating activities improved from EUR 1,633 thousand to EUR 2,359 thousand in the first half of 2019. Cash flow from investing activities amounted to EUR – 385 thousand (H1 2018: EUR – 83 thousand) and primarily comprises investments in property, plant and equipment of EUR – 407 thousand. Cash flow from financing activities of EUR – 1,638 thousand (H1 2018: EUR – 1,738 thousand) mainly consists of scheduled repayments (EUR – 891 thousand) and the dividend payment (EUR – 656 thousand). For the fiscal year 2018, the dividend again amounted to EUR 0.16 per share.

The dividend distribution and the scheduled repayment of financial loans were offset by a significant operating cash flow in the reporting period, so that cash and cash equivalents increased to EUR 7,296 thousand as of June 30, 2019 (December 31, 2018: EUR 6,960 thousand).

### NET ASSETS

The balance sheet total rose from EUR 59,317 thousand as of December 31, 2018 to EUR 60,269 thousand as of June 30, 2019. On the assets side of the balance sheet, non-current assets including goodwill increased from EUR 47,917 thousand to EUR 48,253 thousand. The reason for this is the first-time recognition of leasing usage rights in accordance with IFRS 16 in the amount of EUR 1,207 thousand. Goodwill remained unchanged at EUR 18,323 thousand as of June 30, 2019.

Current assets climbed to EUR 12,015 thousand as of the reporting date (December 31, 2018: EUR 11,401 thousand). The increase is mainly due to higher cash and cash equivalents (EUR +336 thousand) as well as higher trade receivables (EUR +258 thousand), which rose mainly due to reclassifications from non-current receivables. The total trade receivables are almost constant.

On the equity and liabilities side of the balance sheet, equity increased from EUR 29,546 thousand to EUR 30,115 thousand due to the half-year result. The equity ratio improved from 49.8% to 50.0%.

Non-current liabilities went up to EUR 22,005 thousand as of June 30, 2019 (December 31, 2018: EUR 21,870 thousand). The lower interest-bearing loans of EUR 4,548 thousand (December 31, 2018: EUR 5,383 thousand) were offset by the first-time recognition of leasing liabilities in accordance with IFRS 16 in the amount of EUR 665 thousand. Current liabilities increased to EUR 8,149 thousand (December 31, 2018: EUR 7,901 thousand), which is also attributable to this effect in the amount of EUR 545 thousand.

# Opportunity and Risk Report

A detailed opportunity and risk report is contained in the Annual Report 2018 (p. 28 et seqq.). There were no material changes in the reporting period compared with the opportunities and risks described therein.

# Forecast Report

Forecasts regarding the development of the economic situation are generally characterized by a high degree of uncertainty, especially in the current political and economic environment. The following forward-looking statements on the business development of Vita 34 assume that there will be no recession in Europe.

The Management Board of Vita 34 AG continues to adhere to its full-year forecast for 2019. Accordingly, the profitable growth trend is to be continued and reflected in sales revenues (excluding acquisitions) of between EUR 21.0 and 23.0 million as well as EBITDA of between EUR 5.0 and 5.6 million.

On the basis of the high profitability and cash flow strength already achieved, the company will increasingly concentrate on strategic issues. This also includes the development of new products.

### FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements. They are based on the current information available to Vita 34 at the time of the preparation of this report. However, such forward-looking statements are subject to risks and uncertainties. Should the underlying assumptions not materialize or should further opportunities/risks arise, the actual results may differ from the estimates made. Therefore, Vita 34 cannot assume any responsibility for this information.

Leipzig, August 28, 2019

The Management Board of Vita 34 AG

| | |
|---|---|
| Dr. Wolfgang Knirsch<br>Chief Executive Officer | Falk Neukirch<br>Chief Financial Officer |

# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## Condensed Consolidated Income Statement

| EUR thousand | Q2 2019 | Q2 2018 | **H1 2019** | H1 2018 |
|---|---|---|---|---|
| Sales revenues | 4,983 | 5,100 | 9,768 | 10,177 |
| Cost of sales | –1,857 | –2,256 | –3,753 | –4,403 |
| **Gross profit on sales** | **3,126** | **2,844** | **6,015** | **5,774** |
| Other operating income | 126 | 246 | 276 | 346 |
| Marketing and selling expenses | –1,156 | –1,390 | –2,438 | –2,668 |
| Administrative expenses | –1,201 | –1,243 | –2,273 | –2,448 |
| Other operating expenses | –12 | –83 | –20 | –89 |
| **Operating result (EBIT)** | **883** | **374** | **1,560** | **916** |
| Financial income | 22 | 24 | 26 | 34 |
| Financial expenses | –53 | –77 | –111 | –141 |
| **Earnings before taxes** | **852** | **321** | **1,475** | **809** |
| Income tax expense/income | –265 | –85 | –427 | –265 |
| **Net result for the period after taxes** | **586** | **236** | **1,048** | **544** |
| **Attribution of the net result for the period to** | | | | |
| Owners of the parent company | 586 | 237 | 1,050 | 546 |
| Non-controlling interests | 0 | –1 | –2 | –2 |
| **Earnings per share, undiluted/diluted (EUR)** Undiluted and diluted, relating to the net result for the period attributable to ordinary shareholders of the parent company | **0.14** | **0.06** | **0.26** | **0.13** |

# Condensed Consolidated Statement of Comprehensive Income

| EUR thousand | Q2 2019 | Q2 2018 | **H1 2019** | H1 2018 |
|---|---|---|---|---|
| **Net result for the period** | **586** | **236** | **1,048** | **544** |
| **Other comprehensive income to be reclassified to the income statement in subsequent periods** | **0** | **2** | **1** | **−6** |
| **Total comprehensive income after taxes** | **587** | **238** | **1,049** | **538** |
| Attribution of total comprehensive income after taxes to | | | | |
| Owners of the parent company | 587 | 239 | 1,051 | 541 |
| Non-controlling interests | 0 | −1 | −2 | −2 |

# Condensed Consolidated Balance Sheet (Assets)

| EUR thousand | **06/30/2019** | 12/31/2018 |
|---|---|---|
| **Non-current assets** | | |
| Goodwill | 18,323 | 18,323 |
| Intangible assets | 19,254 | 19,990 |
| Property, plant and equipment | 7,088 | 6,908 |
| Usage rights | 1,207 | 0 |
| Other assets | 1,192 | 1,312 |
| Trade receivables and other assets | 819 | 1,088 |
| Restricted cash | 370 | 296 |
| | **48,253** | **47,917** |
| **Current assets** | | |
| Inventories | 368 | 456 |
| Trade receivables | 3,002 | 2,744 |
| Income tax receivables | 877 | 845 |
| Other receivables and assets | 472 | 395 |
| Cash and cash equivalents | 7,297 | 6,960 |
| | **12,015** | **11,401** |
| **Total Assets** | **60,269** | **59,317** |

# Condensed Consolidated Balance Sheet (Equity and Liabilities)

| EUR thousand | **06/30/2019** | 12/31/2018 |
|---|---|---|
| **Equity** | | |
| Subscribed capital | 4,146 | 4,146 |
| Capital reserves | 23,913 | 23,913 |
| Retained earnings | 2,342 | 1,848 |
| Other reserves | −144 | −145 |
| Treasury shares | −261 | −337 |
| Non-controlling interests | 119 | 122 |
| | **30,115** | **29,546** |
| **Non-current liabilities** | | |
| Interest-bearing loans | 4,548 | 5,383 |
| Leasing liabilities | 665 | 0 |
| Deferred grants | 820 | 827 |
| Contract liabilities | 11,450 | 11,355 |
| Deferred income taxes | 4,522 | 4,306 |
| | **22,005** | **21,870** |
| **Current liabilities** | | |
| Trade payables | 877 | 1,106 |
| Provisions | 143 | 164 |
| Income tax liabilities | 358 | 294 |
| Interest-bearing loans | 2,255 | 2,305 |
| Leasing liabilities | 545 | 0 |
| Deferred grants | 46 | 63 |
| Contract liabilities | 2,790 | 2,803 |
| Other liabilities | 1,135 | 1,166 |
| | 8,149 | 7,901 |
| **Total Equity & Liabilities** | **60,269** | **59,317** |

# Condensed Consolidated Statement of Changes in Equity

| | Equity attributable to the owners of the parent company | | | |
|---|---|---|---|---|
| EUR thousand | Subscribed capital | Capital reserves | Retained earnings | Reserve for financial assets available for sale |
| **Balance as of January 1, 2018** | **4,146** | **23,913** | **1,810** | **−8** |
| Net result for the period | 0 | 0 | 546 | 0 |
| Other comprehensive income | 0 | 0 | 0 | −3 |
| **Total comprehensive income** | **0** | **0** | **546** | **−3** |
| Dividend payments | 0 | 0 | −653 | 0 |
| **Balance as of June 30, 2018** | **4,146** | **23,913** | **1,703** | **−11** |
| **Balance as of January 1, 2019** | **4,146** | **23,913** | **1,848** | **−26** |
| Net result for the period | 0 | 0 | 1,050 | 0 |
| Other comprehensive income | 0 | 0 | 0 | 0 |
| **Total comprehensive income** | **0** | **0** | **1,050** | **0** |
| Sale of treasury shares | | 0 | 99 | 0 |
| Dividend payments | 0 | 0 | −656 | 0 |
| **Balance as of June 30, 2019** | **4,146** | **23,913** | **2,342** | **−26** |

| Revaluation reserves | Currency translation differences | Total equity | Treasury shares at acquisition costs | Non-controlling interests | Total equity |
|---|---|---|---|---|---|
| **−122** | **10** | **29,749** | **−337** | **117** | **29,528** |
| 0 | 0 | 546 | 0 | −2 | 544 |
| 0 | −2 | −6 | 0 | 0 | −6 |
| **0** | **−2** | **541** | **0** | **−2** | **538** |
| 0 | 0 | −653 | 0 | 0 | −653 |
| **−122** | **7** | **29,636** | **−337** | **115** | **29,413** |
| **−122** | **3** | **29,762** | **−337** | **122** | **29,546** |
| 0 | 0 | 1,050 | 0 | −2 | 1,048 |
| 0 | 1 | 1 | 0 | 0 | 1 |
| **0** | **1** | **1,051** | **0** | **−2** | **1,049** |
| 0 | 0 | 99 | 77 | 0 | 176 |
| 0 | 0 | −656 | 0 | 0 | −656 |
| **−122** | **4** | **30,257** | **−261** | **119** | **30,115** |

# Condensed Consolidated Cash Flow Statement

| EUR thousand | **H1 2019** | H1 2018 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Net result for the period before income taxes | 1,475 | 809 |
| Adjustments for: | | |
| Depreciation and amortization | 1,229 | 1,081 |
| Other non-cash expenses/income | −38 | −38 |
| Financial income | −26 | −34 |
| Financial expenses | 93 | 141 |
| Changes in net current assets | −110 | 11 |
| Interest paid | −85 | −127 |
| Income taxes paid | −178 | −209 |
| **Cash flow from operating activities** | **2,359** | **1,633** |
| **Cash flow from investing activities** | | |
| Purchase of intangible assets | −7 | −14 |
| Purchase of property, plant and equipment | −407 | −452 |
| Purchase of companies, net of cash acquired | 0 | −175 |
| Purchase of long-term financial investments | 0 | −17 |
| Proceeds from the sale of property, plant and equipment | 2 | 0 |
| Proceeds from the sale of financial investments | 0 | 560 |
| Interest received | 26 | 15 |
| **Cash flow from investing activities** | **−385** | **−83** |
| **Cash flow from financing activities** | | |
| Sale of treasury shares | 176 | 0 |
| Dividend payments | −656 | −653 |
| Payments for the repayment of financial loans | −891 | −1,084 |
| Payments for leases | −267 | 0 |
| **Cash flow from financing activities** | **−1,638** | **−1,738** |
| Net changes in cash and cash equivalents | 335 | −187 |
| Cash and cash equivalents at the beginning of the reporting period | 6,960 | 4,180 |
| **Cash and cash equivalents at the end of the reporting period** | **7,296** | **3,993** |

# Notes to the Condensed Consolidated Interim Financial Statements

## 1 INFORMATION ON THE COMPANY

The unaudited condensed consolidated interim financial statements of Vita 34 AG comprise Vita 34 AG and its subsidiaries (together referred to as “Vita 34” or “Group”).

The parent company Vita 34 AG (the “Company”), headquartered in Leipzig (Germany), Deutscher Platz 5a, registered at the Registry Court of the District Court Leipzig under HRB 20339, is a company whose business purpose is the collection, preparation and storage of stem cells from umbilical cord blood and tissue, the development of cell therapy procedures as well as the execution of projects in the field of biotechnology.

The consolidated interim financial statements for the period from January 1 to June 30, 2019 were approved for publication by the Management Board on August 28, 2019.

## 2 ACCOUNTING AND VALUATION PRINCIPLES

### 2.1 BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The condensed interim consolidated financial statements for the period from January 1 to June 30, 2019 have been prepared in accordance with IAS 34 “Interim Financial Reporting”.

The condensed interim consolidated financial statements do not include all the explanations and disclosures prescribed for the annual financial statements and should be read in conjunction with the consolidated financial statements as of December 31, 2018.

### 2.2 FIRST-TIME APPLICATION OF NEW STANDARDS

The accounting and valuation methods used in the preparation of the condensed interim consolidated financial statements are generally consistent with those used in the preparation of the consolidated financial statements for the fiscal year ended December 31, 2018, with the exception of the changes and amendments to the IFRS that are required to be applied from January 1, 2019.

Due to the first-time application of IFRS 16 from January 1, 2019, the change in accounting policy resulted in conversion effects.

#### IFRS 16 Leases

The standard was published in January 2016 and is to be applied for the first time for fiscal years beginning on or after January 1, 2019. IFRS 16 replaces IAS 17 “Leases” and a number of lease-related interpretations. For most leases, the standard requires lessees to recognize the usage right to the leased asset and a corresponding lease liability. The previously required classification according to finance leases or operating leases by the lessee in accordance with IAS 17 is no longer required.

Vita 34 applies IFRS 16 for the first time to the fiscal year beginning January 1, 2019, using the modified retrospective approach. The first-time application affects leases previously classified as operating leases at Vita 34. As part of the first-time application of IFRS 16, assets for the usage rights to leased assets in the amount of EUR 1,260 thousand and leasing liabilities in the same amount were recognized as of January 1, 2019.

In accordance with the application facilitations of IFRS 16, the Group does not apply the new regulations to leases whose term ends within 12 months after the date of first-time application or to leases of low-value assets. The minimum lease payments under operating leases as of December 31, 2018 include rental-related obligations. These rental-related obligations were not taken into account when determining the lease liability.

Based on the operating lease obligations as of December 31, 2018, the reconciliation to the opening balance sheet value of the lease liabilities as of January 1, 2019 was as follows:

| EUR thousand | |
|---|---|
| **Minimum lease payments under operating leases at December 31, 2018** | **2,327** |
| Non-leasing components | –791 |
| Leases with provision in 2019 | –180 |
| Short-term leases | –10 |
| Low-value leases | –35 |
| **Leasing obligations as of January 1, 2019 (undiscounted)** | **1,311** |
| Discounting at the marginal borrowing rate as of January 1, 2019 | –51 |
| **Leasing liability from first-time application of IFRS 16 as of January 1, 2019** | **1,260** |

The weighted average interest rate was 1.5%.

In the reporting period, scheduled depreciation and amortization of usage rights to leased assets in the amount of EUR 261 thousand was charged.

## 3 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

| EUR thousand | **H1 2019** | H1 2018 |
|---|---|---|
| Revenue from processing/manufacturing | 6,666 | 7,413 |
| Revenue from storage | 2,551 | 2,351 |
| Other revenues | 551 | 413 |
| | **9,768** | **10,177** |

## 4 INCOME TAXES

The Group calculates the periodic income tax expense at the tax rate that would have to be applied to the expected total annual result. The income tax expense is composed as follows:

| EUR thousand | **H1 2019** | H1 2018 |
|---|---|---|
| Actual income tax expense | −210 | −257 |
| Deferred income tax expense | −217 | −8 |
| | **−427** | **−265** |

The increase in deferred income tax expenses results from the use of tax loss carryforwards at Group companies.

**Treatment of tax loss carryforwards**
As part of a tax audit carried out at Vita 34 AG, which extended until the assessment period 2009, the tax authorities took a different view from Vita 34 AG with regard to the tax treatment of depreciation and amortization on loans to affiliated companies.

An amended determination was made for the tax return of Vita 34 AG, which resulted in a reduction of the tax loss carryforward of EUR 2,553 thousand at the reporting date of December 31, 2009. Vita 34 AG has filed a lawsuit against this determination. In the fiscal year 2017, the financial dispute was decided in favor of Vita 34 AG. The tax authorities filed an appeal against the ruling. On August 14, 2019, the oral hearing took place at the Federal Fiscal Court. A decision by the Federal Fiscal Court is expected on August 29, 2019 at the earliest. Taking into account the change in the jurisdiction of the Supreme Court of the Federal Fiscal Court by Judgement I R 73/16 of February 27, 2019, regarding § 1 (1) AStG, the management expects that the Federal Fiscal Court will refer the complaint back to the Higher Fiscal Court for further clarification and assessment of the facts. On the basis of current case-law, the management continues to assume that the loans to the affiliated company were granted at arm’s length conditions and that the depreciation and amortization on the loans to affiliated companies are therefore to be taken into account for tax purposes.

Based on this assessment, the tax expenses and the recognized tax receivables on overpaid income tax prepayments were determined as of the balance sheet date.

## 5 EQUITY

At the Annual General Meeting in June 2019, a dividend of EUR 0.16 per share entitled to dividend was resolved for the fiscal year 2018. The dividend was paid in June 2019.

## 6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The book values of the financial assets and financial liabilities are shown in the following table. The book value corresponds to the fair value.

| EUR thousand | **06/30/2019** | 12/31/2018 |
|---|---|---|
| **Financial assets** | | |
| Financial assets measured at amortized cost | | |
| Trade receivables | 3,821 | 3,832 |
| Other financial assets | 139 | 176 |
| | **3,960** | **4,007** |
| Financial assets measured at fair value through other comprehensive income (FVtOCI) | | |
| Security investments | 271 | 345 |
| Other financial investments | 233 | 233 |
| | **504** | **578** |
| **Total financial assets** | **4,464** | **4,585** |
| **Financial liabilities** | | |
| Financial liabilities measured at amortized cost | | |
| Interest-bearing loans | 6,802 | 7,687 |
| Leasing liabilities | 1,209 | 0 |
| Trade payables | 877 | 1,106 |
| Other financial liabilities | 17 | 48 |
| | **8,905** | **8,842** |
| **Total financial liabilities** | **8,905** | **8,842** |

Current trade receivables, other financial receivables, trade payables as well as other financial liabilities regularly have short residual terms. The recognized amounts approximate the fair values.

The fair values of long-term trade receivables with residual terms of more than one year correspond to the present values of the payments associated with the assets using a standard market interest rate. They were classified in level 2 of the fair value hierarchy.

The fair value of the security investments is determined on the basis of stock exchange prices in active markets. They were classified in level 1 of the fair value hierarchy.

The fair values of the long-term loans and leasing liabilities measured in the balance sheet at amortized cost were determined by discounting the expected future cash flows using standard market interest rates. They were classified in level 2 of the fair value hierarchy.

## 7 INFORMATION ON RELATIONSHIPS WITH RELATED COMPANIES AND PERSONS

Related companies and persons are subsidiaries that are not included in the consolidated financial statements, associated companies (and their subsidiaries), shareholders with significant influence and persons in key positions of the company.

The following table contains significant transactions with related companies and persons for the period from January 1 to June 30, 2019 and 2018, respectively:

| | Sales and income | | Receivables | |
|---|---|---|---|---|
| EUR thousand | **H1 2019** | **H1 2018** | **June 30, 2019** | **December 31, 2018** |
| Non-consolidated subsidiaries | 39 | 56 | 3 | 11 |

The Group maintains relationships with non-consolidated subsidiaries as part of its ordinary business activities. In doing so, the Group generally sells services at market conditions.

## 8 EVENTS AFTER THE BALANCE SHEET DATE

After the reporting date of June 30, 2019, no reportable events occurred.

Leipzig, August 28, 2019

The Management Board of Vita 34 AG

Dr. Wolfgang Knirsch
Chief Executive Officer

Falk Neukirch
Chief Financial Officer

# RESPONSIBILITY STATEMENT

To the best of our knowledge, we assure that, in accordance with the applicable accounting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the Group‘s net assets, financial position and results of operations, and that the business performance, including the business result, and the position of the Group are described in the interim group management report in such a way that a true and fair view is given, and that the principal opportunities and risks associated with the expected development of the Group in the remaining financial year are described.

Leipzig, August 28, 2019

The Management Board of Vita 34 AG

Dr. Wolfgang Knirsch
Chief Executive Officer

Falk Neukirch
Chief Financial Officer

# FINANCIAL CALENDAR

| | |
|---|---|
| September 3, 2019 | Spring Conference, Frankfurt |
| November 21, 2019 | Publication of Quarterly Statement (Q3) |
| November 25 to 27, 2019 | Deutsches Eigenkapitalforum, Frankfurt |

# IMPRINT

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