

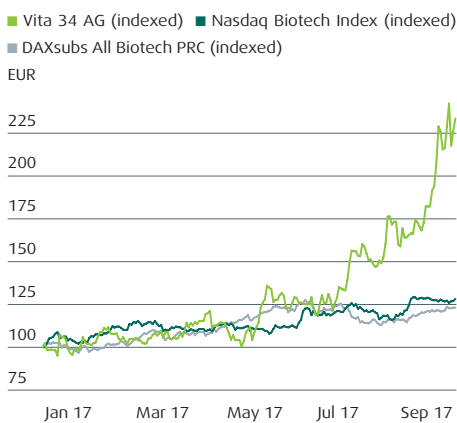
# Quarterly Report January to September 2017

## Key Stock Figures 9M 2017

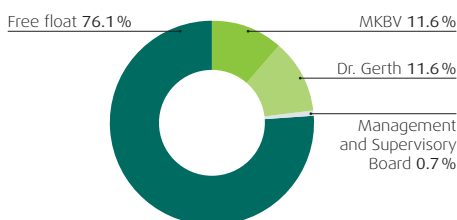
|                                       |                         |
|---------------------------------------|-------------------------|
| Ticker symbol/<br>Reuters symbol      | V3V/V3VGn.DE            |
| Securities number/<br>ISIN            | A0BL84/<br>DE000A0BL849 |
| Number of shares<br>outstanding       | 4,145,959               |
| Opening price<br>(01/02/2017)         | EUR 5.75                |
| Closing price<br>(09/29/2017)*        | EUR 12.24               |
| Market capitalization<br>(09/29/2017) | EUR 50.8 million        |

\*Closing price Xetra trading system of Deutsche Börse AG

## Stock price chart



## Shareholder Structure



As of: 09/29/2017

## Important Dates

11/27–11/29/2017 German Equity Forum, Frankfurt

## Letter to the Shareholders

*Dear Shareholders,*

The development of the company over the last nine months gives us many reasons to be pleased. After we successfully completed the acquisition of Seracell, Vita 34 significantly solidified its position as the leading private stem cell bank in the German-speaking countries, and positioned itself strongly in Europe. The figures for the third quarter confirm the Vita 34 strategy and our decision for the latest acquisition of a well-positioned competitor. Consequently, umbilical cord blood storages in Germany increased by 40 percent in Q3 2017 as compared with the prior year to 1,129 (Q3 2016: 805). This provided for considerable growth, both in revenues as well as in earnings before interest, taxes, depreciation and amortization (EBITDA).

Revenues increased by 39.5 percent in the third quarter as compared with the prior year to EUR 5.6 million (Q3 2016: EUR 4.0 million). EBITDA increased disproportionately by 50.1 percent to EUR 1.1 million (Q3 2016: EUR 0.7 million), the EBITDA margin approached the previously communicated target margin of 20 percent in Q3. This positive development of revenues and profit in the third quarter confirms our expectations.

Isolated effects in conjunction with the acquisition of Seracell and changes in the Management Board, which led to adjustments in the sales and profit targets for 2017 in August, had the expected effect on the financial figures for the first nine months of the current fiscal year. From 2018 onward, on the expense side we only expect effects from the purchase price allocation of the Seracell acquisition and are, therefore, confident that we can further expand our revenues and profits.

There was an important change in the Management Board this quarter. With the return of Falk Neukirch as Chief Financial Officer and the planned departure of Mr. Alexander Starke as of December 31, 2017 we completed the personnel restructuring of the Management and Supervisory Boards of Vita 34 and are now ideally set up for the further growth course of the company.

Within the scope of the "Vision 2021" developed by the Management Board, we are pursuing the medium-term goal of increasing to an EBITDA target of EUR 10 million by around 2021. Important building blocks of this strategy are increasing new customer business by means of marketing measures that are oriented even more strongly towards target groups, as well as the introduction of new pricing models. Additional elements are the development of new products, stronger international growth through continuing the Buy and Build strategy, and not least significant cost savings in the group, for example, in unprofitable subsidiaries.

The third quarter results and the stock price development of the last few months show that we are on the right path. We invite you to continue to accompany us on this path in the future, and we would like to thank all of our shareholders for the trust they have placed in us.

Leipzig, November 2017



Dr. Wolfgang Knirsch  
Chairman of the Management Board



Falk Neukirch  
Chief Financial Officer

## Key Financial Figures

|                           |       | Q3 2017 | Q3 2016 | 9M 2017    | 9M 2016    |
|---------------------------|-------|---------|---------|------------|------------|
| Profit/loss               |       |         |         |            |            |
| Total operating revenue   | EUR k | 5,652   | 4,588   | 14,228     | 13,251     |
| Revenues                  | EUR k | 5,597   | 4,013   | 13,749     | 12,034     |
| Gross profit              | EUR k | 2,978   | 2,291   | 7,589      | 6,331      |
| EBITDA                    | EUR k | 1,116   | 744     | 784        | 1,603      |
| EBITDA margin on revenues | %     | 19.9    | 18.5    | 5.7        | 13.3       |
| EBIT                      | EUR k | 450     | 489     | -409       | 782        |
| Net result for the period | EUR k | 173     | 282     | -868       | 430        |
| Earnings per share        | EUR   | 0.06    | 0.10    | -0.28      | 0.08       |
| <b>Balance sheet</b>      |       |         |         |            |            |
| Total assets              |       |         | EUR k   | 09/30/2017 | 09/30/2016 |
| Equity                    |       |         | EUR k   | 68,905     | 43,295     |
| Equity ratio              |       |         | %       | 29,044     | 23,427     |
|                           |       |         |         | 42.2       | 54.1       |

## Development of Business

Vita 34 achieved important successes in its Buy and Build strategy in the first nine months of the current fiscal year. The acquisition and integration of former competitor Seracell was successfully completed by the end of the third quarter. Thus, Vita 34 is the largest and market leading stem cell bank in the DACH region [Germany, Austria, Switzerland].

The former administrative headquarters of Seracell in Berlin was completely closed; the location in Rostock with its production and storage facilities has remained open, offering capacity for future growth. In August, the revenue and profit targets for 2017 have been adjusted based on the acquisition. All of the isolated effects associated with the acquisition of Seracell will flow into this year's Statement of Profit and Loss of Vita 34.

In the current fiscal year, the transaction has only partially contributed to revenues and profit due to the initial consolidation as of June 30, 2017. From 2018 onward, Vita 34 expects planned effects from the purchase price allocation with no additional expenses resulting from the acquisition. An additional important event in the third quarter was the successfully completed rights issue capital increase in July. By placing 816,810 new shares at a price of EUR 6.10, a gross issue income of nearly EUR 5 million was achieved, after EUR 2 million had been achieved in the second quarter via a private placement conducted with strategic investor MK Beleggingsmaatschappij Venlo B.V. The acquisition price for Seracell in the amount of EUR 14 million was financed according to plan in conjunction with a bank loan of EUR 7.4 million.

## Operating Results

In the first nine months of the current fiscal year, Vita 34 was able to significantly increase revenues by 14.2 percent to EUR 13.8 million (9 months 2016: EUR 12.0 million). Total operating revenue also increased by 7.4 percent to EUR 14.2 million (9 months 2016: EUR 13.3 million). EBITDA amounted to EUR 0.8 million and was, therefore, half of the prior year's figure (9 months 2016: EUR 1.6 million). Thus, the EBITDA margin from a nine-month perspective decreased from 13.3 percent (9 months 2016) to 5.7 percent.

This result mainly demonstrates the accumulated acquisition and integration costs for Seracell Pharma AG as well as extraordinary costs incurred within the context of restructuring the Management

Board. These are no longer reflected in Q3 2017, which is shown in the significant increase in the profit figures. As compared with the prior year's period, EBITDA in the third quarter increased disproportionately by 50.1 percent to EUR 1.1 million (Q3 2016: 0.7 million).

In addition, revenues showed a significant increase in Q3 2017 by 39.5 percent to EUR 5.6 million (Q3 2016: EUR 4.0 million). Total operating revenue also increased by 23.2 percent to EUR 5.7 million (Q1 2016: EUR 4.6 million).

The earnings per share were EUR -0.28 from a nine-month perspective, following EUR 0.08 in the reference period.

## Investor Relations

The stock price showed a positive development in the first nine months of 2017. Since the beginning of the year, the share price has increased consistently, and it ended the quarter on September 29, 2017 with a Xetra closing price of EUR 12.24 and close to a 113 percent increase. Consequently, the stock has outperformed the reference

indices Dax Subsector Biotechnology (+20 percent) and Nasdaq Biotechnology (+26 percent) significantly thus far this year. The market capitalization of Vita 34 as of the closing date September 29, 2017 was EUR 50.8 million.

## Condensed Consolidated Income Statement

| EUR k  | Q3 2017      | Q3 2016      | 9M 2017      | 9M 2016      |
|--|--------------|--------------|--------------|--------------|
| Revenue  | 5,597        | 4,013        | 13,749       | 12,034       |
| Cost of sales  | -2,619       | -1,721       | -6,160       | -5,703       |
| <b>Gross profit on sales</b>   | <b>2,978</b> | <b>2,291</b> | <b>7,589</b> | <b>6,331</b> |
| Other operating income   | 137          | 559          | 571          | 1,247        |
| Marketing and selling expenses   | -1,470       | -1,304       | -3,900       | -3,788       |
| Administrative expenses  | -1,224       | -1,014       | -3,778       | -2,884       |
| Other operating expenses   | 30           | -45          | -890         | -124         |
| <b>Net operating profit/loss (EBIT)</b>  | <b>450</b>   | <b>489</b>   | <b>-409</b>  | <b>782</b>   |
| Financial revenue  | 11           | 20           | 44           | 83           |
| Financial expenses   | -64          | -23          | -105         | -89          |
| Share in result of associates  | -45          | -25          | -103         | -25          |
| <b>Earnings before taxes</b>   | <b>352</b>   | <b>460</b>   | <b>-574</b>  | <b>751</b>   |
| Income tax expense   | -179         | -178         | -294         | -321         |
| <b>Net result for the period</b>   | <b>173</b>   | <b>282</b>   | <b>-868</b>  | <b>430</b>   |
| <b>Period result attributable to:</b>  |              |              |              |              |
| Owners of the parent   | 185          | 295          | -850         | 230          |
| Non-controlling interests  | -11          | -13          | -18          | 200          |
| <b>Earnings per share, basic / diluted (EUR)</b>   |              |              |              |              |
| Basic and diluted, for profit or loss for the period attributable to the ordinary equity holders of the parent company | 0.06         | 0.10         | -0.28        | 0.08         |



## Condensed Consolidated Balance Sheet (Liabilities)

| EUR k  | 09/30/2017    | 12/31/2016    |
|--|---------------|---------------|
| <b>Equity</b>                                      |               |               |
| Issued capital                                     | 4,146         | 3,027         |
| Capital reserves                                   | 23,835        | 18,213        |
| Retained earnings                                  | 1,444         | 2,865         |
| Other reserves                                     | -122          | -119          |
| Treasury shares                                    | -337          | -337          |
| Non-controlling interests                          | 78            | 0             |
|  | <b>29,044</b> | <b>23,648</b> |
| <b>Non-current liabilities and deferred income</b> |               |               |
| Trade payables                                     | 1,857         | 437           |
| Interest-bearing loans                             | 8,632         | 1,542         |
| Silent partners' interests                         | 940           | 940           |
| Deferred income taxes                              | 3,875         | 1,665         |
| Deferred grants                                    | 907           | 957           |
| Deferred income                                    | 9,421         | 9,011         |
|  | <b>25,631</b> | <b>14,552</b> |
| <b>Current liabilities and deferred income</b>     |               |               |
| Trade payables                                     | 1,093         | 1,162         |
| Provisions   | 16            | 16            |
| Income tax payable                                 | 147           | 7             |
| Interest-bearing loans                             | 1,064         | 601           |
| Deferred grants                                    | 70            | 80            |
| Other liabilities                                  | 9,548         | 1,575         |
| Deferred income                                    | 2,293         | 1,782         |
|  | <b>14,230</b> | <b>5,222</b>  |
|  | <b>68,905</b> | <b>43,422</b> |

## Condensed Consolidated Statement Of Cash Flows

| EUR k  | 9M 2017       | 9M 2016      |
|--|---------------|--------------|
| <b>Cash flow from operating activities</b>   |               |              |
| Earnings before taxes  | -574          | 751          |
| Adjusted for:  |               |              |
| Depreciation and amortization  | 1,193         | 820          |
| Other non-cash expenses/income   | 42            | -62          |
| Financial income   | -44           | -83          |
| Financial expenses   | 96            | 114          |
| Changes in net current assets:   |               |              |
| +/- Receivables and other assets   | -945          | -186         |
| +/- Inventories  | 113           | 50           |
| +/- Liabilities  | 18            | -65          |
| +/- Provisions   | 0             | -13          |
| +/- Deferred income  | 921           | 413          |
| Interest paid  | -91           | -73          |
| Income tax paid  | -344          | -468         |
| <b>Cash flow from operating activities</b>   | <b>384</b>    | <b>1,198</b> |
| <b>Cash flow from investing activities</b>   |               |              |
| Purchase of intangible assets  | -74           | -78          |
| Purchase of property, plant and equipment  | -468          | -300         |
| Purchase of companies, net of assumed cash   | -6,175        | 0            |
| Disposal of companies, net of assumed cash   | 0             | -45          |
| Purchase of long-term financial investments  | 0             | -66          |
| Payments received from the sale of plant, property and equipment                   | 4             | 0            |
| Income from sale of financial investments  | 560           | 465          |
| Interest received  | 44            | 45           |
| <b>Cash flow from investing activities</b>   | <b>-6,108</b> | <b>21</b>    |
| <b>Cash flow from financing activities</b>   |               |              |
| Income from the issuance of shares   | 6,741         | 0            |
| Dividends paid   | -474          | -474         |
| Changes in loans   | 7,253         | -208         |
| <b>Cash flow from financing activities</b>   | <b>13,520</b> | <b>-682</b>  |
| Net change in cash and cash equivalents  | 7,796         | 537          |
| Cash and cash equivalents at the beginning of the reporting period                 | 2,813         | 2,082        |
| <b>Cash and cash equivalents at the end of the reporting period (liquid funds)</b> | <b>10,609</b> | <b>2,619</b> |



## Imprint

### Contact Information

Vita 34 AG  
Deutscher Platz 5a  
04103 Leipzig  
Germany

Telephone: +49 (0)341 48792-40  
Fax: +49 (0)341 48792-39  
E-mail: [ir@vita34group.com](mailto:ir@vita34group.com)

### Editorial Team

Vita 34 AG, Leipzig  
MC Services AG, Munich

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Vita 34 on the Internet: [www.vita34group.com](http://www.vita34group.com)

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**Vita 34 AG**

Registered office: Deutscher Platz 5a | 04103 Leipzig | Germany

Mailing address: Perlickstraße 5 | 04103 Leipzig | Germany

Telephone: +49 (0)341 48792-40 | Fax: +49 (0)341 48792-39

E-mail: [ir@vita34group.com](mailto:ir@vita34group.com) | [www.vita34group.com](http://www.vita34group.com) | [www.facebook.com/vita34](https://www.facebook.com/vita34)