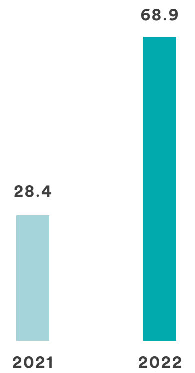
ANNUAL REPORT 2022

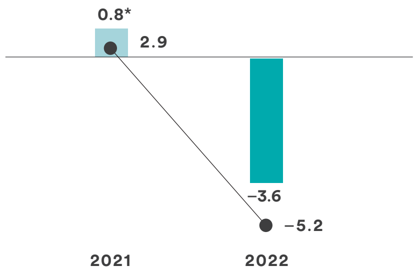
KEY FINANCIAL FIGURES

		01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021
Statement of Profit and Loss			
Sales revenue	EUR thousand	68,940	28,419
Gross profit	EUR thousand	2,735	12,438
EBITDA	EUR thousand	–3,564	814
EBITDA margin as a percentage of sales	%	–5.2	2.9
Operating result (EBIT)	EUR thousand	–27,283	–3,071
Net result for the period	EUR thousand	–27,384	–3,926
Earnings per share	EUR	–1.71	–0.63
Balance sheet		**Dec. 31, 2022**	Dec. 31, 2021
Balance sheet total	EUR thousand	151,508	177,946
Equity	EUR thousand	15,852	41,942
Equity ratio	%	10.5	23.6
Liquid funds	EUR thousand	16,290	33,298
Cash flow		**2022**	2021
Cash flow from investing activities	EUR thousand	–5,811	24,871
Depreciation and amortization	EUR thousand	23,719	3,885
Cash flow from operating activities	EUR thousand	–4,486	2,727
Employees		**Dec. 31, 2022**	Dec. 31, 2021
At the reporting date	Number	815	775

Sales revenues in EUR million



EBITDA in EUR million
EBITDA margin as a percentage of sales in %



* This includes one-time costs of EUR 2.7 million for the merger with PBKM.

VITA 34 – EUROPE’S LEADING CELL BANK

Vita 34 was founded in Leipzig in 1997 and is today by far the leading cell bank in Europe and the third largest worldwide. As Europe’s first private cord blood bank and a pioneer in cell banking, the company has since offered collection logistics, processing and storage of stem cells from umbilical cord blood, umbilical cord tissue and other postnatal tissues as a full-service cryopreservation provider. Based on the expansion of the business model that took place after the merger with PBKM, the company intends to invest in the areas of Cell and Gene therapies and CDMO. The body’s own cells are a valuable starting material for medical cell therapy and are kept alive in the vapors of liquid nitrogen. Customers from around 50 countries have already ensured the health of their families with more than 930.000 units of stored biological material at Vita 34.

CONTENT

LETTER FROM THE MANAGEMENT BOARD

DEAR SHAREHOLDERS,
DEAR CUSTOMERS AND BUSINESS PARTNERS,

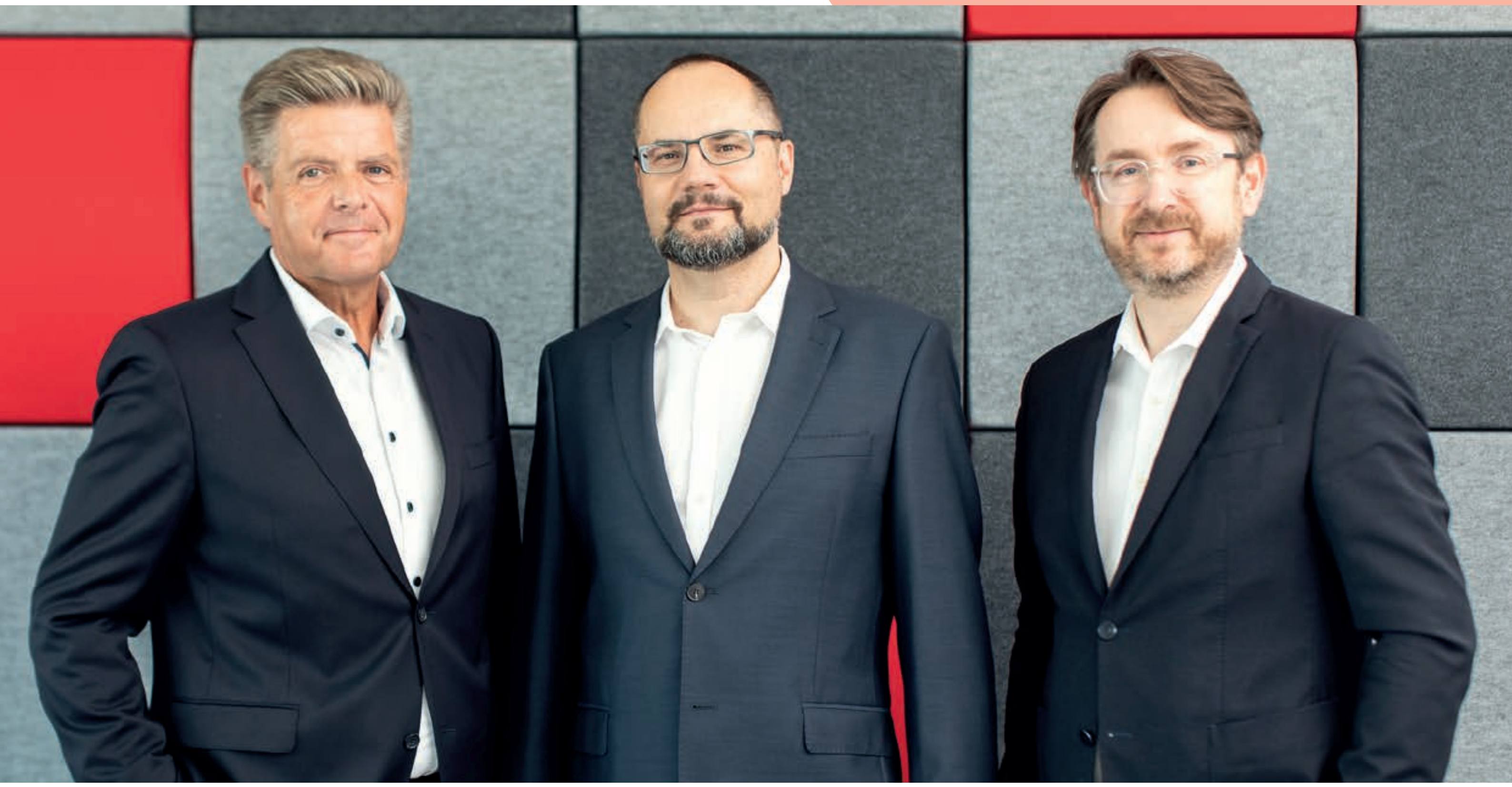
The past fiscal year 2022 was another year that presented all of us with a multitude of challenges. After the world had previously struggled with the challenges of a global pandemic for almost two years, and it was actually beginning to emerge at the end of 2021 that COVID-19 would be increasingly controllable against the backdrop of extensive vaccination campaigns, Europe became a battleground of war again for the first time in more than two generations with Russia's attack on Ukraine. Since February 2022, we have all been feeling the profound consequences of this terrible development.

Energy prices increased substantially from the start of the war and have been at significantly higher levels since then. As a result, there was a massive increase in inflation around the globe, which in turn led to multiple increases in key interest rates by central banks worldwide, bringing an end to the low-interest phase and a sharp rise in refinancing costs. The longstanding growth of many economies stalled, fueling concerns of a deep recession. Last but not least, the war caused a resurgence of the East-West conflict, which had long been thought to have been overcome, and stirred up fears of a spread of warfare to neighboring states and the rest of Europe, even to the point of world war scenarios.

During the course of the pandemic, Vita 34 itself succeeded comparatively well in coping with the numerous imponderables of the past years and surviving solidly in a difficult environment. Following the completion of the merger of Vita 34 and PBKM, 2022 should be dominated by the integration of the two companies into a powerful Group. A Group that uses its position as by far the largest company in its industry in Europe for profitable growth in new business areas and whose foundation is based on a rock-solid core business. While we have progressed according to plan with our integration efforts in 2022, and we have also made important progress in our new business areas of Cell and Gene therapies and CDMO. For our own CAR-T product for example, we attracted external investors and raised the capital at our project entity FamiCordTx early 2022, adding to the financing of this project. At the same time, however, war, inflation and fears of recession have caused great uncertainty among the population, particularly among young families.

This uncertainty is expressed particularly forcefully in a substantial decline in birth rates in Europe and especially in our core markets of Poland and the DACH region. According to the German Federal Statistical Office, for example, the number of births in Germany fell particularly sharply in the first and fourth quarters of 2022, with declines of between 8 and 9 percent, close to the historic lows of recent decades. And more. Inflation and the turnaround in interest rates are eating into the disposable income of those young couples who have decided to have children and start a family despite the difficult environment.

All this is clearly reflected in the sales and earnings performance of our company. It is true that Group sales increased significantly compared to 2021 as a result of the merger with PBKM. However, at EUR 68.9 million, we fell noticeably short of our potential overall – and especially from the fourth quarter onwards. The weakened consumer purchasing power was reflected even more clearly in our earnings performance. Earnings before interest, taxes, depreciation and amortization (EBITDA) were clearly negative at EUR –3.6 million. In addition to a disproportionate increase in costs due to the macroeconomic effects, necessary measures in connection with the harmonization of accounting under IFRS 15 and the resulting negative special effect of EUR 9.0 million also led to the negative result here. Furthermore a non-cash impairment of goodwill totaling EUR 13.8 million, which is largely based on a significant increase in market interest rates, burdens our earnings situation.



Members of the Management Board from left to right: Dirk Plaga, Jakub Baran, Tomasz Baran

In response to the weak consumer environment, we brought forward targeted efficiency enhancement measures as part of our integration measures. These focused primarily on adjustments to avoid structural duplication. In addition, cost-cutting measures were implemented at personnel level, particularly in Poland, Portugal and Spain. By contrast, personnel was increased at the same time in the growth areas. In Spain, Switzerland and Germany, the organizational and/or legal mergers of subsidiaries were successfully completed in parallel, further improving our cost situation.

Despite the clear headwinds that the general economic situation holds for us, we will continue to consequently pursue our chosen path undeterred. We are convinced that Europe can also overcome the current difficult phase and that a return to economic growth is possible in the medium term. We will systematically use 2023 to drive forward the necessary integration measures, focus our growth areas, increase our efficiency and sharpen our core business. We are confident that we will have already passed through the trough of the general economic downturn by 2022.

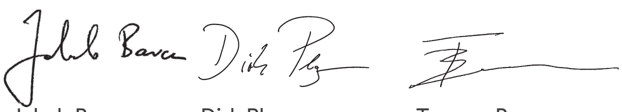
The current start to the year has so far provided us with a rather mixed picture. While January showed a consistently positive business performance, characterized by a significant revival in demand, February was again somewhat worse than expected.

Against the backdrop of a still difficult economic environment and the continuing negative impact of the Ukraine war on birth rates in Europe, we still anticipate a rather subdued business performance in 2023. For the current fiscal year, we accordingly expect Group sales in the range of EUR 75 to 82 million and EBITDA in the range of EUR 5.5 to 7.0 million. At the same time, we are planning further investments of around EUR 5 million, primarily in production equipment and IT systems.

The Management Board would like to thank all employees for their tireless efforts and commitment in these difficult times. We would also like to take this opportunity to expressly thank our customers, investors and business partners for standing by Vita 34 during this time and hope that you will continue to accompany us on our path in the future.

With kind regards,

The Management Board of Vita 34 AG



Jakub Baran Chief Executive Officer	Dirk Plaga Chief Financial Officer	Tomasz Baran Chief Commercial Officer

SUPERVISORY BOARD REPORT

DEAR SHAREHOLDERS,

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

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

The Supervisory Board held eight Supervisory Board meetings in fiscal year 2022. One of these meetings was held in person, while the other meetings of the Supervisory Board were held as video and telephone conferences. At regular intervals, the Management Board informed the Supervisory Board in detail on the economic and financial development of the company, including the risk situation, and provided additional information upon request. All members of the Supervisory Board attended all ten meetings.

Dr. Ursula Schütze-Kreilkamp and Frank Köhler were each unable to attend three Supervisory Board meetings due to scheduling conflicts. The other members of the Supervisory Board attended all eight Supervisory Board meetings.

The Supervisory Board has formed an Audit Committee and a Personnel and Remuneration Committee. In accordance with the recommendations of the Corporate Governance Code, the Supervisory Board also met regularly without the Management Board.

CHANGES ON THE SUPERVISORY BOARD

At the ordinary Annual General Meeting on June 29, 2022, it was resolved to reduce the size of the Supervisory Board from the previous seven members to six members and to amend the Articles of Association accordingly. Supervisory Board members Andreas Füchsel and Nils Herzing resigned from office in the run-up to this Annual General Meeting. The term of office of Supervisory Board member Frank Köhler expired by rotation at the end of the Annual General Meeting in 2022, at which time he was re-elected to the Supervisory Board. In addition, Paul Owsianowski was elected as a new member of the Supervisory Board, meaning that the Supervisory Board now has six full members since it was reduced in size.

CONFLICTS OF INTEREST

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

FOCUS OF THE SUPERVISORY BOARD'S DELIBERATIONS

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

- Annual and consolidated financial statements for the fiscal year 2021 as well as Declaration of Conformity and Dependency Report and appropriation of balance sheet profit.
- Amendment of the annual budget of Vita 34 AG for the fiscal year 2022
- Economic development of the Group 2022
- Management Board matters (remuneration system for Management Board members, Management Board bonus (discretionary bonus), amendment of the Rules of Procedure of the Management Board, reappointment of Mr. Andreas Schafhirt as member of the Management Board of Vita 34 AG, resignation of the Chairman of the Management Board Dr. Wolfang Knirsch, appointment of Mr. Jakub Baran as member and new Chairman of the Management Board of Vita 34 AG, appointment of Mr. Tomasz Baran as member of the Management Board and Chief Commercial Officer of Vita 34 AG, business allocation plan, appointment of Mr. Dirk Plaga as member of the Management Board and Chief Financial Officer of Vita 34 AG)
- Management Boards of the subsidiaries of the Vita 34 Group
- Approval of the conclusion of the merger agreement between FamiCord Deutschland GmbH and Seracell Pharma GmbH
- Proposed resolutions for the ordinary virtual Annual General Meeting 2022 including the proposals for the candidates for the elections to the Supervisory Board
- Business planning of the Management Board for the fiscal year 2023
- Development of an incentive program for key employees of a subsidiary of Vita 34 AG
- Acquisition of the outstanding minority shares in Secuvita S.L.
- Amendment of the Rules of Procedure of the Supervisory Board.

CORPORATE GOVERNANCE

The Supervisory Board dealt with the Corporate Governance standards practiced in the company and the implementation of the recommendations and suggestions of the German Corporate Governance Code in the version dated December 16, 2019 and in the amended version dated April 28, 2022. On March 29, 2023, the Management Board and Supervisory Board issued a Declaration of Conformity, which is published on the company's website in the Investor Relations section.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS, AUDIT OF THE FINANCIAL STATEMENTS

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

As a result, it should be noted that the rules of the German Commercial Code (HGB) and IFRS were complied with in the preparation of the financial statements. The Annual Financial Statements and the Consolidated Financial Statements were each issued unqualified auditor's opinions. The financial statements were discussed in detail at the Supervisory Board meeting held on April 28, 2023 in the presence of and following a report by the auditors. At this meeting, the representatives of the auditors reported on the main findings of their audit and on the control and risk management system with regard to accounting. They also addressed the scope, focus and costs of the audit. Furthermore, they noted that there were no grounds for objection; PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft had only provided audit services in the following areas.

The Supervisory Board has examined the Annual Financial Statements, the Consolidated Financial Statements and the Combined Management Report. As a result of our own examination, no objections were raised against the Annual Financial Statements of Vita 34 AG, the Consolidated Financial Statements of Vita 34 AG and the combined Management Report, the corresponding audit reports of the auditor. Following its own review, the Supervisory Board concurred with the results of the audit, adopted the Annual Financial Statements of Vita 34 AG prepared by the Management Board and approved the Consolidated Financial Statements in its meeting on April 28, 2023. The Supervisory Board concurs with the summarized Management Report and, in particular, with the assessment of the further development of the company.

Vita 34 AG prepared a Dependency Report for fiscal year 2022 pursuant to § 312 AktG. The Dependency Report was also audited by the auditor appointed by the Annual General Meeting (PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Berlin branch) 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 Art. 313 par. 3 AktG. At the financial statements meeting held on April 28, 2023, the auditors also reported on the results of this audit and confirmed that the factual information in the Dependency Report is correct.

The Dependency Report was submitted to the Supervisory Board for review in good time prior to the balance sheet meeting on April 28, 2023 in accordance with § 314 AktG. The Supervisory Board examined the Dependency Report in detail at its meeting. The Supervisory Board determined that, based on the final results of its review, there were no objections to the declaration of the Management Board at the end of the report on relations with affiliated companies and approved the Dependency Report at its meeting on April 28, 2023.

AUDITOR'S REPORT

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

In accordance with our engagement, we have audited the report of the Management Board pursuant to § 312 AktG on relationships with affiliated companies pursuant to § 313 AktG for the fiscal year 2022. As the final results of our audit do not give rise to any objections, we issue the following auditor's report in accordance with § 313 (3) sentence 1 AktG:

Following our dutiful audit and assessment, we confirm that

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

Berlin, April 28, 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Susanne Patommel	Dr. Kay Lubitzsch
Certified Public Auditor	Certified Public Auditor

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

April 28, 2023
For the Supervisory Board

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

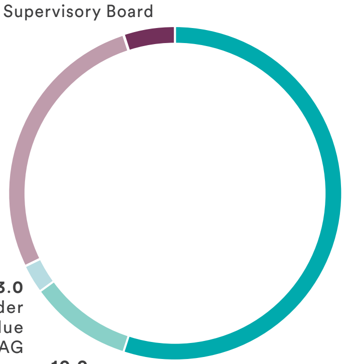
VITA 34 AG SHARES

KEY SHARE FIGURES 2022

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 01/03/2022*	EUR 15.10
Price on 12/30/2022*	EUR 7.82
High/low	EUR 15.10 / EUR 6.80
Number of shares	16,036,459
Freefloat on 12/30/2022	27.1%
Market capitalization on 12/30/2022	EUR 125.4 million
Designated Sponsor	Hauck Aufhäuser Lampe Privatbank AG

* Closing prices Xetra trading system of Deutsche Borse AG

Shareholder structure as of December 31, 2022 in %



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

At the beginning of 2022, the mood on the stock markets was still dominated by the development of the pandemic, as in the two previous years. This changed abruptly with Russia's attack on Ukraine on February 24. From then on, the course of the war determined the news situation and had a significant impact on the global macroeconomic environment. Prices for energy and raw materials rose sharply and remained volatile at a high level for the rest of the year. As a result, there was a massive increase in inflation, which central banks around the globe attempted to counter by significantly raising key interest rates. The combination of the war in Europe, which was difficult to predict, and the abrupt change in the economic environment led to a significant decline in all major stock indices worldwide for large parts of the year. Any countermovements were short-lived and not very pronounced. It was not until October that the stock markets managed to recover from their lows and make up for some of the price losses by the end of 2022. The MSCI World ended the year down 20.7% at 2,598 points, while the German DAX 40 selection index fell 12.3% to 13,923 points. The SDAX lost disproportionately strongly and ended the year with a decline of 27.3% to 11,925 points.

The share of Vita 34 AG developed almost in step with the SDAX over large parts of the stock market year. Against the background of the clear effects of the economic and political environment in Europe, as well as the accompanying significant weakening of the consumer environment and the birth figures, a clearly accelerated decline in the share price then became apparent from the end of the third quarter. However, with the general recovery of the stock markets starting in October, the Vita 34 share also managed to recover from its lows. The share marked its high for the year on Xetra closing price basis right at the beginning of the year on January 3 at EUR 15.10. It reached its low for the year on October 17 at EUR 6.80, and then ended the year at a closing price of EUR 7.82. On balance, the share price thus fell by 47.9%.

In 2022, the share of Vita 34 AG was analyzed by two institutes within the scope of equity research. Analyst Tim Kruse of Montega and analyst Cansu Tatar of Warburg Research followed the company's developments within the scope of paid research mandates and evaluated the share on an ongoing basis.

Institution	Analyst	Recommendation	Target price
Montega	Tim Kruse	Hold	EUR 10.00
Warburg Research	Cansu Tatar	Hold	EUR 11.00

Status: 12/31/2022

The Annual General Meeting of Vita 34 AG was held on June 29, 2022 in a virtual format without physical presence of the shareholders in Berlin. At the time of voting, 73.2% (2021: 58.3%) of the company's share capital in the amount of EUR 16,426,519.00 and thus significantly more than in previous years were represented at the meeting. In addition to the resolutions to be passed annually on the appropriation of the balance sheet profit, the formal approval of the actions of the Management Board and the Supervisory Board, and the election of the auditor, the agenda also included resolutions on the election of the Supervisory Board, the change of the company's name to FamiCord AG, the creation of a new Authorized Capital 2022, and an authorization to acquire treasury shares. All agenda items were adopted by a large majority.

Share price development 2022 of Vita 34 AG compared to the SDAX

COMBINED MANAGEMENT REPORT

COMBINED MANAGEMENT REPORT

Preliminary Note

Vita 34 AG, Leipzig, is the parent company of the Vita 34 Group and is also referred to accordingly in the following. The "Vita 34 Group" (hereinafter "Vita 34" or "Vita 34 Group") was created with effect from November 8, 2021 from the merger of Vita 34 AG and its subsidiaries (hereinafter "subgroup Vita 34") as well as Polski Bank Komórek Macierzystych sp. z o.o., Poland and its subsidiaries (hereinafter "subgroup PBKM") and comprises the business activities of these two subgroups, divided into the two company segments "subgroup Vita 34" and "subgroup PBKM". In 2022, the subgroup PBKM was thus consolidated in the overall Group for the first time for a full twelve months. The subgroup Vita 34 comprises the business activities of the Vita 34 Group according to the structure of the Group prior to November 8, 2021. Should the following exclusively refer to matters of the parent company or one of the subsidiaries, this will be explicitly indicated.

Fundamentals of the Company and the Group

This combined management report informs about the business development of Vita 34 AG ("the company"), Leipzig, and the Group ("Vita 34" or "Vita 34 Group") for the fiscal year from January 1 to December 31, 2022. The company prepares its financial statements in accordance with the provisions of the German Commercial Code (HGB) and the provisions of the German Stock Corporation Act (AktG). The Group prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union pursuant to § 315e HGB. The composition of the scope of consolidation is presented in the Notes to the consolidated financial statements under Note 4 "Composition of the Group".

BUSINESS MODEL

The core business of Vita 34 AG and the Group is the collection, preparation and storage of stem cells from umbilical cord blood, cord tissue and other post-natal tissues. Since the merger with PBKM, the company, which was founded in 1997, is a large cell bank in Europe with more than 880 thousand stem cell deposits stored by the Group. In addition, the Vita 34 Group has a comprehensive range of services and, as a result of the merger, new business areas such as the development of advanced therapy medicinal products (belonging to category of so-called Cell & Gene Therapies) for third parties. As of December 31, 2022, the Group currently operates internationally (with a focus on Europe) with 815 employees and stores umbilical cord blood and other post-natal tissues from approximately 50 countries in its own and partners' facilities.

Medical potential. More than thirty years ago, the first transplantation of stem cells from umbilical cord blood took place. Since then, more than 60,000 umbilical cord blood samples have been used therapeutically for patients. Worldwide, more than 800,000 umbilical cord bloods are stored in public umbilical cord blood banks and more than six million are available in private umbilical cord blood banks[1].

According to the assessment of Vita 34, in the public perception, the application of stem cells is still primarily associated with the already established treatment of diseases of the hematopoietic system and immune system such as leukemia or lymphoma. While this is the main application of umbilical cord blood from public banks, applications of private storage have shifted significantly into the field of regenerative medicine in recent years. Particular successes are currently being recorded in the context of clinical studies in the treatment of cerebral palsy and autism, as publications of study results from the USA and other countries have shown[2].

Vita 34 also wants to participate in the increasing use of various cells in the treatment of diseases and to make an important contribution. Additional growth opportunities are offered by the production of cell-based drugs and biological agents such as viral vectors both for self-developed Cell & Gene Therapies (incl. CAR-T) and for third-party companies as Contract Development & Manufacturing Organization (CDMO), i.e. as contract manufacturers and developers.

Cooperation with maternity clinics and gynecologists. In order to obtain the youngest and most vital stem cells immediately after birth, Vita 34 cooperates with numerous maternity facilities in Europe, Middle East and Hong Kong. The company regularly trains clinic staff in the professional collection of umbilical cord blood and tissue as well as related duties in accordance with the appropriate national regulations in order to ensure the greatest possible process quality.

Storage and recovery process. After collection in one of the partner clinics, the stem cells are transported by the fastest route according to documented specifications to one of Vita 34's 14 international laboratory locations. There, they are processed, tested, cryopreserved and stored on the basis of the corresponding manufacturer's permits. The stem cells from umbilical cord blood and other post-natal tissues are thus preserved for therapeutic use for many decades. With the storage, parents gain the access for the current and future stem cell therapy for their child and, if applicable, family members.

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

- the permissions to collect, process, cryopreserve and store umbilical cord blood and/or cord tissue and/or other post-natal tissues in the majority of EU countries

- a few patents for example covering the process for the disinfection, preparation, cryopreservation and cell isolation of umbilical cord tissue and the cells contained therein or for processing of cord blood using hydrostatic high pressure

- several authorizations for the manufacture of an advanced therapy medicinal product hospital exemption (ATMP-HE) and advanced therapy investigational medicinal products (ATIMP)

- several authorizations to collect, test, process and store various types of other cells and tissues including but not limited to bone marrow, peripheral blood, skeletal muscle, adipose tissue and more

- provisions on compliance with the requirements for hygiene and working conditions in a genetic engineering facility where the contained use of genetically modified organisms (GMOs) can be confirmed

- a permission to operate a genetic engineering facility in which the contained use of genetically modified microorganisms of the second hazard category is to be carried out – production

- an authorization for the contained use of genetically modified human cell lines and bacteria for the in vitro modification of human cell lines and primary cells using plasmid vectors and lentiviral particles in a genetic engineering facility

The Group's main fields of activity remain primarily the collection, processing, cryopreservation and storage of umbilical cord blood, umbilical cord tissue and other postnatal tissue. Other activities mentioned are expected to play a larger role in the medium to long term.

In 2018, Vita 34 received accreditation according to the internationally recognized NetCord FACT standard (FACT accreditation). The certificate confirms that Vita 34 meets the highest quality standards in its activities as a stem cell bank. The underlying criteria are developed by doctors from a large number of countries and go beyond the already strict regulations of the German authorities. NetCord FACT accreditation has been also granted to subsidiaries of PBKM in Spain (FamiCordon) and Switzerland (FamiCells; merged with FamiCord Suisse in 2022). At the end of 2022, Vita 34 decided to suspend its FACT accreditation in Germany due to high cost related with its maintenance. It is not excluded Vita 34 will re-apply for the accreditation when the economic environment will stabilize.

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

COMPREHENSIVE PRODUCT PORTFOLIO

As a result of the merger with PBKM, the Vita 34 Group has an even broader portfolio of cell-oriented service offerings, whose focus has been significantly expanded from perinatal medicine to personalized medicine.

In recent years, Vita 34 has continuously expanded its range of services in addition to the collection, preparation and cryopreservation of stem cells from umbilical cord blood and tissue Vita 34 Group additionally offers the following services, which until now have not been standardized at Group level, but managed and branded in the respective markets:

- Vita 34 has a wide range of products for long-term storage of biological material obtained at birth (“family banking”). In addition to the storage of umbilical cord blood alone, Vita 34 also offers in some countries the storage of placental blood or umbilical cord tissue or placenta tissue. Umbilical cord tissue can be stored as whole tissue or in processed fragments. Furthermore, the mesenchymal stem cells contained in the umbilical cord tissue can be obtained directly via a special isolation procedure in order to be stored in pure form and to be available more quickly for future therapies. From the placenta, both the tissue itself and the placental blood can be obtained in the course of washing out the placental vessels. This increases the cell number and improves the transplantation potential of the stored cells.

- Thanks to a broader structure and existing partnerships, it has also been possible to expand the range of services offered by the Group in some countries, but these are currently still of minor importance for the Group’s net assets, financial position and results of operations. These relate on the one hand to optional services in connection with the banking products. On the other hand, products and services from third-party providers round off the range of services:

  - isolation of cells from the stored material for better future access to medical therapies
  - additional tests of the stored material including genetic tests, if requested by the parents
  - transplant assistance through advanced quality testing, free transportation and professional processing.
  - long-term storage of stem cell samples at a Group storage location other than the local stem cell bank
  - long-term storage of stem cell samples in two separate locations: one part of the sample remains in the local stem cell bank and the other part is stored in the Swiss laboratory of FamiCord Suisse as part of the “Swiss Safety” Package.
  - isolation and storage of DNA material from the newborn as part of a biobanking service to compare genetic information with changes obtained later in life
  - genetic or diagnostic services for adults, children, and newborns using whole exome sequencing (WES) and consultation with a geneticist (third-party service)
  - special insurance to provide financial support for autologous transplants with umbilical cord blood, for example in cancer therapies, to cover, among other things, costs for treatment, consultations, testing and travel (third-party service)

- In addition, Vita 34 also offers services in its subgroup PBKM that are not directly related to its core competence as a leading umbilical cord blood bank, but round out its offering in related areas. These services include:

  - sperm banking for freezing sperm, e.g. in the case of tumor diseases or for fertility treatments and sperm trading
  - adipose tissue banking as a source of mesenchymal stem cells and stromal vascular fraction (SVF)
  - medical consultations and non-diagnostic ultrasound examinations

- Other fields and activities are contract manufacturing for classical transplantations or contract manufacturing of Cell & Gene therapies. In the first case, samples from bone marrow and/or mobilized peripheral blood stem cells are delivered to transplantation clinics. In the second case, Cell & Gene drugs are produced either individually for single patients or in larger batches for clinical trials.

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

In the reporting year, mergers and transfers were carried out to simplify the Group structure.

VITA 34 ON THE INTERNATIONAL MARKET

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

OBJECTIVES AND STRATEGIES

Vita 34 is the pioneer of stem cell banking in Europe. In order to strengthen this position in a targeted manner, new business areas are to be developed in addition to the core business of umbilical cord blood banking.

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

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

In parallel to its own product developments, Vita 34 intends to contribute its experience as a Contract Development and Manufacturing Organization (CDMO) to the projects of third parties to manufacture pharmaceutical products for them. Vita 34 has years of know-how, own manufacturing laboratories and qualified personnel to become just as successful in this market as with its established products. Already today, the first contracts for contract manufacturing of pharmaceutical intermediates as CDMO are in place for companies from the EU and US, which provide the company with a corresponding reputation. Vita 34 sees great sales potential in new products in the medium to long term.

EXPANSION OF THE CORE BUSINESS

Vita 34 traditionally focuses on a combination of organic and inorganic growth as part of its corporate strategy. In recent years, internationalization has been successfully advanced, as evidenced by the current storage of umbilical cord blood from around 50 countries. Following the merger with PBKM, Vita 34 was able to increase market coverage in Europe. The company is represented in all economically attractive markets from Vita 34's point of view, primarily in Central and Southern Europe. The only exceptions are markets such as France, where special circumstances or legal restrictions speak against market entry. A particularly interesting, albeit fiercely contested market is Great Britain, too. In the medium term, the aim is to complete the consolidation of the European market by 2026 and to be the market no. 1 in vast majority of the countries the company operates. The extremely strong position in the core European markets already covered will prove to be a key success factor.

The clear focus of internationalization is on the markets in Europe. It is strategically complemented by activities in the first non-European test markets. Vita 34 has already laid the foundation for additional growth in the Middle East and Hong Kong. One of the key events planned for 2023 is to open the first processing and storage facility of the group outside of Europe in the United Arab Emirates (Dubai). This experience, together with the further expansion of the network, will further broaden and strengthen the medium- to long-term growth prospects of the company.

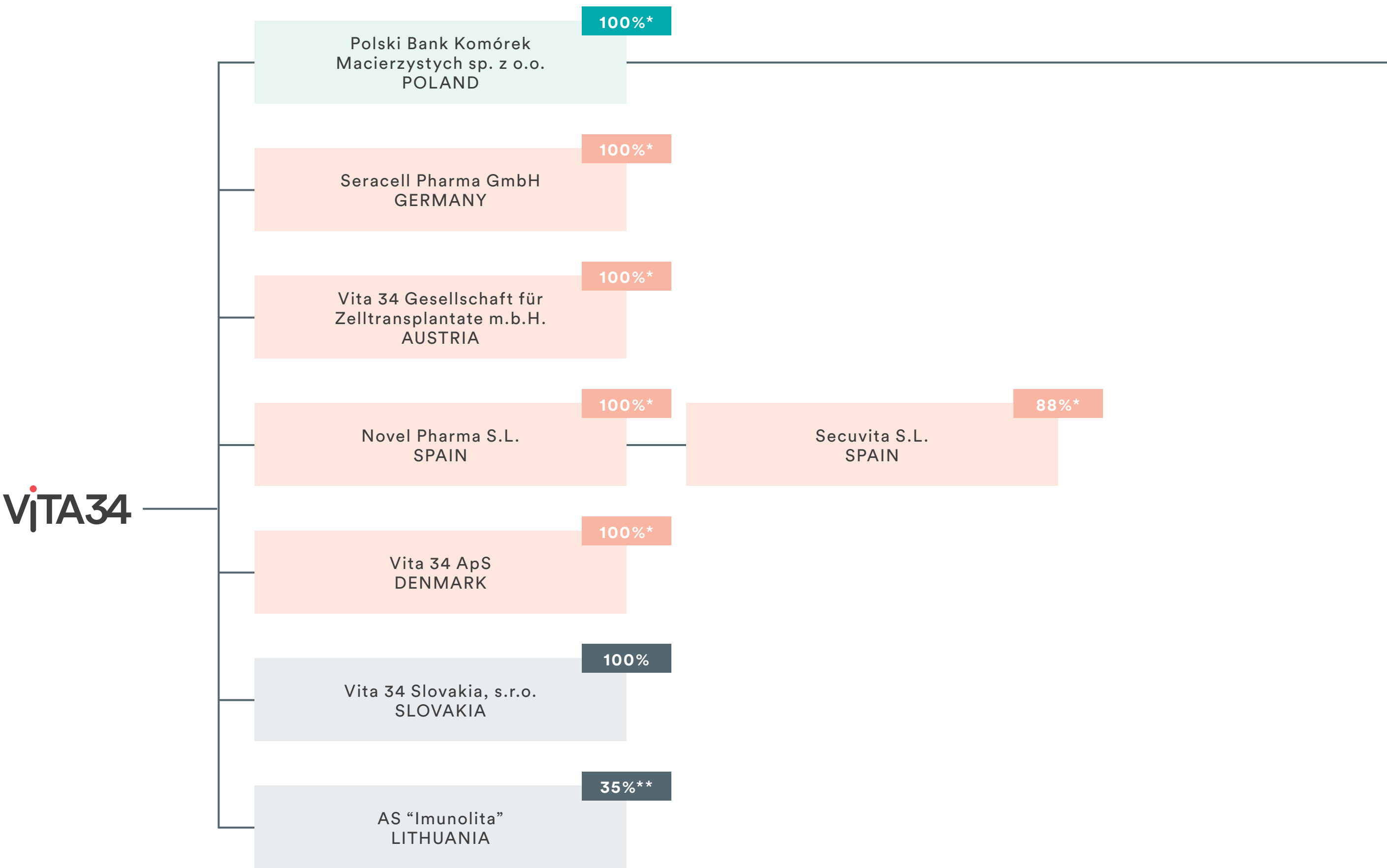
Organic growth will be driven primarily by new business from the storage of umbilical cord blood and tissue. In the coming years, significantly more revenues are additionally anticipated from prepaid contracts signed 18, 20 or 25 years ago which are expected to be extended by the customers.

INORGANIC GROWTH

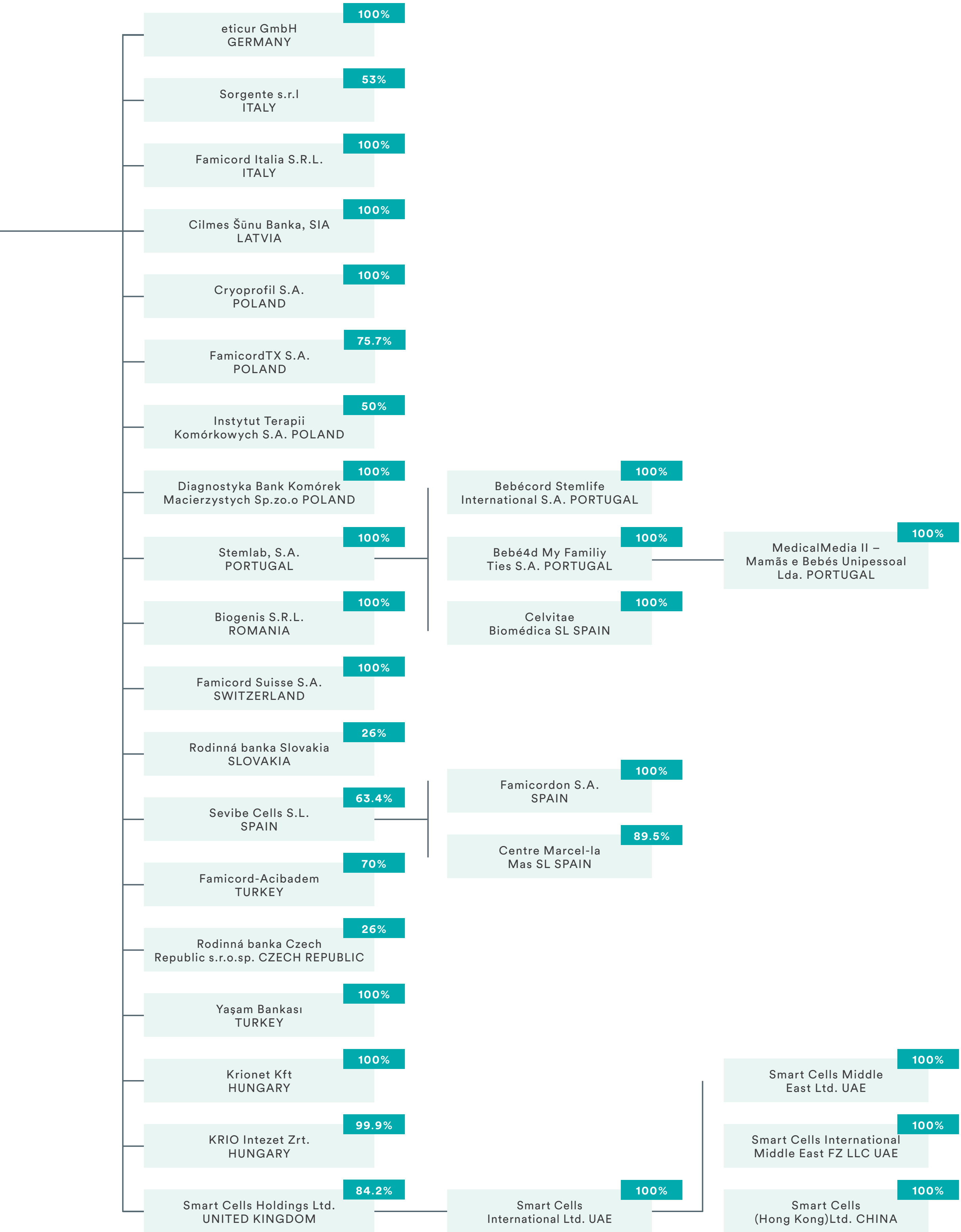
Another focus of Vita 34's growth strategy is traditionally on vertical (opening up new markets) and horizontal (concluding further cooperations) acquisitions in Europe, which are intended to strategically strengthen the market position according to clearly defined parameters and to tap additional synergies,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

Vita 34 has already successfully acquired and integrated numerous companies since 2010. In the fiscal year 2021, another very significant step in the company's history was taken through the merger with PBKM. From this position of strength, Vita 34 is decisively shaping the further consolidation of the European market and is on the verge of continuing its growth outside Europe.

Corporate structure and shareholdings



* full consolidation
** incl. majority of voting rights


100%
eticur GmbH
GERMANY
53%
Sorgente s.r.l
ITALY
100%
Famicord Italia S.R.L.
ITALY
100%
Cilmes Šūnu Banka, SIA
LATVIA
100%
Cryoprofil S.A.
POLAND
75.7%
FamicordTX S.A.
POLAND
50%
Instytut Terapii
Komórkowych S.A. POLAND
100%
Diagnostyka Bank Komórek
Macierzystych Sp.zo.o POLAND
100%
Stemlab, S.A.
PORTUGAL
100%
Bebécord Stemlife
International S.A. PORTUGAL
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Bebé4d My Familiy
Ties S.A. PORTUGAL
100%
MedicalMedia II –
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Lda. PORTUGAL
100%
Celvitae
Biomédica SL SPAIN
100%
Biogenis S.R.L.
ROMANIA
100%
Famicord Suisse S.A.
SWITZERLAND
26%
Rodinná banka Slovakia
SLOVAKIA
63.4%
Sevibe Cells S.L.
SPAIN
100%
Famicordon S.A.
SPAIN
89.5%
Centre Marcel-la
Mas SL SPAIN
70%
Famicord-Acibadem
TURKEY
26%
Rodinná banka Czech
Republic s.r.o.sp. CZECH REPUBLIC
100%
Yaşam Bankası
TURKEY
100%
Krionet Kft
HUNGARY
99.9%
KRIO Intezet Zrt.
HUNGARY
84.2%
Smart Cells Holdings Ltd.
UNITED KINGDOM
100%
Smart Cells
International Ltd. UAE
100%
Smart Cells Middle
East Ltd. UAE
100%
Smart Cells International
Middle East FZ LLC UAE
100%
Smart Cells
(Hong Kong)Ltd. CHINA

However, this depends heavily on many factors, including the ability to find good targets at a reasonable price, the willingness of the current owners to sell, the financial performance of Vita 34, the growth potential of the target companies and the identified synergies. It should be also underlined that any larger acquisition will require additional financing either via capital increase or via debt.

ONGOING COST EFFICIENCY

As a result of the merger with PBKM, significant annual cost synergies are planned over the next three to five years. These are already implemented, going-on or to be realized through the optimization of processes as a result of best use of laboratories and capacities (including savings potential from the adjusted test strategy), through improved purchasing conditions, through synergies in sales, marketing and customer support, as well as through the reduction of duplicate costs, for example in relation to the capital market and IT. With the exception of one-time expenses, these synergies are offset by certain one-off or pretty small recurrent expenses. Vita 34 continuously reviews all activities for their contribution to the current and future profitability of the Group. In order to sustainably secure future profitable growth, the Management Board will continue to evaluate further opportunities to increase cost efficiency. There were several post-merger integration projects planned, initiated, on-going or finished in 2022. The resulting positive effects significantly made a major contribution to offsetting the negative impact of the sharp rise in costs for raw materials, components, external services and salary increases.

MANAGEMENT SYSTEM AND PERFORMANCE INDICATORS

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

REVENUE

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

EBITDA

EBITDA as well as for 2021 and 2022 additionally adjusted EBITDA (reported EBITDA adjusted for costs for the merger with PBKM) are the key performance indicators of Vita 34. They serve as an essential benchmark for the cash flow strength and the operating profitability of the Group.

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

NON-FINANCIAL PERFORMANCE INDICATORS

RESEARCH & DEVELOPMENT PROJECTS

In 2022, the company reviewed its portfolio of R&D projects. They were prioritized, some were stopped and some further put on hold. By far the most important is CAR-T project or program run by FamiCordTx followed by ALSTEM (treatment of ALS with MSCs) and continuation of BIOOPA (treatment of wounds with special patch containing layers of MSCs). The other projects are having less attention. It shall be underlined that so called “AdipoVita” project has been terminated as being too expensive to commercialize and “Immune Cell” project was put on hold due to other priorities. More details on the topic can be found in the section “Research and Development” below.

NEW CUSTOMER CONTRACTS AND NUMBER OF DEPOSITS

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

RESEARCH & DEVELOPMENT

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

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

In the fiscal year 2022, expenses in the area of research & development amounted to EUR 3.4 million (2021: EUR 0.8 million), which corresponds to a share of 5.0% (2021: 2.8%) of revenue. In total, Vita 34 employed 37 (2021: 37) people in the area of research & development as of December 31, 2022.

With the significantly advanced R&D projects of Vita 34, a positioning as a strong partner of the pharmaceutical industry in the market is aimed for in the future. With three combined R&D, laboratory and manufacturing centers and several in-house laboratories, Vita 34 has the necessary structures to be a valuable partner for a large number of companies in the future.

FamiCordTx is the specialized company within the Group established in order to develop CAR-T product. It is currently working on an anti-CD19 CAR-T product and plans to administer the drug to the first patient in 2023 as part of preliminary studies. It is important to underline the company raised already the capital with the participation of external investors. The most recent capital increase of EUR 3.5 million (thereof EUR 2.5 million from new investors) was carried out in early 2022. Like many other biotech companies, FamiCordTx has secured funding for several quarters and is expected to require further funding in early 2024 to conduct the next clinical trials and further develop its pipeline. Vita 34 does not plan to participate in further financing of its daughter company at the moment. It may change in case the financial situation of the entire group improves significantly.

In 2022, the company decided to put on hold the project on identification, isolation and characterization of immune cells from adult peripheral blood. At the beginning of 2021, a research cooperation with the Institute for Radiopharmaceutical Cancer Research of the Helmholtz-Zentrum Dresden-Rossendorf (HZDR) began. The subject matter was research and development work in connection with cryopreserved immune cell isolates. Within the scope of this collaboration, the principal suitability of cryopreserved immune cell isolates for the production of immune cell therapeutics will first be demonstrated in preclinical scientific work. Additional internal analysis performed in 2022 shown the project will require more time and much more money to commercialize. It is not excluded however the project will be re-launched in coming years after collection of necessary data and securing financing.

The company also terminated the project “AdipoVita”. Similar project is being conducted in Poland but the results were not promising enough to justify further investments in Germany.

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

EMPLOYEES AND QUALIFICATION

Vita 34 has an international team of qualified employees. They are the foundation for the long-term positive development as well as for the successful acquisition and integration of new companies. Vita 34 promotes cross-team cooperation and joint ventures.

As of the reporting date December 31, 2022, Vita 34 employed a total of 815 employees (2021: 775 employees).

Employee structure Vita 34 as of December 31, 2022

Number	2022	2021
Total employees*	**815**	**775**
thereof Management Board	3	2
thereof employees in management positions	172	41

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

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

Business Report

MACROECONOMIC ENVIRONMENT AND INDUSTRY-RELATED FRAMEWORK CONDITIONS

MACROECONOMIC ENVIRONMENT

According to the Kiel Institute for the World Economy (IfW)[3], global economic growth slowed significantly in 2022 from 6.1% in 2021 to 3.2%. High energy prices and general major uncertainties, significantly exacerbated by Russia's war against Ukraine and global geopolitical developments, were strong influencing factors. Monetary policy, which was tightened very quickly in the face of high inflationary pressure, also had a braking effect in the further course of the year. Overall, production remained on an upward trend into the fall, with impetus coming from easing supply bottlenecks and the continuing normalization of activity in the economic sectors particularly affected by the Corona pandemic. At the same time, however, this development was overshadowed by a slowdown in economic momentum toward the end of the year, originating mainly in the major advanced economies. They are facing a phase of weak economic activity at the end of 2022 despite considerable fiscal support measures.

The euro zone is also on the threshold of recession. Although the economy of the monetary union expanded noticeably in 2022 into the third quarter, notwithstanding the distortions of the Ukraine war, it has recently lost momentum. High inflation, rising interest rates and headwinds from the global economic environment point to a period of economic weakness in the coming quarters. As a result, gross domestic product in the euro zone is likely to stagnate or even decline slightly over the winter half-year. GDP growth of 3.4% is expected for the year as a whole.

According to the German Federal Ministry for Economic Affairs and Climate Action[4], Germany's price-adjusted gross domestic product grew by 1.9% in 2022. Economic development thus proved pleasingly resilient despite the Ukraine war, supply chain bottlenecks and the energy price crisis. This was mainly due to catch-up effects in private consumption and production following the Corona slump, as well as easing supply bottlenecks over the course of the year. In industry, the effects of the energy price crisis were particularly visible in the energy-intensive sectors. In addition, the uncertain economic outlook and rising interest rates meant that many investment projects were initially put on hold.

The purchasing power of the population is an important factor in the decision to store umbilical cord blood and tissue. For 2022, the Gesellschaft für Konsumforschung (GfK) calculated a moderate growth of nominally 5.8% throughout Europe compared to the previous year.[5]

INDUSTRY-RELATED FRAMEWORK CONDITIONS

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

The storage rate of umbilical cord blood in private umbilical cord blood banks (number of stored umbilical cord blood samples in relation to the number of annual births) is just under 2% in Europe. With approximately 0.7% of umbilical cord blood samples from newborns stored annually, the storage rate in Germany is among the lowest in Europe. In comparison, the storage rate in the countries of Eastern and Southern Europe is on average five to six times higher than in Germany. In Spain and Portugal, the storage rate reaches around 3.0% and 10.0%[6], respectively. This low market penetration illustrates the market potential for storage in Europe. The main influencing factors are the willingness to pay out-of-pocket for medical services, which varies according to the performance of the healthcare systems, and the awareness of the cord blood banking opportunity during pregnancy.

BUSINESS DEVELOPMENT

The business development of the Vita 34 Group in 2022 was strongly influenced by special effects and remained overall behind the possibilities. In particular, the Russia-Ukraine war caused great uncertainty among consumers in almost all markets served by the Vita 34 Group. This was particularly noticeable in the countries directly bordering the crisis region. For the generation of expectant parents, this armed conflict in the middle of Europe was a completely new negative experience. In combination with inflation, which was immediately noticeable for every consumer, sharply increased energy prices, higher interest rates and emerging fears of recession, this caused expectant parents to exercise considerable restraint in additional spending. Added to this was a significantly lower birth rate in 2022, for example in Germany, Vita 34's second home market, where births fell by 6.4%.[7]

The Group-wide integration efforts following the merger of Vita 34 and PBKM continue to run according to plan. In what is currently still an early stage, a strong focus was placed on achieving growth synergies. In addition to some cost reduction and shifting measures, it is a conscious strategic decision to keep marketing activities as well as staffing in selected country markets basically at a high level in order to be able to directly seize market opportunities when the environment becomes more positive again. In response to the weak consumer environment, Vita 34 decided in the course of 2022 to bring forward efficiency enhancement measures in a targeted manner as part of the integration measures. These focused primarily on adjustments to avoid structural duplications. In addition, cost reduction measures were implemented at the personnel level, particularly in Poland, Portugal and Spain. By contrast, personnel was increased in the growth areas. In Spain, Switzerland and Germany, the organizational and/or legal mergers of the subsidiaries were successfully completed in parallel, further improving the cost situation.

New activities in Cell & Gene Therapies (incl. CAR-T) and CDMO continue to be pursued with vigor. The Group participated in several biotech partnership conferences in 2022, further expanding the pipeline of potential partnerships. Here, the Group is also on track.

STORAGE FIGURES AND CUMULATIVE STORAGE FIGURES

In the environment described, Vita 34 was confronted with significant challenges in business development. The number of new deposits in 2022 was 45,218. In total, the number of total storages increased to 931,000 in 2022:

Cumulative storage figures

Figures in thousand	2018	2019	2020	2021	**2022**
Total	226*	237*	247*	886**	931

* excluding storage figures of the subgroup PBKM
** Figure corrected from 858 thousand

BUSINESS DEVELOPMENT IN THE REGIONS

In 2022, the development in the individual country markets was very mixed in some cases. These fluctuations were apparent when comparing the individual country markets with each other, but also in the fluctuations over the course of the year. For example, the third quarter showed a noticeable recovery in demand in some countries, but this was not confirmed in several countries in the fourth quarter. Numerous country markets suffered from a decline in birth rates. In several countries, Vita 34 successfully pushed the annual payer pricing model. This lowers the barrier to entry for customers, which is particularly important in the current economic environment. In addition, Vita 34 is striving to increase its market share in the United Kingdom with an attractive pricing policy. The development was hardly affected by the successful implementation of the integration measures in Spain, Switzerland, Romania and Germany, where the organizational or legal mergers of the subsidiaries were successfully completed. In addition, cost-cutting measures were implemented at personnel level, particularly in Poland, Portugal and Spain.

DIRECT IMPACT OF THE COVID-19 PANDEMIC ON BUSINESS DEVELOPMENT

The COVID-19 pandemic had a more noticeable impact on business development in 2022, and particularly in the first half of the year, than in the previous years 2020 and 2021. This was due to the fact that the number of infections was several times higher, which meant that correspondingly more expectant parents were also confronted with infections in the phase immediately before or during birth. In this situation, the preparation, decision and execution of cell collection and storage were also significantly more difficult than usual. The company continued to make no use of aid measures such as short-time working or government aid loans in the context of the pandemic. There were minor effects, for example, in general operations due to the unchanged maintenance of security measures and from the reduction in travel by the sales force.

LIMITED COMPARABILITY WITH PRIOR-YEAR FIGURES

The fiscal years 2022 and 2021 are only comparable to a limited extent, as PBKM was not consolidated until November 8, 2021. If the business combination had taken place on January 1, 2021, the Group's revenues in the previous year would have amounted to EUR 72,282 thousand and the result for the period would have been EUR -8,588 thousand. Consolidated revenue in 2021 increased by EUR 7,462 thousand due to the acquisition of PBKM. The result for the period 2021 includes a negative result of this Group in the amount of EUR -2,519 thousand, which has been incurred since the acquisition date. In addition, the key financial figures for 2021 were influenced to a large extent by special factors: on the one hand, by the costs of the merger with PBKM (EUR 2.7 million) and, on the other hand, by the adjustment of the previous year's figures due to findings of the German Financial Reporting Enforcement Panel (FREP) (effect on earnings of EUR 0.8 million). In turn, the fiscal year 2022 was marked by high non-recurring goodwill amortization.

COMPARISON OF ACTUAL RESULTS WITH FORECAST 2022

The figures previously forecast in the consolidated financial statements as of December 31, 2021 had to be revised in the course of the fiscal year. On August 29, 2022, the Management Board adjusted the forecast ranges for 2022 for consolidated revenue to EUR 65 to 72 million (previously: EUR 68 to 75 million) and for EBITDA to EUR –6.0 to –3.0 million (previously: EUR –2 to +1 million). The reasons for this were the persistently difficult market environment, restructuring measures brought forward and the contract amendments implemented, which, contrary to original expectations, will essentially only have a positive impact on consolidated revenue and earnings from 2023 onwards. Accordingly, in 2022, this time lag had its last impact on revenue and EBITDA development in the form of a non-cash negative accounting effect of around EUR –2.5 million. In addition, contrary to the original planning, major location measures in individual markets were already completed in 2022. With revenue in 2022 of EUR 68.9 million and EBITDA of EUR –3.6 million, Vita 34 was able to achieve the forecast adjusted in August.

REVENUE AND EARNINGS SITUATION OF THE GROUP (IFRS)

In 2022, the Vita 34 Group was able to achieve revenue of EUR 68.9 million. In the same period of the previous year, this figure was EUR 28.4 million, whereby in 2021, the subgroup PBKM was only consolidated on a pro rata temporis basis from November 8. Overall, cell banking represents around 91.8% of consolidated revenue. Recurring revenues totaled EUR 18.4 million in 2022, up from EUR 6.8 million in 2021. The originally expected positive revenue effects from the amendment of the storage contracts in the subgroup PBKM did not yet have a noticeable impact in 2022 due to the necessary lead times.

EUR thousand	**2022**	2021
Revenue	68,940	28,419
Cost of sales	–66,205	–15,981
Gross profit	**2,735**	**12,438**
Marketing and selling expenses	–10,486	–5,616
Administrative expenses	–19,877	–7,546
Other income less expenses	345	–2,346
Operating result/EBIT	**–27,283**	**–3,071**
Financial result	–1,010	–375
Income tax expenses	908	–479
Result for the period	**–27,384**	**–3,926**
Operating result/EBIT	**–27,283**	**–3,071**
Depreciation and amortization for the period	–23,719	3,885
EBITDA	**–3,564**	**814**

The cost of sales increased from EUR 16.0 million to EUR 66.2 million. Cost of sales includes amortization of goodwill in the amount of EUR 13.8 million and amortization of licenses in the amount of EUR 1.2 million. A comparison of the cost of sales ratio is also difficult due to the first-time consolidation of PBKM for twelve months. This subgroup has a higher cost of sales ratio for various reasons. This effect contributed to the thoroughly challenging business and revenue performance in the course of 2022, which also impacted the high-margin German business. Gross profit amounted to EUR 2.7 million (2021: EUR 12.4 million), which is equivalent to a gross margin of 4.0% (2021: 43.8%).

Other income increased from EUR 1.0 million to EUR 2.8 million. The largest single item here is government grants, which mainly consist of subsidies for research and development and have a larger consolidated volume as a result of the expanded R&D projects in the Group as a whole.

On the expense side, marketing and selling expenses increased from EUR 5.6 million to EUR 10.5 million. Vita 34 deliberately continued its own marketing and sales activities consistently despite the weaker market environment in selected country markets such as Germany, while in other country markets such as Poland, Portugal and Spain, expenses were adjusted to the market environment. The overall disproportionately low increase in marketing and selling expenses compared with revenue growth was additionally boosted by the overall lower marketing and selling expense ratio at PBKM. The ratio of marketing and selling expenses to revenue was thus 15.2% (2021: 19.8%). In the reporting year, the focus was particularly on continuing to address and provide product-specific information to gynecologists and midwives as key multipliers in the sales process. In addition, online marketing of the products to the target group of expectant parents was continued at a high level.

Overall, administrative expenses amounted to EUR 19.9 million, compared to EUR 7.5 million in the previous year. This is due in particular to increased expenses for consulting and auditing. Other expenses decreased from EUR 3.1 million to EUR 1.1 million, due to the fact that no consulting costs from the merger of Vita 34 and PBKM were incurred in 2022 to the same extent as in 2021.

EBITDA amounted to EUR –3.6 million after EUR 0.8 million in the previous year. The overall intact operating earnings strength was impacted and overshadowed by several factors. The subgroup PBKM generated a negative contribution to earnings in 2022, caused in particular by the necessary adjustments to Vita 34's accounting policies. Corresponding necessary measures in connection with the harmonization of accounting under IFRS 15 led to a negative special effect in the amount of EUR 6.5 million. In addition, high upfront costs for the development of the new business areas had an impact on the result. While production-related material costs increased moderately due to long-term supply contracts, there was a disproportionately low but nevertheless noticeable rise in personnel and subcontractor costs in the wake of inflation.

The operating result (EBIT) amounted to EUR –27.3 million in the past fiscal year (2021: EUR –3.1 million) and was extremely significantly influenced by one-off, non-cash negative effects from goodwill amortization amounting to EUR 13.8 million. The financial result was EUR –1.0 million, compared to EUR –0.4 million in the previous year. The increase was due to the higher utilization of interest-bearing liabilities.

In the fiscal year, after netting actual and deferred income taxes, income tax income amounted to EUR 0.9 million. The previous year's income tax expense was EUR 0.5 million. The one-time dominating goodwill amortization in conjunction with the significantly slower operating earnings development ultimately led to a result for the period after taxes of EUR –27.4 million in 2022 (2021: EUR –3.9 million). Earnings per share, taking into account minority interests, amounted to EUR –1.71 on 15,828,117 shares (2021: EUR 0.63 on 5,825,064 shares).

SEGMENT REPORT

The Vita 34 Group reports on the two segments subgroup Vita 34 and subgroup PBKM.

SEGMENT SUBGROUP VITA 34

In 2022, revenue decreased by 11.4% from EUR 21.0 million to EUR 18.6 million. This decline is equally attributable to the core market DACH as well as to the international markets. The number of deposits suffered specifically in Germany from the weak birth figures in 2022. An interim brightening in the third quarter was followed by a significantly weaker fourth quarter. In the subgroup Vita 34, sustained cost discipline was combined with a stable high level of marketing and sales in 2022. EBITDA of the subgroup Vita 34 amounted to EUR 0.1 million in 2022 (previous year: EUR 2.1 million). Investments in the subgroup Vita 34 were stable at EUR 1.3 million after EUR 1.3 million in the previous year. Investments were mainly made in laboratory equipment, cryotanks and accessories.

SEGMENT SUBGROUP PBKM

In the subgroup PBKM segment, there is no comparability to the prior-year period, since an opening balance sheet was prepared for the first time as of November 8, 2021, which took into account the accounting principles of the Vita 34 Group as a whole, in particular with regard to revenue recognition. In the comparative period in the subgroup PBKM segment, the period from November 8 to December 31, 2021 is reported. Revenue in the subgroup PBKM segment amounted to EUR 50.6 million in 2022 and was generated for the very most part in the core cell banking business and in an extremely challenging market environment. In the non-comparable prior-year period, the figure was EUR 7.5 million. CDMO activities accounted for around EUR 1.7 million of revenue in 2022. Here, the development in the Polish market was particularly impacted. EBITDA of the subgroup PBKM was EUR –3.8 million, compared with EUR –1.2 million in the previous year. This figure still includes high start-up costs for the new business areas of EUR 2.9 million. At the same time, the subgroup PBKM has implemented extensive restructuring measures in response to the difficult revenue development. Fixed costs were reduced, the workforce was cut back, and marketing expenses were also scaled back. Investments in the reporting period amounted to EUR 5.2 million and mainly related to the expansion of the laboratories in Poland for the new areas of Cell & Gene Therapies (incl. CAR-T) and CDMO. Further investments were made in the core business, in particular in the construction of a laboratory in Dubai.

FINANCIAL POSITION OF THE GROUP

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

In the case of external financing with variable interest rates, Vita 34 also makes use, on a case-by-case basis, of various interest rate hedging instruments with a medium- to long-term interest rate commitment (e.g. interest rate swaps).

Within the Vita 34 Group, the securing of liquidity for the financing requirements of the growth as well as the investments made is essentially carried out in the two subgroups through the self-generated cash flows and through bank loans. In 2022, there were no significant adjustments to the credit conditions. In addition, there is an earmarked investment credit line of EUR 8.0 million, of which EUR 3.8 million has not been utilized.

The financial position of the Group is characterized in all areas by the merger of Vita 34 and PBKM as well as by the first-time consolidation over a full twelve months. Cash flow from operating activities amounted to EUR –4.5 million in the reporting year (previous year: EUR 2.7 million), primarily as a result of lower sales revenues from new prepayment contracts in the fiscal year 2022.

Cash flow from investing activities amounted to EUR –5.8 million in the past fiscal year (previous year: EUR 24.9 million). Investing activities in 2022 were characterized by ongoing capacity expansions due to the increasing number of deposits and the expansion of the laboratories in Poland for Gene & Cell Therapies (incl. CAR-T) and CDMO. A laboratory was built in Dubai, and further funds were invested in the purchase of laboratory equipment and cryotanks. Overall, investments in property, plant and equipment increased from EUR 2.2 million to EUR 5.8 million. The previous year's figure for cash flow from investing activities of EUR 24.9 million was largely influenced by the assets and liabilities acquired in connection with the initial consolidation of the subgroup PBKM. The transaction had resulted in a net positive cash inflow of EUR 27.0 million.

Cash flow from financing activities amounted to EUR –6.3 million in the fiscal year 2022 (previous year: EUR –4.7 million) and is primarily composed of scheduled repayments (EUR –6.5 million) and lease payments (EUR –2.6 million). These factors are offset by inflows of EUR 2.4 million resulting from the capital increase of a subsidiary.

In the reporting year, cash and cash equivalents thus decreased by EUR 17.0 million. The cash outflows from investing and financing activities could not ultimately be offset by cash inflows from operating activities. As of December 31, 2022, the cash outflows for the fiscal year result in a strained financial position. The remaining cash and cash equivalents of EUR 16.3 million are earmarked for the repayment of loans in the amount of EUR 13.8 million in the fiscal year 2023. Accordingly, the financial situation makes it necessary to initiate sensible measures in order to ensure a solid capitalization of the Group also in the future. Thus, the aim is to achieve long-term follow-up financing tailored to the overall Group. Although the Management Board assumes that it will be able to maintain its ability to act at all times through cash inflows from operating activities, it has the option of countering any liquidity risks that may arise with alternative means of internal financing and by resorting to a letter of comfort limited in amount and time. In this context, reference is made to the subsection "liquidity risks" in the risk report.

NET ASSETS OF THE GROUP

Assets EUR thousand	**Dec. 31, 2022**	Dec. 31, 2021
Non-current assets	110,443	122,267
thereof goodwill	39,491	53,653
Current assets	41,064	55,679
thereof cash and cash equivalents	16,290	33,298

Liabilities EUR thousand	**Dec. 31, 2022**	Dec. 31, 2021
Equity	15,852	41,942
Non-current liabilities	67,129	72,629
thereof contract liabilities	45,892	41,696
Current liabilities	68,527	63,375
thereof contract liabilities	13,853	14,786
thereof potential repayment obligations	24,470	21,837

The balance sheet total was EUR 151.5 million as of December 31, 2022 (December 31, 2021: EUR 177.9 million). On the assets side of the balance sheet, non-current assets including goodwill amounted to EUR 110.4 million as of the reporting date, compared to EUR 122.3 million as of the end of 2021. Significant changes resulted from the amortization of goodwill in the volume of EUR 13.8 million. This amortization was necessary due to deteriorated earnings prospects and because of the significantly higher interest rates to be applied. Intangible assets decreased from EUR 22.8 million to EUR 18.6 million. In addition to scheduled amortization of customer contracts acquired in the past, the decrease was also due to impairment losses on licenses amounting to EUR 1.1 million. Property, plant and equipment increased by 11.8% to EUR 24.4 million due to the investments made. Non-current contract assets rose from EUR 1.1 million to EUR 3.1 million. These include the increased receivables from annual payment contracts with multi-year contract terms. The receivables are due for payment within ten years. Current contract assets, which include receivables from annual payment contracts due for payment within one year, decreased slightly from EUR 2.8 million to EUR 2.7 million. Deferred tax assets increased from EUR 9.1 million to EUR 9.6 million, resulting from a corresponding development of loss carryforwards of Group companies.

Current assets decreased from EUR 55.7 million to EUR 41.1 million as of the reporting date. This was due in particular to the development of cash and cash equivalents, which fell from EUR 33.3 million to EUR 16.3 million. The increase in inventories from EUR 3.3 million to EUR 3.9 million is primarily attributable to inflationary effects. Receivables also increased slightly from EUR 12.1 million to EUR 12.7 million. This is due to reporting date effects.

On the liabilities side of the balance sheet, equity decreased to EUR 15.9 million (December 31, 2021: EUR 41.9 million), in particular due to the development of earnings as of the balance sheet date. The notional equity ratio was 10.5% as of December 31, 2022, compared to 23.6% as of December 31, 2021. Despite the noticeable absolute decrease in equity, the ratio fell as a result of the decrease in the balance sheet total. The main reason for the continuing high proportion of borrowed capital is the non-current and current contractual liabilities as well as the potential repayment obligations, which account for 62.0% of borrowed capital and result from the special structure of the storage contracts at PBKM with the possibility of termination as well as a corresponding accrual accounting of revenue and obligations.

Non-current liabilities decreased from EUR 72.6 million to EUR 67.1 million as of December 31, 2022. The main reason for this is the reduction in liabilities to banks from EUR 11.0 million to EUR 1.7 million as a result of scheduled repayments and transfers due to the maturity profile. Current liabilities rose from EUR 63.4 million to EUR 68.5 million, mainly due to higher utilization of credit lines. An important item within current liabilities continues to be contract liabilities, which decreased slightly from EUR 14.8 million to EUR 13.9 million, and potential repayment obligations, which are reported at EUR 24.5 million after EUR 21.8 million. They include obligations arising from acquisitions to fulfill concluded storage contracts as well as storage fees collected in advance from customers, which would have to be refunded in the event of the (unlikely) exercise of existing termination rights, primarily at PBKM level. Nevertheless, in the Group as a whole, this item is of great importance in the balance sheet, without negative cash flows being expected from it in the subsequent period. The storage fees collected in advance are recognized as income gradually over the term.

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

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

At EUR 12.4 million, sales revenues for the fiscal year 2022 were below the previous year's level of EUR 14.9 million. This was due to slightly weaker demand overall, also in the German market. The cost of sales decreased disproportionately from EUR 5.6 million to EUR 5.5 million due to partially increased procurement costs. This results in a gross profit of EUR 6.9 million compared to EUR 9.3 million in the fiscal year 2021, corresponding to a gross margin of 55.7% (2021: 62.5%).

EUR thousand	**2022**	2021
Revenue	12,383	14,916
Cost of sales	–5,484	–5,599
Gross profit	**6,899**	**9,317**
Selling expenses	–3,968	–3,758
Administrative expenses	–6,610	–4,664
Other operating income less expenses	–321	–2,772
Operating result/EBIT	**–4,000**	**–1,877**
Financial result	–89,181	–66
Income tax income/expense	220	72
Result for the period	**–92,961**	**–1,871**
Operating result/EBIT	–4,000	–1,877
Depreciation and amortization for the period	469	600
EBITDA	**–3,531**	**–1,277**

Selling expenses increased slightly from EUR 3.8 million to EUR 4.0 million due to continued intensive marketing measures. Administrative expenses rose from EUR 4.7 million to EUR 6.6 million despite continued strict cost discipline. This is due in particular to increased expenses for consulting and auditing.

The balance of other operating income and expenses was EUR –0.3 million in the reporting period, compared with EUR –2.8 million in the previous year. This was affected by the absence of the non-recurring costs of EUR 2.7 million incurred in the previous year for consulting services as a result of the merger with PBKM.

EBITDA was EUR –3.5 million in the fiscal year 2022 (2021: EUR –1.3 million). The operating result (EBIT) decreased to EUR –4.0 million (2021: EUR –1.9 million).

The financial result, which was impacted by impairment losses of EUR 89.6 million on financial assets, had a significant influence on the annual result for 2022. As part of the review of the fair value of shares in affiliated companies carried out as of the reporting date, corresponding impairments that are expected to be permanent were identified. This was due in particular to changes in planning assumptions and the rise in interest rates. The result for the year under review was therefore EUR –93.0 million, compared with EUR –1.9 million in the previous year.

Financial Position of Vita 34 AG (HGB)

EUR thousand	**2022**	2021
Cash flow from operating activities	–4,471	1,158
Cash flow from investing activities	–512	808
Cash flow from financing activities	–377	–5,082
Total	**–5,360**	**–3,116**

Cash flow from operating activities decreased in the reporting period primarily due to the significantly negative annual result, i.e. due to operating activities.

Cash flow from investing activities resulted in a cash outflow of EUR –0.5 million (2021: EUR 0.8 million). In contrast to a cash outflow for the acquisition of property, plant and equipment (EUR 1.0 million), dividend payments received in the amount of EUR 0.5 million had a positive effect on cash flow from investing activities.

The negative cash flow from financing activities of EUR –0.4 million (2021: EUR –5.1 million) mainly results from the scheduled repayment of loans. This is offset by an increase of EUR 1.1 million in liabilities to affiliated companies.

As of December 31, 2022, cash and cash equivalents amounted to EUR 0.9 million (December 31, 2021: EUR 6.2 million).

Net assets of Vita 34 (HGB)

Assets EUR thousand	**Dec. 31, 2022**	Dec. 31, 2021
Property, plant and equipment and other intangible assets	4,849	4,255
Financial assets	113,990	203,586
Cash and cash equivalents	815	6,174
Other assets	8,784	7,458
Balance sheet total	**128,438**	**221,473**

Liabilities EUR thousand	**Dec. 31, 2022**	Dec. 31, 2021
Equity	104,749	197,710
Loans	4,973	6,473
Other liabilities and provisions	6,452	6,261
Deferred income	12,264	11,029
Balance sheet total	**128,438**	**221,473**

Property, plant and equipment and other intangible assets amounted to EUR 4.8 million as of December 31, 2022 (previous year: EUR 4.3 million). The slight increase is due to the investments made.

Financial assets decreased very significantly due to impairment losses of EUR 89.6 million. As part of the review of the fair value of shares in affiliated companies carried out as of the reporting date, corresponding impairments that are expected to be permanent were identified. Accordingly, shares in affiliated companies and investments decreased from EUR 201.8 million to EUR 112.2 million. Loans to affiliated companies remained unchanged at EUR 1.8 million. Other assets amounted to EUR 8.8 million as of December 31, 2022 (previous year: EUR 7.5 million) and mainly comprised trade receivables of EUR 2.8 million (previous year: EUR 2.5 million) and receivables from affiliated companies of EUR 2.5 million (previous year: EUR 2.3 million). In addition, prepaid expenses of EUR 1.6 million (previous year: EUR 1.2 million) were included.

On the liabilities side, equity decreased from EUR 197.7 million to EUR 104.8 million as a result of the annual result, which was largely influenced by the impairment losses on shares in affiliated companies. The equity ratio decreased accordingly to 81.6% as of December 31, 2022 (previous year: 89.3%).

Loans decreased to EUR 5.0 million as of December 31, 2022 (previous year: EUR 6.5 million) due to a scheduled repayment of loans. Other liabilities and provisions amounted to EUR 6.5 million at year-end 2022, compared with EUR 6.3 million in the previous year. They mainly include liabilities to affiliated companies of EUR 4.2 million (previous year: EUR 3.1 million), the special item for grants and allowances of EUR 0.2 million (previous year: EUR 0.3 million) and provisions of EUR 1.3 million (previous year: EUR 2.4 million).

Deferred income increased from EUR 11.0 million to EUR 12.3 million as of the balance sheet date. This includes storage fees, which are paid by customers once in advance and are released on a straight-line basis over the agreed storage period.

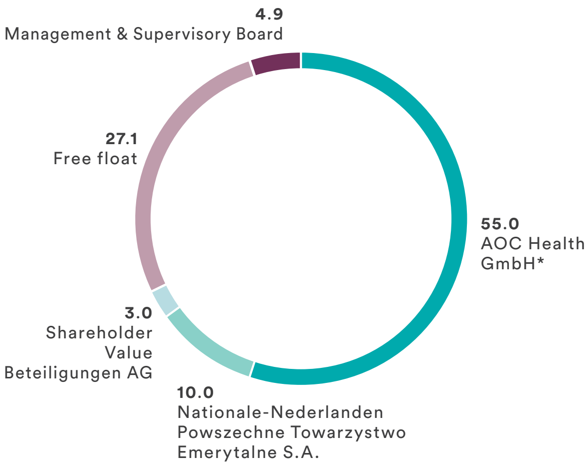
EMPLOYEES OF VITA 34 AG (HGB)

In 2022, Vita 34 had an average of 98 employees (excluding the Management Board, temporary staff, part-time employees and employees on parental leave). In the previous year, there were 96 people.

OVERALL STATEMENT ON THE ECONOMIC SITUATION OF THE GROUP

In the opinion of the Management Board, the economic situation of the Vita 34 Group at the time of publication of the annual report continues to be satisfactory despite the challenging environment due to effects from the Russia-Ukraine war. The strategy of combining organic and inorganic growth will continue to be implemented. Vita 34 is successfully focused on stable and profitable growth in its core business.

Individual integration and restructuring projects were started and implemented in 2021 as well as 2022. In the current fiscal year, the Vita 34 Group is exposed to the special situation that three significant bank loans expire, which still originate from the time before the merger of the two companies Vita 34 and PBKM. In order to secure the continuation of the company as a going concern, the Management Board is countering this with a comprehensive package of measures, which includes strictly earnings- and liquidity-oriented budget planning with additional measures depending on the situation, a comfort letter received from the main shareholder limited in terms of time and amount, and an ongoing project for follow-up bank financing. Further details are provided in the opportunity and risk report. With cumulative storage figures of more than 931,000 and customers from around 50 countries, Vita 34 continues to be excellently positioned, especially as soon as the markets recover sustainably.



Corporate Governance

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

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

TAKEOVER-RELATED DISCLOSURES (IN ACCORDANCE WITH § 289A AND § 315A HGB)

COMPOSITION OF THE SUBSCRIBED CAPITAL

As of December 31, 2022, the company's share capital amounted to EUR 16,036 thousand. The subscribed capital is divided into 16,036,459 no-par ordinary shares. The shares are fully paid up. All shares carry the same rights and obligations. The rights and obligations of shareholders are set out in detail in the provisions of the German Stock Corporation Act (AktG), in particular §§ 12, 53a et seq., 118 et seq. and 186 AktG.

Direct or indirect shareholdings in the capital of the company as of December 31, 2022, which reach or exceed 10% of the voting rights, are shown in the following table:

STATUTORY PROVISIONS AND PROVISIONS OF THE ARTICLES OF ASSOCIATION ON THE APPOINTMENT AND DISMISSAL OF MANAGEMENT BOARD MEMBERS AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The appointment and dismissal of Management Board members are governed by §§ 84 and 85 AktG and § 31 Mitbestimmungsgesetz (MitbestG – German Codetermination Act). In accordance with § 8 (1) of the Articles of Association, the Management Board consists of several persons; the number of Management Board members is determined by the Supervisory Board.

Pursuant to § 179 AktG, any amendment to the Articles of Association requires a resolution of the Annual General Meeting. Pursuant to § 29 of the Articles of Association, the Supervisory Board is authorized to make amendments that only affect the wording.

In accordance with § 25 of the Articles of Association, resolutions of the Annual General Meeting require a simple majority of votes unless a larger majority is prescribed by law. Resolutions of the Annual General Meeting amending the Articles of Association require a majority of at least three quarters of the share capital represented at the time the resolution is adopted in accordance with § 179 (2) AktG, unless the Articles of Association specify a different capital majority.

AUTHORITY OF THE MANAGEMENT BOARD TO ISSUE SHARES

By resolution of the Annual General Meeting on June 29, 2022, the Management Board is authorized, with the approval of the Supervisory Board, to increase the company's share capital on one or more occasions on or before June 28, 2027, by up to a total of EUR 8,018,229.00 by issuing up to 8,018,229 new registered no-par ordinary shares against cash or non-cash contributions.

Opportunity and Risk Report

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

COMPLIANCE SYSTEM

Since 2017, Vita 34 AG has had a Code of Conduct for itself and the subgroup Vita 34, as well as a set of rules with a series of process standards and work instructions, which defines and ensures rule-compliant behavior. In view of the size of the company, the regulations were generally classified by the Management Board and Supervisory Board as goal-oriented, adequate and sufficient until the merger with PBKM. In the opinion of the Management Board and Supervisory Board, the introduction of a special compliance system beyond this was not necessary due to the good experience in the past and the size of the company to date.

However, the complexity and size of the Vita 34 Group have increased significantly due to the merger of Vita 34 and PBKM. Against this background and due to the increasing regulatory requirements, the Management Board and Supervisory Board have come to the conclusion that it is necessary to further develop the compliance system.

The establishment of a protected whistleblower system has been dispensed with to date. Nor is it intended to anticipate the implementation of the European Whistleblowing Directive in national law.

OPPORTUNITY AND RISK MANAGEMENT

Also with regard to the early risk detection system, the Management Board and the Supervisory Board have come to the conclusion that the existing opportunity and risk management system pursuant to § 91 (2) and (3) AktG, which has been in operation since 2006 and which covers both Vita 34 AG and the subgroup Vita 34 (consisting of Vita 34 AG and its subsidiaries, but without Polski Bank Komórek Macierzystych sp. z o.o. (“PBKM”) and its subsidiaries), no longer meets the increased requirements due to the significantly increased complexity resulting from the merger with PBKM. The previous technical application of the early risk detection system could not be supplemented and expanded accordingly and was therefore no longer in use in the past fiscal year. In particular, it was not possible to extend the system to the subgroup PBKM, which previously did not operate its own risk management system, at a technically and financially justifiable cost. Accordingly, work began in the reporting year on establishing a new Group-wide early risk detection system – supported by a professional and widely used standard IT solution. However, due to personnel bottlenecks and a significantly higher than expected implementation complexity, there were delays in the system rollout. As a result, it was not possible to carry out a Group-wide risk inventory and assessment for the first time until the end of 2022, the results of which form the basis for the “explanation of risks” section. As part of the reporting and controlling structures in place in the Group, greater emphasis was placed on ongoing verbal risk communication.

As in the previous system, the main objective of the new Group-wide opportunity and risk management system of Vita 34 AG will be to promote the business success and to ensure the continuation of the company as a going concern within an opportunity-oriented and at the same time risk-conscious scope of action. The internal guidelines for risk management will define the principles, procedures, instruments, risk areas and responsibilities within the company as well as the reporting requirements and communication obligations. The opportunity and risk management continues to be oriented towards the legal provisions of § 91 (2) AktG.

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

Category	Probability
low	0% < x ≤ 10%
rare	10% < x ≤ 30%
possible	30% < x ≤ 50%
often	50% < x ≤ 100%

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

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

An accounting-related internal control system represents another central component of the risk management system of Vita 34 AG and the subgroup Vita 34. In addition, the accounting-related internal control system will be further expanded step by step in order to ensure Group-wide effectiveness in the future. The aim of the project initiated in the reporting year to integrate the accounting and controlling systems is to merge the different systems of the two subgroups in 2023 using professional, uniform Group consolidation software and to ensure Group-wide monthly reporting. The system in place for the subgroup Vita 34 covers the following elements: a) monthly phased budget for all individual companies including subgroup consolidation, b) monthly financial statements for all individual companies including subgroup consolidation, c) forecasting during the year on the basis of the quarterly results for March, June and September for all individual companies including subgroup consolidation, and d) associated variance analyses and discussions at Controlling and Management Board level with the Managing Directors of the individual companies. The controlling process for the subgroup PBKM is basically the same, with the exception that the financial statements during the year are prepared on a quarterly rather than a monthly basis. In addition, business reviews are held every 14 days between the Management Board and the Managing Directors of the individual companies of the subgroup PBKM. Overall, the controlling process at consolidated Group level thus covers a) monthly phased budgets, b) quarterly financial statements, c) forecasts based on the quarterly financial statements, and d) respective variance analyses. The results of the controlling process are discussed with the responsible Managing Directors and/or Divisional Managers on the one hand and at the monthly Management Board meetings on the other. In addition, reports are submitted to the Supervisory Board on this basis. With the restriction described at the level of the subgroup PBKM and thus of the overall Group, the financial reporting, accounting and controlling processes in particular were managed on the basis of this internal system in the reporting year.

EXPLANATION OF THE RISKS

Unless otherwise stated, all risks presented relate to the overall Group and thus to both subgroups. The following risks are explained on the basis of the results of the Group-wide risk inventory and assessment carried out for the first time at the end of 2022. As far as possible, the risks have been aggregated according to the criterion “threatening the existence of the company” and measures to control or mitigate them are outlined. The main risks identified relate to the ten risk categories of regulatory risks, medical and scientific risks, strategic risks, market and competition risks, marketing and sales risks, cost risks, risks due to force majeure, operational risks, personnel risks, as well as financial risks. Within the ten risk categories, social and environmental factors were also taken into account accordingly. From the totality of identified opportunities and risks, those opportunities and risks are explained below that, from today’s perspective, can significantly influence the results of operations, financial position and net assets of the Vita 34 Group.

FINANCIAL RISKS

The development of Vita 34’s share price is also influenced by external events, such as crises on the financial market. The associated investment decisions of the shareholders are partially controlled by factors that are unrelated to the fundamental key figures of Vita 34. The company will continue to distinguish itself through compliance with laws and regulations as well as through transparent communication with shareholders on the capital market. An intact access to the capital market is an important prerequisite for Vita 34 to always be able to optimally adapt its own financing mix to the respective requirements.

The combination of a currently weak general economic environment, high integration costs as well as high upfront costs for further organic growth and the development of new business activities in the area of CDMO and CAR-T leads to an unusually high burden on the financial resources of Vita 34. At the same time, EUR 13.6 million of expiring financial loans have to be repaid in the course of the year in 2023. Of this, EUR 5.0 million is attributable to the subgroup Vita 34 and EUR 8.6 million to the subgroup PBKM. This can only be ensured if the adopted budget for 2023 is achieved and a significant recovery in operating cash flows sets in early or additional new financial credit lines from banks and/or (downstream) equity funds are granted. This potentially “going-concern” risk is mitigated by the Societas financing project launched in October 2022, which is aimed at a group credit facility available in mid-2023, and by the successful extension of the Coba “Vampire” credit line from the end of 2022 to mid-2023. In the unlikely event of a failure of the Societas financing project in connection with a business performance potentially significantly below budget, the indirect shareholder of Vita 34 AG – AOF – has issued a comfort letter limited in time (until May 15, 2024) and amount (up to EUR 10 million), which guarantees sufficient liquidity until bank loan commitments of external banks are actually available. Alongside this, sensitivity analyses were carried out and measures developed to ensure the Group’s financial equilibrium for at least 12 months from the date of preparation of the financial statements, even in the absence of new bank financing and in the event of a worse-than-budgeted business performance. The possible measures include a) tight, strictly liquidity-oriented management of cash balances tied up as working capital in the Group’s individual companies, b) limiting capital expenditures to the extent necessary to secure the business operationally, c) launching incentive programs enabling existing customers to switch from annual to prepayment contracts, and d) increasing liquidity via balance sheet restructuring measures. The implementation of the measures would lead to increased administrative expenses and/or higher financing costs, which would have a corresponding negative impact on the Group's return. Overall, the liquidity risk is classified as low.

An increase in the general interest rate level could increase Vita 34's financing costs. Further sales price increases are being considered in order to avoid a reduction in margins. The budget prepared assumes that bank financing will be largely reduced. Only in the event of a negative deviation from the budget would it be necessary to take out bank loans with corresponding interest charges. In this respect, a general rise in interest rates represents only a minor risk.

Regulatory risks

Cooperations with medical partners with regard to knowledge transfer, advertising and the collection of umbilical cord blood and tissue as well as research projects could be restricted or terminated. Vita 34 cooperates with several thousand doctors and midwives. It is very unlikely that a significant number of them would suddenly end their cooperation. In addition, there are far more medical experts with whom Vita 34 does not yet cooperate, which reduces the risk accordingly because a corresponding substitution appears possible. In addition, in many markets the products are offered directly to customers, i.e. without the involvement of the medical channel.

Should Vita 34 not succeed in obtaining, retaining or renewing permits, approvals and authorizations for the collection, processing and storage of umbilical cord blood and tissue, the company would not be able to continue its business activities. This potentially "going concern" risk is mitigated by the fact that Vita 34 has all the necessary internal competencies in terms of staff, quality systems and knowledge to continue operations without interruption. The company complies with all legal requirements and continuously implements any necessary improvements and corrections. The risk is considered to be low.

Vita 34 operates in a highly regulated environment, so that changes in the legal framework could make business activities more difficult, restrict or prohibit them. This potential "going concern" risk is mitigated by the fact that Vita 34 continuously monitors legislative changes and actively participates in the legislative process at the EU level as well as at the country level. Since the processes of legislative changes are lengthy, potential risks can be anticipated and addressed. At present, Vita 34 is not aware of any changes that could have a negative impact on its business activities. This means that the risk is considered to be very low. This means that the risk is considered to be very low.

Medical and scientific risks

Alternative stem cell sources could replace the collection, processing and storage of stem cells from umbilical cord blood and tissue and thus Vita 34's core business. However, this scenario is very unlikely from the company's point of view, as there is currently no scientific basis for such a situation and new therapies would require a very long lead time until market maturity, which should allow Vita 34 to respond appropriately. Rather, should entirely new therapies become available, some of them could be used in parallel with stem cell therapies. Thus, the overall risk is classified as low.

Medical treatments with stem cells from umbilical cord blood and tissue are experimental in nature, so that customers may terminate existing contracts and potential customers may refrain from the company's offer because of the perceived minor medical benefits. In practice, Vita 34's customers treat this service like a special kind of insurance. There are more and more possible therapies, so from the company's point of view there is no rational reason for customers to forego the service. This means that the risk is considered to be very low.

Strategic risks

Vita 34 may not be able to successfully implement its innovation and organic growth strategy or identify suitable acquisition targets and successfully integrate acquired companies. Although innovation is an important part of the business, it is unlikely that a lack of further innovation or a failure to implement the growth strategy will lead to the discontinuation of operations. A good 25% of revenues are generated from existing customers. If there are major problems in acquiring new customers, Vita 34 could consider scaling back the growth strategy accordingly in order to generate profits from existing customers with a very limited number of employees. The risk is classified as low.

The integration of PBKM may not be successful, may not proceed as planned, or may result in higher or unexpected costs. In addition, expected synergies might not be realized. Vita 34 has already successfully implemented several post-merger integration measures. These have made it possible to partially offset the negative impact of rising costs for raw materials, third-party services and salary growth. According to the current assessment of the Management Board, the risk is considered to be low.

Market and competitive risks

The current geopolitical situation and in particular the Russia-Ukraine war pose new challenges for the entire global economy. In Europe, there was a sharp rise in consumer prices in 2021 and 2022. There is a potentially "going concern" risk that the mixture of the loss of purchasing power, clouded future expectations and uncertainty could lead to stagnation or even a decline in demand for the Vita 34 Group. In principle, in the event of a major crisis, it could happen that Vita 34 gains far fewer new customers and the vast majority of existing customers abandon the stem cell storage service. Vita 34 rather believes that the typical customer profiles indicate that these customer strata are resistant to the economic crisis, as they earn above average, are well educated and live in larger cities. At the same time, many markets are still underdeveloped with a market penetration of less than 2%, which should offer sufficient potential for new customers, for example in upper income brackets with a high level of economic resilience, even in difficult economic times.

There is a risk that Vita 34's business activities will be adversely 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. Due to its strong own market position, Vita 34 does not believe that any of its existing competitors will be financially able to start a price war against Vita 34. Rather, the opposite is the case: Vita 34 itself is implementing some aggressive pricing strategies in selected markets in a very targeted manner in order to strengthen or expand its own market position. The risk is currently assessed as low.

The strong concentration on one business area – stem cell banking – is currently to be classified as a product risk. However, Vita 34 is already in the process of increasing diversification through investments and the development of new business initiatives (CDMO, CAR-T). Since a large part of its revenue comes from existing long-standing customers, the company does not expect a sudden increase in churn. The risk is therefore classified as low.

Mothers might prefer home births where collection of cord blood and tissue is not possible, which could result in a significant decrease in contract signings. Vita 34 does not consider this scenario to be very likely. The Netherlands serves as an example, where home births have been very popular, but neonatal mortality has risen sharply there, so that recently more and more people are returning to hospitals for deliveries.

Marketing and sales risks

Potential customers may be influenced by negative, unobjective or incorrect media coverage of cord blood storage or stem cell applications. This may lead to a loss of revenue as well as a change in consumer behavior. In addition, the selection of cooperations or cooperation partners may lead to revenue losses due to reputational damage or contractual constellations. In Vita 34's opinion, such a scenario may occur in individual countries, but not in all target markets at the same time. The stem cell banking industry is very country specific and only rarely has potentially negative media coverage from one market been carried over to other countries. Vita 34 uses media monitoring systems and is in contact with various media representatives in order to provide truthful and reliable information and to respond to potentially negative media actions in a timely manner. Last year, there was negative reporting in some media in Poland (thus affecting the subgroup PBKM) about stem cell applications and cell banking. This was countered with a correspondingly intensive information campaign. In general, the risk is classified as low, but with regard to the situation in Poland, it is assessed as a potential risk that is being actively managed.

The significant sales price increases required as a result of the currently very high general inflation could prove to be unenforceable in the market. This could lead to a decline in margins due to corresponding price reductions or volume losses. Vita 34 has already increased prices in 2022 and will continue to grow in 2023. Even lower demand in terms of number of customers could be offset by the overall higher margin. The Management Board considers this to be a relevant risk, especially for the Polish market, and actively manages it with appropriate sales and marketing measures. Price elasticity is considered to be low in the customer segment relevant for the company. The segment is characterized by customers who have a high affinity for medical/scientific products and have a high level of purchasing power. The overall risk is therefore considered to be low.

The customers of Vita 34 are entitled to termination rights in compliance with all requirements of the applicable consumer protection laws as well as general terms and conditions. Regardless of the chosen contract model, Vita 34 aims to keep the economic attractiveness of a termination by the customer low, so that overall only a very low churn rate can be observed.

Cost risks

If costs for the storage of human tissue rise, Vita 34 might not be able to pass the cost increase on to its customers, which would lead to lower margins than expected. Against the background of a general inflationary environment and significant shortages in the labor market, wages and salaries are rising sharply. This leads to the fact that also in the Vita 34 Group, wages and salaries have to be increased significantly in order to retain the required personnel and to recruit new personnel. This results in corresponding cost and margin pressure. In addition, higher sales prices could slow down demand. Strong sales price increases are being implemented throughout the Vita 34 Group; the Group is also taking advantage of the current general inflationary mentality to push through prices. In addition, targeted efforts are being made throughout the Group to further increase efficiency and realize synergies. The risk is considered possible, especially in the Polish market, and is actively managed.

Risks from force majeure
The COVID-19 pandemic made contact with medical partners and customers more difficult, could reduce clinical capacity for the collection of stem cells from umbilical cord blood and tissue, and could minimize Vita 34's staffing capacity due to illness. The Corona pandemic is gradually subsiding. Over the duration of the pandemic, much experience has been gained and measures have been developed to best manage internal and external risks. This can be used at any time if required. The risk is considered to be low.

Operational risks
During transport between the hospital and Vita 34's laboratories, the human biological material collected may be damaged and become unusable for therapeutic purposes. It may happen that individual samples are lost during transport. However, this situation is extremely rare. The risk is therefore low.

Personnel risks
Highly qualified employees are essential for achieving strategic and financial goals due to their skills. However, there is still strong competition for highly qualified personnel. If Vita 34 loses employees in strategically important positions or fails to identify, recruit and retain additional highly talented employees suitable for the company's specific needs for further organic growth, there may be potentially "going concern" risks to the company's business development. In order to ensure the best possible staffing, Vita 34 has implemented a human resources management process. The company also continuously invests in the improvement of personnel marketing. Furthermore, the readiness for change is met with targeted adjustments in employment contracts, the improvement of communication channels and the strengthening of an appreciative environment. As part of an attractive overall package, Vita 34 not only pays salaries in line with the market, but is also prepared, if necessary, to adjust the existing salary structure upwards accordingly for existing employees in the respective department. In addition, the company positions itself as an attractive employer through the positively occupied product portfolio, a flexible working time model, an appreciative working environment, a good team spirit as well as financial and non-financial additional benefits. Furthermore, due to the new size of the company and its expanded internationality, the merger with PBKM will offer new opportunities for personnel development through job enlargement, job enrichment and job rotation. At the same time, this diversification leads to a higher distribution of risk. Consequently, the risk is seen as moderate.

OPPORTUNITIES FOR FUTURE DEVELOPMENT

Unless otherwise stated, all opportunities presented relate to the overall Group and thus to both subgroups.

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

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

Overall, the opportunities are rated as good.

Market opportunities through the merger with PBKM and further acquisitions
Due to the merger with PBKM, Vita 34's market share has increased significantly. Accordingly, the financial, human and technological resources within the Group have increased significantly and the already comprehensive range of services has been further expanded. In addition, new growth opportunities in the operating business as well as noticeable revenue and cost synergies are opening up for Vita 34.

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

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

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

Overall, the market opportunities are rated as good.

OVERALL ASSESSMENT OF THE MANAGEMENT BOARD

As an important cell bank in Europe, Vita 34 considers itself well positioned with regard to opportunities and risks in order to secure the continued existence of the company in the long term and to take advantage of the opportunities that arise. The new size of the company and the expanded internationality as a result of the merger with PBKM also have a positive effect here. After reviewing the risk situation as of the balance sheet date December 31, 2022, and based on the comfort letter of the majority shareholder, there were no risks threatening the company's existence that could not be mitigated with sufficient probability. The overall risk situation of Vita 34 has worsened compared to the previous year due to the macroeconomic consequences of the Ukraine war and the associated potential effects on sales and earnings, as well as possible challenges from the merger with PBKM. Particularly against the background of the intended new Group bank financing, no risks endangering the company as a going concern are discernible for the future.

Forecast Report

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

As has been shown in the past, Vita 34's business model and the demand for the company's products are comparatively resilient to slight to moderate economic downturns. According to the company's assessment, this is directly related to the rarity or uniqueness of the birth of one's own child for most couples, which manifests itself in an increased willingness to spend money on the part of the expectant parents. In recent years, however, more severe economic upheavals have also been reflected negatively in the company's sales and earnings situation. The latter was directly related to the COVID-19 pandemic and Russia's attack on Ukraine. Such extreme economic and socio-political changes not only lead to an increased level of uncertainty among potential customers, but – as became clear in 2022 – even manifest themselves in sharply declining birth rates. For the fiscal year 2023, the Management Board assumes that the influence of these two issues on the demand behavior of the Group's target customer groups will be noticeably reduced. This view is also reflected in the expectations of the above-mentioned economic institutions, which forecast at most a slight to medium slowdown in the general economic environment in the current fiscal year.

Furthermore, in the past fiscal year, the Group took important steps in the reorganization and optimization of its internal structures, mainly with the establishment of necessary Group functions, the strengthening of structures in the area of sales and marketing in Germany, and the first completed integration projects to simplify the organizational structure and workflows in Germany, Spain, and Switzerland. This set the course for the Group's return to growth and increased profitability. The adjustment of price structures also created the basis for a sustained improvement in gross profit margins.

With regard to the financing of the Group, a special situation arises in the fiscal year 2023: The current bank financing comprises three significant loans, which all expire closely together in 2023. These loans date back to the time when Vita 34 and PBKM were independent companies, each with separate bank financing. Previously, there could be no coordinated financial planning. Against the background of this otherwise atypical maturity structure, the Management Board has initiated a comprehensive package of measures in order to counter the resulting uncertainties and to comply with the requirements of § 252 (1) No. 2 HGB or IAS 1.25 with regard to going concern:

a) The Group budget for 2023 and the planning for the following year have been prepared consistently on the basis of earnings and liquidity, taking self-financing as the premise, in order to be able to maintain the Group's financial equilibrium even without follow-up financing from banks. In addition, extensive measures have been defined to ensure that – in view of the improving but still fragile macroeconomic environment – liquidity can be guaranteed at all times even in the event of a deviating negative business development.

b) In addition, the main shareholder of Vita 34 AG has confirmed its strong commitment to the company with a comfort letter for a maximum amount of EUR 10 million, expiring on May 15, 2024.

c) A group financing project was started – with the goal of setting up a bank follow-up financing optimally adapted to the structure of the Group in the course of the second quarter of 2023.

With these comprehensive measures tailored to the requirements of the company, which can also take account of different business developments in a good scalable manner, the Management Board believes that the company's ability to continue as a going concern is secured.

Due to the overall improvement in the environment for the Group's business activities and the successful implementation of efficiency enhancement measures, the Management Board expects a significant increase in consolidated sales and consolidated EBITDA. Accordingly, consolidated sales in the range of EUR 75 to 82 million and earnings before interest, taxes, depreciation and amortization (EBITDA) in the range of EUR 5.5 to 7.0 million are expected. This includes expected positive effects from accounting in accordance with IFRS 15 amounting to EUR 5.7 million, which will have an impact on both sales and earnings, but will not affect liquidity. The forecast is based on a constant exchange rate of the euro to the Polish zloty and other currencies (HUF, RON, TRY, GBP) compared to March 31, 2023. Effects from possible acquisitions, including any transaction costs resulting from this, are not included in the forecast.

For Vita 34 AG, a significant increase in sales and EBITDA is also forecast for the current fiscal year 2023. Accordingly, sales in the range of EUR 14 to 17 million and earnings before interest, taxes, depreciation and amortization (EBITDA) in the range of EUR –1.0 to +1.0 million are expected.

In the area of research & development, Vita 34 will primarily focus on the CAR-T project or the program implemented by FamiCordTx in the fiscal year 2023, followed by ALSTEM (treatment of ALS with MSCs) and the continuation of BIOOPA (treatment of wounds with a special patch containing MSC layers). These projects will be intensively pursued. The total number of projects is expected to remain stable in 2023. New deposits as a percentage of full-time equivalent employees anticipated for 2023 are expected to increase slightly. This key figure provides important insights with regard to productivity and compliance with quality standards, where further increases are planned in 2023. Also, despite the difficult market environment and possible fluctuations during the year, further slight growth is planned for the full year in 2023 in terms of new customer contracts and the number of storages. Vita 34 continues to see excellent opportunities for increasing market acceptance of its own products and services. These are to be exploited through corresponding marketing and sales activities, which are also to be continued overall in 2023 at least at a comparable level to 2022. For the German market, personnel reinforcements and a further improvement in the effectiveness and efficiency of resource deployment are planned for this area.

FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements. They are based on the current information available to the Group 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 2022, Vita 34 AG was a dependent company of AOC Health GmbH, Frankfurt am Main, Germany, within the meaning of § 312 AktG. Pursuant to § 312 AktG, Vita 34 AG has therefore prepared a report on relationships with affiliated companies. This report concludes with the following statement by the Management Board:

"We declare that, with regard 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 2022 according to the circumstances known to us at the time the legal transactions were carried out. No other measures within the meaning of § 312 (1) AktG were taken or omitted in the fiscal year 2022."

Leipzig, April 27, 2023

Management Board of Vita 34 AG

Jakub Baran Chief Executive Officer	Dirk Plaga Chief Financial Officer	Tomasz Baran Chief Commercial Officer

Footnotes

1 https://cord.memberclicks.net/assets/docs/Fact_Sheet.pdf

2 https://clinicaltrials.gov/ct2/results?cond=cord+blood&term=&cntry=&state=&city=&dist=&recrs=a

3 https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2022/KKB_97_2022-Q4_Welt.pdf

4 https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/Wirtschaftliche-Lage/2023/20230113-die-wirtschaftliche-lage-in-deutschland-im-januar-2023.html#:~:text=Die%20Inflationsrate%20hat%20sich%20im,eine%20entscheidende%20Rolle%20gespielt%20haben

5 https://www.gfk.com/de/presse/kaufkraft-der-europaer-betraegt-2022-im-schnitt-16344-euro

6 https://celltrials.org/maps-cell-and-gene-therapy/percentage-of-births-banking-cord-blood

7 https://www.destatis.de/DE/Themen/Gesellschaft-Umwelt/Bevoelkerung/Geburten/geburten-aktuell.html

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Profit and Loss

EUR thousand	Note	**01/01/2022–12/31/2022**	01/01/2021–12/31/2021
Sales revenues	6.1	68,940	28,419
Cost of sales	6.2	−66,205	−15,981
Gross profit on sales		**2,735**	**12,438**
Other income	6.3	2,767	958
Marketing and selling expenses	6.4	−10,486	−5,616
Administrative expenses	6.5	−19,877	−7,546
Other expenses	6.6	−1,133	−3,103
Impairment losses on trade and other receivables	6.7	−1,290	−201
Operating result (EBIT)		**−27,283**	**−3,071**
Financial income	6.8	1,766	195
Financial expenses	6.9	−2,776	−547
Earnings before taxes		**−28,293**	**−3,447**
Income tax expense/income	6.10	908	−479
Result for the period after taxes		**−27,384**	**−3,926**
Attribution of the result for the period to the			
Owners of the parent company		−27,087	−3,667
Minority interests		−298	−259
Earnings per share, undiluted/diluted (EUR) Undiluted and diluted earnings per share, relating to the result for the period attributable to holders of ordinary shares of the parent company	9.3	−1.71	−0.63

Consolidated Statement of Comprehensive Income

EUR thousand	Note	01/01/2022–12/31/2022	01/01/2021–12/31/2021
Result for the period		**–27,384**	**–3,926**
Other result			
Difference from currency translation	2.3	–1,056	–562
Other comprehensive income to be reclassified to the statement of profit and loss in subsequent periods		**–1,056**	**–562**
Reassessment of a defined benefit plan	7.2.4	36	50
Income tax effect	7.2.4	–12	–15
Other comprehensive income not to be reclassified to the statement of profit and loss in subsequent periods		**25**	**34**
Total comprehensive income after taxes		**–28,416**	**–4,454**
Attribution of total comprehensive income after taxes to the			
Owners of the parent company		–28,146	–4,245
Minority interests		–270	–209

Consolidated Balance Sheet

Assets

EUR thousand	Note	**12/31/2022**	12/31/2021
Non-current assets			
Goodwill	7.1.1	39,491	53,653
Other intangible assets	7.1.2	18,647	22,828
Property, plant and equipment	7.1.3	24,433	21,861
Right-of-use assets	7.1.4	11,393	10,012
Shares in associated companies	4.2	414	422
Other financial assets	7.1.8	1,045	1,124
Other non-financial assets	7.1.9	1,719	1,559
Deferred tax assets	6.10	9,634	9,144
Contract assets	7.1.6	3,088	1,089
Trade receivables	7.1.7	580	575
		110,443	**122,267**
Current assets			
Inventories	7.1.5	3,891	3,299
Trade receivables	7.1.7	12,751	12,113
Income tax receivables	6.10	1,841	1,044
Contract assets	7.1.6	2,701	2,811
Other financial receivables and assets	7.1.8	1,943	2,076
Other non-financial receivables and assets	7.1.9	1,647	1,038
Cash and cash equivalents	7.1.10	16,290	33,298
		41,064	**55,679**
Total Assets		**151,508**	**177,946**

Equity & Liabilities

EUR thousand	Note	12/31/2022	12/31/2021
Equity			
Subscribed capital	7.2.1	16,036	16,036
Capital reserves	7.2.1	36,960	36,960
Loss carryforwards	7.2.1	–30,663	–5,120
Other reserves	7.2.1	–3,021	–1,989
Treasury shares	7.2.1	–2,813	–2,813
Non-controlling interests	7.2.1	–648	–1,133
		15,852	**41,942**
Non-current liabilities			
Interest-bearing loans	7.2.2	1,724	11,017
Leasing liabilities	8	10,331	8,777
Deferred grants	7.2.5	723	835
Contract liabilities	7.2.7	45,892	41,696
Other provisions	7.2.3	320	286
Pension provisions	7.2.4	0	36
Deferred tax liabilities	6.10	5,126	5,714
Other financial liabilities	7.2.9	3,012	3,375
Other non-financial liabilities	7.2.10	0	892
		67,129	**72,629**
Current liabilities			
Trade payables	7.2.8	8,056	8,250
Other provisions	7.2.3	5	10
Income tax liabilities	6.10	371	404
Interest-bearing loans	7.2.2	13,779	10,445
Lease liabilities	8	2,357	2,202
Deferred grants	7.2.5	256	361
Repayment obligations	7.2.6	24,470	21,837
Contract liabilities	7.2.7	13,853	14,786
Other financial liabilities	7.2.9	1,778	1,606
Other non-financial liabilities	7.2.10	3,603	3,475
		68,527	**63,375**
Total Equity & Liabilities		**151,508**	**177,946**

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
Status as of January 1, 2021	**4,146**	**24,012**	**–1,452**	**–24**
Result for the period	0	0	–3,667	0
Other result	0	0	0	0
Overall result	**0**	**0**	**–3,667**	**0**
Capital increase in kind	11,891	16,702	0	0
Squeeze-out	0	–3,754	0	0
Balance as of December 31, 2021	**16,036**	**36,960**	**–5,120**	**–24**
Status as of January 1, 2022	**16,036**	**36,960**	**–5,120**	**–24**
Result for the period	0	0	–27,087	0
Other result	0	0	0	0
Overall result	**0**	**0**	**–27,087**	**0**
Transaction with minorities	0	0	1,565	0
First-time application of IAS 29	0	0	–22	0
Balance as of December 31, 2022	**16,036**	**36,960**	**–30,663**	**–24**

Equity attributable to the owners of the parent company					
Revaluation reserves	Currency translation differences	**Total equity**	Treasury shares at acquisition costs	Non-controlling interests	**Total equity**
−181	**9**	**26,510**	**−261**	**−18**	**26,231**
0	0	−3,667	0	−259	−3,926
34	−562	−527	0	50	−478
34	**−562**	**−4,195**	**0**	**−209**	**−4,404**
0	−1,266	27,327	−2,553	−324	24,450
0	0	−3,754	0	−582	−4,335
−147	**−1,819**	**45,888**	**−2,814**	**−1,133**	**41,942**
−147	**−1,819**	**45,888**	**−2,814**	**−1,133**	**41,942**
0	0	−27,087	0	−298	−27,384
25	−1,056	−1,032	0	28	−1,004
25	**−1,056**	**−28,119**	**0**	**−270**	**−28,389**
0	0	1,565	0	755	2,321
0	0	−22	0	0	−22
−122	**−2,875**	**19,313**	**−2,814**	**−648**	**15,852**

Consolidated Cash Flow Statement

EUR thousand	Note	01/01/2022–12/31/2022	01/01/2021–12/31/2021
Cash flow from operating activities	**8**		
Result for the period before income taxes		–28,293	–3,447
Adjustments for:			
Depreciation and amortization		8,550	3,885
Impairments		15,169	0
Gains/losses on the disposal of non-current assets		–21	35
Other non-cash expenses/income		98	–135
Financial income	6.8	–1,776	–195
Financial expenses	6.9	2,776	547
Changes in net working capital:			
+/– Inventories		–593	319
+/– Receivables and other assets		–1,230	1,122
+/– Contract assets		–1,899	–527
–/+ Debts		–1,149	97
–/+ Contract and repayment liabilities		5,897	2,366
–/+ Provisions		–6	–49
Interest paid		–1,017	–102
Income taxes paid		–1,012	–1,190
Cash flow from operating activities		**–4,486**	**2,728**
Cash flow from investing activities			
Purchase of intangible assets	7.1.2	–565	–84
Purchase of property, plant and equipment	7.1.3	–5,866	–2,176
Purchase of companies, net of cash assumed		0	27,003
Purchase of non-current financial investments		–834	0
Proceeds from the sale of property, plant and equipment	7.1.3	173	0
Proceeds from the sale of financial investments		683	219
Interest received		671	–92
Cash flow from investing activities		**–5,811**	**24,871**

EUR thousand	Note	01/01/2022–12/31/2022	01/01/2021–12/31/2021
Cash flow from financing activities			
Payments for equity injections		0	–1,396
Transaction with non-controlling shareholders		2,386	–4,337
Proceeds from taking out financial loans	7.2.2	174	4,227
Payments for the repayment of financial loans	7.2.2	–6,496	–2,290
Payments for leases	7.1.4	–2,632	–900
Proceeds from grants received	7.2.5	295	0
Cash flow from financing activities		**–6,273**	**–4,696**
Net changes in cash and cash equivalents		16,570	22,903
Cash and cash equivalents at the beginning of the reporting period	7.1.10	33,298	10,396
Exchange rate-related change in cash and cash equivalents		–439	0
Cash and cash equivalents at the end of the reporting period	7.1.10	**16,290**	**33,298**

Notes to the Consolidated Financial Statements for the Fiscal Year 2022

1. GENERAL INFORMATION

Vita 34 AG (the "Company"), with its registered office in Leipzig (Germany), Deutscher Platz 5a, is registered in the Commercial Register of the Local Court of Leipzig under the number HRB 20339. The object of the Company and its subsidiaries (together with the Company referred to as the "Group") is the collection, storage and distribution of cells, tissues, blood and blood components for the purpose of medical applications. In addition, the Group is active in the development of products and drugs based on cells, tissues and blood for the purpose of medical applications. This also includes the production and manufacturing of viral vectors and CAR-T cells.

The declaration on the German Corporate Governance Code required by § 161 of the German Stock Corporation Act was issued on March 29, 2023 and made available to shareholders on the website www.vita34group.de.

The consolidated financial statements of Vita 34 AG for the fiscal year ended December 31, 2022, were released for publication by the Management Board on April 27, 2023. The approval by the Supervisory Board took place on April 28, 2023.

2. ACCOUNTING AND VALUATION PRINCIPLES

2.1 FUNDAMENTALS OF PREPARATION

The consolidated financial statements of Vita 34 AG were prepared in accordance with the provisions of the International Financial Reporting Standards (IFRS) valid on the reporting date, as applicable in the EU, and the supplementary commercial law provisions to be observed pursuant to § 315e (1) HGB. All IFRSs mandatory for the fiscal year 2022 and the pronouncements of the International Financial Reporting Interpretations Committee (IFRIC) have been applied insofar as they have been endorsed by the European Union. In addition, all legal disclosure and explanation requirements of the German Commercial Code (HGB) that go beyond the regulations of the IASB have been fulfilled.

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

The "Vita 34 Group" (hereinafter "Vita 34" or "Vita 34 Group") was created with effect from November 8, 2021, from the merger of Vita 34 AG and its subsidiaries (hereinafter "subgroup Vita 34") and Polski Bank Komórek Macierzystych sp. z o.o., Poland, and its subsidiaries (hereinafter "subgroup PBKM") and comprises the business activities of these two subgroups, divided into the two company segments "subgroup Vita 34" and "subgroup PBKM".

The consolidated financial statements have also been prepared on a going concern basis, which assumes that the Group is able to meet its liabilities including the mandatory repayment terms of the credit facilities. The maintenance of solvency and therefore the going concern assumption for the Group is always determined by its core business and independently of external lenders. Due to the specificity that credit lines in both subgroups will expire in the fiscal year 2023, further elements of liquidity management apply in the Group. These may include a short-term reduction in the investment volume, divestment of non-operating assets, and offers to our customers to switch from annual payment contracts to prepayment contracts. Discussions currently underway on follow-up financing tailored to the overall Group had not yet been concluded at the time of publication of the consolidated financial statements. Irrespective of this, liquidity requirements are secured throughout, even taking into account repayment of the bank loans, so that the above-mentioned measures are not necessary at the present time.

As an additional measure to ensure the solvency of the company at all times, the majority shareholder has issued a comfort letter in favor of Vita 34 AG, limited in time and amount.

Potential sustainability risks, particularly those relating to climate change are analyzed by the Management Board on an ongoing basis and taken into account in the measurement of assets and liabilities and in the disclosures on significant discretionary decisions and estimation uncertainties in the financial statements. The Management Board has not identified any significant risks for its business model in this context. Therefore, Vita 34 does not currently expect any material effects of sustainability risks on the financial statements.

2.2 CONSOLIDATION PRINCIPLES

The consolidated financial statements comprise the financial statements of Vita 34 AG, its subsidiaries and associated companies as of December 31 of each fiscal year. The financial statements of the subsidiaries and associated companies are prepared as of the same balance sheet date as the financial statements of the parent company, using uniform accounting and valuation princinples (“Group Accounting Policies”).

Subsidiaries

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

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

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

If the Group does not hold a majority of the voting rights or similar rights in a company, it considers all relevant facts and circumstances when assessing whether it has control over the company. These include:

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

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

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

Associated companies

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

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

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

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

The application of the equity method is terminated at the time when its investment no longer constitutes an associated company.

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

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

The determination of whether an investor has joint control of the companies involved in the business combination is based on an analysis of existing voting rights, other contractual rights and other circumstances.

Under the book value accounting method, the assets and liabilities of the acquired company are not revalued. Instead, the assets and liabilities of the acquired company are carried forward. The difference between the consideration paid and the book assets received is recognized in capital reserve.

The transaction costs incurred are reflected in expenses.

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

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

Acquisition-related costs are expensed as incurred within administrative expenses.

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

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

Goodwill is initially measured at acquisition cost being the excess of the consideration transferred over the identifiable assets acquired and liabilities assumed by the Group. In the case of an acquisition at a price below fair value, the resulting gain is recognized in other income. Before recognizing a gain on an acquisition for less than fair value, it is again assessed whether all assets acquired and all liabilities assumed have been correctly identified and measured.

After initial recognition, goodwill is measured at acquisition 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 combination. A cash-generating unit is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. This applies irrespective of whether other assets or liabilities of the acquired company are allocated to these cash-generating units.

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

Business transactions eliminated on consolidation

Intragroup balances and transactions, and all unrealized income and expenses (other than income and expenses arising from foreign currency transactions) relating to intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealized gains on transactions with companies accounted for using the equity method are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same manner as unrealized gains, but only if there is no indication of impairment.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

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

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

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

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

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

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

The exchange rates of the foreign currencies relevant for the Group developed as follows:

Currency rates		Closing rate		Average price
EUR 1 =	**12/31/2022**	12/31/2021	**2022**	2021
PLN	4.68	4.60	4.69	4.57
RON	4.95	4.95	4.93	4.92
HUF	400.87	369.19	391.29	358.52
TRY	19.96	15.23	17.41	10.51
CHF	0.98	1.03	1.00	1.08
USD	1.07	1.13	1.05	1.18
DKK	7.44	7.44	7.44	7.44
GBP	0.89	0.84	0.85	0.86
AED	3.94	4.18	3.87	4.34
HKD	8.32	8.87	8.25	9.19

To reflect changes in purchasing power at the balance sheet date, the carrying amounts of non-monetary assets and liabilities, equity attributable to shareholders, and other comprehensive income of subsidiaries in hyperinflationary economies are translated into the measuring unit current at the balance sheet date. This is done on the basis of a general price index in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies". In contrast, no translation is required for monetary assets and liabilities already measured in the measuring unit applicable at the balance sheet date, as these represent cash held, to be received or paid. Further explanations are provided under 3.1.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING AND VALUATION PRINCIPLES

2.4.1 Acquisition cost principle

The consolidated financial statements are generally prepared using the acquisition cost principle. This does not apply to derivative financial instruments and certain non-derivative financial assets, which are measured at fair value.

2.4.2 Measurement of fair value

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities,

- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value observation as a whole is directly or indirectly observable in the market,

- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value observation as a whole is unobservable in the market.

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

2.4.3 Research and development costs

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

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

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

2.4.4 Intangible assets

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

Intangible assets with finite useful lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each fiscal year-end. If there has been a change in the expected useful life of the asset or in the expected pattern of consumption of the future economic benefits embodied in the asset, the asset is amortized over a different period or using a different amortization method. Such changes are treated as changes in an accounting estimate. Amortization of intangible assets with finite useful lives is recognized in the statement of profit and loss in the expense category consistent with the function of the intangible asset.

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

	Development costs	Patents and licenses	Acquired contracts	Customer relationships and brand names
Useful lives	Finite useful life, amortization over the expected product life cycle of 5 years	Finite useful life, amortization over the expected useful life of 2 to 15 years	Finite useful life, amortized over the expected life of the contracts by which the majority of the expected cash inflows will be collected (12 to 20 years)	Finite useful life, amortization is charged over the expected life of 3 to 20 years
Amortization method used	Amortization is calculated using the straight-line method over the expected useful life of the asset.			
Internally created or acquired	Internally created	Acquired	Acquired	Acquired

Intangible assets with indefinite useful lives, as well as acquired and internally generated intangible assets not yet ready for use, are not amortized, but tested for impairment on an ad hoc basis or at least once a year.

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

2.4.5 Property, plant and equipment

Property, plant and equipment not acquired in a business combination are stated at acquisition or production cost less accumulated depreciation and impairment losses. The acquisition cost of property, plant and equipment acquired in a business combination is their fair value at the date of acquisition.

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

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

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

Overview of the useful lives of assets:

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

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

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

2.4.6 Leases

Leases are accounted for in accordance with IFRS 16 (Leases). Under IFRS 16, lessees are generally required to recognize rights and obligations arising from leases in their balance sheets. Lessees recognize the right-of-use asset under non-current assets and a corresponding lease liability.

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

<u>Right-of-use assets</u>

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

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

Overview of the useful lives of the rights of use:

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

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

Lease payments include:

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

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

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

To the extent that leases contain renewal or termination options, changes in the term resulting from these options are only taken into account if the exercise or non-exercise of such options is sufficiently certain.

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

2.4.7 Financial assets
Initial recognition and measurement of financial assets
In accordance with IFRS 9, financial assets are classified into the following measurement categories:

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

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

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

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

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

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

Subsequent measurement of financial assets

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

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

- The financial asset is held within the Group’s business model for the collection of contractual cash flows and
- the contractual terms of the financial lead to cash flows at specified times that are solely payments of principal and interest on the principal outstanding.

Financial assets at amortized cost are measured using the effective interest method and assessed for impairment. Non-current non-interest-bearing receivables are discounted using a market interest rate with an equivalent maturity. Gains and losses on financial assets carried at amortized cost are recognized in the statement of profit and loss.

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

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

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

- The financial asset is held for both collection of contractual cash flows and sale of financial assets as part of the Group’s business model and
- the contractual terms of the financial asset lead to cash flows at specified times that are solely payments of principal and interest on the principal outstanding.

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

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

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

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

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

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

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

Financial assets in this category include financial assets held for trading, financial assets measured at fair value through profit or loss upon initial recognition, or financial assets that are required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified as held for trading and measured at fair value through profit or loss, irrespective of the business model.

Financial assets in this category are recognized in the balance sheet at fair value, with net changes in fair value recognized in the statement of profit and loss.

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

Derecognition of financial assets
A financial asset is derecognized when the rights to cash flows from the financial asset expire or the financial asset is transferred.

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

ECLs are determined in three stages. For credit risks that have not increased significantly since initial recognition, ECLs are recognized for credit losses resulting from default events that are possible within the next twelve months (12-month ECL). For credit risks that have increased significantly since initial recognition, an allowance for expected credit losses is recognized over the remaining term of the exposure, irrespective of the time of default (lifetime ECL). In addition, specific information available in individual cases is taken into account when measuring credit risks.

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

For debt instruments measured at fair value through other comprehensive income, the Group assesses at each reporting date whether the debt instrument is of low credit risk taking into account all reasonable and supportable information that is available without undue effort or cost. Under this approach, the Group reassesses the internal credit quality of the debt instrument. In addition, the Group considers that the credit risk has increased significantly when contractual payments are more than 30 days past due.

2.4.8 Financial liabilities

Initial recognition and measurement of financial liabilities
The Group's financial liabilities comprise trade and other payables as well as loans and borrowings.

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

Liabilities from put options of minority shareholders that are not traded in an active market are recognized at the present value of the redemption amount. The initial recognition of put options of minority shareholders is against non-controlling interests.

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

(1) Financial liabilities measured at amortized cost

After initial recognition, these liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized and through the amortization process of the effective interest method.

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

This category applies to interest-bearing loans, trade payables and other financial liabilities.

Subsequent measurement of put liabilities is based on a best estimate of the potential repurchase obligation at the reporting date.

(2) Financial liabilities at fair value through profit or loss

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

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

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 statement of profit and loss.

2.4.9 Inventories
Inventories are measured at the lower of acquisition or production cost and net realizable value. The acquisition or production cost of inventories is based on the first-in-first-out allocation method.

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

In addition to production material and direct labor, the cost of work in progress also includes an appropriate share of production overheads and depreciation, to the extent that these are attributable to the production area. Administrative and selling expenses as well as interest have not been included.

2.4.10 Cash and cash equivalents
Cash and short-term deposits in the balance sheet comprise cash on hand, bank balances and short-term deposits with original maturities of three months or less. Cash and cash equivalents that are not freely available are reported separately.

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

2.4.11 Treasury shares

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

2.4.12 Provisions

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

2.4.13 Pension provisions

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

The amount recognized as a defined benefit plan includes the present value of the defined benefit obligation (using a discount rate based on senior fixed rate corporate bonds; see section 7.2.4) and the fair value of plan assets available for immediate settlement of obligations. Plan assets comprise qualifying insurance policies. Plan assets are protected from access by creditors of the Group and cannot be paid directly to the Group. The fair value is based on market price information. The value of a recognized defined benefit plan asset is generally the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. As the plan assets comprise a qualifying insurance contract that precisely covers all promised benefits in terms of their amount and maturity, the recognition of the plan assets is limited to the present value of the obligations covered.

2.4.14 Trade payables

The balances relate to outstanding liabilities for goods and services received by the Group before the end of the fiscal year. Trade and other payables are classified as current liabilities unless their settlement is not due within 12 months after the reporting period. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

2.4.15 Sales revenues

Revenue is recognized when control of a promised good or service is transferred to a customer. Measurement is made at the transaction price of the consideration received or receivable, taking into account variable consideration. Value-added tax and other charges collected on behalf of third parties are not taken into account.

<u>Revenue from contracts with customers</u>
The Group generates revenue from the rendering of services and the sale of goods and materials. The Group recognizes revenue when it fulfills a performance obligation by transferring a promised good or service to a customer.

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

Multi-component transactions
The manufacture and storage of cell deposits represent the main part of the services provided by the Group. Both the production and storage of cell deposits are separate performance obligations of a multi-component transaction. Revenue from the manufacture of cell deposits is recognized when the process of cell collection, processing and storage is complete. Revenue from the storage of cell deposits is recognized over the contractually agreed storage period. The input-based method is used to measure the stage of completion, as it is not possible to measure the benefit flow to the customer (output-based method) in isolation for the service obligation "storage of a cell deposits". Revenue is therefore recognized pro rata temporis over the agreed storage period. Price reductions are allocated to the two performance obligations on a pro rata basis.

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

The Group first determines the period for which it has a contractually unconditional right to receive consideration. This is usually the contractually determined non-cancelable minimum term. Under some prepayer contract models, there is no non-cancelable minimum term, however, a refund of prepaid amounts is excluded in the event of early termination. In this regard, the Group considers that this condition acts as a penalty and therefore determines the contract term based on the period for which a prepayment has been made.

In some jurisdictions, consumer protection laws provide for low-threshold termination options with refund entitlement for prepayer contract models, so that the period for which the Group has an unconditional right to receive consideration is correspondingly shorter. For this reason, further contract adjustments were made in some cases in the fiscal year 2022, resulting in substantial disadvantages for the customer in the event of premature termination. This allows for a longer contract period in accordance with IFRS 15. Contract adjustments are generally made in accordance with country-specific legislation. The definition of the contract period under IFRS 15 remains discretionary. Further explanations are provided in section 3.1.

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

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

For the service obligation "storage of a cell deposit", the Group also offers annual payment contracts with a minimum contract term of several years without a statutory right of termination. The transaction price for this contract is determined taking into account all payments to be made by the customer during the contract period. In these cases, the payment received from the customer at the beginning of the contract is below the production cost of the service obligation "storage of a cell deposit". The Group therefore concludes that there is a financing component for these contracts. For this reason, for payments due in more than one year, an adjustment is made for the time value of money.

Contract assets and liabilities
Contract assets represent the Group's right to consideration for services transferred under a multi-component transaction to the extent that such consideration exceeds the payment made to date for such services.

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

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

Other revenues
Other revenues include revenues from other medical services such as advanced therapies, genetic testing and analysis for third parties. These other revenues are exclusively recognized on a time-related basis.

2.4.16 Government grants

Government grants are recognized at fair value when there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. In the case of expense-related grants, they are recognized as income over the period necessary to match them with the related costs for which they are intended to compensate. If the grant relates to an asset, it is recognized as deferred income and released to income on a straight-line basis over the expected useful life of the related asset. Note 7.2.5 provides further information on how the Group accounts for government grants.

2.4.17 Income taxes

Actual tax refund claims and tax liabilities
Current income taxes are recognized in the balance sheet at the time they are incurred.

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

Management regularly reviews the positions in the tax returns with regard to situations where the applicable tax law allows for different interpretations and assesses whether it appears probable that the tax authority will accept an uncertain tax treatment. The Group assesses the impact of uncertainty arising from these treatments using the most likely amount or the expected value, whichever is more appropriate for predicting the resolution of the uncertainty.

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The tax rates (and tax laws) used are those that have been enacted or substantively enacted by the balance sheet date.

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

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

- If the value-added tax incurred on the purchase of goods or services is not recoverable from the tax authorities, the value-added tax is recognized as part of the cost of the asset or as part of the expense.

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

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

2.4.18 Financial income and financial expenses
Financing costs include interest on borrowings, exchange rate differences on borrowings and losses on derivatives (interest rate swaps), which are recognized in the statement of profit and loss.

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

Other borrowing costs are recognized in the statement of profit and loss.

2.4.19 Share price-based remuneration program
New service contracts were concluded with the members of the Management Board in the reporting year. In this connection, a share-price-based remuneration program (so-called long-term incentive or LTI program) was also concluded with the Management Board members. The program is accounted for in accordance with IFRS 2 on cash-settled share-based payment. The obligations under the LTI program were recognized under provisions. The amount of the obligation corresponds to the fair value of the earned shares of the respective commitments at the balance sheet date. All resulting changes in value are recognized in profit or loss. Detailed information on the structure and presentation of the program is provided in section 9.1.3.

2.4.20 Earnings per share

(1) Undiluted earnings per share
Undiluted Basic earnings per share are calculated by division:

- of the profit attributable to the owners of the company excluding the cost of servicing equity other than ordinary shares,
- by the weighted average number of ordinary shares outstanding in the fiscal year, adjusted for bonus shares issued in the fiscal year and excluding treasury shares (Note 7.2.1).

(2) Diluted earnings per share
In diluted earnings per share, an adjustment is made to the figures used in the calculation of undiluted earnings per share to take into account:

- the after-tax effect of interest and other financing expenses related to the dilution of potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming conversion of all diluted potential ordinary shares.

2.5 APPLICATION OF NEW ACCOUNTING STANDARDS

New requirements currently in force
Amendments to the standards required to be applied by companies with fiscal years beginning on or after January 1, 2022 relate to the following

Standard/interpretations	Content	Endorsement	Application obligation
Amendments to IAS 16	Property, plant and equipment: proceeds before intended use	06/28/2021	01/01/2022
Amendment to IFRS 3	Updating the reference to the conceptual framework	06/28/2021	01/01/2022
Amendment to IAS 37	Onerous contracts: contract performance costs for onerous contracts	06/28/2021	01/01/2022
Annual improvement of IFRS (2018–2020)	Improvements to IFRS 9, IFRS 16, IFRS 1, IAS 41	06/28/2021	01/01/2022

The changes listed above had no effect on amounts recognized in prior years and are not expected to have a material impact on current or future reporting periods.

Various new accounting standards, amendments to standards and interpretations have been issued, but are not mandatory for reporting periods ending December 31, 2022 and have not been early adopted by the Group. The Group does not consider the impact of these new regulations on the current or future reporting periods or on foreseeable future transactions to be material.

Standards and interpretations to be applied in the future
The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have issued further standards, interpretations and amendments to standards that are not yet mandatory for the fiscal year 2022 and have not yet been applied to these consolidated financial statements. These include:

Standard/interpretations	Content	Endorsement	Application obligation
IFRS 17	Insurance contracts	11/19/2021	01/01/2023
Amendments to IAS 1	Accounting and valuation methods	03/02/2022	01/01/2023
Amendments to IAS 8	Definition of estimation uncertainties	03/02/2022	01/01/2023
Amendments to IFRS 17	Insurance contracts: first-time adoption of IFRS 17 and IFRS 9 – comparative Information (published on September 9, 2021)	09/08/2022	01/01/2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	08/11/2022	01/01/2023
Amendments to IFRS 16	Requirements for the subsequent measurement of leases under a sale and leaseback for seller-lessees	Pending	01/01/2024
Amendments to IAS 1	Classification of liabilities as current or non-current	Pending	01/01/2024
Amendments to IAS 1	Non-current liabilities with covenants	Pending	01/01/2024

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

3. RISKS

3.1 SIGNIFICANT ESTIMATES AND DISCRETIONARY DECISIONS

The preparation of financial statements requires the use of accounting estimates which, by definition, seldom equal actual results. The application of the Group’s accounting policies is also subject to various judgments by Management. Below, we provide an overview of areas involving a higher degree of judgment or complexity, as well as items for which a material adjustment is likely to be required if estimates and assumptions prove to be incorrect. Detailed information on these estimates and discretionary decisions is provided in the other notes, together with the basis of calculation for each affected financial statement item.

Classification of subsidiaries and scope of consolidation
Subsidiaries are companies controlled by the Group. The Group controls a company when it is exposed, or has rights, to variable returns from its investment in the company and has the ability to affect those returns through its power over the company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The determination of whether de facto control exists is generally at the discretion of the Management Board.

Impairment test of goodwill
Goodwill is not amortized but tested for impairment. Goodwill is tested for impairment in the fourth quarter of the fiscal year and independently if significant events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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

The recoverable amount of the respective cash-generating unit is determined on the basis of a value-in-use calculation using cash flow projections based on financial budgets prepared by Management covering a five-year period and approved by the Supervisory Board. All known exogenous factors on the recoverable cash flows have been taken into account. The recoverable amount is highly dependent on the discount rate used in the discounted cash flow method and on the expected future cash inflows. The basic assumptions for determining the recoverable amount, including a sensitivity analysis, are explained in Note 7.1.1.

Estimated useful lives
Depreciation rates are determined on the basis of current knowledge of the expected useful lives of property, plant and equipment and intangible assets. The expected useful lives are reviewed regularly. For details of the depreciation periods, please refer to the explanations in Notes 2.4.4 "Intangible assets" and 2.4.5 "Property, plant and equipment".

Current and deferred income taxes
Current income taxes are recognized in the balance sheet at the time they are incurred. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The determination is made taking into account the respective local tax laws and existing case law. The complexity of these regulations and possible differences in their interpretation lead to uncertainties with regard to the tax treatment of individual business transactions. In accordance with IFRIC 23, these uncertain tax positions are measured at the most probable value of a possible claim.

Deferred tax assets have been recognized for tax loss carryforwards of Group companies at the balance sheet date to the extent that it is probable, based on the budgets, that the tax loss carryforwards will be utilized. Deferred tax assets for differences between the tax balance sheet values and the IFRS balance sheet values of the corresponding companies were offset against deferred tax liabilities, taking into account the maturities. In the event of a surplus of deferred tax assets, these have been capitalized if it is considered probable that taxable income will be available for this purpose.

Revenue from contracts with customers
In the context of revenue recognition, the package prices to be paid by the customers are to be allocated to the two performance obligations 'production of a stem cell deposit' and 'storage of a stem cell deposit' in proportion to their individual selling prices. Since these individual selling prices cannot be determined directly, the Group estimates them using the expected-cost-plus-a-margin approach, taking into account the same relative margin for both performance obligations in relation to the respective manufacturing costs.

<u>Determination of the period for which there is an unconditionally enforceable right to consideration:</u>
The Group offers contracts of varying variability in terms of contract duration. In some subsidiaries, it is common practice for customers to be able to switch between contracts with different contract durations and between prepayments for several years and annual payments with the greatest possible flexibility. In addition, in some jurisdictions, there are statutory termination rights that permit terminations even during the contractually defined minimum term. The contract term used for accounting purposes in accordance with IFRS 15 must therefore be derived individually for the various contract types, taking into account all possible factors, whereby estimates regarding the existence of substantial termination rights on the part of the customer are subject to discretion. In our opinion, the contractual bases include substantial contractual penalties as soon as the exclusion of termination is not legally permissible. On this basis, we derive a claim of the Group valid for the entire contractual period to remuneration for the services rendered.

For this purpose, the customer concludes a contract using a special offer and receives discounts on the start or basic fee or additional packages. The customer is obligated to repay the amount of these discounts if it withdraws from the contract or terminates it before the end of the contract term. The Management Board assumes that the termination penalty is substantial as long as it represents a total of at least 10% of the remaining contract volume. As a decreasing termination penalty exceeds 10% of the remaining contract volume during the first 10 years, it is assessed as a substantial termination penalty giving rise to an enforceable claim within the meaning of IFRS 15.

For contracts that include an 18-year prepayment model, repayment of the prepayment discount, which decreases over 10 years, is a termination penalty similar to the subscription model. In addition, if the contract is terminated, the customer must also repay any benefit included in the contract for the expired contract term. In this case, the customer loses a benefit because the storage fees are recalculated based on the subscription model for the past years. Even if the customer is not obliged to repay the benefit and does not receive a refund because the recalculated amount exceeds the prepaid amount, the lost benefit constitutes a penalty. Thus, the customer’s obligation to repay the prepayment discount and the loss of the benefit resulting from the 18-year prepayment model (as long as the recalculated storage charge does not exceed the original prepaid amount) can together be considered a substantial termination penalty that creates enforceable rights and obligations.

The substantial termination penalty is an important aspect in the assessment of the contract duration to be applied for IFRS 15 accounting purposes.

In this regard, the determination of the period for which there is an unconditionally enforceable right to consideration affects the total package price of the two performance obligations and the allocation of revenue to the production of the cell deposit.

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

Leases

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

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

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

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

Hyperinflation

Turkey has been classified as a hyperinflationary economy since April 1, 2022. Accordingly, the provisions of IAS 29 "Financial Reporting in Hyperinflationary Economies" are relevant for our subsidiary in Turkey. Accordingly, the financial statements of a company whose functional currency is that of a hyperinflationary economy, whether based on the historical cost concept or the current cost concept, shall be expressed in terms of the measuring unit current at the balance sheet date. Certain procedures must be applied to restate the financial statements. Amounts in the balance sheet that are not yet expressed in terms of the measuring unit current at the balance sheet date are adjusted using a general price index. For translation into the presentation currency (euro), all amounts are translated using the closing rate as of December 31, 2021. In accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates", the comparative amounts for the previous reporting period have not been restated (IAS 21.42).

To reflect changes in purchasing power at the balance sheet date, the carrying amounts of non-monetary assets and liabilities, equity, and comprehensive income at subsidiaries in hyperinflationary economies are adjusted on the basis of a measuring unit applicable at the balance sheet date. These are indexed using a general price index in accordance with IAS 29.

Some of these non-monetary items are carried at the amounts applicable at the balance sheet date, for example at net realizable value and fair value, and are therefore not adjusted. All other non-monetary assets and liabilities are adjusted. Most non-monetary items are carried at cost or amortized cost and are therefore stated at the amount applicable at the acquisition date. The adjusted or amortized cost of each item is determined by applying to its historical cost and accumulated depreciation the change in a general price index that has occurred between the date of acquisition and the balance sheet date. Property, plant and equipment, inventories of raw materials and merchandise, goodwill, patents, trademarks and similar assets are thus adjusted from their acquisition date. Inventories of semi-finished and finished goods are adjusted from the date on which the cost was incurred. The adjusted value of a non-monetary item is reduced accordingly if it exceeds the recoverable amount. For property, plant and equipment, goodwill, patents and trademarks, the adjusted value in such cases is therefore reduced to the recoverable amount, and for inventories to the net realizable value.

Non-monetary assets adjusted in accordance with the guidance in IAS 29 continue to be subject to impairment assessment in accordance with the guidance in the relevant IFRS.

Monetary items are not adjusted because they are already expressed in terms of the monetary unit current at the balance sheet date. Monetary items are cash and cash equivalents held or items for which the company pays or receives money.

All items in the statement of profit and loss are to be expressed in terms of the measuring unit current at the balance sheet date. This means that all amounts are to be adjusted using the general price index from the date on which the respective income and expenses were first recognized in the financial statements.

The application of IAS 29 is immaterial to the Group's profitability, liquidity, capital resources and financial position for the fiscal year. The table below shows the specific factors used to apply IAS 29.

Consumer Price Index	Tüketici fiyat endeks rakamları
Index as of December 31, 2022	1,128.45
Index as of June 30, 2022	977.9
Index as of December 31, 2021	686.95
Adjustment factor	**1.4235**

The effects on the individual items of the consolidated balance sheet and consolidated statement of profit and loss are as follows:

EUR thousand	12/31/2022
Non-current assets	**451**
Goodwill	188
Intangible assets	52
Property, plant and equipment	212
Current assets	**15**
Inventories	15
Equity	**5**
Retained earnings	–22
Other reserves	27
Current liabilities	**672**
Contract liabilities	672
Statement of profit and loss	**–210**
Revenues	333
Cost of sales	372
Financial expenses	171

3.2 FINANCIAL RISK MANAGEMENT

3.2.1 Financial risk management objectives and methods

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

The main financial instruments used by the Group comprise interest-bearing loans as well as cash and short-term investments and are therefore the focus of capital management. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities, such as trade receivables and trade payables, which arise directly from its operations. The main risks to the Group arising from the financial instruments are explained in note 7.2.11.

3.2.2 Liquidity risk

The Group's objective is to maintain a balance between continuously meeting its funding requirements and ensuring flexibility through the use of loans and medium-term investments such as securities. The Group continuously monitors the risk of any liquidity shortage. For example, the maturities of financial assets and financial liabilities as well as expected cash flows from operating activities are analyzed on an ongoing basis.

The following tables show the contractually agreed (undiscounted) compensation and redemption payments of the non-derivative financial liabilities:

EUR thousand	< 1 year	> 1 year < 2 years	> 2 years
Interest-bearing loans	13,779	667	1,057
Leasing liabilities	2,357	1,744	8,587
Trade payables and other liabilities	13,436	0	3,012
Total	**29,572**	**2,411**	**12,656**

All instruments held on December 31, 2022 and for which payments had already been contractually agreed were included. Planned figures for future new liabilities are not included. Financial liabilities repayable at any time are always assigned to the earliest time bucket.

In the reporting year, the liquidity of the Vita 34 Group was secured throughout. Due to expiring credit lines in 2023, the Management Board has started a financing project with the goal of setting up bank financing that is optimally adapted to the structure of the Group. The special situation that in 2023 both subgroups have to refinance expiring financing at the same time is due to the fact that the business combination took place – a coordinated financial planning could not exist before. The short-term liquidity risk as of December 31, 2022 is therefore to be classified as high. However, the medium-term planning shows that the core business is developing in financial equilibrium – despite a currently still generally difficult macroeconomic environment and some other special effects. The Management Board therefore expects to be able to reduce liquidity risks in the medium term after closing the refinancing requirements that will be necessary in the short term. As an additional measure to ensure the company's solvency at all times, the majority shareholder has issued a comfort letter in favor of Vita 34 AG, limited in time and amount.

3.2.3 Credit risk

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

The following types of credit risk arise for the Group:

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

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

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

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

The Group is exposed to credit risk in its operating activities, in particular with respect to trade receivables and other financial assets.

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

At each balance sheet date, an analysis of expected credit losses is performed using an impairment matrix. Provisioning rates are based on days past due for groupings of different customer segments with similar loss patterns (e.g., by geographic region, customer type, as well as coverage by collateral provided by the customer). The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable 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. There are no significant concentrations of default risk in the Group.

3.2.4 Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Movements in market interest rates may have a negative impact on the Group's financial results. The Group is exposed to interest rate risk due to possible changes in the accrued interest on floating rate loans granted by external financial institutions to the Group's entities.

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

Further details can be found in Notes 7.2.8 and 7.2.11.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to increased foreign exchange risk arising from its operating activities (where revenues and expenses are denominated in a foreign currency). During the reporting period, the Group recorded revenues and expenses in Polish zloty (PLN), Romanian leu (RON), Hungarian forint (HUF), Turkish lira (TRY), Swiss francs (CHF), US dollars (USD), Danish kroner (DKK), British pounds (GBP), UAE dirham (AED) and Hong Kong dollars (HKD).

A change in the exchange rate can therefore generally have an impact on the consolidated balance sheet. For this reason, an analysis of the effects of changes in the exchange rate is carried out:

EUR thousand Currency	Trade receivables	Effect increase exchange rate +10%	Trade payables	Effect decrease exchange rate –10%
PLN	2,660	26	883	88
RON	959	96	146	15
HUF	217	22	168	17
TRY	270	27	173	17
CHF	2,546	255	133	13
USD	0	0	1	0
DKK	342	34	1	0
GBP	386	39	431	43
AED	1,400	140	62	6
HKD	95	9	17	2

Significant exchange rate fluctuations were recorded for the Turkish currency TRY. During the fiscal year, Turkey was classified as a hyperinflationary economy. Therefore, IAS 29 "Financial Reporting in Hyperinflationary Economies" applies to our subsidiaries in Turkey. Information on the consideration and consequences in the consolidated financial statements of Vita 34 AG is provided under note 3.1.

3.2.5 Environmental risks

Effects of climate change

Overridingly, direct and indirect consequences of climate change are increasingly gaining relevance for internal decision-making processes as well as estimates and assumptions of the Management. Vita 34 anticipates structural, regulatory and technological changes in the market as well as increased costs due to avoidance technologies or government regulation. Risks posed by climate change include extreme weather events, drought and heat waves. As a consequence, there will be restrictions on the quality of life and potentially also losses of prosperity in the target markets of the Vita 34 Group. These long-term consequences may ultimately lead to a decline in the fertility rate and thus in Vita 34's market volume. In order to counteract this risk, Vita 34 is particularly striving to further increase its share of the market volume. The Management Board also continuously monitors the consequences of climate change and the related legislation. The consideration of the risk for the continuation of operations is covered by the risk management and controlled operationally in the business units. Currently, no significant risks for our business model have been identified in the area of climate change. Therefore, Vita 34 does not currently expect any material effects of such risks on its business model and on the presentation of its net assets, financial position and results of operations.

Effects of the Ukraine war

Since the start of the war between Russia and Ukraine in February 2022, the EU and the USA have adopted extensive sanctions packages against Russia that restrict mutual trade. The war has also led to market distortions, particularly for energy and raw materials, the prices of which rose markedly in 2022. The extent of the future medium-term impact depends on further geopolitical developments and is difficult to quantify at present. It should be noted that the Group continues not to conduct any business in Ukraine or in the countries subject to sanctions. Furthermore, the Group has no employees in Russia or Ukraine. Moreover, no major suppliers of the Group are located in Russia, Belarus or Ukraine. The Group's exposure is therefore limited to the indirect effects of the conflict, such as rising energy prices or disruptions to the global transportation and logistics sector.

The Group is monitoring all indirect effects and currently assumes that profitability can be maintained at the previous level with appropriate countermeasures such as price increases.

Irrespective of this, all accounting-related estimates and assumptions are subject to review. The Group's business model is essentially based on offering long-term healthcare. For both our customers and us, additional uncertainties in the long-term planning horizon require increased attention. In particular, the rise in consumer prices in the wake of the conflict is generally leading to a reluctance or postponement of consumption, with the result that investments in long-term healthcare may not be made.

As the Group has no direct links to the affected markets, only the indirect consequences of the conflict are included in the analysis. All foreseeable consequences of this macroeconomic slowdown are taken into account in our planning and analyses. As planned cash flows in particular are central to the measurement of the non-current assets recognized, there are implications for the impairment testing of the goodwill recognized. However, the influence of individual factors cannot be quantified in isolation, so that the indirect effects resulting from the Ukraine war cannot be separated from the direct effects of the macroeconomic slowdown. At the present time, however, the indirect effects of the conflict between Russia and Ukraine do not lead to changes in the significant accounting assumptions and estimates or have an impact on the consolidated financial statements beyond the reduced volume of business.

3.3 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that it continues to generate returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

There were no changes to goals, policies and procedures in the fiscal years 2022 and 2021. Capital comprises the equity reported in the balance sheet. The Management Board also uses various key performance indicators to assess and monitor the capital structure. These include first- and second-degree liquidity as well as the equity and debt ratios. There are no specific targets for individual indicators or minimum capital requirements. Capital management also takes into account requirements arising from loan agreements (covenants).

4. COMPOSITION OF THE GROUP

4.1 GENERAL

The immediate 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., domiciled in Luxembourg. Via one and two corporate chains, respectively, Mr. Florian Schuhbauer and Mr. Klaus Röhrig represent the ultimate controlling party of Vita 34 AG.

The determination of whether an investor has de facto control over a company is generally judgmental and involves assessing when an investor's interest in an company is sufficient for it to have control and when the interests of the other shareholders are sufficiently dispersed.

For control to exist, an investor must have the ability to influence the company to affect the amount of returns. At the discretion of Vita 34, control of Vita 34 by AOC Health within the meaning of IFRS 10 exists for the following reasons:

- the existing attendance majority at the Annual General Meetings since 2020, which is favored by a fragmented shareholder structure of Vita 34 AG with a large number of small shareholders and hardly any larger intentional investors and at which significant decisions initiated by AOC Health were made,

- the possibility to enforce decisions in the Supervisory Board of Vita 34 AG, which are made with a simple majority.

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

4.2 LIST OF SUBSIDIARIES

The subsidiaries of the Group as of December 31, 2022 are listed below. Unless otherwise stated, the percentage of ownership corresponds to the voting rights held by the Group.

Name	Seat	**Capital share in % 12/31/2022**	Capital share in % 12/31/2021
Direct investments			
Seracell Pharma Ltd.	Rostock, Germany	100	100
Novel Pharma S.L.	Madrid, Spain	100	100
Secuvita S.L.	Madrid, Spain	88	88
Vita 34 Society for Cell Transplants Ltd.	Vienna, Austria	100	100
Vita 34 ApS	Søborg, Denmark	100	100
Polksi Bank Komorek Macierzystych sp. z o.o.	Warsaw, Poland	100	100
Indirect shareholdings:			
Cilmes Šūnu Banka, SIA	Riga, Latvia	100	100
KRIO Intezet Zrt.	Budapest, Hungary	100	100
Biogenis S.R.L.	Bucharest, Romania	100	100
Sevibe Cells S.L.	Barcelona, Spain	63	63
FamiCord Italia S.R.L.	Milan, Italy	100	100
Yaşam Bankası Sağlık Hizmetleri İç ve Dış Tıcaret Anonım Şirketi	Ankara, Turkey	100	100
Diagnostyka Bank Komórek Macierzystych Sp. z o.o.	Krakow, Poland	100	100
Cryoprofil S.A.	Warsaw, Poland	100	100
Stemlab Diagnostic S.R.L.	Galati, Romania	0	99
Instytut Terapii Komórkowych S.A.	Olsztyn, Poland	50	50
Krionet Kft.	Budapest, Hungary	100	100
FamiCord Suisse S.A.	Lugano, Switzerland	100	100
Stemlab, S.A.	Cantanhede, Portugal	100	100
Celvitae Biomédica SL	Madrid, Spain	100	100
Bebécord Stemlife International S.A.	Lisbon, Portugal	100	100
Bebé4d My Family Ties, S.A.	Lisbon, Portugal	100	100
MedicalMedia II – Mamãs e Bebés Unipessoal, Lda.	Lisbon, Portugal	100	100
FamiCordon S.A.	Madrid, Spain	63	63
FamiCells Sàrl	Marly, Switzerland	0	63
FamiCordTX S.A.	Warsaw, Poland	76	87
FamiCord Germany GmbH	Leipzig, Germany	0	100
Famicord-Acibadem Kordon Kanı Sağlık Hizmetleri A.Ş	Istanbul, Turkey	70	70
eticur GmbH	Munich, Germany	100	100
Sorgente s.r.l.	Milan, Italy	53	53
Centre Marcel-la Mas, S. L.	Barcelona, Spain	57	57
Smart Cells Holdings Ltd.	London, England	84	84
Smart Cells International Ltd.	London, England	84	84
Smart Cells Middle East Ltd.	Dubai, United Arab Emirates	84	84
Smart Cells International Middle East FZ LCC	Dubai, United Arab Emirates	84	84
Smart Cells (Hong Kong) Ltd.	Hong Kong	84	84

In March 2022, a capital increase was registered at the subsidiary FamicordTX with a total nominal value of EUR 6 thousand and a total issue value of EUR 3,432 thousand. External shareholders subscribed to new issue shares with a nominal value of EUR 4 thousand and a total issue value of EUR 2,367 thousand. As a result of the increase, PBKM's share in the share capital before the increase was diluted from 87.4% to 75.67% after the increase. The effect of the transaction was recognized in retained earnings as a transaction with non-controlling interests.

The disposals in the scope of consolidation relate only to mergers within the scope of consolidation and the liquidation of a company after prior transfer of its assets and liabilities to a sister company.

Minority shareholders hold interests in the following companies:

	Minority interests	
in %	**12/31/2022**	12/31/2021
Secuvita S.L., Madrid, Spain	12.0	12.0
Sevibe Cells Group, Barcelona, Spain	36.6	36.6
SmartCells Group, London, England	15.8	15.8
Sorgente, Milan, Italy	47.0	47.0

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

	Secuvita S.L.		Sevibe Cells Group		Sevibe Cells Group		Sorgente	
EUR thousand	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Non-current assets	4,647	5,031	5,338	4,676	2,876	2,579	792	947
Current assets	3,317	3,211	2,009	2,871	2,623	4,331	715	1,086
Non-current liabilities	3,944	3,843	6,472	3,814	4,944	3,999	944	1,213
Current liabilities	2,966	3,047	1,690	4,721	1,041	2,976	832	770
Net assets	1,054	1,352	−815	−988	−486	−65	−268	50
Revenues	2,471	2,701	5,506	7,360	5,158	2,188	2,469	2,505
Result for the period	−298	−24	572	−83	−620	−161	−318	−271
Overall result	−298	−24	572	−83	−620	−161	−318	−271
Result attributable to minority interests	−35	−3	29	−153	−79	−26	−101	−124
Cash flow from operating activities	−40	330	342	55	−491	−382	−230	202
Cash flow from investing activities	23	20	−83	−311	−568	669	−40	−1
Cash flow from financing activities	−60	−63	−145	86	1,103	238	−174	−73
Net change in cash and cash equivalents	−77	287	113	−170	44	525	−444	128

Shares in associated companies

The Group's associated companies s as of December 31, 2022 are disclosed below:

Name	Seat	**Capital share in % 12/31/2022**	Capital share in % 12/31/2021
Rodinná banka perinatálnych a mezenchymálnych buniek s.r.o.	Bratislava, Slovakia	26	26
Rodinná banka perinatálních a mesenchymálních buněk s.r.o	Ostrava, Czech Republic	26	26

The associated companies are immaterial to the Group, both individually and in total.

Non-consolidated subsidiaries, associated companies and other investments

In addition, the following shares in non-consolidated subsidiaries and other investments were held at the balance sheet date:

Name	Seat	**Capital share in % 12/31/2022**	Capital share in % 12/31/2021	Equity in EUR thousand	Result for the year in EUR thousand
Non-consolidated subsidiaries:					
Vita 34 Slovakia s.r.o.[1]	Bratislava, Slovakia	100	100	−619	−5
Vita 34 Suisse GmbH[2]	Muttenz, Switzerland	0	100		
Non-consolidated associated companies:					
Kamieniniu lasteliu bankas UAB „Imunolita"[1) 3)]	Vilnius, Lithuania	35	35	−262	92
Other investments:					
NextCellPharma[4]	Stockholm, Sweden	1	1	10,176	−754
DystrogenTherapeuthics	Chicago, USA	8	8	no information	no information

1) Waiver of inclusion in the consolidated financial statements due to immateriality
2) Liquidated in the fiscal year 2022
3) Equity and result for the year according to the annual financial statements as of December 31, 2018
4) Equity and result for the year according to financial statements as of August 31, 2022

4.3 BUSINESS COMBINATION PBKM

The business combination with PBKM took place on November 8, 2021. The comparability of the information disclosed in this annual report with that of the previous year is therefore limited. PBKM had 30 subsidiaries and 2 associated companies at the acquisition date. For detailed information on the size of the shareholdings, please refer to Note 4.2.

Consolidated sales in 2021 increased by EUR 7,462 thousand due to the acquisition of PBKM. The result for the period 2021 includes a negative result of this group in the amount of EUR −2,519 thousand, which has been incurred since the acquisition date. If the business combination had taken place on January 1, 2021, the Group's revenues in the previous year would have amounted to EUR 72,282 thousand and the result for the period would have been EUR −8,588 thousand.

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

5. SEGMENT REPORTING

5.1 FUNDAMENTALS OF SEGMENTATION

Operating segments are reported in a manner consistent with the Group's internal reporting to the chief operating decision maker. The net assets, financial position and results of operations of the Group are assessed at least in the course of monthly reporting to the Management Board and are used as a starting point for strategic decisions.

Since the merger with PBKM on November 9, 2021, the Group has had two strategic areas that constitute the Group's reportable segments. Both segments are active in the field of stem cell banking, but differ in their organizational and operational structure with separate financial information. The products and services of the two segments correspond to the service portfolios of the two subgroups PBKM and Vita 34. In both segments, the focus is on the collection, processing and cryopreservation of stem cells from umbilical cord blood and tissue. The service portfolio of the segment subgroup PBKM also includes other biobanking services, such as the freezing of sperm, the storage of adipose tissue, and the isolation of cells from the stored material for better access to medical therapies in the future.

The segmentation reflects the reporting structure implemented in the overall Group. On the basis of this internal reporting system, the Management Board, which is the chief operating decision maker responsible for the success of the various segments and the allocation of resources, assesses the business activities from various points of view.

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

5.2 RESULTS OF THE SEGMENTS

The results of operations of the segments for the fiscal year 2022 are as follows:

EUR thousand	Subgroup Vita 34	Subgroup PBKM	**Total**	Consolidation	Group
Segment sales	18,576	50,638	69,214	–274	68,940
Depreciation and amortization	3,195	20,523	23,718	0	23,718
EBITDA	69	–3,746	–3,677	113	–3,564
Earnings before taxes	–3,373	–26,189	–29,562	1,269	–28,293

The differences between the totals for the two sub-segments and the figures for the overall Group are entirely due to the consolidation of income and expenses and the consolidation of investments.

EBITDA for the overall Group can be reconciled to earnings before taxes as follows:

TEUR	**2022**	2021
EBITDA	–3,564	814
Depreciation and amortization	–8,550	–3,885
Impairments	–15,169	0
Other interest and similar income	1,364	174
Income from other securities and loans held as financial assets	402	21
Interest and similar expenses	–2,680	–547
Realized losses from financial assets	–96	–23
Share of result of associated companies	0	0
Earnings before taxes	**–28,293**	**–3,447**

The results of operations of the segments for the fiscal year 2021 are as follows:

EUR thousand	Subgroup Vita 34	Subgroup PBKM	**Total**	Consolidation	Group
Segment sales	20,957	7,462	28,419	0	28,419
Depreciation and amortization	2,908	977	3,885	0	3,885
EBITDA	2,051	–1,237	814	0	814
Earnings before taxes	–1,004	–2,679	–3,683	236	–3,447

A segment's EBITDA is used to evaluate its performance because the Management Board believes that it is the most relevant information in assessing the performance of certain segments relative to other companies that operate in those areas.

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

5.3 INFORMATION ABOUT GEOGRAPHICAL AREAS

The Group generates its revenues of EUR 18,464 thousand (previous year: EUR 3,007 thousand) in Poland, EUR 15,297 thousand (previous year: EUR 18,829 thousand) in Germany and EUR 5,494 thousand (previous year: EUR 3,216 thousand) in Spain. The remaining revenues of EUR 29,685 thousand (previous year: EUR 7,352 thousand) are generated in other countries. Revenue is generally allocated on the basis of the customer's domicile.

The non-current assets of the Group's non-current assets break down as follows:

EUR thousand	**2022**	2021
Domestic	28,085	35,766
Poland	24,678	46,027
Portugal	13,652	14,302
Other foreign countries	34,395	7,398
Group	**100,810**	**103,493**

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

6. NOTES TO THE STATEMENT OF PROFIT AND LOSS

6.1 SALES REVENUES

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

EUR thousand	**2022**	2021
Revenue processing/manufacturing	45,654	20,319
Revenue from storage	18,524	6,945
Other revenues	4,762	1,154
	68,940	**28,419**

Other revenues mainly include revenues from project business (e.g. performance of COVID-19 tests) and medical services not related to the processing and storage of cell deposits. A breakdown of revenues by country is provided in section 5.3.

6.2 COST OF SALES

The cost of sales reported in the statement of profit and loss includes the following expenses:

EUR thousand	**2022**	2021
Personnel expenses	18,054	4,176
Third-party services	15,002	5,127
Cost of materials	8,449	2,569
Depreciation and amortization	6,392	3,029
Impairments	15,169	0
Other expenses	3,139	1,081
	66,205	**15,981**

Other expenses mainly include premises and repair costs.

6.3 OTHER INCOME

The other income reported in the statement of profit and loss is composed as follows:

EUR thousand	**2022**	2021
Government grants	617	333
Income from the derecognition of accrued liabilities	15	142
Miscellaneous other income	2,135	483
	2,767	**958**

Government grants mainly relate to grants for research and development. The grants are settled over time to fund ongoing research and are disbursed in accordance with the relevant contracts. There are no unfulfilled conditions or other uncertainties in connection with the government grants.

Income from the derecognition of accrued liabilities mainly comprises the derecognition of obligations to employees accrued in the previous year, from which the Group was called upon to a lesser extent than expected in the reporting year.

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

6.4 MARKETING AND SELLING EXPENSES

The marketing and selling expenses recognized in the statement of profit and loss break down as follows:

EUR thousand	**2022**	2021
Depreciation and amortization	218	291
Expenses for marketing measures	6,186	3,103
Personnel expenses	2,003	1,656
Other expenses	2,079	566
	10,486	**5,616**

Amortization includes impairment losses on goodwill amounting to EUR 13,830 thousand. Explanations on this are provided in section 7.1.1. Other expenses mainly include sales-related occupancy costs of EUR 88 thousand (previous year: EUR 72 thousand) and insurance and consulting costs of EUR 124 thousand (previous year: EUR 109 thousand).

6.5 ADMINISTRATIVE EXPENSES

The administrative expenses recognized in the statement of profit and loss comprise the following components:

EUR thousand	2022	2021
Personnel expenses	8,737	3,311
Research and development expenses	3,444	811
Depreciation and amortization	1,940	566
Legal, consulting and audit fees	1,482	1,191
Investor Relations	373	406
Other expenses	3,901	1,262
	19,877	**7,546**

Other expenses include insurance costs of EUR 220 thousand (previous year: EUR 202 thousand), Supervisory Board costs of EUR 192 thousand (previous year: EUR 241 thousand), incidental monetary transaction costs of EUR 146 thousand (previous year: EUR 254 thousand) and the remaining EUR 3,901 thousand (previous year: EUR 1,262 thousand) result from a variety of different administrative costs.

6.6 OTHER EXPENSES

Other expenses were incurred in the amount of EUR 1,338 thousand (previous year: EUR 3,103 thousand). These include losses on the disposal of non-current assets in the amount of EUR 225 thousand (previous year: EUR 68 thousand). In the previous year, other expenses of EUR 3,103 thousand were incurred. Of this amount, EUR 2,854 thousand related to consulting expenses in connection with the business combination with PBKM.

6.7 IMPAIRMENT LOSSES ON TRADE AND OTHER RECEIVABLES

The bad debt losses recognized in the statement of profit and loss in the amount of EUR 1,290 thousand (previous year: EUR 201 thousand) result from the recognition of allowances for trade receivables. The increase is due to the consideration of the macroeconomic environment in the assessment of future default risks.

6.8 FINANCIAL INCOME

The financial income reported in the statement of profit and loss comprises the following components:

EUR thousand	2022	2021
Interest income	717	49
Income from loans	402	21
Income from currency translation differences	647	125
	1,766	**195**

Interest income includes income from the compounding of non-current receivables in the amount of EUR 7 thousand (previous year: EUR 16 thousand).

6.9 FINANCIAL EXPENSES

The financial expenses recognized in the statement of profit and loss break down as follows:

EUR thousand	2022	2021
Expenses from currency translation differences	777	143
Expense from discounting	501	130
Interest expense for leases	395	80
Loans and overdrafts	375	143
Write-downs of financial assets	96	0
Other financial expenses	632	51
	2,776	**547**

6.10 INCOME TAX EXPENSE/INCOME

The main components of income tax expense for the fiscal years 2022 and 2021 are as follows:

EUR thousand	2022	2021
Consolidated statement of profit and loss		
Actual income taxes		
Actual income tax expense for the fiscal year	1,041	851
Adjustment of income taxes incurred in prior years	–442	–79
Deferred income taxes		
Deferred taxes on the origination and reversal of temporary differences	–1,632	–288
Deferred taxes on loss carryforwards	123	–5
Income tax expense	**–908**	**479**
Consolidated statement of comprehensive income		
Gain on remeasurement of actuarial gains and losses	12	15
Income taxes recognized directly in equity	**12**	**15**

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

At the balance sheet date, among other things, a tax audit was pending at the Group parent company and the German subsidiaries. At the time of preparation of the consolidated financial statements, no final audit findings were available that would necessitate special risk provisioning in the company.

The reconciliation between income tax expense and the product of accounting profit and the applicable tax rate of the Group for the fiscal years 2022 and 2021 is as follows:

EUR thousand	2022	2021
Earnings before income taxes	**–28,293**	**–3,447**
Income tax benefit (+) at Group tax rate of 20.0% (2021: 24.3%)	5,649	837
Adjustments, as results of some companies do not lead to income tax charge	1	–382
Adjustment for tax-exempt income	279	37
Adjustment for non-deductible expenses	–3,313	932
Discontinuation of tax loss carryforwards	0	0
Unrecognized deferred tax assets on loss carryforwards	–2,076	116
Adjustment due to changes in tax law	0	0
Income taxes for prior years	31	36
Variances from tax rate differences	336	39
Income tax income/expense	**908**	**–479**

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

	Consolidated balance sheet		Consolidated statement of profit and loss	
EUR thousand	**12/31/2022**	12/31/2021	**2022**	2021
Deferred taxes on temporary differences				
Intangible assets	–3,918	–4,894	947	554
Property, plant and equipment	–1,943	–1,764	–206	–55
Trade receivables	775	638	147	–15
Other non-current assets	–3,357	–2,812	–599	–141
Current assets	320	315	5	0
Pension obligations	0	12	0	0
Interest bearing loans	–68	–64	–6	–6
Contract liabilities	–716	–706	–10	–211
Leases	1,214	1,286	–48	–22
Other liabilities	9,158	7,869	1,400	183
	1,464	**–118**	**1,631**	**287**
Tax loss carryforwards	**3,044**	**3,549**	**–124**	**5**
Deferred tax assets	**9,634**	9,144		
Deferred tax liabilities	**–5,126**	**–5,714**		
Deferred income tax expense/income			**1,508**	**292**

As of December 31, 2022, there were temporary differences related to investments in subsidiaries in the amount of EUR 67 thousand. No deferred tax liabilities were recognized for these temporary differences as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

The loss carryforwards of the Group companies developed as follows:

Name	Seat	Income tax rate	**12/31/2022 EUR thousand**	12/31/2021 EUR thousand
Vita 34 AG	Germany	32%	4,401	747
Polski Bank Komorek Macierzystych sp. z o.o.	Poland	19%	8,814	6,841
eticur GmbH	Germany	30%	5,892	5,584
Celvitae Biomédica, S.L.	Spain	25%	5,177	5,205
Sevibe Cells S.L.	Spain	25%	4,917	4,555
Secuvita S.L.	Spain	25%	3,120	3,129
FamiCord Suisse S.A.	Switzerland	17%–22%	1,924	1,754
FamiCord Italia S.R.L.	Italy	24%	1,598	1,473
Vita 34 ApS	Denmark	22%	1,426	2,041
Stemlab, S.A.	Portugal	21%	1,399	540
FamiCordTX S.A.	Poland	19%	1,279	1,051
Sorgente S.R.L.	Italy	24%	487	327
FamiCord-Acibadem Kordon kanı sağlık hizmetleri	Turkey	20%	413	212
Famicells Sàrl	Spain	25%	383	385
Famicord Germany GmbH	Germany	30%	279	179
Biogenis S.R.L.	Romania	16%	206	207
Yaşam Bankasi Sağlik Hizmetleri Iç ve Diş Ticaret anonim şirketiv	Turkey	20%	200	231
Instytut Terapii Komórkowych	Poland	19%	197	129
FamiCordon S.A.	Spain	25%	159	249
Centre Marcel-la Mas, S.L.	Spain	25%	96	96
Cilmes Šūnu Banka, SIA	Latvia	15%	4	4
Total			**42,371**	**34,940**

Deferred taxes on tax loss carryforwards of Group companies were capitalized insofar as it can be assumed in accordance with the planning calculation that the loss carryforwards will be utilized. No deferred tax assets were recognized for tax loss carryforwards amounting to EUR 28,802 thousand (previous year: EUR 18,472 thousand). Deferred taxes are entirely non-current. Current income taxes are entirely current.

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

6.11 PERSONNEL EXPENSES

The breakdown of employee benefit expenses is as follows:

EUR thousand	2022	2021
Wages and salaries	24,094	7,559
Social security contributions	4,588	1,509
Expenses for retirement benefits	111	74
	28,793	**9,142**

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

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

Quantity	2022	2021
Management Board	3	2
Employees	833	248
	836	**250**

7. NOTES TO THE BALANCE SHEET

7.1 ASSETS

7.1.1 Goodwill

Goodwill is allocated to the individual subsidiaries or groups of companies as follows:

EUR thousand	12/31/2022	12/31/2021
Vita 34 AG	17,731	17,731
Stemlab Group (Stemlab S.A., Bebécord, Bebé4d)	9,356	21,303
Smart Cells Holdings Ltd.	4,272	4,511
FamiCord Suisse S.A.	2,162	1,401
Sevibe Group (Sevibe Cells S.L., FamiCordon)	1,577	4,144
eticur GmbH	1,378	1,378
FamiCord-Acibadem Kordon kanı sağlık hizmetleri	1,020	1,335
Secuvita S.L.	592	592
Diagnostyka Bank Komórek Macierzystych Sp. z o.o.	517	527
Longa Vita	403	411
Yaşam Bankasi Sağlik Hizmetleri Iç ve Diş Ticaret anonim şirketiv	236	63
Sorgente S.R.L.	133	133
Krionet Kft	114	124
	39,491	**53,653**

The development is as follows:

EUR thousand	**2022**	2021
Acquisition cost as of 01/01	56,870	18,323
Additions to the scope of consolidation	0	39,056
Currency differences	–270	–509
Acquisition cost as of 12/31	**56,600**	**56,870**
Accumulated impairment losses as of 01/01	3,217	0
Impairment losses of the fiscal year	13,828	0
Disposals	0	0
Additions to the scope of consolidation	0	3,296
Currency differences	64	–79
Accumulated impairment losses as of 12/31	**17,109**	**3,217**
Carrying amount as of 01/01	53,653	18,323
Carrying amount as of 12/31	**39,491**	**53,653**

The Group performed its annual impairment test as of December 31, 2022 in the fourth quarter of the fiscal year 2022 and independently upon the occurrence of significant events or changes in circumstances that indicate a need for impairment. The Group considers the relationship between market capitalization and carrying amount, among other factors, to identify an indication of impairment. The impairment tests resulted in recoverable amounts below the reported carrying amounts for two cash-generating units.

The recoverable amounts of the respective cash-generating units are determined on the basis of a value-in-use calculation using cash flow projections updated compared to the previous year, which are based on financial plans prepared by the respective Management for a period of five years. Cash flows beyond the five-year period are extrapolated using a growth rate of 1% to 2.5%.

The following section explains the basic assumptions on which Management has based its cash flow projections for goodwill impairment testing.

The cash flow estimates cover a detailed planning period of five years before transitioning to the perpetual annuity (present value equivalent terminal value). The detailed operating plan for 2023 approved by the Supervisory Board and the Management Board's five-year plan based on this, in which Management incorporates its medium-term expectations based on estimates of cost and price developments, serve as the basis.

Growth rate – Growth rates are determined by economic and other external factors and their impact on future development.

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

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

in %	**Discount rate before taxes 12/31/2022**	**Discount rate after taxes 12/31/2022**	**Growth rate 12/31/2022**
Vita 34 AG	9.2%	7.2%	11.4%
Yaşam Bankasi Sağlik Hizmetleri Iç ve Diş Ticaret anonim şirketiv	20.6%	17.6%	19.2%
FamiCord-Acibadem Kordon kanı sağlık hizmetleri	20.6%	17.6%	26.4%
Krionet Kft	16.4%	15.6%	5.6%
Longa Vita	14.9%	12.0%	–1.0%
Polski Bank Komorek Macierzystych sp. z o.o.	13.6%	12.0%	–0.1%
Sorgente S.R.L.	12.9%	11.2%	7.2%
Secuvita S.L.	11.8%	9.6%	1.7%
Stemlab Group (Stemlab S.A., Bebécord, Bebé4d)	11.3%	9.9%	7.9%
Sevibe Group (Sevibe Cells S.L., FamiCordon S.A.)	11.2%	9.6%	2.6%
Smart Cells Holdings Ltd.	8.8%	8.6%	1.8%
FamiCord Suisse S.A.	6.1%	5.8%	5.0%
eticur GmbH	n/a	n/a	n/a

The discount rates used in the previous year are as follows:

in %	Discount rate before taxes 12/31/2021	Discount rate after taxes 12/31/2021	Growth rate 12/31/2021
Vita 34 AG	8.4%	6.1%	1.0%
Yaşam Bankasi Sağlik Hizmetleri Iç ve Diş Ticaret anonim şirketiv	29.5%	26.6%	10.9%
FamiCord-Acibadem Kordon kanı sağlık hizmetleri	29.5%	26.6%	12.8%
Krionet Kft	9.0%	8.7%	4.0%
Longa Vita	7.8%	7.3%	–0.8%
Polski Bank Komorek Macierzystych sp. z o.o.	7.8%	7.3%	2.2%
Sorgente S.R.L.	7.4%	7.0%	3.4%
Secuvita S.L.	9.8%	7.6%	1.0%
Stemlab Group (Stemlab S.A., Bebécord, Bebé4d)	4.9%	4.7%	3.5%
Sevibe Group (Sevibe Cells S.L., FamiCordon S.A.)	4.8%	4.8%	2.1%
Smart Cells Holdings Ltd.	4.7%	4.4%	2.7%
FamiCord Suisse S.A.	5.0%	4.9%	3.6%
eticur GmbH	4.4%	4.3%	7.7%

The impairment test resulted in an impairment of goodwill of EUR 11.9 million for Stemlab Group and EUR 1.9 million for Sevibe Group. In both cases, the value in use method resulted in a recoverable amount below the carrying amount. The Stemlab Group unit bundles the business activities in Portugal, while the Sevibe Group conducts its business activities in Spain. Both units are allocated to the segment subgroup PBKM.

The recoverable amounts of the cash-generating units for which an impairment loss was recognized in the fiscal year are as follows:

EUR thousand	**12/31/2022**
Stemlab Group (Stemlab S.A., Bebécord, Bebé4d)	14,642
Sevibe Group (Sevibe Cells S.L., FamiCordon)	352

The impairments are mainly the result of a significant decline in earnings and an increase in the cost of capital due to the rise in the risk-free interest rate and the cost of debt.

Sensitivity of the assumptions made
As part of a sensitivity analysis for the cash-generating units, a decrease of one percentage point in the planned gross margins of the perpetual annuity, an increase of one percentage point in the discount rates (after tax) and a decrease of one percentage point in the perpetual growth rate were assumed.

For the sensitivity analysis, Management has defined accordingly which changes in these assumptions based on experience are possible that could lead to a potential impairment. The determination was made in accordance with IAS 36 on the premise that these changes do not result in any further parameter changes (ceteris paribus). The values assigned to the key assumptions represent the Management Board's assessment of future developments in the relevant industries and are based on historical values from mainly internal sources.

In the course of this analysis, potential impairment losses were identified for the following cash-generating units: Due to impairments already recognized, a change in the parameters of more than 0 percentage points for the cash-generating units Portugal and Spain leads directly to an additional impairment requirement. No impairment potential was identified for the other cash-generating units within the framework of the assumed changes.

Stemlab Group:

EUR thousand	**12/31/2022**
Assumption: Increase in long-term WACC by 1%	
Additional impairment of the carrying amount	**–4,057**
Assumption: Reduction of long-term EBIT margin by 1%	
Additional impairment of the carrying amount	**–1,791**
Assumption Reduction of long-term growth rate by 1%	
Additional impairment of the carrying amount	**–2,004**

Sevibe Group:

EUR thousand	**12/31/2022**
Assumption: Increase in long-term WACC by 1%	
Additional impairment of the carrying amount	**–232**
Assumption: Reduction of long-term EBIT margin by 1%	
Additional impairment of the carrying amount	**–538**
Assumption: Reduction of long-term growth rate by 1%	
Additional impairment of the carrying amount	**–187**

7.1.2 Other intangible assets

Other intangible assets developed as follows:

EUR thousand	Development costs	Patents and licenses	Acquired contracts	Customer relationships and brand names	**Total**
Acquisition cost as of January 1, 2022	1,147	9,085	24,969	9,485	44,686
Additions	196	368	0	0	565
Disposals	–235	–1	0	0	–235
First-time application of IAS 29	0	161	0	0	161
Currency differences	–8	–139	–26	–145	–317
Acquisition cost as of December 31, 2022	**1,101**	**9,474**	**24,944**	**9,340**	**44,859**
Accumulated amortization and impairment losses as of January 1, 2022	763	5,970	12,570	2,554	21,858
Amortization for the fiscal year	54	814	1,499	642	3,009
Disposals	0	–1	0	0	–1
Impairments	236	0	0	1,103	1,339
First-time application of IAS 29	0	100	0	0	100
Currency differences	–7	–55	–18	–14	–93
Accumulated amortization and impairment losses as of December 31, 2022	**1,046**	**6,828**	**14,053**	**4,285**	**26,212**
Carrying amount as of January 1, 2022	384	3,114	12,399	6,931	22,828
Carrying amount as of December 31, 2022	**55**	**2,646**	**10,891**	**5,055**	**18,647**

Overview intangible assets as of December 31, 2021:

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

In the year under review, an impairment loss of EUR 236 thousand was recognized on capitalized development costs in the segment subgroup Vita 34, as positive returns are no longer expected from the project. The impairment loss was recognized due to the discontinuation of the project. In addition, impairment losses were recognized on brand names and customer relationships in the segment subgroup PBKM for which positive cash flows are no longer expected as of the reporting date.

The acquired contracts and customer relationships and brand names include the following significant assets as of December 31, 2022:

EUR thousand	Carrying amount	Remaining useful life
Acquired storage contracts Seracell	5,664	10 to 15 years
Acquired storage contracts Vita 34 ApS	3,060	10 years
Trademark rights Smart Cells Holding	1,550	9 years
Acquired storage contracts Secuvita	1,403	4 years
Customer relationships Smart Cells Holding	1,302	23 years
Trademark rights Bebecord	619	7 years
Trademark rights Sorgente	592	7 years
Customer relationships Acibadem	492	22 years
Acquired storage contracts Vivocell	467	4 years
Trademark rights Bebe 4d	220	7 years
Trademark rights eticur GmbH	172	8 years
Acquired storage contracts Diagnostyka Bank Komórek Macierzystych	151	2 years
Acquired storage contracts Smart Cells Holding	102	19 years
Customer relationships Seracell	77	1 to 3 years
Acquired storage contracts Sorgente	33	2 years
Acquired storage contracts Stellacure	11	15 years
Trademark rights Acibadem	9	< 1 year
Total	**15,924**	

7.1.3 Property, plant and equipment

Property, plant and equipment developed as follows in the reporting year:

EUR thousand	Land and buildings	Technical equipment	Operating equipment	**Total**
Acquisition cost as of January 1, 2022	7,695	23,502	8,089	39,286
Additions	2,753	2,027	1,086	5,866
Disposals	–854	–174	–367	–1,395
First-time application of IAS 29	0	391	274	664
Currency differences	–138	–169	176	–130
Acquisition cost as of December 31, 2022	**9,456**	**25,577**	**9,258**	**44,291**
Accumulated depreciation and impairment losses as of January 1, 2022	2,432	10,167	4,826	17,425
Depreciation for the fiscal year	617	1,480	617	2,714
Disposals	0	–186	–186	–372
First-time application of IAS 29	0	225	194	420
Currency differences	–41	–195	–92	–329
Accumulated depreciation and impairment losses as of December 31, 2022	**3,008**	**11,491**	**5,359**	**19,858**
Carrying amount as of January 1, 2022	5,263	13,335	3,264	21,861
Carrying amount as of December 31, 2022	**6,447**	**14,087**	**3,899**	**24,433**

Property, plant and equipment developed as follows in the previous year:

EUR thousand	Land and buildings	Technical equipment	Operating equipment	Total
Acquisition cost as of January 1, 2021	306	9,488	1,898	11,692
Additions	382	990	804	2,176
Disposals	–216	–397	–176	–790
Additions to the scope of consolidation	7,204	13,471	5,505	26,180
Currency differences	19	–50	58	27
Acquisition cost as of December 31, 2021	**7,695**	**23,502**	**8,089**	**39,286**
Accumulated depreciation and impairment losses as of January 1, 2021	0	2,818	1,431	4,248
Depreciation for the fiscal year	100	554	244	898
Disposals	0	–350	–68	–418
Additions to the scope of consolidation	2,329	7,186	3,240	12,755
Currency differences	3	–41	–20	–58
Accumulated depreciation and impairment losses as of December 31, 2021	**2,433**	**10,167**	**4,826**	**17,425**
Carrying amount as of January 1, 2021	306	6,670	467	7,444
Carrying amount as of December 31, 2021	**5,262**	**13,335**	**3,263**	**21,861**

7.1.4 Right-of-use assets

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

EUR thousand	Land and buildings	Operating equipment	Total
Acquisition cost as of January 1, 2022	12,673	3,592	16,265
Additions	3,348	870	4,218
Change in leases	194	13	207
Disposals	–27	–573	–600
Currency differences	–168	–334	–502
Acquisition cost as of December 31, 2022	**16,020**	**3,568**	**19,588**
Accumulated amortization and impairment losses as of January 1, 2022	4,482	1,771	6,253
Amortization for the fiscal year	2,190	637	2,827
Disposals	–196	–626	–822
Currency differences	–28	–35	–63
Accumulated amortization and impairment losses as of December 31, 2022	**6,448**	**1,747**	**8,195**
Carrying amount as of January 1, 2022	8,191	1,821	10,012
Carrying amount as of December 31, 2022	**9,573**	**1,821**	**11,393**

The right-of-use assets under leases developed as follows in the previous year:

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

The following effects on earnings resulted from leases:

EUR thousand	**2022**	2021
Amortization of leases	2,827	910
Expenses from short-term leases	1,061	168
Expenses from low-value leases	0	14
Interest expense for leases	395	25
Expenses from leases	**4,283**	**1,117**

In total, lease payments of EUR 3,024 thousand (previous year: EUR 1,083 thousand) were made in the fiscal year.

The Group has entered into various lease agreements which include an extension option. Management assesses whether there is reasonable assurance that the renewal option will be exercised. As of December 31, 2022, individual renewal options have been exercised and have been included in the measurement of lease assets and liabilities.

7.1.5 Inventories

Inventories break down as follows:

EUR thousand	**12/31/2022**	12/31/2021
Raw materials and supplies	3,774	**3,219**
Unfinished products	22	8
Finished products	95	72
	3,891	**3,299**

In 2022, impairment losses on inventories amounting to EUR 127 thousand (previous year: EUR 1 thousand) were recognized.

7.1.6 Contract assets

Contract assets break down as follows:

EUR thousand	12/31/2022	12/31/2021
Non-current contract assets	3,088	1,089
Current contract assets	2,509	2,811
	5,598	**3,901**

Non-current contract assets include receivables from annual payment contracts with multi-year contract terms. The receivables are due for payment within two to ten years. The increase in non-current contract assets is mainly due to the contract adjustments made in the fiscal year and the resulting accounting practice.

7.1.7 Trade receivables

Trade receivables break down as follows:

EUR thousand	12/31/2022	12/31/2021
Non-current trade receivables	580	575
Current trade receivables	12,763	12,113
	13,343	**12,688**

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

The allowances for trade receivables developed as follows:

EUR thousand	2022	2021
Balance of valuation allowances as of January 1	3,357	1,094
Changes in the scope of consolidation	0	2,244
Allocations (expenses for valuation allowance)	1,125	192
Utilization	–136	–78
Resolution	–551	–72
Currency differences	–80	–24
Balance as of December 31	**3,715**	**3,357**

In the fiscal year 2022, expenses for the complete derecognition of trade receivables in the amount of EUR 76 thousand (previous year: EUR 127 thousand) were recognized. All expenses from allowances and write-offs of trade receivables are reported at other-expenses.

7.1.8 Other financial assets

Other financial assets break down as follows:

	12/31/2022		12/31/2021	
EUR thousand	**Total**	Thereof short-term	**Total**	Thereof short-term
Other financial investments	294	0	402	96
Miscellaneous financial assets	2,694	1,943	2,679	1,980
	2,988	**1,943**	**3,081**	**2,076**

Other financial investments include investments in non-consolidated companies.

In particular, short-term loans to third parties are reported under miscellaneous financial assets.

7.1.9 Other non-financial assets

Other non-financial assets break down as follows:

	12/31/2022		12/31/2021	
EUR	**Total**	Thereof short-term	**Total**	Thereof short-term
Deferred expenses	2,772	1,248	2,144	779
Other assets	595	399	453	259
	3,667	**1,647**	**2,597**	**1,038**

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

7.1.10 Cash and cash equivalents

Cash and cash equivalents break down as follows:

EUR thousand	**12/31/2022**	12/31/2021
Cash on hand	41	57
Cash and cash equivalents	16,249	33,241
	16,290	**33,418**

The item cash and cash equivalents corresponds to the level of cash and cash equivalents for the purposes of the cash flow statement.

7.2 EQUITY AND LIABILITIES

7.2.1 Equity

The **subscribed capital** includes the statutory share capital of Vita 34 AG according to German stock corporation law regulations. As in the previous year, the equity is divided into 16,036,459 no-par value registered shares with a nominal value of EUR 1.00 each.

Capital reserves include contributions in excess of the share capital and other payments by shareholders in connection with capital measures, as well as reserves from expired, unused stock option plans.

The **loss carryforwards** include the accumulated results including the current result for the period.

The Management Board and Supervisory Board of Vita 34 AG propose to carry forward the accumulated deficit reported in the annual financial statements of Vita 34 AG as of December 31, 2022.

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

As of the balance sheet date, the Group holds **treasury shares** amounting to 208,342 shares, as in the previous year.

Authorized capital

Pursuant to § 7 (2) of the Articles of Association of Vita 34 AG, there is authorized capital. By resolution of the Annual General Meeting on June 29, 2022, the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital of the Company in a period until June 28, 2027, once or several times by up to a total of EUR 8,018,229 by issuing up to 8,018,229 new no-par value registered common shares against cash or non-cash contributions. Authorized Capital 2021 was cancelled by resolution of the Annual General Meeting on June 29, 2022.

Contingent capital

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

Information on shareholdings in the capital of Vita 34 AG

The Company had the following information on shareholdings subject to notification pursuant to § 160 (1) No. 8 AktG (as of December 31, 2022):

Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A. (Nationale-Nederlanden Ortwarty Fundusz Emerytalny) notified us on March 3, 2022, that its share of voting rights in Vita 34 AG, held directly or indirectly, exceeded the threshold of 10% of the voting rights in our company on March 1, 2022, and amounted to 1,603,594 voting rights or 9.99% of the voting rights on that date.

Shareholder Value Beteiligungen AG notified us on October 14, 2022, that its share of voting rights in Vita 34 AG, held directly or indirectly, exceeded the threshold of 3% of the voting rights in our company on October 13, 2022, and amounted to 486,941 voting rights or 3.04% of the voting rights on that date.

7.2.2 Interest-bearing loans

Interest-bearing loans are as follows:

	12/31/2022		12/31/2021	
EUR thousand	**Total**	Thereof short-term	**Total**	Thereof short-term
Liabilities to banks	15,492	13,769	21,324	10,394
Other financial liabilities	11	11	120	33
Liabilities from hire-purchase loans	0	0	18	18
	15,503	**13,779**	**21,462**	**10,445**

The loan liabilities break down as follows:

EUR thousand	Interest rate in %	Maturity	**12/31/2022**	12/31/2021
Vita 34 loan	3-month EURIBOR + 2	2023	4,223	4,223
Vita 34 loan	2.48	2023	750	2,244
PBKM loan	EURIBOR + 2.2	2023	8,026	11,914
Stemlab, SA loan	0.01	2026	583	750
Stemlab, SA loan	0.01	2026	583	750
Stemlab, SA loan	0.02	2026	142	186
Stemlab, SA loan	0.00	2026	178	231
Stemlab, SA loan	0.02	2022	0	62
Stemlab, SA loan	0.05	2023	9	64
Stemlab, SA loan	0.00	2023	1	1
Famicord Suisse loan	0.00	2027	223	162
Sorgente loan	EURIBOR + 1.75	2027	160	192
Sorgente loan	2.60	2026	109	136
Sorgente loan	2.10	2026	94	118
Sorgente loan	2.50	2023	66	106
Sorgente loan	0.00	2023	57	0
Sorgente loan	2.75	2023	45	70
Sorgente loan	1.95	2023	7	22
Famicell loan	0.00	2025	0	93
Famicordon SA loan	0.04	2025	151	0
CMM loan	0.02	2025	34	48
CMM loan	0.03	2022	0	3
SmartCells International loan	0.03	2025	40	54
Secuvita loan	0.00	2024	11	16
Seracell hire purchase loan	2.86	2022	0	18
			15,492	**21,462**

The reported loans of Vita 34 AG in the total amount of EUR 4,973 thousand (nominal amount: EUR 15,500 thousand) are secured as follows:

A loan in the amount of EUR 750 thousand is secured by a blanket assignment of the Company's receivables from the storage agreements against the third-party debtors beginning with the letters A through Z. Under the agreement, the Group must comply with certain financial covenants. The net gearing ratio must not exceed 2.0 during the term of the agreement.

A further loan in the amount of EUR 4,223 thousand is secured by the pledge of the securities accounts as well as the securities settlement accounts with respect to the acquired shares in PBKM (for further details see note 3). According to the agreement, the Group has to comply with certain financial covenants. The adjusted gross debt must not exceed EUR 6.0 million during the term of the agreement.

The loan from PBKM in the amount of EUR 15.0 million (Credit Facility A) was granted to finance the acquisition of Stemlab shares, while the working capital facility in the amount of up to EUR 2.2 million was granted to finance the Group's ongoing operations. On October 22, 2019, the Group signed an amendment to the term facility and revolving credit facility agreement, increasing the amount of the loan by an additional EUR 5.5 million (Credit Facility B). The liability under this loan amounted to EUR 8.0 million as of December 31, 2022 and was recognized under current borrowings.

The repayment date for the term facility is October 10, 2023 and interest is based on EURIBOR plus margin. The facility will be repaid in monthly installments, with a larger final installment of 20% due on Credit Facility A and approximately 43% due on Credit Facility B. The Group has entered into an amendment to the revolving credit facility agreement. The Group has also made an amendment to the revolving credit facility agreement, reducing the amount of the facility to EUR 1.7 million and extending the repayment period to 2 years. The revolving facility bears interest at EURIBOR plus a margin. The funds available under the facility can be used as an overdraft, bank guarantee or letter of credit. The term loan facility is repaid in full at maturity.

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

Under the terms of the agreement, the Group must comply with certain financial covenants.

7.2.3 Provisions

Provisions developed as follows:

EUR	2022	2021
Balance as of January 1 of the fiscal year	295	73
Changes in the scope of consolidation	0	268
Addition	74	8
Utilization	26	13
Resolution	18	40
Balance as of December 31 of the fiscal year	**325**	**295**

Provisions in the amount of EUR 5 thousand (previous year: EUR 10 thousand) will be cash-effective in the following year.

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

7.2.4 Pension provisions

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

EUR thousand	**12/31/2022**	12/31/2021
Present value of defined benefit obligation	273	435
Fair value of plan assets	–405	–399
Effects from the recognition ceiling	132	0
Liability from defined benefit obligation	**0**	**36**

In accordance with IAS 19.113, the present value of the defined benefit obligation and the fair value of plan assets are offset. The plan assets include a long-term fund for the fulfillment of employee benefits that precisely covers all promised benefits in terms of their amount and maturity. The recognition of plan assets is therefore limited to the present value of the obligations covered.

Development of the present value of the defined benefit obligation:

EUR thousand	**12/31/2022**	12/31/2021
Present value of defined benefit obligation as of January 1	435	479
Interest expense	6	4
Revaluations		
Actuarial gains/losses due to changes in financial assumptions	–168	–48
Present value of defined benefit obligation as of December 31	**273**	**435**

Development of the fair value of plan assets:

EUR thousand	**12/31/2022**	12/31/2021
Fair value of plan assets as of January 1	399	393
Employer contribution	0	1
Interest income	5	3
Revaluations		
Income from plan assets excluding amounts included in net interest expense and income	1	2
Fair value of plan assets as of December 31	**405**	**399**

The pension obligations as of December 31, 2022 were measured using the biometric calculation basis Heubeck RICHTTAFELN 2018 G according to the projected unit credit method.

The following assumptions were used in the calculation:

in %	**12/31/2022**	12/31/2021
Discount rate	3.9	1.3
Salary trend	0.0	0.0
Pension trend	1.9	1.9

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

7.2.5 Deferred grants

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

EUR thousand	**2022**	2021
Balance as of January 1 of the fiscal year	1,196	797
Access	403	13
Repayment	0	111
Addition due to business combination	0	617
Reversed to income	618	122
Currency differences	–3	4
Balance as of December 31 of the fiscal year	**978**	**1,196**
Short-term grants	256	361
Long-term grants	723	835
Balance as of December 31 of the fiscal year	**978**	**1,196**

The grants are reversed on a straight-line basis over the useful life of the subsidized assets. If the conditions imposed by the grantors are not met, there may be an obligation to repay the funds granted.

7.2.6 Repayment obligations

The repayment obligations are classified in full as current and developed as follows:

EUR thousand	**12/31/2022**	12/31/2021
Repayment liabilities	24,470	21,837
	24,470	**21,837**

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

7.2.7 Contract liabilities

EUR thousand	12/31/2022	12/31/2021
Obligation to fulfill concluded storage contracts – long-term	3,236	3,600
Obligation to fulfill concluded storage contracts – short-term	943	137
	4,179	**3,737**
Advance payment for storage – long-term	42,656	38,096
Advance payment for storage – short term	12,910	14,649
	55,566	**52,745**
	59,755	**56,481**

The obligations to fulfill concluded storage contracts are obligations assumed as part of business combinations for the storage of stem cell deposits over a contract-specific storage period. When they expire, the current obligations to fulfill concluded storage contracts will be recognized in income in the fiscal year 2023. The non-current portion of the obligations will be recognized in income from the fiscal year 2024.

The item developed as follows in the reporting period:

EUR thousand	2022	2021
Balance as of January 1 of the fiscal year	3,737	1,308
Changes in the scope of consolidation	0	0
Advance payments from previous periods included in sales from storage	–137	0
Advance payments received and accrued in the financial year	579	2,428
Balance as of December 31 of the fiscal year	**4,179**	**3,737**

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

The item developed as follows in the reporting period:

EUR thousand	2022	2021
Balance as of January 1 of the fiscal year	52,745	18,261
Changes in the scope of consolidation	0	31,505
Advance payments from previous periods included in sales from storage	–14,649	–6,322
Advance payments received and accrued in the financial year	17,470	9,300
Balance as of December 31 of the fiscal year	**55,566**	**52,745**

7.2.8 Trade payables

Trade payables amount to EUR 8,004 thousand (previous year: EUR 8,250 thousand), are non-interest bearing and are normally due in and normally have a maturity of 14 to 30 days.

7.2.9 Other financial liabilities

Other financial liabilities are composed as follows:

	12/31/2022		12/31/2021	
EUR thousand	**Total**	Thereof short-term	**Total**	Thereof short-term
Put options	3,012	0	3,375	0
Other	1,778	1,778	1,606	0
	4,790	**1,778**	**4,981**	**0**

Other financial liabilities mainly include liabilities from put options granted to non-controlling shareholders of Group companies in the context of business combinations. As writer, Vita 34 can be obligated to repurchase existing put options held by non-controlling shareholders. The amount expected to be paid is determined on the basis of the respective contractual agreements for compensation of the minority shareholders in the event of a tender. As a rule, these agreements provide for an approximation of the pro rata enterprise value on the basis of company-specific parameters and multipliers.

7.2.10 Other non-financial liabilities

Other non-financial liabilities break down as follows:

	12/31/2022		12/31/2021	
EUR thousand	**Total**	Thereof short-term	**Total**	Thereof short-term
Employee and Management Board benefits	1,896	1,896	1,719	1,719
Liabilities from taxes	877	877	995	995
Social security liabilities	664	664	600	600
Other non-financial liabilities	166	166	1,052	161
	3,603	**3,603**	**4,366**	**3,475**

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

7.2.11 Additional disclosures on financial instruments

The carrying amounts of the financial assets and financial liabilities are shown in the following tables. The fair value of the non-current interest-bearing loans is determined using a DCF model. Significant input factors are the risk-free interest rates observable on the market and a credit spread specific to Vita 34 and dependent on the term. The calculated fair value differs only insignificantly from the carrying amount of the loans. The fair value corresponds to level 3 of the fair value hierarchy. Otherwise, the fair value of the financial assets and other financial liabilities approximates the carrying amount.

EUR thousand	12/31/2022	12/31/2021
Financial assets		
Financial assets at amortized cost		
Trade receivables	13,331	12,688
Other financial assets	2,534	2,775
Other financial investments	293	306
Financial assets measured at fair value through other comprehensive income		
Derivative financial instruments	42	0
Total financial assets	**16,200**	**15,769**
Financial Liabilities		
Financial liabilities at amortized cost		
Interest-bearing loans	15,503	21,462
Trade payables	8,056	8,250
Other financial liabilities	1,778	1,078
	25,337	**30,818**
Financial liabilities measured at fair value through profit or loss		
Variable purchase price components	0	500
Put options	3,012	3,375
Derivative financial instruments	0	28
Total financial liabilities	**28,349**	**34,693**

Trade receivables, other financial receivables, trade payables and other financial liabilities generally have short remaining terms to maturity; the values recognized in the balance sheet approximate their fair values.

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

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

The fair value of other financial assets is determined on the basis of appropriate valuation methods. They are classified in level 3 of the fair value hierarchy.

The fair value of the other financial assets is determined on the basis of appropriate valuation methods. They are classified in level 2 of the fair value hierarchy.

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

EUR thousand	Financial income	Financial expenses	Other expenses	**Total**
2022				
Financial assets at amortized cost	72	0	–1,290	–1,218
Financial assets measured at fair value through profit or loss	60	0	0	60
Financial liabilities at amortized cost	0	–876	0	–876
	132	**–876**	**–1,290**	**–2,034**
2021				
Financial assets at amortized cost	51	–15	–201	–165
Financial liabilities at amortized cost	0	–338	0	–338
Financial liabilities measured at fair value through profit or loss	27	0	0	27
	78	**–353**	**–201**	**–476**

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

The Company does not apply hedge accounting in this context.

The following derivative financial instruments were held:

No.	Trade date	Due date	Instrument	Nominal value	Carrying amount
27629	12/31/2019	09/10/2023	IRS	478,475.02	42,168.17

8. NOTES TO THE CASH FLOW STATEMENT

In accordance with IAS 7 “Statements of Cash Flows”, the consolidated cash flow statement shows the development of cash flows for the reporting year and the previous year broken down into cash inflows and outflows from operating, investing and financing activities. Cash flows from operating activities are calculated using the indirect method.

As in the previous year, cash and cash equivalents include cash on hand and bank balances. It corresponds to the balance sheet item “cash and cash equivalents”.

Changes in liabilities from financing activities

The following table shows the reconciliation of changes in liabilities from financing activities:

EUR thousand	Liabilities to banks	Leasing liabilities	Total
Status January 1, 2021	**3,827**	**1,477**	**5,304**
Cash-effective changes	1,937	–900	1,037
Non-cash changes (see below)	15,698	10,402	26,100
Leasing	0	505	505
Currency conversion	20	15	35
Other changes	15,678	9,882	25,560
Balance as of December 31, 2021	**21,462**	**10,979**	**32,441**
Cash-effective changes	–6,322	–2,648	–8,803
Non-cash changes (see below)	363	4,357	4,720
Other non-cash changes	232	188	4,535
Leasing	0	4,216	4,211
Currency conversion	131	–47	192
Balance as of December 31, 2022	**15,503**	**12,688**	**28,173**

9. OTHER INFORMATION

9.1 TRANSACTIONS WITH RELATED PARTIES

9.1.1 General

Subsidiaries, associated companies, the "key management personnel" as well as persons who exercise a significant influence on the financial and business policy of Vita 34 can be classified as related companies or persons of Vita 34. Furthermore, due to the control situation of AOC Health GmbH over Vita 34 AG, all other companies directly or indirectly controlled by AOC Health GmbH, which are not included in the consolidated financial statements of Vita 34, are also considered related parties.

An overview of the group of companies above Vita 34 AG is included in section 4.

9.1.2 Business transactions with members of the Management Board

Transactions with members of the Management Board in the fiscal year 2022 arose exclusively from remuneration payments. The following gentlemen were appointed to the Management Board in the fiscal year:

Dr. Wolfgang Knirsch	Chief Executive Officer (CEO) until March 21, 2022
Jakub Baran	Chief Executive Officer (CEO) from March 22, 2022
Tomasz Baran	Chief Commercial Officer (CCO) from March 22, 2022
Andreas Schafhirt	Chief Financial Officer (CFO) until July 31, 2022
Dirk Plaga	Chief Financial Officer (CFO) from August 1, 2022

Mr. Jakub Baran was appointed Chief Executive Officer (CEO) by resolution of the Supervisory Board on March 18, 2022. The previous CEO, Dr. Wolfgang Knirsch, has left the Management Board and the Group.

Also by resolution of the Supervisory Board on March 18, 2022, Mr. Tomasz Baran was appointed Chief Commercial Officer (CCO).

By resolution of the Supervisory Board on June 24, 2022, Dirk Plaga was also appointed as the new Chief Financial Officer. The previous Chief Financial Officer, Andreas Schafhirt, left the Management Board on July 31, 2022, but will continue to work for the Company as a consultant.

The remuneration of the Management Board members is as follows:

	2022	2021
Short-term benefits (fixed remuneration, short-term variable remuneration components, other remuneration components)	698	538
Benefits after termination of employment	66	0
Severance payments for Management Board members who left in the reporting year	289	0
Share-based payment	36	0
	1,089	**538**

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

The fixed component is the contractually agreed basic remuneration (EUR 475 thousand; previous year: EUR 489 thousand), which is paid in twelve equal monthly amounts.

New service agreements were concluded with Jakub Baran and Tomasz Baran with effect from March 22, 2022. The service agreement with Dr. Wolfgang Knirsch was also terminated prematurely with effect from March 22, 2022, with a severance payment of EUR 289 thousand. The Management Board service contract of Mr. Andreas Schafhirt expired on the contractually agreed date of July 31, 2022. A Management Board service agreement was concluded with Mr. Dirk Plaga as of August 1, 2022. In December 2022, new service agreements were concluded with all members of the Management Board with effect from September 1, 2022. In these contracts, the new Authoritative Remuneration System III, which was approved by the Supervisory Board on June 29, 2022. The Authoritative Remuneration System III has the same remuneration components as the Authoritative Remuneration System II, which was agreed in the contracts of Mr. Jakub Baran and Mr. Tomasz Baran on March 22, 2022, and in the contract of Mr. Dirk Plaga on August 1, 2022. For Dr. Wolfgang Knirsch and Mr. Andreas Schafhirt, the Authoritative Remuneration System I applied during their term of office. All benefits due under this were serviced in the reporting year and are included in the short-term benefits listed above. There are no further claims. The same applies to agreed remuneration under the Authoritative Remuneration System II applicable during the year. No claims by Management Board members can be derived from this as of December 31, 2022, as these are based solely on the provisions of the Authoritative Remuneration System III, to which exclusive reference is made below.

Based on the Management Board service agreements effective September 1, 2022, Management Board members are entitled to short-term variable remuneration (Short Term Incentive ("STI")) linked to specific performance measures in addition to fixed remuneration and benefits. The specific performance indicators are (a) adjusted Group EBITDA (IFRS) before bonus, (b) adjusted consolidated sales (IFRS), and (c) an individual target, which in turn may consist of multiple components. The adjustments to performance measures (a) and (b) are made to adjust for non-recurring items. The total target amount is divided into three sub-target amounts (a), (b) and (c) in line with the three performance indicators (a), (b) and (c). Between the levels of target achievement of 80% to 100% and 100% to 120%, the payable partial target amount is calculated in each case by linear interpolation. Incentive bonuses are only paid out if a target achievement level of at least 80% is determined for each of the two performance indicators (a) and (b). As of December 31, 2022, the agreed targets were not achieved, so that no payments will be made by the Company under this remuneration component.

A long-term incentive ("LTI") based on the sustainable development of the Company was also agreed. Sustainability is understood to mean a four-year assessment period ("LTI bonus period"). The payment of a long-term bonus consists of the following sustainable target components ("sustainability components"):

- granting of virtual stock options to incentivize the increase in the Company's share price over the LTI bonus period ("sustainability component 1"); explanations are summarized in section 9.1.3,

- fulfillment of targets for the Group's innovation performance over the LTI bonus period ("sustainability component 2").

The target value for sustainability component 2 corresponds to a target achievement of 100%. The lower threshold is a target achievement of 80% or more, and the target achievement is limited to an upper threshold of 120%.

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

For the fiscal year 2022, such a discretionary bonus for the Management Board was granted in the amount of EUR 80 thousand was granted for fiscal year 2022, which is outstanding as of the reporting date and will be settled in the current fiscal year.

In addition, the members of the Management Board receive fringe benefits (EUR 31 thousand; previous year: EUR 37 thousand), which mainly consist of benefits for subsidies for social security contributions and the private use of company cars and are taxable individually by the members of the Management Board.

Obligations recognized in the pension provision relate entirely to former members of the Management Board. There are no pension commitments to Management Board members employed in the fiscal year 2022. The disclosures on pension provisions are presented in detail in section 7.2.4.

9.1.3 Share price-based remuneration program

Sustainability component 1 of the LTI program consists of a program based on virtual stock options ("VSO") ("VSO program"). A VSO is equivalent to a virtual subscription right to one share in the Company, i.e. it is not a (real) option to purchase shares in the Company. However, the Company may, with the consent of the Management Board member, also fulfill its obligation to pay the share price-based remuneration in cash by transferring shares of Vita 34 AG, for example from the stock of treasury shares.

The following are the key points of the VSO program:

Systematics	Annual issuance of a number of VSOs in the first week of October each year, which are automatically exercised to a certain extent at certain times ("vesting"). Vesting takes place in three steps: – 33% of VSOs after 2 years from issue (holding period), – another 33% of VSOs after 3 years from issue – and the remaining 34% of VSOs after 4 years from issue.
Term/fulfillment	– duration: 4 years; – immediate vesting of all outstanding VSOs if no closing auction prices for the Company's shares are determined on XETRA on ten consecutive trading days or in the event of a change of control; – payment claim in cash or, at the Company's discretion, in shares with the approval of the Management Board member.
Calculation parameters/payment	– the amount of remuneration is calculated as the difference between the arithmetic mean of the XETRA closing auction prices of the last 20 trading days (alternatively the last 20 closing auction prices) of the month of September in the year of issue (initial value) and in the year of the exercise of the VSOs (final value); – adjustment to account for dividend payments and corporate actions; – payment in the month of December of the year of the respective vesting, unless in the case of payment in shares a later payment is required for legal reasons.
Restrictions	– automatic exercise takes place at the specified times as long as the Management Board member is in office or if the term of office has been terminated due to (a) reaching an age limit or (b) an important reason pursuant to § 626 BGB from the sphere of the Company; – the final value does not have to meet any minimum hurdle compared to the initial value. If the final value is lower than the initial value, no payment is made.
Cap	– Limitation of the final value to three times the initial value.

The number of VSOs to be allocated to each Management Board member (on average per year of the program term) is based on the target total remuneration set by the Supervisory Board for the Management Board member, assuming achievement of the internal forecasts for the development of the shares. Taking into account the requirements of the remuneration system, in particular the maximum remuneration, it is also possible to conclude a further VSO agreement during the term of a VSO agreement.

As the performance of the VSOs is directly linked to the performance of the Company's share price and vesting takes place over a total period of 4 years, the VSO program creates an incentive to positively influence the Company's performance in the long term in the interests of the shareholders. At the same time, the Management Board member not only participates in a positive development of the Company, as a negative development of the share price also affects his payout amount.

In 2022, a total of 130,314 VSOs were issued to Jakub Baran and 59,234 VSOs each to Tomasz Baran and Dirk Plaga at an initial value of EUR 8.70 each, which will be invested over the four-year term. For subsequent years, the number of VSOs will be determined by the Supervisory Board at its due discretion.

A provision was recognized in profit or loss in the amount of the fair value of the share-based remuneration on a pro rata temporis basis corresponding to the period already vested. The models used to value the option plans are based on the Black/Scholes arbitrage-free valuation method. The average share price at the grant date is EUR 8.70. The fair values of the options are determined using the Black/Scholes model. Volatilities are determined on the basis of monthly closing prices over a historical period of three years. The parameters used are shown in the following table:

	Unit	**12/31/2022**
Risk free interest	%	1.9
Annualized volatility	%	39.55
Number of stock options granted	Number	248,782
Fair value at grant date	EUR	549,212
Share price at the reporting date	EUR	7.82
Number of stock options earned at the end of the reporting period	Number	248,782
Carrying amount of the obligation	EUR	35,987
Expense for the period	EUR	35,987

Sustainability component 2 is measured on the basis of the fulfillment of the targets set by the Supervisory Board for the Company's innovation performance (Vitality Index) over the LTI bonus period.

Innovation performance – in the sense of the development of new technologies, products or product features – is a key factor for the company's future economic success and is, moreover, easy to measure: The Vitality Index refers to the share of sales accounted for by products that have been launched on the market in the past four years and are technically innovative.

The Management Board member receives annual installment payments on an assumed payout amount related to sustainability component 2 in an amount to be agreed between the Supervisory Board and the Management Board member in EUR per fiscal year. At the end of the LTI bonus period, the amounts are adjusted on the basis of the actual degree of target achievement and offset against the installment payments. If the Management Board member's variable remuneration for the fiscal year is insufficient to offset amounts to be repaid, offsetting against other remuneration components (for example, fixed salary, STI, or payments from the VSOs) takes place. The applicable statutory garnishment limits must be complied with.

9.1.4 Transactions with the Supervisory Board

The following persons were appointed to the Supervisory Board in the fiscal year 2022:

Dr. Alexander Granderath (Chairman)	– Chairman of the Supervisory Board of Francotyp Postalia AG – Chairman of the Supervisory Board of VTG AG – Interim COO and member of the Investment Committee of Haniel GmbH – Member of the Advisory Board of the Serafin Group of Companies
Florian Schuhbauer	– Founding partner of Active Ownership Capital S.à.r.l. and Active Ownership Corporation S.à.r.l. (AOC) – Member of the Supervisory Board of PNE AG and NFON AG
Frank Köhler	– Co-founder of Aroma Company GmbH – Partner and Director of Aroma Company Köhler & Weckesser GbR – Member of the Supervisory Board member of Shop Apotheke Europe N.V. – Managing Director of Humiecki & Graef GmbH
Andreas Füchsel (until June 29, 2022)	– Lawyer and partner of the international law firm DLA Piper UK LLP
Nils Herzing (December 15, 2021 to June 29, 2022)	– Member of the Management Board of Shareholder Value Beteiligungen AG
Dr. Ursula Schütze-Kreilkamp	– Head of Human Resources Group Management KFK, Deutsche Bahn AG
Konrad Miterski	– Vice President of the Management Board, Herkules SA
Paul Owsianowski (since June 29, 2022)	– Partner, Active Ownership Advisors GmbH

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

Supervisory Board remuneration generally consists of fixed basic remuneration and fringe benefits (liability insurance and expenses). In the fiscal year 2022, payments to the Supervisory Board totaled EUR 195 thousand (previous year: EUR 113 thousand), which were due in the short term.

9.1.5 Transactions with related companies

Business transactions with related companies took place to the following extent:

	Deliveries and services rendered		Goods and services received	
	2022	2021	**2022**	2021
BioPlanta GmbH	0	0	18	168
Nardus Consulting	0	0	68	69
Vita 34 Suisse	0	0	0	16
Sorgente Genetica s.r.l.	140	0	16	16
Imunolita UAB	19	33	0	0

The companies listed are non-consolidated subsidiaries.

Transactions with related parties mainly relate to sales of goods and service relationships. Expenses to Nardus Consulting relate to expenses for the rental of office and laboratory space. These have taken place on an arm's length basis, as is also customary with third parties.

The following receivables and liabilities exist as of December 31, 2022:

	Receivables		Liabilities	
	12/31/2022	12/31/2021	**12/31/2022**	12/31/2021
Vita 34 Suisse	0	12	0	0
Sorgente Genetica s.r.l.	0	0	0	15
Imunolita UAB	0	6	0	0

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

9.2 AUDITORS' FEES AND SERVICES PURSUANT TO § 314 HGB

The total fee charged for the auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft in the fiscal year 2022 amounted to EUR 555 thousand (previous year: EUR 290 thousand) and relates to audit services for the statutory audits of the annual and consolidated financial statements of Vita 34 AG.

9.3 EARNINGS PER SHARE

In calculating undiluted/diluted earnings per share, the earnings attributable to the holders of ordinary shares in the parent company are divided by the weighted average number of ordinary shares outstanding during the year. The increased number of shares in 2021 became effective upon registration in the commercial register on November 9, 2021. Earnings contributions for 2021 of the subgroup PBKM were included from November 8, 2021. In the fiscal year 2022, no changes in the number of shares outstanding are to be taken into account during the year.

Undiluted/diluted earnings per share are calculated as follows:

EUR thousand	**2022**	2021
Loss from continuing operations	–27,384	–3,926
Less portion attributable to non-controlling interests	298	259
Earnings from continuing operations attributable to shareholders of Vita 34 AG	**–27,087**	**–3,667**
Number of shares outstanding (weighted average)	15,828,117	5,825,064
Earnings per share (EUR)	**–1.71**	**–0.63**

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

	2022	2021
Ordinary shares as of January 1 of the fiscal year	16,036,459	4,145,959
New ordinary shares from capital increase in the fiscal year	0	11,890,500
Ordinary shares as of December 31 of the fiscal year	16,036,459	16,036,459
Less treasury shares	–208,342	–208,342
Ordinary shares as of December 31 of the fiscal year excluding treasury shares	15,828,117	15,828,117
Weighted average number of ordinary shares used to calculate undiluted/diluted earnings per share	15,828,117	5,825,064

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

9.4 CONTINGENCIES AND OTHER FINANCIAL OBLIGATIONS

As of the reporting date December 31, 2022, the Group has obligations to purchase property, plant and equipment in the amount of EUR 873 thousand (December 31, 2021: EUR 312 thousand) and other obligations in the amount of EUR 97 thousand (December 31, 2021: EUR 258 thousand).

9.5 EVENTS AFTER THE REPORTING DATE

There were no events after the reporting date with a significant impact on the net assets, financial position or results of operations of the Group.

Leipzig, April 27, 2023

Management Board of Vita 34 AG

Jakub Baran
CEO

Tomasz Baran
CCO

Dirk Plaga
CFO

FURTHER INFORMATION

RESPONSIBILITY STATEMENT

CONSOLIDATED FINANCIAL STATEMENTS 2022

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

Leipzig, in April 2023

Management Board of Vita 34 AG

Jakub Baran	Dirk Plaga	Tomasz Baran
CEO	CFO	CCO

INDEPENDENT AUDITOR'S REPORT

To Vita 34 AG, Leipzig

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

AUDIT OPINIONS

We have audited the consolidated financial statements of Vita 34 AG, Leipzig, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of profit and loss, consolidated statement of changes in group equity and consolidated cash flow statement for the financial year from 1 January to 31 December 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Vita 34 AG, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2022.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2022, and of its financial performance for the financial year from 1 January to 31 December 2022, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. 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 on the group 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 in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1. Impairment of goodwill

2. Accounting for sales revenue in accordance with IFRS 15

Our presentation of these key audit matters has been structured in each case as follows:

1. Matter and issue

2. Audit approach and findings

3. Reference to further information

Hereinafter we present the key audit matters:

1. Impairment of goodwill
1. In the company's Consolidated Financial Statements, goodwill totaling EUR 39,491 thousand (26.1% of the balance sheet total) is reported under the balance sheet item "Goodwill". Goodwill is tested for impairment by the company once a year or whenever there is an indication that goodwill may be impaired. The impairment test is performed at the level of the cash-generating units or groups to which the respective goodwill is allocated. In the impairment test, the carrying amount of the respective cash-generating units including goodwill is compared with the corresponding recoverable amount. The recoverable amount is generally determined on the basis of the value in use. The basis for the measurement is generally the present value of future cash flows of the respective cash-generating unit or group. The present values are determined using discounted cash flow models. The starting point is the Group's approved medium-term plan, which is updated with assumptions about long-term growth rates. Expectations about future market developments and assumptions about the development of macroeconomic factors are also taken into account. Discounting is based on the weighted average cost of capital of the respective cash-generating unit or group of cash-generating units. As a result of the impairment test, an impairment need of EUR 13,830 thousand was identified.

The result of this assessment is highly dependent on the estimation of the legal representatives with regard to the future cash flows of the respective group of cash-generating units, the discount rate used, the growth rate and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complexity of the valuation, this matter was of particular importance in the context of our audit.

2. As part of our audit, we verified, among other things, the methodological approach used to perform the impairment test. After comparing the future cash flows used in the calculation with the Group's approved medium-term planning, we assessed the appropriateness of the calculation, in particular by reconciling it with general and industry-specific market expectations. We also assessed the appropriate consideration of the costs of corporate functions. Knowing that even relatively small changes in the discount rate used can have a significant impact on the amount of the recoverable amount determined in this way, we dealt intensively with the parameters used in determining the discount rate and understood the calculation scheme. In order to take account of the existing forecast uncertainties, we reproduced the sensitivity analyses prepared by the company and performed our own sensitivity analyses. In doing so, we determined that the carrying amounts of the cash-generating units or groups, including the allocated goodwill, are sufficiently covered by the discounted future cash flows, taking into account the available information.

   Overall, the valuation parameters and assumptions applied by the legal representatives are in line with our expectations and are also within what we consider to be reasonable ranges.

3. The company's disclosures on goodwill impairment testing are included in the summary of significant accounting policies in the section "Intangible assets" of chapter 2.4, in Significant Estimates and Assumptions in the section "Goodwill Impairment Testing" of chapter 3.1 and in section 7.1.1 "Goodwill" of the Notes to the Consolidated Financial Statements.

2. Accounting for sales revenue in accordance with IFRS 15
1. In the Consolidated Financial Statements of Vita 34 AG, sales revenues in the amount of EUR 68.9 million are reported, of which EUR 45.7 million are attributable to the collection and processing of umbilical cord blood, EUR 18.5 million to its storage, and EUR 4.8 million to other sales revenues. This item, which is significant in terms of amount, is subject to a particular risk in view of the complexity of the processes required for accurate recognition and accrual and the existence of multi-component contracts.

   In addition, the revenues and the corresponding contract liabilities and contract assets are based to a large extent on estimates and assumptions made by the legal representatives, particularly with regard to the costs to be included in the course of the "expected cost plus a margin" approach when allocating the transaction price to the performance obligations and with regard to the determination of the contractual terms to be taken into account for the various types of contracts. Furthermore, the determination of the contract term of some contract constellations with annual termination options is subject to discretionary decisions of the legal representatives with regard to the assessment of the the existence of significant contractual penalties within the meaning of IFRS 15.11. Due to the large number of different contract constellations and manual adjustment entries, the correct recognition and deferral of revenue in the application of the IFRS 15 accounting standard is to be regarded as complex.

   Against this background, the recognition of revenue was of particular importance in the context of our audit.

2. Taking into account the knowledge that there is an increased risk of misstatements in the financial statements due to the complexity of data collection and processing as well as the estimates and assumptions to be made with regard to certain individual contractual arrangements, we initially assessed the processes and controls established by the Group for the recognition of revenue as part of our audit. In doing so, we also assessed the IT systems used for invoicing and correct recording of transactions up to the point of recording in the general ledger.

   As part of our case-by-case audit procedures, we traced the different characteristics of the various contractual models and assessed whether the performance obligations and their contractual terms were correctly identified and whether these services were provided over a specific period or at a specific point in time. In this context, we also assessed the appropriateness of the procedures applied, including the cost calculation performed within the Group as the basis for revenue allocation using the expected-cost-plus-a-margin approach, and assessed the estimates made or judgements made by the legal representatives for revenue recognition and deferral.

In addition, we assessed on a test basis the evidence supporting the revenue and the cash receipts. Through consistent audit procedures in the audit of the operating subsidiaries, we ensured that we adequately addressed the inherent audit risk of revenue.

We were able to satisfy ourselves that the systems and processes in place, as well as the controls in place, are adequate and that the estimates made and assumptions made by the legal representatives are sufficiently documented for the accounting treatment of revenue.

3. The company's disclosures on revenues in the Consolidated Financial Statements of Vita 34 AG are included in sections 2.4 "Summary of Significant Accounting and Valuation Policies" and 3.1 "Significant Estimates and Assumptions" as well as 6.1 "Revenues from Contracts with Customers" of the Notes to the Consolidated Financial Statements.

OTHER INFORMATION

The executive directors are responsible for the other information.

The other information comprises

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB, which we obtained prior to the date of our auditor's report
- the annual report, which is expected to be made available to us after the date of the auditor's report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The executive directors 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 Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting 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 executive directors are responsible for the preparation of the group 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 executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group 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 group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

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 group 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 group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and 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 group management report.

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 group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit 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 controls.

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

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' 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 and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. 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 Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group 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 group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors 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 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were 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 auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

REPORT ON THE ASSURANCE ON THE ELECTRONIC RENDERING OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT PREPARED FOR PUBLICATION PURPOSES IN ACCORDANCE WITH § 317 ABS. 3A HGB

DECLARATION OF NON-ISSUANCE OF AN ASSURANCE OPINION

We were engaged to perform a reasonable assurance engagement in accordance with § 317 Abs. 3a HGB to obtain as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format").

We do not express an audit opinion on the ESEF documentation. Due to the significance of the matter described in the section "Basis for the explanation for not expressing an opinion", we have not been able to obtain sufficient appropriate audit evidence to provide a basis evidence to provide a basis for our opinion on the ESEF documentation.

BASIS FOR THE DECLARATION OF NON-ISSUANCE OF AN ASSURANCE OPINION

As the legal representatives did not submit any ESEF documents to us for audit by the time of issuing the audit opinion, we do not express an opinion on the ESEF documents.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ESEF DOCUMENTS

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

GROUP AUDITOR'S RESPONSIBILITIES FOR THE ASSURANCE WORK ON THE ESEF DOCUMENTS

Our responsibility is to perform an audit of the ESEF documents in accordance with § 317 Abs. 3a HGB in accordance with IDW Audit Standard: Audit of electronic reproductions of financial statements and management reports prepared for the purpose of disclosure pursuant to § 317 Abs. 3a HGB (IDW PS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Due to the matter described in the section "Basis for the declaration of non-issuance of an Assurance Opinion ", we have not been able to obtain sufficient appropriate evidence to provide a basis for an opinion on the ESEF documentation.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the annual general meeting on 29 June 2022. We were engaged by the supervisory board on 5 September 2022. We have been the group auditor of the Vita 34 AG, Leipzig, without interruption since the financial year 2021.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Susanne Patommel.

Berlin, 28 April 2023

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft

Susanne Patommel	Dr. Kay Lubitzsch
Certified Public Auditor	Certified Public Auditor

FINANCIAL CALENDAR 2023

04/30/2023	Annual Report 2022
05/31/2023	Quarterly Statement (Q1)
06/23/2023	Annual General Meeting
08/31/2023	Interim Report (January to June)
11/21/2023	Quarterly Statement (Q3)

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Cavan Images (F1online), New York
iStockphoto (Dean Mitchell, skynesher), Calgary
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PUBLICATION
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