



# QUARTERLY STATEMENT

January to September 2022



# LETTER FROM THE MANAGEMENT BOARD

*Dear Shareholders,*

In the third quarter of the current fiscal year 2022, the challenges in the economic and social environment have not diminished. The war in Ukraine continues and is causing uncertainty in large parts of society. The significant rise in energy prices in Europe and worldwide since the start of the war has become the dominant topic in the news. At the same time, the overall significant rise in the cost of living is leading to a massive increase in inflation, which in turn is causing central banks to raise interest rates and reducing disposable income for many households.

You already know all of this, because each and every one of us is affected by this environment. While the business model of Vita 34 in the past was always largely brimming with grandeur over economic imponderables, in the current environment we have to recognize that many families are finding it difficult to cope with this changed environment and the resulting financial challenges. Many private investments, no matter how sensible they may be in principle, are therefore being postponed. Or even cancelled for good. Especially in the second quarter, Vita 34 also felt the effects of this uncertainty and suffered from a noticeable decline in new customer business, which left clear traces in our revenue and earnings development. It was not until the end of the second quarter that we were able to record a slight recovery in our business development.

The storage of stem cells obtained during the birthing process is a true 'once in a lifetime opportunity' that modern technology opens up to us. We are therefore confident that in the coming quarters, step by step, more expectant parents will again come to terms with the changed economic environment and take advantage of this unique opportunity of stem cell storage. In the third quarter, it was already apparent that the slight recovery at the end of the second quarter appears to be turning into a positive trend again, which is slowly but steadily improving our business development.

As a result of the merger with PBKM FamiCord, our revenues in the first nine months were once again significantly higher than in the previous year at EUR 50.8 million. And a comparison of the quarters also showed a clearly perceptible improvement in the development of revenues, underlining the emerging normalization of business development. Earnings before interest, taxes, depreciation and amortization (EBITDA) were still significantly below the previous year at EUR -1.6 million on a 9M 2022 perspective, partly due to further investments in the newly emerging activities and in research and development. However, against the backdrop of the resurgence in business development and lower cost of sales due to strict cost control, EBITDA in the third quarter was already back in clearly positive territory at EUR 1.0 million, although not yet at the level of the same period of the previous year.

Also in our new expanding business areas Cell & Gene Therapies and CDMO, we currently have to pay tribute to the distortions in the general economic environment. Almost all project steps are currently subject to delays. As the revenue contribution of the units was still in the low single-digit million range and thus below expectations, we decided to curb the scope of our investments on both the CAPEX and OPEX sides. By applying strict cost discipline, we are at least managing to keep our expenses in check. At the same time, we are working intensively to accelerate further project progress despite all adversities.

To a positive conclusion we brought the necessary measures in connection with the harmonization of accounting under IFRS 15. The negative effect from the impact of IFRS 15 amounted to EUR 2.5 million in the third quarter and thus to a total of EUR 6.5 million in the first nine months of 2022. In most countries, we have now implemented the corresponding adjustments in our new contracts with legal certainty. The adjustments made will have a full positive impact on our accounting from the coming financial year.

Overall, therefore, we have to state that our performance to date in the current fiscal year continues to fall short of our potential. However, we are more than confident that our current weakness in the course of business is primarily the result of the great uncertainty that the current environment is creating among our potential customers and that this situation will improve again step by step in the coming months. For this reason, we are maintaining our current forecast for the year as a whole, which provides for ranges of EUR 65 to 72 million for consolidated sales and EUR –6.0 to –3.0 million for EBITDA.

Leipzig, November 2022  
The Management Board of Vita 34 AG



Jakub Baran  
Chief Executive  
Officer



Dirk Plaga  
Chief Financial  
Officer



Tomasz Baran  
Chief Commercial  
Officer

# GROUP KEY FIGURES

		Q3 2022	Q3 2021*	9M 2022	9M 2021*
<b>Income statement</b>					
Sales revenue	EUR thousand	18,655	5,646	50,764	16,111
Gross profit	EUR thousand	5,987	3,404	13,409	9,419
EBITDA	EUR thousand	1,008	1,486	-1,606	3,137
EBITDA margin as a percentage of sales	%	5.4	26.3	-3.2	19.5
Operating result (EBIT)	EUR thousand	-1,111	828	-7,976	954
Result for the period	EUR thousand	-386	444	-8,058	132
Earnings per share	EUR	-0.02	0.11	-0.50	0.03
<b>Balance sheet</b>					
Balance sheet total	EUR thousand			172,202	177,946
Equity	EUR thousand			34,883	41,942
Equity ratio	%			20.2	23.6
Liquid funds	EUR thousand			19,804	33,298
<b>Cash flow</b>					
Cash flow from investing activities	EUR thousand			-4,223	-659
Depreciation and amortization	EUR thousand			6,370	2,183
Cash flow from operating activities	EUR thousand			-3,219	2,390

\* Prior-year figures adjusted. The adjustments are explained in Note 2.3 of the Annual Report 2021.

## Business Development and Results of Operations

Note: Prior-year figures have been adjusted due to findings of the German Financial Reporting Enforcement Panel (FREP). The periods 9 months 2022 and 9 months 2021 as well as Q3 2022 and Q3 2021 are not comparable as PBKM was consolidated for the first time effective November 8, 2021.

### THIRD QUARTER OF 2022

On August 29, 2022, in close consultation with its legal and business advisors, Vita AG succeeded in reaching an agreement in principle on how the company can structure its storage contracts with customers in the subgroup PBKM in such a way that they can be accounted for again for a longer period of time – similar to the original accounting at PBKM. At present, the positive effect of this

decision amounts to around EUR 9.0 million per year and will have an equal impact on consolidated sales and EBITDA in the coming years. Consideration in the contractual framework has been taking place gradually since the end of August 2022. Contrary to original expectations, the consensus reached will at best have a minor impact on development in the fourth quarter of 2022 and will have a positive effect on the company's consolidated sales and earnings, particularly from 2023 onwards.

Despite an unchanged difficult market environment, there was a noticeable improvement in demand in several regions in the third quarter of 2022 compared with the previous quarters of 2022. At the same time, the regional development continued to be uneven overall. For example, sales of EUR 18.7 million in the third quarter of 2022 were quite significantly higher than the sales of

EUR 15.5 million in the first quarter of 2022 and EUR 16.6 million in the second quarter of 2022. In the prior-year quarter, which is not comparable, EUR 5.6 million had been generated.

In terms of earnings development, a noticeable trend reversal was achieved in the third quarter of 2022 and a positive EBITDA of EUR 1.0 million was achieved. By comparison, EBITDA in the second quarter of 2022 was EUR –1.5 million and in the first quarter of 2022 it was EUR –1.1 million. In the third quarter of the previous year, EBITDA amounted to EUR 1.5 million. The improvement in earnings development is attributable to the core operating business and here in particular to an improved cost of sales ratio especially in the subgroup PBKM. At the same time, Vita 34 has maintained marketing and sales activities in particular at a high level throughout the Group. Vita 34 also continued to invest in research and development as well as in newly emerging business areas. Trailing one-time transaction costs from the merger of Vita 34 and PBKM were no longer incurred in the third quarter of 2022. EBIT in the third quarter of 2022 was EUR –1.1 million compared to EUR 0.8 million in the same period of the previous year. The result for the 3-month period July to September 2022 is calculated at EUR –0.4 million (previous year: EUR 0.4 million).

## NINE-MONTH PERIOD OF 2022

The overall environment of pandemic, war in Ukraine, inflation, rising interest rates, energy supply uncertainty and economic fears had a negative impact on people's willingness to spend in many countries, especially on expectant parents. Despite significant upturns in the third quarter, business and sales development remained slightly below potential throughout the nine-month period of 2022. The number of contract renewals is growing. Post-merger integration projects are largely on track.

In the nine-month period of 2022, the Vita 34 Group was able to generate sales of EUR 50.8 million. In the same period of the previous year, this figure was EUR 16.1 million excluding the subgroup PBKM. Overall, cell banking represents around 95% of consolidated sales. Including new customer contracts, the number of contracts with annual payments increased to a total of more than 235,000. Consequently, recurring revenues totaled EUR 14.1 million in the nine-month period of 2022. Cost of sales increased from EUR 6.7 million to EUR 37.4 million. The disproportionately high increase measured in terms of the cost of sales ratio is attributable in particular to effects from PBKM, which has a higher cost of sales ratio for various reasons. The cost of sales ratio improved noticeably over the course of the year. Marketing and selling expenses amounted to EUR 7.4 million in the first nine months of 2022 (previous year: EUR 3.9 million). Vita 34 is deliberately continuing its own marketing and sales activities consistently despite the currently weaker market environment. In addition, administrative costs increased from EUR 3.4 million to EUR 14.4 million, which is partly due to further expenses for the new activities in the areas of cell and gene therapies (incl. CAR-T) and CDMO. In addition to some cost-cutting and cost-shifting measures, it is a deliberate strategic decision to basically keep marketing efforts as well as staffing at a level that allows Vita 34 to fully benefit when demand revives.

EBITDA for the first nine months of 2022 amounted to EUR –1.6 million (previous year: EUR 3.1 million). EBIT was EUR –8.0 million (previous year: EUR 1.0 million). The result for the period stood at EUR –8.1 million (previous year: EUR 0.1 million) and corresponds to earnings per share of EUR –0.50 for the nine-month period (previous year: EUR 0.03).

## Development in the Segments

Since the merger with PBKM, the Vita 34 Group reports on the two segments subgroup Vita 34 and subgroup PBKM.

In the subgroup Vita 34 segment, sales in the first three quarters of 2022 decreased by 11.6% from EUR 16.1 million to EUR 14.2 million. This was due to the environmental factors described above, which also impacted demand in the DACH region. At the same time, the sales figures from 2021 were historically good. Segment EBITDA amounted to EUR 1.1 million, compared with EUR 3.1 million in the prior-year period. At EUR 0.9 million, investments in the subgroup Vita 34 segment were at the level of the prior-year period and continue to reflect a restrained investment policy.

In the subgroup PBKM segment, sales in the first nine months of 2022 amounted to EUR 36.5 million. Comparable figures for the previous year are not available. The segment's EBITDA stood at EUR –2.7 million. Thus, a turnaround in earnings was initiated in this segment in the third quarter and a positive EBITDA of EUR 0.5 million was achieved. Investments in the subgroup PBKM amounted to EUR 4.6 million and were almost exclusively made in the new business areas.

## Financial Position and Net Assets

The earnings development, which was influenced by continued investments in research and development as well as in newly emerging business areas, also impacted the cash flow development in the nine-month period of 2022. Cash flow from operating activities was EUR –3.2 million, compared with EUR 2.4 million in the prior-year period. The still negative earnings performance in the first nine months was not fully offset by increased depreciation and amortization and higher contract liabilities. In addition, increased receivables and other assets had a dampening effect on cash flow. The comparability of the cash flow statement with the prior-year period is also very limited.

The number of contract extensions is increasing. Against the background of the new Group size, cash flow from investing activities rose from EUR –0.7 million to EUR –4.2 million. The Vita 34 Group continues to invest prudently and primarily in the area of maintenance investments. In addition, further funds were invested in the areas of cell and gene therapies (incl. CAR-T) as well as CDMO, especially for new laboratory equipment. Cash flow from financing activities increased from EUR –2.5 million to EUR –5.1 million. It was mainly influenced by the repayment of financial loans, lease payments and inflows from transactions with minority shareholders. Cash and cash equivalents stood at EUR 19.8 million as of September 30, 2022 (December 31, 2021: EUR 33.3 million).

The balance sheet total remained almost stable at EUR 172.6 million compared with the figure of EUR 177.9 million as of December 31, 2021. On the assets side of the balance sheet, non-current assets grew from EUR 122.3 million to EUR 126.9 million. This was mainly due to the slight increase in property, plant and equipment as a result of capital expenditure. This increase more than compensated for the scheduled depreciation of property, plant and equipment and amortization of intangible assets resulting from the valuation of customer contracts in the course of acquisitions. Current assets dropped from EUR 55.7 million to EUR 45.7 million. The main reason for this was the decrease in cash and cash equivalents from EUR 33.3 million to EUR 19.8 million. This was offset above all by an increase in trade receivables. On the liabilities side of the balance sheet, equity developed in line with the earnings situation in the first nine months of 2022, falling accordingly from EUR 41.9 million as of December 31, 2021 to EUR 34.9 million as of September 30, 2022. The equity ratio reduced from 23.6% to 20.2%. Non-current liabilities decreased to EUR 70.0 million as of September 30, 2022 (December 31, 2021: EUR 72.6 million). Current liabilities increased slightly from EUR 63.4 million to EUR 67.7 million.

## Forecast

On August 29, 2022, in close consultation with its legal and business advisors, Vita AG succeeded in reaching an agreement in principle on how the company can structure its storage contracts with customers in the subgroup PBKM in such a way that they can be accounted for again for a longer period of time – similar to the original accounting at PBKM. At present, the positive effect of this decision amounts to around EUR 9.0 million per year and will have an equal impact on consolidated sales and EBITDA in the coming years. Consideration in the contractual framework has been taking place gradually since the end of August 2022. Contrary to original expectations, the consensus reached will at best have a minor impact on development in the fourth quarter of 2022 and will have a positive effect on consolidated sales and the company's earnings from 2023 in particular.

In combination with additional restructuring measures to leverage post-merger synergies, which were already implemented in the current fiscal year due to the current market environment and which will lead to a one-time special charge at EBITDA level of EUR –1.0 million in the course of location measures, particularly in Poland, Portugal, Switzerland as well as Spain, Vita 34 had adjusted its forecast in August 2022. Against the background of the aforementioned effects and the continued difficult market environment, the Management Board expects consolidated sales in the range of EUR 65 to 72 million (previously: EUR 68 to 75 million) and EBITDA in the range of EUR –6 to –3 million (previously: EUR –2 to 1 million) for the full year 2022. This forecast remains valid.

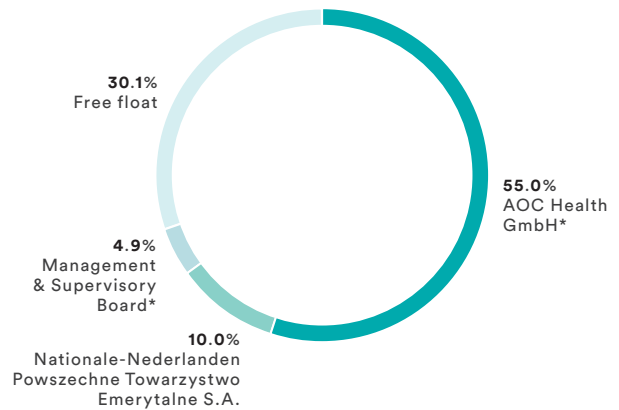
# Share

## Key Share Data Q3 2022

Ticker symbol/Reuters symbol	V3V/V3VGn.DE
WKN/ISIN	A0BL84/DE000A0BL849
Number of shares	16,036,459
Price on 01/03/2022*	EUR 15.10
Price on 09/30/2022*	EUR 6.86
Market capitalization (09/30/2022)	EUR 110.0 million

\* Closing prices Xetra trading system of Deutsche Börse AG

## Shareholder structure as of September 2022



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

## Share price development 9M 2022

— Vita 34 AG (indexed) — SDAX (indexed)



## Consolidated Income Statement

EUR thousand	Q3 2022	Q3 2021*	9M 2022	9M 2021*
Sales revenue	18,655	5,646	50,764	16,111
Cost of sales	-12,668	-2,242	-37,354	-6,692
<b>Gross profit on sales</b>	<b>5,987</b>	<b>3,404</b>	<b>13,409</b>	<b>9,419</b>
Other operating income	641	167	2,103	379
Marketing and selling costs	-2,526	-1,320	-7,446	-3,898
Administrative expenses	-4,662	-1,189	-14,442	-3,354
Other operating expenses	-551	-235	-1,600	-1,592
<b>Operating result (EBIT)</b>	<b>-1,111</b>	<b>828</b>	<b>-7,976</b>	<b>954</b>
Financial income	798	13	1,322	41
Financial expenses	-225	-60	-1,438	-151
<b>Earnings before taxes</b>	<b>-538</b>	<b>780</b>	<b>-8,093</b>	<b>845</b>
Income tax expense/income	152	-336	34	-712
<b>Result for the period after taxes</b>	<b>-386</b>	<b>444</b>	<b>-8,058</b>	<b>132</b>
<b>Attributable to:</b>				
Owners of the parent company	-209	443	-7,754	128
Non-controlling interests	-177	1	-304	4
<b>Earnings per share, undiluted/diluted (EUR)</b>				
Undiluted and diluted, relating to the result for the period attributable to the holders of ordinary shares of the parent company	-0.02	0.11	-0.50	0.03

\* Prior-year figures adjusted. The adjustments are explained in Note 2.3 of the Annual Report 2021.



## Consolidated Balance Sheet (Assets)

### Assets

EUR thousand	09/30/2022	12/31/2021
<b>Non-current assets</b>		
Goodwill	53,641	53,653
Intangible assets	20,305	22,828
Property, plant and equipment	23,471	21,861
Right-of-use assets	11,136	10,012
Shares in associated companies	398	422
Other financial assets	922	1,005
Other non-financial assets	4,404	1,559
Deferred tax assets	9,581	9,144
Contract assets	2,455	1,089
Trade receivables	501	575
Restricted cash	119	119
	<b>126,934</b>	<b>122,267</b>
<b>Current assets</b>		
Inventories	4,559	3,299
Trade receivables	13,560	12,113
Income tax receivables	863	1,044
Contract assets	1,855	2,811
Other financial receivables and assets	2,674	2,076
Other non-financial receivables and assets	2,383	1,038
Cash and cash equivalents	19,804	33,298
	<b>45,697</b>	<b>55,679</b>
<b>Total assets</b>	<b>172,632</b>	<b>177,946</b>

## Consolidated Balance Sheet (Equity and Liabilities)

### Equity and liabilities

EUR thousand	09/30/2022	12/31/2021
<b>Equity</b>		
Subscribed capital	16,036	16,036
Capital reserves	33,851	36,960
Retained earnings	-5,347	-5,120
Other reserves	-6,139	-1,989
Treasury shares	-2,813	-2,813
Non-controlling interests	-706	-1,133
	<b>34,883</b>	<b>41,942</b>
<b>Non-current liabilities</b>		
Interest-bearing loans	1,815	11,017
Leasing liabilities	10,186	8,777
Deferred grants	784	835
Contract liabilities	46,757	41,696
Provisions	324	286
Pension provisions	36	36
Deferred income taxes	5,537	5,714
Other financial liabilities	3,578	3,375
Other non-financial liabilities	1,028	892
	<b>70,045</b>	<b>72,629</b>
<b>Current liabilities</b>		
Trade payables	6,806	8,250
Provisions	10	10
Income tax payables	116	404
Interest-bearing loans	15,059	10,445
Lease liabilities	2,389	2,202
Deferred grants	234	361
Repayment obligations	22,988	21,837
Contract liabilities	14,533	14,786
Other financial liabilities	1,380	1,606
Other non-financial liabilities	4,189	3,475
	<b>67,704</b>	<b>63,375</b>
<b>Total equity and liabilities</b>	<b>172,632</b>	<b>177,946</b>

# Consolidated Cash Flow Statement

EUR thousand	9M 2022	9M 2021*
<b>Cash flow from operating activities</b>		
Earnings for the period before taxes	-8,093	845
Adjusted for:		
Depreciation and amortization	6,370	2,183
Gains/losses from the disposal of non-current assets	1	0
Other non-cash expenses/income	520	21
Financial income	-1,322	-41
Financial expenses	1,438	151
Changes in working capital:		
+/- Inventories	-1,261	48
+/- Receivables and other assets	-5,276	-915
+/- Contract assets	-603	-499
+/- Liabilities	371	-25
+/- Contract liabilities	6,084	1,353
+/- Provisions	0	-6
Interest paid	-763	-103
Income taxes paid	-688	-621
<b>Cash flow from operating activities</b>	<b>-3,219</b>	<b>2,390</b>
<b>Cash flow from investing activities</b>		
Purchase of intangible assets	-339	-27
Purchase of property, plant, and equipment	-4,517	-856
Purchase of long-term financial investments	-604	0
Proceeds from the sale of financial investments	0	219
Interest received	1,236	6
<b>Cash flow from investing activities</b>	<b>-4,223</b>	<b>-659</b>
<b>Cash flow from financing activities</b>		
Payments for equity injections	0	-888
Transaction with non-controlling interests	1,311	0
Proceeds from taking out financial loans	11	0
Payments for the repayment of financial loans	-4,898	-1,157
Payments for leases	-1,743	-450
Proceeds from grants received	238	0
<b>Cash flow from financing activities</b>	<b>-5,080</b>	<b>-2,494</b>
Net change in cash and cash equivalents	-12,522	-763
Cash and cash equivalents at the beginning of the reporting period	33,298	10,396
Exchange rate-related change in cash and cash equivalents	-972	0
<b>Cash and cash equivalents at the end of the reporting period (liquid funds)</b>	<b>19,804</b>	<b>9,633</b>

\* Prior-year figures adjusted. The adjustments are explained in Note 2.3 of the Annual Report 2021.

# IMPRINT

## CONTACT

Vita 34 AG  
Deutscher Platz 5a  
04103 Leipzig  
Germany

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

## EDITORIAL TEAM

Vita 34 AG, Leipzig  
Better Orange IR & HV AG, Munich

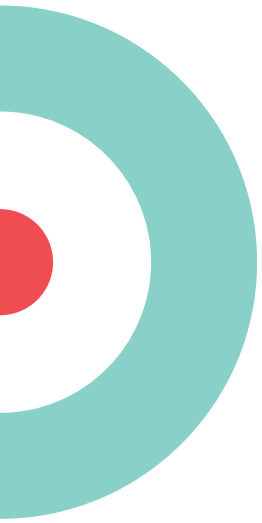
## CONCEPT & DESIGN

Silvester Group, Hamburg

## PUBLICATION

This quarterly statement was published in German and English on November 22, 2022 and is available for download on our website. This document is a convenience translation of the legally binding German-language document.

Vita 34's website: [www.vita34group.de](http://www.vita34group.de)



**Vita 34 AG**

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

Mailing address: Perlickstraße 5 | 04103 Leipzig | Germany

T: +49 (0)341 48792-0 | F: +49 (0)341 48792-20

ir@vita34.de | www.vita34group.de

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