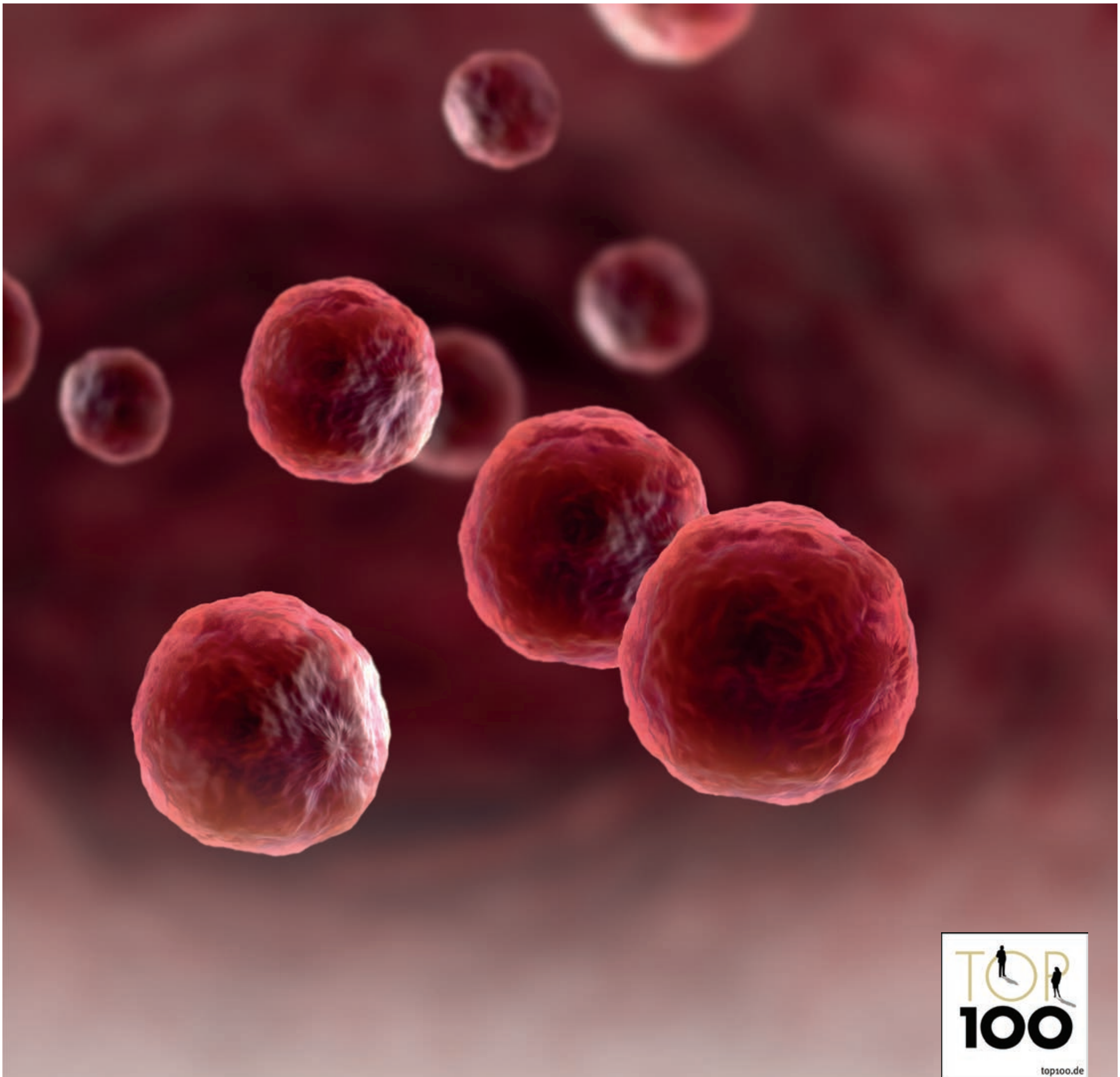
VITA 34
THE STEM CELL BANK

20 Years
With experience into future



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Annual Report 2016
Vita 34 AG

save · first class · innovative

OVERVIEW OF KEY FINANCIAL FIGURES

		2016	2015	2014
Profit/Loss				
Total operating revenue	EUR k	18,129	18,528	15,176
Revenues	EUR k	16,290	14,169	13,786
Gross profit	EUR k	8,620	6,488	7,875
EBITDA	EUR k	2,293	3,895	2,775
EBITDA-Margin on revenues	%	14.1	27.5	20.1
EBIT	EUR k	780	1,613	1,690
Period result	EUR k	617	1,702	990
Earnings per share	EUR	0.14	0.67	0.37
Balance Sheet/Cash flow				
Total assets	EUR k	43,422	43,782	37,056
Equity	EUR k	23,648	23,756	22,160
Equity ratio	%	54.5	54.3	59.8
Liquid funds	EUR k	2,813	2,082	3,730
Capital expenses[1]	EUR k	566	4,656	424
Depreciation [1]	EUR k	1,513	2,282	1,085
Cash flow from operating activities	EUR k	2,287	2,590	1,055
Employees				
Employees (as of 31 December)[2]	Number	122	140	105
Personnel expenditures	EUR k	6,330	5,620	4,886

[1]Information for tangible and intangible assets
[2]Including staff of consolidated companies

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OUR FISCAL YEAR 2016

MARCH

Vita 34 enters into sales partnerships with partners in Dubai and Lebanon, thus creating its first access to the market in the Middle East. Both countries have young populations, an above-average birth rate and, therefore, offer a large growth potential despite comparatively low population numbers.

APRIL

Vita 34 also becomes active in Norway via its subsidiary StemCare ApS. The presence in this high birth rate country also offers additional growth potential and secures market leadership for Vita 34 in the Scandinavian region.

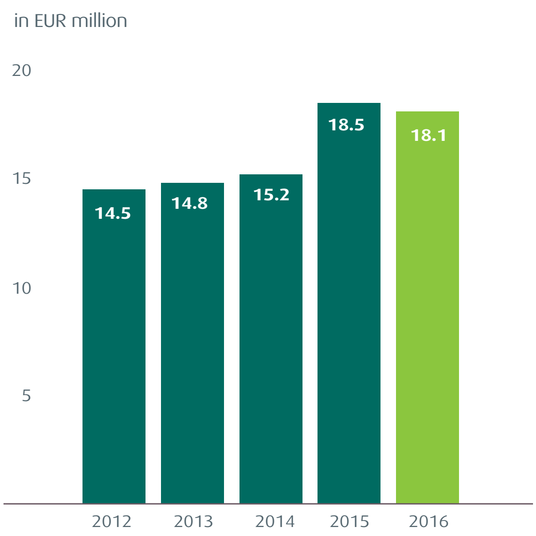
MAY

Dr. Wolfgang Knirsch is appointed as Director for Sales & Marketing by the Supervisory Board of Vita 34 AG. By creating this position, and filling it with a proven sales expert in domestic and international markets, Vita 34 has strengthened itself in this strategic area.

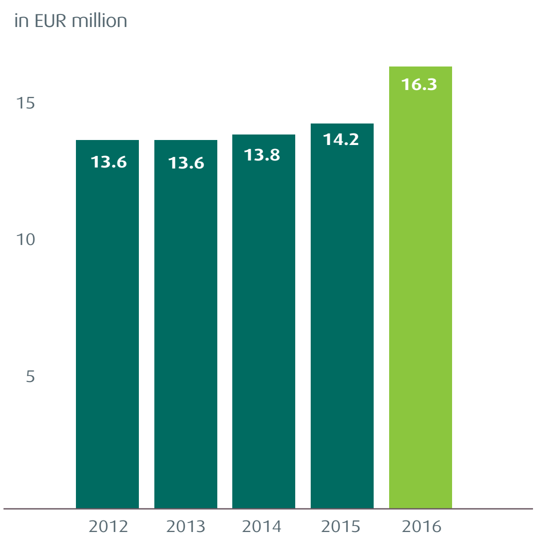
JUNE

Based on numerous activities in research and development that have made a significant contribution to medical advances in the field of stem cell research, Vita 34 is awarded the TOP 100 innovation prize, placing it among the most innovative medium-sized companies in Germany.

Total operating revenue



Revenues



The shareholders of Vita 34 AG resolve to increase the dividend to EUR 0.16 per share (prior year: EUR 0.15 per share) at the Annual General Meeting in Leipzig. The dividend yield at the time of distribution, therefore, improved to 3.8 percent (prior year 2.7 percent).

AUGUST

AUGUST

With the market launch of the new "VitaMeins&Deins" [VitaMine & Yours] product Vita 34 again creates a differentiator. As the only company in Europe, Vita 34 offers its customers the option of simultaneously creating a personal healthcare provision for their own children, and in the case of suitability (which will exist in some cases) additional to make a second deposit available free of charge for the customer as a donation to the general public.

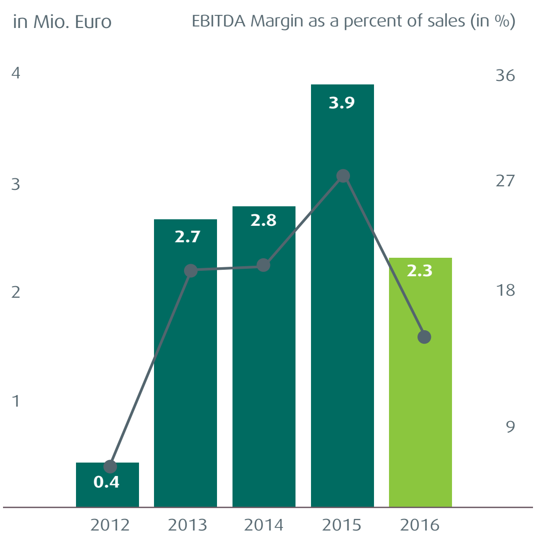
Vita 34 receives a patent for the preparation and cryo-preservation of umbilical cord tissue and the cells contained therein from the European Patent Office (EPO). With this, Vita 34 can further expand innovation leadership among umbilical cord blood banks.

OCTOBER

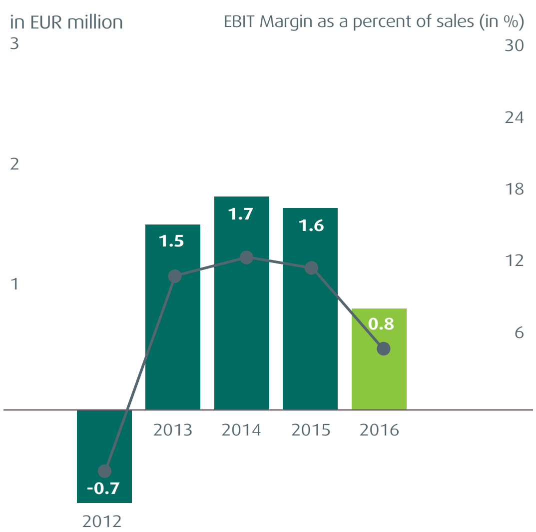
OCTOBER

Vita 34 and the Chinese technology company AVIC Biology enter into a cooperation agreement that provides for cooperation in establishing a stem cell bank in accordance with German quality standards in Yinchuan. Thus, Vita 34 has obtained access to the most populous economy in the world and the most attractive market in Asia. The company is providing the necessary expertise for the establishment of the stem cell bank and, in exchange, is receiving milestone payments. Within the scope of the negotiations Vita 34 was convincing both with its high quality standards, as well as its broad international experience and quality leadership.

EBITDA



EBIT



SUSTAINABLE GROWTH ON

3 PILLARS

Vita 34 is the largest umbilical cord blood bank in the German-speaking countries. We do not only have many years of experience in medical provisions with stem cells. Vita 34 has also, as the first private stem cell bank in Europe, blazed the path for the broad general public to have a personal provision via the option of stem cell storage, thus giving these families access to future medical applications. As of the closing date, Vita 34 had umbilical cord blood and tissue from some 155,000 children from Germany and additional European countries in storage. Thirty applications confirm the high quality of the stored stem cell preparations.

We are convinced that regenerative medicine on the basis of the body's own stem cell will gain in significance in the near and medium-term, therefore representing an important factor in medical provision for the populace. We pursue a broadly laid out expansion strategy on three levels in order to obtain and expand our leading position in this field:

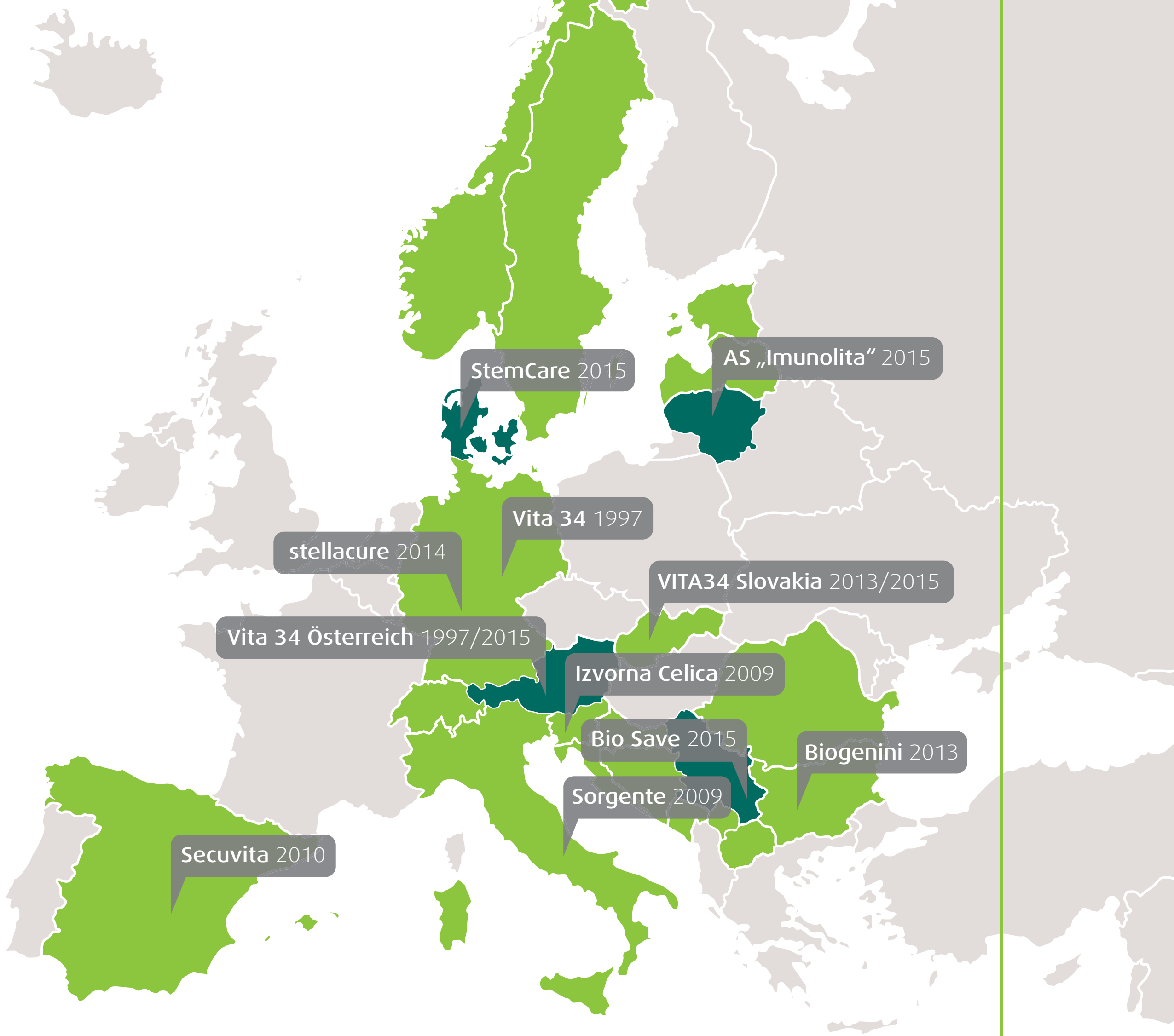
- The expansion of operative business by strengthening sales efficiency and market position
- Inorganic growth through additional sales partnerships and targeted, opportunistic acquisitions in the European markets important for Vita 34
- Active portfolio and life cycle management

STRENGTHENING OF SALES EFFICIENCY AND MARKET POSITION

The use of umbilical cord blood and tissue rich in stem cells will be an important option in the medicine of the future. We are of one opinion with many scientists and physicians in this regard, and in all more than 2,000 clinical trials worldwide that deal with new application options for stem cell therapies speak to this. Even today, stem cells stored at Vita 34 are being used. Among other things, they are used as therapy options in the case of cancer, immune disorders and pediatric Type 1 diabetes. Many expecting parents are not yet comprehensively, if at all, informed regarding the opportunities posed by a stem cell deposit. Reaching these potential customers is, therefore, the focal point of our marketing strategy with which we intend to drive our organic growth. By providing targeted information to relevant target groups concerning the benefits of storing umbilical cord blood we are in a position to drive the growth of our customer numbers and our revenues forward dynamically. This is why Vita 34 has consistently strengthened its PR and marketing activities. Activities on the Internet play an important role here, where expecting parents can gather targeted information. We inform private end customers and trade visitors, investors and shareholders about the innovative product range of Vita 34 and the broad medical potential of stem cells on the newly designed corporate website vita34.de.

Vita 34 would like to convince as many parents as possible of the advantages a stem cell depot offers. Apart from personal conversations, advice for parents and informative evening events, we also rely on a modern Internet presence


ULTRASAFE
EINWEG-PINZETTEN
DISPOSABLE FORCEPS



INORGANIC GROWTH AND COOPERATIVE SALES VENTURES

Vita 34 is the clear market leader in the areas of collection logistics, preparation and storage of umbilical cord blood in the Germany/Austria/Switzerland (DACH) region and is among the Top 10 umbilical cord blood banks worldwide. We are active in 28 countries in Europe besides Germany and worldwide via subsidiaries and cooperation partners. Our focus is on opening up new markets via acquisitions and cooperative sales ventures. Growth alone is not a purpose unto itself: Increasing company size is the basis for achieving synergetic effects and economies of scale, especially in the areas of marketing, sales, manufacturing and administration.

In the past years we have also advanced inorganic growth with a Buy and Build strategy. With these acquisitions we have obtained additional market share in the DACH region and strengthened our market position in Europe. We mainly concluded the integration of acquired subsidiaries last year.

In the long term we are preparing the establishment and operation of umbilical cord banks in Asia and Latin America. Among other activities, since last year we have been cooperating with the Chinese technology company AVIC Biology and have been supporting our partner in the establishment of a stem cell bank according to German quality standards in Yinchuan.


VITA 34

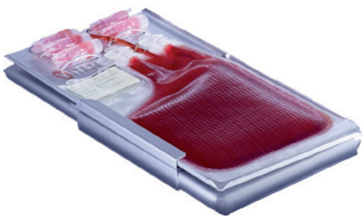
ACTIVE PORTFOLIO AND LIFE CYCLE MANAGEMENT

The development and launch of new products is the basis for the organic growth of Vita 34 in the medium and long-term. We are continuously expanding our product range in the field of stem cell deposits with active portfolio and life cycle management. The company invests some 10 percent of revenues in research projects. Thus, we directly contribute to medical progress in the field of stem cell research. For this involvement we were awarded the TOP 100 innovation prize last year. Through our innovation prowess we are in a position to achieve significant market share and even today to earn an outstanding position as a service provider and supplier for pharmaceutical/therapy oriented companies.

We underscored this emphatically with the 2016 market launch of our new "VitaMeins & Deins" [VitaMine & Yours] product. This new offering combines the storage of umbilical cord blood for one's own provision with the simultaneous option of a donation for the first time. Apart from a personal health provision, with this Vita 34 is the first private stem cell bank to additionally provide a service for the general public.

OVERVIEW OF ALL VITA 34 OFFERS

VitaMine & Yours | VitaPlus | VitaPlusDonation
VitaPlusCord | Vita 34 Preventive screening



Learn more about our extensive and innovative offers at https://www.vita34.de/en/offers/

THE EXPERIENCE AND EXPERTISE OF OUR EMPLOYEES IS OUR MOST IMPORTANT CAPITAL

Vita 34 is the German specialist for stem cells from umbilical cord blood and tissue. We have the expertise and experience of our employees to thank for this outstanding position – chemists, biologists, biotechnologists, specialized physicians and professional medical/technical assistants. They have all made Vita 34 to that which it is today. Employees and management are united by the belief in progress and innovation in stem cell therapy. It holds enormous medical potential. Vita 34 is actively contributing to this development. This not only involves the highest professional qualifications in the fields of chemistry, biotechnology and medicine, but also the courage and the foresight to lead a company in the space between research and business reliably, innovatively and with sustainable growth.

Management Board Expanded with Director for Sales & Marketing

Vita 34 reinforced its top management last year competently. Dr. Wolfgang Knirsch was appointed as Director for Sales & Marketing as of June 1, 2016. In this function he has set for himself the goal of further expanding the leading market position of Vita 34 in the German-speaking countries and acquiring additional market share in Europe. Dr. Knirsch has many years of experience in the marketing of pharmaceutical and medical technology products. He has regularly effected significant improvements in sales and profits in various positions. In addition, he has comprehensive knowledge and a broad network in the therapy fields relevant to Vita 34. In his last position he was responsible for international sales at Biotest AG, where he made a significant contribution to the success of the company through the consistent implementation of marketing and sales strategies with cooperation partners.

“OUR EMPLOYEES DESIGN THE SUSTAINABLY SUCCESSFUL FUTURE OF VITA 34 WITH THEIR COURAGE, FORESIGHT AND STRONG PROFESSIONAL SKILLS.”

Dr. Wolfgang Knirsch – The graduate chemist strengthened our team comprised of Dr. Andre Gerth (CEO) and Falk Neukirch (CFO) last year as the Board member responsible for Sales & Marketing.

Dr. Wolfgang Knirsch (COO)

To Our Shareholders

Dear Shareholders,

Vita 34 AG can look back on a very successful fiscal year. Revenues were increased by 15 percent and profitability in our operating business was significantly improved based on gross margin. We passed the 150,000 mark in stored stem cell deposits, a number we are proud of. The growth in many areas is primarily attributable to the acquisitions made in 2015. Here, we progressed with the integration of the new subsidiaries faster than originally planned. For example, already in June of last fiscal year we completed the move of the production and storage of stem cell deposits of our Danish subsidiary, StemCare, from Copenhagen to Leipzig. The operating result was slightly burdened by the integration process in 2016, as expected, yet at the same time we set the course for dynamic growth with consistently high profits.

In fiscal year 2016 we implemented a number of measures, with which we are solidifying our position as the second largest umbilical cord blood bank in Europe, are expanding our global presence, while at the same time allowing us to continue our dynamic growth course. This includes the introduction of our new product "VitaMeins & Deins" [VitaMine & Yours]. The donation of their child's stem cells is an important option for many parents. At the same time they would like to retain the great potential of their child's own stem cell for their child. With the "VitaMeins & Deins" [VitaMine & Yours] product, the umbilical cord blood collected at birth is divided into a personal deposit for the child and a second deposit as a donation, if the volume is sufficient (which will be the case for some deposits). In this way the product combines the advantages that a stem cell deposit offers, with the possibility of a donation. Whereas today public donations mainly involved only hematopoietic diseases, i.e. they are used for functional disorders of the blood forming system, the uses in individual care are much more diverse. Even now regenerative medicine is conducting intensive research in the replacement of skin, cartilage, bone and even whole organs. With its work, Vita 34 wishes to contribute towards even more people being able to profit from medical advances and the great healthcare potential of stem cells from the umbilical cord. The success of the new product shows us that we are on the right track here.

This also is true for the "AdipoVita" product, which is still under development. Our physicians and scientists are searching for additional sources for collecting what are known as mesenchymal stem cells (MSCs) in a number of research and development projects. Promising sources here are fatty tissue and tooth pulp. We expect to be able to apply for a production permit for a new product in the course of 2017, and expect the first revenues in 2018.

In June 2016, Vita 34 was awarded the TOP 100 Innovation Prize. Thus, the company numbers among the most innovative medium-sized companies in Germany. Some 4,000 companies had applied to the 2016 competition. Here, Vita 34 achieved above-average marks in the „Innovation Promoting Top Management" and "Innovation Processes and Organization" evaluation categories, both with a grade of "A+."

This high level of innovative power at Vita 34 is impressively documented by the fact that the company received a patent in the fall of last year from the European Patent Office (EPO) for the processing and cryo-preservation of umbilical cord blood and the stem cells contained therein. The patent covers all of the process steps from transport to collection and storage of the stem cells.

In 2016 Vita 34 pursued internationalization and continued its ambitious expansion course. Among other thing, three new cooperation agreements were entered into. Vita 34 obtained its first access to the market in the Middle East via new partners in Dubai and Lebanon. The cooperation with Chinese technology company AVIC Biology in the fall of last year foresees the joint establishment of a stem cell bank in Yinchuan in accordance with the highest standards of quality. Vita 34 is providing the necessary expertise and assumes the qualification of the employees there. In exchange Vita 34 will receive milestone payments and, additionally, the strategic option of further engagement within this cooperation in China. Thus, Vita 34 will obtain access to the most populous economy in the world and the most attractive market in Asia. Vita 34 has also been active in Norway since 2016 via its subsidiary StemCare ApS, which was acquired in 2015. Thus, Vita 34 is now represented in 28 countries worldwide apart from Germany.

The year 2017, in which we will celebrate our 20th anniversary, will be characterized by the further integration of our subsidiaries, as well as the creation of an effective and efficient group structure. We will continue to consistently pursue our expansion course, on the one hand through strong organic growth in existing markets and further strengthening of our sales efficiency, and on the other by taking advantage of interesting opportunities for inorganic growth. Altogether, our plans for the entire year again foresee double-digit growth in revenues. After conclusion of all integration measures, at the latest in 2018, we endeavor to achieve an EBITDA margin of around 20 percent.

Here, we would like to thank you, our shareholders. The trust that you extend with your involvement is the confirmation of our performance for us and all of the staff at Vita 34, and at the same time it is a responsibility and motivation to continue along the path taken. Please remain connected with us in the future!

Leipzig, March 2017

Dr. André Gerth
CEO

Dr. Wolfgang Knirsch
COO

Falk Neukirch
CFO

The Management Board

Dr. André Gerth

Chairman of the Management Board of Vita 34 AG (CEO)

Responsible in the Management Board for Strategy, Production, Research & Development, as well as Investor Relations.

Dr. André Gerth was appointed as Chairman of the Management Board in July 2016.

Following his doctorate at the Institute for Tropical Agriculture at the University of Leipzig in 1991, he was a managing partner in several biotechnology companies in Germany. Among others, he was Managing Director of BioPlanta GmbH, a company he founded in 1992 and was Managing Director of until it was taken over by and until it merged into Vita 34. Dr. Gerth possesses many years of experience in strategy development and project management. He has a broad international network of contacts. With his entry the expansion of Vita 34 into international markets was significantly increased. Under his leadership two new products, among other things, were developed and launched on the market.

BioPlanta was recognized with innovation prizes in Central Germany in the years 1999 and 2009, and in 2016 Vita 34 received the 2016 Innovation Award.

Dr. Wolfgang Knirsch

Director Sales & Marketing of Vita 34 AG (COO)

Dr. Wolfgang Knirsch has been a Member of the Management Board of Vita 34 since June 2016.

Following successful completion of his doctorate in Inorganic Chemistry at RWTH Aachen, Dr. Knirsch moved from institutional research to the pharmaceutical industry in 1992.

Dr. Knirsch began this career step traditionally in Sales and Marketing at Hoechst AG. Later he was responsible for the product management of internationally relevant ethical preparations of the successor company Aventis Pharma GmbH. After moving to Merck KGaA he was responsible, inter alia, for new business as well as later for the national marketing of the most important drug sector of the company.

In 2005 Dr. Knirsch took on responsibility for strategic and operative marketing at Biotest AG, a specialist in clinical immunology, hematology, intensive and emergency medicine. Following the successful restructuring and reorientation of this area, he moved within that company to their international business in 2011. In his capacity as Vice President International Business, he developed a strategically relevant area of responsibility of several hundred million dollars successfully with global sales partners.

Falk Neukirch

Director Finance of Vita 34 AG (CFO)

Responsible in the Management Board for Finance, Human Resources, Legal, Investor Relations, IT and Purchasing.

Falk Neukirch has been a Member of the Management Board of Vita 34 since October 2015.

He successfully completed his studies of Business at the Technical University Dresden with the degree "Diplom-Kaufmann" [MBA]. Following his studies he worked for a large auditing firm for several years and assumed various management functions in the area of finance.

From 2007–2014 Mr. Neukirch was the Director of Controlling at the publicly traded First Sensor AG, and in this time accompanied several company acquisitions. His last position was as Finance Director and an authorized officer of BGH Edelstahlwerke GmbH.

Mr. Falk Neukirch has extensive knowledge in international accounting (IFRS) prescribed for publicly traded companies, as well as experience in company acquisitions and their integration.

Management Interview

Interview with Dr. André Gerth, Chairman of the Management Board of Vita 34 AG

Dr. Gerth, how satisfied are you with the development of Vita 34 AG in the past fiscal year?

2016 was a very successful year for Vita 34 AG. We have delivered and fully achieved our targets in our operating business. We increased revenues by more than 15 percent and exceeded our own expectations with an EBITDA margin of nearly 15 percent. Thus, we were able to clearly expand our position as market leader in the DACH region (Germany, Austria, Switzerland) as well as amongst the global top 10 umbilical cord blood banks. With our stable, profitable business mode, our leading European position and, not least an attractive dividend policy, our shareholders are surely more than satisfied.

What were the particular highlights for you in fiscal year 2016?

Vita 34 was able to launch a completely new product on the market, a combination of private provision and public donation. In doing so we have again done pioneering work, of which I am very proud. Here, we are not just making a contribution to medical progress in stem cell medicine. We are also securing our position as a quality and innovation leader in our industry. Currently we are investing some 10 percent of our revenues into research and development. The rewards for our efforts are numerous patents, among them a patent granted last year by the European Patent Office for the processing and cryo-preservation of umbilical cord tissue.

In 2015 Vita 34 made various acquisitions within the scope of its Buy and Build strategy. How are things going with the integration of the new subsidiaries?

The integration of the various parts of the company is going in accordance with plans. We have even reached individual milestones set earlier than planned. This includes, for example, moving the production and storage of stem cell deposits of StemCare from Copenhagen to Leipzig. The acquisitions contributed more than 50 percent of the revenue growth last year as compared with the prior year. The 2016 result was burdened, of course, by the integration process, however, ultimately the figures for the completed fiscal year were higher than our forecast.

Vita 34 entered into a cooperation agreement last year with the Chinese technology company AVIC Biology. What expectations do you have from this cooperation, and in general for the Asian market?

Geographical expansion is one of the supporting pillars of our current and future growth, in addition to the expansion of our product portfolio and bolstering our sales activities. We open up new markets via acquisitions, but also via local sales partners who have an excellent knowledge of the local markets and structures. This is the case with AVIC Biology. Through this cooperation we have obtained an important strategic option of engaging in China, the largest economy and the most populous country in the world. Thanks to a large population and above-average birth rates, Asia as a whole is a very interesting market for our offering in the field of stem cell storage.

Apart from inorganic growth, the expansion of the product range is one of the pillars of your growth strategy. What developments were there in 2016?

Our research and development activities are clearly targeted towards opening up new product areas. In this way we can reach additional customers and generate further growth. In the past year we have introduced the "VitaMeins & Deins" [VitaMine & Yours] product, which combines a stem cell donation with the possibility of a private healthcare provision.

That sounds like an interesting concept. What advantages does "VitaMeins & Deins" have for your customers?

For many expecting parents a stem cell donation is an option that they consider in principle. At the same time they would like to retain the great potential of their child's own stem cell for their child. With the "VitaMeins & Deins" the umbilical cord blood collected at birth is divided into a personal deposit for the child and a second deposit as a donation, if the volume is sufficient (which will be the case for some deposits). As compared with a general public donation, VitaMeins & Deins has a decisive advantage: The potential uses for individual provision are much more diverse. For example, intensive research is being conducted in regenerative medicine into the replacement of skin, cartilage, bone and even whole organs, and also in this field Vita 34 belongs to the world's best. The acceptance of this new product after only a short time has shown us that we are on the right path here.

How does Vita 34 compare with the competition in this area?

I believe exceptionally well. Vita 34 has the most extensive experience among the European umbilical cord blood banks. As the only private stem cell bank in Germany, Vita 34 can demonstrate solid medical applications for own use of stored stem cell preparations. Vita 34 is also the only private stem cell bank in the German-speaking countries with experience in the application of umbilical cord blood for not only for the donor child (known as autologous application), but also for siblings (targeted allogenic applications), as well as other people (allogenic applications) across a variety of diseases. To date 30 stem cell preparations from the Vita 34 storage have been used for medical applications. In addition, we possess all of the required legal permits for collecting umbilical cord blood, and we are the only German umbilical cord blood bank that has a permit for collecting and storing umbilical cord tissue.

What competitive advantages does Vita 34 have as compared with the competition?

A significant success factor of Vita 34 is the existence of comprehensive agreements for the collection of blood and tissue with some 2,000 birthing facilities in our main markets. This is augmented by logistics that function perfectly throughout Europe. As a rule, not more than 24 hours elapse between the collections of the umbilical cord blood until it is processed in our laboratory in Leipzig. Additional benefits are the significant cost advantages we provide thanks to central processing in our laboratory, the constant development of the market, as well as great synergetic effects for cooperation with our partners.

Let's shift the focus to the current and upcoming fiscal years: How do you want to develop the company going forward?

Our strategic orientation will be to expand and secure Vita 34's leading position. The development of new therapies with umbilical cord blood is progressing rapidly. We are convinced that stem cells from umbilical cord blood and tissue will play a decisive role in the medicine of the future. We want to profit from this development and position Vita 34 in a significantly leading market position as a service provider and supplier for pharmaceutical/therapy oriented companies. Moreover, we want to continue to advance our strategic research and development work. For example, our physicians and biologists are working intensively on researching new sources for obtaining what are known as mesenchymal stem cells (MSCs). There are many indicators that these cells can be found in sufficient qualities and quantities in other tissues, even if they do not possess all of the positive characteristics of cells from the umbilical cord. Current results are, at any rate, promising, and make us very optimistic in this regard.

Which strategic and financial goals have you set for yourself for the current year?

Unchanged, ambitious ones. We are targeting an EBITDA margin of 20 percent. We might not quite make it there entirely in 2017, but in the medium term we want to clearly attain this goal. Through efficient working of the market the introduction of new, profitable products we are well on our way there. In addition, we are consistently working through all of the measures for concluding the integration process of the companies acquired in 2015. Here, we have again made great advances, as expected. Therefore, I consider an additional increase in revenues, similar to 2016, to be realistic.

Let's assume the unfavorable case that you don't achieve your goals. Why should the Vita 34 shareholders stay loyal?

At the moment I don't see any reason why we wouldn't achieve our targets. Of course, the future cannot be planned for one hundred percent, but we are convinced of the success of our strategic growth course. Vita 34 AG is a healthy and profitable company that even today works in a market with a future. Moreover, the business model has a high level of stability. Some 70 percent of all new customers decide to enter into prepayment agreements for the entire storage period. The remaining approx. 30 percent pay annual fees. In this way we generate a high level of recurring revenue in our operating business that consequently leads to stable cash flows that can be planned for.

Supervisory Board Report

Dear Shareholders

The Supervisory Board has dealt with the effects of the acquisitions on the strategic direction, their integration and the prospects for the Company, as well as special topics, extensively over the course of the last fiscal year. It has fulfilled the duties it was entrusted with in accordance with the law, the by-laws and the rules of operation. The Supervisory Board regularly monitored and provided advice on the work of the Management Board in fiscal year 2016. The basis for this was, on the one hand, detailed reports from the Management Board presented in written and oral format, and on the other regular consultations between the Management Board and the Chairman of the Supervisory Board. Between the regular Supervisory Board meetings the Supervisory Board Chairman met at least once a month with the Management Board, in order to ensure a comprehensive exchange of information between these bodies. Within the Supervisory Board group, the Chairman of the Supervisory Board also exchanged information at least once a month with his deputy and select members of the Supervisory Board regarding current Company topics. All decisions of significance were discussed openly with the entire Supervisory Board.

For example, the Supervisory Board was continuously informed concerning the intended business policy, strategy, planning, the risk situation and risk management, compliance, the development of the business situation and significant business transactions, as well as the situation of the Company and the group as a whole.

The Supervisory Board met in person seven times in 2016. In accordance with the provisions of the by-laws of the Company, meetings were also held in the form of telephone conferences. In all of the Supervisory Board meetings, the Management Board informed the Supervisory Board about the commercial and financial development of the Company, including the risk situation. The Chairman of the Supervisory Board and his deputy as well as two additional members of the Supervisory Board took part in all meetings. One Supervisory Board member did not take part in one meeting for urgent reasons and one Supervisory Board member did not take place in four meetings for health reasons. The Supervisory Board has not formed committees.

No conflicts of interest involving Management Board or Supervisory Board members have been reported to the Supervisory Board during the reporting period.

Emphasis of the Consultations in the Supervisory Board

Apart from overarching topics, the Supervisory Board dealt with specific topics in individual areas and, when required, passed the necessary resolutions. Clear points of emphasis in the work of the Supervisory Board during the reporting year were questions related to marketing and sales, how the integration was structured and the future orientation of Bio Save d.o.o. in Serbia, AS "Imunolita" in Lithuania and the former StemCare ApS in Denmark, as well as increasing the efficiency of internal processes and risk management. In particular, the internal processes in dealing with accessing and using grants were reorganized based on Supervisory Board suggestions. The subsequent guidelines for handling grant monies issued by the Management Board make a large contribution towards minimizing related risks for the company. In addition, the multi-year variable compensation of the members of the Management Board was reset for the period from 2016 to 2018. Details on this can be found in the Management Board Compensation Report on page 118 of this annual report. At the same time the Supervisory Board dedicated itself to shaping cooperation within the Management Board and paid a good deal of attention to its division of duties. Based on the expansion of the Management Board, the distribution of duties was adjusted for the Management Board by the Supervisory Board within the scope of the by-laws in consultation with the Management Board. A major activity of the Supervisory Board was the reworking and modernization of the compliance guidelines. Ultimately, the Supervisory Board in its closed session in November 2016 performed a self-evaluation of its own activities, with the result being that the Supervisory

Board functions efficiently. It was concluded by all members of the Supervisory Board, that a reduction in the number of persons in this board could lead to further increase in efficiency at the current state of company development.

Changes in the Management Board

Effective June 01, 2016 Supervisory Board member Dr. Wolfgang Knirsch was appointed to the Management Board of Vita 34. He is responsible for the Marketing and Sales departments. With this appointment the Supervisory Board has bolstered the Management Board team with the goal of mastering the continuously increasing market strategy challenges, in order to develop Vita 34 AG into a globally leading service provider for the storage of stem cells, while retaining its profitable growth.

Dr. Wolfgang Knirsch successfully faced all of the shareholder questions posed at the Annual General Meeting of our company on August 26, 2016.

Corporate Governance

The Supervisory Board dealt with the further development of Corporate Governance principles in the Company, thereby taking into consideration the recommendations of the German Corporate Governance Code (DCKG) dated May 05, 2015. In March 2017, the Management Board and the Supervisory Board issued a new Declaration of Compliance, which is printed on page 50 of the annual report, in the "Corporate Governance" chapter and which has also been published on the website of the Company.

Annual and Group Financial Statements, Audit

The annual financial statements report of Vita 34 AG have been prepared in accordance with the provisions of the German Commercial Code; the consolidated annual financial statements and the combined management report of Vita 34 AG have been prepared on the basis of Secs. 315, 315 a German Commercial Code, in conjunction with the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union. The auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft Stuttgart (Leipzig branch office), audited the annual financial statements of Vita 34 AG, the consolidated financial statements, the combined management report. The audit order was placed in accordance with the resolution of the Annual General Meeting, legal provisions and the provisions of the German Corporate Governance Code.

As a result, it should be noted that the financial statements have observed the rules of both the German Commercial Code and IFRS. The annual financial statements and consolidated financial statements received an unqualified certification. The financial statement documents were thoroughly discussed in the Financial Statements Meeting of the Supervisory Board, in the presence of and following a report from the auditor. During this meeting, the auditor’s representatives reported on the significant findings of their audit, as well as on the control and risk management system with regard to accounting. They dealt with the scope, emphasis and costs of the audit; furthermore they explained that there are no conflicts of interest, since Ernst & Young only rendered audit services.

The Supervisory Board reviewed the annual financial statements, the consolidated annual financial statements and the combined management report. The result of our own review was that 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, as well as the corresponding audit reports of the auditors. The Supervisory Board approved the results of the audit after its own review, accepted the annual financial statements presented by the Management Board and acknowledged the consolidated financial statements. The Supervisory Board agrees with the Management Report, in particular the evaluation concerning the further development of the company.

The Supervisory Board would like to thank the Management Board as well as the staff for their work this fiscal year.

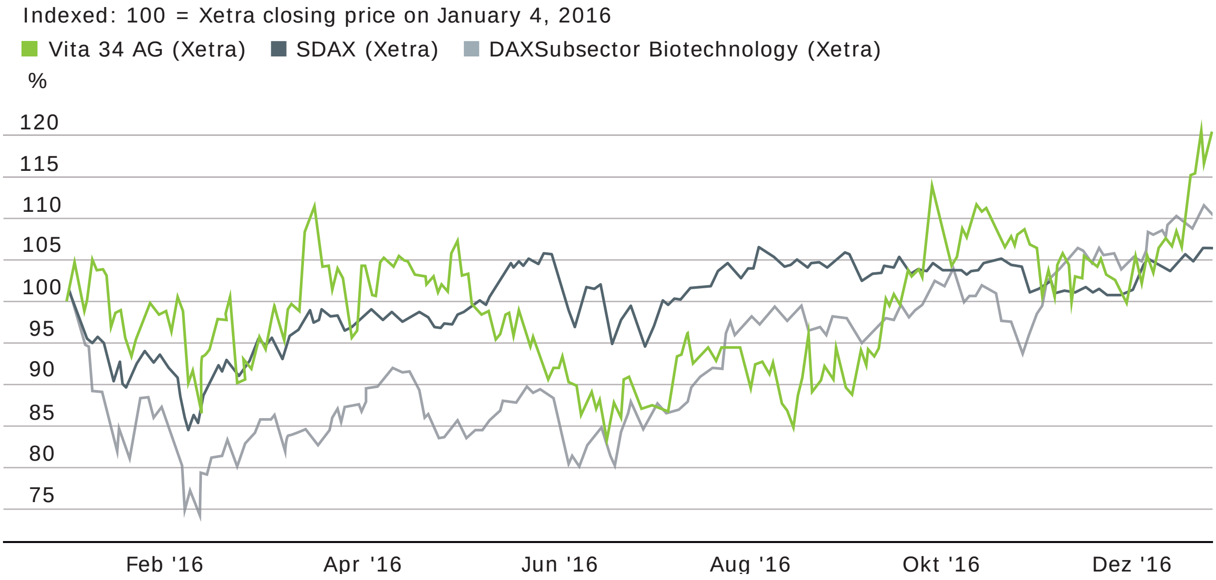
March 27, 2017

For the Supervisory Board

Dr. Hans-Georg Giering
Chairman of the Supervisory Board

VITA 34 AG Stock

Share Price Development (January 4, 2016 – December 30, 2016)



Stock Price Development

The Vita 34 AG stock is listed in the regulated market (segment: Prime Standard) of the Frankfurt Stock Exchange. The stock had a closing price of EUR 4.65 on the first trading day of the fiscal year. In a generally nervous market environment, the stock price reached its preliminary low of EUR 4.03 on February 11. Subsequently, the stock started to recover. The stock marked its high for the first half year of EUR 5.17 on March 29. From the end of March until the middle of May, the stock price swung laterally in a range between EUR 4.50 and 5.00. A downward trend set in starting in the middle of May. After the announcement of the result of the Brexit referendum in Great Britain on June 24, the stock price reached its low for the year of EUR 3.85.

Subsequently, the stock price recovered continuously. At the end of the first half-year on June 30, 2016, the stock price of EUR 4.22 was significantly above the four Euro mark again. It did not drop below this mark in the following months.

Information and Key Figures on the Shares

Ticker symbol/ Reuters symbol	V3V/ V3VGn.DE
Securities number/ ISIN	A0BL84/ DE000A0BL849
Initial quotation	March 27, 2007
Market segment	Prime Standard
Indices	CDAX, Prime All Share, Technology All Share, DAXsubsector Biotechnology, DAXsector Pharma & Healthcare
Opening/ Closing Price	EUR 4.8/ EUR 5.59
High/Low	EUR 5.6/EUR 3.85
Number of shares	3,026,500
Free-float as of December 31, 2016	72.6 %
Market capitalization as of December 30, 2016	EUR 16.9 million
Designated Sponsor	ODDO SEYDLER Bank AG

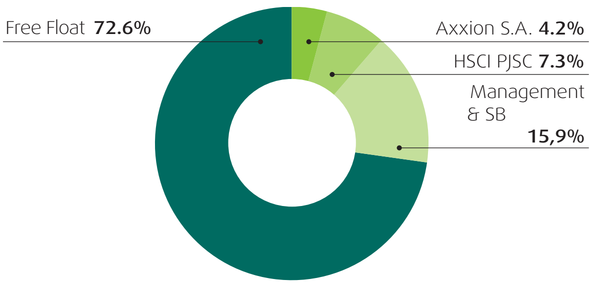
On September 30, the stock price was already at EUR 4.97. In the course of the fourth quarter the stock gained value again, such that it reached a new high for the year of EUR 5.30 on October 4. In December the stock price rose again and closed out the year on December 30, 2016 with a price of EUR 5.59. This, the market capitalization of Vita 34 AG is EUR 16.9 million.

As compared with the closing price on January 4 of EUR 4.65, the stock endured a gain of approx. 20.2 percent as of December 30. Consequently, the Vita stock price development was able to beat its two reference indices SDAX (+4.6 percent) and the DAXsubsector Biotechnology (+8.9).

An average of 6,173 shares were traded on the most important trading platform, Xetra, per trading day in fiscal year 2016.

Shareholder Structure

As of December 31, 2016



Vita 34 AG had a higher level of free-float at 72.6 percent as of the December 31, 2016 closing date as compared with 2015 (December 31, 2015: 69.5 percent) and had a broad base of shareholders. As of the closing date December 31, 2016, Chairman of the Management Board Dr. André Gerth held a total of 12.7 percent of the shares. The total share held by management of Vita 34 at the end of the year was 15.9 percent, the same as the prior year. Human Stem Cells Institute PJSC (HSCI), Moscow, reduced its share from 11.2 to 7.3 percent. As of December 31, 2016, Axxion S.A. held 4.2 percent of the shares.

Investor Relations

Investor Relations means for Vita 34 informing shareholders, analysts, potential investors and finance journalists quickly and completely concerning developments in the Company. Vita 34 places special value on providing all participants in the capital markets with information of the same thoroughness and transparency.

The investor relations work at Vita 34 is targeted towards active and transparent dialog with the shareholders and stakeholders, in order to comply with the transparency requirements of the Prime Standard Segment of the Frankfurt Stock Exchange. In this context, the Management Board participates regularly in capital market conferences – in 2016 for example in the German Equity Forum in Frankfurt am Main (November 2016). In addition, Vita 34 publishes company-relevant news in a timely fashion in the form of ad hoc, corporate news, ad hoc releases and financial reports.

In fiscal year 2016 both Oddo Seydler Bank, as well as Montega AG prepared stock analyses on Vita 34. The analysts from Montega continued to recommend the stock as a buy in their last update on November 24, 2016 with a target price of EUR 7.50.

Additional information on the Vita 34 stock is available for download on the Internet at www.vita34group.de in the "Stock" section.

Annual General Meeting

The regular Annual General Meeting of Vita 34 AG took place on August 25, 2016 at the Fraunhofer Institute for Cell Therapy and Immunology. All of the Supervisory Board members and the Management Board in office in fiscal year 2015 were granted discharge within the context of the Annual General Meeting.

The proposed resolution regarding the selection of the financial reporting and group auditors Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart (Leipzig branch), was also approved by the shareholders. In addition, the shareholders passed a resolution to change the by-laws to allow quarterly payment of the Supervisory Board remuneration. The intent of this is to take into account the requirements of the Supervisory Board activities and the widespread practice of other publicly listed companies.

The shareholders approved by a great majority the proposal of the Management and Supervisory Boards to pay a dividend in the amount of EUR 0.16 per share (prior year EUR 0.15 per share) thanks to the greatly improved profit situation.

The detailed voting results of the 2016 Annual General Meeting can be reviewed at any time on the Investor Relations website at www.vita34group.de in the "Annual General Meeting" section.

Financial Calendar 2017

May 18, 2017	Publication of the Quarterly Report (Q1 2017)
June 28, 2017	Annual General Meeting 2017
August 30, 2017	Publication of the Half-Year Financial Report 2017
November 23, 2017	Publication of the Quarterly Report (Q3 2017)

Sustainability

Sustainability is a central component of the Vita 34 business model. The storage of umbilical cord blood and tissue, as provision for oneself or a donation, is a future-oriented investment – a healthcare provision. As the largest private stem cell bank in the German-speaking countries, Vita 34 is aware of its responsibility to strive for a lasting balance between commercial, ecological and social aspects. We see this as the foundation for a long-term, sustainable and positive business development.

Economic Responsibility

As in the past, more than 95 percent of all umbilical cord blood is discarded after birth. We, as a European pioneer in umbilical cord blood banking work every day to make the possibility of a sustainable use of umbilical cord blood and tissue generally more well-known. Our goal is to establish the treatment of stem cells from umbilical cord blood and tissue as a medical standard.

Within the scope of our quality management we are active in further developing the national and European legal framework, in order to ensure the greatest possible safety and quality in the storage of umbilical cord blood and tissue. We have implemented the legal requirements in corresponding Standard Operating Procedures (SOPs), which go beyond the legal requirements in important areas.

Thanks to our developed infrastructure, we are in the position to guarantee our customers comprehensive safety both in transport, as well as in stem cell storage. In particular, in the area of power supply, Vita 34 is prepared for all imaginable failures thanks to temporary independence of third-parties. In addition, Vita 34 has insurance coverage for all stored stem cell deposits. Generali Versicherung AG and HDI Global SE would provide financial resources in the case of possible insolvency, such that the stem cell depot could be stored properly and monitored for 50 years. A special feature of the liability insurance at Vita 34 is, that apart from the activities of the employees of Vita 34, also the collection of the umbilical cord blood and tissue by the personnel in the birthing clinics is covered.

Ecological Responsibility

In order to live up to our ecological responsibility, we constantly monitor and evaluate the use and disposal of hazardous materials and chemicals. Vita 34 continuously strives to reduce the amount of hazardous waste. For example, Vita 34 uses a DMSO solution (dimethyl sulfoxide), in small package sizes, corresponding with daily requirements. This causes less residual amounts of DMSO that need to be disposed of as hazardous waste. In order to improve our energy balance, we use cryogenic tanks that have low energy consumption thanks to their vacuum insulation. In its administrative building Vita 34 produces part of the electricity it requires with its own photovoltaic system, which produces 18,000 kWh annually. This is equivalent to a saving of eleven tons of CO_2 emissions.

Social Responsibility

The possibility of helping severely ill fellow persons with stem cell treatments is our incentive to research additional treatment options with stem cells from umbilical cord blood and tissue. We offer interested parents the opportunity to thoroughly inform themselves within the context of "Glass Laboratory" tours and presentations by physicians and midwives. In addition, our company blog and our Facebook page provide information on current developments and backgrounds surrounding stem cells.

Combined Management Report

Combined Management Report

Fundamentals of the Company and the Group

Business Model

The core business of Vita 34 is the collection, preparation and storage of stem cells from umbilical cord blood and tissue. With 155,000 stem cell deposits this company founded in 1997, is by far the largest stem cell bank in the German-speaking countries, and it is the second largest private umbilical cord blood bank in Europe today. The group is active in 29 countries in Europe and around the world with some 122 employees.

The time of birth provides the opportunity to secure the best stem cells for life; young and vital stem cells from the umbilical cord. To this end, Vita 34 works together with some 2,000 birthing facilities and 15,000 OB/GYNs in Germany and other European countries.

Vita 34 regularly trains OB/GYNs and midwives in the collection of umbilical cord blood and tissue, in order to ensure the greatest possible process assurance. After collection, these stem cells are transported to the Vita 34 stem cell laboratory in Leipzig via courier in a special transport packaging. There they are subsequently preserved permanently (cryo-preservation) and stored at about minus 180 degrees Celsius. As a consequence, they are available over many decades for potential therapeutic use.

Stem cells from umbilical cord blood and tissue are vital all-rounders, and they offer an enormous medical potential. They can divide and develop in an unlimited fashion. Various types of tissues like skin, muscles and bone develop from them. This ability makes them very interesting for therapeutic use and as a health provision.

Even today stem cells are used, among other things, in the context of cancer treatment, in therapies for autoimmune diseases, metabolic disorders and in the case of brain damage. In addition, the number of diseases that will be treatable with the help of stem cells in the field of regenerative medicine will continue to increase. Research is being conducted worldwide, such that injuries, the consequences of heart attacks and strokes, or wearing of bone and cartilage will be able to be treated with the body's own stem cells in the future.

Whether auto-immune diseases, sports injuries or degenerative cardiovascular diseases, as a stem cell bank Vita 34 offers a provisional product that can be used within the scope of a stem cell therapy. With the storage of stem cells from the umbilical cord, parents invest in medical progress and secure for their child a unique chance at his/her birth.

The name Vita 34 stands for maintaining the highest standards of quality. This is also reflected in the many permits and licenses, which ensure the company innovation leadership amongst umbilical cord blood banks in Europe. For example, in addition to a permit for the autologous dispensing umbilical cord blood, Vita 34 is the only private stem cell bank to possess:

- A patent for the processing and cryo-preservation of umbilical cord tissue and the cells contained therein. Vita 34 received the patent from the European Patent Office (EPO) in the last year.
- Permits from the German Federal Institute for Vaccines and Biomedical Pharmaceuticals (Paul-Ehrlich Institute) for dispensing umbilical cord blood preparations for the therapeutic use in hematological/oncological diseases for siblings (family-allogenic uses), and to help third-party recipients (allogenic uses).
- A permit for the collection, processing, cryo-preservation and storage of umbilical cord tissue in Germany, Austria and Switzerland (DACH region), as well as
- The capability and the required permits to provide customers with both the storage of whole blood as well as separated blood.

Vita 34 actively participates in applied stem cell research, in order to study the potential medical applications of umbilical cord blood stem cells and develop new cell products. To this end, Vita 34 works with renowned research institutes and universities throughout Germany, and makes a significant research contribution toward medical progress, especially in regenerative medicine. With the storage of different stem cell materials Vita 34 would like to establish quality standards for later use. Thus, Vita 34 is opening up the potential for itself to produce therapeutic agents based on stem cells for cell therapies in the field of regenerative medicine in the future.

Added Value – More than just Cryo-Preservation

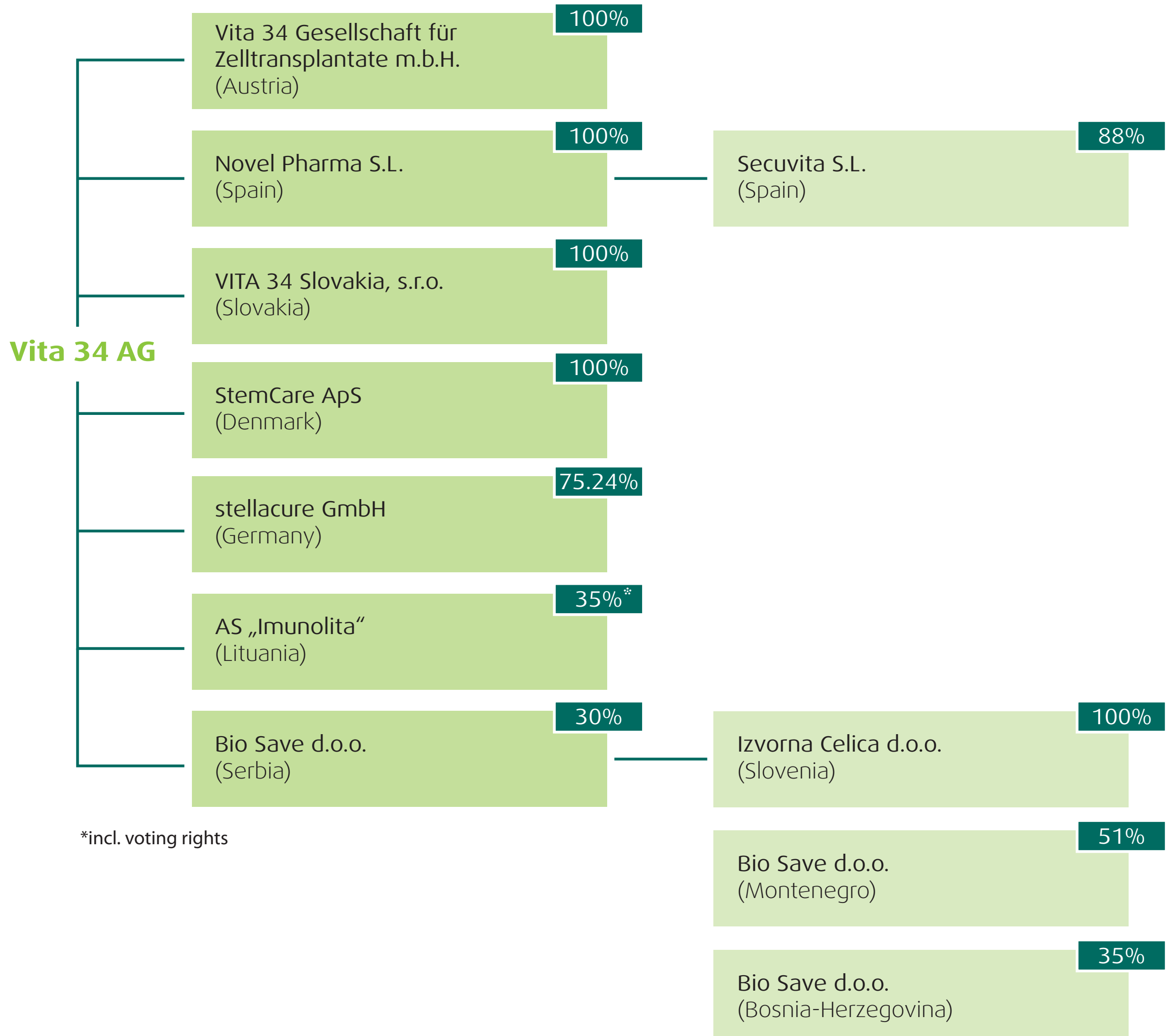
In addition to the collection, preparation and cryo-preservation of stem cells from umbilical cord blood and tissue, Vita 34 has continually expanded the spectrum of what it has offered:

- Last year Vita 34 underscored its innovation leadership by launching the new **"VitaMeins&Deins"** [VitaMine & Yours] product. This new offering combines the storage of umbilical cord blood for one's own use with the possibility of a donation. If the volume is sufficient (which will be the case for some deposits), the umbilical cord blood collected at birth is divided into a personal deposit for the child and a second deposit as a public donation. Apart from a personal health provision, Vita 34 is the first private stem cell bank to additionally provide a service for the general public.
- With **VitaPlusSpende** [VitaPlusDonation] the stem cells are stored, but the tissue-specific characteristics of the stem cell preparations are made available anonymously worldwide for a stem cell search via the stem cell registry established by Vita 34 on www.stemcellsearch.org. In this way, a child's own stem cells are available for therapeutic use, however, they can also be donated if needed to a third person who is ill.
- Since the probability of tissue characteristics matching is highest among siblings, in 2002 Vita 34 founded the **Sibling Initiative**. Vita 34 allows the storage free of charge of stem cells from the umbilical cord blood of a child whose brother or sister is seriously ill and need the stem cells from the newborn sibling for a treatment, for example in the case of leukemia.
- Across Europe, Vita 34 has established the only mobile stem cell team, in order to ensure treatment with stem cells from umbilical cord blood in every hospital. The **mobile stem cell team** from Vita 34 brings the cryo-preserved stem cells into the respective clinic and performs another quality test before handing them over to the physician, and ensures their proper preparation. Apart from observing all pharmaceutical law requirements in the storage of stem cells, Vita 34 fulfills the highest quality standards in dispensing the umbilical cord blood. This is done thanks to mobile special equipment and the use of mobile clean room technology, independent of how the clinic is equipped.
- The **Vita 34 Prevention Screening** supplements a standard physician's examination and helps with the early detection of genetically related health risks and predispositions to incompatibilities. It encompasses tests of the DNA for risks regarding intolerances against antibiotics, lactose and cereal flour, as well as a disturbance of the immune system (AAT deficiency) or hemochromatosis.

Corporate Structure

Vita 34 has broadened its footprint in Europe via acquisitions:

Corporate Structure



The publicly traded Vita 34 AG is the parent of the group: The following companies are included and fully consolidated in the Group Annual Report of Vita 34 AG as of December 31, 2016.

- Vita 34 Gesellschaft für Zelltransplantate m.b.H., Austria
- Novel Pharma, S.L., Spain
- Secuvita S.L., Spain,
- StemCare ApS, Denmark,
- stellacure GmbH, Germany

For reasons of substantiality, a consolidation of VITA 34 Slovakia, s.r.o. (Slovakia), and AS "Imunolita" was not performed. The participation in Bio Save d.o.o. (Serbia) is recognized at equity as of December 31, 2016, since the prerequisite for full consolidation omitted after June 29, 2016.

Vita 34 on the International Market

Vita 34 has expanded its strategy of further internationalization ambitiously and successfully in the past years. In the concluded fiscal year the company entered into cooperation agreements with companies in Turkey, Dubai, Lebanon and China. Vita 34 has also become active in Norway via its subsidiary StemCare ApS. Vita 34 is now represented in 29 countries worldwide.

International Presence – The Vita 34 Family

Objectives and Strategy

Vita 34 pursues a broad growth strategy based on three building blocks:

- The expansion of operative business by strengthening sales efficiency and market position
- Inorganic growth via selective, opportunistic acquisitions in important European markets, as well as
- Active portfolio and life cycle management

Strengthening of Sales Efficiency and Market position:
Many expecting parents are not yet comprehensively, if at all, informed regarding the opportunities posed by a stem cell deposit. Reaching these potential customers is, therefore, a focal point of the marketing efforts at Vita 34. The market launch of the new "VitaMeins&Deins" [VitaMine & Yours] product (see Product Developments) is related to this. In addition, Vita 34 is continuously analyzing the opportunities for expanding its market position in existing countries.

Inorganic Growth:
The Management Board of Vita 34 AG is continuously analyzing opportunities for growing further via acquisitions. For example, Vita 34 conducted four acquisitions in 2015, and entered into three cooperation agreements in 2016. In all, the company is active in 29 countries in this manner. The goal of takeovers and acquisitions is to tap additional synergies, in particular in the areas of marketing and sales, as well as production and administration.

Product Developments:
Vita 34 is continuously expanding its product range in the field of stem cell deposits with active portfolio and life cycle management. Last fiscal year Vita 34 underscored its innovation leadership by launching the new "VitaMeins&Deins" [VitaMine & Yours] product. This new offering combines the storage of umbilical cord blood for one's own use with the possibility of a donation (which will be possible for some deposits).

Around the world, researchers are working on using stem cells as pharmaceuticals across a broad front for a variety of diseases. Within the scope of numerous cooperative efforts with public institutions and universities, Vita 34 is making an active contribution to medical progress by providing test preparations and expertise. In all, the company invests some 10 percent of revenues annually in research projects. In June 2016, Vita 34 was recognized for its innovation successes and particular innovative force by being awarded the TOP 100 innovation prize. The company numbers among the most innovative medium-sized companies in Germany.

Control System and Performance Indicators

The Management Board of Vita 34 uses the following key figures for internal group control of the company: Total operating revenue, earnings before interest, taxes, depreciation and amortization (EBITDA), EBITDA margin, and equity ratio, and for the first time in fiscal year 2016, revenue. The development of the control variables as compared with defined targets is reported on an annual basis. The following list contains information on the relevant, internal group control variables:

Revenue
The operative performance, sold on the market at sales prices in a particular period, result in revenue. Revenue is the fundamental measure for many breakdown and financial key figures, such as revenue by country, sales margin, etc.

Total Operating Revenue
The revenue that the company has earned in operations as a whole is presented in total operating revenue. In addition to sales revenues, this includes income from research and development, other operating income as well as changes in the levels of work in process.

EBITDA and EBITDA Margin
The earnings before interest, taxes, depreciation and amortization (EBITDA) is the central success variable at Vita 34. It serves as the main measure for the cash flow strength and operating profitability of the company. In the case of EBITDA margin, EBITDA is referenced against revenue.

Equity Ratio
Vita 34 monitors and controls the financial structure of the company, among other things via the equity ratio. The equity ratio is calculated from the ratio of equity in relation to the balance sheet total.

In fiscal year 2016, the defined internal group control variables developed for the most part in line with the defined target values. Changes in individual key financial figures are mainly attributable to one-time special effects in the wake of acquisitions conducted in fiscal year 2015, which did not occur in the fiscal year 2016. The precise development of the key figures revenues, total operating revenue, EBITDA, EBITDA margin and equity ratio are explained in the "Revenue and Income Situation," „Financial Situation" and "Asset Situation" chapters.

Control Variable

		2016	2015	2014
Revenues	EUR k	16,290	14,169	13,786
Total operating revenue	EUR k	18,129	18,528	15,176
EBITDA	EUR k	2,293	3,895	2,775
EBITDA-Margin as a percent of sales	%	14.1	27.5	20.1
Equity ratio	%	54.5	54.3	59.8

Research and Development

Vita 34 pursues a clearly focused innovation strategy. The goal is to expand the value chain via the development and introduction of new products for pharmaceutical production and to support therapies on the basis of stem cells. Vita 34 has identified the establishment of new services and products as a decisive growth factor. Stem cells that are as free from infection and environmental influences as possible, and which are extremely vital and young and, therefore, possess a high development potential are of particular interest for medical application. Stem cells from umbilical cord blood and tissue possess these characteristics to a special degree and, thus, represent an important source for stem cell research. Stem cells from umbilical cord blood can, therefore, augment and/or even replace established therapies for the treatment of cartilage defects, tendon and sports injuries, as well as arthritis.

The increasing number of studies, as well as the tremendous progress made in biomedical research in the case of cell-based therapies, underscores the potential of stem cells from umbilical cord blood and tissue. With the advancing development of stem cell therapies, Vita 34 expects an increasing demand for the secure storage and provision of cells and tissues in the future. Currently more than 1,355 clinical studies with umbilical cord blood and more than 397 with umbilical cord tissue are registered worldwide, dealing with specific areas of application (www.clinicaltrials.gov). In addition, the number of stored stem cell deposits has increased continuously: For example, as of the end of 2015 it was estimated that 731,000 stem cell deposits of umbilical cord blood had been stored in public stem cell banks worldwide. The number of deposits of umbilical cord blood at private stem cell banks for one's own use is now greater than 4 million. In all, 35,000 umbilical cord blood transplantations have taken place to date. Of these, more than 1,000 patients were treated with stem cells from umbilical cord blood that had previously been stored in private cord blood banks.

In fiscal year 2016 there were expenditures of EUR 1.2 million for research and development. Research projects with public grants generated income in the amount of EUR 0.7 million in the fiscal year, moreover, development costs in the amount of EUR 0.2 million were activated.

Patents on the Cryo-Preservation of Umbilical Cord Tissue

Vita 34 received a patent for the preparation and cryo-preservation of umbilical cord tissue and the cells contained therein from the European Patent Office (EPO). The patent covers all of the process steps from transport to collection of the stem cells. This is a process for disinfection, for cryo-preservation, and for the isolation of cells from umbilical cord tissue.

Award for Innovation

In June 2016 Vita 34 received the TOP 100 innovation prize. Thus, it numbers among the most innovative medium-sized companies in Germany. The award has been awarded to medium-sized companies for special innovative force and above-average success since 1993. In two of a total of five categories, specifically "Innovation-Promoting Top Management, as well as "Innovative Processes and Organization," Vita 34 received an "A+" rating, thus attaining above average results as compared with the rest of the participants in the competition. The award of this innovation prize documents the strong culture of innovation at the company.

Additional Research Projects

Vita 34 was successful in taking another important step with the successful extraction of plant substances that increase the effectiveness of pharmaceutical compounds when added.

In addition, a formulation for a skin care cream with plant stem cells was developed together with a noteworthy cosmetics manufacturer. Plant stem cell extracts from plant species multiplied in vitro at Vita 34 (apple, comfrey, sage) are used.

Personnel

Motivated and qualified employees are the foundation of a long-term positive development of Vita 34 AG. As of the closing date December 31, 2016 Vita 34 employed 122 employees in either full or part-time positions (2015: 140 employees) and three trainees (2015: 5 trainees). The reduction was primarily the result of the integration of Stemcare and the resulting synergetic effects, as well as the deconsolidation of the BioSave group as of June 30, 2016.

The average age of group employees in the reporting year was some 39 years of age (2015: 37 years); the average length of employment was around 6 years (2015: 6 years).

Employee Structure of Vita 34 and Subsidiary Companies in the Consolidation Group as of December 31, 2016

No. of employees	2016	2015
Total employees*	**122**	**140**
of these Management Board	3	2
of these Management	16	20
Trainees	**3**	**5**

* based on headcount without leased employees and trainees, casual labor and employees on parental leave

The staff at VITA 34 is characterized by a large portion of women, representing some 71 percent. Approximately 21 percent of Vita 34 employees in Germany take advantage of offers of combining family and career. This includes both part-time employment, as well as the flexible distribution of shifts and personalized maternity leave design. In 2016 a flexible working hours arrangement was also introduced.

Ratio of Women at Vita 34 and Subsidiary Companies in the Consolidation Group as of December 31, 2016

in %	2016	2015
Total employees*	**71**	**73**
Of these Management	63	55
Trainees	**67**	**60**

* based on headcount without leased employees and trainees, casual labor and employees on parental leave

Employee Loyalty via Health Safety and Training

Highly motivated and qualified employees are essential to the corporate success of Vita 34. Vita 34 promotes inter-team cooperation and joint activities. The team structure, flat corporate hierarchy, and very good working environment contribute to employee satisfaction. In addition, Vita 34 employees can present suggestions within the context of the Vita idea management system.

Vita 34 places value on the continuing education of employees. In the Production and Quality Assurance departments, Vita 34 offers continuous education and training. To ensure safety and health in the workplace, Vita 34 has appointed two safety officers, who monitor the observance of legal provisions together with the labor committee.

Economic Report

Overall Economic Environment and Industry-Related Peripheral Conditions

Overall Economic Environment

Vita 34 has continually expanded its activities in international markets, especially the European market, in the last fiscal year via subsidiaries, as well as sales partners and cooperative venture partners. The economic environment in Europe and especially in the most important target markets, therefore, has an influence on business activities.

The economy within and outside of the **Eurozone** is continuing to grow. According to preliminary calculations of the International Monetary Fund (IMF) growth in 2016 of 3.1 percent was roughly at the level of the prior year (3.2 percent). Here, the economies of many emerging countries showed a recovery with the stabilization of raw materials prices. In the Eurozone, as well, economic growth continued in 2016, however, it remained at a low level. For example, the Gross Domestic Product (GDP) increased in Q4 0.5 percent as compared with the prior quarter, according to initial estimates of the European statistics office Eurostat. The increase in Q3 had been 0.4 percent. According to Eurostat, GDP in the Euro zone increased by 1.7 percent in the full year 2016. The International Monetary Fund (IMF) expects in its January 2017 forecast that GDP in the Eurozone will increase again by 1.7 percent in the current year. This value is also expected for 2018. The global economy, according to estimates by the IMF, will primarily be supported by an additional economic recovery in the emerging countries and, additionally, interest rates in the Eurozone will remain low for the time being. However, this forecast is encumbered by significant political and economic uncertainties.

In **Germany** the economic situation continued to develop better than the overall Eurozone: According to the German Federal Office for Statistics, economic growth in 2016 as compared to the prior year was 1.9 percent. This, the upwards trend of the previous years is ongoing. In 2015 the growth rate was 1.7 percent, in 2014 it was 1.6 percent. For the current year the IMF expects 1.5 percent due to the slightly cloudy environment, the OECD forecasts 1.7 percent.

The decision to store umbilical cord blood is, among other things, dependent on purchasing power, as well as the income of the populace. GfK (a consumer research firm) calculated a nominal purchasing power increase of some 0.3 percent as compared with the prior year. However, the disposable net income of the 42 countries studied by GfK varies significantly. In Germany, consumers benefit from low inflation. According to preliminary calculations from the German Federal Office of Statistics, wages rose nominally by 2.3 percent in 2016 as compared with 2015, adjusted for 0.5 percent inflation there was a real wage increase of 1.8 percent. This trend should continue in the current year according to GfK estimates. They forecast an increase in purchasing power of some 1.7 percent for 2017.

Industry-Related Peripheral Conditions

Vita 34 is active in the field of medical biotechnology and, thus, in a highly innovative industry. The economic situation of the biotechnology segment as a whole developed well in 2016:

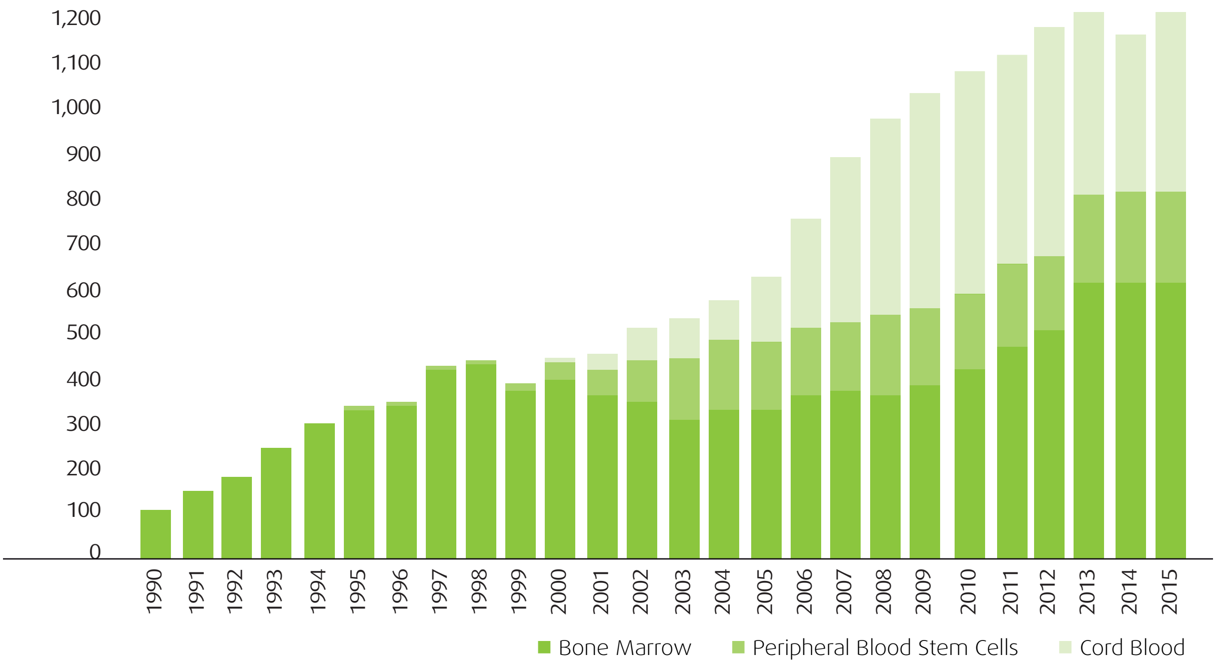
Revenues of the 593 companies recorded increased by 8.3 percent in 2015 to EUR 3.28 billion. The strongest growth was demonstrated by industrial biotechnology (+14.3 percent; 244.4 million Euro), following by medically active biotech companies (+9.9 percent; EUR 2.28 billion). The trend with regard to research and development (R&D) expenditures is similarly positive: At EUR 1.04 billion this value has exceeded the billion mark again for the first time since 2010, thus ending the stagnation of the past years. Most of the capital was invested in developing new therapies and diagnostics (+11.3 percent, EUR 772.8 billion). This development is an example for the continuous increase in demand for bio-based methods, products and services in the industry year after year. With regard to new medicines and diagnostics, biotechnology plays an important role, whether it is for the treatment of common diseases or rare ailments.

Vita 34 offers a private health provision with the storage of umbilical cord blood and tissue in an extremely dynamic environment. For more than 55 years, stem cells have been used for treating severe diseases that can occur over the entire course of a human lifetime. Diseases can arise even in childhood and adolescence, among them cancer and diabetes, for which stem cells can also be transplanted as a treatment. In addition, stem cell therapy offers an even greater potential in degenerative diseases such as heart attacks or strokes, or even the wear of bones and cartilage. Experts expect that in the future every seventh person in an age up to 70 years will need stem cells for the treatment of cardio-pulmonary diseases, and correspondingly the need for cryo-preservation and the reliable storage of cells and tissues will increase.

Physicians worldwide are increasingly using the possibility of umbilical cord blood transplantation, which is reflected in the continuously increasing number of therapeutic applications with stem cells from umbilical cord blood.

Since 1988, when the first transplant of stem cells from umbilical cord blood took place, transplantations of umbilical cord blood have established themselves along with the transfer of bone marrow cells and peripheral blood stem cells as a third transplant method. In all, more than 35,000 umbilical cord blood transplantations have taken place to date worldwide. In the case of children under 18, umbilical cord blood has become the second most frequent source of stem cells. The prerequisites for the further development of the Vita 34 core business are, therefore, completely positive.

Transplants According to Stem Cell Source in Children up to Age 18

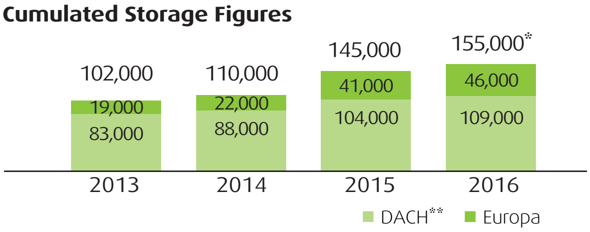


Source: National Marrow Donor Program/Be The Match FY 2015

Development of Business

Vita 34 was able to significantly increase revenue in 2016 as compared with the prior year. Thus, revenues in this period increased to EUR 16.3 million in this period as compared with EUR 14.2 million the year before. This is equivalent to revenue growth of 15 percent. This development is mainly attributable to the increased number of newly stored stem cell deposits from umbilical cord blood and tissue thanks to the acquisitions and geographic expansion undertaken in 2015. The growth in revenue accompanied by only minor increases in cost documents the success of the Buy and Build strategy pursued by Vita 34, which is designed to realize synergies and economies of scale. With the increasingly observed successes and advances of this strategy, the company is on the right path. The number of the newly stored stem cell deposits from umbilical cord blood and tissue has increased as a result. It rose to a total of 155,000 stem cell deposits as of the end of 2016 (prior year: 145,000).

Cumulated Storage Figures



* incl. Stem cell deposits from acquisition of the assets of Vivocell, StemCare and Imunolita
**DACH - Germany, Austria, German-speaking Switzerland

In the course of its growth strategy Vita 34 has further advanced internationalization and geographic expansion. For example, the Vita 34 group was represented in 29 countries around the world at the end of the fiscal year. In addition, in the past year cooperation agreements were entered into, among others, with partners in Dubai, Lebanon and Turkey, via which Vita 34 is now represented in the Middle East region, as well. The partner companies have already been active in the stem cell industry for many years, and they bring their many years of experience and expertise into the partnership. Vita 34 handles the processing, testing and cryo-preservation of umbilical cord blood and tissue. The partner companies are responsible for marketing and sales, training the clinics, collection, as well as transport of the preparations to Leipzig.

In addition, in the second half-year Vita 34 entered into a partnership agreement with the Chinese technology company AVIC Biology. AVIC Biology is one of the leading Chinese companies in stem cell research. The goal of the cooperation is to establish a laboratory for the preparation and cryo-preservation of stem cells from umbilical cord blood. This is intended to offer the option of private stem cell provision, while observing the highest medical standards of quality. Vita 34 is providing the necessary expertise for establishing the stem cell bank. Apart from consultation, this also includes qualifying the employees there. This ensures that the processes developed by and continuously optimized by Vita 34 are adopted and adapted. Here, the cooperation agreement provides for specific milestone payments from AVIC Biology. In return, Vita 34 obtains access to the most populous economy in the world.

Vita 34 has been active in Norway since Q2 2016 with our Danish subsidiary StemCare ApS, acquired in 2015, and has further expanded its presence in the Scandinavian market by these means. Vita 34 will open up the high birth rate countries of northern Europe with this umbilical cord blood bank established in Denmark. The integration of StemCare initially burdened group profits, however, it was done more quickly and efficiently than originally planned. At the end of Q2 an important milestone in this process, the transfer of the laboratory from Denmark to Leipzig, was completed ahead of schedule.

With this cooperation Vita 34 consistently pursued its Buy and Build strategy, thus setting the course for the future success of the company. The key to the continued positive business trend lies in the consistent implementation of our growth strategy and the quick integration of acquired companies. This is, of course, associated with higher costs in the short-term, but in the long-term it leads to sustainable cost savings via synergies and economies of scale, which ultimately result in better profitability.

In the past fiscal year Vita 34 has also undertaken various measures for pushing organic growth. Umbilical cord blood and tissues will represent an important treatment option in the medicine of the future according to a consensus of many scientists. Vita 34 intends to expand this base with the launch of the "VitaMeins&Deins" [VitaMine & Yours] product introduced in Q3 2016. In the case of "VitaMeins&Deins"

expecting parents donate their child's stem cells if there is sufficient volume (which will be the case for some deposits), and they can simultaneously create a provision for their child's health with a stem cell deposit. In this way, parents are reached for whom a public donation is an option, while at the same time they can still enable a stem cell deposit for their own child. With this, Vita 34 has opened up an additional target group exclusively, and has strengthened organic growth.

The Supervisory Board appointed Dr. Wolfgang Knirsch to the Management Board responsible for the Marketing and Sales department effective June 1, 2016, thus competently reinforcing the top leadership at Vita 34. The market-leading position of the company in the German-speaking countries is to be persistently expanded, and additional market share in Europe is to be won with this new Management Board member.

Within the course of its innovative entrepreneurial activities, Vita 34 was able to chalk up two important successes in fiscal year 2016:

In June 2016, the company was awarded the TOP 100 innovation prize. Thus, it numbers among the most innovative medium-sized companies in Germany. The TOP 100 seal is awarded every year to medium-sized companies with special innovative force and above-average success. Some 4,000 companies had applied to the 2016 competition. Here, Vita 34 achieved above-average marks in the „Innovation Promoting Top Management" and "Innovation Processes and Organization" evaluation categories, both with a grade of "A+" above average results.

In Q4 2016 Vita 34 received a patent for the preparation and cryo-preservation of umbilical cord tissue and the cells contained therein from the European Patent Office (EPO). The process covers all of the steps from transport to collection of the stem cells. This is a process for disinfection, for cryo-preservation, and for the isolation of cells from umbilical cord tissue. With this, Vita 34 can further expand innovation leadership among umbilical cord blood banks.

Both successes are an impressive testimony for the strong culture of innovation that Vita 34 possesses. Since its founding in 1997, the company has developed and launched numerous innovations.

The advances are also reflected in in a number of key financial figures for fiscal year 2016. Indeed, EBIT of EUR 0.8 million is lower than the corresponding prior year figure (fiscal year 2015: EUR 1.6 million). Here, however, it should be taken into consideration that both operating performance as well as operating profit in 2015 were positively influenced by a number of special effects in conjunction with the acquisitions of StemCare ApS and Vivocell. Adjusted for these effects, the EBIT would be recognizably higher than the corresponding prior year value. The improved profitability is also shown in an EBITDA margin of 14.1 percent, which is slightly higher than the forecast range for fiscal year 2016. A detailed explanation of the individual key financial figures and the financial performance indicators can be found in the "Revenue and Profit Situation," "Financial Situation," and "Asset Situation" chapters.

Revenue and Profit Situation

EUR k	2016	2015
Total operating revenue	**18,129**	**18,528**
of that revenue	16,290	14,169
of that other operating income	1,608	4,284
of that income and changes in work in progress considered in cost of sales	231	75

Revenues increased to EUR 16.3 million following EUR 14.2 million the previous year, which is equivalent to an increase of 15.0 percent. The positive revenue trend is attributable not only to organic growth, but primarily also to the successful integration of the companies acquired in 2015. Other operating income of EUR 1.6 million was significantly lower than the prior year's value of EUR 4.3 million. Here, it should be noted that the other operating income in the prior year was positively influenced by one-time special effects from the initial consolidation of StemCare ApS and the valuation of the storage contracts of Vivocell in the amount of EUR 3.1 million.

The special effects of 2015 also had the effect that total operating revenue 2016 (EUR 18.1 million) was slightly lower than total operating revenue 2015 (EUR 18.5 million, -2.2 percent) despite the very positive development. If adjustments were made for these one-time special effects in the prior year, there would be a clear increase.

EUR k	2016	2015
Total operating revenue	18,129	18,528
Revenues	16,290	14,169
- Cost of sales	-7,669	-7,681
Gross profit	**8,620**	**6,488**
- Marketing and selling expenses	-5,122	-4,842
- Administrative expenses	-3,925	-3,993
- Other operating income less expenses	1,207	3,960
Operating profit/EBIT	**780**	**1,613**
- Interest income/expenses	-51	-26
- Share of loss of associates	-42	0
- Income tax expense/income	-71	115
Period result	**617**	**1,702**

The **cost of sales** for fiscal year 2016 was at the prior year's level (EUR 7.7 million) with increased revenues. As a consequence, the **gross profit from sales** increased in the reporting period to EUR 8.6 million as compared with EUR 6.5 million in fiscal year 2015. This is equivalent to a gross margin (based on sales) of 52.9 percent, as compared with 45.8 percent in the reference period of the prior year. In the fiscal year the cost of sales expenditures from the depreciation of goodwill as well as extraordinary depreciation of acquired development projects in the amount of EUR 0.2 million (prior year EUR 1.2 million) were taken into consideration. Adjusted for the aforementioned depreciation effects the gross margin was at the level of the prior year.

The balance of **other operating income and expenses** decreased in fiscal year 2016 to EUR 1.2 million following EUR 4.0 million in the reference period the prior year. This clear reduction can be attributed to one-time effects in 2015, among others the valuation of the storage agreements taken over from Vivocell and the initial consolidation of StemCare, which no longer existed in the closed fiscal year. At the same time for the closed fiscal year it contains activated development costs totaling EUR 0.2 million for the AdipoVita product. The object of the development is the collection and cryo-preservation of autologous fatty tissues. The first contributions to revenue are expected starting in 2018.

The **marketing and selling expenses** are, despite consideration of the marketing and sales activities of the companies acquired and consolidated in 2015, at EUR 5.1 million slightly higher than the prior year's level (prior year EUR 4.8 million).

In the case of the **administrative expenses** there was even a slight decrease in the reporting period down to EUR 3.9 million (prior year EUR 4.0 million). This reflects advances in the integration of the companies acquired, since synergies and economies of scale are positively noticeable on the cost side.

In reviewing the profit figures EBITDA and EBIT, the one-time effects resulting from the acquisitions made in 2015 need to taken into consideration in the other operating income of EUR 3.1 million, as well. The **earnings before interest, taxes, depreciation and amortization (EBITDA)** is calculated from the sum of EBIT (2016: EUR 0.8 million; 2015 EUR 1.6 million) and depreciation and amortization (2016: EUR 1.5 million; 2015 EUR 2.3 million), and at EUR 2.3 million in 2016 it was lower then the reference period of the prior yearwith an amount of EUR 3.9 million. **Earnings before interest and taxes (EBIT)** in the reporting period of EUR 0.8 million were also less than the prior year's level (EUR 1.6 million). Adjusted for the aforementioned special effects, the profit figures in 2016 rose sharply as compared with the prior year. The **income tax expense** in 2016 was EUR 0.1 million, whereas an income tax income of EUR 0.1 million had been recognised in the previous year. One reason for this is that existing losses carried forward had been applied in part.

The **period result,** reached EUR 0.6 in the current reporting period, following EUR 1.7 million in fiscal year 2015. This resulted in **earnings per share** of EUR 0.14 in the reporting period based on the average number of shares outstanding, following EUR 0.67 in the 2015 reference period.

Financial Situation

The presentation of the financial situation is done in the group statement of cash flows. Based on a **period result before income tax** in the amount of some EUR 0.8 million in the reporting period 2016 (fiscal year 2015: EUR 1.6 million), with some EUR 1.5 million the lion's share of cash adjustments were attributable to depreciation (fiscal year 2015: EUR 2.3 million). As opposed to this the largest item in the prior year was badwill in the amount of EUR -3.1 million which was incurred in the course of the financial integration of acquisitions. Vita 34 posted an inflow of EUR 0.7 million in net current assets in the reporting period (prior year's period: EUR 2.3 million). This change can be attributed, in particular, to the reduction in receivables and other assets in the amount of EUR 2.5 million in 2015 due to consolidation. Thus, the **cash flow from operating activities** in the reporting period of EUR 2.3 million was below the prior year's value of EUR 2.6 million.

Vita 34 invested a total of EUR 0.5 million in plant and equipment and intangible assets during the reporting period (prior year's period: EUR 0.6 million). The cash outflow arising from company acquisitions less cash acquired in the reporting period was EUR 0 million (prior year's period: EUR 1.1 million). In addition, during the reporting period long-term investments in financial assets of EUR 0.9 were made (prior year's period: EUR 0). Correspondingly, the **cash flow from investment activity** of EUR -0.6 million was significantly lower than the prior year's value of EUR -4.7 million, which was influenced by a series of acquisitions.

In the course of the new dividend payment, Vita 34 paid out EUR 0.5 million in the reporting period (prior year's period: EUR 0.4 million). At the same time the first loans that were taken out in the course of implementing the growth strategy, were paid back in the amount of EUR 0.5 million. Correspondingly, the **cash flow from financing activities** in fiscal year 2016 was EUR -1.0 million, following EUR 0.4 million in the prior year's period.

Vita 34 demonstrated improved liquidity as of December 31, 2016. Cash and cash equivalents reached some EUR 2.8 million as of the closing date (December 31, 2015: EUR 2.1 million). This provides a solid basis for further organic and inorganic growth.

Financial Position

The balance sheet total decreased slightly as compared with Dec 31, 2015, from EUR 43.8 million to EUR 43.4 million as of December 31, 2016. On the asset side of the balance sheet the **non-current assets** including Goodwill were EUR 35.7 million as of December 31, 2016, following EUR 36.5 million as of the end of 2015. **Goodwill** as of December 31, 2016 was EUR 13.4 (prior year: EUR 13.7 million). Intangible assets decreased slightly to EUR 11.7 million (December 31, 2015: EUR 12.5 million). Other financial assets were EUR 3.6 million, (December 31, 2015: EUR 4.0 million). The decline is mainly attributable to the sale of securities.

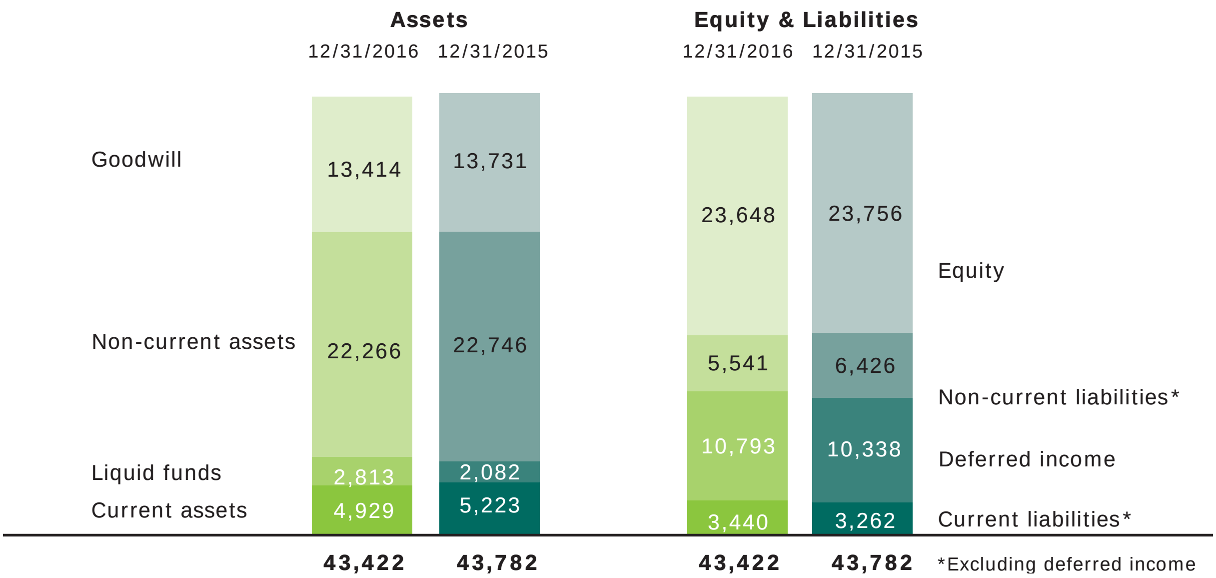
The **current assets** increased slightly in the reporting period to EUR 7.7 million (December 31, 2015: EUR 7.3 million). Receivables remained nearly the same at EUR 3.6 million as of December 31, 2016 (December 31, 2015: EUR 3.7 million). At the same time, cash and cash equivalents as of December 31, 2016 increased to EUR 2.8 million from EUR 2.1 million as of December 31, 2015.

On the liabilities side, **equity** as of the closing date December 31, 2016, was EUR 23.6 million due to slightly decreased retained earnings (December 31, 2015: EUR 23.8 million). The equity ratio as of the closing date of the reporting period was a solid 54.5 percent.

Non-current liabilities and deferred income decreased to EUR 14.6 million as of December 31, 2016 following EUR 15.0 million as of December 31, 2015. This development mainly resulted from the aforementioned redemption of interest-bearing loans, which in total were reduced to EUR 1.5 million (fiscal year 2015: EUR 2.2 million). **Current liabilities and deferred income** increased from EUR 5.1 million as of year's end 2015 to EUR 5.2 million as of December 31, 2016. This increase can be traced primarily to the lower other liabilities of some EUR 1.6 million as of the December 31, 2016 closing date (December 31, 2015: EUR 1.1 million).

Deferred income was EUR 10.8 million as of December 31, 2016, in the wake of EUR 10.3 million at the end of the prior year. This contains the storage fees that are collected from customers one time in advance, and are dissolved in linear fashion over the agreed storage period.

Balance Sheet Graphic



Asset Position, Financial and Income Situation of Vita 34 AG (German Commercial Code)

The Vita 34 AG annual report has been prepared in accordance with the rules of the German Commercial Code ("HGB").

Income Situation of Vita 34 AG (HGB)

EUR k	2016	2015
Total operating revenue	**12,759**	**12,329**
of that revenue	11,696	11,289
of that other operating income	1,027	1,045
of that changes in work in progress	36	-5

The company achieved total operating revenue of EUR 12.8 million in the period reported, which was 3.5 percent higher than the prior year's EUR 12.3 million. Revenues in the reporting year were EUR 11.7 million, which is equivalent to an increase of 3.6 percent as compared with the prior year (prior year EUR 11.3 million). Other operating income of EUR 1.0 million was at the prior year's value.

In fiscal year 2016 the cost of sales was EUR 5.0 million, following EUR 4.7 million in the prior year's reference period. The gross profit from sales totaled EUR 6.7 million as compared with EUR 6.6 million in fiscal year 2015. This is equivalent to a gross margin (based on sales) of 57.2 percent, as compared with 58.2 percent in the reference period of the prior year.

EUR k	2016	2015
Total operating revenue	12,759	12,329
Revenues	11,696	11,289
- Cost of sales	-5,008	-4,721
Gross profit	**6,688**	**6,568**
- Marketing and selling expenses	-2,934	-3,574
- Administrative expenses	-3,352	-3,284
- Other operating expenses/income	716	523
Operating profit/EBIT	**1,118**	**234**
- Financial result	116	49
- Income tax expense	-57	-30
Period result	**1,177**	**253**

The balance of other operating income and expenses increased in fiscal year 2016 to EUR 0.7 million following EUR 0.5 million in the reference period the prior year.

In the reporting period the marketing and selling expenses decreased to EUR 2.9 million following EUR 3.6 million in fiscal year 2015 as the result of increasing sales efficiency. This is equivalent to a savings compared with the prior year of EUR 0.7 million (-17.9 percent). Administrative expenses of EUR 3.4 million in the reporting period remained stable as compared with EUR 3.3 million the prior year.

The earnings before interest, taxes, depreciation and amortization (EBITDA) is calculated from the sum of EBIT (2016: EUR 1.1 million; 2015 EUR 0.2 million) and depreciation and amortization (2016: EUR 0.8 million; 2015 EUR 1.0 million), and at EUR 1.9 million in 2016 it was 58 percent higher then the EUR 1.2 million of the reference period of the prior year, which was primarily due to increased revenues and lower selling expenses. The earnings before interest and taxes (EBIT) increased to EUR 1.1 million in the reporting period following EUR 0.2 million in the prior year.

The period result was EUR 1.2 million in the reporting year, following EUR 0.3 million in fiscal year 2015.

Financial Situation of Vita 34 AG (German Commercial Code)

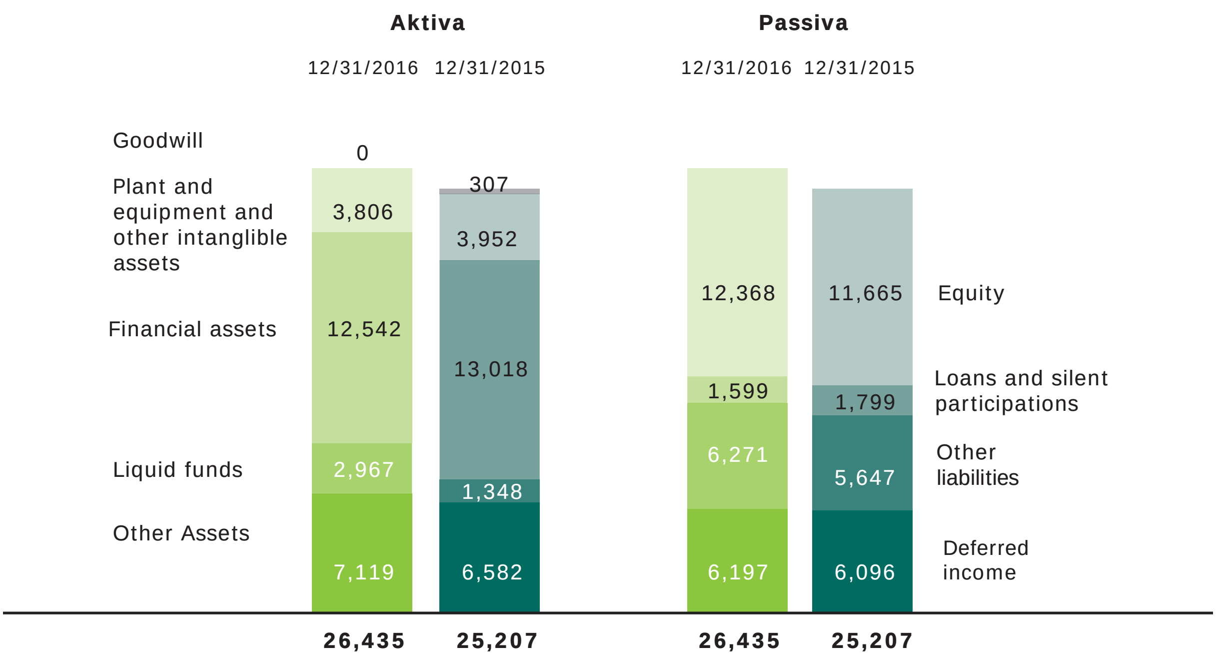
EUR k	2016	2015
Cash flow from operating activities	2,273	2,282
Cash flow from investing activities	20	-4,133
Cash flow from financing activities	-674	200

The cash flow from operating activities was EUR 2.3 million and, thus, corresponds with the cash flow of the prior year. The cash flow from investing activities of the prior year was influenced by investments in the amount of EUR 3.5 million in non-current financial assets.

The cash flow from financing activities decreased to EUR -0.7 million due to the planned redemption in the prior year of loans taken out to finance acquisitions.

This resulted in a change in cash of EUR 1.7 million. Cash as of December 31, 2016 was EUR 3.0 million (prior year: EUR 1.3 million).

Financial Position of Vita 34 AG (German Commercial Code)



Goodwill was incorporated into the company in 2011 in the merger of Vita 34 AG into Vita 34 International AG, and was EUR 0 as of December 31, 2016. It was depreciated annually by an amount of EUR 0.3 million in each case.

The plant and equipment and other intangible assets as of December 31, 2016 were EUR 3.8 million (prior year EUR 3.9 million).

Financial assets decreased as of December 31, 2016 to EUR 12.5 million (prior year: EUR 13.0 million) and consist of shares in affiliated companies in the amount of EUR 7.9 million (prior year: EUR 7.9 million), investment securities in the amount of EUR 2.3 million (prior year: EUR 2.8 million), and loans to affiliated companies in the amount of EUR 2.3 million (prior year: EUR 2.3 million). The other assets as of December 31, 2017 were EUR 7.1 million (prior year: EUR 6.6 million). These were mainly comprised from trade receivables in the amount of EUR 3.1 million (prior year: EUR 2.9 million), and loans to affiliated companies in the amount of EUR 2.0 million (prior year: EUR 1.7 million). In addition, it contains deferred expenses in the amount of EUR 0.9 million (prior year: EUR 0.9 million).

On the liabilities side equity was EUR 12.4 million as of year's end 2016 (2015: EUR 11.7 million). The equity ratio was some 47 percent, following 46 percent the prior year.

Loans and silent participations as of December 31, 2016 were EUR 1.6 million (prior year: EUR 1.8 million), with the decrease resulting from the planned redemption of loans. The other liabilities at year's end 2016 were EUR 6.2 million following EUR 5.6 million in the prior year. They mainly encompass liabilities towards affiliated companies in the amount of EUR 1.8 million (prior year: EUR 1.4 million), special items for grants and subsidies in the amount of EUR 0.7 million (prior year: EUR 0.8 million) and provisions in the amount of EUR 1.2 million (prior year: EUR 1.1 million).

Deferred income increased marginally and was EUR 6.2 million as of the closing date December 31, 2016. This contains the storage fees that are collected from customers one time in advance, and are dissolved in linear fashion over the agreed storage period.

Employees of Vita 34 AG (German Commercial Code)

On average in 2016, Vita 34 employed 83 people (on a full time basis, without Management Board, temporary employees, casual labor and employees on parental leave). In addition, on an annual average 4 people were trainees.

The staff at Vita 34 is characterized by a large portion of women, representing some 69 percent. Approximately 21 percent of Vita 34 employees in Germany take advantage of the offer of combining family and career. This includes both part-time employment, as well as the flexible distribution of shifts and personalized maternity leave design.

Subsequent Report

Following the conclusion of fiscal year 2016, no occurrences of special significance or with a major effect on the asset, financial, or profit situation of the Group have occurred.

Corporate Governance

Declaration on Corporate Governance in Accordance with § 289a German Commercial Code [HGB]

Compliance Declaration in Accordance with § 161 German Stock Corporation Act [AktG]

The Management Board and Supervisory Board of a German stock corporation listed on a stock exchange are obligated in accordance with § 161 German Stock Corporation Act [AktG] to declare once annually whether the recommendations of the Government Commission on the German Corporate Governance Code have been observed and will be observed, or which recommendations have not been applied or will not be applied. The following Declaration of Compliance was made accessible on the Company's website on March 27, 2017, along with the last five years' Declarations of Compliance.

"The Management Board and the Supervisory Board of Vita 34 AG declare in a accordance with Sec. 161 German Stock Corporation Act (AktG) that the recommendations of the Government Commission German Corporate Governance Codex (DCGK) in the version dated May 05, 2015 have been observed since the issuance of the last compliance declaration on March 21, 2016, with the following exceptions.

- Sec. 3.8 DCGK: No deductible has been agreed upon with the Supervisory Board, since we are not of the opinion that the diligence and sense of responsibility exercised by the members of the Supervisory Board in performing their duties could be further enhanced by agreeing to a deductible.
- Sec. 5.1.2 and Sec. 5.4.1 DCGK: An age limit for Management and Supervisory Board members has not been established. The determining factor for the capability of the members of these bodies is not age; therefore, we do not consider an age limit to be sensible.
- Secs. 5.3.1, 5.3.2 and Sec. 5.3.3 DCGK: The establishment of committees (i.e. a body that is only comprised of part of the members of the Supervisory Board), especially an Audit Committee, and a Nominating Committee does not make sense due to the size of the Vita 34 AG Supervisory Board.
- Sec. 7.1.2 DCGK: The Company observes the legally prescribed deadlines with regard to its publishing obligations. "

Leipzig, March 27, 2017

The Supervisory Board The Management Board

Corporate Governance Practices

At Vita 34 AG, the principles of good Corporate Governance are a significant foundation of cooperation with our shareholders, employees and business partners. Corporate Governance practices, which go beyond the legal requirements, are not implemented.

Management and Supervisory Board Procedure

Both bodies work together for the benefit of the company. The Management Board is responsible for running the Company, the Supervisory Board advises and controls the Management Board. The Management Board and the Supervisory Board observe the rules of orderly company management.

The Vita 34 AG Management Board consists of three members. The Chairman of the Management Board is Dr. André Gerth, Dr. Wolfgang Knirsch is the Director responsible for Sales and Marketing, and the Financial Director is Mr. Falk Neukirch. The Management Board leads Vita 34 AG under its own responsibility, thereby orienting itself on a continuous increase in company value.

The work of the Management Board in general is regulated by rules of operation. The rules of operation contain the fundamentals of management of the Management Board members, those matters reserved for the entire Management Board, as well as the majority required to pass a Management Board resolution.

The Management Board regularly informs the Supervisory Board concerning all of the issues relevant to the company related to strategy, planning, business development, risk and risk management, as well as compliance, in a timely and comprehensive manner. Currently no member of the Management Board is active as a Supervisory Board member of a company outside the group.

The Supervisory Board of Vita 34 AG comprises six members. It supervises and advises the Management Board regarding the management of the business. To this end, the Supervisory Board regularly discusses the development of business, as well as planning, strategy and its implementation. It approves the annual plan prepared by the Management Board, accepts the annual financial statements and acknowledges the consolidated financial statements acceptingly. Furthermore, it is responsible for appointing and removing the members of the Management Board, as well as for representing the Company in dealings with the Management Board.

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

The Supervisory Board has not received any notice of conflicts of interest from either the Management Board or from Supervisory Board members. To date, no Management Board member of Vita 34 AG has moved into the Supervisory Board.

The compensation of Management Board members consists of a performance-independent component and a success-dependent component. Vita 34 AG publishes the Management Board compensation individually.

Supervisory Board compensation is regulated in Sec. 18 of the by-laws. The Supervisory Board members at Vita 34 AG receive a fixed compensation. Performance-based compensation is not provided for. Additional details on the compensation of the Management and Supervisory Boards can be found in the notes under text number 28.

The Management Board publishes insider information that pertains to Vita 34 AG immediately, to the extent it is not exempt from doing so in individual cases. In addition, the company keeps an insider directory, which comprises all persons who have access to insider information.

A solid principle of the communications policy of Vita 34 AG is that all shareholders and interest groups are treated equally when publishing information, which pertains to the company and is significant for evaluating the development of the company.

All mandatory publications, as well as additional investor relations publications of the company are issued in German and in English. All information relevant for capital markets is available in German and English on the Vita 34 AG website at www.vita34group.de.

In accordance with Sec 15a of the German Securities Trading Act (WpHG), the members of the Management Board and the Supervisory Board, as well as certain employees with management duties and persons who are close to them, must disclose the purchase and sale of Vita 34 AG stock and financial instruments based on it (Directors' Dealings). The following securities transactions requiring notification took place in fiscal year 2016, and were also published on the company's website. The publication documentation, as well as the corresponding announcements, was sent to the German Federal Agency for Financial Services Supervision.

The percentage of stock owned by Management Board and Supervisory Board members at Vita 34 AG is greater than 1 percent. Here, Management Board member Dr. André Gerth held 383,600 shares as of December 31, 2016, which is equivalent to 12.67 percent. 46,645 shares, equivalent to 1.54 percent, were attributable to Supervisory Board Member Dr. Holger Födisch, and 48,000 shares, equivalent to 1.59 percent, were owned by Supervisory Board Chairman Dr. Hans-Georg Giering. In addition, Deputy Supervisory Board Chairman Mr. Alexander Starke held 3,000 shares, which is equivalent to 0.1 percent.

Target Values for Female Quota

In May 2015 the German Bundestag [Parliament] passed a law regarding the equal participation of women and men in management positions. In accordance with the legal provisions, which Vita 34 AG is affected by as a publicly traded and non-codetermined company, binding target numbers were determined for the Supervisory Board, the Management Board, and the next two management levels of the Vita 34 group. In detail, the following was resolved for the individual levels:

- Supervisory Board For the Supervisory Board of Vita 34 AG a target number for the ratio of women was set at a minimum of one woman among the six members. This target number has currently been met by the membership of Ms. Gerrit Witschass and Dr. Mariola Söhngen in the Supervisory Board.

- Management Board: For the Management Board of Vita 34 AG a target number for the ratio of women for the period up to 2020 was set at a minimum of one woman among three members of the Management Board. The attainment of this target number will primarily depend on the further positive development of the company, since maintaining continuity in the Management Board is the top priority of the Supervisory Board.

A target ratio of 40 percent women by June 30, 2017 has been set for the management level below the Management Board. This target has currently been met.

Reporting According to Sec. 315 Para. 4 German Commercial Code [HGB]

Registered Capital

The registered capital of Vita 34 AG is EUR 3,026,500 and is divided into 3,026,500 individually registered, non-par value common shares. Here, each share equals one vote.

Authorized Capital

In accordance with Sec. 7 para. 2 of the bylaws of Vita 34 AG, the Company has authorized capital. The Management Board is authorized, in accordance with a resolution of the Annual General Meeting on August 28, 2014, to increase the nominal capital of the company once or several times up to a total of EUR 1,513,250.00 by August 27, 2019 by means of the issuance of up to 1,513.250 new, individually registered, non-par value shares in exchange for cash or in-kind contributions (Authorized Capital 2014).

If the capital stock is increased in exchange for cash contributions, the shareholders must be granted subscription rights. The subscription rights may also be granted to the shareholders indirectly in accordance with Sec. 186 Para. 5 German Stock Corporation Act. The Management Board is, however, authorized to decide, in each case with the approval of the Supervisory Board, on the exclusion of shareholders in purchasing stock.

A subscription right exclusion is only admissible to

- Compensate for spikes
- Issue employee stock to employees of the company, as well as employees of enterprises associated with the company
- Increase capital in exchange for contributions in kind
- To the extent necessary, at the point in time of the exercise of the Authorized Capital 2014 in order to grant the holders of current conversion and/or option rights or a conversion obligation arising from already granted or to be granted conversion and/or option subscriptions arising from Vita 34 AG or its group companies a right to purchase new shares in the scope that would be due them following exercise of the conversion and/or option rights or following fulfillment of a conversion obligation of the shareholders;
- If the issue price of the new shares in the case of capital increases in exchange for contributions in cash is not significantly lower than the stock market price of already listed shares at the time of the final determination of the issue price, and the shares issued do not exceed in total 10 % of the capital stock either at the time of effectiveness or at the time this authorization is exercised. This limitation covers shares that have been sold, issued or are to be issued during the term of this authorization up to the point of its exercise based on other authorizations with direct or corresponding application of Sec. 186, Para. 3, Sentence 4 German Stock Corporation Act with exclusion of subscription rights.

The Management Board decides on the other details of conducting capital increases from Authorized Capital 2014, especially the content of stock rights and the conditions of stock issue with the approval of the Supervisory Board. The Supervisory Board is authorized to adjust the version of Sec. 7 Para 2 of the bylaws according to the respective exercise of the authorized capital and, if the authorized capital is not or not fully exploited by August 27, 2019, to adjust the expiration deadline for the authorization.

Restrictions on the Transfer of Stock

The agreement entered into with Management Board member Dr. Gerth within the context of integrating BioPlanta GmbH and the issuance of new Vita 34 AG shares from authorized capital for the takeover of BioPlanta GmbH that the new shares could not be sold before three years from the effective date, July 1, 2012, without the approval of Vita 34, as well as the extension, has expired as of the reporting date.

Major Shareholders of the Company

The following direct or indirect participations in the capital of Vita 34 AG, which exceed 10 percent, were made known to Vita 34 AG by means of voting rights notifications as of December 31, 2016:

- Dr. André Gerth: 12.7 percent

Rules for Appointing and Removing Members of the Management Board and Concerning Changes to the By-Laws

The legal provisions concerning the appointment and removal of members of the Management Board can be found in Secs. 84 and 85 German Stock Corporation Act. Section 9 of the by-laws of Vita 34 AG provides for a unanimous arrangement. Amendments to the by-laws can be made in accordance with Secs. 179, 133 German Stock Corporation Act, as well as Sec. 25 of the Vita 34 AG by-laws by means of a resolution of the Annual General Meeting passed with a simple majority of the votes cast, to the extent a larger majority is not called for by law.

Significant Agreements that Exist under the Condition of a Change in Control Following a Takeover Offer

There are no significant agreements of the Company that are subject to the condition of a change in control following a takeover offer, except for an agreement made with the three members of the Management Board for the case of a change in control ("change of control term").

To the extent that the change of control term is applied, it gives the Management Board member the right to terminate his employment contract within six months. If the Management Board member avails himself of this termination right, the Management Board member has claim to payout of his salary for the remaining term of the contract, at the most, however, in an amount that corresponds with the value of three annual salaries (fixed salary plus bonus), as well as to severance in the amount of up to two annual salaries (fixed salary and variable compensation). The payout and severance together must not exceed an amount of three annual salaries. In the case of termination of the employment agreement, the Supervisory Board may demand that the Management Board member continues in office as a director for a period of up to six months following a change in control.

Opportunity and Risk Report

Internal Controlling and Risk Management System

Vita 34 has been using an internal risk and opportunity management system since 2006 that is valid for both the group as well as Vita 34 AG. It identifies, evaluates and prioritizes all significant risks and opportunities, in order to take controlling steps. In accordance with the German Accounting Standards (DRS 20), a risk is defined as the possibility of a negative deviation from the company forecast, whereas an opportunity is the possibility of a positive deviation from the defined corporate objectives.

Both comprehensive documentation, as well as a transparent communication of the risks form the basis of the risk management system. Associated activities are recognized within the risk management system and monitored. An internal controlling system represents an additional central component of the risk management system. In particular, the accounting, bookkeeping and controlling processes are managed with the aid of this internal system. The subsidiaries are integrated into the group annual report via a reporting system. The companies are supervised and controlled via annual budget planning, monthly reporting of actual figures, as well as budget comparison analyses. Risk management and the internal controlling system are viewed together and interface directly with the Management Board and management level. The Management Board designs the scope and orientation of the established systems on it own responsibility, using the company-specific requirements. Despite adequate and functionally implemented systems, there can never be absolute reliability in the identification and management of risk. If a risk is identified, in an initial step external specialists are tapped to eliminate it, and in parallel an evaluation regarding the influence of the risk on operations and group annual report is conducted. In a second step, within the context of the accounting based internal control system, controls are implemented to ensure sufficient security that business operations and the preparation of the annual and group financial statements are safeguarded despite the identified risks.

The identification, recording and evaluation of new risks are done in an operative process. Annually, the Controlling Department conducts a risk inventory, in order to analyze, review and supplement the types of risk detected in cooperation with the responsible management personnel and the Management Board. Changes in risk and the corresponding data are reported to the Management Board and the Supervisory Board on a monthly basis. The risk management system is documented and the individual risks are described in the risk management manual and the risk information sheets.

In addition, the company rules and other corporate guidelines lay down and partially validate different processes. Major procedures are subject to the four eyes principle in all areas of the company, such that as a minimum two signatures are always required for execution. In the case of IT supported systems, the access rights (read and write authorization) are regulated for each employee.

External service providers participate in the preparation of monthly, quarterly and annual financial statements. The assignment of the duties is set and documented when drafting the financial statements.

Apart from the regular process-related risks, primarily risks within projects, as well as special occasions, are identified, analyzed and recorded based on the risk management system. Risks are divided into the following risk categories: Strategic, financial, personal and legal risks, product, capital market and infrastructure risks, as well as risks in marketing and sales.

From among the entirety of the identified risks, the following risks are expounded upon, which from the current view could significantly influence the profit, financial and asset situation of the group and Vita 34 AG.

Company Risks

Product Risk

There is a possibility that future research could show that stem cells from other sources could become an alternative collectable at any time to stem cells from umbilical cord blood and tissue within the scope of therapeutic use. The diseases treated with autologous stem cells mainly occur at an advanced age. Today, however, these patients do not have an autologous umbilical cord blood deposit. A risk could arise, that for this reason research with bone marrow or peripheral stem cells is pursued more quickly. This is why autologous bone marrow cells are used exclusively today for treatments following heart attacks, although research in animal models has shown that umbilical cord blood stem cells have a better effect.

In addition, the development of what are known as iPS cells (induced pluripotent stem cells) can, based on the body cells of a patient containing nuclei, lead to an alternative stem cell source for different regenerative therapies. Renowned scientists, however, have been able to demonstrate that umbilical cord blood is better suited for this technology than other, older somatic cells (e.g. skin cells). Vita 34 has engaged in cooperative research efforts in this field at an early stage, in order to establish umbilical cord blood as a cell source for iPS techniques. Based on the advantages of umbilical cord blood as compared with other cell sources, the increasing use of the latter does not represent a fundamental existential risk in the view of management, rather it contributes to the expansion of the potential uses of umbilical cord blood stem cells. In addition, Vita 34 participates in research projects, in order to identify potential for additional adult stem cell sources in a timely fashion, and use them in developing its own products.

The primary concentration on one product – stem cell storage – can currently be seen as a product risk.

Strategic Risks

There is a risk that the market expansion on a national or international level will be slower or less extensive than expected. Markets can have unplanned developments due to regulatory, market or economic influences, and thus also limit or slow down growth. It can be assumed that the market expansion and the growth of Vita 34 will not take a linear course over the quarters, but instead will be subject to fluctuation. Moreover, there is a risk that ongoing cooperative ventures will be terminated and that reductions in revenue and profit will follow.

Financial Risks

Both price fluctuations as well as bad debt could result from changes in the economic conditions in markets or influences on consumers. Particularly in foreign markets, financial risks could arise from changing interest and tax policy, as well as exchange rate fluctuations. An increase in competition could give rise to financial or liquidity risks. Risks are to be avoided and mitigated by long-term business planning and liquidity planning with foresight, as well as controlling of the subsidiaries. Excess liquidity is to be invested and regularly monitored, observing a conservative investment strategy within the scope of securities management. Despite a conservative investment strategy and its direct monitoring, value may be lost.

Legal Risks
Legal risks could arise from the manifold regulations and laws that affect Vita 34. Changes in laws in the field of medical and pharmaceutical law have the potential of influencing existing business structures. An active dialog with decision makers is used to try to present the special features of Vita 34 within the context of interpreting law, and to design implementation of reforms in a practical manner. In addition, competitive disputes could influence or significantly limit the business activity of Vita 34, e.g. in Marketing and Sales. Legal risks also arise from failed umbilical cord blood and tissue collections, improper transport, processing errors at Vita 34 or the destruction of stored preparations, which, for example, can lead to liability claims on the part of the customers affected. Vita 34 has taken out insurance policies for cases of damage and liability, in order to supplement comprehensive quality management in a commensurate manner. This is intended to exclude or at least limit the commercial effects of risks that may occur. The scope of the insurance policies is continuously reviewed and adjusted where necessary. Moreover, Vita 34 will not undertake any restrictions that could affect quality for cost reasons.

Risks in Marketing and Sales
Based on negative, unprofessional or incorrect reporting in the media concerning the storage of umbilical cord blood or stem cell applications, potential customers could be influenced. This can lead to decreases in revenues. In addition, the selection of cooperative ventures or cooperation partners can also lead to loss in revenue due to damages to reputation or contractual constellations. There is a risk that the business activity of Vita 34 will be negatively influenced by an increase in the intensity of competition. This includes both aggressively priced offers as well as significant price reductions on the part of competitors or companies entering the market. This could lead to a weaker revenue and profit development at Vita 34. It cannot be ruled out that a slow economic recovery following the financial market crisis could have a negative effect on the consumption patterns of end consumers and, therefore, on the development of revenues and profits at Vita 34. Vita 34 takes the national purchasing power development prognosticated by market researchers into consideration in planning.

Capital Market Risks
The development of the Vita 34 stock price can be influenced by external events, e.g. a financial market crisis. The associated investment decisions by shareholders are in part controlled by factors that have no connection with the fundamental Vita 34 performance indicators. Vita 34 will continue to appear on the capital market by observing laws and regulations, as well as transparent communication with shareholders.

Personnel Risks
Vita 34 see no risks that could threaten the company thanks to established measures of the internal control systems, as well as by means of a personnel policy that is characterized by social and safety oriented measures.

Infrastructure Risks
The failure of process and sales relevant technology or the failure or limitation of logistical processes can influence the profit situation of Vita 34. These risks are mostly prevented or excluded by redundant safeguarding systems.

The risks listed have not arisen to date. On the whole, there are currently no existential risks at this time.

Opportunities for Future Development

Product Opportunities

In 2012, Vita 34 developed a unique Good Manufacturing Practice (GMP) procedure for preserving umbilical cord tissue, with which mesenchymal stem cells can be collected as starter cells for regenerative medicine. Since the end of Q3 2013, Vita 34 has been the only private stem cell bank in Germany that can not only store umbilical cord blood, but also umbilical cord tissue in accordance with Good Manufacturing Practice Guidelines (GMP), based on the corresponding permits. This unique characteristic provides Vita 34 with the opportunity to open up additional market potential via the corresponding "VitaPlusNabelschnur" [VitaPlusCord] product offering, and as a consequence of this to profit from an increased number of new storages.

Due to the intensive scientific development in the field of Regenerative Medicine, Vita 34 expects there to be a globally increasing demand for the cryo-preservation and reliable storage of cells and tissues. Via the expansion of research and development capacities, Vita 34 endeavors to establish additional product ranges in the future. Vita 34 sees the opportunity to take over significant market positions as a service provider and supplier for pharmaceutical/therapeutic oriented companies.

Opportunities from Internationalization

Apart from Germany, as of the closing date Vita 34 was active in a total of 28 countries with the help of subsidiaries, as well as sales and cooperative partnerships. Vita 34 continuously opens up attractive new markets that allow contributions to profits in the medium term. Within the scope of these cooperative arrangements, the partner companies enjoy independence in marketing and sales. Vita 34 subsequently takes over the preparation and storage of the umbilical cord blood and tissue in Leipzig. Through this form of cooperation, Vita 34 can profit from additional income, without incurring its own cost of sales abroad. The company is provided with a stable foundation via geographic diversification, which opens up the possibility of participating in the potential of many markets.

Market Opportunities via Acquisitions

Competitive advantages can result for the company through targeted, strategic acquisitions. This provides Vita 34 with access to qualified personnel, existing and potential customers, as well as new technologies. Through the acquisitions of assets of Vivocell (Austria), shares in Bio Save (Serbia) and AS Imunolita (Lithuania), as well as StemCare (Denmark) within the course of fiscal year 2015, Vita 34 endeavors to strengthen its leading position in the European market. The integration of the acquired companies was mainly completed in 2016. With regard to competition this provides benefits to Vita 34 in acquiring customers via the variety of possible offerings.

Within the scope of the increasing consolidation of the market for private stem cell banking, Vita 34 is examining the potential of further diversifying its product range via acquisitions. A broader product range can have a stabilizing effect on the revenue and profit situation.

Overall Assessment of the Management Board

As the largest stem cell bank with a leading market position on the German-speaking market, Vita 34 has positioned itself will with regard to the opportunities and risks to ensure the continued existence of the company in the long-term, and to utilize the opportunities that present themselves. If one or all of the opportunities/risks listed occur, this would have an effect on the development of the Company and on the financial performance indicators [→ Chapter "Controlling Systems and Performance Indicators", Page 38] At this time Vita 34 cannot make any statement as to which financial performance indicator would be influenced by which risk or opportunity, or as to what the extent of such an effect would be. After reviewing the risk situation as of the closing date, December 31, 2016, there were no risks that endanger the continuation of the Company. The overall risk situation of Vita 34 has not fundamentally changed as compared with the prior year. No existentially threatening risks can be seen for the future.

Prognosis Report

Outlook

Prognoses on the development of the economic situation are fundamentally characterized by a high level of uncertainty, but especially so in the current political and economic environment. The following forward-looking statements concerning the business development of Vita 34 assume that there will not be a recessionary development either in Europe not in our Asian target markets. Instead we expect a moderate economic recovery in the current fiscal year for our competitive markets.

In 2016 Vita 34 expanded its market position via new sales and cooperative efforts. The activities of the company in the German-speaking countries in 2017 are primarily characterized by a targeted and more effective intensification of marketing activities. Our market presence will be expanded more strongly and our leading market position will be solidified sustainably. In the DACH region [Germany, Austria, Switzerland] we endeavor to reach a 10 percent increase in new deposits.

The business development in our other European markets is marked by a clear solidification of market position. For example, the main job in these very price sensitive markets is to defend the market position attained and to moderately develop revenues and profit. Our position as a quality and innovation leaders is to be expanded more strongly, and the Vita 34 offering is to be more clearly differentiated from that of the competition. As in the past years we will intensively strive to open up new markets and further expand our geographic presence. The strict implementation of internal group marketing and finance specifications will release additional synergetic effects with our subsidiaries and we will further optimize the overall image of the group. The Vita 34 brand is to be strengthened, such that in the future the products from Vita 34 are perceived as “Made in Germany by Vita 34” in all European markets. All European partners will act in accordance with a uniform marketing and sales strategy. Administrative and financial efficiency will continue to improve.

Building on a high level of research and development activities, in 2017 additional products and developments will reach the approval stage. Primarily this pertains to process optimizations in the production process. In addition, the development of an offer for the storage of stem cells in conjunction with a medical intervention is so far advanced, that already in the summer of 2017 the application for a production license will be able to be submitted to the pertinent state authorities.

Vita 34 participates in the progress of additional developments in the field of regenerative stem cell medicine via our research partners in the medium and long-term by receiving additional development data and access to new products and markets.

The revenue of the group has developed positively based on newly introduced products, as well as the acquisitions realized in 2015. In 2016 the group earned revenues of EUR 16.3 million (2015: EUR 14.2 million). Total operating revenue was EUR 18.1 million (2015: EUR 18.5 million) without taking into consideration the positive special effects in 2015 there was a strong increase as compared with the prior year. In fiscal year 2016 an EBITDA margin of 14.1 percent was attained. The prognoses we made for fiscal year 2016 have, therefore, been fulfilled. The revenue trend in the first months of the current fiscal year 2017 have been for the most part according to plan. The Management Board expects for the group and Vita 34 for the current year based on the expansion of the sales regions and the even stronger penetration of existing markets a continued solid increase in revenues of 7 to 10 percent while retaining a stable, high EBITDA margin of approx. 15 percent, such that a solidly increasing EBITDA as compared with the prior year is expected. Total operating revenues in 2017 are expended to be at the prior year’s level, corrected for special effects, which is equivalent to an increase of approx. 3 percent.

The Management Board plans to achieve an EBITDA margin of 20 percent within the next years following conclusion of the integration measures and the realization of additional efficiency increases. With a target equity ratio of some 50 percent in the coming year for the group and for Vita 34, we are positioned solidly for the future development.

Forward-Looking Statements

This annual report contains forward-looking prognoses. These statements are based on the current level of information, which were available to Vita 34 at the point the annual report was drafted. Such forward-looking statements are subject, however, to risks and uncertainties. If the assumptions taken as a basis should not transpire or additional opportunities/risks arise, the actual events could deviate strongly from the estimates rendered. Vita 34 can assume no responsibility for this information.

Leipzig, March 27, 2017

The Vita 34 AG Management Board

Dr. André Gerth
Chairman of the
Management Board

Dr. Wolfgang Knirsch
Sales & Marketing Director

Falk Neukirch
Finance Director/CFO

Consolidated Financial Statement and Notes

Consolidated Statement of Income

EUR k	NOTE	01/01/-12/31/2016	01/01/-12/31/2015
Revenue	6.2	16,290	14,169
Cost of sales	6.3	-7,669	-7,681
Gross profit on sales		**8,620**	**6,488**
Other operating income	6.4	1,608	4,284
Marketing and selling expenses	6.5	-5,122	-4,842
Administrative expenses	6.6	-3,925	-3,993
Other operating expenses	6.7	-401	-324
Net operating profit/loss (EBIT)		**780**	**1,613**
Finance revenue	6.9	143	100
Finance expenses	6.8	-194	-126
Share in result of associates	12	-42	0
Earnings before taxes		**687**	**1,587**
Income tax expense / income	7	-71	115
Period result		**617**	**1,702**
Period result attributable			
Owners of the parent		408	1,979
Non-controlling interests		209	-277
Earnings per share, basic and diluted (EUR) Basic and diluted, for profit or loss for the year attributable to ordinary equity holders of the parent	8	0.14	0.67
EBITDA		2,293	3,895
EBITDA-Quota (%)		14.1 %	27.5 %
Total operating revenue		**18,129**	**18,528**

Consolidated Statement of Comprehensive Income

EUR k	NOTE	01/01/-12/31/2016	01/01/-12/31/2015
Period result		**617**	**1,702**
Other result			
Currency translation differences	17	13	0
Net profit / loss from available-for-sale financial assets	17	36	-51
Income tax effect		-12	16
Other income, to be reclassified into consolidated statement of income in subsequent periods	7	38	-35
Total Comprehensive Income		**654**	**1,667**
Attributable to:			
Owners of the parent		446	1,944
Non-controlling interest		209	-277

Consolidated Statement of Financial Position (Assets)

EUR k	NOTE	12/31/2016	12/31/2015
Non-current assets			
Goodwill	9	13,414	13,731
Intangible assets	9	11,677	12,469
Property, plant and equipment	11	5,027	5,145
Investments in associates	12	269	0
Other financial assets	15	3,591	4,012
Trade receivables	14	888	950
Restricted cash	16	814	170
		35,680	**36,477**
Current assets			
Inventories	13	291	423
Trade receivables	14	3,581	3,748
Other receivables and assets	15	1,057	1,052
Cash and cash equivalents	16	2,813	2,082
		7,741	**7,305**
		43.422	**43.782**

Consolidated Statement of Financial Position (Equity & Liabilities)

EUR k	NOTE	12/31/2016	12/31/2015
Equity			
Issued capital	17	3,027	3,027
Capital reserves	17	18,213	18,213
Revenue reserves	17	2,865	2,928
Other reserves	17	-119	-157
Treasury shares	17	-337	-337
Non-controlling interests	17	0	82
		23,648	**23,756**
Non-current liabilities and deferred income			
Trade payables	24	437	570
Interest-bearing loans	18.2	1,542	2,176
Silent partners' interests	19	940	940
Deferred income taxes	7	1,665	1,704
Deferred grants	22	957	1,036
Deferred income	23	9,011	8,543
		14,552	**14,969**
Current liabilities and deferred income			
Trade payables	24	1,162	1,322
Provisions	20	16	29
Income tax payable	7	7	159
Interest-bearing loans	18.1	601	613
Deferred grants	22	80	85
Other liabilities	24	1,575	1,054
Deferred income	23	1,782	1,795
		5,222	**5,057**
		43,422	**43,782**

Consolidated Statement of Changes in Group Equity

	Equity attributable to the				
EUR k	Issued capital	Capital reserves	Revenue reserves	Reserves for available-for-sale financial assets	Revaluation reserves
Balance as of January 1, 2015	**3,027**	**18,213**	**1,390**	**0**	**-122**
Period result	0	0	1,979	0	0
Other result	0	0	0	-35	0
Total comprehensive Income	0	0	1,979	-35	0
Dividend payment	0	0	-442	0	0
Changes to the consolidation group	0	0	1	0	0
Balance as of December 31, 2015	**3,027**	**18,213**	**2,928**	**-35**	**-122**
Balance as of January 1, 2016	**3,027**	**18,213**	**2,928**	**-35**	**-122**
Period result	0	0	408	0	0
Other result	0	0	0	25	0
Total comprehensive Income	0	0	408	25	0
Dividend payment	0	0	-474	0	0
Changes to the consolidation group	0	0	0	0	0
Balance as of December 31, 2016	**3,027**	**18,213**	**2,865**	**-10**	**-122**

owners of the parent

Currency translation differences	Total shareholders' equity	Treasury shares at acquisition costs	Non-controlling interests	Total equity
0	**22,508**	**-436**	**88**	**22,160**
0	1,979	0	-277	1,702
0	-35	0	0	-35
0	1,944	0	-277	1,667
0	-442	0	0	-442
0	1	99	271	371
0	**24,011**	**-337**	**82**	**23,756**
0	**24,011**	**-337**	**82**	**23,756**
0	408	0	209	617
13	38	0	0	38
13	446	0	209	654
0	-474	0	0	-474
0	0	0	-289	-289
13	**23,986**	**-337**	**0**	**23,648**

Consolidated Statement of Cash Flows

EUR k	NOTE	01/01/-12/31/2016	01/01/-12/31/2015
Cash flow from operating activities			
Earnings before taxes		687	1,587
Adjusted for:			
+ Amortization and depreciation	9, 11	1,513	2,282
+/- Gains/losses from the disposal of non-current assets	6.8	73	15
- Badwill		0	-3,111
+/- Other non-cash expenses/income		-286	-90
- Finance revenue	6.9	-143	-100
+ Finance costs	6.8	121	126
Working capital adjustments:			
+/- Receivables and other assets		19	2,504
+/- Inventories		53	-81
+/- Liabilities		225	-377
+/- Provisions		-13	-74
+/- Deferred income		534	294
Interest paid		-97	-90
Income taxes paid		-400	-295
Cash flow from operating activities		**2,287**	**2,590**
Cash flow from investing activities			
Purchase of intangible assets	9	-57	-100
Purchase of property, plant and equipment	11	-397	-526
Purchase of companies, net of assumed cash		0	-1,089
Disposal of companies, net of assumed cash	3	-46	0
Purchase of long term financial investments		-860	-3,034
Income from sale of financial investments		735	0
Interest received		59	93
Cash flow from investing activities		**-566**	**-4.656**
Cash flow from financing activities			
Dividend payment	17	-474	-442
Changes in loans	18	-517	860
Cash flow from financing activities		**-991**	**418**
Net change in cash and cash equivalents		731	-1,648
Cash and cash equivalents at the beginning of the reporting period	16	2,082	3,730
Cash and cash equivalents at the end of the reporting period (liquid funds)	**16**	**2,813**	**2,082**

Consolidated Notes

1. Information on the Parent Company and the Group

The parent company Vita 34 AG (the "Company"), headquartered in Leipzig (Germany), Deutscher Platz 5a, recorded in the commercial register of the District Court Leipzig under number HRB 20339, is a company whose corporate purpose is the collection, preparation and storage of stem cells from umbilical cord blood and tissue, the development of cell therapy procedures, as well as conducting projects in the field of biotechnology. Its subsidiaries (together with the Company referred to as the "Group") also operate in the field of cord blood and tissue storage.

The declaration of compliance with the German Corporate Governance Codex required by Sec. 161 AktG ["Aktiengesetz": German Stock Corporation Act] has been issued and made available to the shareholders on the website www.vita34group.de.

The consolidated financial statements of Vita 34 AG for the fiscal year as of December 31, 2016 were authorized for issue by the Management Board on March 27, 2017. Vita 34 AG was incorporated in Germany as a limited liability stock corporation domiciled in Germany, whose shares are admitted for public trading.

2. Accounting and Valuation Principles

2.1 Basis for the Preparation of the Financial Statements

The consolidated financial statements of Vita 34 AG were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable as of the end of the reporting period, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code]. All IFRS standards applicable for the fiscal year 2016 and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) were adopted to the extent that these have been endorsed by the European Union.

The consolidated financial statements of Vita 34 AG are generally prepared in Euro on an amortized cost basis. Exceptions to this are the financial assets held for commercial purposes, as well as financial investments available for sale, which were valuated at the applicable fair value. Unless indicated otherwise, all amounts have been rounded to thousands of Euros (EUR k).

Consolidation principles

The consolidated financial statements include the financial statements of Vita 34 AG and its subsidiaries as of December 31st of each fiscal year. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Control exists when the group has a risk exposure to or claims on variable returns based on its investment in the subsidiary and it can also use its influence over the subsidiary to influence these returns. In particular, the group controls a subsidiary when, and only when, it possess the following characteristics:

- Executive power over the subsidiary (i.e. the group has the opportunity based on its currently existing rights to control the subsidiary in a way that has a significant influence on its returns)
- Risk exposure to or claims to variable returns based on its investment in the subsidiary, and
- The ability to use its executive power over the subsidiary in such a manner, that the returns of the subsidiary are influenced as a result.

If the group has no majority of voting rights or comparable rights in a subsidiary, it takes all relevant facts and circumstances into consideration in evaluating whether it has executive power over this subsidiary. This includes, among other things:

- A contractual relationship with others with voting rights
- Rights arising from other contractual arrangements
- Voting rights and potential voting rights of the group.

If the facts and circumstances provide indications that one or more of the three controlling elements have changed, the group must review once again whether it controls a subsidiary. The consolidation of a subsidiary begins on the day the group achieves control over the subsidiary. It ends when the group loses control over the subsidiary. Assets, liabilities, income and expenditures of a subsidiary that are acquired or divested of during the reporting period are incorporated into the balance sheet or the group income statement beginning on the day the group achieves control over the subsidiary and ending on the day the control ends.

The profit and loss, and every other component of the other result are attributed to the holders of common stock of the parent company and the shares without controlling influence, even if this leads to a negative balance for the shares without a controlling influence. If needed, adjustments are made to the financial statements of subsidiaries, in order to align their accounting methods with those of the group. Group's internal assets and liabilities, equity, income and expenses, as well as cash flows from business transactions that take place between group companies are completely eliminated during consolidation.

A change in the level of participation in a subsidiary without loss of control is posted as an equity transaction. If the parent company loses control over a subsidiary, the following steps are taken:

- Derecognition of the assets (including goodwill) and liabilities of the subsidiary
- Derecognition of the book value of shares without controlling influence in the former subsidiary
- Derecognition of the cumulative conversion differences recorded in equity
- Recognition of the fair value of the consideration received
- Recognition of the fair value of the remaining participation
- Recognition of the profit or loss in the statement of profit and loss
- Reclassification of the components of the other result attributable to the parent company in the statement of profit and loss or in the retained earnings, as it would be required if the group had directly divested of the corresponding assets or liabilities.

The following companies have been included in the consolidated group:

- Novel Pharma, S.L., Madrid, Spain
- Secuvita, S. L., Madrid, Spain
- stellacure GmbH, Leipzig, Germany
- Vita 34 Gesellschaft für Zelltransplantate m.b.H., Vienna, Austria
- StemCare ApS, Gentofte, Denmark

2.2 Changes in Accounting Policies

The accounting policies and valuation methods used generally correspond to the policies applied in the prior period.

The Group has adopted the following new and revised IFRSs and interpretations for the first time during the year.

- Annual improvements to IFRSs 2010–2012 cycle
- Annual improvements to IFRSs 2012–2014 cycle
- Amendments to IFRS 10, IFRS 12 and IAS 28
- Amendments to IFRS 11
- Amendments to IAS 1
- Amendments to IAS 16 and IAS 38
- Amendments to IAS 16 and IAS 41
- Amendments to IAS 27

Adoption of the aforementioned standards and interpretations is mandatory from January 1st, 2016. There were no significant effects on the group financial statements of Vita 34 AG on account of the new or modified standards and interpretations.

2.3 Significant Accounting Judgments and Estimates

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

Impairment Testing of Goodwill

The goodwill acquired within the scope of business combinations has been attributed to the "Stem Cell Banking – Germany," "Spain," and "Biotechnology" units for impairment testing.

The recoverable amount of the respective cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets prepared by senior management covering a five-year period, as approved by the Supervisory Board. The discount rate used is between 9.2 and 12.8 percent before taxes. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash inflows. The underlying assumptions for calculating the recoverable amount including a sensitivity analysis are explained in more detail in note 10.

Treatment of Unused Tax Losses and Deferred Tax Assets

During the tax field audit performed at Vita 34 AG, covering assessment periods up to 2009, the tax authorities did not agree with the opinion of Vita 34 AG concerning the tax treatment of depreciation on loans to affiliated companies.

The assessment issued differed from the tax return of Vita 34 AG, and led in effect to a reduction of the unused tax loss as of December 31, 2009 in the amount of EUR 2,553k. Vita 34 AG has filed suit against these assessments. There is uncertainty concerning the outcome of these proceedings. In calculating whether, and in which amount, the tax losses carried forward existed as of the significant dates December 31, 2015 and 2016, management is of the opinion that the depreciation on loans to affiliated companies should be given tax consideration.

Based on this evaluation the income tax expense as well as the tax receivable for excessive tax prepayments were calculated as of closing date.

Deferred tax losses of Novel Pharma S.L. were not activated. This company is a pure holding company, in which no sufficient taxable income is expected in the future based on the current tax situation.

Deferred tax assets were recognized for existing tax losses of the other group companies carried forward as of the end of the reporting period, to the extent it is probable that the unused tax losses will be utilized. Deferred tax assets for differences between the tax carrying amounts and the IFRS carrying amounts at the corresponding companies were offset against the deferred tax liabilities. In the case of an overlap of the deferred tax assets they have been activated, if it is considered likely that the taxable income for this will be available.

Here, we refer to the explanations under Section 7 "Income Taxes."

Recognition of Grants for Development Projects

The income from publicly funded development projects is recognized at the point in time when the corresponding subsidizable expenditures have been incurred in the company. Recognition of the inflow as income presupposes a grant notice from the public entity providing the grant.

By recognizing the income at the time the subsidizable expenses are incurred, the presentation of expenses and income is appropriate to the period within the consolidated financial statements.

2.4 Summary of Significant Accounting Policies

Business Combinations and Goodwill

Business combinations after December 31, 2008

All business combinations are drawn up in accordance with the acquisition method. The acquisition costs of a company acquisition are measured as the sum of the consideration transferred, valuated at the applicable fair value of the assets transferred at the time of acquisition, and the non-controlling interests in the acquired company. Ancillary costs of acquisitions are recorded at the time they are incurred as expenses within administrative expenses.

The valuation of non-controlling shares is done proportionally using the applicable proportional fair value of the acquired asset and the assumed liabilities, or the corresponding share of the identifiable net assets of the acquired company. In accordance with the first-time approach, profits and losses are allocated proportional to holdings in an unlimited manner, which can also lead to a negative balance in case of non-controlling interests.

If the group acquires a company, it evaluates the suitable classification and designation of the financial assets and assumed liabilities in accordance with the contractual terms, economic circumstances and the prevailing conditions at the time of acquisition.

Goodwill is initially valuated at acquisition costs, which is measured as the excess of the transferred consideration over the acquired identifiable assets and assumed liabilities of the group. In the case of an acquisition at a price below market value, the resulting profit is recognized within other operating income. Prior to recognizing profit from an acquisition below market value, an evaluation is made once again as to whether all acquired assets and all acquired liabilities have been adequately identified and valuated.

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

As of December 31, 2016 the following cash-generating units have existed, which have been assigned goodwill within the context of a business combination:

- Stem Cell Banking – Germany
- Spain and
- Biotechnology.

Changes in the holding percentages that do not lead to a loss of control are recognized as equity transactions. Here, each difference between the amount by which the non-controlling interests are adjusted and the applicable fair value of the paid or received consideration is directly recorded in the retained earning and attributed to the company.

Fair Value Measurement

All assets and liabilities, for which fair value is recognized in the financial statements, are organized in accordance with the following fair value hierarchy, based on the lowest level input parameter that is significant on the whole for fair value measurement:

a) Level 1 – Prices for identical assets or liabilities quoted in active markets (non-adjusted)

b) Level 2 – Measurement procedures, in which the lowest level input parameter, significant on the whole for fair value measurement, is directly or indirectly observable for on the market

c) Level 3 – Measurement procedures, in which the lowest level input parameter, significant on the whole for fair value measurement, is not directly or indirectly observable for on the market

In the case of assets or liabilities that are recognized in the financial statements on a recurring basis, the Group decides whether regrouping between the levels or hierarchy has taken place, by reviewing the classification at the end of each reporting period (based on the lowest level input parameter significant on the whole for fair value measurement).

Intangible Assets

Individually acquired intangible assets that were not acquired within the context of a business combination are initially recognized at their acquisition costs. The acquisition costs of intangible assets acquired within the context of a business combination are equivalent to their attributable fair value at the time of acquisition. Following initial recognition, intangible assets are carried at cost less total accumulated amortization and total accumulated impairment losses.

A differentiation is made between intangible assets with limited useful life and those with an unlimited useful life.

Intangible assets with a finite useful life are amortized over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at the end of each fiscal year at the latest. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method. Such changes are treated as changes in an estimate. The amortization expense on intangible assets with a finite life is recognized in the statement of income in the expenses category consistent with the function of the intangible asset.

In the case of intangible assets with an unlimited useful life, an impairment test is conducted on the level of the cash-generating unit annually for the individual assets. The intangible assets are not depreciated according to schedule. The useful life of an intangible asset with an unlimited useful life is reviewed annually to determine whether an unlimited useful life is still justified. If this is not the case, a change in the evaluation from unlimited to limited useful life is conducted prospectively.

Research and Development Costs

Research costs are expensed as incurred. Development costs incurred within the scope of an individual project are recognized when the group can demonstrate the following:

- The technical feasibility of completion of the intangible asset, which allows internal use or the sale of an asset
- The intent to complete the asset and the ability to use or sell it
- How the asset will produce a future commercial benefit
- The availability of resources for the purpose of completing the asset
- The ability to reliably determine the expenditures attributable to the intangible asset during its development
- The ability to use the intangible asset created

After initial recognition, the development costs are recognized at their acquisition costs less cumulative depreciation and cumulative impairment losses. Depreciation begins with the conclusion of the development phase and from the point in time at which the asset can be used. It is conducted over the period of expected future use, and is recorded in the cost of sales. An impairment test is conducted annually during the development phase.

A summary of the accounting policies applied to the Group's intangible assets (without goodwill) is presented as summarized below:

Accounting policies applied to the group's intangible assets (without goodwill)

	Patents and licences	Software	Acquired contracts in the field of the storage of umbilical cord blood
Useful life	Patents are amortized over an average useful life of 15 years. The acquired license has an infinite useful life.	The operating software is amortized over an average useful life of 5 years.	The acquired storage contracts are amortized over the expected 23 to 25-year term of the contracts. In the case of potential new contracts from existing customer relationships the amortization is over 5 years.
Applied valuation method	Amortization is charged over the expected useful life using the linear method. The license with an infinite useful life is not amortized on a regular base.	Amortization is charged over the useful life using the linear method.	The amortization is charged over the expected term of the contracts using the linear method.
Developed internally or acquired	Patents and licenses were purchased for a consideration.	Software is internally produced as well as purchased.	The contracts were acquired within the scope of a business combination.
Impairment testing/ recoverable amount testing	An impairment test is carried out annually or more frequently if an indication of impairment exists.	An impairment test is carried out annually or more frequently if an indication of impairment exists.	An impairment test is carried out annually or more frequently if an indication of impairment exists.

Accounting policies applied to the group's intangible assets (without goodwill)

	Contracts acquired in the field of biotechnology	Development contracts acquired	Capitalized development costs
Useful life	The expected profits from concluded contracts of BioPlanta GmbH are amortized over the expected term of the contracts of an average of 3 years.	The expected profits from development contracts acquired are amortized over the expected term of the projects plus the expected product life cycle of maximum 10 years.	Assets based on capitalized development costs are amortized over the expected product life cycle.
Applied valuation method	Amortization is done in accordance with project progress.	Depreciation is linear over the expected term of the development contracts.	Depreciation is calculated on a straight-line basis over the expected term of maturity.
Developed internally or acquired	The contracts were acquired within the scope of a business combination.	The development contracts were acquired within the scope of a business combination.	The capitalized development costs were incurred internally.
Impairment test/ recoverable amount testing	An impairment test is carried out annually or more frequently if an indication of impairment exists.	An impairment test is carried out annually or more frequently if an indication of impairment exists.	An impairment test is carried out annually or more frequently if an indication of impairment exists.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the statement of income when the asset is derecognized.

Property, Plant and Equipment

Property, plant and equipment not acquired in a business combination, are recognized at their acquisition or production costs minus planned, accumulated depreciation. The acquisition costs of tangible assets acquired within the context of a business combination are equivalent to their attributable fair value at the time of acquisition. Depreciation is calculated on a straight-line basis over the useful life of the assets.

The carrying amounts of property, plant and equipment are tested for impairment as soon as there is any indication that the carrying amount of an asset exceeds its recoverable amount.

Useful life of the assets

	2016	2015
Laboratory equipment	5–14 years	5–14 years
Cryo-tanks and accessoires	40 years	40 years
Office and business equipment	3–13 years	3–13 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is calculated as the difference between the net realizable value and the carrying amount of the asset, and recognized in the statement of profit and loss in the period in which the asset is derecognized.

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

Investments in Associates

Associates are companies in which the Group has the possibility to exercise a significant influence on the business and financial policy. As a rule, this is done via voting rights of between 20 and 50 percent. Associated companies are recognized in the consolidated financial statements according to the equity method using the acquisition cost initially. Goodwill allocated to shares in associated companies is not recognized separately, rather it is included in the acquisition costs used. The share of the group in the profit of the associated company from the time of acquisition is recognized in the consolidated statement of profit and loss, the share of income neutral changes in equity is recognized directly in the Group equity. The cumulative changes from the time of acquisition onward increase or decrease the recognized value of the participation in the associated company.

The financial statements of the associated company are prepared using the same closing date as the financial statements of the Group. To the extent necessary, modifications of uniform Group accounting methods are made.

Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If there is any indication of impairment, or if an annual impairment test is required, the Group estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of the two amounts of the applicable fair value of an asset or a cash-generating unit minus the disposal costs and useful life. The recoverable amount needs to be determined for each asset, unless an asset does not generate any cash flows that are mostly independent of other assets or other groups of assets. If the carrying amount of an asset exceeds its recoverable amount, the asset is described as impaired and written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the fair value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. This is based on valuation multipliers, share prices of shares in publicly traded companies or other available indicators of fair value. Impairment losses attributable to continuing operations are recognized in the statement of income in those expense categories consistent with the function of the impaired asset.

With the exception of goodwill, the Group assesses at the end of each reporting period whether there is any indication that an impairment loss, recognized for an asset in prior years, may no longer exist or may have decreased. If such indications exist, the recoverable amount is estimated. A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of amortization or depreciation, had no impairment loss been recognized for the asset in prior years.

After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The Group determines at each end of the reporting period whether there is evidence that goodwill is impaired. Goodwill is tested for impairment at least once a year. Impairment tests are also conducted if events or circumstances indicate that the carrying amount may be impaired. Impairment is determined by finding the recoverable amount of the cash-generating unit that the goodwill is attributable to. To the extent that the recoverable amount of the cash-generating unit is less than the carrying amount of this unit, impairment is recorded. Any impairment loss recognized on goodwill is not reversed in a subsequent period.

Investments and Other Financial Assets

Financial assets as defined by IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets. When financial assets are recognized initially, they are measured at fair value. In the case of financial investments, which are not at measured fair value through profit or loss, any directly attributable transaction costs are included that are directly attributable to the acquisition of the financial asset. The Group determines the classification of its financial assets upon initial recognition and, where allowed and appropriate, re-evaluates this designation at the end of each reporting period.

Regular way purchases and sales of financial assets are recognized as of 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 prescribe the delivery of the asset within a set period determined by market regulations or convention.

- Financial assets valuated with an effect on income at the attributable fair value

  The category of financial assets at fair value through profit or loss includes financial assets held for trading and financial assets classified upon initial recognition as at fair value through profit or loss.

- Loans and Receivables

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed in an active market. These assets are measured at amortized cost using the effective interest method. Gains and losses are recognized in the statement of income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

- Financial Assets Available for Sale

  Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale and are not classified in the following categories:

  - Financial assets valuated with an effect on income at the attributable fair value
  - Loans and Receivables

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value, and any gain or loss is recognized in a separate item under equity. On derecognition of the investment or identification of impairment, any cumulative gain or loss that had previously been recognized directly in equity is recognized in profit or loss.

For investments that are actively traded in organized financial markets, fair value is determined by reference to bid prices quoted on the stock exchange at the close of business on the end of the reporting period.

Treasury Shares

If the group acquires its own shares, they are recognized at the acquisition costs and deducted from equity. The purchase, the sale, the issuance or the retirement of the company's own shares are recognized as profit neutral. Any differences between the carrying amount and the consideration is recognized in the miscellaneous capital reserves.

Inventories

Inventories are measured at the lower of cost and net realizable value.

The costs of purchase of materials and supplies are determined using the weighted average cost method.

The costs of conversion of work in process include direct materials and labor as well as appropriate portions of production overheads and production-related depreciation. Administrative and selling costs and interest are not included.

Trade and Other Receivables

Trade and other receivables are recognized at cost.

Trade receivables due in less than twelve months are reported under current assets. In some cases the Company offers its customers financing options. Receivables can then have a term of up to 25 years, thus significantly longer than the business cycle of twelve months assumed by the Company. Due to the long payment term of some receivables, trade receivables due in more than twelve months are reported separately under non-current assets.

Discernible individual risks have been taken into account by bad debt allowances. The allowances are staggered in accordance with the group of similar receivables to which an individual receivable belongs, dependent on delinquency.

Receivables are written off as soon as they become uncollectible.

Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of no more than three months. Restricted cash is recognized separately.

For the purpose of the statement of cash flows, cash and cash equivalents consist of the cash and short-term deposits defined above.

Loans, Overdraft Facilities and Silent Participation

The loans and silent partnerships are generally recognized at repayment or settlement amount. They are initially recognized at cost. The costs here are generally the fair value of the consideration received. They are subsequently measured using the effective interest method by increasing the carrying amount to reflect the passage of time until the repayment amount is reached at the end of the term.

Non-interest bearing loans are recognized at the applicable fair value when first recorded. In the following periods the valuation is done at amortized cost using the effective interest method.

Overdraft facilities are recognized at first posting with the applicable fair value, which generally is equivalent to the repayment amount.

Derecognition of Financial Assets and Financial Liabilities

- Financial Assets

  A financial asset is derecognized where the contractual rights to receive cash flows from a financial asset have expired.

- Financial Liabilities

  A financial liability is derecognized when the obligation underlying the liability is discharged, or cancelled or expires.

Impairment of Financial Assets

The Group assesses at each end of the reporting period whether a financial asset or group of financial assets is impaired. Please refer to the section above for details of trade receivables.

Financial Assets Available for Sale

If an asset available-for-sale is impaired, the cumulative loss resulting as the difference between the cost and the currently applicable fair value less any prior impairment recognized in the income statement for this instrument is deducted from other gains and losses and recognized in the income statement. Allowances for equity are not recognized in the income statement retroactively; a later increase in fair value is recognized directly in other gains and losses.

Provisions

Provisions are 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 only recognized as a separate asset when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of income net of any reimbursement. If the effect of the fair value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Pensions

Within the scope of acquiring the interest in BioPlanta GmbH, the Company assumed a pension agreement, as well as the reinsurance coverage taken out in this context. The Company has paid premiums to an insurance company for these pension obligations. The amount of the pension obligation is determined using the actuarial prospective entitlement cash value method. The Company records the actuarial profits and losses in the reporting period, in which they are incurred, in their full amount in other profit/loss. The actuarial profits and losses here are immediately posted in retained earnings, and are not reclassified with an effect on income in the subsequent years.

The amount to be poses as an asset or liability from the performance-based plan encompasses the cash value of the performance-based obligation (applying a discount rate based on senior, fixed-interest, corporate bonds; see Note 21) and the applicable fair value of the plan assets available for fulfilling obligations. Plan assets encompass qualifying insurance policies. The plan asset is protected against access by creditors of the Group and cannot be paid directly to the Group. The applicable fair value is based on information concerning the market price. The value of a recognized asset of the performance-based plan is equivalent to the cash value of any economic benefit in the form of reimbursement from the plan or in the form of a reduction in the future contribution payments to the plan. Since the plan assets encompass a qualified insurance policy, which precisely covers all of the promised benefits with regard to the amount and when it is due, the recognition of the plan asset is limited to the cash value of the obligations covered.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an estimate of whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A distinction is drawn between operating leases and finance leases depending on whether all of the risks and rewards incidental to ownership are substantially transferred.

- The Group as a Lessee

  Operating lease payments are recognized as an expense in the statement of income on a straight-line basis over the lease term. Operating leases were entered into for the offices rented, for vehicles and for photocopiers and a telecommunication system.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. In addition, the following conditions must be satisfied for revenue to be recognized:

- Sale of Goods

  Income is recognized when the ownership of the sold goods together with the determinant opportunities and risks have transferred to the purchaser. This is usually when the goods are received.

- Rendering of Services

  Revenue from processing of cord blood and tissue is recognized as income when the processing has been completed. If a total amount has been agreed with the customer as full compensation for the processing and storage, the total revenue generated by the product is used as a basis to determine the revenue share attributable to the storage in proportion to the costs of processing and storage. Income from the storage of umbilical cord blood and tissue is recorded linearly according to the term of storage. Any prepaid storage fees received are recognized as "Deferred Income," taking the effect of interest into account.

  The Group renders additional services in the fields of the Environment, Research and Development. Revenues from the sale of services are re-cognized in the period, in which the service is rendered. This is done according to the degree of completion of the transaction and the ratio of the service rendered as of the closing date as a percentage of the total service to be rendered.

- Interest Income

  Revenue is recognized as interest accrues.

Borrowing Costs

Borrowing costs attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the acquisition or production cost of this asset. Other borrowing costs are expensed in the period they are incurred.

Government Grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all associated conditions will be complied with. When the grants relate to an expense item, they are recognized as income over the period necessary to match the grants on a systematic basis to the costs that they are intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of income over the expected useful life of the relevant asset by equal annual installments.

Taxation

- Current Tax Assets and Liabilities

  Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

- Deferred Taxes

  Deferred taxes are recognized using the liability method on all temporary differences as of the end of the reporting period, between the carrying amounts of assets and liabilities in the statement of financial position, and their tax bases.

  Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. Exceptions are:

  - Where the deferred tax asset relating to the deductible temporary difference arises from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.
  - In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, to the extent that it is probable that the temporary differences will reverse in the foreseeable future and sufficient taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting 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 end of the reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be realized. Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled. In doing so, tax rates (and tax regulations) that are valid as of the closing date or that will be valid in the near future, are used as a basis.

- Value Added Tax

  Revenue, expenses and assets are recognized net of VAT. Exceptions are:

  - Where the VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of the asset or as part of the expense item as applicable.
  - Receivables and payables are stated with the amount of VAT included.

The amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.5 New Accounting Policies

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) has issued new standards, interpretations and amended standards which are not yet effective for the fiscal year 2016 and which were not applied in the accompanying consolidated financial statements:

IFRS 9 Financial Instruments

The standard was issued in July 2014 and is effective for the first time for fiscal years beginning on or after January 1, 2018. This standard comprehensively regulates the recognition of financial instruments. As compared with the predecessor standard IAS 39 the new classification guidance for financial assets revised in the latest version of IFRS 9 should be emphasized. This is based on the characteristics of the business model, as well as the contractual cash flows of financial assets. Also fundamentally new are the regulations on recognizing impairment, which is now based on a model of expected losses. In addition, the presentation of hedge accounting has been revised under IFRS 9 and has been designed to better represent operative risk management. This is likely to affect the Group's net assets, financial position and results of operations or cash flows, and to result in more disclosures in the notes. The Group does not expect significant effects from IFRS 9.

IFRS 15 Revenue from Contracts with Customers

The standard was issued in May 2014 and is effective for the first time for fiscal years beginning on or after January 1, 2018. This standard regulates when and in which amount revenues are to be recognized. IFRS 15 replaces IAS 18 "Revenues," IAS 11 "Construction Contracts," and a series of revenue-related interpretations. In mid-April 2016 the International Accounting Standards Board (IASB) published the final clarifications regarding its new standard for recognizing revenue, IFRS 15 Revenue from Contracts with Customers, which has not yet been adopted by the EU. With the modifications, implementation questions were clarified that had been posed by the Joint Transition Resource Group for Revenue Recognition (TRG). These questions pertain to the identification of performance obligations, the application guidelines for principal/agent relationships and licenses for intellectual property (IP), as well as the transitional terms. The application of IFRS 15 is obligatory for all IFRS users and applies to nearly all contracts with customers; the most significant exceptions are leasing arrangements, financial instruments and insurance contracts. This is likely to affect the Group's net assets, financial position and cash flows, and to result in more disclosures in the notes. A preliminary review was conducted, which may change in the course of a more detailed analysis. The performances are rendered at a point in time or over a period of time and up to now have been recognized accordingly. The Group, therefore, does not expect significant effects from IFRS 15.

IFRS 16 Leases

IASB published the new standard for recognizing leases in January 2016. This provides the obligatory application of the right of use of the leased object and a corresponding lease liability for lessees for most lease arrangements. For lessors, on the other hand, there are only slight changes as compares with classification and recognition of lease arrangements according to IAS 17. IFRS requires extended notes both for lessees and lessors. IFRS 16, which has not yet been adopted by the EU, applies for the first time for fiscal years beginning on or after January 1st, 2019. The Group is only involved as a lessee in leasing arrangements at this time. The recognition of rights of use and lease liabilities from today's perspective will lead to effects on the asset and financial situation and an extension of the statement of financial position with a slightly decreasing equity ratio. Significant effects on the profit situation are currently not expected in comparison with current accounting.

Amendments to IFRS 2 Share-Based Payment

The amendments address three main areas that have effects of the exercise conditions on the valuation of share-based payments with cash compensation; the classification of share-based payment transactions with net fulfillment clauses with a legal obligation for withholding tax and the recognition of share-based payment transactions with cash compensation in the case of a modification of their terms, which lead to a classification as share-based payments with equity compensation. The amendments to the standard have not yet been adopted by the EU and will foreseeably be used for fiscal years that begin on or after January 1, 2018. The modifications are intended to contribute towards making the recognition of share-based payments more uniform. The Group does not expect effects from the amendments to IFRS 2.

Amendments to IFRS 4 Insurance Contracts

The changes are intended to address the current concerns regarding the various points in time when IFRS Financial Instruments and the new standard for recognizing insurance contracts take effect. The amendments to the standard have not yet been adopted by the EU and will foreseeably be used for fiscal years that begin on or after January 1st, 2018. The Group does not expect effects from the amendments to IFRS 4.

Annual improvements to the IFRS cycle 2014–2016

The supplements to the standard have not yet been adopted by the EU and will foreseeably be used for fiscal years that begin on or after January 1, 2018. The revisions to the standards incorporate changes to and clarifications to IFRS 1, IFRS 12 and IAS 28. The amendments are not expected to have any effect on the net assets, financial position, profit situation, cash flows or the notes.

Amendments to IAS 7 Statement of Cash Flows

These amendments have not yet been adopted by the EU and are intended to increase the information content of the details of changes to the liabilities of a company. They are foreseeably to be used for fiscal years that begin on or after January 1, 2017. The Group does not expect significant effects.

Amendments to IAS 12 Income Taxes

These amendments have not yet been adopted by the EU and they are intended to clarify the recognition of deferred tax assets from unrealized losses that arise in conjunction with the fair value of recognized assets. They are to be used for fiscal years that begin on or after January 1, 2017. The Group does not expect significant effects.

The group intends to apply these standards (to the extent applicable) from the point in time they take effect.

3. Transitional Consolidation

Effective July 1, 2015 Vita 34 AG acquired the majority of voting rights and 30 percent of the equity in its partner of many years, Bio Save d.o.o. ("Bio Save Serbia"), Belgrade, Serbia. At the time of acquisition, Bio Save had the following subsidiaries with the corresponding direct rates of participation:

- Izvorna Celica d.o.o., Ljubljana, Slovenia (100 %),
- Bio Save d.o.o., Podgorica, Montenegro (51 %),
- Bio Save d.o.o., Sarajevo, Bosnia-Hercegovina (35 %).

Bio Save Serbia, as well as its subsidiaries (together "Partial Group" or "Bio Save") were integrated into the consolidated financial statements of Vita 34 AG as of July 1st, 2015, in the course of full consolidation.

The following statements on transitional consolidation refer to the partial group "Bio Save."

Effective June 30, 2016 the shareholders of Bio Save Serbia passed a resolution that transferred the majority of voting rights to Vita 34 AG. Control of Bio Save Serbia no longer exists due to the lack of opportunity to control the return relevant activities of Bio Save Serbia. Thus, the full consolidation of the partial group ended with the expiration of June 29, 2016. Effective June 30th, 2016 Bio Save was integrated into the consolidated financial statements of Vita 34 AG by means of equity consolidation.

The fair value of the assets and liabilities of Bio Save at the time of transitional consolidation are presented in the following table:

Overview of the Assets and Liabilities of Bio Save

EUR k	Fair value during transitional consolidation
Assets	**1,431**
Non-current assets	432
Intangible assets	290
Plant and equipment	142
Other financial assets	0
Current assets	**999**
Inventory	79
Trade receivables	724
Other assets	151
Cash and cash equivalents	45
Liabilities	**-832**
Non-current liabilities	**-237**
Trade liabilities	-63
Interest-Bearing loans	-99
Deferred taxes	3
Deferred income	-78
Current liabilities	**-595**
Trade payables	-406
Interest-Bearing loans	-50
Other liabilities	-138
Deferred income	-1

The fair value of the assets and liabilities of Bio Save correspond with the respective Group carrying values.

The transitional consolidation profit is calculated as follows:

Overview transitional consolidation profit

EUR k	2016
Fair value of remaining participation	310
Plus carrying amount of minority participation	289
Less net assets at goup carrying values	-599
Transitional consolidation result	**0**

4. Subsidiaries with Significant Non-Controlling Interests

Share of minority shareholders in the equity of subsidiaries

	Share of equity		Voting right share	
Name, Location	2016 in %	2015 in %	2016 in %	2015 in %
Secuvita, S. L., Madrid, Spain	12.0	12.0	12.0	12.0
stellacure GmbH, Leipzig, Germany	24.8	24.8	24.8	24.8
Bio Save d.o.o., Belgrade, Serbia	*	70.0	*	0.0
Izvorna Celica d.o.o., Ljubljana, Slovenia	*	70.0	*	0.0
Bio Save d.o.o., Podgorica, Montenegro	*	84.7	*	49.0

* Company is no longer part of the consolidation group as of December 31, 2016

The share of minority shareholders for significant subsidiaries is as follows:

	Shares of minority shareholders	
EUR k	2016	2015
Secuvita, S. L., Madrid, Spain	118	91

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

	Secuvita, S. L., Madrid, Spain	
EUR k	2016	2015
Non-current assets	6,557	6,173
Current assets	2,733	2,780
Non-current liabilities	5,911	5,821
Current liabilities	965	939
Net assets	2,413	2,194
Sales revenues	2,626	2,488
Earnings for the period	219	-321
Total earnings	219	-321
Earnings attributable to minority shareholders	26	-38

5. Segment Reporting

5.1 Information on Business Segments

In fiscal year 2016 the Group only had the "Stem Cell Banking" reporting segment, which is active in the field of collecting, processing and storing stem cells from umbilical cord blood and tissue, as well as the development of cell therapy processes.

The "Biotechnology" reporting business segment that existed in the previous fiscal year, is no longer monitored separately by management in the current year due to the limited significance based on the asset, financial and profit situation of the Group.

5.2 Information Concerning Geographic Regions

The following tables contain information on the revenues and non-current asset values according to IFRS 8.33 (a) and (b) according to geographic activity areas of the Group for fiscal years 2016 and 2015:

Revenues from external customers according to IFRS 8.33 (a)

EUR k	2016	2015
Domestic	7,705	7,405
Spain	2,626	2,488
Other foreign	5,959	4,276
Group	**16,290**	**14,169**

The classification of the revenues is done on the basis of the location of the customer.

Non-current assets according to IFRS 8.33 (b)

EUR k	2016	2015
Domestic	21,658	21,108
Spain	4,971	5,249
Denmark	5,449	5,701
Other Foreign	1,322	1,610
Group	**33,400**	**33,668**

6. Revenue, Other Income and Expenses

6.1 Total Operating Revenue

In all, Vita 34 achieved total operating revenue of EUR 18.1 million in the period reported.

Total operating revenue

EUR k	2016	2015
of that revenue	16,290	14,169
of that other operating income	1,608	4,284
of that income and changes in work in progress considered in cost of sales	231	75
	18,129	**18,528**

6.2 Revenues

The revenue disclosed in the statement of income for the continuing operations breaks down as follows by value-added stage:

Revenue

EUR k	2016	2015
from processing	13,108	11,373
from storage	2,770	2,483
from project business	412	313
	16,290	**14,169**

6.3 Cost of Sales

Cost of sales disclosed in the statement of income includes the following expenses:

Cost of sales

EUR k	2016	2015
Cost of materials	1,029	740
External services	2,326	1,441
Personnel expenses	1,989	1,939
Amortization and depreciation	1,238	1,958
Office rent	471	297
Other expenses	616	1,306
	7,669	**7,681**

6.4 Other Operating Income

Other operating income disclosed in the statement of income breaks down as follows:

Other operating income

EUR k	2016	2015
Government grants	783	701
Income from the derecognition of accruals	160	247
Income from compensation for damages	5	0
Badwill from initial consolidation	0	3,111
Sundry other income	660	225
	1,608	**4,284**

The public grants are mainly R&D grants from Sächsische Aufbaubank. The income from research and development is countered by expenditures in the amount of EUR 1,244k. There are no unfulfilled conditions or contingencies attached to these grants.

Income from derecognition of deferred accrued liabilities mainly encom-passes derecognition of financial obligations deferred in the prior year that the Group used less of than expected in the reporting year.

The badwill recognized in the previous year from initial consolidations is the result of business combinations in fiscal year 2015.

6.5 Marketing and Selling Expenses

The selling expenses disclosed in the statement of income break down as follows:

Marketing and Selling expenses

EUR k	2016	2015
Personnel expenses	1,850	1,572
Amortization and depreciation	142	135
Marketing expenses	2,318	2,058
Other expenses	812	1,077
	5,122	**4,842**

The other expenses mainly contain sales related office space costs, as well as insurance and consulting expenses.

6.6 Administrative Expenses

The administrative expenses disclosed in the statement of income comprise the following:

Administrative expenses

EUR k	2016	2015
Personnel expenses	2,281	2,043
Amortization and depreciation	133	189
Legal, consulting and audit fees	495	689
Other expenses	1,016	1,072
	3,925	**3,993**

The other expenses mainly entail administration related office costs, as well as IT costs.

6.7 Other Operating Expenses

Other operating expenses disclosed in the statement of income break down as follows:

Other operating expenses

EUR k	2016	2015
Bad debt	249	249
Sundry other expenses	152	75
	401	**324**

6.8 Finance Expenses

The finance costs disclosed in the statement of income break down as follows:

Finance expenses

EUR k	2016	2015
Loans and overdraft facilities	55	44
Remuneration for silent participations	66	66
Realized losses from financial investments	73	16
	194	**126**

6.9 Finance Income

The finance income disclosed in the statement of income breaks down as follows:

Finance income

EUR k	2016	2015
Interest income	91	100
Income from Non-Current financial assets	52	0
	143	**100**

6.10 Employee Benefits Expense

The expense for employee benefits breaks down as follows:

Employee benefits expense

EUR k	2016	2015
Wages and salaries	5,364	4,748
Social security costs	824	789
Pension costs	142	83
	6,330	**5,620**

The employer's contributions to statutory pension insurance of EUR 458k (2015: EUR 316k) are classified as payments under a defined contribution plan, and are recognized in full as an expense accordingly.

Headcount (annual average)

Number	2016	2015
Employees	129	117
Trainees/interns	4	4
	133	**121**

7. Income Taxes

The main components of the income tax expense/credit for fiscal years 2016 and 2015 are comprised of the following:

Significant components of the income tax expense/income tax credits

EUR k	2016	2015
Consolidated statement of income		
Current income tax		
Current income tax expense/credit	130	-45
Adjustments of incurred income tax from previous years	0	30
Deferred income tax		
On taxable temporary differences	-8	-469
On losses carried forward	-51	369
Income tax expense (+)/credit (-)	**71**	**-115**
Consolidated statement of comprehensive income		
Deferred income tax from items recognized directly in other earnings during the fiscal year		
Unrealized gains from assets available-for-sale	-12	16
Taxes recognized in equity	**-12**	**16**

The income tax receivables recognized in the balance sheet mainly pertain to the probable refund claims for the fiscal year (EUR 596k).

A reconciliation between income tax expense/credit and the product of accounting profit multiplied by the Group's applicable tax rate for the fiscal years 2016 and 2015 is as follows:

Tax reconciliation

EUR k	2016	2015
Earnings before income tax from continuing operations	687	1,587
Earnings before income tax	**687**	**1,587**
Income tax expense at the group tax rate of 27.4 % (2015: 23.0 %)	-188	-365
Adjustments since profit/loss of novel pharma s.l. do not lead to income tax credit/expense	1	-3
Adjustments due to tax free income	16	742
Adjustments due to non-deductible expenses	-84	-181
Adjustments of deferred taxes on tax losses carried forward	-9	-105
Adjustments for tax legislation changes	292	63
Foreign exchange effects	6	0
Deviations from tax rate differences	-105	0
Allowances for deferred tax	0	-5
Tax payment for prior years	0	-31
Income tax expense/credit as disclosed in consolidated statement of income	**-71**	**115**

The change in the Group tax rate is a result of the deconsolidations that took place in the reporting year. In consideration of the fact that lower tax rates were applicable for the deconsolidated subsidiaries in Serbia, Montenegro, and Slovenia, the weighted tax rate of the Group increased.

Deferred income tax at the end of the reporting period relates to the following:

Deferred income tax

	Consolidated statement of financial position		Group consolidated statement of profit and loss	
EUR k	2016	2015	2016	2015
Deferred income tax liabilities				
Higher tax write-offs	-2,817	-2,893	58	511
Discounting of loans	-2	-3	1	1
Deviation from trade receivables	-19	-16	10	0
Deviations in other receivables and assets	-336	-477	136	20
Deviations in other liabilities	-269	-215	-53	7
Adjustments to participation carrying values	-194	-194	0	-26
Deviations from other provisions	0	0	0	-57
Deviations in trade liabilities	-81	-33	-48	-33
	-3,718	**-3,831**		
Deferred income tax liabilities				
Discounting of receivables	-37	18	-55	-3
Deviations in other receivables	29	0	29	0
Deviations in loan liabilities	39	56	-17	56
Deviation in other financial assets	-2	16	-6	0
Deviations in inventories	0	13	-27	19
Deviations in trade liabilities	0	0	0	-12
Deviations in other liabilities	83	115	-21	-16
Deviations in deferred grants	7	6	1	2
Tax losses carried forward	1,934	1,903	51	-369
	2,053	**2,127**		
Deferred taxes	-1,665	-1,704		
Deferred tax income			**59**	**100**

The losses carried forward of the group companies trended as follows:

Name	country	Income tax rate	2016	2015
Vita 34 AG	Germany	32 %	216	1,315
stellacure GmbH	Germany	32 %	724	690
Vita 34 Gesellschaft für Zelltransplantate m.b.H.	Austria	25 %	23	56
StemCare ApS	Denmark	22 %	2,897	2,023
Secuvita S.L.	Spain	25 %	4,397	4,973
Novel Pharma S.L.	Spain	25 %	0	0

The income tax losses carried forward that have been incurred in Germany, Austria, Serbia, Slovenia, Montenegro, Denmark and Spain are available without limit to the Group for offset against future taxable results of the respective companies. Deferred tax assets on tax losses carried forward were activated, to the extent that the unused tax losses will be utilized according to the cor-responding planning statement.

There are losses carried forward at Novel Pharma, S.L. that are available to the Group for offset against future taxable profits of Novel Pharma S.L. However, deferred tax assets have not been recognized in respect of these losses, as they may not be used to offset taxable profits elsewhere in the Group and they have arisen in an intermediate holding company that does not usually generate taxable profits. They can only be used under certain conditions, which are currently not likely to occur.

No active deferred taxes have been recognized for tax losses carried forward in the amount of EUR 290k.

8. Earnings per Share

Basic/diluted earnings per share

Basic/diluted earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Basic/diluted earnings per share are calculated as follows:

Basic/diluted earnings per share

EUR k	2016	2015
Net profit/loss from continuing operations	617	1,702
Portion attributable to non-controlling interest	-209	277
Profit/loss from continuing operations attributable to the owners of ordinary shares in the parent company	**408**	**1,979**
Number of shares outstanding (weighted average)	2,964,593	2,955,547
Earnings per share according to IFRS (EUR)	**0.14**	**0.67**

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated financial statements.

9. Goodwill, Intangible Assets

Intangible assets developed as follows:

Intangible assets as of December 31, 2016

EUR k	Develop-ment costs	Patents and licenses	Goodwill	Acquired contracts and devel-opment projects	Total
Costs as of January 1, 2016	165	3,683	14,131	15,019	32,998
Additions	242	57	0	0	299
Changes in consolidation group	0	0	-189	-102	-291
Currency translation differences	0	7	0	21	28
Costs as of December 31, 2016	**407**	**3,747**	**13,942**	**14,938**	**33,034**
Accumulated amortization and impairment as of January 1, 2016	0	2,966	401	3,431	6,798
Amortization and impairment charge for the year	0	155	127	859	1,141
Changes in consolidation group	0	0	0	-4	-4
Currency translation differences	0	7	0	1	8
Accumulated amortization and impairment as of December 31, 2016	**0**	**3,128**	**528**	**4,287**	**7,943**
Carrying amount as of January 1, 2016	165	717	13,730	11,588	26,200
Carrying amount as of December 31, 2016	407	619	13,414	10,651	25,091

Intangible assets as of December 31, 2015

EUR k	Develop-ment costs	Patents and licenses	Goodwill	Acquired contracts and devel-opment projects	Total
Costs as of January 1, 2015	99	3,596	13,942	7,881	25,518
Additions	66	34	0	1,323	1,423
Disposals	0	-1	0	0	-1
Acquisition of subsidiaries	0	54	189	5,815	6,058
Costs as of December 31, 2015	**165**	**3,683**	**14,131**	**15,019**	**32,998**
Accumulated amortization and impairment as of January 1, 2015	0	2,763	0	2,135	4,898
Amortization and impairment charge for the year	0	204	401	1,296	1,901
Disposals	0	-1	0	0	-1
Accumulated amortization and Impairment as of December 31, 2015	**0**	**2,966**	**401**	**3,431**	**6,798**
Carrying amount as of January 1, 2015	99	833	13,942	5,746	20,620
Carrying amount as of **December 31, 2015**	165	717	13,730	11,588	26,200

The contracts and development projects acquired contain the following, significant assets as of December 31, 2016:

EUR k	Carrying Value	Remaining Useful Life
Acquired storage contracts Secuvita	3,981	19 years
Acquired storage contracts StemCare	5,336	24 years
Acquired storage contracts Vivocell	1,289	23 years

10. Impairment testing of goodwill and intangible assets with indefinite useful lives

The goodwill and intangible assets with indefinite useful lives acquired within the scope of business combinations has been attributed to cash-generating units for impairment testing, as follows:

- The goodwill from the acquisition of shares in Vita 34 AG (Commercial Register District Court Leipzig HRB 18047) was attributed to the "Stem Cell Banking - Germany" cash-generating unit.
- The goodwill from the acquisition of a majority interest in Secuvita S.L. was divided between the "Spain" and "Stem Cell Banking – Germany" cash-generating unit, commensurate with the future potential profits expected.
- The goodwill from the takeover of the interests in BioPlanta GmbH was assigned to the "Biotechnology" cash-generating unit. The "Biotechnology" cash-generating unit develops biological processes for cell and tissue culture and provides services for environmental projects.
- The intangible asset value with indefinite useful life acquired within the context of the acquisition of the interest in stellacure GmbH was assigned to the "Stem Cell Banking – Germany" cash generating unit.
- The goodwill from the acquisition of a majority interest in BioSave d.o.o. was divided between the "Balkan" and "Stem Cell Banking – Germany" cash-generating units, commensurate with the future potential profits expected. Based on the removal of BioSave d.o.o. from the consolidation group in fiscal year 2016, the corresponding goodwill was deconsolidated.

The Group conducts its annual impairment test in the fourth quarter of the fiscal year. The Group considers the relationship between market capitalization and book value, apart from other factors, in reviewing the indicators for impairment.

Cash-Generating Unit "Stem Cell Banking – Germany"

The recoverable amount of the "Stem Cell Banking - Germany" cash-generating unit has been determined based on a value in use calculation using cash flow projections updated from the prior year and based on financial budgets approved by senior management covering a three-year period, as approved by the Supervisory Board. The depreciation rate for the cash flow prognoses for the "Stem Cell Banking - Germany" segment before tax is 9.4 percent (prior year 12.0 percent). Cash flows beyond the three-year period are extrapolated using a 1 percent growth rate.

Cash-Generating Unit "Spain"

The recoverable amount of the cash-generating unit "Spain" has also been determined based on a value in use calculation, using cash flow projections based on financial budgets approved by senior management covering a three-year period, as approved by the Supervisory Board. The pre-tax discount rate applied to the cash flow projections is 12.8 percent (prior year: 13.5 percent). Cash flows beyond the three-year period are extrapolated using a 1 percent growth rate. The value in use of the cash-generating unit exceeds the carrying value by EUR 0.1 million.

Cash-Generating Unit "Biotechnology"

The recoverable amount of the cash-generating unit "Biotechnology" has also been determined based on a value in use calculation, using cash flow projections based on financial budgets approved by senior management covering a three-year period, as approved by the Supervisory Board. The pre-tax discount rate applied to the cash flow projections is 9.2 percent (prior year: 11.6 percent). Cash flows beyond the three-year period are extrapolated using a 1 percent growth rate.

Due to the lower future income expectations the recoverable amount of the cash-generating unit has been reduced to a negative amount. For this reason, in the reporting year, a goodwill impairment of EUR 127k to EUR 0k, as well as an extraordinary depreciation of acquired development projects of EUR 95k to EUR 0k was required.

The carrying amount of goodwill and intangible assets with indefinite useful lives, assigned to the respective cash-generating units:

Carrying amounts

EUR k	2016	2015
Goodwill segment "Stem Cell Banking – Germany"	12,822	12,972
Goodwill segment "Spain"	592	592
Goodwill segment "Balkan"	0	40
Goodwill segment "Biotechnology"	0	127
License separation procedures	43	43
	13,457	**13,774**

Key assumptions used in value in use calculation of the units as of December 31, 2016 and December 31, 2015
The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved for new agreements concluded in the year immediately before the budgeted year.

Depreciation Rates – The depreciation rates reflect the estimates of company management with regard to the specific risks attributable to the cash generating units. This is the benchmark used by management to assess the operating performance and evaluate future investment projects. The discount rate is derived from a risk-free interest rate, also taking a market risk premium and a company-specific beta factor into account.

Sensitivity of the Assumptions Made

Company management is of the opinion that it can be reasonably expected that in general possible changes to one of the key assumptions used to determine the value in use of the "Stem Cell Banking – Germany" cash-generating unit could lead to the carrying value of the cash-generating unit exceeding its recoverable amount. The value in use could fall below the carrying value, particularly in the event that the expected number of storages is not reached, or the discount rate increases. Within the scope of a sensitivity analysis of the cash-generating unit, a decrease in the planned gross margin of one percentage point or an increase in the discount rate (after taxes) of a percentage point was assumed. On this basis, there is no impairment requirement for the cash-generating unit.

Company management is of the opinion that it can be reasonably expected that in general possible changes to one of the key assumptions used to determine the value in use of the "Spain" cash-generating unit could lead to the carrying value of the cash-generating unit exceeding its recoverable amount. The value in use could fall below the carrying value particularly in the event that the expected number of storages is not reached in the planning period. In the case of a reduction of the annual free cash flow in the planning period of approximately 1 percentage point the value in use of the cash-generating unit would be reduced to EUR 0.3 million under its carrying value. In the case of an increase in the discount rate of 1 percent the value in use of the cash generating unit would be reduced to its carrying value.

11. Property, Plant and Equipment

Property, plant, and equipment developed as follows:

Property plant and equipment as of December 31, 2016

EUR k	Real Property	Technical Equipment	Operating and Business Equipment	Total
Costs as of January 1, 2016	306	5,653	1,912	7,871
Additions	0	258	139	397
Disposals	0	0	-101	-101
Changes in consolidation group	0	0	-157	-157
Costs as of December 31, 2016	**306**	**5,911**	**1,793**	**8,010**
Accumulated depreciation and impairment as of January 1, 2016	0	1,495	1,231	2,726
Depreciation and impairment charge for the year	0	270	103	373
Disposals	0	0	-101	-101
Changes in consolidation group	0	0	-15	-15
Accumulated depreciation and impairment as of December 31, 2016	**0**	**1,765**	**1,218**	**2,983**
Carrying amount as of January 1, 2016	306	4,158	681	5,145
Carrying amount as of December 31, 2016	306	4,146	575	5,027

Property plant and equipment as of December 31, 2015

EUR k	Real Property	Technical Equipment	Operat-ing and Business Equipment	Total
Costs as of January 1, 2015	306	4,913	1,723	6,942
Additions	0	675	88	763
Disposals	0	0	-22	-22
Acquisition of subsidiaries	0	65	123	188
Costs as of December 31, 2015	**306**	**5,653**	**1,912**	**7,871**
Accumulated depreciation and impairment as of January 1, 2015	0	1,284	1,068	2,352
Depreciation and impairment charge for the year	0	211	170	381
Disposals	0	0	-7	-7
Accumulated depreciation and impairment as of December 31, 2015	**0**	**1,495**	**1,231**	**2,726**
Carrying amount as of January 1, 2015	306	3,629	655	4,590
Carrying amount as of December 31, 2015	306	4,158	681	5,145

12. Investments in Associates

The investments in associates are the result of participation in Bio Save d.o.o., Belgrade, Serbia, which has been incorporated into the consolidated financial statements of Vita 34 AG as of June 30, 2016 via the equity method. Reference is made to the explanations under Item 3.

Summarized financial information

EUR k	2016
Non-current assets	232
Current assets	730
Non-current liabilities	117
Current liabilities	374
From July 1 to December 31, 2016	
Revenues	845
Profit or loss	-139
Total comprehensive income	-139
Dividends received from the associate during the year	0

Reconciliation to statement of financial position and statement of income

EUR k	2016
Net assets of the associate	471
Participation of group in associate	30 %
Goodwill	128
Carrying amount of the group's interest in the associate	269
Group's share in the loss of the associate	-42

13. Inventories

Inventories break down as follows:

Inventories

EUR k	2016	2015
Materials and supplies (measured at costs of purchase)	219	217
Work in progress (measured at cost of production)	72	206
	291	**423**

Inventories were not impaired.

14. Trade receivables

Trade receivables break down as follows:

Receivables

EUR k	2016	2015
Non-current trade receivables	888	950
Current trade receivables	3,581	3,748
	4,469	**4,698**

The non-current trade receivables that originated in the reporting year were discounted using an interest rate of 3.0 percent (2015: 4.0 percent) based on their terms to maturity. Due to the long term of some receivables (up to 25 years), trade receivables due in more than twelve months are reported separately under non-current assets.

Not impaired receivables

EUR k	Carrying amount	Of these: Neither Impaired nor overdue as of closing date	Of these: Not impaired as of closing date and overdue in the following time brackets: Less than 60 days	Between 60 and 180 days	Between 180 and 360 days	More than 360 days
Trade receivables as of December 31, 2016	4,469	3,149	547	496	211	66
trade receivables as of December 31, 2015	4,698	2,525	615	517	398	130

With respect to the trade receivables that were neither impaired nor past due, there was no indication as of the end of the reporting period that the debtors would fail to meet their payment obligations.

Provisions for impairment of trade receivables break down as follows:

Impairments

EUR k	2016	2015
Bad debt allowances as of January 1	687	287
Changes in consolidation	-313	186
Additions (expenses for impairment)	243	233
Consumption	0	-19
Bad debt allowances as of December 31	**617**	**687**

The following table presents the expenses from the full derecognition of trade receivables:

Expenses for the derecognition of trade receivables

EUR k	2016	2015
Expenses for the full derecognition of receivables	5	13

All expenses from bad debt allowances and write-offs of trade receivables are disclosed under other operating expenses.

Default Risk

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Credit verification procedures are only performed in cases where trade is financed via banks other than the Group's partner banks.

15. Other receivables and assets

Other receivables and assets

	12/31/2016		12/31/2015	
EUR k	Total	Of these: Current	Total	Of these: Current
Financial receivables and assets				
Investment securities	2,284	0	2,808	0
Other financial receivables and assets	1,102	641	838	542
other financial assets	119	0	163	0
	3,505	**641**	**3,809**	**542**
Deferred expenses	925	198	886	141
Grants for investments and projects	218	218	369	369
	1,143	**416**	**1,255**	**510**
	4,648	**1,057**	**5,064**	**1,052**

Investment securities were classified as available for sale and valued at their fair value in an income neutral manner. Within the course of securing a bank guarantee, securities in the amount of EUR 465 were hypothecated.

Financial receivables and assets include, in particular, receivables from the granting of loans to subsidiaries of Vita 34 AG not included in the group financial statements, receivables from tax overpayments, as well as prepayments for future insurance premiums.

16. Cash and cash equivalents, restricted cash

Cash and cash equivalents, restricted cash

EUR k	2016	2015
Restricted cash	814	170
Cash and cash equivalents	2,813	2,082
	3,627	**2,252**

Bank balances earn interest at the floating rates for on-call deposits.

Of the cash, an amount of EUR 814k (2015: EUR 170k) is not freely available to the Company.

For the purpose of calculating cash flow, the cash and cash equivalents as of December 31 are broken down as follows:

Cash and cash equivalents

EUR k	2016	2015
Cash and cash equivalents	**2,813**	**2,082**

17. Issued Capital and Reserves

Issued capital and reserves

	2016	2015
Issued capital		
Ordinary shares of EUR 1 each (all fully paid in)	3,026,500	3,026,500
Equity composition	EUR k	EUR k
Issued capital	3,027	3,027
Capital reserves	18,213	18,213
Retained earnings	2,865	2,928
Other reserves	-119	-157
Treasury shares	-337	-337
Non-controlling interests	0	82
	23,648	**23,756**

Vita 34 AG capital stock in accordance with its articles of incorporation and bylaws is disclosed as **issued capital** pursuant to German stock corporation law. Equity is divided into 3,026,500 non-par value, individually registered shares.

Capital reserves contain contributions beyond the capital stock and other payments by shareholders in connection with capital increases as well as reserves for share-based payments.

Retained earnings contain the cumulative profits including the net result for the current year. Retained earnings were reduced by EUR 474k in the reporting year based on a dividend payment. The dividend per share was EUR 0.16.

Other reserves contain actuarial profits and lossess from performance-based pension plans, as well as profits and losses from the category “Financial Assets Available for Sale.”

As of the closing date the Group owned **treasury shares** in the amount of 61,907 shares (2.06 percent).

The **non-controlling interests** contain the shares of the minority shareholders of stellacure GmbH and Secuvita S.L. in the acquired assets and liabilities, valued at the proportional applicable fair value at the time of acquisition. The goodwill attributable to minority shareholders was not disclosed here. After initial recognition, profits and losses are attributed without limit proportionate to interests.

Authorized Capital

In accordance with Sec. 7 para. 2 of the by-laws of Vita 34 AG, the Company has authorized capital. The Management Board is authorized, in accordance with a resolution of the Annual General Meeting on August 24, 2014, to increase the nominal capital of the company once or several times up to a total of EUR 1,513,250.00 by August 27, 2019 by means of the issuance of up to 1,513.250 new, individually registered, non-par value shares in exchange for cash or in-kind contributions (Authorized Capital 2014).

The Management Board will decide on the exclusion of the subscription rights of shareholders, in each case with the approval of the Supervisory Board. An exclusion of the right to purchase stock is, in particular, admissible in order to:

- Compensate for spikes
- Issue employee stock to employees of the company, as well as employees of enterprises associated with the company
- Increase capital in exchange for contributions in kind
- To the extent necessary, at the point in time of the exercise of the Authorized Capital 2014 in order to grant the holders of current conversion and/or option rights or a conversion obligation arising from already granted or to be granted conversion and/or option subscriptions arising from Vita 34 AG or its group companies a right to purchase new shares in the scope that would be due them following exercise of the conversion and/or option rights or following fulfillment of a conversion obligation of the shareholders;
- If the issue price of the new shares in the case of capital increases in exchange for contributions in cash is not significantly lower than the stock market price of already listed shares at the time of the final determination of the issue price, and the shares issued do not exceed in total 10 % of the capital stock either at the time of effectiveness or at the time this authorization is exercised. This limitation covers shares that have been sold, issued or are to be issued during the term of this authorization up to the point of its exercise based on other authorizations with direct or corresponding application of Sec. 186, Para. 3, Sentence 4 German Stock Corporation Act with exclusion of subscription rights.

The Management Board decides on the other content of stock rights and the conditions of stock issue with the approval of the Supervisory Board.

18. Loans

18.1 Current

Current loans

EUR k	Interest rate in %	2016	2015
Loans for EUR 2,042k	0,00	396	233
Loans for EUR 1,000k	1.25	200	200
Loans for EUR 137k	0.00	5	5
Other loans	div.	0	154
Various hire purchase loans	6.00–8.40	0	21
		601	**613**

18.2 Non-current

Non-current liabilities

EUR k	Effective interest rate in %	Due	2016	2015
Loans for EUR 2,042k	0.00	2015–2019	1,062	1,390
Loans for EUR 1,000k	1.25	2015–2020	450	650
Loans for EUR 137k	0.00	2013–2024	30	33
Other loans	div.	2015–2018	0	66
Various hire purchase loans	6.00–8.40	2012–2019	0	37
			1,542	**2,176**

A loan recognized in the consolidated statement of financial position in the amount of EUR 650k (nominal amount EUR 1,000k) is secured by the global assignment of receivables of the company arising from storage contracts against third-party creditors whose names begin with the letters A-Z. This loan is linked to attaining or maintaining and adjusted equity ratio of Vita 34 AG of 25 %.

There is a bank guarantee amounting to EUR 1.000k for another recognized loan with an amount of EUR 1,457k (nominal amount EUR 2,042k). Investment securities have been hypothecated to the guaranteeing bank as a security for the bank guarantee.

19. Shares of Silent shareholders

Mittelständische Beteiligungsgesellschaft Sachsen mbH, Dresden (MBG) receives a fixed fee of 6 percent p.a. on its contribution of EUR 940k made to Vita 34 AG, which is payable quarterly after the fact for the preceding quarter as of 15 March, June, September, and December of each year. In addition, MBG receives a profit-based fee of 50 percent of the net profit for the year of Vita 34 AG, or max.1 percent p.a. of the contribution made. The basis for calculating the profit-based fee is the net profit for the year under German commercial law, adjusted for certain income and expense items.

MBG does not participate in losses of Vita 34 AG. The term of the silent partnership ends on 30 June 2018.

20. Provisions

Provisions

EUR k	Summe
As of January 1, 2016	29
Utilization	-13
As of December 31, 2016	**16**
Current provisions 2016	16
Non-current provisions 2016	0
	16
Current provisions 2015	29
Non-current provisions 2015	0
	29

21. Pension Reserves

In 2014 the pension obligations towards one management board member was rearranged. In accordance herewith the pension obligation was limited to the claims earned as of July 31, 2014. This is a performance-based pension plan (covered by capital) for which contributions are made to a specially administered pension fund. The amounts contained in the financial statements have developed as follows:

Net Debt from performance-based obligations

EUR k	2016	2015
Cash value of performance-based obligation	-350	-285
Fair value of plan assets	368	363
Effect of asset ceiling	-18	-78
Liability from performance-based obligations	**0**	**0**

In accordance with UAS 19.113 the cash value of the profit-based obligation and the applicable fair value of the plan asset are offset. Plan assets include a qualified insurance policy that covers all of the promised benefits exactly with regard to their amount and when they are due. Thus, recognition of the plan asset is immediately limited to the cash value of the obligations covered.

Development of the Cash Value of the Performance-Based Obligation

EUR k	2016	2015
Cash value of the performance-based obligation as of January 1	285	301
Current service cost	0	0
Interest expense	7	7
Revaluation		
Actuarial losses based on changed financial assumptions	58	0
Experience adjustments	0	-23
Cash value of performance-based obligations as of December 31	**350**	**285**

Development of the fair market value of the planned assets

EUR k	2016	2015
Fair value of the plan asset as of January 1	363	358
Interest income	9	8
Revaluation		
Income from plan assets without contributions contained in the net interest expense and income	-4	-3
Fair value of plan assets as of December 31	**368**	**363**

The measurement of the pension obligations as of December 31, 2016 was done using the Heubeck GUIDELINE TABLES 2005 G as the biometric calculation basis according to the modified entry age method.

Assumptions for Determining the Pension Fund Obligations as of December 31, 2016

in %	2016	2015
Discount rate	1.85	2.60
Salary trend	0.00	0.00
Pension trend	1.90	1.90

Thanks to the re-insurance coverage taken out, even if the parameters named changed, no effect is expected on obligations arising from pension plans.

22. Deferred Grants

The investment grants and subsidies recognized under grants showed the following development:

Grants

EUR k	2016	2015
As of January 1	1,121	1,215
Released to statement of income	-84	-94
As of December 31	**1,037**	**1,121**
Current	80	85
Non-current	957	1,036
	1,037	**1,121**

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

23. Deferred Income

Deferred Income

EUR k	2016	2015
Current	1,782	1,795
Non-current	9,011	8,543
	10,793	**10,338**

Deferred income contains storage fees collected from customers in advance, which are recognized as income on a straight-line basis over the term of storage. Interest effects were taken into account accordingly.

24. Trade payables and Other Liabilities

Overview liabilities

EUR k	2016	2015
Financial Liabilities		
Non-current trade payables	437	570
Current trade payables	1,162	1,322
Other liabilities	806	505
	2,405	**2,397**
Non-Financial Liabilities		
Payments to employees and management board	509	526
Payments based on termination of employment	0	23
Other non-financial liabilities	260	0
	769	**549**
	3,174	**2,946**

Conditions pertaining to the aforementioned financial situation:

- Non-current trade liabilities are not interest-bearing, and have a term of up to 25 years.
- Trade payables are non-interest-bearing and are normally settled within 30 days.
- Other liabilities are non-interest-bearing and also have an average term of 30 days. Non-financial liabilities mainly pertain to amounts accrued for short-term employee benefits.
- Interest payable is normally settled monthly or quarterly throughout the fiscal year.

Non-current trade liabilities contain obligations from long-term storage contracts.

25. Additional Information on Financial Instruments

Carrying Amounts and Valuations According to Valuation Categories

EUR k	Carrying amount 12/31/2016	Carrying amount in statement of financial position		Fair value 12/31/2016
		Amortized cost	At fair value in other comprehen-sive income	
Assets				
Cash and cash equivalents	3,626	3,626		3,626
Trade receivables	4,469	4,469		4,469
Available-for-sale financial assets	2,284		2,284	2,284
Other financial assets	1,221	1,221		1,221
Liabilities				
Liabilities to banks	2,142	2,142		2,142
Shares of silent partners	940	940		940
Trade receivables	1,599	1,599		1,599
Other non-interest-bearing liabilities	806	806		806
Thereof combined by measurement category				
Loans and receivables	9,316	9,316		9,316
Available-for-sale financial assets	2,284		2,284	2,284
Financial liabilities measured at amortized cost	5,488	5,488		5,488

Carrying Amounts and Valuations According to Valuation Categories

EUR k	Carrying amount 12/31/2016	Carrying amount in statement of financial position: Amortized cost	At fair value in other comprehen-sive income	Fair value 12/31/2016
Assets				
Cash and cash equivalents	2,252	2,252		2,252
Trade receivables	4,698	4,698		4,730
Available-for-sale financial assets	2,808		2,808	2,808
Other financial assets	1,001	1,001		1,001
Liabilities				
Liabilities to banks	2,789	2,789		2,789
Shares of silent partners	940	940		940
Trade receivables	1,892	1,892		1,892
Other non-interest-bearing liabilities	505	505		505
Thereof combined by measurement category				
Loans and receivables	7,951	7,951		7,983
Available-for-sale financial assets	2,808		2,808	2,808
Financial liabilities measured at amortized cost	6,126	6,126		6,126

25.1 Fair Value

Cash and cash equivalents, current trade receivables and other receivables mostly fall due within the short term. Consequently, their carrying amounts as of the end of the reporting period approximate their fair value.

The fair value of non-current trade receivables, which fall due in more than one year, corresponds to the present value of the payments relating to the assets using a market interest rate. The classification is made in Level 2 of the fair value hierarchy.

The applicable fair value of financial assets available for divestiture is determined on active markets based on active prices. The classification is made in each case in Level 1 of the fair value hierarchy.

Trade payables and other liabilities generally have short terms to maturity; the carrying amounts approximate fair value.

The fair value of non-current interest-bearing loans and silent partners’ interests recognized in the statement of financial position at amortized cost was determined by discounting the expected future cash flows using a market interest rate. The classification is made in each case in Level 2 of the fair value hierarchy.

25.2 Net Result by Measurement Category

Net Results

EUR k	2016	2015
Loans and receivables	-157	-149
Available-for-sale financial assets	15	-51
Financial liabilities measured at amortized cost	-121	-110
Total	**-263**	**-310**

All components of the net result are recognized under interest income and expenses. Not included are income from the reversal of bad debt allowances, expenses for allowances for trade receivables and bad debts relating to the loans and receivables measurement category of EUR -249k (2015: EUR -249k); these are instead disclosed under other operating income and other operating expenses. Moreover, EUR 36k (2015: EUR -51k) are recognized under net profit from the valuation category "Financial assets available for divestiture," which are recorded in other profits.

The net results by measurement category are mainly comprised of interest income and expenses in the total amount of EUR -51k (prior year: EUR -26k), and the sum of income from dissolving impairment of receivables and expenses from write-downs on receivables.

25.3 Analysis of Maturity Profile of Financial Obligations

The following table presents the contractually agreed (without discounting) considerations and redemption payments for primary financial liabilities:

Analysis of Maturity Profile of Financial Obligations

EUR k	2017	2018	2019 ff.
Interest-bearing loans	614	686	907
Shares of silent partners	66	973	0
Other non-interest-bearing liabilities	3,191	428	508
Total	**3,871**	**2,087**	**1,415**

All instruments in the portfolio as of December 31, 2016 and for which payments had already been contractually agreed were included. Budgeted figures for future new debt are not included. The variable compensation from financial instruments, which is essentially calculated based on the net result generated for the year, was determined on the basis of Vita 34 AG's budget. All on-call financial liabilities are allocated to the earliest possible period in the table.

25.4 Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, loans and medium-term forms of investment such as securities. The Group continually monitors its risk of a shortage of funds using a liquidity tool. This tool considers the maturity of both, its financial assets (e.g., receivables, other financial assets) and projected cash flows from operations.

25.5 Credit Risk

The Group mostly does business with private customers. Credit ratings are obtained from TEBA Kreditbank GmbH & Co. KG for contracts with installment payments in the "Stem Cell Banking - Germany" segment. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The maximum exposure to bad day is limited to the carrying value contained in Note 14. There is no significant concentration of risk of default within the Group.

With respect to the other financial assets of the Group, which comprise cash and cash equivalents and available-for-sale financial assets, the Group's maximum exposure to credit risk arises from default of the counterparty is equal to the carrying amount of these instruments.

25.6 Interest Risk

The Group is not exposed to any significant interest rate risks since the majority of loan agreements and silent participation agreements were concluded at fixed rates of interest.

25.7 Currency Risk

In the reporting period the Group also had revenues and expenses in Swiss Francs (CHF). Therefore, changes in the Euro/CHF exchange rate can fundamentally affect Group statement of financial position. A possible change in the exchange rate of 5 percent would have no significant effect on the Group result before taxes as well as the equity of the Group.

26. Commitments and Contingencies

26.1 Operating Lease Commitments – Group as Lesseer

The Group has entered into commercial leases on certain motor vehicles and technical equipment. These leases have an average life of between two and five years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

In addition, the group has leasing agreements for the use of space.

All leases have been classified and measured as operating leases in accordance with IAS 17.

Future minimum lease payment obligations under non-cancellable operating leases as of the end of the reporting period are as follows:

Minimum Lease Payment Obligations

EUR k	2016	2015
Within one year	653	789
Between one and five years	555	638
More than five years	0	0
	1,208	**1,427**
Expenses for operating leases in the fiscal year	654	476

26.2 Additional Financial Liabilities

As of the end of the reporting period December 31, 2016, the Group had purchasing obligations for property, plant and equipment amounting to EUR 296k (2015: EUR 124k).

In addition, as of the December 31, 2016 closing date there were purchase obligations for goods and services in the amount of EUR 218k (2015: EUR 0k).

26.3 Contingent Liabilities

Contingent liabilities of EUR 477k arising from the acquisition of a majority position in stellacure GmbH in 2013 vis-a-vis the seller have been assigned a fair value of EUR 0. These are liabilities, which would be incurred according to the purchase agreement under a condition that current estimation judges to be unlikely.

The co-shareholders of Bio Save L.L.C, Belgrade, Serbia, were granted the option of reacquiring the shares acquired by the company in 2015 in Bio Save L.L.C., Belgrade, Serbia, within 4 years. This option can be exercised at the latest as of November 1 of each year, effective December 31, of the respective year. Currently, it does not appear that the option rights will be exercised by the co-shareholders.

27. Information on related party transactions

Vita 34 AG and the following subsidiaries are included in the consolidation group:

	Share of equity		
Name, Location	2016 in %	2015 in %	
Novel Pharma, S.L., Madrid, Spain	100.0	100.0	
Secuvita, S. L., Madrid, Spain	88.0	88.0	(indirect)
stellacure GmbH, Leipzig, Germany	75.2	75.2	
Vita 34 Gesellschaft für Zelltransplantate m.b.H., Vienna, Austria	100.0	100.0	
Bio Save d.o.o., Belgrade, Serbia	*	30.0	
Izvorna Celica d.o.o., Ljubljana, Slovenia	*	30.0	(indirect)
Bio Save d.o.o., Podgorica, Montenegro	*	15.3	(indirect)
StemCare ApS, Gentofte, Denmark	100.0	100.0	

* Company not included in the consolidation group as of December 31, 2016

Related parties comprises subsidiaries not included in the group financial statements, associated companies, shareholders with significant influence and persons in key positions within the company.

The following subsidiaries of Vita 34 AG were not included in the group annual financial statements for reasons of substantiality.

Subsidiaries not included in the Consolidated Financial Statements

	Share of equity		
Name, Location	2016 in %	2015 in %	
Vita 34 Slovakia, s.r.o, Bratislava, Slovakia	100.0	100.0	
Bio Save d.o.o., Sarajevo, Bosnien-Herzegovina (35 %).	0.0	10.5	(indirect)
Kamieninių ląstelių bankas UAB "Imunolita", Vilnius, Lithuania	35.0	35.0	

The following table provides the total amount of transactions, which have been entered into with related parties for the relevant fiscal year:

Related party transactions

EUR k	Services Received as well as other expenses with related parties	Revenues and income with related parties	Receivables from related parties	Liabilities towards related parties
2016				
Non-consolidated subsidiaries	0	117	24	0
Associated companies and subsidiaries of associated companies	0	330	435	0
Other related parties	10	24	7	0
2015				
Non-consolidated subsidiaries	0	123	107	0
Other related parties	10	51	0	0

Loans with related parties

EUR k	Interest received	Loans granted	Interest paid	Loans received
2016				
Non-consolidated subsidiaries	7	391	0	0
2015				
Non-consolidated subsidiaries	5	296	0	0

A working capital credit line in the amount of EUR 450k was granted to VITA 34 Slovakia, s.r.o. The working capital credit line is not secured and has an open term. The interest rate is 200 basis points over the Euro Interbank Offered Rate and is adjusted annually.

Expenses related to key management personnel

EUR k	2016	2015
Compensation of key management personnel of the group:		
Short-term benefits:		
Renumeration of the supervisory board	160	119
Management Board salaries (without pension expenses)	805	677
Management Board compensation for previous years	0	79

The Group obligated itself to render a performance in the amount of EUR 195k for a company that is related to a member of the Supervisory Board. In 2016, services with a scope of EUR 24k (2014: EUR 51k) were rendered.

Dr. Gerth (Chairman of the Management Board), was paid rent for the use of storage rooms in the fiscal year in the amount of EUR 10k (prior year: EUR 10k).

There is an agreement with a former Director concerning the use and exploitation of a patent application and two patents. The corresponding patents or patent applications have been granted to Vita 34 AG permanently. No compensation has become due in fiscal years 2015 and 205 arising from this assignment.

28. Remuneration of the Management Board and Supervisory Boards Pursuant to Sec. 314 HGB

The following disclosures on Management Board remuneration are required by HGB (German Commercial Code) in the notes to the financial statements (cf. Sec. 314 HGB) and disclosures prescribed by provisions of the German Corporate Governance Code.

The Vita 34 AG Management Board consists of three members.

In fiscal year 2016 the following gentleman were elected to the Management Board:

Dr. André Gerth	Chairman of the Management Board (CEO)
Dr. Wolfgang Knirsch	Director Sales & Marketing (COO) from June 1, 2016
Falk Neukirch	Director Finance (CFO)

The service contract rules were adapted for the last time in fiscal year 2016.

28.1 System of Management Board Compensation and Review

The Supervisory Board determines the remuneration amount and structure for the Management Board pursuant to Sec. 87 German Stock Corporation Act (AktG). Remuneration of Vita 34 AG's Management Board comprises fixed and variable components and other fees.

28.2 Fixed Compensation, Variable Success-Based Compensation and Fringe Benefits

The fixed component is a contractually defined basic salary that is paid out in equal monthly amounts. The variable component is based on the targets for each individual fiscal year, and is oriented on whether certain quantitative targets are met. After twelve months the Management Board receives a partial payment dependent on attaining the year's intermediate goal for individual strategic corporate goals. The target amount of the variable compensation is limited, if the targets are 100 percent attained, is limited in each case for all agreed partial performances, as well as including the discretionary bonus. The variable compensation is comprised of four partial components "strategic corporate objectives" (Component I), "EBIT goal" (Component II), "Stock Price Performance" (Component III) and "Discretionary Bonus" (component IV).

In addition, the members of the Management Board received supplementary benefits. These consist principally of payments to support funds, insurance payments and the private use of company cars, and are taxed individually for each Management Board member.

28.3 Remuneration of the Management Board for Fiscal Year 2016

The remuneration of the members of the Management Board for their activities in fiscal year 2016 totaled EUR 805k (2015: EUR 677k). The table below provides a breakdown of Management Board remuneration by person. The variable compensation, calculated against an annual intermediate goal of the three-year period, was recognized along with the amounts calculated against the corporate result 2016.

Remuneration of the members of the Management Board for Vita 34 AG for fiscal year 2016

	Dr. André Gerth Chairman of the Management Board			
EUR k	2015	2016	2016 (min.)	2016 (max.)
Non-performance-related component:				
Fixed component	227	264	264	264
Fringe benefits	20	20	20	20
Total	**247**	**284**	**284**	**284**
Performance related component:				
Variable remuneration for one year (no long-term incentive, non-share based)	79	51	0	170
Variable remuneration for several years	210	77	0	135
Total	**536**	**412**	**284**	**589**
Pension benefits	26	26	26	26
Total	**562**	**438**	**310**	**615**

	Dr. Wolfgang Knirsch Sales & Marketing Director (COO) from June 1, 2016			
EUR k	2015	2016	2016 (min.)	2016 (max.)
Non-performance-related component:				
Fixed component	0	97	97	97
Fringe benefits	0	6	6	6
Total	**0**	**103**	**103**	**103**
Performance related components:				
Variable remuneration for one year (no long-term incentive, non-share based)	0	20	0	73
Variable remuneration for several years	0	29	0	49
Total	**0**	**152**	**103**	**225**
Pension benefits	0	0	0	0
Total	**0**	**152**	**103**	**225**

EUR k	Falk Neukirch Finance Director (CFO) from October 1, 2015 2015	2016	2016 (min.)	2016 (max.)
Non-performance-related component:				
Fixed component	33	150	150	150
Fringe benefits	3	8	8	8
Total	**36**	**158**	**158**	**158**
Performance related component:				
Variable remuneration for one year (no long-term incentive, non-share based)	0	33	0	96
Variable remuneration for several years	0	50	0	84
Total	**36**	**241**	**158**	**338**
Pension benefits	3	12	12	12
Total	**39**	**253**	**170**	**350**

Payment of remuneration to members of the Management Board for Vita 34 AG for fiscal year 2016

	Dr. André Gerth Chairman of the Management Board		Dr. Wolfgang Knirsch Sales & Marketing Director (COO) from June 1, 2016		Falk Neukirch Finance Director (CFO) from October 1, 2015	
EUR k	2015	2016	2015	2016	2015	2016
Non-performance-related component:						
Fixed component	227	264	0	97	33	150
Fringe benefits	20	20	0	6	3	8
Total	**247**	**284**	**0**	**103**	**36**	**158**
Performance related component:						
Variable remuneration for one year (no long-term incentive, non-share based)	79	79	0	0	0	0
Variable remuneration for several years	210	100	0	0	0	0
Total (total compensation according to DRS 17)	**536**	**463**	**0**	**103**	**36**	**158**
Pension benefits	26	26	0	0	3	12
Total (total compensation according to DCG Code)	**562**	**489**	**0**	**103**	**39**	**170**

No members of the Management Board received benefits or were promised benefits by a third party in the past fiscal year for their activities as members of the Management Board.

28.4 Premature Termination of the Employment Agreement

Agreements have been made regarding payments in the case of a premature termination of the service contract in the case of a control change (change-in-control). A control change takes place when a shareholder or third-party directly or indirectly possesses more than 50 % of the voting rights in Vita 34 AG, or has entered into a company contract in accordance with Sec. 291 German Stock Company Act, or the company is incorporated in accordance with Sec. 319 AktG, or the company is merged into another legal entity. The promised benefits encompass the payment of the capitalized draws (fixed salary and profit sharing), as well as a claim to severance. Both amounts are limited in their amount.

28.5 Share-Based Payments

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

28.6 Remuneration of the Supervisory Board (Remuneration Report)

In fiscal year 2016 the following persons were appointed to the Supervisory Board:

Dr. Hans-Georg Giering	Managing Partner Cagnosco GmbH
Dr. Holger Födisch	Director of Dr. Födisch Umweltmesstechnik AG
Alexander Starke	Attorney-at-Law
Artur Isaev	Founder and General Director of the Human Stem Cells institute PJSC, Moscow
Gerrit Witschaß	Signatory and Director of Education at Berufsförderungswerk der Fachgemeinschaft Bau Berlin und Brandenburg gGmbHH
Dr. med. Mariola Söhngen (from January 1, 2016)	Chairman of the Management Board at Mologen AG

Remuneration for this body in the amount of EUR 160k (2015: EUR 119k) was paid in 2016.

The remuneration of the Supervisory Board members is determined pursuant to Art. 18 of the bylaws. This provision in its current form is based on the resolution of the Annual Geneal Meeting dated August 25, 2016, effective January 1, 2016. The remuneration is agreed as a fixed annual sum and is paid quarterly to members of the Supervisory Board. The roles of the Supervisory Board Chairman and his deputy are taken into account separately.

Remuneration of the VITA 34 AG Supervisory Board – Fixed Payments

EUR k	2016
Active Members:	
Dr. Hans-Georg Giering (Chairman)	72
Alexander Starke (Vice Chairman)	24
Dr. Holger Födisch	16
Artur Isaev	16
Gerrit Witschaß	16
Dr. med. Mariola Söhngen	16

With regard to other compensation of benefits extended to a member of the Supervisory Board or their friends and family, we refer to our notes on friends and family (see Note 27 “Notes on Related Party Transactions”).

29. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise interest-bearing loans, silent partnerships, as well as cash and short-term deposits. The main purpose of these financial instruments is to raise finance for 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. Excess liquid funds are invested in securities.

The Group uses only financial assets with a good rating and the best safety standards where the funds are available at short notice.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. Company management drafts and reviews risk management guidelines for each of these risks.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy equity ratios in order to support its business and maximize shareholder value. Vita 34 has set an equity ratio of more than 50 percent as an internal goal.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies and methods as of 31 December 2016 and 31 December 2015. Capital comprises the equity disclosed in the statement of financial position.

30. Auditor's Fees and Services Pursuant to Sec. 314 HGB

The fees of the auditor of the consolidated financial statements recognized as an expense in the fiscal year break down as follows:

Auditor's fee

EUR k	2016	2015
Audit fees	107	86
Thereof fees for previous years' audit	38	10

Audit fees comprise fees for the statutory audit of the annual financial statements and the consolidated annual financial statements.

31. Events after the Closing Date

Following the conclusion of fiscal year 2016, no occurrences of special significance or with a major effect on the asset, financial, or profit situation of the Group have occurred.

Leipzig, March 27, 2017
The Vita 34 AG Management Board

Dr. André Gerth
CEO

Dr. Wolfgang Knirsch
COO

Falk Neukirch
CFO

Declaration of the Legal Representatives

We hereby affirm that to the best of our knowledge, the annual financial statements and consolidated financial statements provide a picture of the asset, financial and profit situation of the Company and the Group, which reflects the actual circumstances in accordance with the applicable accounting policies, and that the combined management report presents the course of business, including the financial results, and the situation of the Company in a manner that corresponds with the actual circumstances, and that the most important opportunities and risks of the foreseeable development of the Company and the Group have been described.

Leipzig, March 2017

Management Board of Vita 34 AG

Dr. André Gerth	Dr. Wolfgang Knirsch	Falk Neukirch
CEO	COO	CFO

Audit Opinion

We have issued the following audit opinion regarding the consolidated financial statements and the group management report, which was combined with the company's management report:

We have audited the consolidated financial statements prepared by Vita 34 AG, Leipzig, comprising the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in group equity, the consolidated statement of cash flows and the notes to the consolidated financial statements, together with the group management report, which was combined with the company's management report, for the fiscal year from January 1, to December 31, 2016. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted in the EU, and the additional requirements of German commercial law pursuant to Sec. 315a HGB ["Handelsgesetzbuch": German Commercial Code] is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements.

The group management report meets the legal requirements, provides a suitable view of the Group's position as a whole and suitably presents the opportunities and risks of future development.

Leipzig, March 27, 2017

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft

Mandler	Zätzsch-Loos
Wirtschaftsprüfer	Wirtschaftsprüfer

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Production

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

Publication

This Annual Report was published in German and English on March 30, 2017 and is available for download on our internet site.

Vita 34 on the Internet: www.vita34group.com

THE STEM CELL BANK

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