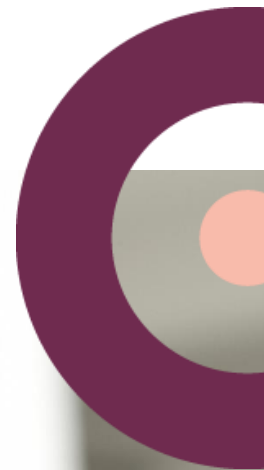


# COMBINING EUROPE'S LEADING STEM CELL BANKS

31 MAY 2021

VITA34



# Strategic rationale of the combination with PBKM

- On 31 May 2021, Vita 34 AG signed a business combination agreement (“BCA”) with Polski Bank Komórek Macierzystych S.A.
- The proposed transaction will combine two leading European cord blood banks with unique and complementing strengths and offers the opportunity to realize significant synergies.
- The European cord blood banking market is characterized by existing fragmentation and ongoing consolidation. Top 4 players are FamiCord, Vita 34, Future Health Technologies Limited and Cord Blood Center, with FamiCord and Vita 34 having a combined market share of more than 30%.
- The combined group will have the most samples in the European market, pro forma revenues of approx. EUR 67 million and a pro-forma EBITDA of approx. EUR 10.1 million (based on FY2020 figures).
- The combined group aims to increase awareness for therapies based on cord blood, thus increasing both the size of the blood market and number of services to be offered. The combined group will broaden its offering by developing new cell therapies, while also rolling out its services in new countries where comparable offerings are not available yet. In addition, the group plans to extend its business into new adjacent sectors (vector production and CDMO, amongst others).



Taking into account various KPIs such as number of samples, revenues and geographical footprint, the new group will be Europe’s largest blood bank and market leader.

## Proposed transaction (I)

- Under the BCA, Vita 34 agreed to offer to the shareholders of PBKM to exchange all shares of PBKM for new shares in Vita 34 by way of a contribution in kind (the "Proposed Transaction").
- The shareholders of PBKM will be offered 1.3 new Vita 34 shares in exchange for 1 share of PBKM.
- The Proposed Transaction shall be carried out via the execution of contribution agreements between Vita 34 and certain PBKM shareholders (the "Directly Contributing Shareholders") as well as a voluntary public exchange offer by Vita 34 addressed to all other PBKM shareholders ("Exchange Offer").
- The Management Board and the Supervisory Board of PBKM intend to support the Proposed Transaction and recommend to the PBKM shareholders to accept the Exchange Offer.
- The Directly Contributing Shareholders, which include in particular PBKM's majority shareholder, AOC Health GmbH, as well as Jakub Baran, CEO of PBKM, and Tomasz Baran, deputy CEO of PBKM, entered into binding agreements with Vita 34 pursuant to which the Directly Contributing Shareholders committed to contribute to Vita 34 an aggregate of 6,373,170 PBKM shares (equivalent to about 69.24% of PBKM's current share capital).

## Proposed transaction (II)

- The new Vita 34 shares to be issued under the Proposed Transaction shall be created by way of a capital increase in kind still to be resolved and excluding Vita 34 shareholders' subscription rights.
- For the purpose of resolving the capital increase, Vita 34 will convene an extraordinary general meeting for 13 July 2021, with the ordinary annual general meeting originally scheduled for 30 June 2021 to be postponed and likely to take place in the fourth quarter of 2021. At the extraordinary general meeting, Vita 34's share capital shall be increased by up to EUR 12,280,560.00 against contribution in kind by issuing up to 12,280,560 new shares.
- The consummation of the exchange offer is presumably subject to certain conditions, including a minimum acceptance level of 95% of the outstanding PBKM Shares, as well as the absence of material adverse changes and material adverse compliance violations occurring at PBKM.
- The Management Board of Vita 34 is currently planning to formally commence the Exchange Offer in September 2021 and complete the Proposed Transaction by the end of October 2021.

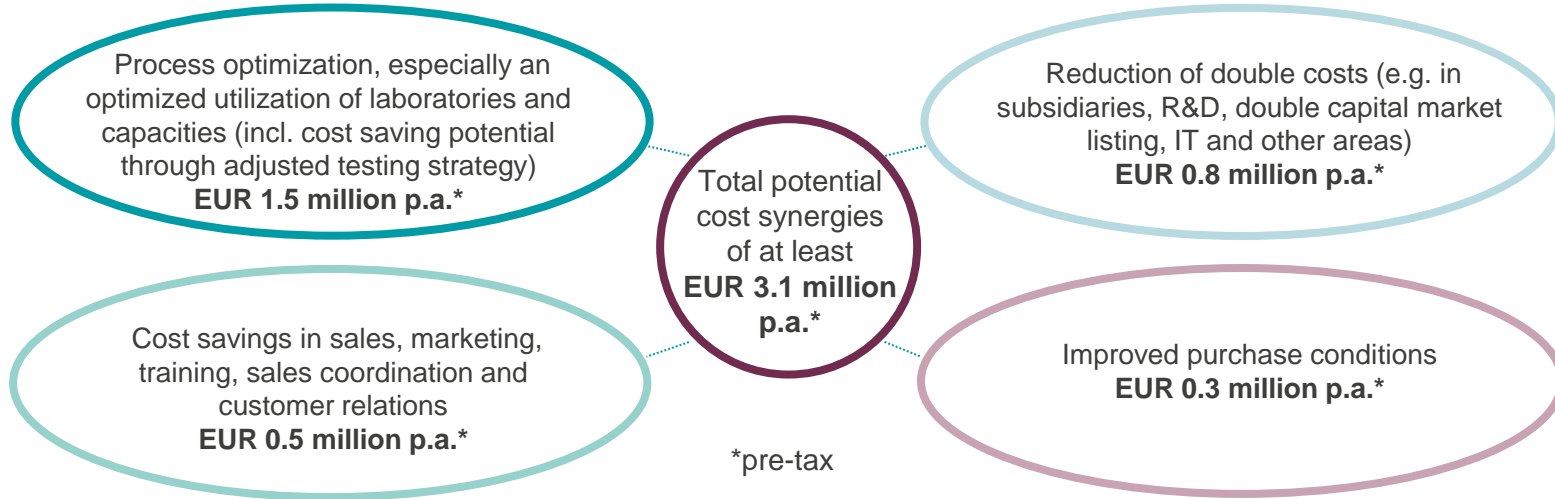
# Synergies (I)



- Vita 34 is active in Germany and 19 other countries, FamiCord is active in 27 countries, with Vita 34 operating two laboratories in Germany and PBKM operating laboratories in 12 countries. These capabilities are enhanced by a partner network that spans almost the whole of Europe. The main business of the two companies lies in different geographical markets, thus their footprints perfectly complement each other.
- The significant increase of combined group's customer base will be beneficial for entering into fast growing and attractive new business fields. Additionally, R&D expenditures e.g. for new cell therapies such as CAR-T, Viral Vector production and the CDMO business, will only have to be made once and the group will have an increased investment capacity due to its size. Also, the group's scale will enable it to speed up its efforts in offering yearly payment models (vs. one-off advance payments) which leads to a higher portion of recurring and plannable revenue as well as lowering the barriers for the customers to purchase the product.
- The significant increase in market capitalization of Vita 34, the listed parent company of the combined group, through the combination is expected to increase the visibility of the company's share and to have a positive impact on the share's liquidity, thus increasing the attractiveness of its capital market profile especially for institutional investors and opening up the possibility of achieving improved financing conditions.

## Synergies (II)

- Preliminary assessment shows potential post-combination **cost synergies** in the amount of at least EUR 3.1 million pre-tax per year (equivalent to ca. 1/3 of pro-forma EBITDA of the combined group based on FY2020 figures)



- To achieve these synergies, only moderate costs are expected to be incurred (excluding one-off costs that can incur in the course of closing laboratories). The one-off costs to achieve the annual synergies are expected to be less than EUR 1.0 million. The anticipated time frame for realizing the synergies is estimated at two to three years.
- Preliminary assessment shows post-combination potential **revenue synergies** through a combined market approach and planned broadening of the company's offering are expected to significantly exceed the amount of cost synergies.

# Elaborations on the exchange ratio

- The Vita 34 Management Board together with its advisors evaluated several options for the business combination of the two companies in depth, and came to the conclusion that an exchange of all shares of PBKM for shares in Vita 34 by way of a contribution in kind is the best option both from a financial and strategic view for Vita 34. It is also beneficial for the shareholders as they can stay in the combined group and will fully participate in the synergies.
- The Management Board of Vita 34 has conducted a financial, legal and tax due diligence of FamiCord Group together with external consultants. ValueTrust Financial Advisors SE, Munich, ("ValueTrust") was engaged by Vita 34 as independent expert to establish the equity value of both Vita 34 and PBKM and, on this basis, to determine the exchange ratio.
- The value exercise was conducted following the German IDW S 1 valuation standard and case-law taking into account a fundamental (cashflow-oriented) DCF valuation as well as the respective share prices ("higher-of") and plausibility checks via market-price-oriented valuation (multiples).
- Valuation of both companies on a "stand alone" basis excluding any synergies. The business plans of both companies (until 2025) were compared on a EUR-basis with currency-adequate cost of capital.
- Plausibility checks and convergence towards terminal value on the basis of publicly available (market) information, data provided as well as Q&A-sessions and discussions with the Management Boards/representatives of both companies.
- Alignment of significant parameters in both business models where applicable (e.g. assumptions regarding the probability of future revenue still subject to R&D or contract renewal rates).

# Underlying valuation of PBKM and Vita 34

- On the basis of a DCF analysis following IDW S 1, ValueTrust determined the following (stand alone) equity values for Vita 34 and PBKM as well as the corresponding value per share as of the valuation date 13 July 2021:

Overview relative values and exchange ratio (valuation date 13 July 2021)							
	Value of equity (EUR million)		Amount of shares (in 1,000)		Value per share (in EUR)		Exchange Ratio
	Vita 34	PBKM	Vita 34	PBKM	Vita 34	PBKM	
<b>DCF valuation</b>	72	212	4,146	9,447	17.29	22.48	<b>1.30 : 1</b>

- On the basis of a fair (stand alone) value of EUR 17.29 per Vita 34 share as well as EUR 22.48 (PLN 102.60) per PBKM share, the exchange ratio of 1.30 Vita 34 shares for each PBKM share was derived. The value per share determined by ValueTrust is 9.2% and 27.2% above the weighted three-month average share price as at May 31, 2021, for Vita 34 and PBKM, respectively.
- The Management Board of Vita 34 scrutinized the findings of the valuation report in depth and fully adopted them. Thus, the Management Board of Vita 34 decided to offer PBKM shareholders an exchange ratio of 1.30 newly created Vita 34 shares for 1 PBKM share.
- As the value of the contribution in kind is equivalent to the value of the newly issued Vita 34 shares, the Management Board is of the opinion that there is no unfair dilution of shareholdings.
- Shareholders of Vita 34 remain invested in the company and can participate in the synergies and potential value creation resulting from the combination of Vita 34 und PBKM.



## Further information and expected timetable

- Further information is available in the comprehensive EGM invite as well as in the ad-hoc announcement and corporate news on the BCA published on 31 May 2021.
- For any further questions, please contact our IR department.
- Preliminary timetable:

<b>BCA announcement, EGM invite</b>	<b>31 May 2021</b>
<b>Vita 34 EGM</b>	<b>13 July 2021</b>
<b>Start of exchange offer</b>	<b>September 2021</b> *
<b>Conclusion of exchange offer</b>	<b>October 2021</b> *

\*assuming EGM approval of business combination

# Q1 2021 HIGHLIGHTS

## POSITIVE START OF THE YEAR

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- ✓ **Vita 34 benefits from a noticeable recovery in demand in its core markets**

Revenues Q1 2021:	EUR 5.4 million	(+ 16.1 percent)
EBITDA Q1 2021:	EUR 1.0 million	(- 6.8 percent)
Adjusted EBITDA Q1 2021*:	EUR 1.7 million	(+ 52.5 percent)
Operating Cash Flow Q1 2021:	EUR 1.0 million	(+51.6 percent)
- ✓ **Growth still driven by core markets** of DACH region, contribution from Southern Europe stable compared to Q4 2020
- ✓ **Investments in marketing & sales** expanded at the end of 2020 **positively affected growth**
- ✓ **Further supportive effects from hospital business** due to catch-up effects from postponed operations
- ✓ Significant rise in Q1 earnings **not representative for the year as a whole**
- ✓ **Guidance 2021 unchanged** on Vita 34 standalone basis

Revenues 2021	EUR 20.3 – 22.3 million
EBITDA 2021	EUR 5.5 – 6.1 million**

\*Since the publication of the annual report 2020, Vita 34 is reporting an adjusted EBITDA to account for costs associated to the examination and implementation of the planned business combination with PBKM. A definition of the figure can be found in the quarterly statement for Q1 2021 on page 1.

\*\*Excluding the costs associated with the transaction