



# **INTERIM REPORT JANUARY-JUNE 2020**

**Vitrolife AB (publ)**

Vitrolife is an international medical device Group. Vitrolife develops, produces and markets products for assisted reproduction.

Vitrolife has approximately 400 employees and the company's products are sold in approximately 110 markets. The company is headquartered in Gothenburg, Sweden, and there are also offices in Australia, Belgium, China, Denmark, France, Germany, Italy, Japan, United Kingdom and USA. The Vitrolife share is listed on NASDAQ Stockholm.

**Vitrolife** 

# Extensive impact of covid-19

## Second quarter

- Sales amounted to SEK 209 (381) million, corresponding to a decrease of 45 percent in SEK. Sales decreased by 45 percent in local currency. Sales were negatively impacted by a decrease in demand due to covid-19. Demand was significantly higher at the end of the quarter compared to the beginning of the quarter.
- Operating income before depreciation and amortisation (EBITDA) amounted to SEK 40 (146)

million, corresponding to a margin of 19 (38) percent. Fluctuations in exchange rates negatively impacted EBITDA by SEK 4 million.

- Net income amounted to SEK 12 (95) million, which gave earnings per share of SEK 0.11 (0.87).
- At the Annual General Meeting, a resolution was adopted that no dividend would be paid for the financial year 2019, in accordance with the Board's proposal.

## First half year

- Sales amounted to SEK 543 (693) million, corresponding to a decrease of 22 percent in SEK. Sales increased by 22 percent in local currency.
- Operating income before depreciation and amortisation (EBITDA) amounted to SEK 156 (273)

million, corresponding to a margin of 29 (39) percent. Fluctuations in exchange rates positively impacted EBITDA by SEK 6 million.

- Net income amounted to SEK 92 (181) million, which gave earnings per share of SEK 0.84 (1.66).

## The Group's Key Figures

SEK millions	April – June 2020	2019	January-June 2020	2019	Whole year 2019
Net sales	209	381	543	693	1 480
Net sales growth, local currency, %	-45	29	-22	20	22
Gross margin, %	53	64	58	64	63
Adjusted gross margin*, %	57	67	61	67	66
Operating income before depreciation and amortisation (EBITDA)	40	146	156	273	587
EBITDA margin, %	19	38	29	39	40
Net income	12	95	92	181	384
Net debt / Rolling 12 month EBITDA	-1.6	-0.8	-1.6	-0.8	-1.2
Earnings per share, SEK	0.11	0.87	0.84	1.66	3.53
Share price on closing day, SEK	208.40	181.00	208.40	181.00	197.50
Market cap at closing day	22 622	19 648	22 622	19 648	21 439
<i>Changes in net sales</i>					
Organic growth in local currency, %	-45	18	-22	11	12
Acquired growth, %	-	11	-	9	10
Currency effects, %	0	5	0	7	6
Total growth, %	-45	34	-22	27	29

\* Gross margin excluding amortisation of acquisition-related intangible assets.

For definitions, see page 17.

### Vitrolife's financial objectives

Vitrolife's Board considers that Vitrolife should have a strong capital base in order to enable continued high growth, both organically and through acquisitions. The company's net debt in relation to EBITDA should normally not exceed 3 times. Vitrolife's Board targets a profitable growth. The objective for Vitrolife's growth over a three year period is an increase in sales by an average of 20 percent per year, with an operating margin before depreciation and amortisation (EBITDA) of 30 percent.

## CEO's comments

Sales during the quarter amounted to SEK 209 million, corresponding to a decrease of 45 percent. During the second quarter covid-19 had an extensive negative impact on sales as a result of reduced demand. During

the first weeks of April sales amounted to approximately one third of the corresponding period the previous year and towards the end of the quarter sales amounted to approximately two thirds of the corresponding period the previous year. Even though it is likely that sales towards the end of the quarter were positively impacted by some building up of inventories at the clinics in connection with the starting up of the clinics, it is clear that a gradual recovery of demand was observed during the quarter. The recovery is being driven amongst other things by the fact that restrictions in many countries have been eased but is limited by factors such as safety measures at clinics and patient uncertainty. From a geographical perspective markets such as Japan, Australia, China and the Nordic Region have come furthest in the recovery while countries such as India, Brazil, Russia, Turkey and the UK have a long way to go before they reach a normal situation.

The operating income before depreciation and amortisation (EBITDA) amounted to SEK 40 million during the quarter. During the quarter the company adapted the business to meet the changed environment. Production volumes were initially greatly reduced, but towards the end of the quarter they were adjusted up. These swings have meant some scrapping of media products as a result of difficulties in producing the right quantity of products given the lead times in production and products' shelf life. In the sales organisation, trade fairs and physical meetings with customers have been replaced by digital meetings and educational work and I am very pleased with all the activities that we have been able to carry out to support our customers and open up the way for future business. In product development, we have continued to work with full force to strengthen our long-term product offering, even though the closing down of clinics has caused some delays regarding clinical studies. In order to temporarily reduce personnel costs the company has made use of State support programmes in several countries during the quarter totalling SEK 5



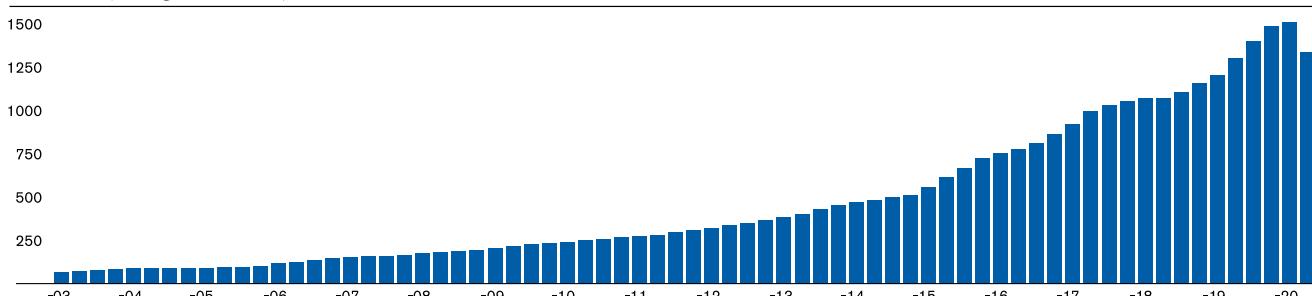
million but as demand increased towards the end of the quarter the company has now terminated the support programmes. The pandemic has also had a significant impact on Vitrolife's customers' business, amongst other things in the form of a deterioration in cash flow. Vitrolife has therefore made provisions in the accounts for expected bad debt losses, which negatively impacted the quarter to the tune of SEK 6 million.

During the quarter the company continued the work of optimising profitability in the longer term as well and made a decision to consolidate the technology division's production and product development to the facility in Denmark. The transfer of the business from Germany to Denmark aims to achieve synergies between the division's business areas and is expected to be completed during next year.

The company estimates, on the basis of current sales levels, the trend during the second quarter and the signals that the company has received from customers, that the second half of the year will also be negatively impacted by reduced demand as a result of covid-19. The company's principal scenario is that the recovery that was observed during the second quarter will continue during the rest of the year and demand is then expected to gradually increase. In the company's assessment, clinics will give priority to a return to normal operations ahead of investments, and thus the recovery of single-use products is expected to be quicker than that of durable goods. The company estimates that the great majority of patients who have now postponed IVF treatment will have this treatment done on a later occasion, which may mean that there will be a pent-up need for IVF treatment after the crisis. Vitrolife's strong financial position leads us to assess the prospects as good that the company will come out of the crisis in a stronger position and will be able to take advantage of the opportunities that may crop up, for example with regard to acquisitions. The company estimates that the long-term market outlook is largely unchanged and Vitrolife therefore anticipates a constantly expanding market, which in monetary terms is expected to grow by 5-10 percent per year in the foreseeable future.

Thomas Axelsson, CEO

Net sales (rolling 12 months), SEK millions



# Second quarter 2020 (April - June)

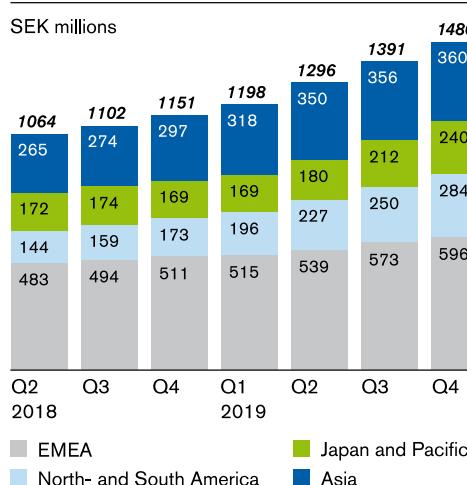
## Net sales

Sales amounted to SEK 209 (381) million, corresponding to a decrease of 45 percent in SEK. Sales decreased by 45 percent in local currency. Sales were negatively impacted by a decrease in demand due to covid-19. Demand was significantly higher at the end of the quarter compared to the beginning of the quarter.

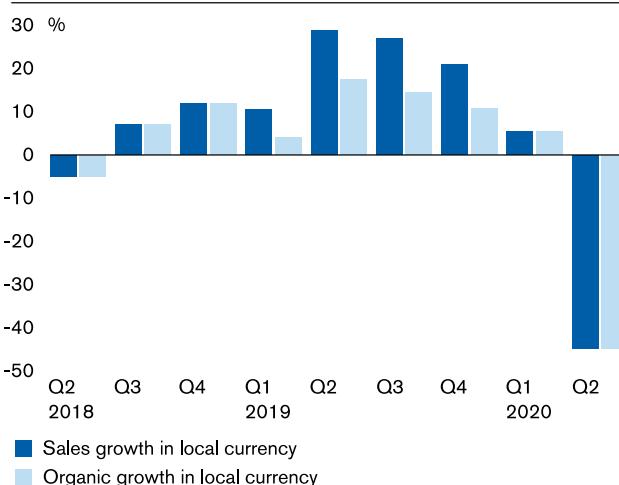
Sales in the EMEA region (Europe, the Middle East and Africa) amounted to SEK 73 (151) million. Sales decreased by 52 percent in local currency. In the North- and South American region, sales amounted to SEK 30 (69) million. Sales decreased by 56 percent in local currency. Sales in the Japan and Pacific region amounted to SEK 47 (52) million. Sales decreased by 10 percent in local currency. Sales in the Asian region decreased by 46 percent in local currency and amounted to SEK 59 (109) million. For all regions, sales were negatively impacted by a decrease in demand due to covid-19.

Sales for the Consumables division decreased by 40 percent in local currency during the quarter and amounted to SEK 131 (219) million. Sales for the Technology division decreased by 50 percent in local currency during the quarter and amounted to SEK 61 (121) million. Sales for the Genomics division decreased by 60 percent in local currency during the quarter and amounted to SEK 13 (33) million. Freight revenues amounted to SEK 4 (7) million. For all divisions, sales were negatively impacted by a decrease in demand due to covid-19.

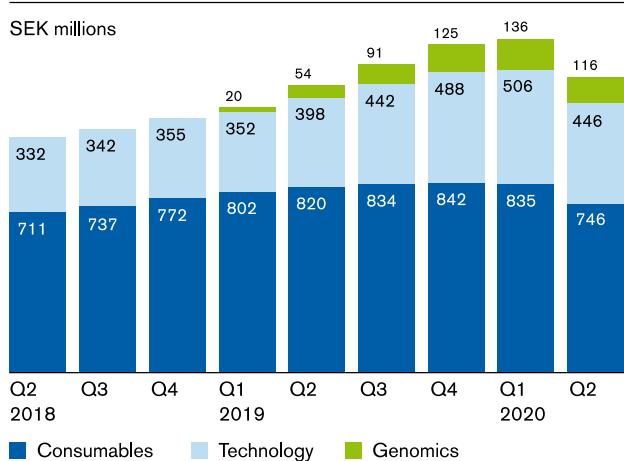
**Fig 1. Net sales per market region (rolling 12 months)**



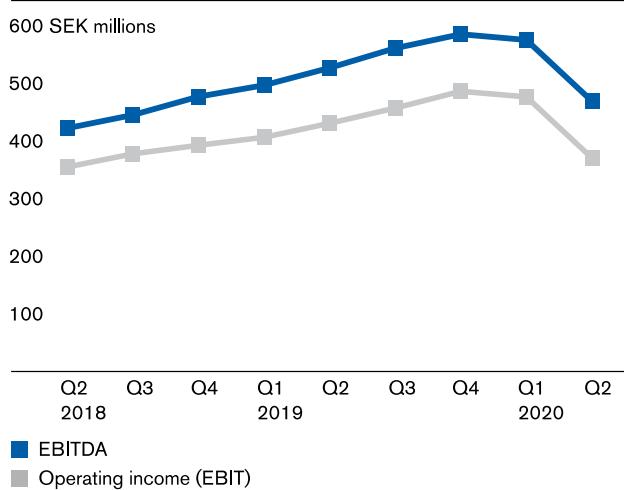
**Fig 2. Sales development (per quarter)**



**Fig 3. Net sales per division (rolling 12 months)**



**Fig 4. Income (rolling 12 months)**



## Income

Operating income before depreciation and amortisation (EBITDA) amounted to SEK 40 (146) million, corresponding to a margin of 19 percent (38). Fluctuations in currency had a negative impact of SEK 4 million on EBITDA. Gross income amounted to SEK 111 (245) million.

million. The gross margin amounted to 53 (64) percent and was impacted by obsolescence costs to the tune of SEK 7 million and negative economies of scale as a result of reduced sales. The gross margin adjusted for amortisation of acquisition-related intangible assets amounted to 57 (67) percent during the quarter.

Selling expenses amounted to SEK 49 (66) million, corresponding to 23 (17) percent of sales. Selling expenses included provision for expected bad debt losses to the tune of SEK 6 million and decreased in absolute terms as a result of reduced activity expenses and variable remuneration. Administrative expenses amounted to SEK 25 (31) million, corresponding to 12 (8) percent of sales. Administrative expenses decreased in absolute terms amongst others as a result of reduced variable remuneration. R&D costs amounted to SEK 22 (25) million, corresponding to 11 (6) percent of sales. R&D costs decreased in absolute terms as a result of reduced activity expenses and variable remuneration. Net financial items amounted to SEK -5 (-1) million and primarily consisted of negative currency effects and a positive revaluation of shares in Biolamina to the tune of SEK 9 million. Income before tax amounted to SEK 11 (122) million. Net income amounted to SEK 12 (95) million. Other comprehensive income amounted to SEK -51 million and consisted of translation effects related to net assets in foreign subsidiaries and acquisition-related intangible assets in foreign currency.

### **Income per segment**

The organisation consists of three divisions, whose products are sold by four geographic market organisations. Vitrolife recognises the market contribution from each geographic segment. This is defined as gross income minus selling expenses per market. For more information, see note 5. During the quarter the market contribution for the EMEA region amounted to SEK 18 (66) million. The contribution from the North and South American region amounted to SEK 3 (27) million. The contribution from the Japan and Pacific region amounted to SEK 17 (26) million. The market contribution from the Asian region amounted to SEK 25 (59) million. All regions were negatively impacted by a decrease in demand due to covid-19.

### **Cash flow**

The cash flow from operating activities amounted to SEK 69 (107) million. Change in working capital amounted to SEK 46 (-24) million and consisted, amongst other things, of decreased accounts receivables as a result of decreased sales. The accounts receivables were negatively impacted by longer average payment times as a result of customers impact of covid-19. Gross capital expenditure for tangible non-current assets amounted to SEK -4 (-4) million and mainly consisted of equipment. Gross capital expenditure

for intangible non-current assets amounted to SEK -3 (-59) million and consisted amongst others of capitalized development costs. The cash flow from financing activities was SEK -5 (-96) million and consisted of amortisations of lease contracts in accordance with IFRS 16. Cash and cash equivalents at the end of the period amounted to SEK 754 (447) million. The company intends to invest its cash in value-creating acquisitions.

### **Financing**

Vitrolife's total credit facilities amounted to SEK - (-) million. The equity/assets ratio was 86 (82). Net debt in relation to income for a rolling 12 months before depreciation and amortisation (EBITDA) amounted to -1.6 (-0.8) times.

### **Parent Company**

Business activities focus on Group-wide management. Income included invoicing of management fee and other costs of SEK 4 (3) million. Income after financial items for the quarter amounted to SEK 6 (0) million and primarily consisted of negative currency effects and a positive revaluation of shares in Biolamina to the tune of SEK 9 million. Cash and cash equivalents amounted to SEK 276 (133) million.

## **The period 2020 (January - June)**

### **Net sales**

Sales amounted to SEK 543 (693) million, corresponding to a decrease of 22 percent in SEK. Sales decreased by 22 percent in local currency.

Sales in the EMEA region (Europe, the Middle East and Africa) amounted to SEK 228 (282) million. Sales decreased by 19 percent in local currency. In the North- and South American region, sales amounted to SEK 95 (127) million. Sales decreased by 27 percent in local currency. Sales in the Japan and Pacific region amounted to SEK 101 (99) million. Sales increased by 2 percent in local currency. Sales in the Asian region decreased by 36 percent in local currency and amounted to SEK 119 (185) million. All regions were negatively impacted by reduced demand as a result of covid-19.

Sales for the Consumables division decreased by 23 percent in local currency and amounted to SEK 324 (419) million. Sales for the Technology division decreased by 21 percent in local currency and amounted to SEK 164 (206) million. Sales for the Genomics division decreased by 17 percent in local currency and amounted to SEK 45 (54) million. Freight revenues amounted to SEK 10 (14) million. All divisions were negatively impacted by reduced demand as a result of covid-19.

## Income

Operating income before depreciation and amortisation (EBITDA) amounted to SEK 156 (273) million, corresponding to a margin of 29 percent (39). Fluctuations in currency had a positive impact of SEK 6 million on EBITDA. Gross income amounted to SEK 317 (443) million. The gross margin amounted to 58 (64) percent and was impacted by obsolescence costs to the tune of SEK 15 million and negative economies of scale as a result of reduced sales. The gross margin adjusted for amortisation of acquisition-related intangible assets amounted to 61 (67) percent.

Selling expenses amounted to SEK 108 (113) million, corresponding to 20 (16) percent of sales. Selling expenses included provision for expected bad debt losses to the tune of SEK 9 million and decreased in absolute terms as a result of reduced activity expenses and variable remuneration. Administrative expenses amounted to SEK 56 (60) million, corresponding to 10 (9) percent of sales. Administrative expenses decreased in absolute terms amongst others as a result of reduced variable remuneration. R&D costs amounted to SEK 48 (45) million, corresponding to 9 (7) percent of sales. Net financial items amounted to SEK 5 (6) million and primarily consisted of negative currency effects and a positive revaluation of shares in Biolamina to the tune of SEK 9 million. Income before tax amounted to SEK 116 (233) million. Net income amounted to SEK 92 (181) million. Other comprehensive income amounted to SEK -2 million and consisted of translation effects related to net assets in foreign subsidiaries and acquisition-related intangible assets in foreign currency.

## Income per segment

During the period the market contribution for the EMEA region amounted to SEK 87 (130) million. The contribution from the North and South American region amounted to SEK 23 (51) million. The contribution from the Japan and Pacific region amounted to SEK 43 (51) million. The market contribution from the Asian region amounted to SEK 55 (98) million. All regions were negatively impacted by a decrease in demand due to covid-19.

## Cash flow

The cash flow from operating activities amounted to SEK 89 (141) million. Change in working capital amounted to SEK -12 (-74) million and consisted, amongst other things, of increased inventory and decreased accounts receivables as a result of decreased sales. Gross capital expenditure for tangible non-current assets amounted to SEK -7 (-9) million and mainly consisted of equipment. Gross capital expenditure for intangible non-current assets amounted to SEK -6 (-60) million and consisted amongst others of capitalized development costs. The cash flow from

financing activities was SEK -9 (-99) million and consisted of amortisations of lease contracts in accordance with IFRS 16. Cash and cash equivalents at the end of the period amounted to SEK 754 (447) million. The company intends to invest its cash in value-creating acquisitions.

## Prospects

The company estimates, on the basis of current sales levels, the trend during the second quarter and the signals that the company has received from customers, that the second half of the year will also be negatively impacted by reduced demand as a result of covid-19. The company's principal scenario is that the recovery that was observed during the second quarter will continue during the rest of the year and demand is then expected to gradually increase. In the company's assessment, clinics will give priority to a return to normal operations ahead of investments, and thus the recovery of single-use products is expected to be quicker than that of durable goods. The company estimates that the great majority of patients who have now postponed IVF treatment will have this treatment done on a later occasion, which may mean that there will be a pent-up need for IVF treatment after the crisis.

The company estimates that the long-term market outlook is largely unchanged and Vitrolife therefore anticipates a constantly expanding market, which in monetary terms is expected to grow by 5-10 percent per year in the foreseeable future. Looking ahead, the company will continue to focus on expanding sales and broadening the product offering.

## The company in brief

### Business concept

Vitrolife's business concept is to develop, produce and market advanced, effective and safe products and systems for assisted reproduction.

### Goal

Vitrolife's goal is to be the leading provider of solutions that reduce the time to achieve a healthy baby and improve workflow efficiency and control for IVF clinics.

### Strategies

- Sustainable, skilled and scalable global organisation focusing on sustainable processes and common culture.
- Strong sales and support channels that can offer customised solutions.
- Competitive and complete product portfolio with leading support and service offering.
- Innovative research and development and efficient manu-

facturing and processes.

- Take advantage of external growth opportunities such as strategic collaborations and acquisitions.

## Other information

### Organisation and personnel

During the period the average number of employees was 405 (388), of whom 203 (196) were women and 202 (192) were men. Of these, 154 (151) people were employed in Sweden, 86 (85) in the US, 84 (79) in Denmark and 81 (73) in the rest of the world. The number of people employed in the Group at the end of the period was 418 (415).

### Information on transactions with related parties

No transactions that have substantially affected the company's results and financial position have been carried out with related parties during the period. For information on related parties, see the Annual Report for 2019, note 31.

### Dividend

At the Annual General Meeting held on 15 June a resolution was adopted that no dividend would be paid for the financial year 2019, in accordance with the Board's proposal.

### Risk management

Vitrolife works constantly and systematically to identify, evaluate and manage overall risks and different systems and processes. Risk analyses are performed continually with regard to the company's normal business activities and also in connection with activities that are outside Vitrolife's regular quality system. In this way the company can have a high rate of development and at the same time be aware of both the opportunities and risks.

The most important strategic and operative risks regarding Vitrolife's business and field are described in detail in the Management report, in the Annual Report for 2019. These are primarily constituted by macro-economic risks, operational risks and financial risks. The company's management of risks is also described in the Corporate Governance Report in the same Annual Report. The same applies to the Group's management of financial risks, which are described in the Annual Report for 2019, note 3. The reported risks, as they are described in the 2019 Annual Report, are assessed to be essentially unchanged.

### Seasonal effects

Vitrolife's sales are affected relatively marginally by seasonal effects. There is often a downturn in orders before and during holiday periods. The reason that orders tail off before holiday periods is that fertility clinics minimize their stock, primarily of fertility media, as these have a relatively short

shelf life, so as not to risk scrapping. The third quarter has the greatest negative effect from holiday periods, as July and August are affected by holiday periods, primarily in Europe. During the first quarter sales in China are affected negatively by the Chinese New Year in January or February. During the fourth quarter sales in December are negatively affected by the Christmas and New Year holidays. All in all, total sales are usually relatively even between the first and second half of the year.

### Events after the end of the period

No events have occurred after the end of the period that significantly affect the assessment of the financial information in this report.

### Certification

The Board and the CEO certify that the half-year report gives a true and fair view to the company's and the Group's business activities, financial position and results, and describes the essential risks and uncertainty factors that the company and the companies which are part of the Group face.

July 13, 2020  
Gothenburg, Sweden

Thomas Axelsson  
CEO

Henrik Blomquist  
Board member

Lars Holmqvist  
Board member

Karen Lykke Sørensen  
Board member

Pia Marions  
Board member

Jón Sigurdsson  
Board member

## **Financial reports**

Vitrolife's interim reports are published on the company's website, [www.vitrolife.com](http://www.vitrolife.com), and are sent to shareholders who have registered that they would like to have this information.

## **Financial calendar**

2020-11-06: Interim report January - September 2020  
2021-02-10: Report on operations 2020  
2021-04-22: Interim report January - March 2021  
2021-04-28: Annual General Meeting 2021  
2021-07-15: Interim report January - June 2021  
2021-10-29: Interim report January - September 2021  
2022-02-03: Report on operations 2021

**This report has not been reviewed by the company's auditor.**

## **Queries should be addressed to**

Thomas Axelsson, CEO, phone +46 31 721 80 01  
Mikael Engblom, CFO, phone +46 31 721 80 14

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This information is information that Vitrolife AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 8.00 am CET on July 13, 2020.

This is a translation of the Swedish version of the interim report. When in doubt, the Swedish wording prevails.

# Consolidated income statements

SEK thousands	Note	January – June 2020	January – June 2019	April – June 2020	April – June 2019	Whole year 2019
Net sales	4,5	543 036	692 655	209 166	380 731	1 480 132
Cost of goods sold		-226 222	-249 840	-97 973	-135 823	-541 480
<b>Gross income</b>		<b>316 815</b>	<b>442 815</b>	<b>111 194</b>	<b>244 908</b>	<b>938 652</b>
<i>Comprising</i>						
Adjusted gross income		331 161	463 809	118 953	255 501	980 936
Amortisation of acquisition-related intangible assets		-14 346	-20 994	-7 760	-10 593	-42 284
<b>Gross income</b>		<b>316 815</b>	<b>442 815</b>	<b>111 194</b>	<b>244 908</b>	<b>938 652</b>
Selling expenses		-108 016	-113 379	-48 751	-66 130	-231 582
Administrative expenses		-56 205	-59 906	-24 735	-30 732	-119 382
Research and development costs		-47 913	-45 147	-22 261	-24 576	-99 515
Other operating revenues		5 725	11 610	5 513	3 868	307
Other operating expenses		-193	-9 525	-4 550	-4 402	-534
<b>Operating income</b>		<b>110 213</b>	<b>226 468</b>	<b>16 410</b>	<b>122 936</b>	<b>487 946</b>
<i>Comprising</i>						
Adjusted operating income		124 560	247 462	24 170	133 529	530 230
Amortisation of acquisition-related intangible assets		-14 346	-20 994	-7 760	-10 593	-42 284
<b>Operating income</b>		<b>110 213</b>	<b>226 468</b>	<b>16 410</b>	<b>122 936</b>	<b>487 946</b>
Financial income and expenses		5 310	6 214	-4 961	-739	4 748
<b>Income after financial items</b>		<b>115 523</b>	<b>232 682</b>	<b>11 449</b>	<b>122 197</b>	<b>492 694</b>
Income taxes		-23 786	-52 091	180	-27 241	-108 855
<b>Net Income</b>		<b>91 738</b>	<b>180 591</b>	<b>11 629</b>	<b>94 955</b>	<b>383 839</b>
<i>Attributable to</i>						
Parent Company's shareholders		91 461	179 953	11 625	94 635	382 785
Non-controlling interests		277	638	5	320	1 054
Earnings per share*, SEK		0,84	1,66	0,11	0,87	3,53
Average number of outstanding shares		108 550 575	108 550 575	108 550 575	108 550 575	108 550 575
Number of shares at closing day		108 550 575	108 550 575	108 550 575	108 550 575	108 550 575

\* Before and after dilution.

Depreciation, amortisation and write-downs were charged against income for the period by SEK 45,727 thousand (46,082), of which SEK 23,470 thousand (23,496) for the second quarter.

# Statements of comprehensive income

SEK thousands	January – June 2020	January – June 2019	April – June 2020	April – June 2019	Whole year 2019
<b>Net income</b>	<b>91 738</b>	<b>180 591</b>	<b>11 629</b>	<b>94 955</b>	<b>383 839</b>
<i>Other comprehensive income</i>					
<i>Items that may be reclassified to the income statement</i>					
Exchange rate differences	-1 819	19 609	-50 695	4 225	10 643
<b>Total other comprehensive income</b>	<b>-1 819</b>	<b>19 609</b>	<b>-50 695</b>	<b>4 225</b>	<b>10 643</b>
<b>Total comprehensive income</b>	<b>89 919</b>	<b>200 200</b>	<b>-39 066</b>	<b>99 180</b>	<b>394 482</b>
<i>Attributable to</i>					
Parent Company's shareholders	89 630	199 463	-38 847	98 808	393 377
Non-controlling interests	289	737	-219	372	1 105

## Key ratios, total Group

	January – June 2020	2019	April – June 2020	2019	Whole year 2019
Gross margin, %	58.3	63.9	53.2	64.3	63.4
Adjusted gross margin, %	61.0	67.0	56.9	67.1	66.3
Operating margin before depreciation and amortisation (EBITDA), %	28.7	39.3	19.1	38.5	39.7
Operating margin (EBIT), %	20.3	32.7	7.8	32.3	33.0
Net margin, %	16.9	26.1	5.6	24.9	25.9
Equity/assets ratio, %	85.7	82.1	85.7	82.1	84.1
Shareholders' equity per share, SEK	17.35	14.74	17.35	14.74	16.53
Return on equity, %	16.1	22.3	16.1	22.3	22.8
Cash flow from operating activities per share, SEK	0.82	1.30	0.63	0.98	3.81
Net debt*, SEK millions	-753.8	-446.5	-753.8	-446.5	-689.5

\* Negative amount implies net claim.

## Consolidated income statements per quarter

SEK thousands	Apr-Jun 2020	Jan-Mar 2020	Oct-Dec 2019	Jul-Sep 2019	Apr-Jun 2019	Jan-Mar 2019	Oct-Dec 2018	Jul-Sep 2018
Net sales	209 166	333 870	409 486	377 991	380 731	311 924	320 113	284 010
Cost of goods sold	-97 973	-128 249	-156 998	-134 642	-135 823	-114 017	-105 690	-96 153
<b>Gross income</b>	<b>111 194</b>	<b>205 621</b>	<b>252 488</b>	<b>243 349</b>	<b>244 908</b>	<b>197 907</b>	<b>214 423</b>	<b>187 857</b>
Selling expenses	-48 751	-59 265	-62 106	-56 097	-66 130	-47 249	-51 460	-44 289
Administrative expenses	-24 735	-31 470	-25 611	-33 865	-30 732	-29 174	-27 069	-21 654
Research and development costs	-22 261	-25 652	-30 826	-23 543	-24 576	-20 571	-35 812	-15 341
Other operating revenues and expenses	963	4 569	-2 945	634	-534	2 620	1 651	-2 534
<b>Operating income</b>	<b>16 410</b>	<b>93 803</b>	<b>131 000</b>	<b>130 478</b>	<b>122 936</b>	<b>103 533</b>	<b>101 733</b>	<b>104 039</b>
Financial income and expenses	-4 961	10 271	-7 878	6 412	-739	6 953	5 763	-7 808
<b>Income after financial items</b>	<b>11 449</b>	<b>104 074</b>	<b>123 122</b>	<b>136 890</b>	<b>122 197</b>	<b>110 485</b>	<b>107 496</b>	<b>96 231</b>
Income taxes	180	-23 966	-26 673	-30 091	-27 241	-24 850	-23 347	-21 083
<b>Net income</b>	<b>11 629</b>	<b>80 108</b>	<b>96 449</b>	<b>106 799</b>	<b>94 955</b>	<b>85 635</b>	<b>84 149</b>	<b>75 148</b>
<b>Attributable to</b>								
Parent Company's shareholders	11 625	79 836	96 127	106 705	94 635	85 318	83 997	75 067
Non-controlling interests	5	272	322	94	320	317	152	81
Depreciation, amortisation and write-downs	-23 470	-22 257	-28 543	-24 762	-23 496	-22 586	-33 434	-16 947

## Key ratios per quarter, total Group

	Apr-Jun 2020	Jan-Mar 2020	Oct-Dec 2019	Jul-Sep 2019	Apr-Jun 2019	Jan-Mar 2019	Oct-Dec 2018	Jul-Sep 2018
Shareholders' equity, attributable to the Parent Company's shareholders, SEK millions	1 883.7	1 922.5	1 794.0	1 724.3	1 600.1	1 593.6	1 492.9	1 407.8
Shareholders' equity per share, SEK	17.35	17.71	16.53	15.88	14.74	14.68	13.75	12.97
Return on equity, %	16.1	21.4	22.8	23.1	22.3	22.2	22.2	22.2
Cash flow from operating activities per share, SEK	0.63	0.19	1.08	1.43	0.98	0.32	1.07	0.79

# Consolidated statements of financial position

SEK thousands	Note	Jun 30. 2020	Jun 30. 2019	Dec 31. 2019
<b>ASSETS</b>	<b>2</b>			
Goodwill	5	422 241	430 915	425 842
Other intangible fixed assets	5	329 079	382 119	352 415
Tangible fixed assets	5	164 025	176 168	173 359
Shares and participations		14 662	5 746	5 746
Other financial fixed assets		28 611	25 028	26 928
Deferred tax assets		4 594	14 347	4 173
Inventories		251 367	189 218	208 820
Accounts receivable		188 653	253 668	233 321
Current tax assets		27 388	1 122	1 180
Other current receivables		2 937	5 176	5 678
Prepaid expenses and accrued income		15 832	22 618	11 687
Cash and cash equivalents		753 796	446 548	689 538
<b>Total assets</b>	<b>2 203 185</b>	<b>1 952 673</b>	<b>2 138 687</b>	
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>2</b>			
Shareholders' equity, attributable to the Parent Company's shareholders		1 883 653	1 600 108	1 794 023
Non-controlling interests		3 894	3 237	3 605
Provisions		19 178	14 201	16 619
Deferred tax liabilities		24 952	44 033	27 273
Long-term interest-bearing liabilities		55 891	66 182	61 213
Long-term non-interest-bearing liabilities		33 740	33 142	33 602
Short-term interest-bearing liabilities		15 147	13 131	14 632
Current tax liabilities		5 763	22 284	29 772
Accounts payable		38 850	36 088	29 314
Other short-term non-interest-bearing liabilities		22 114	20 504	18 489
Accrued expenses and deferred income		100 004	99 763	110 145
<b>Total shareholders' equity and liabilities</b>	<b>2 203 185</b>	<b>1 952 673</b>	<b>2 138 687</b>	

# Consolidated changes in shareholders' equity

SEK thousands	Attributable to the Parent Company's shareholders				Non-controlling interests	Total shareholders' equity
	Share capital	Other capital contributed	Reserves	Retained earnings		
<b>Opening balance January 1, 2019</b>	<b>22 144</b>	<b>494 610</b>	<b>50 254</b>	<b>925 906</b>	<b>3 298</b>	<b>1 496 212</b>
Total comprehensive income	—	—	10 592	382 785	1 105	394 482
Dividend (SEK 0.85 per share)	—	—	—	-92 268	—	-92 268
Dividend to non-controlling interests	—	—	—	—	-798	-798
<b>Closing balance December 31, 2019</b>	<b>22 144</b>	<b>494 610</b>	<b>60 846</b>	<b>1 216 423</b>	<b>3 605</b>	<b>1 797 628</b>
<b>Opening balance January 1, 2020</b>	<b>22 144</b>	<b>494 610</b>	<b>60 846</b>	<b>1 216 423</b>	<b>3 605</b>	<b>1 797 628</b>
Total comprehensive income	—	—	-1 831	91 461	289	89 919
<b>Closing balance June 30, 2020</b>	<b>22 144</b>	<b>494 610</b>	<b>59 015</b>	<b>1 307 884</b>	<b>3 894</b>	<b>1 887 547</b>

## Condensed consolidated cash flow statements

SEK thousands	January – June 2020	January – June 2019	April – June 2020	April – June 2019	Whole year 2019
Income after financial items	115 523	232 682	11 449	122 197	492 694
Adjustment for non-cash items	53 443	41 118	38 638	26 345	96 425
Tax paid	-67 847	-59 167	-27 152	-17 919	-114 161
Change in inventories	-42 233	-23 912	-25 802	-10 762	-44 308
Change in trade receivables	27 207	-78 576	52 902	-23 304	-48 533
Change in trade payables	2 803	28 903	18 658	10 275	31 216
<b>Cash flow from operating activities</b>	<b>88 896</b>	<b>141 048</b>	<b>68 693</b>	<b>106 832</b>	<b>413 333</b>
Business combinations	-	-23 828	-	-23 828	-23 828
Net investments in tangible and intangible assets	-13 054	-70 712	-7 236	-61 858	-88 744
<b>Cash flow from investing activities</b>	<b>-13 054</b>	<b>-94 540</b>	<b>-7 236</b>	<b>-85 686</b>	<b>-112 572</b>
Loan repayments	-8 815	-6 901	-4 555	-3 677	-14 622
Dividends paid	-	-92 268	-	-92 268	-92 268
<b>Cash flow from financing activities</b>	<b>-8 815</b>	<b>-99 169</b>	<b>-4 555</b>	<b>-95 945</b>	<b>-106 890</b>
<b>Cash flow for the period</b>	<b>67 027</b>	<b>-52 661</b>	<b>56 902</b>	<b>-74 799</b>	<b>193 872</b>
Opening cash and cash equivalents	689 538	490 810	715 479	522 078	490 810
Exchange-rate difference in cash and cash equivalents	-2 769	8 399	-18 585	-731	4 856
<b>Closing cash and cash equivalents</b>	<b>753 796</b>	<b>446 548</b>	<b>753 796</b>	<b>446 548</b>	<b>689 538</b>

## Income statements for the Parent Company

SEK thousands	January – June 2020	January – June 2019	April – June 2020	April – June 2019	Whole year 2019
Net sales	8 838	7 237	3 686	3 469	22 052
Administrative expenses	-9 985	-10 288	-3 201	-4 599	-22 533
Other operating revenues	-	-	-	-	74
Other operating expenses	-127	-35	-265	-62	-92
<b>Operating income</b>	<b>-1 274</b>	<b>-3 086</b>	<b>220</b>	<b>-1 192</b>	<b>-499</b>
Dividends from Group companies	-	1 856	-	1 856	1 856
Financial income and expenses	8 273	1 627	5 344	-451	5 026
<b>Income after financial items</b>	<b>6 999</b>	<b>397</b>	<b>5 564</b>	<b>213</b>	<b>6 383</b>
Income taxes	643	299	713	342	-2 118
<b>Net income</b>	<b>7 642</b>	<b>696</b>	<b>6 277</b>	<b>555</b>	<b>4 264</b>

Depreciation and amortisation were charged against income for the period by SEK - thousand (-), of which SEK - thousand (-) for the second quarter.

# Balance sheets for the Parent Company

SEK thousands	Jun 30. 2020	Jun 30. 2019	Dec 31. 2019
<b>ASSETS</b>			
Tangible fixed assets	12	12	12
Participations in Group companies	771 346	771 346	771 346
Shares and participations	14 662	5 746	5 746
Other financial fixed assets	6 191	4 581	5 304
Deferred tax assets	1 996	1 312	1 353
Receivables from Group companies	14 846	61 136	15 686
Other current receivables	–	–	–
Prepaid expenses and accrued income	566	152	40
Cash and cash equivalents	276 144	132 600	217 991
<b>Total assets</b>	<b>1 085 762</b>	<b>976 885</b>	<b>1 017 478</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	966 177	954 966	958 535
Provisions	7 756	5 793	6 570
Current tax liabilities	483	235	1 223
Accounts payable	427	81	48
Liabilities to Group companies	106 943	11 403	42 454
Other short-term non-interest-bearing liabilities	843	563	660
Accrued expenses and deferred income	3 133	3 844	7 988
<b>Total shareholders' equity and liabilities</b>	<b>1 085 762</b>	<b>976 885</b>	<b>1 017 478</b>

## Note 1. Accounting Principles

This interim report has been prepared for the Group in accordance with the Annual Accounts Act and IAS 34, Interim Financial Reporting, and for the Parent Company in accordance with the Annual Accounts Act and recommendation RFR 2 of the Swedish Financial Reporting Board, Accounting for Legal Entities.

Unless otherwise stated below, the accounting principles applied to the Group and the Parent Company are consistent with the accounting principles used in the presentation of the most recent Annual Report.

No standards, amendments or interpretations that have come into force in 2020 are expected to have any material impact on the Group.

## Note 2. Financial instruments - Fair value

Fair value has been measured for all financial assets and liabilities pursuant to IFRS 13. Other financial fixed assets, accounts receivable, other current receivables, cash and cash equivalents, accounts payable, other liabilities and interest bearing liabilities are recorded at amortised cost. Financial assets and liabilities measured at amortised cost amount to SEK 971,018 thousand (725,566) and SEK 78,744 thousand (74,451). For the Group's other financial assets and financial liabilities, the reported values are considered to be a good approximation of the fair values. A calculation of fair value based on discounted future cash flows, where a discount rate reflecting the counterparty's credit risk constitutes the most significant input, is not deemed to give any significant difference compared to the reported value.

Classified in level 3 are financial assets, which relate to unlisted shares, and have been valued based on latest material transactions. During the period, valuation of an unlisted share has generated an effect on the income statement of SEK 8,916 thousand (0). This effect is reported among financial items. Classified in level 3 are also liabilities which relate to additional purchase prices, for which fair value have been estimated in cases where the time for effectiveness can be determined with certainty and the effect on Group level is material. Calculation is performed by future expected payments being discounted by current market rates for the duration of the liability. The measurement of fair value for financial liabilities in

level 3 has during the period generated an effect on the income statement of SEK -365 thousand (-297). This effect is reported among financial items.

### Fair value hierarchy

SEK thousands	Fair value levels	Jun 30.2020	Jun 30.2019	Dec 31.2019
<b>Financial assets</b>				
Financial assets to fair value through income statement	3	14 662	5 746	5 746
<b>Total Financial assets</b>		<b>14 662</b>	<b>5 746</b>	<b>5 746</b>
<b>Financial liabilities</b>				
Financial liabilities to fair value through income statement	3	9 307	8 954	8 860
<b>Total Financial liabilities</b>		<b>9 307</b>	<b>8 954</b>	<b>8 860</b>

Level 1: valued at fair value based on quoted prices on an active market for identical assets. Level 2: valued at fair value based on other observable inputs for assets and liabilities than quoted price included in level 1. Level 3: valued at fair value based on inputs for assets and liabilities unobservable to the market.

## Note 3. Pledged assets and contingent liabilities

SEK thousands	Jun 30.2020	Jun 30.2019	Dec 31.2019
<b>Group</b>			
Pledged assets	33 604	29 172	31 529
Contingent liabilities	1 607	1 455	1 488
<b>Parent company</b>			
Pledged assets	9 291	7 681	8 404
Contingent liabilities	5 998	6 295	6 107

Pledged assets pertain to floating charges for own commitments and collateral pledged for endowment insurance plans (cost). Contingent liabilities refer to guarantee to Swedish Customs, the difference between market value and book value for endowment insurance plans and parent company guarantees for subsidiaries.

## Note 4. Revenue

The great majority of Vitrolife's sales are of products that clearly represent separate performance obligations. Sales of products are recorded as revenue when they have been delivered to the customer. Vitrolife also sells

services in the form of the servicing of products, primarily in the Technology division, and also in the form of the recharging of freight. Servicing is largely invoiced in advance and is recorded as revenue during the course of the servicing contract. Servicing revenues not recognised as revenue are reported as deferred income (contractual liabilities) in the balance sheet. In Vitrolife's assessment these services are also clearly separate performance obligations. The table below presents the division of products and services in net sales.

Vitrolife applies the following geographic segments: EMEA, North- and South America, Japan and Pacific and Asia. Previously, the organization was divided into five business units, but in 2019 a new structure was introduced, which now consists of three divisions; Consumables, Technology and Genomics. Business units Media and Disposable Devices have been merged into Consumables, and business units Time-Lapse and ART Equipment into Technology. Those sales that are not categorised into any of these divisions are essentially freight. Revenue per division and segment is presented in the tables below. For more information on the company's segments, see note 5.

#### Net sales per geographic segment

SEK thousands	Jan-Jun 2020	Jan-Jun 2019	Apr-Jun 2020	Apr-Jun 2019	Jan-Dec 2019
<b>EMEA</b>	<b>228</b>	<b>282</b>	<b>73</b>	<b>151</b>	<b>596</b>
<i>of which Sweden</i>	10	10	4	5	19
North- and South America	95	127	30	69	284
Japan and Pacific	101	99	47	52	240
Asia	119	185	59	109	360
<b>Total</b>	<b>543</b>	<b>693</b>	<b>209</b>	<b>381</b>	<b>1 480</b>

#### Note 5. Segments

Vitrolife consists of three divisions whose products are sold by four geographic market organisations. Vitrolife reports net sales and market contribution per geographic segment. Market contribution is defined as gross income reduced with the selling expenses per market. The balance sheet is not followed up per segment.

SEK thousands	EMEA		North- and South America		Japan and Pacific		Asia		Total	
	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Net sales	228 291	282 041	95 170	127 338	100 589	98 679	118 986	184 597	543 036	692 655
Gross income	131 758	178 162	49 081	73 991	64 191	68 563	71 784	122 099	316 815	442 815
Selling expenses	-44 290	-47 920	-26 041	-23 277	-20 899	-17 911	-16 785	-24 272	-108 015	-113 380
<b>Market contribution</b>	<b>87 468</b>	<b>130 242</b>	<b>23 040</b>	<b>50 714</b>	<b>43 292</b>	<b>50 652</b>	<b>54 999</b>	<b>97 827</b>	<b>208 799</b>	<b>329 435</b>
Fixed assets*	800 945	866 770	109 849	115 352	3 865	6 057	686	1 023	915 345	989 202

SEK thousands	EMEA		North- and South America		Japan and Pacific		Asia		Total	
	Apr-Jun 2020	Apr-Jun 2019	Apr-Jun 2020	Apr-Jun 2019	Apr-Jun 2020	Apr-Jun 2019	Apr-Jun 2020	Apr-Jun 2019	Apr-Jun 2020	Apr-Jun 2019
Net sales	72 933	150 778	30 477	68 504	46 632	52 448	59 124	109 001	209 166	380 731
Gross income	36 848	92 490	15 069	40 648	26 550	36 823	32 726	74 947	111 194	244 908
Selling expenses	-18 439	-26 257	-12 435	-13 525	-9 684	-10 631	-8 192	-15 718	-48 750	-66 131
<b>Market contribution</b>	<b>18 409</b>	<b>66 233</b>	<b>2 634</b>	<b>27 123</b>	<b>16 866</b>	<b>26 192</b>	<b>24 534</b>	<b>59 229</b>	<b>62 443</b>	<b>178 777</b>
Fixed assets*	800 945	866 770	109 849	115 352	3 865	6 057	686	1 023	915 345	989 202

SEK thousands	EMEA	North- and South America	Japan and Pacific	Asia	Total
	Whole year 2019	Whole year 2019	Whole year 2019	Whole year 2019	Whole year 2019
Net sales	595 930	283 933	240 064	360 205	1 480 132
Gross income	368 284	164 169	168 980	237 219	938 652
Selling expenses	-95 932	-46 465	-43 767	-45 419	-231 582
<b>Market contribution</b>	<b>272 352</b>	<b>117 704</b>	<b>125 213</b>	<b>191 800</b>	<b>707 070</b>
Fixed assets*	831 892	114 039	4 849	836	951 616

\* Fixed assets refer to intangible and tangible fixed assets, i.e. excluding financial instruments and deferred tax assets.

# Reconciliation of alternative key figures

This report includes certain key ratios not defined in IFRS, but they are included in the report as company management considers that this information makes it easier for investors to analyze the Group's financial performance and position. Investors should regard these alternative key ratios as complementing rather than replacing financial information in accordance with IFRS. Please note that Vitrolife's definitions of these key ratios may differ from other companies' definitions of the same terms. Basis for calculation of financial information for rolling 12 month is found in sections consolidated income statements per quarter and key ratios per quarter, total Group.

## Adjusted gross and operating income

As Vitrolife's gross and operating income is significantly impacted by the amortisation of surplus values related to the acquisitions that the company has carried out, it is management's assessment that it is appropriate to illustrate the Group's profitability and earning capacity by presenting gross and operating income adjusted for amortisation of these surplus values. Reconciliation of these figures are presented directly in the financial reports. Vitrolife also reports adjusted gross and operating margin, which are defined as the above mentioned income measures in relation to net sales.

## Operating income before depreciation and amortisation (EBITDA)

As amortisation of surplus values related to the acquisitions that Vitrolife has carried out is charged against operating income, it is management's assessment that operating income before depreciation and amortisation (EBITDA) is a fairer measure of the Group's earning capacity compared to operating income (EBIT). Vitrolife's Board aims to achieve growth while maintaining profitability, where profitability is followed up through operating income before depreciation and amortisation (EBITDA).

SEK thousands	January-June 2020		April-June 2020		Whole year 2019
	2020	2019	2020	2019	
Operating income	110.2	226.5	16.4	122.9	487.9
Depreciation and amortisation	45.7	46.1	23.5	23.5	99.4
<b>Operating income before depreciation and amortisation (EBITDA)</b>	<b>155.9</b>	<b>272.6</b>	<b>39.9</b>	<b>146.4</b>	<b>587.3</b>

## Net sales growth in local currency

As a large part of Vitrolife's sales are in other currencies than the reporting currency of SEK, sales are not only impacted by actual growth, but also by currency effects. To analyse sales adjusted for currency effects, the key ratio of sales growth in local currency is used. The percentage effects in the following tables are calculated by each amount in SEK millions in relation to net sales in the same period previous year (which is presented in note 4).

## Net sales per geographic segment

	EMEA		North and South America		Japan and Pacific		Asia	
	Jan-Jun 2020	Apr-Jun 2020	Jan-Jun 2020	Apr-Jun 2020	Jan-Jun 2020	Apr-Jun 2020	Jan-Jun 2020	Apr-Jun 2020
Growth in local currency, SEK M	-53	-77	-35	-38	2	-5	-66	-49
Growth in local currency, %	-19	-52	-27	-56	2	-10	-36	-46
Currency effects, SEK M	-1	-1	3	0	0	-1	0	-1
Currency effects, %	0	0	2	0	0	-1	0	0
<b>Total growth, SEK M</b>	<b>-54</b>	<b>-78</b>	<b>-32</b>	<b>-38</b>	<b>2</b>	<b>-6</b>	<b>-66</b>	<b>-50</b>
<b>Total growth, %</b>	<b>-19</b>	<b>-52</b>	<b>-25</b>	<b>-56</b>	<b>2</b>	<b>-11</b>	<b>-36</b>	<b>-46</b>

## Return on equity

It is Vitrolife's assessment that return on equity is an appropriate measure to illustrate to stakeholders how well the Group invests its equity.

	Jun 30. 2020	Jun 30. 2019	Dec 31. 2019
SEK thousands			
Average shareholders' equity, rolling 12 month	1831.1	1523.6	1 678.0
Net income, rolling 12 month	294.3	339.0	382.8
<b>Return on equity, %</b>	<b>16.1</b>	<b>22.3</b>	<b>22.8</b>

## Net debt / Rolling 12 month EBITDA

One of Vitrolife's financial objectives is to have a strong financial capital base to enable continued high growth, both organic and through acquisitions. In relation to this, Group management follows up the ratio of net debt in relation to rolling 12-month operating income before depreciation and amortisation (EBITDA). According to Vitrolife's financial objectives, this ratio should normally not exceed three times. Management assesses that this ratio gives creditors and investors important information concerning the Group's attitude to debt.

	Jun 30. 2020	Jun 30. 2019	Dec 31. 2019
SEK thousands			
Long-term interest-bearing liabilities	55.9	66.2	61.2
Short-term interest-bearing liabilities	15.1	13.1	14.6
Adjustment of interest-bearing liabilities related to leasing agreements	-71.0	-79.3	-75.8
Cash and cash equivalents	-753.8	-446.5	-689.5
<b>Net debt</b>	<b>-753.8</b>	<b>-446.5</b>	<b>-689.5</b>
SEK thousands			
Net debt	-753.8	-446.5	-689.5
Operating profit, rolling 12 month	371.7	432.2	487.9
Depreciation and amortisation, rolling 12 month	99.0	96.5	99.4
<b>Rolling 12 month EBITDA</b>	<b>470.7</b>	<b>528.7</b>	<b>587.3</b>
<b>Net debt / Rolling 12 month EBITDA</b>	<b>-1.6</b>	<b>-0.8</b>	<b>-1.2</b>

**Net sales per division**

	Consumables			Technology			Genomics		
	Jan-Jun 2020	Jan-Jun 2019	Whole year 2019	Jan-Jun 2020	Jan-Jun 2019	Whole year 2019	Jan-Jun 2020	Jan-Jun 2019	Whole year 2019
Growth in local currency, SEK M	-96	27	31	-43	31	104	-9	51	116
Growth in local currency, %	-23	7	4	-21	19	30	-17	n/a	n/a
Currency effects, SEK M	1	19	37	1	13	31	1	3	9
Currency effects, %	0	5	5	0	8	8	1	n/a	n/a
<b>Total growth, SEK M</b>	<b>-95</b>	<b>46</b>	<b>68</b>	<b>-42</b>	<b>44</b>	<b>135</b>	<b>-8</b>	<b>54</b>	<b>125</b>
<i>Total growth, %</i>	<i>-23</i>	<i>12</i>	<i>9</i>	<i>-21</i>	<i>27</i>	<i>38</i>	<i>-16</i>	<i>n/a</i>	<i>n/a</i>

	Consumables		Technology		Genomics	
	Apr-Jun 2020	Apr-Jun 2019	Apr-Jun 2020	Apr-Jun 2019	Apr-Jun 2020	Apr-Jun 2019
Growth in local currency, SEK M	-87	10	-59	38	-20	31
Growth in local currency, %	-40	5	-50	51	-60	n/a
Currency effects, SEK M	-1	7	-1	8	0	2
Currency effects, %	0	4	0	9	0	n/a
<b>Total growth, SEK M</b>	<b>-88</b>	<b>17</b>	<b>-60</b>	<b>46</b>	<b>-20</b>	<b>33</b>
<i>Total growth, %</i>	<i>-40</i>	<i>9</i>	<i>-50</i>	<i>60</i>	<i>-60</i>	<i>n/a</i>

**Group total**

	Jan-Jun 2020	Jan-Jun 2019	Apr-Jun 2020	Apr-Jun 2019	Whole year 2019
Organic growth in local currency, SEK M	-152	59	-169	48	135
Organic growth in local currency, %	-22	11	-45	18	12
Acquired growth, SEK M	-	51	-	31	116
Acquired growth, %	-	9	-	11	10
Currency effects, SEK M	2	35	-2	18	78
Currency effects, %	0	7	0	5	6
<b>Total growth, SEK M</b>	<b>-150</b>	<b>145</b>	<b>-171</b>	<b>97</b>	<b>329</b>
<i>Total growth, %</i>	<i>-22</i>	<i>27</i>	<i>-45</i>	<i>34</i>	<i>29</i>

# Definitions

## Adjusted gross income

Gross income before amortisation of acquisition-related intangible assets.

## Adjusted operating income

Operating income before amortisation of acquisition-related intangible assets.

## Cash flow from operating activities per share

The cash flow from operating activities for the period in relation to the average number of outstanding shares for the period.

## Earnings per share

Income for the period in relation to the average number of outstanding shares for the period.

## Equity/assets ratio

Shareholders' equity and non-controlling interests as a percentage of total assets.

## Gross margin

Gross income as a percentage of net sales for the period.

## Market contribution

Gross income reduced with the selling expenses per market.

## Net debt

Interest-bearing liabilities (excluding financial liabilities related to leasing agreements) minus interest-bearing receivables minus cash and cash equivalents.

## Net debt / Rolling 12 month EBITDA

Net debt in relation to rolling 12 months operating income before amortisation and depreciation (EBITDA).

## Operating margin before depreciation and amortisation (EBITDA)

Operating income before depreciation and amortisation as a percentage of net sales for the period.

## Operating margin

Operating income as a percentage of net sales for the period.

## Profit margin

Income for the period as a percentage of net sales for the period.

## Return on equity

Rolling 12 months net income as a percentage of the average shareholders' equity for the same period.

## Shareholders' equity per share

Shareholders' equity in relation to the number of shares outstanding at closing day.

# Glossary

The following explanations are intended to help the reader to understand certain specific terms and expressions in Vitrolife's reports:

## Biological quality tests

Using biological systems (living cells, organs or animals) to test how well a product or input material functions in relation to a requirement specification.

## Biopsy

Removal of one or several cells from living tissue for diagnostic evaluation.

## Biotechnology

Combination of biology and technology, which primarily means using cells or components from cells (such as enzymes or DNA) in technical applications.

## Blastocyst

An embryo at days 5-7 after fertilization. Cell division has gone so far that the first cell differentiation has taken place and the embryo thereby now has two different types of cells.

## Cell therapy

Describes the process when new cells are added to tissue in order to treat a disorder.

## Clinical study/trial

An investigation in healthy or sick people in order to study the effect of a pharmaceutical or treatment method.

## Embryo

A fertilized and cell divided egg.

## In vitro (Latin "in glass")

A process that has been taken out from a cell to take place in an artificial environment instead, for example in a test tube.

## In vivo

Biological processes in living cells and tissue when they are in their natural place in whole organisms.

## Incubator

Equipment for culture of embryos in a controlled environment.

## IUI

Intra-Uterine Insemination, "artificial insemination". A high concentration of active sperms is injected in order to increase the chance of pregnancy.

## IVF, In Vitro Fertilization

Fertilization between the woman's and the man's sex cells and cultivation of embryos outside the body.

## Medical devices

Comprise devices used to make a diagnosis of a disease, treat a disease and as rehabilitation.

## PGT-A

Preimplantation genetic testing for aneuploidy (PGT-A), also called preimplantation genetic screening (PGS), is a test for chromosome copy number that can be used during IVF to help determine the chromosomal status of an embryo from a biopsy of one or more cells. The results of PGT-A aid in the selection of an embryo likely to have a normal number of chromosomes (euploid) for transfer to the woman and help avoid those with abnormal copy number (aneuploid) that may result in IVF failure or miscarriage.

## PGT-M

Preimplantation genetic testing for monogenic and single gene defects (PGT-M), also called preimplantation genetic diagnosis (PGD), is a test to find specific hereditary genetic diseases that are caused by a single defective gene. This test is used for couples who have a genetic mutation that can cause a genetic disease where the couple want to be sure that their child will not carry this disease.

## Preclinical study

Research that is done before a pharmaceutical or a treatment method is sufficiently documented to be studied in people, for example testing of substances on tissue samples and later testing on experimental animals.

## Time-lapse

Technology for supervision of embryos. Pictures of the development of the embryo are taken in short time interval, then played as a film and analyzed.

## Vitrification

Process for converting a material to a glasslike solid state, for example through rapid freezing, in this case rapid freezing of eggs and embryos, in order to be able to carry out IVF on a later occasion.

# TOGETHER. ALL THE WAY™

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