



# **INTERIM REPORT**

## **JANUARY-SEPTEMBER 2021**

**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** 

# Profitable growth and Igenomix acquisition

## Third quarter

- Sales amounted to SEK 406 (320) million, corresponding to an increase of 27 percent in SEK. Sales increased by 30 percent in local currency.
- Operating income before depreciation and amortisation (EBITDA) amounted to SEK 162 (134) million, corresponding to a margin of 40 (42) percent. Currency effects positively impacted EBITDA by SEK 1 million. Operating income included non-recurring

acquisition-related costs of SEK 8 million. Adjusted EBITDA therefore amounted to SEK 170 million, corresponding to a margin of 42 percent.

- Net income amounted to SEK 105 (89) million, which gave earnings per share of SEK 0.89 (0.81)\*\*.
- Vitrolife entered into an agreement to acquire 100% of the shares in Igenomix for a purchase sum of EUR 1.25 billion (approximately SEK 12.7 billion). During the quarter a directed share issue of SEK 3.6 billion was carried out as part-financing of the acquisition.

## January - September

- Sales amounted to SEK 1 167 (863) million, corresponding to an increase of 35 percent in SEK. Sales increased by 41 percent in local currency. During the period the recovery in demand continued, even though the rate of recovery varied between divisions and market regions.
- Operating income before depreciation and amortisation (EBITDA) amounted to SEK 460 (290) million, corresponding to a margin of 39 (34) percent. Currency effects negatively impacted EBITDA by SEK 24 million. Operating income included non-recurring acquisition-related costs of SEK 22 million and non-

recurring transport-related costs of SEK 3 million. Adjusted EBITDA therefore amounted to SEK 485 million, corresponding to a margin of 42 percent.

- Net income amounted to SEK 310 (180) million, which gave earnings per share of SEK 2.77 (1.65)\*\*.

## After the end of the period

- An Extraordinary General Meeting resolved to approve the Board's proposal regarding a non-cash issue of shares for SEK 6.4 billion as part-financing of the acquisition of Igenomix.
- Patrik Tolf has been appointed new CFO of Vitrolife AB (publ) effective 1 January 2022.

## The Group's Key Figures

SEK millions	July - September 2021	2020	January - September 2021	2020	Whole year 2020
Net sales	406	320	1 167	863	1 246
Net sales growth, local currency, %	30	-11	41	-19	-13
Gross margin, %	65	62	64	60	62
Adjusted gross margin*, %	65	64	65	62	64
Operating income before depreciation and amortisation (EBITDA)	162	134	460	290	454
EBITDA margin, %	40	42	39	34	36
Net income	105	89	310	180	288
Net debt / Rolling 12 month EBITDA	-7.6	-1.9	-7.6	-1.9	-2.1
Earnings per share**, SEK	0.89	0.81	2.77	1.65	2.64
Share price on closing day, SEK	461.80	245.60	461.80	245.60	215.80
Market cap at closing day	54 583	26 660	54 583	26 660	23 425
<i>Changes in net sales</i>					
Organic growth in local currency, %	30	-11	41	-19	-13
Acquired growth, %	-	-	-	-	-
Currency effects, %	-3	-4	-6	0	-3
Total growth, %	27	-15	35	-19	-16

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

\*\* Before and after dilution.

For definitions, motivations and reconciliations, see pages 16-18.

### 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 third quarter amounted to SEK 406 million, corresponding to an increase of 30 percent in local currency compared with the third quarter the previous year. We continue to see a strong recovery of the market after the pandemic even though the recovery, as previously, varies from region to region. All in all, the company assesses that globally about as many IVF treatments are now being carried out as before the pandemic.



During the quarter operating income before depreciation and amortisation (EBITDA) amounted to SEK 162 million, corresponding to a margin of 40 percent. During the quarter transaction-related expenses of SEK 8 million with regard to the acquisition of Igenomix were charged against income. Adjusted for this the EBITDA margin amounted to 42 percent. The high margin is the result of economies of scale due to high sales and the fact that expenses for customer-related activities such as travel and trade fairs continue to be considerably lower than before the pandemic. The margin was also positively impacted by the fact that planned investments in growth in the form of additional staff, for example, have not yet impacted income.

At the beginning of the third quarter Vitrolife entered into an agreement to acquire 100% of the shares in Igenomix for a purchase sum of EUR 1.25 billion (approximately SEK 12.7 billion) on a cash-free and debt-free basis. Igenomix is a global leader in the field of tests for reproductive genetics for IVF clinics, with its head office in Spain. Igenomix today has 26 laboratories globally and offers a broad product portfolio consisting of clinically validated genetic tests and services, which cover a broad spectrum of genetic diagnostics in reproductive and individually adapted medicine, where preimplantation tests largely drive sales. The merger will create a global leader within reproductive health care by combining the knowledge, product offering and market position of two leading companies in the field of products for fertility treatment and tests for reproductive genetics. The acquisition is expected to make a positive

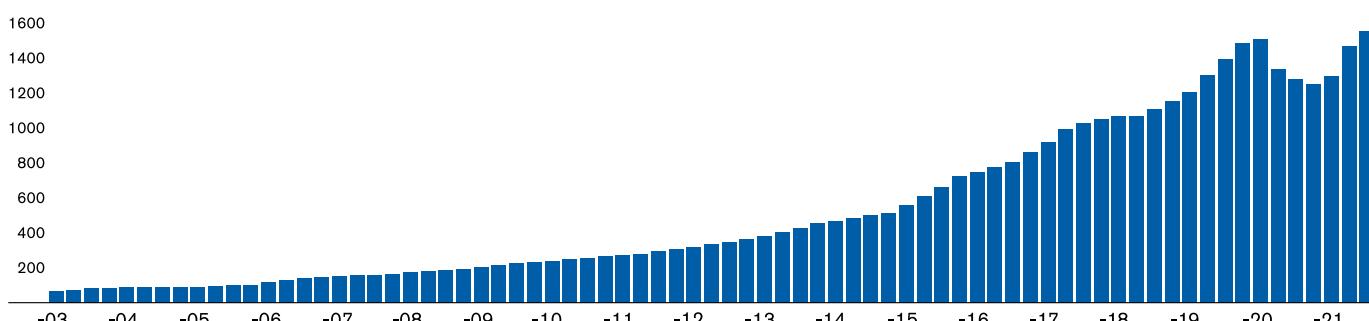
contribution to EBITDA per share as from 2022 and is being financed through a combination of a non-cash share issue, a directed share issue, bank credit and cash. The implementation of the transaction is conditional on regulatory approval. During the quarter various preparations have been made to complete the acquisition, such as regulatory filings and share issues. The company continues to assess that the acquisition can be carried out at the end of the year, but the exact point in time is governed by when the company receives regulatory approval.

Now that the IVF clinics have recovered from the pandemic, we can see that many of the trends that were seen in the market before the pandemic are now continuing. One trend is that IVF clinics continue to be consolidated in IVF chains, which means that it is a competitive advantage to have a broad portfolio of products and services to offer the chains. This consolidation also means that there is great interest in making processes at the clinics more efficient and there is a shortage of trained IVF staff in certain parts of the world, so time-saving measures are highly valued in the chains. Vitrolife is well-positioned to meet this consolidation and has over a long period of time built up a successful way of working to support chains of clinics with products and services and, if interest is shown, to participate in the development of new products. The development of software in the Time-lapse field allows the company to offer solutions that can facilitate work at the clinics and contribute to improved treatment results. The collaboration with Illumina and the communicated acquisition of Igenomix enable the company to offer several alternatives to the genetic testing of embryos. All in all, the aim is to be the best partner for IVF clinics and chains in their efforts to help parents-to-be to have children.

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



# Third quarter 2021 (July - September)

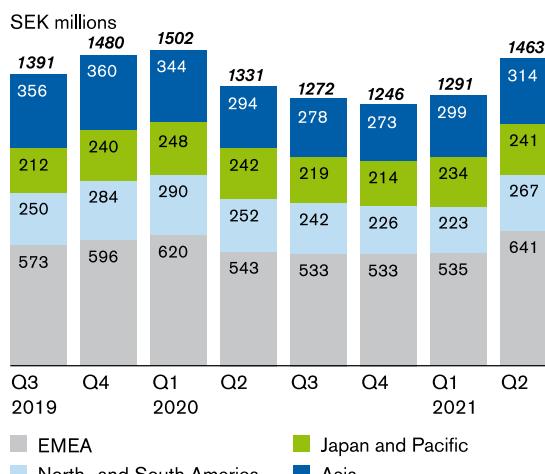
## Net sales

Sales amounted to SEK 406 (320) million, corresponding to an increase of 27 percent in SEK. Sales increased by 30 percent in local currency.

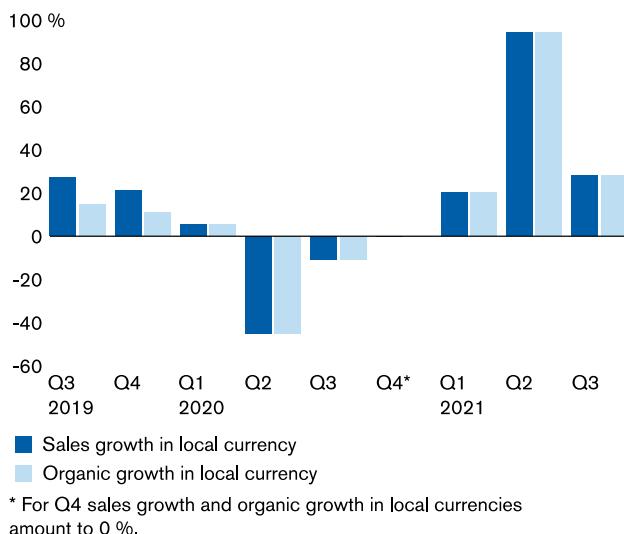
Sales in the EMEA region (Europe, the Middle East and Africa) amounted to SEK 181 (137) million. Sales increased by 35 percent in local currency. In the North- and South American region, sales amounted to SEK 78 (61) million. Sales increased by 33 percent in local currency. Sales in the Japan and Pacific region amounted to SEK 54 (49) million. Sales increased by 17 percent in local currency. Sales in the Asian region increased by 26 percent in local currency and amounted to SEK 93 (73) million. Growth in all regions was positively impacted by the fact that the third quarter the previous year was negatively impacted by the pandemic.

Sales in the Consumables division increased by 12 percent in local currency during the quarter and amounted to SEK 235 (212) million. Sales in the Technology division increased by 81 percent in local currency during the quarter and amounted to SEK 122 (71) million. Sales in the Genomics division increased by 43 percent in local currency and amounted to SEK 42 (30) million. Freight revenues amounted to SEK 7 (7) million. Growth in all divisions was positively impacted by the fact that the third quarter the previous year was negatively impacted by the pandemic.

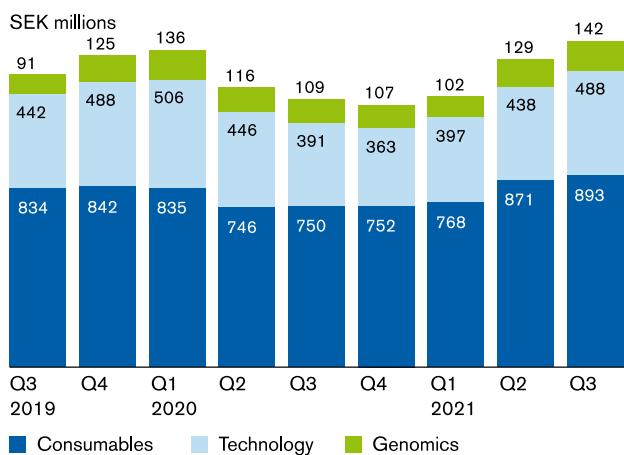
**Fig 1. Net sales per market region (rolling 12 months)**



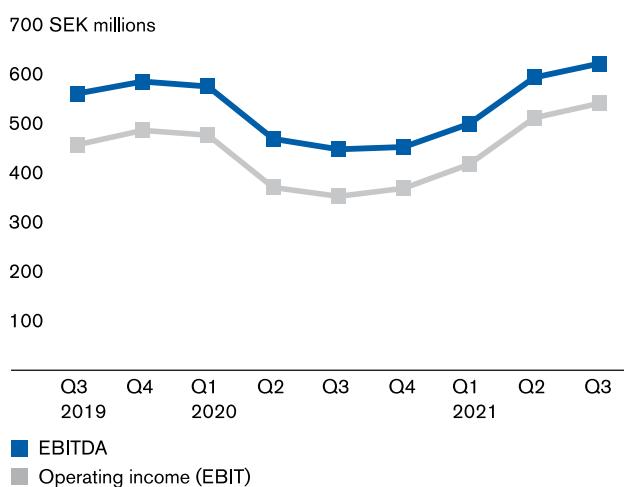
**Fig 2. Sales development (per quarter)**



**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 162 (134) million, corresponding to a margin of 40 (42) percent. Currency effects positively impacted EBITDA by SEK 1 million. Operating income included non-recurring acquisition-

related costs of SEK 8 million. Adjusted EBITDA therefore amounted to SEK 170 million, corresponding to a margin of 42 percent.

Gross income amounted to SEK 263 (199) million. The gross margin amounted to 65 (62) percent and was positively impacted by economies of scale as a result of increased sales. The gross margin adjusted for amortisation of acquisition-related intangible assets amounted to 65 (64) percent during the quarter.

Selling expenses amounted to SEK 50 (41) million, corresponding to 12 (13) percent of sales. Selling expenses decreased as a percentage of sales due to economies of scale. Administrative expenses amounted to SEK 42 (32) million, corresponding to 10 (10) percent of sales. Administrative expenses included non-recurring acquisition-related costs of SEK 8 million. Adjusted for this item, administrative expenses amounted to 8 percent of sales. R&D costs amounted to SEK 28 (18) million, corresponding to 7 (6) percent of sales. Net financial items amounted to SEK -1 (1) million and primarily consisted of currency effects. Income before tax amounted to SEK 141 (113) million. Net income amounted to SEK 105 (89) million. Other comprehensive income amounted to SEK 8 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 92 (62) million. The contribution from the North and South American region amounted to SEK 37 (31) million. The contribution from the Japan and Pacific region amounted to SEK 32 (25) million. The market contribution from the Asian region amounted to SEK 52 (39) million. The market contribution for all regions was positively impacted by the fact that the third quarter the previous year was negatively impacted by the pandemic.

## Cash flow

Cash flow from operating activities amounted to SEK 107 (96) million. The change in working capital amounted to SEK -35 (-3) million and was impacted amongst other things by increased accounts receivable as a result of increased sales. Net investments in fixed assets amounted to SEK -2 (-1) million and included investments in equipment. Cash flow from financing activities was SEK 3,498 (-14) million and consisted of a new share issue of SEK 3,558 million, issue expenses of SEK 32 million, the repurchase of own shares related to LTI2021 of SEK 23

million, dividend paid of SEK 1 million and repayment of lease liabilities to the tune of SEK 4 million in accordance with IFRS16. Cash and cash equivalents at the end of the period amounted to SEK 4,763 (834) million. The company aims to make use of its cash in hand for part-financing of the acquisition of Igenomix.

## Financing

Vitrolife has no credit facilities. The equity/assets ratio was 94 (87). Net debt in relation to income for a rolling 12 months before depreciation and amortisation (EBITDA) amounted to -7.6 (-1.9) times.

## Parent Company

Business activities focus on Group-wide management. Income included invoicing of management fee and other costs of SEK 6 (4) million. Income after financial items for the quarter amounted to SEK -4 (-1) million. Cash and cash equivalents amounted to SEK 4 246 (280) million.

## Acquisition of Igenomix

During the quarter, Vitrolife AB entered into a definitive agreement to acquire 100% of the shares in Igenomix S.L. ("Igenomix") from EQT and other shareholders. The combination will create a global leader in reproductive health by combining the knowledge, product portfolios and market presence of two leading companies within IVF medical devices and reproductive genetic testing services.

Igenomix was founded in 2011 and is a global leader in women's health and reproductive genetic testing services for IVF clinics. Igenomix today operates 26 labs globally and offers a wide portfolio of clinically validated genetic tests and services covering a wide range of genetic diagnostics in reproductive and personalized medicine, where the pre-implantation tests constitute the major revenue driver. Igenomix has demonstrated a proven track record of driving profitable growth through innovation and international expansion. The head office is in Valencia, Spain and the company has approximately 560 employees as of December 2020. Igenomix reported revenue for the last twelve months as of June 2021 of EUR 122 million (EUR 98 million excluding Covid-19 testing) which would imply a compound annual growth rate (CAGR) from 2017 to 2021 of approximately 37% (29% excluding Covid-19 testing revenue). The company reported earnings before interest, taxes, depreciation, and amortization (EBITDA), excluding transaction related costs, for the last twelve months as of June 2021 of EUR 36 million (EUR 25 million excluding Covid-19 testing EBITDA). The Igenomix net sales for the last twelve months as of June 2020 amounted to EUR 79 million (EUR 76 million excluding Covid-19 testing revenue) and adjusted EBITDA of EUR 17 million (EUR 16 million excluding Covid-19 testing EBITDA).

Through this transaction, the combined company will be

able to better serve its customers across the entire IVF journey. Combining Igenomix's portfolio of reproductive genetic testing services with Vitrolife's best-in-class IVF device portfolio creates a leading IVF platform with the ambition to deliver long-term profitable growth. Through the enhanced scale and synergistic product offering, Vitrolife can better serve clinics, professional staff, and patients around the world. Specifically, the combination enables the two companies to leverage each other's respective commercial networks which will allow the combined group to cross-sell products and offer enhanced solutions to its customers as well as sharing knowledge in driving innovation.

The total consideration for 100% of the share capital in Igenomix amounts to EUR 1,250 million on a cash and debt free basis, equivalent to approximately SEK 12.7 billion. The transaction will be financed through a mix of a share issue in kind directed to the sellers, a directed share issue to institutional investors (completed), new committed debt facilities and Vitrolife's current cash balance:

- EUR 626 million, equivalent to approximately SEK 6.4 billion, will be financed through an issue in kind of 17,251,312 ordinary shares in Vitrolife directed to the sellers. The consideration share issue will represent 12.7% of the total outstanding capital and votes in Vitrolife. The sellers have subsequently entered into agreements with certain existing shareholders of Vitrolife and new institutional investors for a sale of Vitrolife shares for a total value of EUR 300 million. After this sale, the sellers will retain a 6.6% interest in the outstanding capital and votes of Vitrolife. The sellers and the investors acquiring shares described above have committed to a 90 days lock-up period. On October 20, an Extraordinary General Meeting resolved to approve the non-cash share issue.
- EUR 350 million, equivalent to approximately SEK 3.6 billion, will be financed through a directed share issue of 9,645,303 ordinary shares to institutional investors through an accelerated bookbuilding procedure. The directed new share issue was guaranteed by existing shareholders of Vitrolife and new institutional investors. The directed new share issue was carried out after the closing of the stock exchange on July 8 at a price of SEK 368.92 per share
- EUR 274 million, equivalent to approximately SEK 2.8 billion, will be financed through current cash balance and new committed debt facilities. The new committed debt facilities consist of a 5-year term loan facility of EUR 200 million and a 5-year revolving credit facility of EUR 100 million provided by SEB and Nordea.
- Closing of the transaction is subject to regulatory approvals and expected to take place in Q4 2021.

The transaction is expected to enhance Vitrolife's financial profile. It is expected that the transaction will only have a marginal effect on Vitrolife's EBITDA per share during 2021 (excluding transaction-related costs and accounting effects) as closing is expected near year-end but to contribute positively as from 2022. The transaction also strengthens Vitrolife's cash-flow generation and provides additional financial flexibility. The net debt / EBITDA ratio will remain below 3x, in-line with Vitrolife's financial objectives and will continuously allow Vitrolife to evaluate further opportunities.

In total, the number of shares in Vitrolife following the transaction will increase from 108,550,575 per June 30, 2021 to 135,447,190, corresponding to a dilution of approximately 19.9%. The certain investors that have entered subsequent agreements to acquire shares as part of the consideration share issue with the sellers are William Demant Invest A/S, Bure Equity AB and Fjärde AP-fonden who together have committed to acquire 5,373,811, 826,740 and 2,066,851 shares, respectively, from the sellers for a total amount corresponding to EUR 300 million. The directed new share issue of EUR 350 million was fully guaranteed by William Demant Invest A/S, Bure Equity AB, Fjärde AP-fonden and AMF at a price of SEK 368.92 per share, which is equivalent to the subscription price of the consideration share issue. The shares held by the sellers, William Demant Invest A/S, Bure Equity AB and Fjärde AP-fonden following closing of the Transaction are subject to a lock-up period of 90 days. The majority owner of Igenomix is global investment organization EQT.

Transaction-related expenses for the acquisition continue to be estimated to be approximately EUR 15 million (approximately SEK 152 million). These include issue expenses of approximately SEK 32 million with regard to the private placement. These expenses have been recognised directly against shareholder equity during the third quarter. Arrangement fees for the bank loans amount to approximately SEK 18 million and these expenses will be distributed linearly over the duration of the loans in the income statement. The duration amounts to 5 years. The remaining transaction-related expenses of approximately SEK 102 million are recognised as an expense in the income statement. Approximately SEK 17 million was recognised in the period January – September. Provided that the acquisition is carried out in the fourth quarter, it is estimated that the remaining expenses of approximately SEK 85 million will be recognised during the fourth quarter.

# The period 2021 (January - September)

## Net sales

Sales amounted to SEK 1 167 (863) million, corresponding to an increase of 35 percent in SEK. Sales increased by 41 percent in local currency. During the period the recovery in demand continued, even though the rate of recovery varied between divisions and market regions.

Sales in the EMEA region (Europe, the Middle East and Africa) amounted to SEK 517 (365) million. Sales increased by 47 percent in local currency. In the North- and South American region, sales amounted to SEK 215 (157) million. Sales increased by 50 percent in local currency. Sales in the Japan and Pacific region amounted to SEK 183 (150) million. Sales increased by 29 percent in local currency. Sales in the Asian region increased by 35 percent in local currency and amounted to SEK 252 (191) million. Growth in all regions was positively impacted by the fact that the previous year was severely negatively impacted by the pandemic.

Sales for the Consumables division increased by 32 percent in local currency and amounted to SEK 678 (537) million. Sales for the Technology division increased by 60 percent in local currency and amounted to SEK 360 (234) million. Sales for the Genomics division increased by 56 percent in local currency and amounted to SEK 110 (76) million. Freight revenues amounted to SEK 19 (16) million. Growth in all divisions was positively impacted by the fact that the second quarter the previous year was severely negatively impacted by the pandemic.

## Income

Operating income before depreciation and amortisation (EBITDA) amounted to SEK 460 (290) million, corresponding to a margin of 39 (34) percent. Currency effects negatively impacted EBITDA by SEK 24 million. Operating income included non-recurring acquisition-related costs of SEK 22 million and non-recurring transport-related costs of SEK 3 million. Adjusted EBITDA therefore amounted to SEK 485 million, corresponding to a margin of 42 percent. The gross margin amounted to 64 (60) percent. The gross margin adjusted for amortisation of acquisition-related intangible assets amounted to 65 (62) percent. The gross margin was positively impacted by economies of scale due to increased sales. Selling expenses amounted to SEK 154 (149) million, corresponding to 13 (17) percent of sales. Administrative expenses amounted to SEK 124 (88) million, corresponding to 11 (10) percent of sales. Administrative expenses included non-recurring acquisition-related costs of SEK 22 million. Adjusted for this item, administrative expenses amounted to 9 percent of sales. R&D costs amounted to SEK 77 (66) million, corresponding to 7 (8)

percent of sales. Net financial items amounted to SEK 3 (6) million and primarily consisted of currency effects. Income before tax amounted to SEK 399 (229) million. Net income amounted to SEK 310 (180) million. Other comprehensive income amounted to SEK 24 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 250 (150) million. The contribution from the North and South American region amounted to SEK 103 (54) million. The contribution from the Japan and Pacific region amounted to SEK 102 (68) million. The market contribution from the Asian region amounted to SEK 136 (94) million. The market contribution for all regions was positively impacted by the fact that the previous year was severely negatively impacted by the pandemic.

## Cash flow

The cash flow from operating activities amounted to SEK 384 (185) million. Change in working capital amounted to SEK -12 (-15) million and was impacted by increased inventory. Net investments in fixed assets amounted to SEK -24 (-14) million and consisted, amongst other things, of investments in development projects and equipment. Sales of financial assets amounted to SEK 16 (-) million and consisted of all shares in Biolamina and Life Genomics. Cash flow from financing activities was SEK 3,403 (-23) million and consisted of a new share issue of SEK 3,558 million, issue expenses of SEK 32 million, the repurchase of company shares related to LTI2021 of SEK 23 million, dividend paid of SEK 88 million and repayment of lease liabilities of SEK 12 million according to IFRS16. Cash and cash equivalents at the end of the period amounted to SEK 4,763 (834) million. The company aims to use its cash in hand for part-financing of the acquisition of Igenomix.

## Lawsuit regarding claimed patent infringement

During the first quarter Vitrolife received information that a civil lawsuit had been filed against Vitrolife in Germany by Ares Trading S.A. regarding claimed infringement of three patents in the Time-Lapse area. Vitrolife has during the second quarter disputed the lawsuit and will safeguard the company's interests in the ongoing legal process. The court has stated that oral proceedings will take place during the second quarter of 2022. Vitrolife is already involved in an appeal process regarding two of the three patents in question in the EU. One of these patents was recalled by the European Patent Office during the second quarter. Vitrolife has not included any provision for the lawsuit in the accounts as in the continued assessment of the company there has been no infringement of any patent. Costs for legal representation are charged against income on an ongoing basis.

# Prospects

Increased vaccination supports the recovery of the IVF market and enables a return to more normal business operations, for example with regard to meetings with customers and after sales service. It continues to be difficult to assess the size of the pent-up demand in the market. On the risk side, the infection rates for Covid-19 continue to be high and thus create uncertainty about the recovery. There are also signs that some suppliers have difficulties in supplying the volumes of input goods requested, something which many industries are now experiencing. Vitrolife is also impacted by the fact that many of the company's suppliers and freight companies also deliver products for the manufacture of vaccine, which has priority. However, the company is actively working to ensure good inventory levels and alternative suppliers when necessary. On the cost side, a gradual increase is expected as new recruitments are appointed and business normalises, for example with regard to trade fairs and visits to customers.

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 values.
- 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 manufacturing 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 414 (404), of whom 203 (202) were women and 211 (202) were men. Of these, 161 (154) people were employed in Sweden, 87 (86) in the US, 86 (84) in Denmark and 80 (80) in the rest of the world. The number of people employed in the Group at the end of the period was 423 (417).

### 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 2020 note 29.

### Dividend

It was decided at the Annual General Meeting on April 28 that the proposed dividend of SEK 0.80 per share would be paid out to the shareholders. Payment of the dividend took place on May 5.

### 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 2020. 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 2020, note 2. The reported risks, as they are described in the 2020 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

On October 20, an Extraordinary General Meeting resolved to approve the Board's proposal regarding a non-cash share issue of approximately SEK 6.4 billion for part-financing of the acquisition of Igenomix. The meeting also resolved to expand Vitrolife's Board by one Board member and elect Vesa Koskinen, a partner of EQT, as a new Board member provided that the acquisition of Igenomix is completed.

Patrik Tolf has been appointed new CFO of Vitrolife AB (publ) effective 1 January 2022. Patrik Tolf replaces Mikael Engblom who remains CFO until Patrik takes office.

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

October 29, 2021  
Gothenburg, Sweden

Thomas Axelsson  
CEO

## 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

2022-02-03: Report on operations 2021  
2022-04-22: Interim report January - March 2022  
2022-04-27: Annual General Meeting 2022  
2022-07-15: Interim report January - June 2022  
2022-10-27: Interim report January - September 2022  
2023-02-02: Report on operations 2022

## Review report

We have reviewed the interim report for Vitrolife AB (publ), corporate identity number 556354-3452, for the period January 1 - September 30, 2021. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed

in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Gothenburg, October 29, 2021

DELOITTE AB  
Harald Jagner  
Authorised Public Accountant

## Queries should be addressed to

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

This information is information that Vitrolife AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 8.00 am CET on October 29, 2021.

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 – September 2021	January – September 2020	July – September 2021	July – September 2020	Whole year 2020
Net sales	4,5	1 166 572	863 185	405 565	320 148	1 245 572
Cost of goods sold		-419 909	-347 343	-142 999	-121 122	-477 905
<b>Gross income</b>		<b>746 663</b>	<b>515 841</b>	<b>262 566</b>	<b>199 027</b>	<b>767 667</b>
<i>Comprising</i>						
Adjusted gross income		758 535	536 721	263 651	205 560	792 251
Amortisation of acquisition-related intangible assets		-11 872	-20 880	-1 085	-6 534	-24 585
<b>Gross income</b>		<b>746 663</b>	<b>515 841</b>	<b>262 566</b>	<b>199 027</b>	<b>767 667</b>
Selling expenses		-154 461	-148 756	-49 997	-40 741	-196 927
Administrative expenses		-123 955	-87 708	-42 272	-31 503	-114 424
Research and development costs		-77 390	-65 707	-27 735	-17 795	-91 759
Other operating revenues		7 577	9 203	1 973	3 483	11 492
Other operating expenses		-2 627	-188	-2 351	0	-6 034
<b>Operating income</b>		<b>395 807</b>	<b>222 685</b>	<b>142 184</b>	<b>112 471</b>	<b>370 015</b>
<i>Comprising</i>						
Adjusted operating income		407 679	243 565	143 269	119 005	394 600
Amortisation of acquisition-related intangible assets		-11 872	-20 880	-1 085	-6 534	-24 585
<b>Operating income</b>		<b>395 807</b>	<b>222 685</b>	<b>142 184</b>	<b>112 471</b>	<b>370 015</b>
Financial income and expenses		2 847	5 818	-1 382	508	-3 824
<b>Income after financial items</b>		<b>398 654</b>	<b>228 503</b>	<b>140 802</b>	<b>112 980</b>	<b>366 191</b>
Income taxes		-88 678	-48 175	-36 167	-24 390	-78 325
<b>Net Income</b>		<b>309 976</b>	<b>180 328</b>	<b>104 635</b>	<b>88 590</b>	<b>287 865</b>
<i>Attributable to</i>						
Parent Company's shareholders		308 351	179 624	104 341	88 163	286 845
Non-controlling interests		1 625	704	294	427	1 020
Earnings per share*, SEK		2.77	1.65	0.89	0.81	2.64
Average number of outstanding shares		111 489 108	108 550 575	117 366 175	108 550 575	108 550 575
Number of shares at closing day		118 195 878	108 550 575	118 195 878	108 550 575	108 550 575

\* Before and after dilution.

Depreciation, amortisation and write-downs were charged against income for the period by SEK 63,894 thousand (67,202), of which SEK 20,064 thousand (21,475) for the third quarter.

# Statements of comprehensive income

SEK thousands	January – September 2021	January – September 2020	July – September 2021	July – September 2020	Whole year 2020
<b>Net income</b>	<b>309 976</b>	<b>180 328</b>	<b>104 635</b>	<b>88 590</b>	<b>287 865</b>
<i>Other comprehensive income</i>					
<i>Items that may be reclassified to the income statement</i>					
Exchange rate differences	23 662	-7 144	8 232	-5 325	-59 103
<b>Total other comprehensive income</b>	<b>23 662</b>	<b>-7 144</b>	<b>8 232</b>	<b>-5 325</b>	<b>-59 103</b>
<b>Total comprehensive income</b>	<b>333 638</b>	<b>173 184</b>	<b>112 867</b>	<b>83 265</b>	<b>228 762</b>
<i>Attributable to</i>					
Parent Company's shareholders	331 946	172 435	112 542	82 804	227 923
Non-controlling interests	1 692	749	325	461	839

# Consolidated statements of financial position

SEK thousands	Note	Sep 30. 2021	Sep 30. 2020	Dec 31. 2020
<b>ASSETS</b>	<b>2</b>			
Goodwill	5	411 441	421 413	403 239
Other intangible fixed assets	5	268 808	319 669	299 481
Tangible fixed assets	5	159 451	154 079	142 113
Shares and participations		–	14 662	14 662
Other financial fixed assets		31 267	30 152	24 798
Deferred tax assets		17 123	5 001	6 355
Inventories		235 738	224 312	204 027
Accounts receivable		229 140	204 973	216 494
Current tax assets		3 244	28 402	6 249
Other current receivables		6 754	3 376	3 043
Prepaid expenses and accrued income		14 543	15 021	11 063
Cash and cash equivalents		4 763 324	834 256	973 566
<b>Total assets</b>		<b>6 140 833</b>	<b>2 255 316</b>	<b>2 305 089</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>2</b>			
Shareholders' equity, attributable to the Parent Company's shareholders		5 771 466	1 956 346	2 012 570
Non-controlling interests		4 620	4 354	4 444
Provisions		26 252	20 197	21 503
Deferred tax liabilities		14 049	20 491	16 211
Long-term interest-bearing liabilities		52 609	52 181	48 810
Long-term non-interest-bearing liabilities		26 343	32 693	24 538
Short-term interest-bearing liabilities		15 675	14 440	13 593
Current tax liabilities		38 646	10 197	8 792
Accounts payable		45 079	23 848	25 922
Other short-term non-interest-bearing liabilities		20 503	16 133	24 695
Accrued expenses and deferred income		125 591	104 436	104 012
<b>Total shareholders' equity and liabilities</b>		<b>6 140 833</b>	<b>2 255 316</b>	<b>2 305 089</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, 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	–	–	-58 922	286 845	839	228 762
Equity swap agreement	–	–	–	-10 847	–	-10 847
Share-based remuneration	–	–	–	1 471	–	1 471
<b>Closing balance December 31, 2020</b>	<b>22 144</b>	<b>494 610</b>	<b>1 924</b>	<b>1 493 892</b>	<b>4 444</b>	<b>2 017 014</b>
<b>Opening balance January 1, 2021</b>	<b>22 144</b>	<b>494 610</b>	<b>1 924</b>	<b>1 493 892</b>	<b>4 444</b>	<b>2 017 014</b>
Total comprehensive income	–	–	23 596	308 351	1 692	333 638
Share-based remuneration	–	–	–	3 342	–	3 342
Dividend (SEK 0.80 per share)	–	–	–	-86 798	–	-86 798
Dividend to non-controlling interests	–	–	–	–	-1 516	-1 516
New share issue*	1 968	3 556 378	–	–	–	3 558 345
Expenses for new share issue, net after taxes**	–	-25 101	–	–	–	-25 101
Purchase of own shares***	–	–	–	-22 839	–	-22 839
<b>Closing balance September 30, 2021</b>	<b>24 112</b>	<b>4 025 886</b>	<b>25 519</b>	<b>1 695 948</b>	<b>4 620</b>	<b>5 776 086</b>

\* During the period Vitrolife has issued a total of 9,645,303 new shares. Following the new issue of shares, the number of shares and votes in Vitrolife AB amounts to 118,195,878.

\*\* During the period, issue expenses of TSEK 31,614 booked in equity share, has been deducted in the tax computation. The tax effect of TSEK 6,512 has been recognized directly in the equity.

\*\*\* Repurchase of own shares to secure the obligations of Vitrolife (including social security contributions) relating to the long-term incentive program LTIP2021.

## Condensed consolidated cash flow statements

SEK thousands	January – September 2021	January – September 2020	July – September 2021	July – September 2020	Whole year 2020
Income after financial items	398 654	228 503	140 802	112 980	366 191
Adjustment for non-cash items	60 147	66 077	20 202	12 635	91 784
Tax paid	-62 939	-94 255	-19 369	-26 408	-111 375
Change in inventories	-27 864	-16 099	-8 937	26 133	-4 434
Change in trade receivables	-15 715	14 216	-12 403	-12 992	14 861
Change in trade payables	31 553	-13 344	-13 180	-16 148	-579
<b>Cash flow from operating activities</b>	<b>383 836</b>	<b>185 098</b>	<b>107 115</b>	<b>96 200</b>	<b>356 448</b>
Net investments in fixed assets	-24 450	-14 181	-1 684	-1 127	-20 218
Sale of financial fixed assets	16 235	–	–	–	–
<b>Cash flow from investing activities</b>	<b>-8 215</b>	<b>-14 181</b>	<b>-1 684</b>	<b>-1 127</b>	<b>-20 218</b>
Repayment of lease liabilities	-12 353	-11 670	-4 257	-2 855	-15 764
Dividends paid	-88 315	–	-1 474	–	–
New share issue	3 558 345	–	3 558 345	–	–
Expenses for new share issue	-31 614	–	-31 614	–	–
Equity swap agreement	–	-10 847	–	-10 847	-10 847
Repurchase of own shares	-22 838	–	-22 838	–	–
<b>Cash flow from financing activities</b>	<b>3 403 225</b>	<b>-22 517</b>	<b>3 498 162</b>	<b>-13 702</b>	<b>-26 611</b>
<b>Cash flow for the period</b>	<b>3 778 847</b>	<b>148 400</b>	<b>3 603 593</b>	<b>81 371</b>	<b>309 619</b>
Opening cash and cash equivalents	973 566	689 538	1 155 482	753 797	689 538
Exchange-rate difference in cash and cash equivalents	10 912	-3 682	4 249	-911	-25 591
<b>Closing cash and cash equivalents</b>	<b>4 763 324</b>	<b>834 256</b>	<b>4 763 324</b>	<b>834 256</b>	<b>973 566</b>

## Key ratios, total Group

	January – September 2021	January – September 2020	July – September 2021	July – September 2020	Whole year 2020
Gross margin, %	64.0	59.8	64.7	62.2	61.6
Adjusted gross margin, %	65.0	62.2	65.0	64.2	63.6
Operating margin before depreciation and amortisation (EBITDA), %	39.4	33.6	40.0	41.8	36.5
Operating margin (EBIT), %	33.9	25.8	35.1	35.1	29.7
Net margin, %	26.6	20.9	25.8	27.7	23.1
Equity/assets ratio, %	94.1	86.9	94.1	86.9	87.5
Shareholders' equity per share, SEK	48.83	18.02	48.83	18.02	18.54
Return on equity, %	13.7	14.6	13.7	14.6	14.8
Cash flow from operating activities per share, SEK	3.44	1.71	0.91	0.89	3.28
Net debt*, SEK millions	-4 763.3	-834.3	-4 763.3	-834.3	-973.6

\* Negative amount implies net claim.

For definitions, motivations and reconciliations, see pages 16–18.

## Income statements for the Parent Company

SEK thousands	January – September 2021	January – September 2020	July – September 2021	July – September 2020	Whole year 2020
Net sales	16 968	12 978	5 992	4 140	19 130
Administrative expenses	-25 920	-14 431	-7 008	-4 446	-21 473
Other operating revenues	81	116	39	243	77
Other operating expenses	–	–	–	–	–
<b>Operating income</b>	<b>-8 872</b>	<b>-1 337</b>	<b>-977</b>	<b>-63</b>	<b>-2 267</b>
Dividends from Group companies	731 454	–	–	–	–
Financial income and expenses	550	7 218	-2 630	-1 055	5 191
<b>Income after financial items</b>	<b>723 132</b>	<b>5 881</b>	<b>-3 606</b>	<b>-1 118</b>	<b>2 925</b>
Income taxes	1 714	878	742	235	2 292
<b>Net income</b>	<b>724 846</b>	<b>6 759</b>	<b>-2 864</b>	<b>-883</b>	<b>5 216</b>

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

## Balance sheets for the Parent Company

SEK thousands	Sep 30. 2021	Sep 30. 2020	Dec 31. 2020
<b>ASSETS</b>			
Tangible fixed assets	12	12	12
Participations in Group companies	774 715	771 861	772 375
Shares and participations	–	14 662	14 662
Other financial fixed assets	8 093	6 633	7 019
Deferred tax assets	11 072	2 231	2 846
Receivables from Group companies	225 319	7 513	5 928
Current tax receivables	1 086	–	517
Other current receivables	234	–	–
Prepaid expenses and accrued income	17 646	267	48
Cash and cash equivalents	4 246 240	280 103	293 703
<b>Total assets</b>	<b>5 284 417</b>	<b>1 083 281</b>	<b>1 097 110</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	5 106 171	955 183	954 375
Provisions	10 370	8 334	8 845
Current tax liabilities	–	385	–
Accounts payable	1 618	279	379
Liabilities to Group companies	146 187	115 535	127 162
Other short-term non-interest-bearing liabilities	274	529	749
Accrued expenses and deferred income	19 797	3 036	5 600
<b>Total shareholders' equity and liabilities</b>	<b>5 284 417</b>	<b>1 083 281</b>	<b>1 097 110</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 2021 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 5,025,827 thousand (1,069,638) and SEK 93,419 thousand (61,495). 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. Hence, fair value is estimated to be equal to book value. During the year all unlisted shares were sold. 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 1 thousand (-372). This effect is reported among financial items.

### Fair value hierarchy

SEK thousands	Fair value levels	Sep 30.2021	Sep 30.2020	Dec 31.2020
<b>Financial assets</b>				
Financial assets to fair value through income statement	3	–	14 662	14 662
<b>Total Financial assets</b>		–	<b>14 662</b>	<b>14 662</b>
<b>Financial liabilities</b>				
Financial liabilities to fair value through income statement	3	8 760	8 956	8 161
<b>Total Financial liabilities</b>		<b>8 760</b>	<b>8 956</b>	<b>8 161</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	Sep 30.2021	Sep 30.2020	Dec 31.2020
<b>Group</b>			
Pledged assets	39 140	34 987	36 072
Contingent liabilities	11 247	8 266	8 574
<b>Parent company</b>			
Pledged assets	11 193	9 733	10 119
Contingent liabilities	7 198	6 141	6 050

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. Vitrolife categorizes its products and services into the following divisions: Consumables, Technology and Genomics. Those sales that are not categorized 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-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Whole year 2020
EMEA	517	365	181	137	533
of which Sweden	19	15	7	5	20
North- and South America	215	157	78	61	226
Japan and Pacific	183	150	54	49	214
Asia	252	191	93	73	273
<b>Total</b>	<b>1 167</b>	<b>863</b>	<b>406</b>	<b>320</b>	<b>1 246</b>

### Net sales per division

SEK thousands	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Whole year 2020
Consumables	678	537	235	212	752
Technology	360	234	122	71	363
Genomics	110	76	42	30	107
Other	19	16	7	7	24
<b>Total</b>	<b>1 167</b>	<b>863</b>	<b>406</b>	<b>320</b>	<b>1 246</b>

### Net sales per products and services

SEK thousands	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Whole year 2020
Products	1 099	801	382	298	1 163
Services	68	62	24	22	83
<b>Total</b>	<b>1 167</b>	<b>863</b>	<b>406</b>	<b>320</b>	<b>1 246</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. Administrative expenses, Research and development expenses, Other operating income and expenses and net financials items of are not distributed per segment. The balance sheet is not followed up per segment. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM is the function that is responsible for allocating resources and assessing the performance of the operating segments. For the Group, this function has been identified as the CEO.

SEK thousands	EMEA		North- and South America		Japan and Pacific		Asia		Total	
	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
<b>Net sales</b>	516 999	365 190	214 849	156 923	182 771	150 263	251 953	190 809	1 166 572	863 185
<b>Gross income</b>	319 958	213 493	129 234	83 470	129 371	98 161	168 100	120 717	746 663	515 841
Selling expenses	-69 958	-63 679	-25 741	-29 039	-26 972	-29 792	-31 790	-26 246	-154 461	-148 756
<b>Market contribution</b>	250 000	149 815	103 493	54 431	102 399	68 369	136 310	94 471	592 202	367 085
Administrative expenses									-123 955	-87 708
Research and developement expenses									-77 390	-65 707
Other operating revenue and expenses									4 950	9 015
<b>Operating income</b>									395 807	222 685
Net financial items									2 847	5 818
<b>Income after financial items</b>									398 654	228 503
Fixed assets*	727 289	788 090	108 053	103 317	4 134	3 188	224	567	839 700	895 161

SEK thousands	EMEA		North- and South America		Japan and Pacific		Asia		Total	
	Jul-Sep 2021	Jul-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jul-Sep 2021	Jul-Sep 2020
<b>Net sales</b>	180 945	137 351	77 838	61 217	54 233	48 698	92 549	72 882	405 565	320 148
<b>Gross income</b>	113 763	81 735	46 170	34 389	39 090	33 970	63 543	48 933	262 566	199 027
Selling expenses	-21 894	-19 389	-8 950	-2 998	-7 198	-8 893	-11 955	-9 461	-49 997	-40 741
<b>Market contribution</b>	91 869	62 347	37 220	31 391	31 892	25 077	51 588	39 472	212 569	158 286
Administrative expenses									-42 272	-31 503
Research and developement expenses									-27 735	-17 795
Other operating revenue and expenses									-378	3 483
<b>Operating income</b>									142 184	112 471
Net financial items									-1 382	508
<b>Income after financial items</b>									140 802	112 980
Fixed assets*	727 289	788 090	108 053	103 317	4 134	3 188	224	567	839 700	895 161

SEK thousands	EMEA	North- and South America	Japan and Pacific	Asia	Total
	Whole year 2020	Whole year 2020	Whole year 2020	Whole year 2020	Whole year 2020
<b>Net sales</b>	533 130	226 064	213 826	272 552	1 245 572
<b>Gross income</b>	321 892	126 150	143 961	175 664	767 667
Selling expenses	-83 948	-35 559	-41 437	-35 982	-196 927
<b>Market contribution</b>	237 944	90 591	102 524	139 681	570 740
Administrative expenses					-114 424
Research and developement expenses					-91 759
Other operating revenue and expenses					-5 458
<b>Operating income</b>					370 015
Net financial items					-3 824
<b>Income after financial items</b>					366 191
Fixed assets*	749 595	92 410	2 345	482	844 833

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

## Consolidated income statements per quarter

SEK thousands	Jul-Sep 2021	Apr-Jun 2021	Jan-Mar 2021	Oct-Dec 2020	Jul-Sep 2020	Apr-Jun 2020	Jan-Mar 2020	Oct-Dec 2019
Net sales	405 565	382 049	378 958	382 387	320 148	209 166	333 870	409 486
Cost of goods sold	-142 999	-144 909	-132 001	-130 562	-121 122	-97 973	-128 249	-156 998
<b>Gross income</b>	<b>262 566</b>	<b>237 140</b>	<b>246 957</b>	<b>251 825</b>	<b>199 027</b>	<b>111 194</b>	<b>205 621</b>	<b>252 488</b>
Selling expenses	-49 997	-53 849	-50 615	-48 171	-40 741	-48 751	-59 265	-62 106
Administrative expenses	-42 272	-45 720	-35 964	-26 717	-31 503	-24 735	-31 470	-25 611
Research and development costs	-27 735	-25 084	-24 571	-26 052	-17 795	-22 261	-25 652	-30 826
Other operating revenues and expenses	-378	-1 341	6 670	-3 556	3 483	963	4 569	-2 945
<b>Operating income</b>	<b>142 184</b>	<b>111 146</b>	<b>142 477</b>	<b>147 330</b>	<b>112 471</b>	<b>16 410</b>	<b>93 803</b>	<b>131 000</b>
Financial income and expenses	-1 382	-1 224	5 453	-9 643	508	-4 961	10 271	-7 878
<b>Income after financial items</b>	<b>140 802</b>	<b>109 922</b>	<b>147 930</b>	<b>137 688</b>	<b>112 980</b>	<b>11 449</b>	<b>104 074</b>	<b>123 122</b>
Income taxes	-36 167	-23 493	-29 019	-30 150	-24 390	180	-23 966	-26 673
<b>Net income</b>	<b>104 635</b>	<b>86 430</b>	<b>118 911</b>	<b>107 538</b>	<b>88 590</b>	<b>11 629</b>	<b>80 108</b>	<b>96 449</b>
<b>Attributable to</b>								
Parent Company's shareholders	104 341	85 799	118 211	107 222	88 163	11 625	79 836	96 127
Non-controlling interests	294	631	700	316	427	5	272	322
Depreciation, amortisation and write-downs	-20 064	-23 240	-20 589	-16 868	-21 475	-23 470	-22 257	-28 543

## Key ratios per quarter, total Group

	Jul-Sep 2021	Apr-Jun 2021	Jan-Mar 2021	Oct-Dec 2020	Jul-Sep 2020	Apr-Jun 2020	Jan-Mar 2020	Oct-Dec 2019
Shareholders' equity, attributable to the Parent Company's shareholders, SEK millions	5 771.5	2 146.6	2 158.7	2 012.6	1 956.3	1 883.7	1 922.5	1 794.0
Shareholders' equity per share, SEK	48.83	19.78	19.89	18.54	18.02	17.35	17.71	16.53
Return on equity, %	13.7	19.3	16.2	14.8	14.6	16.1	21.4	22.8
Cash flow from operating activities per share, SEK	0.91	1.23	1.32	1.58	0.89	0.63	0.19	1.08

## 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 analyse 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.

A list of definitions is found below of the key ratios that are used, referred to and presented in the financial reports. Measures that can be found directly in the financial reports and can be calculated on the basis of the definitions below have not been included in the coming tables.

### Profit and yield measurements

#### Gross income

*Definition:* Net sales minus the cost of goods sold.

*Purpose:* This measure shows the group's result before affecting of costs such as selling and administrative expenses.

#### Gross margin, %

*Definition:* Gross income in relation to net sales for the period.

#### Operating income (EBIT)

*Definition:* Net sales minus all costs attributable to operations including depreciation, amortisation and impairment of tangible and intangible fixed

assets but excluding net financial items and tax.

*Purpose:* This is used to measure operational profitability and the Group's target achievement.

#### Operating margin (EBIT), %

*Definition:* Operating income (EBIT), in relation to net sales for the period.

#### Operating income before depreciation, amortisation and impairment (EBITDA)

*Definition:* Operating income before depreciation, amortisation and impairment of tangible and intangible fixed assets.

*Purpose:* This is used to measure result from operating activities independent of depreciation and amortisation. The company aims to achieve growth while maintaining profitability, where profitability is followed up through operating income before depreciation, amortisation and impairment (EBITDA).

#### Operating margin before depreciation, amortisation and impairment (EBITDA), %

*Definition:* Operating income before depreciation, amortisation and impairment of tangible and intangible fixed assets in relation to net sales for the period.

#### Adjusted gross and operating income

*Definition:* Gross and operating income before amortisation of surplus

values related to acquisitions.

**Purpose:** 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.

#### Adjusted gross and operating margin, %

**Definition:** Adjusted gross and operating income in relation to net sales for the period.

#### Return on equity

**Definition:** Net income for a rolling 12 months in relation to average shareholders' equity for the period. (Average is calculated on last four reported quarters).

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

SEK M	Sep 30. 2021	Sep 30. 2020	Dec 31. 2020
Average shareholders' equity, rolling 12 month	3 022.3	1 899.1	1 943.8
Net income, rolling 12 month	415.6	275.8	286.8
<b>Return on equity, %</b>	<b>13.7</b>	<b>14.6</b>	<b>14.8</b>

## Capital measurements

#### Net debt

**Definition:** Short- and long-term interest-bearing liabilities, adjusted for IFRS 16 effect, minus interest-bearing receivables minus cash and cash equivalents.

**Purpose:** 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 conjunction to the entry into force of IFRS 16 on January 1, 2019, the key ratio definition has been reformulated as financial liabilities related to leasing agreements are not included in the calculation of the net debt.

#### Net debt / EBITDA rolling 12 months

**Definition:** Net debt in relation to EBITDA rolling 12 months.

**Purpose:** 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, amortisation and impairment (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.

SEK M	Sep 30. 2021	Sep 30. 2020	Dec 31. 2020
Long-term interest-bearing leasing liabilities	52.6	52.2	48.8
Short-term interest-bearing leasing liabilities	15.7	14.4	13.6
Adjustment of interest-bearing liabilities related to leasing agreements	-68.3	-66.6	-62.4
Cash and cash equivalents	-4 763.3	-834.3	-973.6
<b>Net debt</b>	<b>-4 763.3</b>	<b>-834.3</b>	<b>-973.6</b>
Operating profit, rolling 12 month	543.1	353.7	370.0
Depreciation, amortisation and impairment, rolling 12 month	80.8	95.7	84.1
<b>Rolling 12 month EBITDA</b>	<b>623.9</b>	<b>449.4</b>	<b>454.1</b>
<b>Net debt / EBITDA rolling 12 month</b>	<b>-7.6</b>	<b>-1.9</b>	<b>-2.1</b>

\* The Group has no other interest-bearing liabilities other than related to leasing liabilities.

#### Equity/assets ratio, %

**Definition:** Shareholders' equity and minority interest in relation to total assets.

**Purpose:** The ratio shows the proportion of the Company's total assets financed by shareholders' equity. A high equity/assets ratio is a measure of financial strength and is used to measure target achievement.

#### Working capital

**Definition:** Current assets excluding cash and cash equivalents minus current non-interest-bearing liabilities.

**Purpose:** This measure is used to show how much capital is needed to finance current business operations.

## Share-related measurements

#### Cash flow from operating activities per share

**Definition:** Cash flow for the period from current business operations divided by the average number of shares outstanding for the period.

**Purpose:** This measure is used to show the cash flow generated by the company's current business operations per share.

#### Shareholders' equity per share

**Definition:** Equity divided by the number of shares outstanding on closing day.

**Purpose:** This measure shows the company's net value per share and determines whether a company increases shareholders' net worth over time.

#### Earnings per share (Defined by IFRS)

**Definition:** Income for the period attributable to Vitrolife's shareholders in relation to the average number of outstanding shares for the period.

## Other measures

#### Rolling 12 months

**Definition:** Key ratios calculated from rolling 12-month values have been calculated from the past four rolling interim reports and accounts.

**Purpose:** Rolling 12 months gives a clearer picture of sales or profitability and a fairer picture of a key ratio's development.

#### Organic growth

**Definition:** Organic growth is sales growth from existing business operations adjusted for acquisitions and divestments. An acquisition or a sale is only included in the calculation of organic growth when it is included for an equal number of months in the present period and the corresponding period the previous year. Otherwise it is included in the calculation of acquired growth.

**Purpose:** Organic growth excludes the effects of changes in the Group's structure, thus enabling a comparison of net sales over time.

#### Net sales growth in local currency

**Definition:** Growth in local currencies is sales growth adjusted for currency effects, which is calculated as sales for the period in local currencies recalculated at a predetermined exchange rate in relation to the corresponding period the previous year in local currencies recalculated at the same exchange rate.

**Purpose:** 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 stated in Note 4).

## Net sales growth in local currency

### Net sales per geographic segment

	EMEA			North and South America			Japan and Pacific			Asia		
	Jan-Sep 2021	Jan-Sep 2020	Whole year 2020	Jan-Sep 2021	Jan-Sep 2020	Whole year 2020	Jan-Sep 2021	Jan-Sep 2020	Whole year 2020	Jan-Sep 2021	Jan-Sep 2020	Whole year 2020
Growth in local currency, SEK M	168	-62	-51	75	-40	-46	42	-17	-19	66	-79	-78
Growth in local currency, %	47	-15	-9	50	-20	-17	29	-10	-8	35	-29	-22
Currency effects, SEK M	-16	-2	-12	-18	-1	-12	-10	-2	-7	-5	-4	-10
Currency effects, %	-5	0	-2	-13	-1	-3	-7	-1	-3	-3	-1	-2
<b>Total growth, SEK M</b>	<b>152</b>	<b>-64</b>	<b>-63</b>	<b>58</b>	<b>-41</b>	<b>-58</b>	<b>32</b>	<b>-19</b>	<b>-26</b>	<b>61</b>	<b>-83</b>	<b>-88</b>
<b>Total growth, %</b>	<b>42</b>	<b>-15</b>	<b>-11</b>	<b>37</b>	<b>-21</b>	<b>-20</b>	<b>22</b>	<b>-11</b>	<b>-11</b>	<b>32</b>	<b>-30</b>	<b>-24</b>

	EMEA		North and South America		Japan and Pacific		Asia	
	Jul-Sep 2021	Jul-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jul-Sep 2021	Jul-Sep 2020
Growth in local currency, SEK M	48	-5	20	-4	8	-18	19	-12
Growth in local currency, %	35	-4	33	-6	17	-27	26	-14
Currency effects, SEK M	-4	-5	-3	-5	-2	-4	1	-4
Currency effects, %	-3	-3	-5	-7	-5	-5	1	-4
<b>Total growth, SEK M</b>	<b>44</b>	<b>-10</b>	<b>17</b>	<b>-9</b>	<b>6</b>	<b>-22</b>	<b>20</b>	<b>-16</b>
<b>Total growth, %</b>	<b>32</b>	<b>-7</b>	<b>27</b>	<b>-13</b>	<b>11</b>	<b>-32</b>	<b>27</b>	<b>-18</b>

### Net sales per division

	Consumables			Technology			Genomics		
	Jan-Sep 2021	Jan-Sep 2020	Helär 2020	Jan-Sep 2021	Jan-Sep 2020	Helär 2020	Jan-Sep 2021	Jan-Sep 2020	Helär 2020
Growth in local currency, SEK M	167	-83	-67	139	-97	-111	41	-14	-12
Growth in local currency, %	32	-13	-8	60	-30	-23	56	-15	-10
Currency effects, SEK M	-26	-7	-22	-13	-2	-16	-7	-1	-5
Currency effects, %	-5	-1	-2	-7	0	-2	-11	-2	-4
<b>Total growth, SEK M</b>	<b>141</b>	<b>-90</b>	<b>-89</b>	<b>126</b>	<b>-99</b>	<b>-127</b>	<b>34</b>	<b>-15</b>	<b>-17</b>
<b>Total growth, %</b>	<b>26</b>	<b>-14</b>	<b>-10</b>	<b>54</b>	<b>-30</b>	<b>-25</b>	<b>45</b>	<b>-17</b>	<b>-14</b>

	Consumables		Technology		Genomics	
	Jul-Sep 2021	Jul-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Jul-Sep 2021	Jul-Sep 2020
Growth in local currency, SEK M	26	15	55	-51	13	-5
Growth in local currency, %	12	7	81	-41	43	-13
Currency effects, SEK M	-3	-10	-5	-5	-1	-2
Currency effects, %	-1	-5	-10	-3	-2	-6
<b>Total growth, SEK M</b>	<b>23</b>	<b>5</b>	<b>50</b>	<b>-56</b>	<b>12</b>	<b>-7</b>
<b>Total growth, %</b>	<b>11</b>	<b>2</b>	<b>71</b>	<b>-44</b>	<b>41</b>	<b>-19</b>

### Group total

	Jan-Sep 2021	Jan-Sep 2020	Jul-Sep 2021	Jul-Sep 2020	Whole year 2020
Organic growth in local currency, SEK M	352	-197	95	-40	-193
Organic growth in local currency, %	41	-19	30	-11	-13
Acquired growth, SEK M	-	-	-	-	-
Acquired growth, %	-	-	-	-	-
Currency effects, SEK M	-48	-10	-9	-18	-42
Currency effects, %	-6	0	-3	-4	-3
<b>Total growth, SEK M</b>	<b>303</b>	<b>-207</b>	<b>85</b>	<b>-58</b>	<b>-235</b>
<b>Total growth, %</b>	<b>35</b>	<b>-19</b>	<b>27</b>	<b>-15</b>	<b>-16</b>

# 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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