



INTERIM REPORT JANUARY-JUNE 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 

Good growth and acquisition of Igenomix

Second quarter

- Sales amounted to SEK 382 (209) million, corresponding to an increase of 83 percent in SEK. Sales increased by 94 percent in local currency. During the second quarter 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 134 (40)

million, corresponding to a margin of 35 (19) percent. Currency effects negatively impacted EBITDA by SEK 15 million. Operating income included non-recurring acquisition-related costs of SEK 11 million and non-recurring transport-related costs of SEK 3 million. Adjusted for these items, EBITDA amounted to SEK 148 million, corresponding to a margin of 39 percent.

- Net income amounted to SEK 86 (12) million, which gave earnings per share of SEK 0.79 (0.11).

First half year

- Sales amounted to SEK 761 (543) million, corresponding to an increase of 40 percent in SEK. Sales increased by 49 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 297 (156) million, corresponding to a margin of 39 (29) percent. Currency effects negatively impacted EBITDA by SEK 25 million. Operating income included non-recurring

acquisition-related costs of SEK 14 million and non-recurring transport-related costs of SEK 3 million. Adjusted for these items, EBITDA amounted to SEK 314 million, corresponding to a margin of 41 percent.

- Net income amounted to SEK 205 (92) million, which gave earnings per share of SEK 1.88 (0.84).

After the end of the period

- After closing day 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).

The Group's Key Figures

SEK millions	April - June		January - June		Whole year
	2021	2020	2021	2020	2020
Net sales	382	209	761	543	1 246
Net sales growth, local currency, %	94	-45	49	-22	-13
Gross margin, %	62	53	64	58	62
Adjusted gross margin*, %	63	57	65	61	64
Operating income before depreciation and amortisation (EBITDA)	134	40	297	156	454
EBITDA margin, %	35	19	39	29	36
Net income	86	12	205	92	288
Net debt / Rolling 12 month EBITDA	-1.9	-1.6	-1.9	-1.6	-2.1
Earnings per share**, SEK	0.79	0.11	1.88	0.84	2.64
Share price on closing day, SEK	355.60	208.40	355.60	208.40	215.80
Market cap at closing day	38 601	22 622	38 601	22 622	23 425
<i>Changes in net sales</i>					
Organic growth in local currency, %	94	-45	49	-22	-13
Acquired growth, %	-	-	-	-	-
Currency effects, %	-11	0	-9	0	-3
Total growth, %	83	-45	40	-22	-16

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

** Before and after dilution.

For definitions, motivations and reconciliations, see pages 17-19.

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 second quarter amounted to SEK 382 million, corresponding to an increase of 94 percent in local currency compared with the second quarter the previous year. The second quarter the previous year was hard hit by the pandemic and compared with the second quarter of 2019 sales increased by approximately 6 percent in local currency. The recovery continued in the market with great regional variation. In our assessment considerably more treatments are carried out in Japan, Australia and the US compared with before the pandemic. In the world's largest IVF market, China, about as many treatments are carried out as before the pandemic, with the exception of those provinces that have been impacted by temporary restrictions as a result of local transmission of the virus. In South-East Asia, India and South America and in markets where there is extensive IVF tourism, considerably fewer treatments are carried out compared with before the pandemic. All in all, we assess that the number of treatments worldwide amounts to about as many as before the pandemic. Vitrolife has increased sales in addition to market growth and this is due to market share gained in certain countries, amongst other things due to a broader product offering. One example of this is iDAScore, the company's new Time-lapse software for embryo evaluation based on artificial intelligence. Another example is the company's antioxidant media, which has contributed to the sales growth in Japan over the past quarters. During the second quarter the company received market approval for this media in the US, and this strengthens growth opportunities there in the time ahead. During the quarter Embryomap, the company's new kit for pre-implantation genetic testing for aneuploidy (PGT-A), was also launched.

During the quarter operating income before depreciation and amortisation (EBITDA) adjusted for items of a one-time nature amounted to SEK 148 million, corresponding to a margin of 39 percent. Investments in growth in the form of recruitment and a return to a more normalised world have led to an increase in costs for customer-



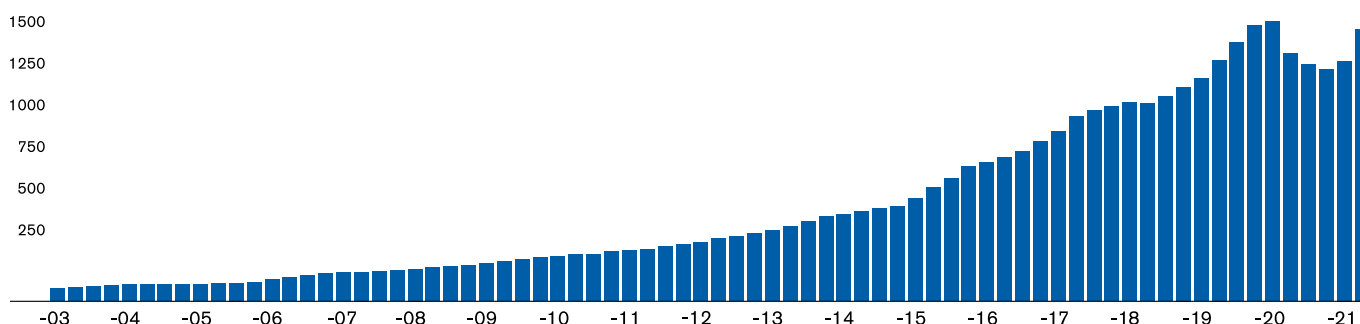
related activities compared with past quarters.

The most important event to comment on is Vitrolife's acquisition of Igenomix after closing day for a total consideration of EUR 1.25 billion (approximately SEK 12.7 billion) on a cash-free, debt-free basis. Igenomix is a global leader in the field of reproductive genetic testing services for IVF clinics, with its head office in Spain. 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. 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. The acquisition is expected to be accretive to EBITDA per share as from 2022 and is being financed by a combination of an issue in kind, a directed share issue, bank credit and cash. Closing of the transaction is subject to regulatory approvals and expected to take place in the fourth quarter 2021. The transaction constitutes a milestone for Vitrolife and the beginning of a new exciting journey. For more information on the acquisition, please see events after the end of the period.

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. However, the company is actively working to ensure good inventory levels and alternative suppliers when necessary. 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 2021 (April - June)

Net sales

Sales amounted to SEK 382 (209) million, corresponding to an increase of 83 percent in SEK. Sales increased by 94 percent in local currency. During the second quarter 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 178 (73) million. Sales increased by 155 percent in local currency. In the North- and South American region, sales amounted to SEK 75 (30) million. Sales increased by 176 percent in local currency. Sales in the Japan and Pacific region amounted to SEK 55 (47) million. Sales increased by 26 percent in local currency. Sales in the Asian region increased by 32 percent in local currency and amounted to SEK 74 (59) million. Growth in all regions was positively impacted by the fact that the second quarter the previous year was severely negatively impacted by the pandemic.

Sales in the Consumables division increased by 91 percent in local currency during the quarter and amounted to SEK 233 (131) million. Sales in the Technology division increased by 72 percent in local currency during the quarter and amounted to SEK 102 (61) million. Sales in the Genomics division increased by 239 percent in local currency and amounted to SEK 41 (13) million. Freight revenues amounted to SEK 6 (4) 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.

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

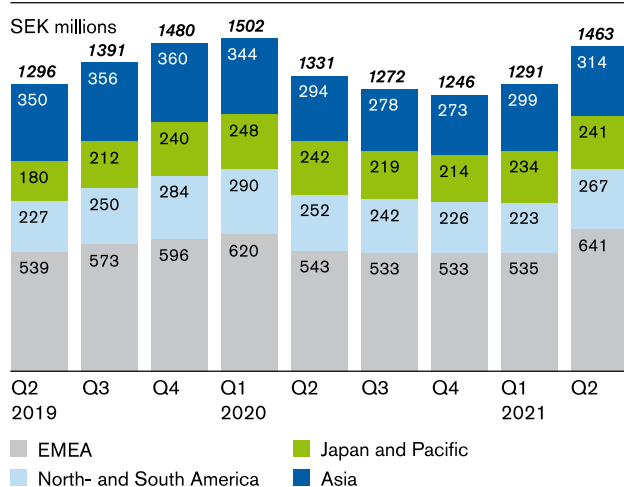
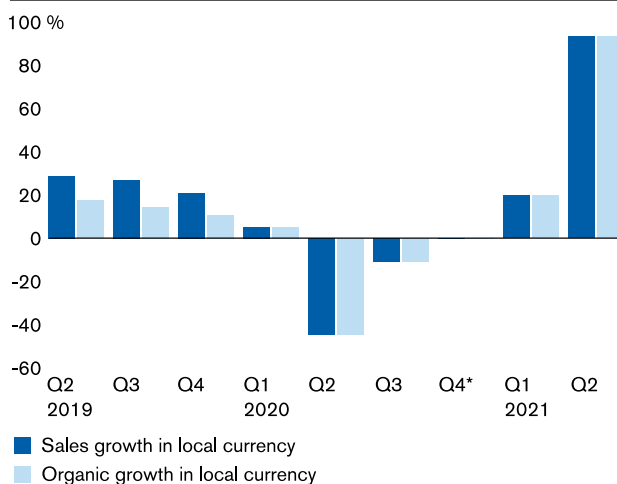


Fig 2. Sales development (per quarter)



* For Q4 sales growth and organic growth in local currencies amount to 0 %.

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

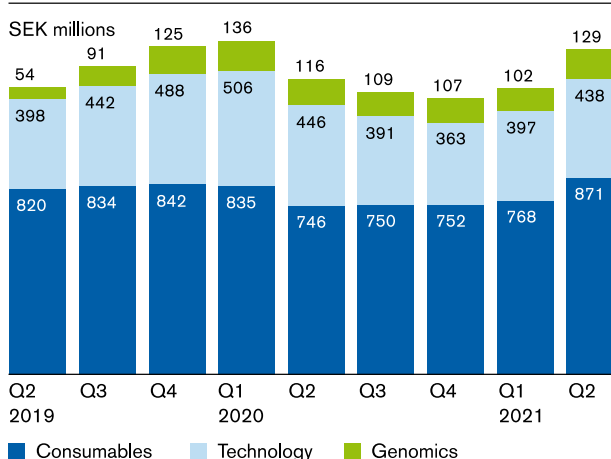
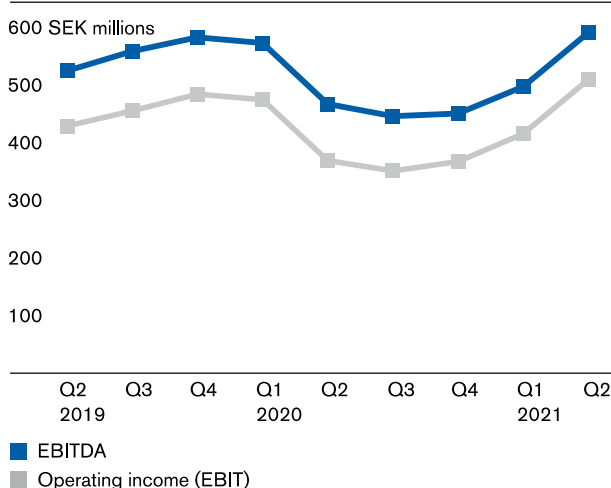


Fig 4. Income (rolling 12 months)



Income

Operating income before depreciation and amortisation (EBITDA) amounted to SEK 134 (40) million, corresponding to a margin of 35 (19) percent. Currency effects negatively impacted EBITDA by SEK 15 million. Operating income included non-recurring acquisition-

related costs of SEK 11 million and non-recurring transport-related costs of SEK 3 million. Adjusted for these items, EBITDA amounted to SEK 148 million, corresponding to a margin of 39 percent.

Gross income amounted to SEK 237 (111) million. The gross margin amounted to 62 (53) percent and was positively impacted by economies of scale as a result of increased sales. Gross income included non-recurring transport-related costs of SEK 3 million. Adjusted for this item, the gross margin amounted to 63 percent. The gross margin adjusted for amortisation of acquisition-related intangible assets amounted to 63 (57) percent during the quarter.

Selling expenses amounted to SEK 54 (49) million, corresponding to 14 (23) percent of sales. Selling expenses increased amongst other things as a result of increased costs for customer activities and personnel. Administrative expenses amounted to SEK 46 (25) million, corresponding to 12 (12) percent of sales. Administrative expenses included non-recurring acquisition-related costs of SEK 11 million. Adjusted for this item, administrative expenses amounted to 9 percent of sales. R&D costs amounted to SEK 25 (22) million, corresponding to 7 (11) percent of sales. Net financial items amounted to SEK -1 (-5) million and primarily consisted of currency effects. Income before tax amounted to SEK 110 (11) million. Net income amounted to SEK 86 (12) million. Other comprehensive income amounted to SEK -12 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 83 (18) million. The contribution from the North and South American region amounted to SEK 35 (3) million. The contribution from the Japan and Pacific region amounted to SEK 28 (17) million. The market contribution from the Asian region amounted to SEK 37 (25) million. The market contribution for all regions was positively impacted by the fact that the second quarter the previous year was severely negatively impacted by the pandemic.

Cash flow

The cash flow from operating activities amounted to SEK 134 (69) million. Change in working capital amounted to SEK 23 (46) million and was positively impacted by reduced accounts receivables. Net investments in fixed assets amounted to SEK -11 (-7) million and consisted,

amongst other things, of investments in development projects and equipment. Sales of financial assets amounted to SEK 14 (-) million and consisted of all shares in Biolamina, who operate in the stem-cell field. The background to the sale is that the company sees limited opportunities for Vitrolife to expand in the stem-cell field in the time ahead. The divestment had no material impact on results. The cash flow from financing activities was SEK -91 (-5) million and comprised dividend to shareholders of SEK 87 (-) million and repayment of lease liabilities in accordance with IFRS 16 of SEK 4 (5) million. Cash and cash equivalents at the end of the period amounted to SEK 1 155 (754) million. The company intends to make use of its cash balances to partly finance the acquisition of Igenomix.

Financing

Vitrolife has no credit facilities. The equity/assets ratio was 86 (86). Net debt in relation to income for a rolling 12 months before depreciation and amortisation (EBITDA) amounted to -1.9 (-1.6) times.

Parent Company

Business activities focus on Group-wide management. Income included invoicing of management fee and other costs of SEK 7 (4) million. Income after financial items for the quarter amounted to SEK 728 (6) million and included dividend of SEK 731 (-) million received from subsidiaries. Cash and cash equivalents amounted to SEK 649 (276) million.

The period 2021 (January - June)

Net sales

Sales amounted to SEK 761 (543) million, corresponding to an increase of 40 percent in SEK. Sales increased by 49 percent in local currency.

Sales in the EMEA region (Europe, the Middle East and Africa) amounted to SEK 336 (228) million. Sales increased by 54 percent in local currency. In the North- and South American region, sales amounted to SEK 137 (95) million. Sales increased by 61 percent in local currency. Sales in the Japan and Pacific region amounted to SEK 129 (101) million. Sales increased by 35 percent in local currency. Sales in the Asian region increased by 41 percent in local currency and amounted to SEK 159 (119) 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 46 percent in local currency and amounted to SEK 443 (324) million. Sales for the Technology division increased by 51 percent in local currency and amounted to SEK 238 (164)

million. Sales for the Genomics division increased by 65 percent in local currency and amounted to SEK 68 (45) million. Freight revenues amounted to SEK 12 (10) 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 297 (156) million, corresponding to a margin of 39 (29) percent. Currency effects negatively impacted EBITDA by SEK 25 million. Operating income included non-recurring acquisition-related costs of SEK 14 million and non-recurring transport-related costs of SEK 3 million. Adjusted for these items, EBITDA amounted to SEK 314 million, corresponding to a margin of 41 percent.

The gross margin amounted to 64 (58) percent. The gross margin adjusted for amortisation of acquisition-related intangible assets amounted to 65 (61) percent.

Selling expenses amounted to SEK 104 (108) million, corresponding to 14 (20) percent of sales. Administrative expenses amounted to SEK 82 (56) million, corresponding to 11 (10) percent of sales. Administrative expenses included non-recurring acquisition-related costs of SEK 14 million. Adjusted for this item, administrative expenses amounted to 9 percent of sales. R&D costs amounted to SEK 50 (48) million, corresponding to 7 (9) percent of sales. Net financial items amounted to SEK 4 (5) million and primarily consisted of currency effects. Income before tax amounted to SEK 258 (116) million. Net income amounted to SEK 205 (92) million. Other comprehensive income amounted to SEK 15 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 158 (87) million. The contribution from the North and South American region amounted to SEK 66 (23) million. The contribution from the Japan and Pacific region amounted to SEK 71 (43) million. The market contribution from the Asian region amounted to SEK 85 (55) 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 277 (89) million. Change in working capital amounted to SEK 22 (-12) million and was impacted by increased short-term liabilities. Net investments in fixed assets amounted to SEK -23 (-13) 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. The cash flow from financing activities was SEK -95 (-9) million and comprised dividend to shareholders of SEK 87 (-) million and repayment of lease liabilities in accordance with IFRS 16 of SEK 8 (9) million. Cash and cash equivalents at the end of the period amounted to SEK 1 155 (754) million. The company intends to make use of its cash balances to partly finance 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 412 (406), of whom 202 (203) were women and 210 (203) were men. Of these, 159 (154) people were employed in Sweden, 88 (86) in the US, 85 (85) in Denmark and 80 (81) in the rest of the world. The number of people employed in the Group at the end of the period was 424 (418).

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

After the end of the period, 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 is a global leader in women's health and reproductive genetic testing services for IVF clinics founded in 2011. 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 is expected to achieve estimated 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 expects to achieve adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) for the last twelve months as of June 2021 of EUR 36 million (EUR 26 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, 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.
- 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.
- The consideration share issue is conditional upon approval by Vitrolife's extraordinary general meeting ("EGM"). William Demant Invest A/S, Bure Equity AB, Fjärde AP-fonden and AMF, together representing 47.1% of the capital and votes in Vitrolife, have committed to vote in favour of the proposed consideration share issue at the EGM.
- 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. Expected combined pro forma sales for the last twelve months as of June 2021 for Vitrolife and Igenomix amounts to SEK 2,702 million (SEK 2,460 million excluding Igenomix Covid-19 testing revenue) and SEK 965 million adjusted EBITDA (SEK 864 million excluding Igenomix Covid-19 testing EBITDA). The above figures are only intended as an illustration and do not include the effects of synergies, implementation expenses or depreciation and amortization of assets at fair value as a consequence of allocation of the purchase price for the acquisition. 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 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.

The consideration share issue is conditional upon, inter alia, approval by Vitrolife's EGM. Current shareholders William Demant Invest A/S, Bure Equity AB, Fjärde AP-fonden and AMF, together representing 47.1% of the capital and votes in Vitrolife, support the consideration share issue and have already undertaken to vote in favour of the proposed consideration share issue at the forthcoming EGM. The EGM is expected to take place in the autumn 2021. Further information on the EGM and a formal notice will be provided by the company in due course.

No other 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 of 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 15, 2021
Gothenburg, Sweden

Thomas Axelsson
CEO

Henrik Blomquist
Board member

Lars Holmqvist
Board member

Karen Lykke Sørensen
Board member

Pia Marions
Board member

Jón Sigurdsson
Chairman of the Board

Financial reports

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

Financial calendar

2021-10-29: Interim report January - September 2021
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

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 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 July 15, 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 – June		April – June		Whole year 2020
		2021	2020	2021	2020	
Net sales	4,5	761 007	543 036	382 049	209 166	1 245 572
Cost of goods sold		-276 909	-226 222	-144 909	-97 973	-477 905
Gross income		484 098	316 815	237 140	111 194	767 667
<i>Comprising</i>						
Adjusted gross income		494 884	331 161	241 673	118 953	792 251
Amortisation of acquisition-related intangible assets		-10 786	-14 346	-4 533	-7 760	-24 585
Gross income		484 098	316 815	237 140	111 194	767 667
Selling expenses		-104 464	-108 016	-53 849	-48 751	-196 927
Administrative expenses		-81 684	-56 205	-45 720	-24 735	-114 424
Research and development costs		-49 655	-47 913	-25 084	-22 261	-91 759
Other operating revenues		5 604	5 725	542	5 513	11 492
Other operating expenses		-275	-193	-1 883	-4 550	-6 034
Operating income		253 623	110 213	111 146	16 410	370 015
<i>Comprising</i>						
Adjusted operating income		264 410	124 560	115 679	24 170	394 600
Amortisation of acquisition-related intangible assets		-10 786	-14 346	-4 533	-7 760	-24 585
Operating income		253 623	110 213	111 146	16 410	370 015
Financial income and expenses		4 229	5 310	-1 224	-4 961	-3 824
Income after financial items		257 852	115 523	109 922	11 449	366 191
Income taxes		-52 511	-23 786	-23 493	180	-78 325
Net Income		205 341	91 738	86 430	11 629	287 865
Attributable to						
Parent Company's shareholders		204 010	91 461	85 799	11 625	286 845
Non-controlling interests		1 331	277	631	5	1 020
Earnings per share*, SEK		1.88	0.84	0.79	0.11	2.64
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 43,829 thousand (47,727), of which SEK 23,240 thousand (23,470) for the second quarter.

Statements of comprehensive income

SEK thousands	January – June		April – June		Whole year 2020
	2021	2020	2021	2020	
Net income	205 341	91 738	86 430	11 629	287 865
Other comprehensive income					
<i>Items that may be reclassified to the income statement</i>					
Exchange rate differences	15 431	-1 819	-11 864	-50 695	-59 103
Total other comprehensive income	15 431	-1 819	-11 864	-50 695	-59 103
Total comprehensive income	220 772	89 919	74 566	-39 066	228 762
Attributable to					
Parent Company's shareholders	219 405	89 630	73 997	-38 847	227 923
Non-controlling interests	1 367	289	570	-219	839

Consolidated statements of financial position

SEK thousands	Note	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
ASSETS	2			
Goodwill	5	409 736	422 241	403 239
Other intangible fixed assets	5	281 676	329 079	299 481
Tangible fixed assets	5	160 441	164 025	142 113
Shares and participations		–	14 662	14 662
Other financial fixed assets		27 202	28 611	24 798
Deferred tax assets		11 122	4 594	6 355
Inventories		224 636	251 367	204 027
Accounts receivable		214 624	188 653	216 494
Current tax assets		5 265	27 388	6 249
Other current receivables		7 818	2 937	3 043
Prepaid expenses and accrued income		15 722	15 832	11 063
Cash and cash equivalents		1 155 482	753 796	973 566
Total assets		2 513 722	2 203 185	2 305 089
SHAREHOLDERS' EQUITY AND LIABILITIES	2			
Shareholders' equity, attributable to the Parent Company's shareholders		2 146 647	1 883 653	2 012 570
Non-controlling interests		4 295	3 894	4 444
Provisions		25 036	19 178	21 503
Deferred tax liabilities		15 818	24 952	16 211
Long-term interest-bearing liabilities		55 880	55 891	48 810
Long-term non-interest-bearing liabilities		25 499	33 740	24 538
Short-term interest-bearing liabilities		15 948	15 147	13 593
Current tax liabilities		22 116	5 763	8 792
Accounts payable		46 901	38 850	25 922
Other short-term non-interest-bearing liabilities		26 057	22 114	24 695
Accrued expenses and deferred income		129 526	100 004	104 012
Total shareholders' equity and liabilities		2 513 722	2 203 185	2 305 089

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		
Opening balance January 1, 2020	22 144	494 610	60 846	1 216 423	3 605	1 797 628
Total comprehensive income	–	–	-58 922	286 845	839	228 762
Equity swap agreement	–	–	–	-10 847	–	-10 847
Equity compensation benefit	–	–	–	1 471	–	1 471
Closing balance December 31, 2020	22 144	494 610	1 924	1 493 892	4 444	2 017 014
Opening balance January 1, 2021	22 144	494 610	1 924	1 493 892	4 444	2 017 014
Total comprehensive income	–	–	15 395	204 010	1 367	220 772
Equity compensation benefit	–	–	–	1 513	–	1 513
Dividend (SEK 0.80 per share)	–	–	–	-86 840	–	-86 840
Dividend to non-controlling interests	–	–	–	–	-1 516	-1 516
Closing balance June 30, 2021	22 144	494 610	17 319	1 612 575	4 295	2 150 943

Condensed consolidated cash flow statements

SEK thousands	January – June		April – June		Whole year 2020
	2021	2020	2021	2020	
Income after financial items	257 852	115 523	109 922	11 449	366 191
Adjustment for non-cash items	39 945	53 443	27 069	38 638	91 784
Tax paid	-43 570	-67 847	-26 546	-27 152	-111 375
Change in inventories	-18 927	-42 233	-12 206	-25 802	-4 434
Change in trade receivables	-3 312	27 207	17 998	52 902	14 861
Change in trade payables	44 733	2 803	17 263	18 658	-579
Cash flow from operating activities	276 721	88 896	133 501	68 693	356 448
Net investments in fixed assets	-22 766	-13 054	-10 749	-7 236	-20 218
Sale of financial fixed assets	16 235		14 235		
Cash flow from investing activities	-6 531	-13 054	3 486	-7 236	-20 218
Repayment of lease liabilities	-8 096	-8 815	-4 192	-4 555	-15 764
Dividends paid	-86 840		-86 840		
Equity swap agreement	–	–	–	–	-10 847
Cash flow from financing activities	-94 937	-8 815	-91 032	-4 555	-26 611
Cash flow for the period	175 253	67 027	45 955	56 902	309 619
Opening cash and cash equivalents	973 566	689 538	1 117 594	715 479	689 538
Exchange-rate difference in cash and cash equivalents	6 663	-2 769	-8 067	-18 585	-25 591
Closing cash and cash equivalents	1 155 482	753 796	1 155 482	753 796	973 566

Key ratios, total Group

	January – June		April – June		Whole year 2020
	2021	2020	2021	2020	
Gross margin, %					
Adjusted gross margin, %					
Operating margin before depreciation and amortisation (EBITDA), %					
Operating margin (EBIT), %					
Net margin, %	27.0	16.9	22.6	5.6	23.1
Equity/assets ratio, %	85.6	85.7	85.6	85.7	87.5
Shareholders' equity per share, SEK	19.78	17.35	19.78	17.35	18.54
Return on equity, %	19.3	16.1	19.3	16.1	14.8
Cash flow from operating activities per share, SEK	2.55	0.82	1.23	0.63	3.28
Net debt*, SEK millions	-1 155.5	-753.8	-1 155.5	-753.8	-973.6

* Negative amount implies net claim.

For definitions, motivations and reconciliations, see pages 17-19.

Income statements for the Parent Company

SEK thousands	January – June		April – June		Whole year 2020
	2021	2020	2021	2020	
Net sales	10 976	8 838	7 006	3 686	19 130
Administrative expenses	-18 912	-9 985	-12 075	-3 201	-21 473
Other operating revenues	41		-73	–	77
Other operating expenses	–	-127	–	-265	–
Operating income	-7 895	-1 274	-5 142	220	-2 267
Dividends from Group companies	731 454	–	731 454	–	–
Financial income and expenses	3 180	8 273	1 493	5 344	5 191
Income after financial items	726 739	6 999	727 805	5 564	2 925
Income taxes	971	643	752	713	2 292
Net income	727 710	7 642	728 556	6 277	5 216

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. 2021	Jun 30. 2020	Dec 31. 2020
ASSETS			
Tangible fixed assets	12	12	12
Participations in Group companies	773 405	771 346	772 375
Shares and participations	–	14 662	14 662
Other financial fixed assets	7 663	6 191	7 019
Deferred tax assets	3 818	1 996	2 846
Receivables from Group companies	289 380	14 846	5 928
Current tax receivables	1 023	–	517
Other current receivables	162	–	–
Prepaid expenses and accrued income	8 889	566	48
Cash and cash equivalents	649 006	276 144	293 703
Total assets	1 733 357	1 085 762	1 097 110
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	1 596 758	966 177	954 375
Provisions	9 798	7 756	8 845
Current tax liabilities	–	483	–
Accounts payable	1 948	427	379
Liabilities to Group companies	107 940	106 943	127 162
Other short-term non-interest-bearing liabilities	340	843	749
Accrued expenses and deferred income	16 574	3 133	5 600
Total shareholders' equity and liabilities	1 733 357	1 085 762	1 097 110

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 1,399,099 thousand (971,018) and SEK 91,523 thousand (78,744). 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 3 thousand (-365). This effect is reported among financial items.

Fair value hierarchy

SEK thousands	Fair value levels	Jun 30.2021	Jun 30.2020	Dec 31.2020
Financial assets				
Financial assets to fair value through income statement	3	–	14 662	14 662
Total Financial assets		–	14 662	14 662
Financial liabilities				
Financial liabilities to fair value through income statement	3	8 478	9 307	8 161
Total Financial liabilities		8 478	9 975	8 161

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 30.2021	Jun 30.2020	Dec 31.2020
Group			
Pledged assets	38 206	33 604	36 072
Contingent liabilities	10 839	1 607	8 574
Parent company			
Pledged assets	10 763	9 291	10 119
Contingent liabilities	7 020	5 998	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-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Whole year 2020
EMEA	336	228	178	73	533
<i>of which Sweden</i>	13	10	8	4	20
North- and South America	137	95	75	30	226
Japan and Pacific	129	101	55	47	214
Asia	159	119	74	59	273
Total	761	543	382	209	1 246

Net sales per division

SEK thousands	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Whole year 2020
Consumables	443	324	233	131	752
Technology	238	164	102	61	363
Genomics	68	45	41	13	107
Other	12	10	6	4	24
Total	761	543	382	209	1 246

Net sales per products and services

SEK thousands	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Whole year 2020
Products	717	503	359	190	1 163
Services	44	40	23	19	83
Total	761	543	382	209	1 246

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 financial 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-Jun 2021	Jan-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Jun 2021	Jan-Jun 2020
Net sales	336 054	228 291	137 011	95 170	128 538	100 589	159 404	118 986	761 007	543 036
		131 758		49 081		64 191		71 784		316 815
Gross income	206 194	-44 290	83 064	-26 041	90 281	-20 899	104 558	-16 785	484 098	-108 015
Selling expenses	-48 063	87 468	-16 790	23 040	-19 774	43 292	-19 836	54 999	-104 464	208 799
Market contribution	158 131	69 059	66 274	20 406	70 507	26 426	84 722	30 465	379 634	146 356
Administrative expenses									-81 684	-56 205
Research and development expenses									-49 655	-47 913
Other operating revenue and expenses									5 329	5 532
Operating income									253 623	110 213
Net financial net									4 229	5 310
Income after financial items									257 852	115 523
Fixed assets*	741 963	800 945	104 945	109 849	4 598	3 865	348	686	851 854	915 345

SEK thousands	EMEA		North- and South America		Japan and Pacific		Asia		Total	
	Apr-Jun 2021	Apr-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Apr-Jun 2021	Apr-Jun 2020
Net sales	178 266	72 933	75 278	30 477	54 516	46 632	73 990	59 124	382 049	209 166
		36 848		15 069		26 550		32 726		111 194
Gross income	107 398	-18 439	44 807	-12 435	37 658	-9 684	47 278	-8 192	237 140	-48 750
Selling expenses	-24 529	18 409	-9 480	2 634	-9 788	16 866	-10 051	24 534	-53 849	62 443
Market contribution	82 869	69 059	35 327	20 406	27 869	26 426	37 227	30 465	183 291	146 356
Administrative expenses									-45 720	-24 735
Research and development expenses									-25 084	-22 261
Other operating revenue and expenses									-1 341	963
Operating income									111 146	16 410
Net financial net									- 1 224	-4 961
Income after financial items									109 922	11 449
Fixed assets*	741 963	800 945	104 945	109 849	4 598	3 865	348	686	851 854	915 345

TSEK	EMEA	Nord- och Sydamerika	Japan och Oceanien	Asien	Totalt
	Whole year 2020	Whole year 2020	Whole year 2020	Whole year 2020	Whole year 2020
Net sales	533 130	226 064	213 826	272 552	1 245 572
Gross income	321 892	126 150	143 961	175 664	767 667
Selling expenses	-83 948	-35 559	-41 437	-35 982	-196 927
Market contribution	237 944	90 591	102 524	139 681	570 740
Administrative expenses					-114 424
Research and development expenses					-91 759
Other operating revenue and expenses					-5 458
Operating income					370 015
Net financial net					-3 824
Income after financial items					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	Apr-Jun 2021	Jan-Mar 2021	Oct-Dec 2020	Jul-Sep 2020	Apr-Jun 2020	Jan-Mar 2020	Oct-Dec 2019	Jul-Sep 2019
Net sales	382 049	378 958	382 387	320 148	209 166	333 870	409 486	377 991
Cost of goods sold	-144 909	-132 001	-130 562	-121 122	-97 973	-128 249	-156 998	-134 642
Gross income	237 140	246 957	251 825	199 027	111 194	205 621	252 488	243 349
Selling expenses	-53 849	-50 615	-48 171	-40 741	-48 751	-59 265	-62 106	-56 097
Administrative expenses	-45 720	-35 964	-26 717	-31 503	-24 735	-31 470	-25 611	-33 865
Research and development costs	-25 084	-24 571	-26 052	-17 795	-22 261	-25 652	-30 826	-23 543
Other operating revenues and expenses	-1 341	6 670	-3 556	3 483	963	4 569	-2 945	634
Operating income	111 146	142 477	147 330	112 471	16 410	93 803	131 000	130 478
Financial income and expenses	-1 224	5 453	-9 643	508	-4 961	10 271	-7 878	6 412
Income after financial items	109 922	147 930	137 688	112 980	11 449	104 074	123 122	136 890
Income taxes	-23 493	-29 019	-30 150	-24 390	180	-23 966	-26 673	-30 091
Net income	86 430	118 911	107 538	88 590	11 629	80 108	96 449	106 799
Attributable to								
Parent Company's shareholders	85 799	118 211	107 222	88 163	11 625	79 836	96 127	106 705
Non-controlling interests	631	700	316	427	5	272	322	94
Depreciation, amortisation and write-downs	-23 240	-20 589	-16 868	-21 475	-23 470	-22 257	-28 543	-24 762

Key ratios per quarter, total Group

	Apr-Jun 2021	Jan-Mar 2021	Oct-Dec 2020	Jul-Sep 2020	Apr-Jun 2020	Jan-Mar 2020	Oct-Dec 2019	Jul-Sep 2019
Shareholders' equity, attributable to the Parent Company's shareholders, SEK millions	2 146.6	2 158.7	2 012.6	1 956.3	1 883.7	1 922.5	1 794.0	1 724.3
Shareholders' equity per share, SEK	19.78	19.89	18.54	18.02	17.35	17.71	16.53	15.88
Return on equity, %	19.3	16.2	14.8	14.6	16.1	21.4	22.8	23.1
Cash flow from operating activities per share, SEK	1.23	1.32	1.58	0.89	0.63	0.19	1.08	1.43

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	Jun 30. 2021	Jun 30. 2020	Dec 31. 2020
Average shareholders' equity, rolling 12 month	2 068.6	1 831.1	1 943.8
Net income, rolling 12 month	399.4	294.3	286.8
Return on equity, %	19.3	16.1	14.8

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	Jun 30. 2021	Jun 30. 2020	Dec 31. 2020
Long-term interest-bearing leasing liabilities	55.9	55.9	48.8
Short-term interest-bearing leasing liabilities	15.9	15.1	13.6
Adjustment of interest-bearing liabilities related to leasing agreements	-71.8	-71.0	-62.4
Cash and cash equivalents	-1 155.5	-753.8	-973.6
Net debt	-1 155.5	-753.8	-973.6
Operating profit, rolling 12 month	513.4	371.7	370.0
Depreciation, amortisation and impairment, rolling 12 month	82.2	99.0	84.1
Rolling 12 month EBITDA	595.6	470.7	454.1
Nettoskuld / EBITDA rullande 12 mån	-1.9	-1.6	-2.1

* 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. For reconciliation, refer to Note 21 Earnings per share.

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.

Net sales growth in local currency

Net sales per geographic segment

	EMEA			North and South America			Japan and Pacific			Asia		
	Jan-Jun 2021	Jan-Jun 2020	Whole year 2020	Jan-Jun 2021	Jan-Jun 2020	Whole year 2020	Jan-Jun 2021	Jan-Jun 2020	Whole year 2020	Jan-Jun 2021	Jan-Jun 2020	Whole year 2020
Growth in local currency, SEK M	120	-53	-51	56	-35	-46	34	2	-19	48	-66	-78
<i>Growth in local currency, %</i>	54	-19	-9	61	-27	-17	35	2	-8	41	-36	-22
Currency effects, SEK M	-12	-1	-12	-14	3	-12	-7	0	-7	-7	0	-10
<i>Currency effects, %</i>	-6	0	-2	-17	2	-3	-7	0	-3	-7	0	-2
Total growth, SEK M	108	-54	-63	42	-32	-58	28	2	-26	41	-66	-88
Total growth, %	47	-19	-11	44	-25	-20	27	2	-11	34	-36	-24

	EMEA		North and South America		Japan and Pacific		Asia	
	Apr-Jun 2021	Apr-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Apr-Jun 2021	Apr-Jun 2020
Growth in local currency, SEK M	110	-77	51	-38	12	-5	18	-49
<i>Growth in local currency, %</i>	155	-52	176	-56	26	-10	32	-46
Currency effects, SEK M	-5	-1	-6	0	-4	-1	-3	-1
<i>Currency effects, %</i>	-10	0	-29	0	-9	-1	-7	0
Total growth, SEK M	105	-78	45	-38	8	-6	15	-50
Total growth, %	145	-52	146	-56	17	-11	25	-46

Net sales per division

	Consumables			Technology			Genomics		
	Jan-Jun 2021	Jan-Jun 2020	Helår 2020	Jan-Jun 2021	Jan-Jun 2020	Helår 2020	Jan-Jun 2021	Jan-Jun 2020	Helår 2020
Growth in local currency, SEK M	143	-96	-67	83	-43	-111	28	-9	-12
<i>Growth in local currency, %</i>	46	-23	-8	51	-21	-23	65	-17	-10
Currency effects, SEK M	-24	1	-22	-8	1	-16	-6	1	-5
<i>Currency effects, %</i>	-9	0	-2	-6	0	-2	-15	1	-4
Total growth, SEK M	119	-95	-89	74	-42	-127	22	-8	-17
Total growth, %	37	-23	-10	45	-21	-25	50	-16	-14

	Consumables		Technology		Genomics	
	Apr-Jun 2021	Apr-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Apr-Jun 2021	Apr-Jun 2020
Growth in local currency, SEK M	114	-87	44	-59	30	-20
<i>Growth in local currency, %</i>	91	-40	72	-50	239	-60
Currency effects, SEK M	-12	-1	-3	-1	-3	0
<i>Currency effects, %</i>	-12	0	-5	0	-35	0
Total growth, SEK M	102	-88	41	-60	27	-20
Total growth, %	78	-40	67	-50	204	-60

Group total

	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Whole year 2020
Organic growth in local currency, SEK M	257	-152	192	-169	-193
<i>Organic growth in local currency, %</i>	49	-22	94	-45	-13
Acquired growth, SEK M	-	-	-	-	-
<i>Acquired growth, %</i>	-	-	-	-	-
Currency effects, SEK M	-39	2	-19	-2	-42
<i>Currency effects, %</i>	-9	0	-11	0	-3
Total growth, SEK M	218	-150	173	-171	-235
Total growth, %	40	-22	83	-45	-16

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.

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