



INTERIM REPORT JANUARY-SEPTEMBER 2019

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 

Continued profitable growth

Third quarter

- Sales amounted to SEK 378 (284) million, corresponding to an increase of 33 percent in SEK. Sales increased by 27 percent in local currency whereof 15 percent comprised organic growth.
- Operating income before depreciation and amortisation (EBITDA) amounted to SEK 155 (121) million, corresponding to a margin of 41 (43) percent. Fluctuations in exchange rates positively impacted EBITDA by SEK 9 million.
- Net income amounted to SEK 107 (75) million, which gave earnings per share of SEK 0.98 (0.69).

January - September

- Sales amounted to SEK 1 071 (831) million, corresponding to an increase of 29 percent in SEK. Sales increased by 23 percent in local currency whereof 12 percent comprised organic growth.
- Operating income before depreciation and amortisation (EBITDA) amounted to SEK 428 (343) million, corresponding to a margin of 40 (41) percent. Fluctuations in exchange rates positively impacted EBITDA by SEK 30 million.
- Net income amounted to SEK 287 (227) million, which gave earnings per share of SEK 2.64 (2.08).
- Market approval for EmbryoScope+ in China.
- Acquisition and collaboration agreement regarding technology for embryo assessment using artificial intelligence. The initial purchase price amounted to SEK 56 million.
- Acquisition of the business of Parallabs Ltd. The initial purchase price amounted to SEK 24 million.

The Group's Key Figures

SEK millions	July – September		January – September		Whole year 2018
	2019	2018	2019	2018	
Net sales	378	284	1 071	831	1 151
Net sales growth, local currency, %	27	7	23	3	5
Gross margin, %	64	66	64	66	66
Adjusted gross margin*, %	67	70	67	70	70
Operating income before depreciation and amortisation (EBITDA)	155	121	428	343	479
EBITDA margin, %	41	43	40	41	42
Net income	107	75	287	227	311
Net debt / Rolling 12 month EBITDA	-1.1	-1.1	-1.1	-1.1	-1.0
Earnings per share**, SEK	0.98	0.69	2.64	2.08	2.85
Share price on closing day, SEK	161.00	130.46	161.00	130.46	147.00
Market cap at closing day	17 477	14 162	17 477	14 162	15 957
<i>Changes in net sales</i>					
Organic growth in local currency, %	15	7	12	3	5
Acquired growth, %	12	-	11	-	-
Currency effects, %	6	8	6	4	5
Total growth, %	33	15	29	7	10

* Gross margin excluding amortisation of acquisition-related intangible assets

** Before and after dilution, recalculated with regard to the 5:1 share split carried out in May 2018.

For definitions, see page 17

Vitrolife's financial objectives

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

CEO's comments

Sales during the quarter amounted to SEK 378 million, corresponding to an increase of 27 percent in local currency. Organic growth amounted to 15 percent and the acquired growth in the Genomics business unit contributed 12 percent. We are delighted that all market regions and business units displayed growth during the quarter.



The Japan and Pacific region presented a very strong quarter, with sales growth of 69 percent in local currency. The first newly launched EmbryoScope Flex time-lapse incubators, with capacity for 24 patients, were installed in Japan during the quarter and made a positive contribution to growth. The Time-Lapse business unit as a whole reported a strong quarter, with growth of 45 percent in local currency, which means that Time-Lapse penetration continues to increase in the world.

The Media business unit generally displayed good growth during the quarter, but reduced sales in China meant that growth was only 1 percent in local currency. Sales in China were negatively impacted by the delivery problems that arose during the second quarter with regard to some unique media products for China. During the third quarter these delivery problems were rectified and the company is now working so that the clinics will change back to Vitrolife's products from the competing products that they have used while Vitrolife had delivery problems.

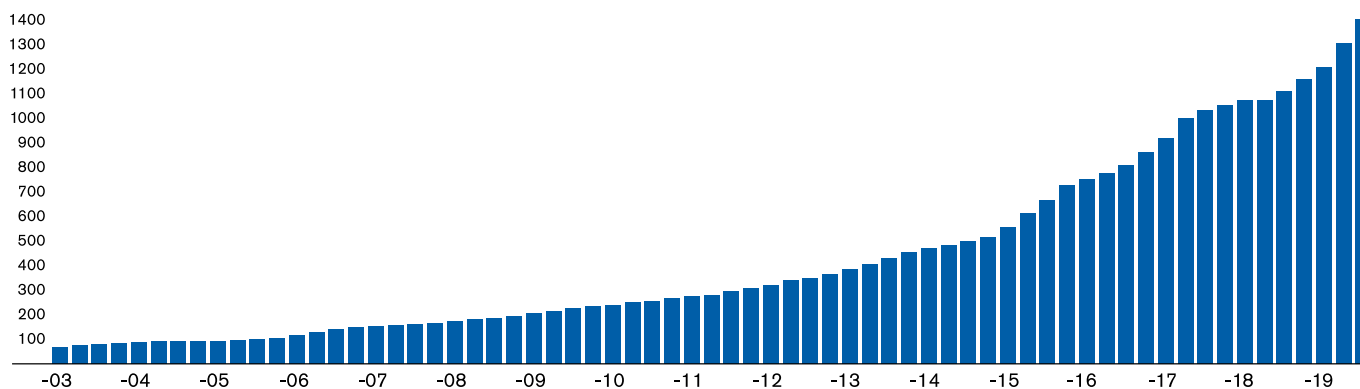
At ASRM, the largest fertility congress of the year in North America, clinical data from a multicentre randomised controlled study in Japan were presented with regard to Vitrolife's new media products containing antioxidants. The results were very promising and demonstrated a significant increase regarding implantation and pregnancy rates for patients over 35 years of age who had used the new media compared with the control group. Product development is an important strategy for maintaining and strengthening competitiveness in the product range. The company has applied for patent protection and will now apply for market approval for the products worldwide. This is a process that is carried out in each individual market and for some markets it can take several years. At the congress the new media product for freezing unfertilised eggs was also launched in the US. We are delighted about this, as the US market for freezing unfertilised eggs is extensive and is growing rapidly.

Growth coupled with profitability has continued. As during previous quarters this year, the gross margin decreased somewhat compared with the previous year due to the fact that the Genomics business unit has a lower margin than the average for the Group. However, Genomics makes a good contribution to the Group in absolute numbers and contributed to the operating income of SEK 155 million before depreciation and amortisation, which is the highest operating income so far for a single quarter.

Looking ahead, the market outlook is essentially 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 2019 (July - September)

Collaboration agreement on Piezo technique

During the quarter, Vitrolife entered into a collaboration agreement with Prime Tech to develop and exclusively market the Piezo technique for improved ICSI procedure in human IVF globally except for Japan, Thailand and Malaysia. Vitrolife will as part of the agreement initiate regulatory approval initiatives in various markets to enable future commercialization of the technology. Intracytoplasmic Sperm Injection (ICSI) is a specialised form of In Vitro Fertilisation (IVF) that is used primarily for the treatment of male-factor infertility. ICSI involves the injection of a single sperm directly into a mature egg (oocyte).

Net sales

Sales amounted to SEK 378 (284) million, corresponding to an increase of 33 percent in SEK. Sales increased by 27 percent in local currency, of which 15 percent was organic growth. The acquired growth stemmed from sales related to the Genomics business unit.

Sales for the EMEA region (Europe, the Middle East and Africa) amounted to SEK 147 (113) million. Sales increased by 26 percent in local currency and were impacted by increased sales in all business units and acquired growth from Genomics. In the North- and South American region sales amounted to SEK 71 (49) million. Sales increased by 35 percent in local currency and were positively impacted by increased Media sales and by acquired growth from Genomics. Sales in the Japan and Pacific region amounted to SEK 71 (38) million. Sales increased by 69 percent in local currency and were positively impacted amongst others by increased Time-Lapse sales. Sales in the Asian region increased by 4 percent in local currency and amounted to SEK 89 (84) million. Sales were positively impacted by increased sales of Time-Lapse and negatively impacted by delivery problems regarding some unique media products for China.

Sales for the Media business unit increased by 1 percent in local currency during the quarter and amounted to SEK 162 (156) million. Sales for the Disposable Devices business unit increased by 11 percent in local currency and amounted to SEK 46 (39) million. Sales for the Time-lapse business unit increased by 45 percent in local currency during the quarter and amounted to SEK 108 (69) million. Sales for the ART Equipment business unit increased during the quarter by 35 percent in local currency and amounted to SEK 19 (14) million. Sales for the Genomics business unit amounted to SEK 37 (-) million. Freight revenues amounted to SEK 7 (6) million.

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

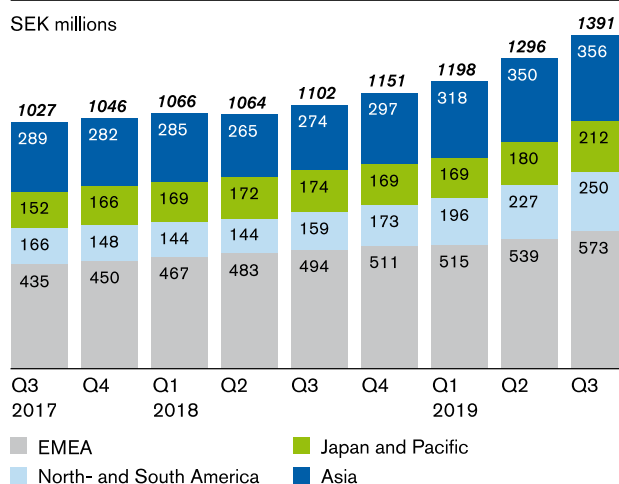


Fig 2. Sales development (per quarter)

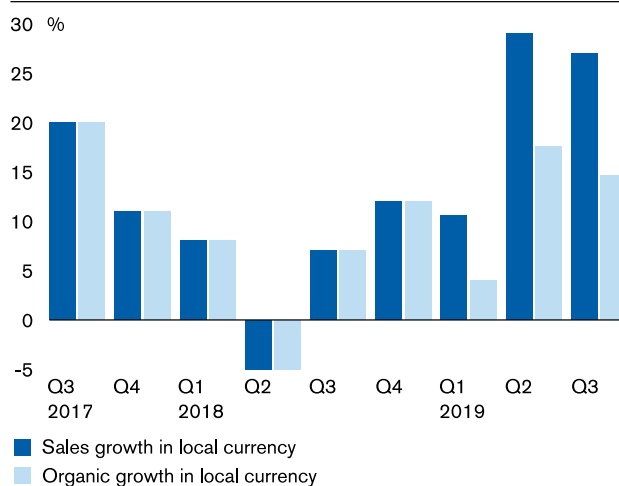


Fig 3. Net sales per business unit (rolling 12 months)

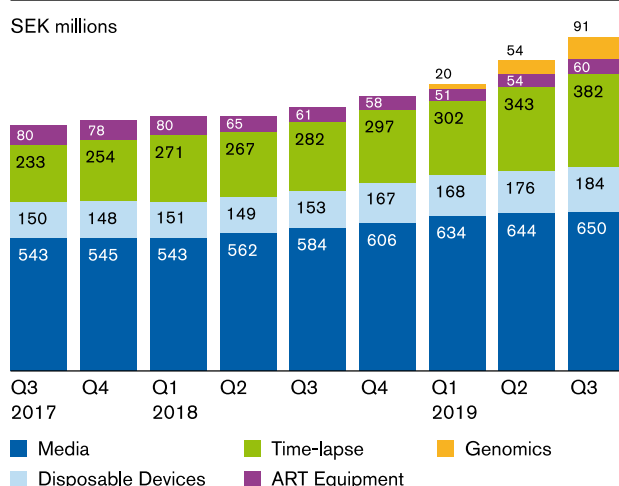
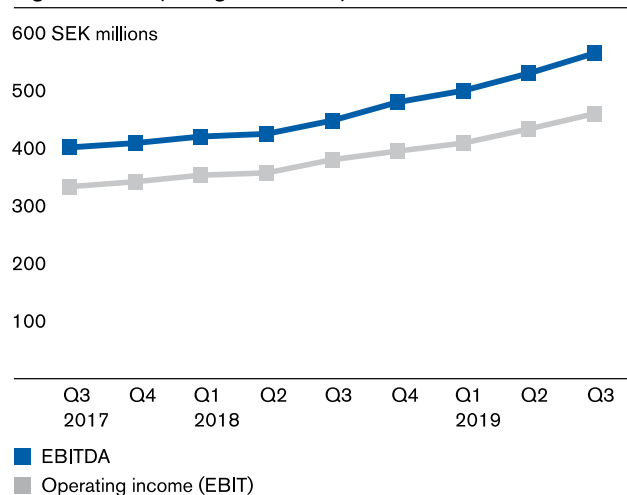


Fig 4. Income (rolling 12 months)



Income

Operating income before depreciation and amortisation (EBITDA) amounted to SEK 155 (121) million, corresponding to a margin of 41 percent (43). Fluctuations in currency had a positive impact of SEK 9 million on EBITDA. The new reporting standard IFRS 16 came into force as of January 1, 2019. This has meant that the EBITDA margin has improved by approximately 1 percentage point as a result of lease payments, such as rental agreements, now being reported as depreciation and interest expenses in the income statement and thus not being included in the EBITDA key ratio.

Gross income amounted to SEK 243 (188) million. The gross margin amounted to 64 (66) percent and was negatively impacted by the product mix amongst others as the acquired Genomics business unit has a lower gross margin than the average for the Group and positively by currency. The gross margin adjusted for amortisation of acquisition-related intangible assets amounted to 67 (70) percent for the quarter.

Selling expenses amounted to 15 (16) percent of sales and the decrease consisted primarily of economies of scale. Administrative expenses amounted to 9 (8) percent of sales and the increase consisted primarily of increased costs for variable remuneration. R&D costs amounted to 6 (5) percent of sales and the increase consisted primarily of increased product development costs. Depreciation, amortisation and write-downs of SEK 25 (17) million were charged against income. Net financial items amounted to SEK 6 (-8) million and consisted primarily of currency effects. Income before tax amounted to SEK 137 (96) million. Net income amounted to SEK 107 (75) million. Other comprehensive income amounted to SEK 17 million and consisted of positive translation effects related to net assets in foreign subsidiaries and acquisition-related intangible assets in foreign currency.

Income per segment

The organisation consist of five business units and their products are sold in four geographic market organisations. Vitrolife reports the market contribution from each geographic segment. The market contribution is defined as gross income minus selling expenses per market. For more information, see note 6. The market contribution during the quarter for the EMEA region amounted to SEK 68 (55) million and was positively impacted by increased sales, the addition of the Genomics business unit and currency effects. The contribution from the North and South American region amounted to SEK 32 (25) million and was positively impacted by increased sales, the addition of the Genomics business unit and currency effects. The contribution from the Japan and Pacific region amounted to SEK 38 (18) million and was positively impacted by increased sales and currency effects. The market contribution from the Asian region amounted to SEK 50 (45) million and was positively impacted by increased sales and currency effects.

Cash flow

The cash flow from operating activities amounted to SEK 151 (86) million. The change in working capital amounted to SEK 22 (-15) million and consisted amongst other things of decreased trade receivables. Gross capital expenditure for tangible non-current assets amounted to SEK -4 (-3) million and mainly consisted of equipment. Gross capital expenditure for intangible non-current assets amounted to SEK -1 (-1) million and consisted primarily of capitalized development costs. The cash flow from financing activities was SEK - (0) million. Cash and cash equivalents at the end of the period amounted to SEK 599 (496) million. The company aims to invest its cash in hand in value-creating acquisitions.

Financing

Vitrolife's total credit facilities amounted to SEK - (50) million, of which SEK - (-) million was utilized. The equity/assets ratio was 83 (87) percent and decreased due to that IFRS 16 came into force. Net debt in relation to income for a rolling 12 months before depreciation and amortisation (EBITDA) amounted to -1.1 (-1.1) times.

Parent Company

Business activities focus on Group-wide management. Income included invoicing of management fee of SEK 4 (5) million. Income after financial items for the quarter amounted to SEK 2 (14) million. Cash and cash equivalents amounted to SEK 179 (52) million and were positively impacted by the fact that a cash pool has been set up.

The period 2019 (January - September)

Acquisition of embryo assessment using AI

During the second quarter, Vitrolife acquired the rights to technology for the assessment of embryos based on time-lapse films using artificial intelligence ("AI") and entered into collaboration agreements for an initial period of three years for further development of the technology. The initial purchase price related to the transfer amounted to SEK 56 million. The purchase price was paid in cash and was financed by available cash balances. In addition to the initial purchase price, additional purchase price of SEK 19 million may be paid in relation to product development targets. The purchase price has been recorded as an intangible asset. Vitrolife assess that the additional purchase price is likely to fall out and thus it has been recorded as an asset and a liability. The transaction is expected to impact EBITDA per share marginally negatively during 2019 and positively as from 2020, when the technology is expected to be commercially launched.

Acquisition of distributor Parallabs

During the second quarter, Vitrolife acquired the business of Parallabs Ltd, its distributor in UK and Ireland for EmbryoScope time-lapse systems, and thereby strengthened its presence in UK and Ireland. The initial purchase price amounted to SEK 24 million. The purchase price was paid in cash and was financed by available cash balances. In addition to the initial purchase price, additional purchase price of SEK 6 million may be paid in relation to sales targets. The transaction is expected to be accretive to group revenue of approximately SEK 12 million for a twelve-month period and for the group contribute marginally to EBITDA. For more information, see note 4.

Net sales

Sales amounted to SEK 1 071 (831) million, corresponding to an increase of 29 percent in SEK. Sales increased by 23 percent in local currency, of which 12 percent was organic growth. The acquired growth stemmed from sales related to the Genomics business unit.

Sales for the EMEA region (Europe, the Middle East and Africa) amounted to SEK 429 (367) million. Sales increased by 13 percent in local currency and were amongst others impacted by increased sales of Media and acquired growth from Genomics. In the North- and South American region sales amounted to SEK 198 (122) million. Sales increased by 49 percent in local currency and were amongst others positively impacted by increased Time-lapse sales and by acquired growth from Genomics. Sales in the Japan and Pacific region amounted to SEK 170 (127) million. Sales increased by 25 percent in local currency and

and were amongst others positively impacted by increased Media and Time-Lapse sales. Sales in the Asian region increased by 23 percent in local currency and amounted to SEK 274 (216) million. Sales were amongst others positively impacted by increased sales of Time-Lapse.

Sales for the Media business unit increased by 6 percent in local currency and amounted to SEK 493 (450) million. Sales for the Disposable Devices business unit increased by 6 percent in local currency and amounted to SEK 133 (118) million. Sales for the Time-lapse business unit increased by 34 percent in local currency and amounted to SEK 287 (203) million. Sales for the ART Equipment business unit increased by 2 percent in local currency and amounted to SEK 46 (43) million. Sales for the Genomics business unit amounted to SEK 91 (-) million. Freight revenues amounted to SEK 21 (18) million.

Income

Operating income before depreciation and amortisation (EBITDA) amounted to SEK 428 (343) million, corresponding to a margin of 40 percent (41). Fluctuations in currency had a positive impact of SEK 30 million on EBITDA. The new reporting standard IFRS 16 came into force as of January 1, 2019. This has meant that the EBITDA margin has improved by approximately 1 percentage point as a result of lease payments, such as rental agreements, now being reported as depreciation and interest expenses in the income statement and thus not being included in the EBITDA key ratio.

Gross income amounted to SEK 686 (547) million. The gross margin amounted to 64 (66) percent and was negatively impacted by the product mix as the acquired Genomics business unit has a lower margin than the average for the Group and positively by currency. The gross margin adjusted for amortisation of acquisition-related intangible assets amounted to 67 (70) percent.

Selling expenses amounted to 16 (16) percent of sales. Administrative expenses amounted to 9 (9) percent of sales. R&D costs amounted to 6 (6) percent of sales. Depreciation, amortisation and write-downs of SEK 71 (51) million were charged against income. Net financial items amounted to SEK 13 (-1) million and consisted primarily of currency effects. Income before tax amounted to SEK 370 (291) million. Net income amounted to SEK 287 (227) million. Other comprehensive income amounted to SEK 37 million and consisted of positive translation effects related to net assets in foreign subsidiaries and acquisition-related intangible assets in foreign currency.

Income per segment

The market contribution during the period for the EMEA region amounted to SEK 198 (175) million and was positively impacted by increased sales, the addition of the Genomics business unit and currency effects. The contribution from the North and South American region amounted to SEK 82 (58) million and was positively impacted by increased sales, the addition of the Genomics business unit and currency effects. The contribution from the Japan and Pacific region amounted to SEK 89 (66) million and was positively impacted by increased sales and currency effects. The market contribution from the Asian region amounted to SEK 147 (114) million and was positively impacted by increased sales and currency effects.

Cash flow

The cash flow from operating activities amounted to SEK 285 (233) million. The change in working capital amounted to SEK -52 (-37) million. The increase consisted amongst other things of increased trade receivables and inventory as a result of increased sales and the addition of the Genomics business unit. Gross capital expenditure for tangible non-current assets amounted to SEK -14 (-12) million and mainly consisted of equipment. Gross capital expenditure for intangible non-current assets amounted to SEK -61 (-43) million, of which SEK -56 million related to the acquisition of rights to technology for assessing embryos based on time-lapse films using artificial intelligence. Gross capital expenditure included the acquisition of the business from Parallabs Ltd to the tune of SEK -24 million. Gross capital expenditure for financial assets amounted to SEK -2 (-2) million. The cash flow from financing activities was SEK -92 (-81) million and consisted of dividend to shareholders. Cash and cash equivalents at the end of the period amounted to SEK 599 (496) million. The company aims to invest its cash in hand in value-creating acquisitions.

Prospects

As the standard of living rises in several developing countries, more and more people choose to wait before they have children. This trend, which has existed in the West for decades, leads to a reduced chance of pregnancy, which in turn drives the fertility treatment market. The same trend is now developing in emerging countries, where the demand for this treatment is increasing rapidly. 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 scalable global organisation focusing on common values.
- Strengthen sales and support channels that can offer customised solutions.
- Competitive and complete portfolio with integrated and modular solutions.
- Innovative research and development and efficient supply chain and manufacturing.
- Take advantage of external growth opportunities such as collaborations and acquisitions.

Other information

Organisation and personnel

During the period the average number of employees was 396 (361), of whom 199 (175) were women and 197 (186) were men. Of these, 151 (140) people were employed in Sweden, 89 (77) in the US, 79 (76) in Denmark and 77 (68) in the rest of the world. The number of people employed in the Group at the end of the period was 418 (387).

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. Fees were paid to one of the members of the Board for consultancy services over and above their work on the Board. For information on related parties, see the Annual Report for 2018, note 30.

Dividend

It was decided at the Annual General Meeting on May 2 that the proposed dividend of SEK 0.85 per share would be paid out to the shareholders. Payment of the dividend took place on May 9.

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 2018. 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 2018, note 3. The reported risks, as they are described in the 2018 Annual Report, are assessed to be essentially unchanged.

Seasonal effects

Vitrolife's sales are affected relatively marginally by seasonal effects. There is often a downturn in orders before and during holiday periods. The reason that orders tail off before

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

Events after the end of the period

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

November 6, 2019
Gothenburg, Sweden

Thomas Axelsson
CEO

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

2020-02-06: Report on operations 2019
2020-04-23: Interim report January - March 2020
2020-04-28: Annual General Meeting 2020
2020-07-13: Interim report January - June 2020
2020-11-06: Interim report January - September 2020
2021-02-10: Report on operations 2020

Review report

We have reviewed the interim report for Vitrolife AB (publ), corporate identity number 556354-3452, for the period January 1 - September 30, 2019. 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, November 6, 2019

DELOITTE AB
Fredrik Jonsson
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 8.30 am CET on November 6, 2019.

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		July – September		Whole year 2018
		2019	2018	2019	2018	
Net sales	5,6	1 070 646	831 235	377 991	284 010	1 151 348
Cost of goods sold		-384 482	-284 534	-134 642	-96 153	-390 224
Gross income		686 164	546 701	243 349	187 857	761 124
<i>Comprising</i>						
Adjusted gross income		717 810	578 634	254 001	198 685	803 645
Amortisation of acquisition-related intangible assets		-31 646	-31 933	-10 652	-10 828	-42 521
Gross income		686 164	546 701	243 349	187 857	761 124
Selling expenses		-169 476	-133 077	-56 097	-44 289	-184 537
Administrative expenses		-93 771	-72 201	-33 865	-21 654	-99 270
Research and development costs		-68 689	-52 645	-23 543	-15 341	-88 457
Other operating revenues		3 078	3 415	640	133	25 136
Other operating expenses		-360	-11	-6	-2 667	-20 081
Operating income		356 946	292 182	130 478	104 039	393 915
<i>Comprising</i>						
Adjusted operating income		388 592	324 153	141 130	114 879	436 486
Amortisation of acquisition-related intangible assets		-31 646	-31 971	-10 652	-10 840	-42 571
Operating income		356 946	292 182	130 478	104 039	393 915
Financial income and expenses		12 626	-1 095	6 412	-7 808	4 668
Income after financial items		369 572	291 087	136 890	96 231	398 583
Income taxes		-82 182	-64 539	-30 091	-21 083	-87 886
Net income		287 390	226 548	106 799	75 148	310 697
Attributable to						
Parent Company's shareholders		286 658	225 700	106 705	75 067	309 697
Non-controlling interests		732	848	94	81	1 000
Earnings per share***, SEK		2.64	2.08	0.98	0.69	2.85
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.

** Recalculated with regard to the 5:1 share split carried out in May 2018.

Depreciation, amortisation and write-downs were charged against income for the period by SEK 70,845 thousand (51,258), of which SEK 24,762 thousand (16,947) for the third quarter.

Statements of comprehensive income

SEK thousands	January – September		July – September		Whole year 2018
	2019	2018	2019	2018	
Net income	287 390	226 548	106 799	75 148	310 697
Other comprehensive income					
<i>Items that may be reclassified to the income statement</i>					
Exchange rate differences	37 096	36 695	17 487	-9 305	37 824
Total other comprehensive income	37 096	36 695	17 487	-9 305	37 824
Total comprehensive income	324 486	263 243	124 286	65 843	348 521
Attributable to					
Parent Company's shareholders	323 604	262 251	124 141	65 806	347 384
Non-controlling interests	882	992	145	37	1 137

Key ratios, total Group

	January – September		July – September		Whole year
	2019	2018	2019	2018	
Gross margin, %	64.1	65.8	64.4	66.1	66.1
Adjusted gross margin, %	67.0	69.6	67.2	70.0	69.8
Operating margin before depreciation and amortisation (EBITDA), %	40.0	41.3	41.1	42.6	41.6
Operating margin (EBIT), %	33.3	35.2	34.5	36.6	34.2
Net margin, %	26.8	27.3	28.3	26.5	27.0
Equity/assets ratio, %	82.6	87.1	82.6	87.1	88.1
Shareholders' equity per share*, SEK	15.88	12.97	15.88	12.97	13.75
Return on equity, %	23.1	22.2	23.1	22.2	22.2
Cash flow from operating activities per share*, SEK	2.63	2.15	1.39	0.79	3.22
Net debt**, SEK millions	-599.0	-496.2	-599.0	-496.2	-490.8

* Recalculated with regard to the 5:1 share split carried out in May 2018.

** Negative amount implies net claim.

Consolidated income statements per quarter

SEK thousands	Jul-Sep 2019	Apr-Jun 2019	Jan-Mar 2019	Oct-Dec 2018	Jul-Sep 2018	Apr-Jun 2018	Jan-Mar 2018	Oct-Dec 2017
Net sales	377 991	380 731	311 924	320 113	284 010	283 231	263 994	270 847
Cost of goods sold	-134 642	-135 823	-114 017	-105 690	-96 153	-95 895	-92 486	-96 885
Gross income	243 349	244 908	197 907	214 423	187 857	187 336	171 508	173 962
Selling expenses	-56 097	-66 130	-47 249	-51 460	-44 289	-46 628	-42 160	-44 650
Administrative expenses	-33 865	-30 732	-29 174	-27 069	-21 654	-25 118	-25 429	-28 062
Research and development costs	-23 543	-24 576	-20 571	-35 812	-15 341	-18 842	-18 462	-16 950
Other operating revenues and expenses	634	-534	2 620	1 651	-2 534	1 732	4 206	2 535
Operating income	130 478	122 936	103 533	101 733	104 039	98 480	89 663	86 835
Financial income and expenses	6 412	-739	6 953	5 763	-7 808	1 859	4 854	2 988
Income after financial items	136 890	122 197	110 485	107 496	96 231	100 339	94 517	89 823
Income taxes	-30 091	-27 241	-24 850	-23 347	-21 083	-20 768	-22 688	-21 308
Net income	106 799	94 955	85 635	84 149	75 148	79 571	71 829	68 515
Attributable to								
Parent Company's shareholders	106 705	94 635	85 318	83 997	75 067	79 272	71 361	68 379
Non-controlling interests	94	320	317	152	81	299	468	136
Depreciation, amortisation and write-downs	-24 762	-23 496	-22 586	-33 434	-16 947	-17 703	-16 607	-16 426

Key ratios per quarter, total Group

	Jul-Sep 2019	Apr-Jun 2019	Jan-Mar 2019	Oct-Dec 2018	Jul-Sep 2018	Apr-Jun 2018	Jan-Mar 2018	Oct-Dec 2017
Shareholders' equity, attributable to the Parent								
Company's shareholders, SEK millions	1 724.3	1 600.1	1 593.6	1 492.9	1 407.8	1 342.0	1 328.0	1 225.9
Shareholders' equity per share*, SEK	15.88	14.74	14.68	13.75	12.97	12.36	12.23	11.29
Return on equity, %	23.1	22.3	22.2	22.2	22.2	22.5	23.1	23.3
Cash flow from operating activities								
per share*, SEK	1.39	0.95	0.29	1.07	0.79	0.97	0.39	1.01

* Recalculated with regard to the 5:1 share split carried out in May 2018.

Consolidated statements of financial position

SEK thousands	Note	Sep 30. 2019	Sep 30. 2018	Dec 31. 2018
ASSETS	2			
Goodwill	6	435 619	421 583	421 611
Other intangible fixed assets	6	371 280	238 500	306 386
Tangible fixed assets	6	180 580	90 440	94 126
Shares and participations		5 746	5 746	5 746
Other financial fixed assets		26 668	12 641	17 856
Deferred tax assets		2 814	662	1 166
Inventories		206 399	156 938	161 186
Accounts receivable		242 412	176 778	181 002
Current tax assets		2 056	4 432	3 946
Other current receivables		6 069	4 815	4 283
Prepaid expenses and accrued income		13 688	10 532	9 349
Cash and cash equivalents		599 010	496 225	490 810
Total assets		2 092 341	1 619 292	1 697 467
SHAREHOLDERS' EQUITY AND LIABILITIES	2			
Shareholders' equity, attributable to the Parent Company's shareholders		1 724 250	1 407 781	1 492 914
Non-controlling interests		3 382	3 153	3 298
Provisions		15 275	10 718	11 527
Deferred tax liabilities		27 034	46 581	29 329
Long-term interest-bearing liabilities		64 337	–	–
Long-term non-interest-bearing liabilities		34 971	30 357	8 124
Short-term interest-bearing liabilities		14 175	–	–
Current tax liabilities		40 679	8 343	27 187
Accounts payable		40 517	26 483	32 085
Other short-term non-interest-bearing liabilities		16 897	9 673	11 007
Accrued expenses and deferred income		110 824	76 203	81 996
Total shareholders' equity and liabilities		2 092 341	1 619 292	1 697 467

Amounts for Tangible fixed assets, Long-term interest-bearing liabilities and Short-term interest-bearing liabilities include, as of September 30, 2019, effect attributable to IFRS 16, which entered into force on January 1, 2019. Refer to note 1 for further information.

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, 2018	22 144	494 610	12 567	696 536	2 792	1 228 649
Total comprehensive income	–	–	37 687	309 697	1 137	348 521
Dividend (SEK 0.74 per share*)	–	–	–	-80 327	–	-80 327
Dividend to non-controlling interests	–	–	–	–	-631	-631
Closing balance December 31, 2018	22 144	494 610	50 254	925 906	3 298	1 496 212
Opening balance January 1, 2019	22 144	494 610	50 254	925 906	3 298	1 496 212
Total comprehensive income	–	–	36 946	286 658	882	324 486
Dividend (SEK 0.85 per share)	–	–	–	-92 268	–	-92 268
Dividend to non-controlling interests	–	–	–	–	-798	-798
Closing balance September 30, 2019	22 144	494 610	87 200	1 120 296	3 382	1 727 632

* Recalculated with regard to the 5:1 share split carried out in May 2018.

Condensed consolidated cash flow statements

SEK thousands	January – September		July – September		Whole year 2018
	2019	2018	2019	2018	
Income after financial items	369 572	291 087	136 890	96 231	398 583
Adjustment for non-cash items	45 353	53 135	11 137	26 746	80 578
Tax paid	-78 191	-73 647	-19 024	-22 116	-94 985
Change in inventories	-36 457	-1 084	-12 545	-1 535	-4 464
Change in trade receivables	-53 085	-28 512	25 491	-2 294	-33 996
Change in trade payables	38 000	-7 743	9 098	-10 739	3 719
Cash flow from operating activities	285 192	233 236	151 047	86 293	349 435
Cash flow from investing activities	-100 432	-56 567	-5 893	-3 885	-181 265
Cash flow from financing activities	-92 268	-81 462	–	476	-81 462
Cash flow for the period	92 492	95 207	145 154	82 884	86 708
Opening cash and cash equivalents	490 810	395 963	446 548	421 397	395 963
Exchange-rate difference in cash and cash equivalents	15 708	5 055	7 308	-8 056	8 139
Closing cash and cash equivalents	599 010	496 225	599 010	496 225	490 810

Income statements for the Parent Company

SEK thousands	January – September		July – September		Whole year 2018
	2019	2018	2019	2018	
Net sales	10 805	12 327	3 567	4 513	16 104
Administrative expenses	-17 092	-13 678	-6 803	-3 420	-18 144
Other operating revenues	–	–	27	–	–
Other operating expenses	-8	-29	–	-28	-46
Operating income	-6 295	-1 380	-3 209	1 065	-2 086
Dividends from Group companies	1 856	224 787	–	13 208	362 692
Financial income and expenses	7 017	1 041	5 390	-341	1 336
Income after financial items	2 578	224 448	2 181	13 932	361 942
Income taxes	-1 298	1	-1 596	-169	69
Net income	1 280	224 449	585	13 763	362 011

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. 2019	Sep 30. 2018	Dec 31. 2018
ASSETS			
Tangible fixed assets	12	12	12
Participations in Group companies	771 346	771 346	771 346
Shares and participations	5 746	5 746	5 746
Other financial fixed assets	4 942	3 614	3 937
Deferred tax assets	1 283	942	1 014
Receivables from Group companies	41 388	85 276	48 990
Other current receivables	403	–	–
Prepaid expenses and accrued income	40	321	158
Cash and cash equivalents	178 882	51 662	261 749
Total assets	1 004 042	918 919	1 092 952
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	955 551	908 977	1 046 539
Provisions	6 227	4 574	4 921
Current tax liabilities	707	231	234
Accounts payable	46	120	242
Liabilities to Group companies	34 182	–	35 426
Other short-term non-interest-bearing liabilities	450	640	506
Accrued expenses and deferred income	6 879	4 377	5 084
Total shareholders' equity and liabilities	1 004 042	918 919	1 092 952

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.

As from January 1, 2019, the company applies to IFRS 16 'Leasing agreements'. Reporting pursuant to IFRS 16 means that a great part of all leasing agreements are reported in the balance sheet as assets and liabilities. This reporting is based on the view that the lessee has the right to use an asset for a specific period of time and at the same time a liability to pay for this right. The project regarding transition to IFRS 16 has included review of the company's all leasing agreement and interpretation of these agreements with respect to the IFRS 16 principles. Potential options to extend existing lease agreements have been considered and in each individual case it is evaluated however it is likely that an option will be exercised or not.

Vitrolife has chosen to apply the simplified transition approach, meaning that the leasing liability is recorded at the net present value of future leasing fees for the leasing agreements in place as of January 1, 2019. The right-of-use asset is recorded at the same value as the leasing liability as of January 1, 2019. The company has also chosen to apply practical expedients, where leasing agreements with a term shorter than 12 months and/or with an underlying asset meeting the standards definition of being low-value will not be included in right-of-use asset or leasing liability.

Reporting pursuant to IFRS 16 has meant that the company, as from January 1 2019, records a right-of-use asset and a leasing liability to the tune of SEK 79 million each, meaning that the company's equity/assets-ratio decreases by approx. 4 percentage points as of the same date. Since Vitrolife applies the simplified transition approach, where the initial right-of-use asset is of equal value as the leasing liability, no transition effect has affected equity as of January 1, 2019. Accounting according to IFRS 16 has had a positive impact on the Group's EBITDA-margin in the third quarter of approximately one percentage unit, which is attributable to that leasing fees are recorded as depreciation and interest expenses instead.

Explanation to the transition from IAS 17 to IFRS 16, SEK million

Commitments on operational leasing agreements per 31 Dec 2018	47
Additional, options to extend	41
Less short-term leases	-1
Less leasing of low-value assets	-1
Discounting according to marginal borrowing rate	-8
Leasing liability 1 January 2019	79

Effect on assets and liabilities, 1 January 2019

SEK thousands	Balance 1 January 2019	Recalculation according to IFRS 16	Recalculated balance 1 January 2019
Assets			
Tangible assets	94 126	78 617	172 743
Liabilities			
Short-term interest bearing liabilities	-	10 400	10 400
Long-term interest bearing liabilities	-	68 217	68 217
Total	-	78 617	78 617

Above summary of effects on assets and liabilities includes only items that have had an impact from the standard's entry to force.

The Parent company applies to the exception rule in RFR 2, which means that a legal entity does not have to apply to IFRS 16. No other standards, amendments or interpretations that have come into force in 2019 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 868,677 thousand (685,684) and SEK 83,810 thousand (38,133). 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. 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 -392 thousand (-354), of which SEK -95 thousand (-177) during the third quarter. This effect is reported among financial items.

Fair value hierarchy

SEK thousands	Fair value levels	Sep 30.2019	Sep 30.2018	Dec 31.2018
Financial assets				
Financial assets to fair value through income statement	3	5 746	5 746	5 746
Total Financial assets		5 746	5 746	5 746
Financial liabilities				
Financial liabilities to fair value through income statement	3	9 327	30 357	8 124
Total Financial liabilities		9 327	30 357	8 124

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 30.2019	Sep 30.2018	Dec 31.2018
Group			
Pledged assets	30 256	26 002	27 058
Contingent liabilities	1 876	1 497	769
Parent company			
Pledged assets	8 042	6 714	7 037
Contingent liabilities	6 393	562	123

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. Business combinations

On May 10, 2019, Vitrolife acquired the business of Parallabs Ltd (corporate identity number 05155001, based in Hertfordshire, UK), the company's distributor in UK and Ireland for Embryoscope time-lapse systems. The initial purchase price amounted to SEK 23.8 million (GBP 1.9 million). The purchase price was paid in cash and was financed by available cash balances. In addition to the initial purchase price, total additional purchase price of SEK 6.3 million (GBP 0.5 million) may be paid in relation to sales targets during the years 2019-2021. Vitrolife considers it likely that the additional purchase price will fall out and thus the purchase price analysis

has been based on a total purchase price of SEK 30.1 million (GBP 2.4 million). The acquisition constitutes a business combination in accordance with IFRS 3 and is expected to be accretive to group revenue of approximately GBP 1 million for a twelve-month period and marginally accretive on the Group's EBITDA. Acquired assets and liabilities consist mainly of customer relationships of SEK 27.8 million (GBP 2.2 million), financial receivables of SEK 7.0 million (GBP 0.6 million) and deferred tax liability of SEK -5.3 million (GBP -0.4 million).

Note 5. 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 Time-lapse business unit, 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 categorises its products and services into the following business units: Media, Time-lapse, Disposable Devices, Genomics and ART Equipment, where business unit Genomics is added from 2019. Those sales that are not categorised into any of these business units are essentially freight. As regards segment reporting, Vitrolife applies the following geographic segments: EMEA, North- and South America, Japan and Pacific and Asia. The division of revenue per business unit and segment is

presented in the tables below. For more information on the company's segments, see note 6.

Net sales per geographic segment

SEK millions	Jan-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Whole year 2018
EMEA	429	367	147	114	511
<i>of which Sweden</i>	13	13	3	2	22
North- and South America	198	122	71	48	173
Japan and Pacific	170	127	71	39	169
Asia	274	215	89	83	297
Total	1 071	831	378	284	1 151

Net sales per business unit

SEK millions	Jan-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Whole year 2018
Media	493	450	162	156	606
Disposable Devices	133	118	46	39	167
Time-lapse	287	202	108	69	297
Genomics	91	-	37	-	-
ART Equipment	46	43	19	14	58
Other	21	18	7	6	24
Total	1 071	831	378	284	1 151

Net sales per products and services

SEK millions	Jan-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Whole year 2018
Products	1 009	780	357	266	1 081
Services	62	51	21	18	70
Total	1 071	831	378	284	1 151

Note 6. Segments

Vitrolife consists of five business units whose products are sold by four geographic market organisations. From 2019 the business unit Genomics is added. As a result of the internal organisation, Vitrolife reports net sales and market contribution per geographic segment. Market contribution is defined as gross income reduced with the selling expenses per market. The balance sheet is not followed up per segment.

SEK thousands	EMEA		North- and South America		Japan and Pacific		Asia		Total	
	Jan-Sep 2019	Jan-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Net sales	429 059	366 964	197 942	122 002	169 822	126 693	273 824	215 576	1 070 646	831 235
Gross income	268 132	235 083	116 276	81 842	119 577	90 434	182 179	139 342	686 164	546 701
Selling expenses	-69 792	-59 710	-34 050	-23 864	-30 888	-24 435	-34 748	-25 068	-169 476	-133 077
Market contribution	198 341	175 373	82 226	57 978	88 689	65 999	147 431	114 274	516 687	413 624
Fixed assets*	859 819	657 653	120 911	92 041	5 772	829	977	-	987 479	750 523

SEK thousands	EMEA		North- and South America		Japan and Pacific		Asia		Total	
	Jul-Sep 2019	Jul-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Jul-Sep 2019	Jul-Sep 2018
Net sales	147 018	113 401	70 604	48 544	71 143	38 483	89 227	83 582	377 991	284 010
Gross income	89 970	72 624	42 285	33 761	51 014	27 726	60 080	53 746	243 349	187 857
Selling expenses	-21 872	-17 395	-10 773	-8 911	-12 977	-9 388	-10 476	-8 595	-56 097	-44 289
Market contribution	68 099	55 229	31 512	24 850	38 037	18 338	49 604	45 151	187 252	143 568
Fixed assets*	859 819	657 653	120 911	92 041	5 772	829	977	-	987 479	750 523

SEK thousands	EMEA	North- and South America	Japan and Pacific	Asia	Total
	Whole year 2018	Whole year 2018	Whole year 2018	Whole year 2018	Whole year 2018
Net sales	511 211	173 482	169 304	297 351	1 151 348
Gross income	334 754	114 686	119 838	191 846	761 124
Selling expenses	-82 785	-34 094	-33 421	-34 237	-184 537
Market contribution	251 969	80 592	86 417	157 609	576 587
Fixed assets*	725 054	95 750	1 314	5	822 123

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

Reconciliation of alternative key figures

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

Adjusted gross and operating income

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

Operating income before depreciation and amortisation (EBITDA)

As amortisation of surplus values related to the acquisitions that Vitrolife has carried out is charged against operating income, it is management's assessment that operating income before depreciation and amortisation (EBITDA) is a fairer measure of the Group's earning capacity compared to operating income (EBIT). Vitrolife's Board aims to achieve growth while maintaining profitability, where profitability is followed up through operating income before depreciation and amortisation (EBITDA). The comparative figures in the table have not been recalculated after the transition to IFRS 16.

SEK millions	January-September		July-September		Whole year
	2019	2018	2019	2018	2018
Operating income	356.9	292.2	130.5	104.0	393.9
Depreciation and amortisation	70.8	51.3	24.8	16.9	84.7
Operating income before depreciation and amortisation (EBITDA)	427.8	343.4	155.2	121.0	478.6

Return on equity

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

SEK millions	Sep 30. 2019	Sep 30. 2018	Dec 31. 2018
Average shareholders' equity, rolling 12 month	1 602.7	1 325.9	1 392.7
Net income, rolling 12 month	370.7	294.1	309.7
Return on equity, %	23.1	22.2	22.2

Net debt / Rolling 12 month EBITDA

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

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.

SEK millions	Sep 30. 2019	Sep 30. 2018	Dec 31. 2018
Long-term interest-bearing liabilities	64.3	-	-
Short-term interest-bearing liabilities	14.2	-	-
Adjustment of interest-bearing liabilities related to leasing agreements	-78.5	-	-
Cash and cash equivalents	-599.0	-496.2	-490.8
Net debt	-599.0	-496.2	-490.8

SEK millions	Sep 30. 2019	Sep 30. 2018	Dec 31. 2018
Net debt	-599.0	-496.2	-490.8
Operating profit, rolling 12 month	458.7	379.0	393.9
Depreciation and amortisation, rolling 12 month	104.3	67.7	84.7
Rolling 12 month EBITDA	563.0	446.7	478.6
Net debt / Rolling 12 month EBITDA	-1.1	-1.1	-1.0

Net sales growth in local currency

As a large part of Vitrolife's sales are in other currencies than the reporting currency of SEK, sales are not only impacted by actual growth, but also by currency effects. To analyse sales adjusted for currency effects, the key ratio of sales growth in local currency is used. The percentage effects in the following tables are calculated by each amount in SEK millions in relation to net sales in the same period previous year (which is presented in note 5).

Net sales per geographic segment

	EMEA		North and South America		Japan and Pacific		Asia	
	Jan-Sep 2019	Jul-Sep 2019	Jan-Sep 2019	Jul-Sep 2019	Jan-Sep 2019	Jul-Sep 2019	Jan-Sep 2019	Jul-Sep 2019
Growth in local currency, SEK M	47	29	61	17	31	26	47	3
<i>Growth in local currency, %</i>	13	26	49	35	25	69	23	4
Currency effects, SEK M	15	5	15	5	12	7	11	3
<i>Currency effects, %</i>	4	3	14	10	9	16	4	3
Total growth, SEK M	62	34	76	22	43	33	58	6
Total growth, %	17	30	62	45	34	85	27	7

Net sales per business unit

	Media		Disposable Devices		Time-lapse		Genomics		ART Equipment	
	Jan-Sep 2019	Jul-Sep 2019	Jan-Sep 2019	Jul-Sep 2019	Jan-Sep 2019	Jul-Sep 2019	Jan-Sep 2019	Jul-Sep 2019	Jan-Sep 2019	Jul-Sep 2019
Growth in local currency, SEK M	24	1	7	4	67	30	85	34	1	4
<i>Growth in local currency, %</i>	6	1	6	11	34	45	n/a	n/a	2	35
Currency effects, SEK M	19	5	8	3	18	8	6	3	2	1
<i>Currency effects, %</i>	4	3	7	6	8	11	n/a	n/a	4	4
Total growth, SEK M	44	6	15	7	85	39	91	37	3	5
Total growth, %	10	4	13	17	42	56	n/a	n/a	6	39

Group total

	Jan-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Whole year 2018
Organic growth in local currency, SEK M	101	24	40	17	58
<i>Organic growth in local currency, %</i>	12	3	15	7	5
Acquired growth, SEK M	85	–	34	–	–
<i>Acquired growth, %</i>	11	–	12	–	–
Currency effects, SEK M	54	32	20	21	47
<i>Currency effects, %</i>	6	4	6	8	5
Total growth, SEK M	239	56	94	38	105
Total growth, %	29	7	33	15	10

Definitions

Adjusted gross income

Gross income before amortisation of acquisition-related intangible assets.

Adjusted operating income

Operating income before amortisation of acquisition-related intangible assets.

Cash flow from operating activities per share

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

Earnings per share

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

Equity/assets ratio

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

Gross margin

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

Market contribution

Gross income reduced with the selling expenses per market.

Net debt

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

Net debt / Rolling 12 month EBITDA

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

Operating margin before depreciation and amortisation (EBITDA)

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

Operating margin

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

Profit margin

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

Return on equity

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

Shareholders' equity per share

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

Glossary

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

Biological quality tests

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

Biopsy

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

Biotechnology

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

Blastocyst

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

Cell therapy

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

Clinical study/trial

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

Embryo

A fertilized and cell divided egg.

In vitro (Latin "in glass")

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

In vivo

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

Incubator

Equipment for culture of embryos in a controlled environment.

IUI

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

IVF, In Vitro Fertilization

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

Medical devices

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

PGT-A

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

PGT-M

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

Preclinical study

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

Time-lapse

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

Vitrification

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

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