REPORT ON OPERATIONS 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

High Time-lapse growth

Fourth quarter

- Sales amounted to SEK 409 (320) million, corresponding to an increase of 28 percent in SEK. Sales increased by 21 percent in local currency whereof 11 percent comprised organic growth.
- Operating income before depreciation and amortisation (EBITDA) amounted to SEK 160 (135) million, corresponding to a margin of 39 (42) percent. Fluctuations in exchange rates positively impacted EBITDA by SEK 7 million.
- Net income amounted to SEK 96 (84) million, which gave earnings per share of SEK 0.89 (0.77).

Whole year 2019

- Sales amounted to SEK 1 480 (1 151) million, corresponding to an increase of 29 percent in SEK. Sales increased by 22 percent in local currency whereof 12 percent comprised organic growth.
- Operating income before depreciation and amortisation (EBITDA) amounted to SEK 587 (479) million, corresponding to a margin of 40 (42) percent. Fluctuations in exchange rates positively impacted EBITDA by SEK 37 million.
- Net income amounted to SEK 384 (311) million, which gave earnings per share of SEK 3.53 (2.85).
- 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.

After the end of the period

- The Board proposes a dividend of SEK 114 (92) million, corresponding to SEK 1.05 (0.85) per share.

The Group's Key Figures

SEK millions	October – December 2019	2018	January – December 2019	2018
Net sales	409	320	1 480	1 151
Net sales growth, local currency, %	21	12	22	5
Gross margin, %	62	67	63	66
Adjusted gross margin*, %	64	70	66	70
Operating income before depreciation and amortisation (EBITDA)	160	135	587	479
EBITDA margin, %	39	42	40	42
Net income	96	84	384	311
Net debt / Rolling 12 month EBITDA	-1.2	-1.0	-1.2	-1.0
Earnings per share**, SEK	0.89	0.77	3.53	2.85
Share price on closing day, SEK	197.50	147.00	197.50	147.00
Market cap at closing day	21 439	15 957	21 439	15 957
Changes in net sales				
Organic growth in local currency, %	11	12	12	5
Acquired growth, %	10	-	10	-
Currency effects, %	7	6	6	5
Total growth, %	28	18	29	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 409 million, corresponding to an increase of 28 percent in SEK. Sales increased by 21 percent in local currency, of which 11 percent was organic growth.

We were delighted that all market regions displayed sales growth during the quarter. The Japan and Pacific region and the North- and South American region were positively impacted by continued high Time-lapse growth. During the quarter, the Group's sales growth for Time-lapse amounted to 41 percent in local currencies. It can be clearly seen that the broader product offering in the Time-lapse field, with products for customers of different sizes and preferences, increases sales and broadens the customer base within Time-lapse. After closing day the product range was further broadened when EmbryoScope 8, with capacity for 8 patients at a time, was launched. In EMEA growth was driven by increased media sales and by the acquisition of Genomics.

In the Asian region performance was mixed: Time-lapse continued to develop strongly but media sales decreased. 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 in the fourth quarter and at the beginning of the new year the company has been 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. Some customers have come back and some are yet to return. After closing day Vitrolife received market approval in China for the latest generation of three of the media products mentioned above. We believe that the fact that Vitrolife can in future offer the latest version in China as well increases the chances that the remaining customers will change back to Vitrolife. After closing day it was reported that a virus had broken out in China. It is as yet difficult to assess the consequences of this outbreak for Vitrolife, but in the company's judgement the outbreak will negatively impact sales in China during the first quarter as a result of decreased demand.

The operating margin before depreciation and amortisation decreased somewhat during the quarter and amounted to 39 (42) percent. The margin was negatively impacted by obsolescence costs, amongst other things due to the difficulties of planning the right production volume of media for China. The margin was also negatively impacted by the product mix, amongst other things as a result of the fact that the acquired Genomics business unit has a lower gross margin than the average for the Group.

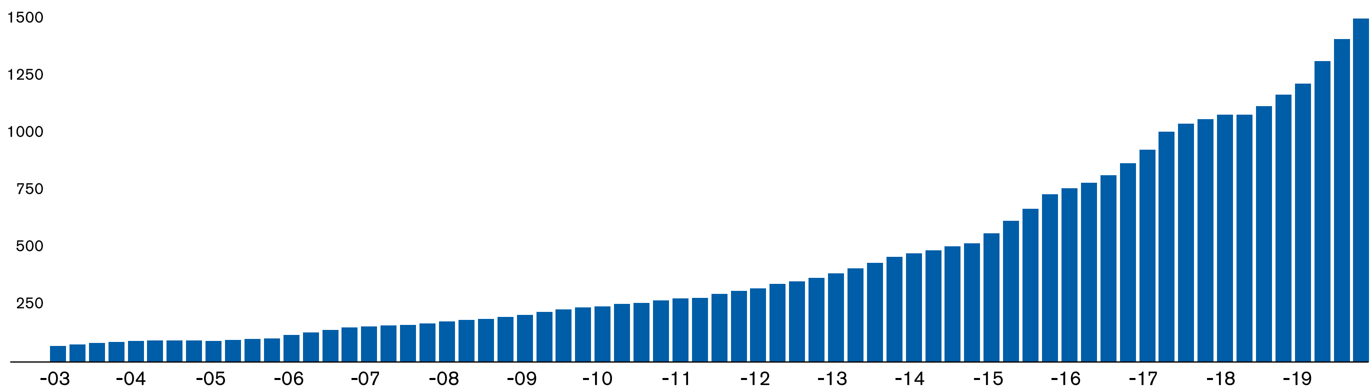
When summarising the whole year, I can note that this year has once again been an eventful year for Vitrolife. The company has successfully started up sales of kits for genetic testing and built up a new Genomics business unit, with highly qualified employees. The acquisition of technology for the assessment of embryos using artificial intelligence also has the potential to be of importance in the future as it facilitates and improves the clinical benefits of Time-lapse. On the sales side we have seen fantastic development of Time-lapse, both in markets where we have had success previously, for example Japan, but also in undeveloped markets for Time-lapse, such as the US. The acquisition of the former distributor in the UK, Parallabs Ltd, further strengthened us in an important market.

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



Fourth quarter 2019 (October - December)

Net sales

Sales amounted to SEK 409 (320) million, corresponding to an increase of 28 percent in SEK. Sales increased by 21 percent in local currency, of which 11 percent was organic growth. The acquired growth stemmed from sales related to the Genomics business unit.

Sales in the EMEA region (Europe, the Middle East and Africa) amounted to SEK 167 (144) million. Sales increased by 11 percent in local currency and were impacted by increased sales of Media and by acquired growth with regard to Genomics. In the North- and South American region, sales amounted to SEK 86 (52) million. Sales increased by 55 percent in local currency and were positively impacted by increased sales of Time-Lapse and by acquired growth with regard to Genomics. Sales in the Japan and Pacific region amounted to SEK 70 (43) million. Sales increased by 50 percent in local currency and were positively impacted by increased sales of Time-lapse. Sales in the Asian region increased by 1 percent in local currency and amounted to SEK 86 (82) million. Sales were impacted positively by increased sales of Time-Lapse and negatively by decreased media sales.

Sales for the Media business unit increased by 1 percent in local currency during the quarter and amounted to SEK 164 (156) million. Sales for the Disposable Devices business unit decreased by 5 percent in local currency and amounted to SEK 49 (49) million. Sales for the Time-lapse business unit increased by 41 percent in local currency during the quarter and amounted to SEK 143 (94) million. Sales for the ART Equipment business unit decreased during the quarter by 14 percent in local currency and amounted to SEK 13 (15) million. Sales for the Genomics business unit during the quarter amounted to SEK 34 (-) million. Freight revenues amounted to SEK 6 (6) million.

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

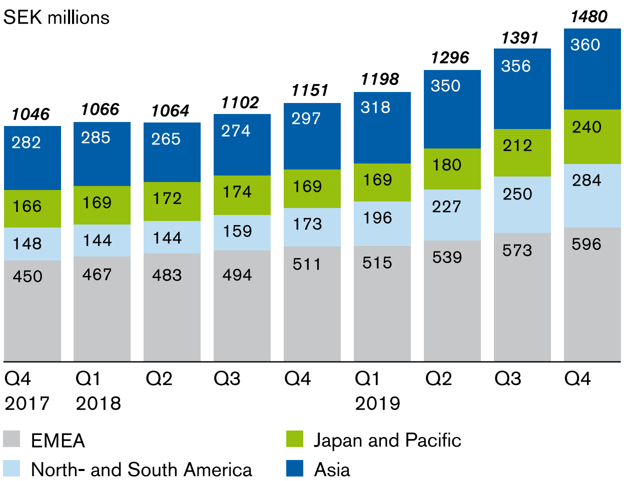


Fig 2. Sales development (per quarter)

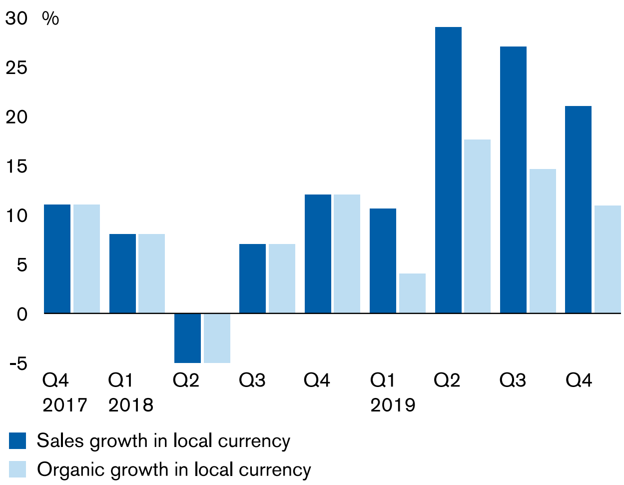


Fig 3. Net sales per business unit (rolling 12 months)

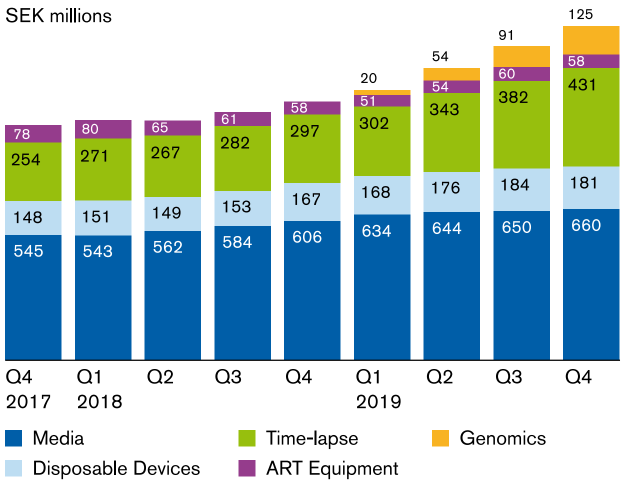
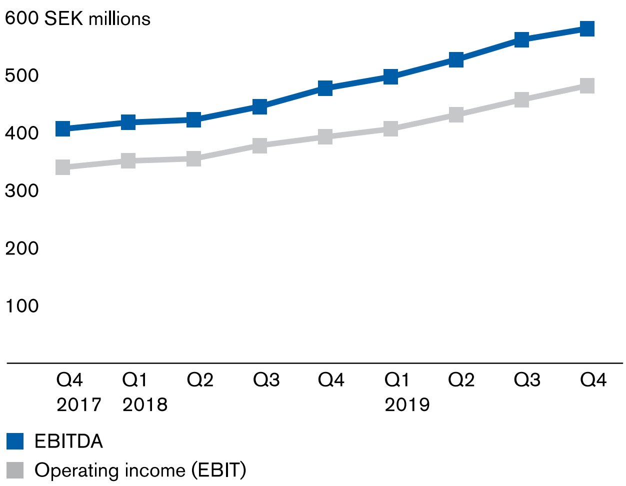


Fig 4. Income (rolling 12 months)



Income

Operating income before depreciation and amortisation (EBITDA) amounted to SEK 160 (135) million, corresponding to a margin of 39 percent (42). Fluctuations in currency had a positive impact of SEK 7 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 252 (214) million. The gross margin amounted to 62 (67) percent and was negatively impacted by obsolescence costs due, amongst other things, to the adaptation of media production for China. The gross margin was also negatively impacted by the product mix, amongst other things as a result of the fact that the acquired Genomics business unit has a lower gross margin than the average for the Group. The gross margin adjusted for amortisation of acquisition-related intangible assets amounted to 64 (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 6 (8) percent of sales and the decrease mainly consisted of economies of scale and adjustment of an acquisition-related cost of SEK 5 million with regard to previous years. R&D costs amounted to 8 (11) percent of sales and the decrease was mainly due to impairment in the comparative quarter. Depreciation, amortisation and write-downs of SEK 29 (33) million were charged against income. Net financial items amounted to SEK -8 (6) million and consisted primarily of currency effects. Income before tax amounted to SEK 123 (107) million. Net income amounted to SEK 96 (84) million. Other comprehensive income amounted to SEK -26 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 and a total of five business units, 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 6. During the quarter the market contribution for the EMEA region amounted to SEK 74 (77) million. This was impacted positively by increased sales and the addition of the Genomics business unit and negatively by a worse product mix, obsolescence costs and increased marketing and sales costs. The contribution from the North and South American region amounted to SEK 35 (21) 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 37 (22) million and was positively impacted by increased sales and currency effects. The market contribution from the Asian region was unchanged and amounted to SEK 44 (44) million.

Cash flow

The cash flow from operating activities amounted to SEK 118 (116) million. The change in working capital amounted to SEK -10 (3) million and consisted amongst other things of increased inventory. Gross capital expenditure for tangible non-current assets amounted to SEK -5 (-6) million and mainly consisted of equipment. Gross capital expenditure for intangible non-current assets amounted to SEK -7 (-118) million and consisted amongst others of capitalized development costs. The cash flow from financing activities was SEK -4 (-) million and consisted of amortisations of lease contracts in accordance with IFRS 16. Cash and cash equivalents at the end of the period amounted to SEK 690 (491) million. The company aims to invest its cash in hand in value-creating acquisitions.

Financing

Vitrolife's total credit facilities amounted to SEK - (-) million. The equity/assets ratio was 84 (88) 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 -1.2 (-1.0) times.

Parent Company

Business activities focus on Group-wide management. Income included invoicing of management fee and other costs of SEK 11 (4) million. Income after financial items for the quarter amounted to SEK 4 (137) million. Cash and cash equivalents amounted to SEK 218 (262) million.

Whole year 2019

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 has impacted EBITDA per share marginally negatively during 2019 and is expected to impact positively as from the fourth quarter 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. Vitrolife assess that the additional purchase price is likely to fall out and thus it has been recorded as an asset and a liability. For more information, see note 4.

Collaboration agreement on Piezo technique
During the third 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 1 480 (1 151) million, corresponding to an increase of 29 percent in SEK. Sales increased by 22 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 596 (511) million. Sales increased by 12 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 284 (173) million. Sales increased by 51 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 240 (169) million. Sales increased by 31 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 17 percent in local currency and amounted to SEK 360 (297) million. Sales were amongst others positively impacted by increased sales of Time-Lapse.

Sales for the Media business unit increased by 5 percent in local currency and amounted to SEK 660 (606) million. Sales for the Disposable Devices business unit increased by 2 percent in local currency and amounted to SEK 181 (167) million. Sales for the Time-lapse business unit increased by 37 percent in local currency and amounted to SEK 431 (297) million. Sales for the ART Equipment business unit decreased by 3 percent in local currency and amounted to SEK 58 (58) million. Sales for the Genomics business unit amounted to SEK 125 (-) million. Freight revenues amounted to SEK 24 (24) million.

Income
Operating income before depreciation and amortisation (EBITDA) amounted to SEK 587 (479) million, corresponding to a margin of 40 percent (42). Fluctuations in currency had a positive impact of SEK 37 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 939 (761) million. The gross margin amounted to 63 (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. The gross margin was also negatively impacted by obsolescence costs due, amongst other things, to the adaptation of media production for China. The gross margin was positively impacted by currency. The gross margin adjusted for amortisation of acquisition-related intangible assets amounted to 66 (70) percent.

Selling expenses amounted to 16 (16) percent of sales. Administrative expenses amounted to 8 (9) percent of sales. R&D costs amounted to 7 (8) percent of sales. Depreciation, amortisation and write-downs of SEK 99 (85) million were charged against income. Net financial items amounted to SEK 5 (5) million and consisted primarily of currency effects. Income before tax amounted to SEK 493 (399) million. Net income amounted to SEK 384 (311) million. Other comprehensive income amounted to SEK 11 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 market contribution during the period for the EMEA region amounted to SEK 272 (252) 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 118 (81) 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 125 (86) million and was positively impacted by increased sales and currency effects. The market contribution from the Asian region amounted to SEK 192 (158) million and was positively impacted by increased sales and currency effects.

Cash flow

The cash flow from operating activities amounted to SEK 413 (349) million. The change in working capital amounted to SEK -62 (-35) 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 -19 (-18) million and mainly consisted of equipment. Gross capital expenditure for intangible non-current assets amounted to SEK -68 (-162) 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 -107 (-81) million, of which SEK 92 million related to dividend to shareholders and SEK 15 million related to amortisations of lease contracts in accordance with IFRS 16. Cash and cash equivalents at the end of the period amounted to SEK 690 (491) 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, skilled and scalable global organisation focusing on sustainable processes and common culture.
- Strong sales and support channels that can offer customised solutions.
- Competitive and complete product portfolio with leading support and service offering.
- Innovative research and development and efficient 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 398 (363), of whom 202 (177) were women and 196 (186) were men. Of these, 151 (141) people were employed in Sweden, 87 (77) in the US, 81 (77) in Denmark and 79 (68) in the rest of the world. The number of people employed in the Group at the end of the period was 430 (392).

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 2018, note 30.

Dividend

In accordance with the dividend policy of Vitrolife AB (publ), a dividend, or another equivalent form of distribution, shall be proposed annually which on average over time corresponds to 30 percent of net profits for the year after tax has been paid. It is therefore the intention of the Board to propose to the Annual General Meeting a dividend of SEK 114 (92) million, corresponding to SEK 1.05 (0.85) per share.

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.

Election committee

The following people have been appointed as members of Vitrolife's election committee for the 2020 Annual General Meeting:
Niels Jacobsen, appointed by William Demant Invest A/S
Patrik Tigerschiöld, appointed by Bure Equity AB
Wendy Wang, appointed by Morgan Stanley Investment Management Inc.
Jón Sigurdsson, Chairman of the Board

The appointments have been made in accordance with the instructions regarding principles for the appointment of the company's election committee, which were adopted at the Annual General Meeting of Vitrolife on May 2, 2019.

Shareholders who wish to have a matter considered at the meeting can make a written request to this effect to the Board. Such a request for consideration of a matter is to be sent to Vitrolife AB (publ), Att: Chairman of the Board, Box 9080, 400 92 Göteborg, Sweden, and must have been received by the Board at least seven weeks before the Annual General Meeting, or in any case in such good time that the matter, if so necessary, can be included in the invitation to the meeting.

Annual General Meeting and Annual Report

The Annual General Meeting will be held on April 28, 2020, at 4.30 pm at Elite Park Avenue Hotel, Kungsportsavenyn 36-38 in Gothenburg. Shareholders will be invited to attend through an announcement in the Swedish Official Gazette and through information in Dagens Industri that shareholders have been invited to attend, no earlier than six weeks and no later than four weeks before the meeting.

It is estimated that Vitrolife's Annual Report for 2019 will be available to be downloaded from Vitrolife's website during week 14 and in a printed version at the company's head office in Gothenburg during week 15. The Annual Report is sent out to those shareholders who have notified the company that they wish to have the printed version.

Events after the end of the period

The Board proposes a dividend of SEK 114 (92) million, corresponding to SEK 1.05 (0.85) per share.

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

February 6, 2020
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 calender

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

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

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 – December 2019	January – December 2018	October – December 2019	October – December 2018
Net sales	5,6	1 480 132	1 151 348	409 486	320 113
Cost of goods sold		-541 480	-390 224	-156 998	-105 690
Gross income		**938 652**	**761 124**	**252 488**	**214 423**
Comprising					
Adjusted gross income		980 936	803 645	263 126	225 011
Amortisation of acquisition-related intangible assets		-42 284	-42 521	-10 638	-10 588
Gross income		**938 652**	**761 124**	**252 488**	**214 423**
Selling expenses		-231 582	-184 537	-62 106	-51 460
Administrative expenses		-119 382	-99 270	-25 611	-27 069
Research and development costs		-99 515	-88 457	-30 826	-35 812
Other operating revenues		307	25 136	95	21 682
Other operating expenses		-534	-20 081	-3 040	-20 031
Operating income		**487 946**	**393 915**	**131 000**	**101 733**
Comprising					
Adjusted operating income		530 230	436 486	141 638	112 334
Amortisation of acquisition-related intangible assets		-42 284	-42 571	-10 638	-10 601
Operating income		**487 946**	**393 915**	**131 000**	**101 733**
Financial income and expenses		4 748	4 668	-7 878	5 763
Income after financial items		**492 694**	**398 583**	**123 122**	**107 496**
Income taxes		-108 855	-87 886	-26 673	-23 347
Net Income		**383 839**	**310 697**	**96 449**	**84 149**
Attributable to					
Parent Company's shareholders		382 785	309 697	96 127	83 997
Non-controlling interests		1 054	1 000	322	152
Earnings per share*,**, SEK		3.53	2.85	0.89	0.77
Average number of outstanding shares**		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

* 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 99,388 thousand (84,692), of which SEK 28,543 thousand (33,434) for the fourth quarter.

Statements of comprehensive income

SEK thousands	January – December 2019	January – December 2018	October – December 2019	October – December 2018
Net income	**383 839**	**310 697**	**96 449**	**84 149**
Other comprehensive income				
Items that may be reclassified to the income statement				
Exchange rate differences	10 643	37 824	-26 452	1 129
Total other comprehensive income	**10 643**	**37 824**	**-26 452**	**1 129**
Total comprehensive income	**394 482**	**348 521**	**69 997**	**85 278**
Attributable to				
Parent Company's shareholders	393 377	347 384	69 774	85 134
Non-controlling interests	1 105	1 137	223	144

Key ratios, total Group

	January – December 2019	2018	October – December 2019	2018
Gross margin, %	63.4	66.1	61.7	67.0
Adjusted gross margin, %	66.3	69.8	64.3	70.3
Operating margin before depreciation and amortisation (EBITDA), %	39.7	41.6	39.0	42.2
Operating margin (EBIT), %	33.0	34.2	32.0	31.8
Net margin, %	25.9	27.0	23.6	26.3
Equity/assets ratio, %	84.1	88.1	84.1	88.1
Shareholders' equity per share*, SEK	16.53	13.75	16.53	13.75
Return on equity, %	22.8	22.2	22.8	22.2
Cash flow from operating activities per share*, SEK	3.81	3.22	1.08	1.07
Net debt**, SEK millions	-689.5	-490.8	-689.5	-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	Oct-Dec 2019	Jul-Sep 2019	Apr-Jun 2019	Jan-Mar 2019	Oct-Dec 2018	Jul-Sep 2018	Apr-Jun 2018	Jan-Mar 2018
Net sales	409 486	377 991	380 731	311 924	320 113	284 010	283 231	263 994
Cost of goods sold	-156 998	-134 642	-135 823	-114 017	-105 690	-96 153	-95 895	-92 486
Gross income	**252 488**	**243 349**	**244 908**	**197 907**	**214 423**	**187 857**	**187 336**	**171 508**
Selling expenses	-62 106	-56 097	-66 130	-47 249	-51 460	-44 289	-46 628	-42 160
Administrative expenses	-25 611	-33 865	-30 732	-29 174	-27 069	-21 654	-25 118	-25 429
Research and development costs	-30 826	-23 543	-24 576	-20 571	-35 812	-15 341	-18 842	-18 462
Other operating revenues and expenses	-2 945	634	-534	2 620	1 651	-2 534	1 732	4 206
Operating income	**131 000**	**130 478**	**122 936**	**103 533**	**101 733**	**104 039**	**98 480**	**89 663**
Financial income and expenses	-7 878	6 412	-739	6 953	5 763	-7 808	1 859	4 854
Income after financial items	**123 122**	**136 890**	**122 197**	**110 485**	**107 496**	**96 231**	**100 339**	**94 517**
Income taxes	-26 673	-30 091	-27 241	-24 850	-23 347	-21 083	-20 768	-22 688
Net income	**96 449**	**106 799**	**94 955**	**85 635**	**84 149**	**75 148**	**79 571**	**71 829**
Attributable to								
Parent Company's shareholders	96 127	106 705	94 635	85 318	83 997	75 067	79 272	71 361
Non-controlling interests	322	94	320	317	152	81	299	468
Depreciation, amortisation and write-downs	-28 543	-24 762	-23 496	-22 586	-33 434	-16 947	-17 703	-16 607

Key ratios per quarter, total Group

	Oct-Dec 2019	Jul-Sep 2019	Apr-Jun 2019	Jan-Mar 2019	Oct-Dec 2018	Jul-Sep 2018	Apr-Jun 2018	Jan-Mar 2018
Shareholders' equity, attributable to the Parent Company's shareholders, SEK millions	1 794.0	1 724.3	1 600.1	1 593.6	1 492.9	1 407.8	1 342.0	1 328.0
Shareholders' equity per share*, SEK	16.53	15.88	14.74	14.68	13.75	12.97	12.36	12.23
Return on equity, %	22.8	23.1	22.3	22.2	22.2	22.2	22.5	23.1
Cash flow from operating activities per share*, SEK	1.08	1.39	0.95	0.29	1.07	0.79	0.97	0.39

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

Consolidated statements of financial position

SEK thousands	Note	Dec 31. 2019	Dec 31. 2018
ASSETS	2		
Goodwill	6	425 842	421 611
Other intangible fixed assets	6	352 415	306 386
Tangible fixed assets	6	173 359	94 126
Shares and participations		5 746	5 746
Other financial fixed assets		26 928	17 856
Deferred tax assets		4 173	1 166
Inventories		208 820	161 186
Accounts receivable		233 321	181 002
Current tax assets		1 180	3 946
Other current receivables		5 678	4 283
Prepaid expenses and accrued income		11 687	9 349
Cash and cash equivalents		689 538	490 810
Total assets		**2 138 687**	**1 697 467**
SHAREHOLDERS' EQUITY AND LIABILITIES	2		
Shareholders' equity, attributable to the Parent Company's shareholders		1 794 023	1 492 914
Non-controlling interests		3 605	3 298
Provisions		16 619	11 527
Deferred tax liabilities		27 273	29 329
Long-term interest-bearing liabilities		61 213	–
Long-term non-interest-bearing liabilities		33 602	8 124
Short-term interest-bearing liabilities		14 632	–
Current tax liabilities		29 772	27 187
Accounts payable		29 314	32 085
Other short-term non-interest-bearing liabilities		18 489	11 007
Accrued expenses and deferred income		110 145	81 996
Total shareholders' equity and liabilities		**2 138 687**	**1 697 467**

Amounts for Tangible fixed assets, Long-term interest-bearing liabilities and Short-term interest-bearing liabilities include, as of December 31, 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

	Attributable to the Parent Company's shareholders				Non-controlling interests	Total share-holders´ equity
SEK thousands	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	–	–	10 592	382 785	1 105	394 482
Dividend (SEK 0.85 per share)	–	–	–	-92 268	–	-92 268
Dividend to non-controlling interests	–	–	–	–	-798	-798
Closing balance December 31, 2019	**22 144**	**494 610**	**60 846**	**1 216 423**	**3 605**	**1 797 628**

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

Condensed consolidated cash flow statements

SEK thousands	January – December 2019	2018	October – December 2019	2018
Income after financial items	492 694	398 583	123 122	107 496
Adjustment for non-cash items	96 425	80 578	40 470	27 443
Tax paid	-114 161	-94 985	-35 970	-21 338
Change in inventories	-44 308	-4 464	-7 850	-3 380
Change in trade receivables	-48 533	-33 996	4 552	-5 484
Change in trade payables	31 216	3 719	-6 784	11 462
Cash flow from operating activities	**413 333**	**349 435**	**117 540**	**116 199**
Business combinations	-23 828	–	–	–
Net investments in tangible and intangible assets	-88 744	-181 265	-12 139	-124 698
Cash flow from investing activities	**-112 572**	**-181 265**	**-12 139**	**-124 698**
Loan repayments	-14 622	-511	-4 021	–
Dividends paid	-92 268	-80 950	–	–
Cash flow from financing activities	**-106 890**	**-81 462**	**-4 021**	–
Cash flow for the period	**193 872**	**86 708**	**101 380**	**-8 499**
Opening cash and cash equivalents	490 810	395 963	599 010	496 225
Exchange-rate difference in cash and cash equivalents	4 856	8 139	-10 852	3 084
Closing cash and cash equivalents	**689 538**	**490 810**	**689 538**	**490 810**

Income statements for the Parent Company

SEK thousands	January – December 2019	2018	October – December 2019	2018
Net sales	22 052	16 104	11 247	3 777
Administrative expenses	-22 533	-18 144	-5 441	-4 466
Other operating revenues	74	–	74	1
Other operating expenses	-92	-46	-84	-18
Operating income	**-499**	**-2 086**	**5 796**	**-706**
Dividends from Group companies	1 856	362 692	–	137 905
Financial income and expenses	5 026	1 336	-1 991	295
Income after financial items	**6 383**	**361 942**	**3 805**	**137 494**
Income taxes	-2 118	69	-821	68
Net income	**4 264**	**362 011**	**2 984**	**137 562**

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

Balance sheets for the Parent Company

SEK thousands	Dec 31. 2019	Dec 31. 2018
ASSETS		
Tangible fixed assets	12	12
Participations in Group companies	771 346	771 346
Shares and participations	5 746	5 746
Other financial fixed assets	5 304	3 937
Deferred tax assets	1 353	1 014
Receivables from Group companies	15 686	48 990
Prepaid expenses and accrued income	40	158
Cash and cash equivalents	217 991	261 749
Total assets	**1 017 478**	**1 092 952**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	958 535	1 046 539
Provisions	6 570	4 921
Current tax liabilities	1 223	234
Accounts payable	48	242
Liabilities to Group companies	42 454	35 426
Other short-term non-interest-bearing liabilities	660	506
Accrued expenses and deferred income	7 988	5 084
Total shareholders' equity and liabilities	**1 017 478**	**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 pracitical 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 fourth 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 949,826 thousand (689,727) and SEK 67,410 thousand (41,717). 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 perfomed 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 -390 thousand (283), of which SEK 2 thousand (637) during the fourth quarter. This effect is reported among financial items.

Fair value hierarchy

SEK thousands	Fair value levels	Dec 31.2019	Dec 31.2018
Financial assets			
Financial assets to fair value through income statement	3	5 746	5 746
Total Financial assets		**5 746**	**5 746**
Financial liabilities			
Financial liabilities to fair value through income statement	3	8 860	8 124
Total Financial liabilities		**8 860**	**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	Dec 31.2019	Dec 31.2018
Group		
Pledged assets	31 529	27 058
Contingent liabilities	1 488	769
Parent company		
Pledged assets	8 404	7 037
Contingent liabilities	6 023	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 thousands	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
EMEA	596	511	167	144
of which Sweden	*19*	*22*	*6*	*6*
North- and South America	284	173	86	52
Japan and Pacific	240	169	70	43
Asia	360	297	86	82
Total	**1 480**	**1 151**	**409**	**320**

Net sales per business unit

SEK thousands	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
Media	660	606	164	156
Disposable Devices	181	167	49	49
Time-lapse	431	297	143	94
Genomics	125	–	34	–
ART Equipment	58	58	13	15
Other	24	24	6	6
Total	**1 480**	**1 151**	**409**	**320**

Net sales per products and services

SEK thousands	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
Products	1 396	1 081	387	300
Services	84	70	22	20
Total	**1 480**	**1 151**	**409**	**320**

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.

	EMEA		North- and South America		Japan and Pacific		Asia		Total	
SEK thousands	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales	595 930	511 211	283 933	173 482	240 064	169 304	360 205	297 351	**1 480 132**	**1 151 348**
Gross income	368 284	334 754	164 169	114 686	168 980	119 838	237 219	191 846	**938 652**	**761 124**
Selling expenses	-95 932	-82 785	-46 465	-34 094	-43 767	-33 421	-45 419	-34 237	**-231 582**	**-184 537**
Market contribution	**272 352**	**251 969**	**117 704**	**80 592**	**125 213**	**86 417**	**191 800**	**157 609**	**707 070**	**576 587**
Fixed assets*	831 892	725 054	114 039	95 750	4 849	1 314	836	5	**951 616**	**822 123**

	EMEA		North- and South America		Japan and Pacific		Asia		Total	
SEK thousands	Oct-Dec 2019	Oct-Dec 2018	Oct-Dec 2019	Oct-Dec 2018	Oct-Dec 2019	Oct-Dec 2018	Oct-Dec 2019	Oct-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
Net sales	166 915	144 153	85 776	51 553	70 352	42 653	86 443	81 754	**409 486**	**320 113**
Gross income	100 152	98 597	47 893	32 372	49 403	30 899	55 040	52 555	**252 488**	**214 423**
Selling expenses	-26 140	-21 830	-12 416	-11 501	-12 880	-9 300	-10 671	-8 829	**-62 107**	**-51 460**
Market contribution	**74 012**	**76 767**	**35 477**	**20 871**	**36 523**	**21 599**	**44 369**	**43 726**	**190 381**	**162 963**
Fixed assets*	831 892	725 054	114 039	95 750	4 849	1 314	836	5	**951 616**	**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.

	January-December		October-December	
SEK thousands	2019	2018	2019	2018
Operating income	487.9	393.9	131.0	101.7
Depreciation and amortisation	99.4	84.7	28.5	33.4
Operating income before depreciation and amortisation (EBITDA)	**587.3**	**478.6**	**159.5**	**135.2**

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 thousands	Dec 31. 2019	Dec 31. 2018
Average shareholders' equity, rolling 12 month	1 678.0	1 392.7
Net income, rolling 12 month	382.8	309.7
Return on equity, %	**22.8**	**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 thousands	Dec 31. 2019	Dec 31. 2018
Long-term interest-bearing liabilities	61.2	–
Short-term interest-bearing liabilities	14.6	–
Adjustment of interest-bearing liabilities related to leasing agreements	-75.8	–
Cash and cash equivalents	-689.5	-490.8
Net debt	**-689.5**	**-490.8**

SEK thousands	Dec 31. 2019	Dec 31. 2018
Net debt	-689.5	-490.8
Operating profit, rolling 12 month	487.9	393.9
Depreciation and amortisation, rolling 12 month	99.4	84.7
Rolling 12 month EBITDA	587.3	478.6
Net debt / Rolling 12 month EBITDA	**-1.2**	**-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-Dec 2019	Oct-Dec 2019	Jan-Dec 2019	Oct-Dec 2019	Jan-Dec 2019	Oct-Dec 2019	Jan-Dec 2019	Oct-Dec 2019
Growth in local currency, SEK M	63	16	89	28	52	21	48	1
Growth in local currency, %	*12*	*11*	*51*	*55*	*31*	*50*	*17*	*1*
Currency effects, SEK M	22	7	21	6	19	7	15	4
Currency effects, %	*4*	*5*	*13*	*11*	*11*	*15*	*4*	*5*
Total growth, SEK M	**85**	**23**	**110**	**34**	**71**	**28**	**63**	**5**
Total growth, %	***17***	***16***	***64***	***66***	***42***	***65***	***21***	***6***

Net sales per business unit

	Media		Disposable Devices		Time-lapse		Genomics		ART Equipment	
	Jan-Dec 2019	Oct-Dec 2019	Jan-Dec 2019	Oct-Dec 2019	Jan-Dec 2019	Oct-Dec 2019	Jan-Dec 2019	Oct-Dec 2019	Jan-Dec 2019	Oct-Dec 2019
Growth in local currency, SEK M	28	1	3	-2	106	37	116	31	-2	-2
Growth in local currency, %	*5*	*1*	*2*	*-5*	*37*	*41*	*n/a*	*n/a*	*-3*	*-14*
Currency effects, SEK M	26	7	11	3	29	11	9	3	2	0
Currency effects, %	*4*	*4*	*7*	*6*	*9*	*10*	*n/a*	*n/a*	*4*	*3*
Total growth, SEK M	**54**	**8**	**14**	**1**	**135**	**48**	**125**	**34**	**0**	**-2**
Total growth, %	***9***	***5***	***9***	***1***	***45***	***51***	***n/a***	***n/a***	***1***	***-11***

Group total

	Jan-Dec 2019	Jan-Dec 2018	Oct-Dec 2019	Oct-Dec 2018
Organic growth in local currency, SEK M	135	58	34	34
Organic growth in local currency, %	*12*	*5*	*11*	*12*
Acquired growth, SEK M	116	–	31	–
Acquired growth, %	*10*	–	*10*	–
Currency effects, SEK M	78	47	24	15
Currency effects, %	*6*	*5*	*7*	*6*
Total growth, SEK M	**329**	**105**	**89**	**49**
Total growth, %	***29***	***10***	***28***	***18***

Definitions

Adjusted gross income
Gross income before amortisation of acquisition-related intangible assets.

Adjusted operating income
Operating income before amortisation of acquisition-related intangible assets.

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

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

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

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

Market contribution
Gross income reduced with the selling expenses per market.

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

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

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

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

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

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

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

Glossary

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

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

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

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

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

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

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

Embryo
A fertilized and cell divided egg.

In vitro (Latin "in glass")
A process that has been taken out from a cell to take place in an artificial environment instead, for example in a test tube.

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

Incubator
Equipment for culture of embryos in a controlled environment.

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

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

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

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

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

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

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

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

TOGETHER. ALL THE WAY™

Vitrolife AB (publ)
Vitrolife Sweden AB
Box 9080
SE-400 92 Göteborg
Sweden
Tel +46 31 721 80 00
Fax +46 31 721 80 99

A.T.S. Srl
Via Pistrucci, 26
IT-20137 Milano
Italy
Tel +39 2 541 22100
Fax +39 2 541 22100

HertArt ApS
Korskildelund 6
DK-2670 Greve
Denmark
Tel +46 31 721 80 15
Fax +46 31 721 80 99

Vitrolife A/S
Jens Juuls Vej 20
DK-8260 Viby J
Denmark
Tel +45 7221 7900
Fax +45 7221 7901

Vitrolife BV
Zwaluwstraat 113
BE-1840 Londerzeel
Belgium
Tel +32 2588 2468
Fax +32 2588 2469

Vitrolife GmbH
Dr.-Pauling-Str. 9
DE-84079 Bruckberg
Germany
Tel +49 8765 939 900
Fax +49 8765 939 9070

Vitrolife, Inc.
3601 South Inca Street
Englewood , CO 80110
USA
Tel +1 303 762 1933
Fax +1 303 781 5615

6835 Flanders Drive
Suite 500
San Diego, CA 92121
USA
Tel +1 858 824 0888
Fax +1 858 824 0891

Vitrolife K.K.
Ryuen Building 2F
1-3-1 Shibakoen, Minato-ku
Tokyo 105-0011
Japan
Tel +81 3 6459 4437
Fax +81 3 6459 4539

Vitrolife Ltd.
1 Chapel Street
Warwick
CV34 4HL
UK
Tel +44 800 032 0013
Fax +44 800 032 0014

Vitrolife Pty Ltd.
Level 10, 68 Pitt Street
Sydney, NSW 2000
Australia
Tel +61 3 8844 4878
Fax +61 3 8844 4879

Vitrolife SAS
43 Rue de Liège
FR-75 008 Paris
France
Tel +33 1 82 880 860
Fax +33 1 82 880 855

Vitrolife Sweden AB
Beijing Representative Office
A-2005 Focus Square
No. 6 Futong East Avenue
Chaoyang District
Beijing, 100102
China
Tel +86 010 6403 6613
Fax +86 010 6403 6613

Vitrolife (Beijing) Technical Service Co. Ltd.
A-2006 Focus Square
No. 6 Futong East Avenue
Chaoyang District
Beijing, 100102
China
Tel +86 010 6403 6613
Fax +86 010 6403 6613

www.vitrolife.com

Vitrolife