

**INTERIM REPORT Q1 / 2023**



**VITROLIFE GROUP™**

EXCELLENCE IN REPRODUCTIVE HEALTH

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VÄLKOMMEN TILL

# Vitrolife Group

We contribute to successful treatment outcomes by providing assisted reproductive technologies.

Specialising in IVF since 1994, we have grown and increased our market share through our well-executed product development programmes, groundbreaking research, consistent quality control and acquisitions of other innovative companies in the industry. We support customers worldwide – always with sustainability in mind. Based on science and advanced research capabilities, our aim is to deliver products and services for the entire fer-

tility journey, providing consistent performance and guaranteed quality. Our vision is to fulfil the dream of having a healthy baby. We achieve this by supporting our customers to improve their clinical practice and the outcome of the patient's fertility treatment.

The Vitrolife Group refers to Vitrolife AB (publ) and all its subsidiaries and the share is listed on NASDAQ Stockholm.

## Business areas



Media, cryo products, disposable devices and genomic kits.



Incubation, time-lapse evaluation and laser.



Reproductive genetic testing services.

## The Vitrolife Group in figures

Employees  
~1,100

Sales in Q1 2023  
854 MSEK

Global presence in  
~125 markets

## First quarter

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# Good start to the year

### First quarter

- Sales of SEK 854 (752) million, an increase of 14%, and 9% in local currencies excluding discontinued business.
- In local currencies Consumables sales increased by 12%, Technologies 7% and Genetic Services excluding discontinued business by 7%.
- Growth, in local currencies and excluding discontinued business, in all market regions APAC 23%, Americas 6% and EMEA 1%.
- Gross margin increased to 56.8% (55.7).
- Operating income before depreciation and amortisation (EBITDA) was SEK 262 (228) million. Adjusted for non-recurring cost of SEK 20 million, EBITDA was SEK 282 million, giving an EBITDA margin of 33.0% (30.4).
- Operating cash flow increased to SEK 160 million (90).
- Net income was SEK 99 (82) million, including non-recurring cost, resulting in earnings per share of SEK 0.74 (0.60), an increase of 23%.

### Events after the end of the period

- The Chairman of the Board, Jón Sigurdsson is interim CEO from 1 April 2023. Bronwyn Brophy has been appointed as new CEO and will join the company on 1 August 2023.
- Board member Henrik Blomquist is the Chairman of the Board from 1 April 2023 until the annual general meeting on 27 April 2023.

# The Group's key figures

SEK millions*	January - March		Full year
	2023	2022	2022
Net sales	854	752	3,234
Gross margin, %	56.8	55.7	55.0
Adjusted gross margin <sup>1</sup> , %	59.2	58.2	57.4
Operating income before depreciation and amortisation (EBITDA)	262	228	1,050
EBITDA margin, %	30.6	30.4	32.5
Net income	99	82	394
Net debt/EBITDA Rolling 12 month	1.3	2.9	1.5
Earnings per share <sup>2</sup> , SEK	0.74	0.60	2.91
Share price on closing date, SEK	215.20	311.60	186.20
Market cap at closing date	29,148	42,205	25,220
Changes in net sales			
Organic growth in local currency, %	6	11	10
Acquired growth, %	n/a	74	65
Currency effects, %	8	13	18
Total growth, %	14	98	92

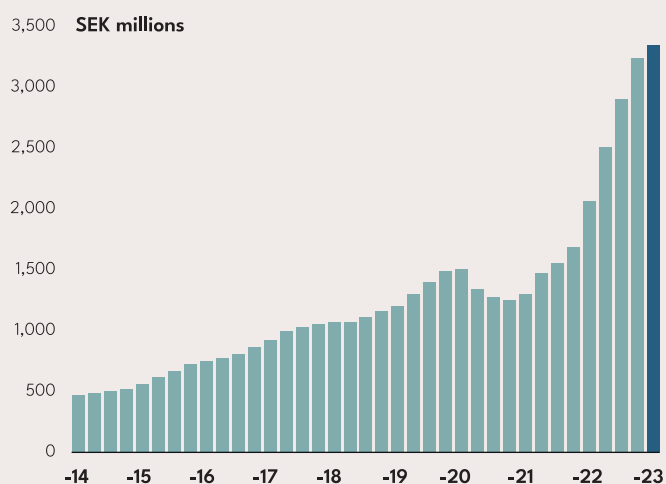
\*Unless otherwise indicated.

<sup>1</sup> Gross margin excluding amortisation of acquisition-related intangible assets.

<sup>2</sup> Before and after dilution.

For definitions, motivations and reconciliations, see pages 19-21.

## Net sales (rolling 12 months)



## Financial objectives

Sales growth  
**20%**

Local currencies  
(3-year average)

EBITDA margin  
**>30%**

Net debt/EBITDA  
**<3**



## Good start to the year

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# CEO comment

Our sales in the Vitrolife Group during the first quarter were SEK 854 million (752), an increase of SEK 102 million and 14% in SEK, corresponding to organic growth in local currencies of 6%. Excluding discontinued business, our sales increased by SEK 120 million with growth of 16% in SEK, and 9% in local currencies. The gross margin increased to 56.8% (55.7), primarily related to our product mix and lower cost within Genetic Services.

Operating income before depreciation and amortization (EBITDA) was SEK 262 million (228), Adjusted for non-recurring costs of SEK 20 million, EBITDA was SEK 282 million giving an EBITDA margin of 33.0% (30.4).

We are now operating in three market regions, Americas, EMEA and APAC, having combined the previous market regions of Asia and Japan Pacific into APAC. The growth numbers below are organic growth in local currencies adjusted for discontinued business.

Growth in APAC was 23%, driven by our Consumables products and continuous acceptance of time-lapse technology and the product mix in the reimbursement programme in Japan. The abandonment of the zero-Covid policy in China increased the number of IVF cycles in the latter part of the quarter, and we expect to see an additional positive impact on our sales during the coming quarters. In EMEA the growth was 1%, with strong growth from our Consumables products, moderate growth in Genetic Services, offset by lower sales of time lapse installations in some markets compared to a strong last year. The Americas market region grew 6%, driven by continuous growth in our genetic testing offering in the US.

Sales in the Consumables business area increased by 12%, driven by robust growth in all market regions, particularly APAC. The increase in installed production capacity for medical devices is starting to go according to plan, with a rise in output. Sales in the Technologies business area increased by 7%, driven by continuous growth in APAC, while the decline in sales in EMEA and Americas is a nor-



mal fluctuation between quarters. The business mix with more recurring revenue is continuing to improve as we increase our software sales. Sales in the Genetic Services business area are slightly up on last year, like for like, by 7% driven by continuous growth in Americas.

The changes that the Vitrolife Group introduced last year are now up and running. In Genetic Services, we are benefiting from our operational excellence, and we have clear implementation plans for additional efficiencies in our laboratory operations. We are continuing to leverage our synergies in our global Sales and Marketing, with a combined value-adding product offering to customers. We have also taken steps to use our Genetic Services presence in parts of South America to sell Consumables and Technologies products directly to clinics.

Our combined expertise in medical devices and genetic services will continue to strengthen our market position as a vital partner to clinics around the world. One example is how we now work with the clinics in the reshaped Vitrolife and Igenomix Academy. We are continuing to sharpen our product portfolio and have several promising product launches and updates scheduled for this year.

We have now launched the new website for the Vitrolife Group. Welcome to visit and learn more about us. [www.vitrolifegroup.com](http://www.vitrolifegroup.com)

Jón Sigurdsson, interim CEO

## INCREASED PROFITABILITY

Earnings per share increase by 23%

# Highlights of quarter 1

## CONTINUED GROWTH OF TIME-LAPSE

becoming standard of care in several markets

## LEVERAGE GLOBAL FOOTPRINT

go direct to clinics in parts of South America

2023  
January - March

# First quarter

## Net sales

Sales increased from SEK 752 million to SEK 854 million, corresponding to organic growth in local currencies of 6% in and 8% in currency effects. Excluding discontinued business of SEK 18 million, the growth was 16% in SEK and 9% organic in local currencies.

Sales in local currencies increased in APAC by 23% and Americas by 6% excluding discontinued business. EMEA sales decreased by 2% and increased by 1% excluding discontinued business.

Consumables increased sales by 19% SEK, whereof 12% in local currencies and remaining in currency effects.

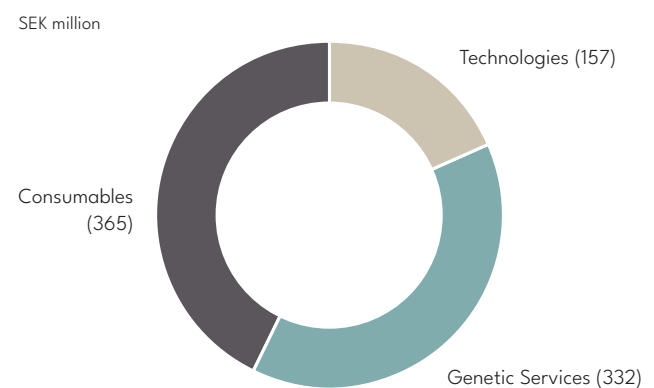
Technologies increased sales by 11% in SEK, whereof 7% in local currencies and remaining in currency effects.

Genetic Services increased sales 9% in SEK, whereof 0% in local currencies and remaining in currency effects. Excluding discontinued business, growth was 16% in SEK and 7% in local currencies.

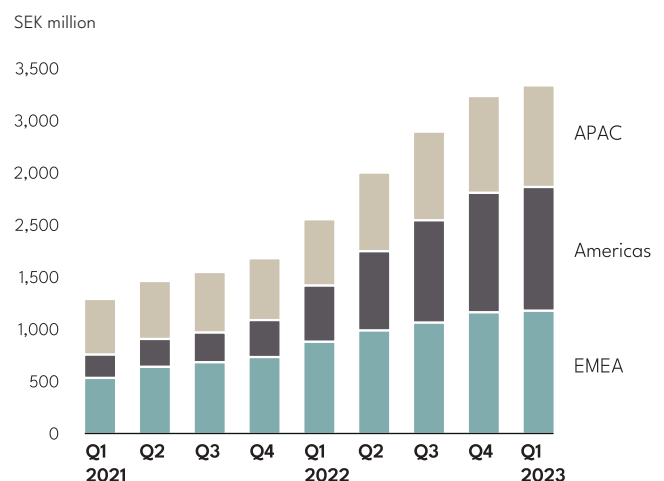
## Income

Gross income amounted to SEK 485 (419) million, corresponding to a margin of 56.8% (55.7). The increase in margin originates from a combination of higher volume, thus better utilisation and efficiency, but also from product mix in the isolated period. Investments in production capacity, to increase output and the ramp up effects, are improving our scalability effects. Adjusted operating income before depreciation and amortisation (EBITDA) amounted to SEK 262 (228) million, corresponding to a margin of 30.6% (30.4). Adjusted for non-recurring items, EBITDA amounted to SEK 282 with a margin of 33.0%.

## Net sales by business area Q1 2023



## Net sales by market region (rolling 12 months)



Non-recurring cost related mainly to an agreement of retirement of the former CEO. Currency impact from consolidation on gross margin and EBITDA was not impacted as much as in sales (6%).



### Segment reporting

With effect from 2023 the Vitrolife Group has three geographical segments, compared to four in the previous year. The former Japan Pacific and Asia segments have been consolidated into one segment, APAC.

#### EMEA

Our sales in EMEA increased to SEK 319 (304) million. Gross income amounted to SEK 188 (171) million, with a gross margin of 59.0% (56.3). The market contribution amounted to SEK 124 (113) million, corresponding to a margin of 38.9% (37.1). The higher margin comes from the greater growth in Consumables.

#### Americas

Our sales in Americas increased to SEK 287 (246) million. Gross income amounted to SEK 136 (127) million, with a margin of 47.3% (51.6). The market contribution amounted to SEK 73 (75) million, corresponding to a margin of 25.6% (30.4). The slightly lower margin comes from product mix.

#### APAC

Our sales in Asia Pacific increased to SEK 249 (202) million. Gross income amounted to SEK 162 (120) million, with a margin of 65.0% (59.4). The market contribution amounted to SEK 123 (88) million, corresponding to a margin of 49.6% (43.7). The higher margin comes from greater growth in high margin products and services.

### Financial net

In the first quarter, financial net amounted to SEK -29 (-20) million, mostly affected by a currency revaluation of SEK -7 million due to stronger EUR and USD rates. Net interest expenses was SEK -18 million.

### Taxes

In the first quarter, taxes amounted to SEK -31 (-31) million, and the effective tax rate was 23.7% (27.2). The effective tax rate was mainly affected by higher taxable income in areas with a lower tax rate.

### EBITDA per share

EBITDA per share amounted to SEK 1.93 (1.69).

### Net income and earnings per share (EPS)

Net income for the first quarter amounted to SEK 99 (82) million. Earnings per share (EPS), before and after dilution, amounted to SEK 0.74 (0.60), an increase of 23%.

### Cash flow

Operating cash flow for the first quarter contributed SEK 160 (90) million. Cash flow from investing activities was SEK -24 (-61) million, including net investments of SEK -7 (-32) million in non-controlling interests. Financing activities were SEK -100 (-83) million, whereof repayment of borrowings amounted to -61 (-56).

### Financial position

As of 31 March, net debt was SEK 1.5 billion, and cash and cash equivalents amounted to SEK 618 million. In the first quarter, total assets increased by SEK 1,227 million mainly an increase in intangible assets due to currency revaluation. Equity amounted to SEK 17.0 billion at the end of March compared to 16.7 at end of December 2022. The available undrawn revolving credit facility amounted to EUR 100 million.

### Parent Company

Business activities focus on Group-wide management. Income included invoicing of management fees and other costs of SEK 31 (12) million to subsidiaries. Net financial items amounted to SEK -17 (-17) million, primarily impacted by currency effects, and interest expenses amounted to SEK -6 million. Cash and cash equivalents amounted to SEK 223 (237) million.



### Lawsuit regarding alleged patent infringement

In 2021, Vitrolife received information that a civil lawsuit had been filed against Vitrolife in Germany by Ares Trading S.A. regarding alleged infringement of three patents in the Time-lapse area. In 2021, Vitrolife disputed the lawsuit and will safeguard the company's interests in the ongoing legal process. The oral proceedings in the lawsuit are expected to take place in mid-2023. Vitrolife has not included any provision for the lawsuit in the accounts as it is the continued belief of the company that there has been no patent infringement. Costs for legal representation are charged against income as incurred.

### Prospects

In the long term, the underlying drivers of the IVF market remain strong. The continuous increase in maternal age driving infertility, higher patient affordability, better social acceptance, better clinical outcomes and increasingly favourable legislation should sustain the market's growth over the coming years. Thus, we estimate that the long-term global market growth of genetic services and medical devices for IVF will be in high single digits for the foreseeable future.

More countries have lifted Covid-19 restrictions, giving access to markets that have had restrictions in past quarters. There is always a risk of restrictions in the future that are difficult to predict. An economic downturn has occurred in many markets with a rise in the cost of living, which might impact family planning decisions and potentially slightly slow growth in assisted reproduction treatments in the short-term future.

We are working on supporting our customers in navigating this environment by better serving their needs with excellent value-added services and continuous innovation. At the same time, we will continue to focus on increasing sales by expanding and improving the product range, sales and distribution channels and service offer.

### The company in brief

#### Business concept

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

### Strategy

We have identified four strategic focus areas to achieve our goal:

- Superior customer experience: help our customers to improve their workflow efficiency and reduce the time needed for patients to achieve conception, by being their preferred partner with a complete portfolio, including value-added services and strong support channels.
- Sustainable structure: an scalable global organisation with an attractive culture to attract and engage the best people along with a focus on sustainable capabilities to ensure sustainability in everything we do.
- Organisational excellence: achieved with innovative scientific research and development and world-class operations and support.
- Extended capabilities: take advantage of external growth opportunities such as collaborations and acquisitions that increase our portfolio and reinforce our capabilities to be the leading valued solution provider in reproductive health. See additional information on [www.vitrolifegroup.com](http://www.vitrolifegroup.com).

### Other information

#### Organisation and personnel

During the period, the average number of employees was 1,072 (1,142), of whom 645 (671) were women and 427 (471) were men. Of these, 162 (164) persons were employed in Sweden, 212 (239) in Spain, 67 (86) in Brazil, 199 (202) in the US, 97 (87) in Denmark and 335 (364) in the rest of the world. The number of persons employed in the Group at the end of the period was 1,091 (1,172).



### Information on transactions with related parties

During the quarter the company has made a provision for remuneration to former CEO in accordance with the employment contract plus related social security contribution and pension costs, totalling to SEK 17 million. Otherwise no transactions substantially affecting the results and financial position were conducted with related parties during the period. For information on related parties, see the Annual Report for 2022, note 29.

### Risk management

The most important strategic and operational risks regarding the Vitrolife Group's business are described in the Management Report in the Annual Report for 2022. These are primarily macro-economic risks, operational risks and financial risks. The management of risks is also described in the Corporate Governance Report in the same Annual Report. The risks, as described in the 2022 annual report, are deemed to be essentially unchanged.

### Seasonal effects

Seasonal effects have an impact on Vitrolife Group's sales. Before and during holiday periods there is often a reduction in orders for some of Consumables short shelf life products. Technologies sales is dependent on installations and also impacted by holidays. The sales in Genetic Services are also impacted by holidays.

For Vitrolife Group, sales in the first quarter are negatively impacted by Christmas and New Year holidays, with the largest impact on Genetic Services. Sales in China for Consumables and Technologies, are negatively affected by the Chinese New Year. The third quarter, with the European summer holiday period, is impacting all business areas. The fourth quarter is normally the strongest quarter for Vitrolife Group.

In all, total sales are relatively even between the first and second halves of the year, with second half somewhat higher due to impact from high sales in fourth quarter and more workdays in the second half of year.



### Events after the end of the period

- The Chairman of the Board, Jón Sigurdsson is interim CEO from 1 April 2023. Bronwyn Brophy has been appointed as new CEO and will join the company on 1 August 2023.
- Board member Henrik Blomquist is the Chairman of the Board from 1 April 2023 until the annual general meeting on 27 April 2023.

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21 April 2023  
Gothenburg, Sweden

Jón Sigurdsson  
Interim CEO

## Consolidated income statements

SEK millions	Note	January - March		Full year
		2023	2022	2022
Net sales	4,5	854	752	3,234
Cost of sales		-369	-333	-1,454
<b>Gross income</b>		<b>485</b>	<b>419</b>	<b>1,780</b>
<b>Comprising</b>				
Adjusted gross income		505	438	1,857
Amortisation of acquisition-related intangible assets		-20	-19	-78
<b>Gross income</b>		<b>485</b>	<b>419</b>	<b>1,780</b>
Selling expenses		-165	-142	-602
Administrative expenses		-121	-98	-400
Research and development costs		-34	-44	-143
Other operating income		0	-	21
Other operating expenses		-6	-1	-2
<b>Operating income</b>		<b>159</b>	<b>133</b>	<b>654</b>
<b>Comprising</b>				
Adjusted operating income		223	194	899
Amortisation of acquisition-related intangible assets		-64	-61	-246
<b>Operating income</b>		<b>159</b>	<b>133</b>	<b>654</b>
Financial income and expenses		-29	-20	-117
<b>Income after financial items</b>		<b>130</b>	<b>113</b>	<b>537</b>
Income taxes		-31	-31	-143
<b>Net income</b>		<b>99</b>	<b>82</b>	<b>394</b>
<b>Attributable to</b>				
Parent Company shareholders		100	82	394
Non-controlling interests		-1	0	0
Earnings per share*, SEK		0.74	0.60	2.91
Average number of shares outstanding		135,394,622	135,394,622	135,394,622
Number of shares at closing date		135,447,190	135,447,190	135,447,190

\* Before and after dilution.

Depreciation and amortisation had a negative effect of SEK 103 (95) million on income for the first quarter and SEK 396 million on income for the full year 2022.

## Statements of comprehensive income

SEK millions	January - March		Full year
	2023	2022	2022
<b>Net income</b>	<b>99</b>	<b>82</b>	<b>394</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified to the income statement</b>			
Exchange differences	177	149	1,144
<b>Total other comprehensive income</b>	<b>177</b>	<b>149</b>	<b>1,144</b>
<b>Comprehensive income</b>	<b>277</b>	<b>231</b>	<b>1,538</b>
<b>Attributable to</b>			
Parent Company shareholders	278	231	1,537
Non-controlling interests	-1	0	1

## Consolidated statements of financial position

SEK millions	Note	31 Mar 2023	31 Mar 2022	31 Dec 2022
<b>Assets</b>				
<b>Non-current assets</b>	2			
Goodwill		14,025	13,111	13,874
Other intangible assets		4,629	4,536	4,648
Property, plant and equipment		307	347	318
Other financial assets		38	49	36
Deferred tax assets		109	83	102
<b>Total non-current assets</b>		<b>19,109</b>	<b>18,126</b>	<b>18,978</b>
<b>Current assets</b>				
Inventories		418	336	405
Trade receivables		495	414	454
Current tax assets		35	16	48
Other receivables		43	25	40
Prepaid expenses and accrued income		45	36	47
Cash and cash equivalents		618	583	578
<b>Total current assets</b>		<b>1,653</b>	<b>1,409</b>	<b>1,572</b>
<b>Total assets</b>		<b>20,762</b>	<b>19,535</b>	<b>20,551</b>
<b>Equity</b>				
Equity attributable to Parent Company shareholders		17,013	15,529	16,736
Non-controlling interests		2	13	4
<b>Total equity</b>		<b>17,015</b>	<b>15,542</b>	<b>16,740</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>	2			
Provisions		35	29	33
Deferred tax liabilities		1,097	1,052	1,102
Borrowings		1,959	1,901	1,988
Lease liabilities		48	82	55
Other liabilities		12	11	12
<b>Total non-current liabilities</b>		<b>3,151</b>	<b>3,075</b>	<b>3,190</b>
<b>Current liabilities</b>				
Borrowings		119	442	153
Lease liabilities		29	32	29
Trade payables		174	179	181
Current tax liabilities		34	38	27
Other liabilities		56	76	51
Accrued expenses and deferred income		185	151	180
<b>Total current liabilities</b>		<b>596</b>	<b>918</b>	<b>621</b>
<b>Total liabilities</b>		<b>3,747</b>	<b>3,993</b>	<b>3,811</b>
<b>Total equity and liabilities</b>		<b>20,762</b>	<b>19,535</b>	<b>20,551</b>

## Consolidated changes in equity

	Attributable to Parent Company shareholders				Non-controlling interests	Total equity
	Share capital	Other contributed capital	Reserves	Retained earnings		
<b>SEK millions</b>						
<b>Opening balance 1 January 2022</b>	<b>28</b>	<b>13,544</b>	<b>21</b>	<b>1,730</b>	<b>19</b>	<b>15,341</b>
Comprehensive income for the year	–	–	1,143	394	0	1,538
Equity compensation benefits	–	–	–	10	–	10
Dividend (SEK 0.80 per share)	–	–	–	-108	-1	-109
Adjustment of non-controlling interest arising from acquisition of subsidiary	–	–	–	–	-8	-8
Acquisition of non-controlling interest	–	–	–	-26	-6	-32
<b>Closing balance 31 December 2022</b>	<b>28</b>	<b>13,544</b>	<b>1,164</b>	<b>2,000</b>	<b>4</b>	<b>16,740</b>
<b>Opening balance 1 January 2023</b>	<b>28</b>	<b>13,544</b>	<b>1,164</b>	<b>2,000</b>	<b>4</b>	<b>16,740</b>
Comprehensive income for the year	–	–	177	100	-1	277
Equity compensation benefits	–	–	–	6	–	6
Acquisition of non-controlling interest*	–	–	–	-7	-1	-7
<b>Closing balance 31 March 2023</b>	<b>28</b>	<b>13,544</b>	<b>1,341</b>	<b>2,100</b>	<b>2</b>	<b>17,015</b>

During the quarter, the Group acquired the remaining shares (5%) of Igenomix Perú, S.A.C.



## Consolidated cash flow statements

SEK millions	January - March		Full year
	2023	2022	2022
Income after financial items	130	113	537
Adjustment for non-cash items	120	113	476
Tax paid	-36	-31	-202
Change in inventories	-13	-21	-71
Change in operating receivables	-43	-31	-56
Change in operating payables	1	-53	-48
<b>Cash flow from operating activities</b>	<b>160</b>	<b>90</b>	<b>636</b>
Net investments in non-current assets	-17	-29	-83
Acquisition of non-controlling interests	-7	-32	-32
Additional purchase consideration	-	-	-20
Cash flows from losing control of subsidiaries	-	-	-10
<b>Cash flow from investing activities</b>	<b>-24</b>	<b>-61</b>	<b>-144</b>
Other non-current liabilities	-	-	8
Set-up fee borrowings	-	-19	-19
Repayment of borrowings	-61	-56	-448
Change in overdraft facility/credit line	-31	-	18
Repayment of lease liabilities	-7	-7	-30
Dividends paid	-	-	-110
<b>Cash flow from financing activities</b>	<b>-100</b>	<b>-83</b>	<b>-582</b>
<b>Cash flow for the period</b>	<b>36</b>	<b>-54</b>	<b>-91</b>
Opening cash and cash equivalents	578	630	630
Exchange difference in cash and cash equivalents	4	7	39
<b>Closing cash and cash equivalents</b>	<b>618</b>	<b>583</b>	<b>578</b>

## Key ratios

	January - March		Full year
	2023	2022	2022
Gross margin, %	56.8	55.7	55.0
Adjusted gross margin, %	59.2	58.2	57.4
Operating margin before depreciation and amortisation (EBITDA), %	30.6	30.4	32.5
Operating margin (EBIT), %	18.6	17.7	20.2
Net margin, %	11.6	11.0	12.2
Equity/assets ratio, %	82.0	79.6	81.5
Equity per share, SEK	125.61	114.65	123.56
Return on equity, %	2.5	3.1	2.4
Cash flow from operating activities per share, SEK	1.18	0.66	4.69
Net debt*, SEK million	1,459.1	1,760.9	1,562.7

\* Negative amount implies net claim.  
For definitions, motivations and reconciliations, see pages 19-21.

## Income statements for the Parent Company

SEK millions	January - March		Full year
	2023	2022	2022
Net sales	31	12	42
Administrative expenses	-32	-14	-55
Other operating expenses	0	0	0
<b>Operating income</b>	<b>0</b>	<b>-2</b>	<b>-13</b>
Dividends from Group companies	-	-	159
Financial income and expenses	-17	-17	-92
<b>Income after financial items</b>	<b>-17</b>	<b>-19</b>	<b>54</b>
Group contribution received	-	-	160
Income taxes	3	4	-11
<b>Net income</b>	<b>-13</b>	<b>-15</b>	<b>202</b>

## Balance sheets for the Parent Company

SEK millions	31 Mar 2023	31 Mar 2022	31 Dec 2022
<b>ASSETS</b>			
Property, plant and equipment	0	0	0
Participations in Group companies	15,633	15,626	15,629
Other financial assets	11	9	11
Receivables from Group companies, non-current	1,402	1,358	1,367
Deferred tax assets	6	6	3
Receivables from Group companies, current	88	81	90
Other current receivables	1	3	0
Prepaid expenses and accrued income	3	2	1
Cash and cash equivalents	223	237	133
<b>Total assets</b>	<b>17,367</b>	<b>17,323</b>	<b>17,235</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	14,761	14,651	14,768
Provisions	15	12	14
Borrowings, non-current	1,959	1,894	1,988
Current tax liabilities	10	4	16
Trade payables	1	3	1
Borrowings, current	113	413	111
Liabilities to Group companies, current	481	334	318
Other current liabilities	1	0	1
Accrued expenses and deferred income	26	11	18
<b>Total equity and liabilities</b>	<b>17,367</b>	<b>17,323</b>	<b>17,235</b>

**Note 1. Accounting Principles**

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

Unless otherwise stated below, the accounting principles applied to the Group and the Parent Company are consistent with the accounting principles used in the presentation of the most recent Annual Report. No standards, amendments or interpretations that have come into force in 2023 are expected to have any material impact on the Group.

**Note 2. Financial instruments - Fair value**

Fair value has been calculated for all financial assets and liabilities in accordance with IFRS 13. The fair value of other financial assets, other receivables, trade and other current receivables, cash and cash equivalents, trade and other payables and interest-bearing borrowings is estimated to correspond with their carrying amounts

(amortised cost). As the Vitrolife Group has loans with variable interest rates, the fair value is estimated to correspond with the carrying amount. Financial assets and liabilities measured at amortised cost amount to SEK 1,133 (1,022) million and SEK 2,358 (2,677) million.

**Note 3. Pledged assets and contingent liabilities**

SEK millions	31 Mar 2023	31 Mar 2022	31 Dec 2022
<b>Group</b>			
Pledged assets	42	38	41
Contingent liabilities	16	12	16
<b>Parent Company</b>			
Pledged assets	11	9	11
Contingent liabilities	3	2	3

Pledged assets pertain to floating charges for own commitments and collateral pledged for endowment insurance plans (cost). Contingent liabilities refer to guarantees to external parties and the difference between market value and carrying amount of endowment insurance plans.

**Note 4. Revenue**

The Vitrolife Group's sales consist of products and services, which clearly represent separate performance obligations. Sales of products are recognised as revenue when they have been delivered to the customer. Sales in the Genetic Services business area mainly refer to services for genetic testing. These services are recognised as revenue on delivery of the test results to the customer. The Vitrolife Group also sells services in the form of servicing of products, primarily in the Technologies business area, and also in the form of recharging of freight. Servicing is largely invoiced in advance and is recognised 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.

From January 2023, the Vitrolife Group applies the following geographical segments: EMEA, Americas, and APAC (previously Asia and Japan Pacific). The Vitrolife Group categorises its products and services into the following business areas: Consumables, Technologies and Genetic Services. Revenue by business area and segment is presented in the tables below. For more information on the company's segments, see note 5.

**Net sales, products and services**

SEK millions	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Products	488	422	1,774
Services	366	330	1,460
<b>Total</b>	<b>854</b>	<b>752</b>	<b>3,234</b>

**Net sales per geographical segment by business area**

SEK millions	EMEA		Americas		APAC		Total	
	Jan-Mar 2023	Jan-Mar 2022	Jan-Mar 2023	Jan-Mar 2022	Jan-Mar 2023	Jan-Mar 2022	Jan-Mar 2023	Jan-Mar 2022
Consumables	142	122	90	75	133	111	365	307
Technologies	71	77	13	17	73	46	157	141
Genetic Services	105	105	184	154	42	46	332	304
<b>Total</b>	<b>319</b>	<b>304</b>	<b>287</b>	<b>246</b>	<b>249</b>	<b>202</b>	<b>854</b>	<b>752</b>
Whereof Sweden	5	6					5	6

SEK millions	EMEA		Americas		APAC		Total	
	Full year 2022	Full year 2022	Full year 2022	Full year 2022	Full year 2022	Full year 2022	Full year 2022	
Consumables	497	324	518	1,339				
Technologies	253	65	235	553				
Genetic Services	413	755	175	1,343				
<b>Total</b>	<b>1,163</b>	<b>1,144</b>	<b>927</b>	<b>3,234</b>				
Whereof Sweden	22			22				

**Note 5. Segments**

The Vitrolife Group reports its segments in three geographical regions with net sales and market contribution per geographical segment. Market contribution is defined as gross income less selling expenses for each market. Administrative expenses, research and development expenses, other operating income and expenses and net financial items are not distributed by segment. The balance sheet is not monitored by segment. Operating segments are

reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM is the function that is responsible for allocating resources and assessing the performance of the operating segments. For the Group, this function has been identified as the CEO. Sales is also monitored in the three business areas whose products and services are sold by the three geographical market organisations.

SEK millions	EMEA		Americas		APAC		Total	
	Jan-Mar 2023	Jan-Mar 2022	Jan-Mar 2023	Jan-Mar 2022	Jan-Mar 2023	Jan-Mar 2022	Jan-Mar 2023	Jan-Mar 2022
<b>Net sales</b>	319	304	287	246	249	202	854	752
<b>Gross income</b>	188	171	136	127	162	120	485	418
Selling expenses	-64	-58	-62	-52	-38	-31	-165	-142
<b>Market contribution</b>	124	113	73	75	123	88	320	276
Administrative expenses							-121	-98
Research and development expenses							-34	-44
Other operating income and expenses							-6	-1
<b>Operating income</b>							159	133
Net financial items							-29	-20
<b>Income after financial items</b>							130	113

SEK millions	EMEA	Americas	APAC	Total
	Full year 2022	Full year 2022	Full year 2022	Full year 2022
<b>Net sales</b>	1,163	1,144	927	3,234
<b>Gross income</b>	639	585	556	1,780
Selling expenses	-236	-229	-137	-602
<b>Market contribution</b>	403	356	419	1,178
Administrative expenses				-400
Research and development expenses				-143
Other operating income and expenses				19
<b>Operating income</b>				654
Net financial items				-117
<b>Income after financial items</b>				537

## Consolidated income statements per quarter

	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun
SEK millions	2023	2022	2022	2022	2022	2021	2021	2021
Net sales	854	855	798	829	752	514	406	382
Cost of sales	-369	-392	-371	-358	-333	-215	-143	-145
<b>Gross income</b>	<b>485</b>	<b>463</b>	<b>428</b>	<b>470</b>	<b>418</b>	<b>299</b>	<b>263</b>	<b>237</b>
Selling expenses	-165	-162	-145	-152	-142	-90	-50	-54
Administrative expenses	-121	-103	-96	-102	-98	-136	-42	-46
Research and development costs	-34	-23	-33	-43	-44	-37	-28	-25
Other operating income and expenses	-6	-6	24	2	-1	3	0	-1
<b>Operating income</b>	<b>159</b>	<b>168</b>	<b>177</b>	<b>175</b>	<b>133</b>	<b>39</b>	<b>142</b>	<b>111</b>
Financial income and expenses	-29	-63	-29	-6	-20	22	-1	-1
<b>Income after financial items</b>	<b>130</b>	<b>106</b>	<b>149</b>	<b>169</b>	<b>113</b>	<b>61</b>	<b>141</b>	<b>110</b>
Income taxes	-31	-32	-41	-39	-31	-28	-36	-23
<b>Net income</b>	<b>99</b>	<b>73</b>	<b>108</b>	<b>130</b>	<b>82</b>	<b>33</b>	<b>105</b>	<b>86</b>
<b>Attributable to</b>								
Parent Company shareholders	100	74	108	130	82	33	104	86
Non-controlling interests	-1	-1	0	0	1	1	0	0
Depreciation and amortisation	-103	-105	-98	-98	-95	-45	-20	-23
EBITDA income	262	273	276	273	228	85	162	134
EBITDA margin	31%	32%	35%	33%	30%	17%	40%	35%

## Key ratios per quarter

	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun
	2023	2022	2022	2022	2022	2021	2021	2021
Equity attributable to Parent Company shareholders, SEK million	17,013	16,736	16,386	15,977	15,529	15,322	5,772	2,147
Equity per share, SEK	125.61	123.56	120.98	117.96	114.65	113.12	48.83	19.78
Return on equity, %	2.5	2.4	2.2	2.7	3.1	5.4	13.7	19.3
Cash flow from operating activities per share, SEK	1.18	1.22	1.48	1.33	0.66	0.00	0.91	1.23



## Alternative performance measures

This report includes certain performance measures not defined in IFRS, but they are included in the report as company management considers that this information makes it easier for investors to analyse the Group's financial performance and position. Investors should regard these alternative performance measures as complementing rather than replacing financial information in accordance with the IFRS. Please note that the Vitrolife Group's definitions of these performance measures may differ from other companies' definitions of the same terms.

The following definitions describe the performance measures that are used, referred to and presented in the financial reports. Measures that can be found directly in the financial reports and can be calculated on the basis of the definitions below have not been included in the tables on the following pages.

### Profit and return measurements

#### Gross income

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

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

#### Gross margin, %

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

#### Operating income (EBIT)

**Definition:** Net sales minus all costs attributable to operations including depreciation and amortisation of property, plant and equipment and intangible assets but excluding net financial items and tax.

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

#### Operating margin (EBIT), %

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

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

**Definition:** Operating income before depreciation and amortisation of property, plant and equipment and intangible assets.

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

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

**Definition:** Operating income before depreciation and amortisation of property, plant and equipment and intangible assets in relation to net sales for the period.

#### Adjusted gross and operating income

**Definition:** Gross and operating income before amortisation of surplus values related to acquisitions.

**Purpose:** As the Vitrolife Group'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 the management's assessment that it is appropriate to illustrate the Group's profitability and earning capacity by presenting gross and operating income adjusted for amortisation of these surplus values.

#### Adjusted gross and operating margin, %

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

#### Return on equity

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

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

SEK millions	31 Mar 2023	31 Mar 2022	31 Dec 2022
Average equity	16,528.0	9,692.3	16,157.0
Net income, rolling 12 month	412.7	304.6	394.0
<b>Return on equity, %</b>	<b>2.5</b>	<b>3.1</b>	<b>2.4</b>

### Capital measures

#### Net debt

**Definition:** Current and non-current interest-bearing liabilities, adjusted for IFRS 16 effect, minus interest-bearing receivables minus cash and cash equivalents.

**Purpose:** One of the Vitrolife Group's financial objectives is to have a strong financial capital base to enable continued high growth, both organic and through acquisitions. The definition of this measure has been reworded to reflect the introduction of IFRS 16 on 1 January 2019, as financial liabilities related to leases are not included in the net debt calculation.

#### Net debt/EBITDA rolling 12 months

**Definition:** Net debt in relation to EBITDA over a rolling-12 month period.

**Purpose:** One of the Vitrolife Group'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, the Group management monitors the ratio of net debt to rolling 12-month operating income before depreciation and amortisation (EBITDA). According to the Vitrolife Group's financial objectives, this ratio should normally not exceed three times. It is management's assessment that this ratio gives creditors and investors important information concerning the Group's approach to debt.

SEK millions	31 Mar 2023	31 Mar 2022	31 Dec 2022
Borrowings, non-current	1,959	1,901	1,988
Lease liabilities, non-current	48	82	55
Borrowings, current	119	442	153
Lease liabilities, current	29	32	29
Adjustment of lease liabilities	-76	-114	-84
Cash and cash equivalents	-618	-583	-578
<b>Net debt</b>	<b>1,459</b>	<b>1,761</b>	<b>1,563</b>
Operating income, rolling 12 month	680	426	654
Depreciation and amortisation, rolling 12 month	403	183	396
<b>Rolling 12 month EBITDA</b>	<b>1,083</b>	<b>610</b>	<b>1,050</b>
<b>Net debt/EBITDA rolling 12 month</b>	<b>1.3</b>	<b>2.9</b>	<b>1.5</b>

### Equity/assets ratio, %

**Definition:** Equity and minority interest in relation to total assets.

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

### Working capital

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

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

## Share-related measures

### Cash flow from operating activities per share

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

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

### Equity per share

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

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

### Earnings per share (Defined by IFRS)

**Definition:** Income for the period attributable to the Vitrolife Group's shareholders divided by the average number of shares outstanding for the period.

### EBITDA per share

**Definition:** EBITDA divided by the average number of shares outstanding for the period.

**Purpose:** Measures operating earnings per share generated by the business.

## Other measures

### Rolling 12 months

**Definition:** Key ratios calculated from rolling 12-month values are based on the four most recent interim reports and sets of accounts.

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

### Organic growth

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

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

### Net sales growth in local currency

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

**Purpose:** As the Vitrolife Group has a large proportion of sales in currencies other than its reporting currency, SEK, sales are not only impacted by actual growth, but also by currency effects. This measure is used to analyse sales adjusted for currency effects. The percentage effects in the following tables are calculated as each amount in SEK millions in relation to net sales in the same period previous year (as shown in Note 4).

## Net sales growth in local currency

Consumables	2023			
	EMEA	Americas	APAC	Total
	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar
Organic growth in local currency, SEK millions	13	6	17	35
Organic growth in local currency, %	10	7	15	12
Currency effects, SEK millions	8	9	6	23
Currency effects, %	7	13	5	8
<b>Total growth, SEK millions</b>	<b>21</b>	<b>15</b>	<b>23</b>	<b>59</b>
<b>Total growth, %</b>	<b>17</b>	<b>20</b>	<b>21</b>	<b>19</b>

Technologies	2023			
	EMEA	Americas	APAC	Total
	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar
Organic growth in local currency, SEK millions	-10	-6	26	9
Organic growth in local currency, %	-13	-35	55	7
Currency effects, SEK millions	4	2	1	7
Currency effects, %	5	9	3	5
<b>Total growth, SEK millions</b>	<b>-7</b>	<b>-4</b>	<b>27</b>	<b>16</b>
<b>Total growth, %</b>	<b>-8</b>	<b>-26</b>	<b>58</b>	<b>11</b>

Genetic Services	2023			
	EMEA	Americas	APAC	Total
	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar
Organic growth in local currency, SEK millions	-8	13	-5	1
Organic growth in local currency, %	-7	9	-10	0
Currency effects, SEK millions	8	17	1	27
Currency effects, %	8	11	3	9
<b>Total growth, SEK millions</b>	<b>0</b>	<b>31</b>	<b>-3</b>	<b>28</b>
<b>Total growth, %</b>	<b>0</b>	<b>20</b>	<b>-8</b>	<b>9</b>

Total	2023			
	EMEA	Americas	APAC	Total
	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar
Organic growth in local currency, SEK millions	-5	13	38	45
Organic growth in local currency, %	-2	5	19	6
Acquired growth, SEK millions	n/a	n/a	n/a	n/a
Acquired growth, %	n/a	n/a	n/a	n/a
Currency effects, SEK millions	20	28	8	57
Currency effects, %	7	12	4	8
<b>Total growth, SEK millions</b>	<b>15</b>	<b>41</b>	<b>46</b>	<b>102</b>
<b>Total growth, %</b>	<b>5</b>	<b>17</b>	<b>23</b>	<b>14</b>

# Glossary

The following explanations are intended to help the reader to understand certain specific terms and expressions in the Vitrolife Group'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 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 fertilisation. Cell division has progressed to the point where the cells have started to differentiate and the embryo now has two distinct cell types.

## 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 aimed at studying the effect of a pharmaceutical or treatment method.

## Embryo

A fertilised egg that has become multicellular.

## ERA

Genetic diagnostic test that determines each woman's unique personalised embryo transfer timing, therefore synchronising the embryo transfer with the individualised window of implantation.

## ICSI

Intracytoplasmic sperm injection is the method of injecting a single sperm into a mature oocyte to achieve fertilisation.

## In vitro (Latin "in glass")

A biological process that is performed outside of a living organism and in an artificial environment, for example, in a test tube.

## In vivo (Latin "in the living")

Biological processes occurring in cells and tissues within a living organism.

## Incubator

Equipment for culture of embryos in a controlled environment.

## IUI

Intra-uterine insemination, "artificial insemination". A high concentration of active sperm are placed in the uterus to increase the chance of fertilisation.

## IVF, In vitro fertilisation

The combination of the male and female sex cells and subsequent cultivation of the embryos, outside of the body.

## Media

Liquids used within the IVF laboratory to handle and/or grow sperm, oocytes and embryos.

## Medical devices

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

## Oocyte pick-up/egg collection

The procedure to remove oocytes from the follicles within the ovary.

## 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 predict the chromosomal status of an embryo from a biopsy of one or more cells. The results of PGT-A aid in selecting embryos more likely to have a normal number of chromosomes (euploid) over those with an abnormal number (aneuploid), which may result in implantation failure or miscarriage.

## PGT-M

Preimplantation genetic testing for monogenic 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 can be used to determine which embryo lacks the genetic disease to ensure that the child will not be impacted.

## Preclinical study

Research conducted before a pharmaceutical or a treatment method is sufficiently documented to be studied in humans, for example, testing of substances on tissue samples and subsequent testing on experimental animals.

## Time-lapse

Technology for embryo monitoring. Images of the developing embryo are taken at frequent time intervals, then played as a film and analysed.

## Vitrification

Process for converting a material to a glass-like solid state, in this case the rapid cooling of eggs and embryos to cryopreserve them for future IVF cycles.

# Financial reports

The Vitrolife Group's interim reports are published on the company's website, vitrolifegroup.com, and are sent to shareholders who have registered their interest in receiving this information.

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**27/04/2023**

Annual General Meeting 2023

**14/07/2023**

Interim report Q2, 2023

**27/10/2023**

Interim report Q3, 2023

**02/02/2024**

Fourth quarter and full year report 2023

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

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

The Vitrolife Group refers to Vitrolife AB (publ) and all its subsidiaries.

## **Forward Looking Statements**

This report may contain forward-looking statements, which reflect the Board of Directors and the management's current views with respect to the market, certain future events and financial performance. Although the statements are based upon estimates, the management believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions, and no assurance can be given that the expectations will prove to be correct. Forward-looking statements are based on the circumstances at the date of publication and actual outcome could be materially different. Vitrolife disclaims any intention or obligation to update these forward-looking statements. The most important strategic and operative risks regarding Vitrolife's business and field are described in the Management report, in the Annual Report. These are primarily constituted by macro-economic risks, operational risks and financial risks.

## **Queries should be addressed to**

Patrik Tolf, CFO, phone +46 31 766 90 21

This information is such that Vitrolife AB (publ) is obliged to publish according to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 8.00 am CET on 21 April 2023.



# VITROLIFE GROUP™

EXCELLENCE IN REPRODUCTIVE HEALTH

**Vitrolife AB (publ)**

Box 9080  
SE-400 92 Göteborg  
Sweden

Phone +46 31 721 80 00

Fax +46 31 721 80 99

investors@vitrolife.com

