VITROLIFE AB (PUBL)

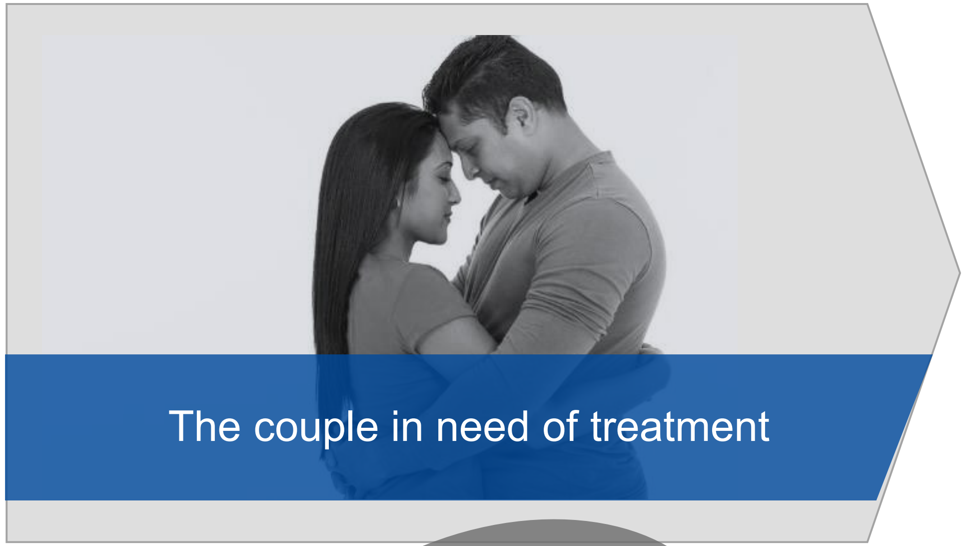
Pareto Health Care Conference

2020-09-02

Thomas Axelsson, CEO

10–15 % OF ALL COUPLES IN FERTILE AGE SUFFER FROM FERTILITY PROBLEMS

VITROLIFE IN THE VALUE CHAIN



Pharmaceutical suppliers

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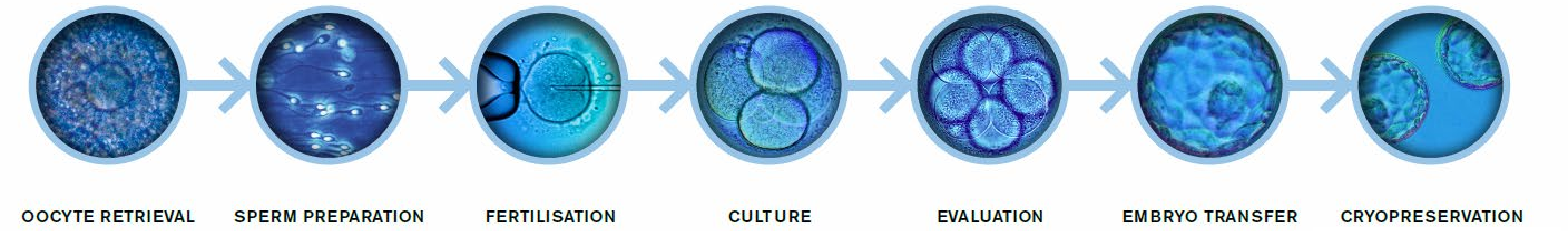
Medical device suppliers

THE IVF-PROCESS – VITROLIFE PRODUCTS

HORMONE TREATMENT

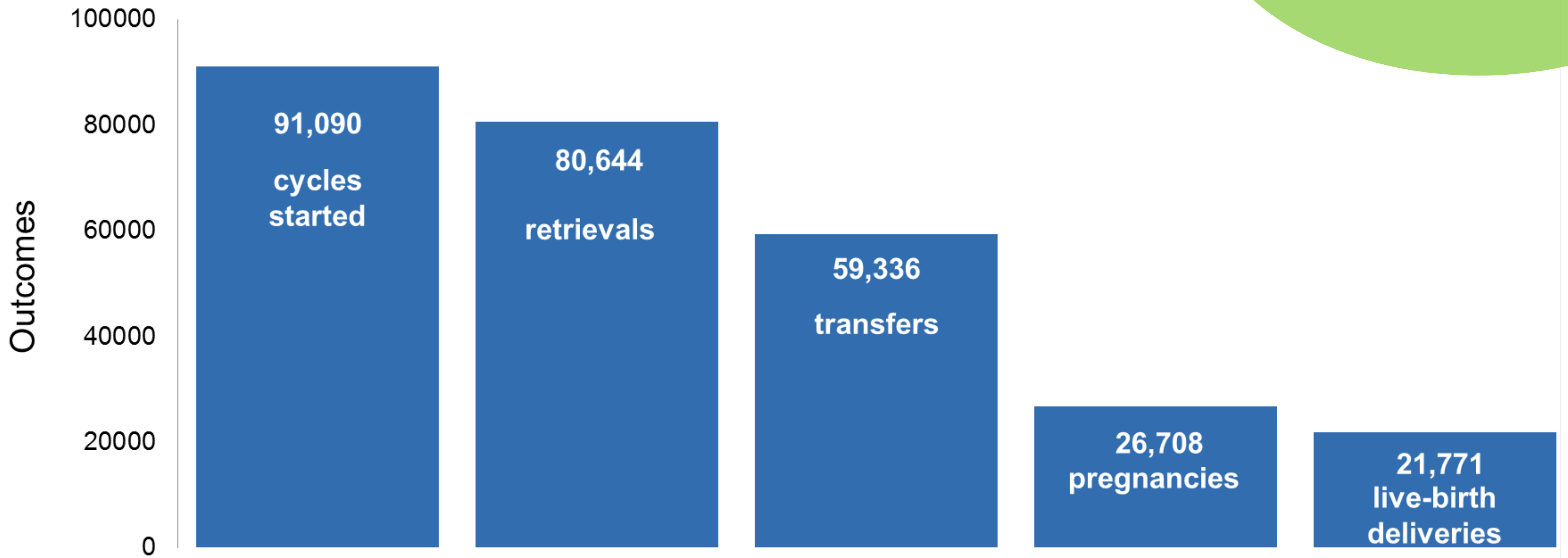
Hormone stimulation to increase the number of retrievable eggs



SUCCESS RATE ”STEP BY STEP”

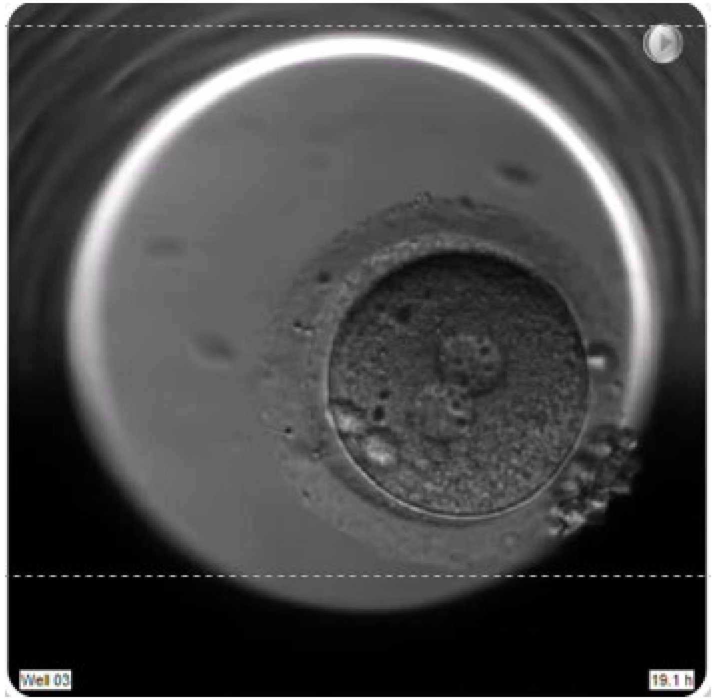
Outcomes of ART Cycles Using Fresh Nondonor Eggs or Embryos

IVF clinics way of working is essential for a successful treatment



2015 Assisted Reproductive Technology, National Center for Chronic Disease Prevention and Health Promotion, Divison of Reproductive Health

IMPROVED OUTCOMES USING TIME-LAPSE



Frequently captured images of an embryo result in a video showing the development

Artificial intelligence/deep learning algorithms to create automated objective embryo assessment tools

IMPROVED implantation rate [1-4]

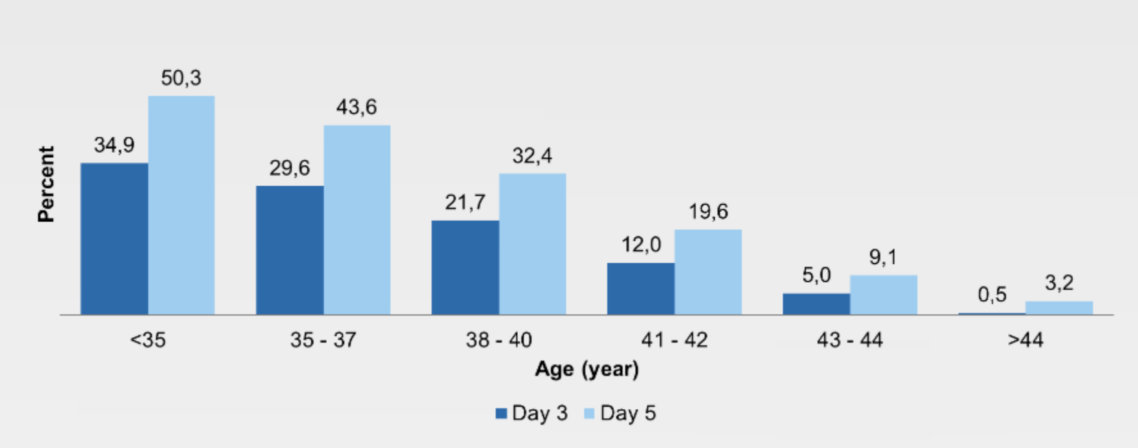
REDUCED pregnancy loss[1, 5, 6]

SHORTENED time to pregnancy [1]

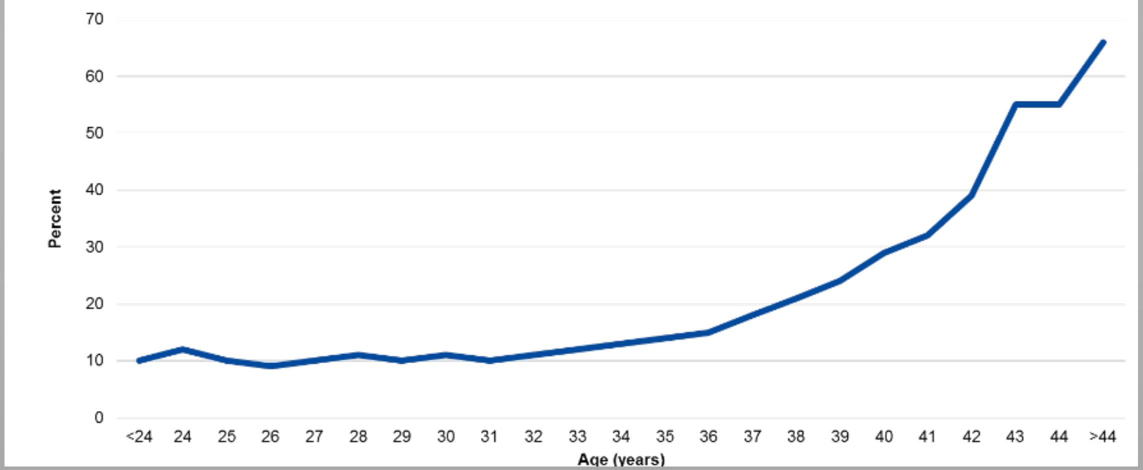
1. Rubio et al (2014);*Fertil Steril* 102 (5):1287-1294 e1285. 2. Meseguer et al (2012); *Fertil Steril* 98 (6):1481-1489 e1410. 3. Kovacs et al (2013);*Fertil Steril* 2013;**100(3)**:S90. 4. Siristatidis (2015); *J Assist Reprod Genet 5.* Barrie et al (2013); *Fertil Steril* 100 (3):S248 6. Vitrolife metaanalysis of Kahraman et al (2013); *J Reprod Stem Cell Biotechnol*;**3**:55-61, Kovacs et al (2013) and Rubio et al (2014.)

AGE IS A CRITICAL FACTOR FOR SUCCESS

Day 3 and Day 5 embryo transfers that resulted in live births by age



Percentages of ART cycles that resulted in miscarriage by age



2015 Assisted Reproductive Technology, National Center for Chronic Disease Prevention and Health Promotion, Divison of Reproductive Health

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PRE-IMPLANTATION GENETIC TESTING

PGT-A (aneuploidy)

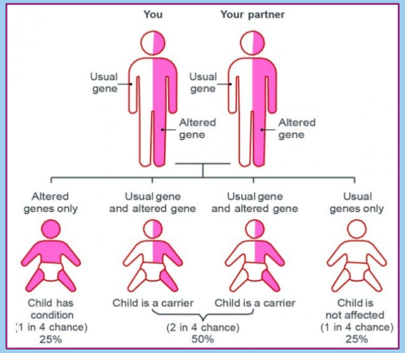
- previously named PGS (Screening)

- Testing whether the embryos are euploid (all 46 chromosomes)
- Aiding clinicians in order to choose which embryo to transfer

PGT-M (monogenic)

- previously named PGD (Diagnosis)

- Testing to avoid that a certain mutation (altered gene) is inherited to child



EXPECTED SYNERGIES BETWEEN GENOMICS AND MORPHOLOGY

- Combining information from morphology and morphokinetics (time-lapse) could provide superior information when choosing what embryo to transplant
- Deep learning / AI algorithms could improve bioinformatics to interpret data

Our leading position in time-lapse is an important asset in addressing these opportunities

THE GLOBAL IVF MARKET

~ 5 000 USD	END USER PRICE GLOBAL AVERAGE
> 2 MILLION PER YEAR	NUMBER OF TREATMENT CYCLES
~ 10-15 BILLION USD	IVF CLINICS' REVENUE
~ 1-1.5 BILLION USD	IVF CLINICS' PURCHASES CONSUMABLES AND EQUIPMENT
~ 10-15%	VITROLIFE MARKET SHARE OF THE IVF CLINICS' PURCHASES
5-10% PER YEAR	LONG-TERM GROWTH IN MONETARY TERMS
> 5 000	NUMBER OF CLINICS

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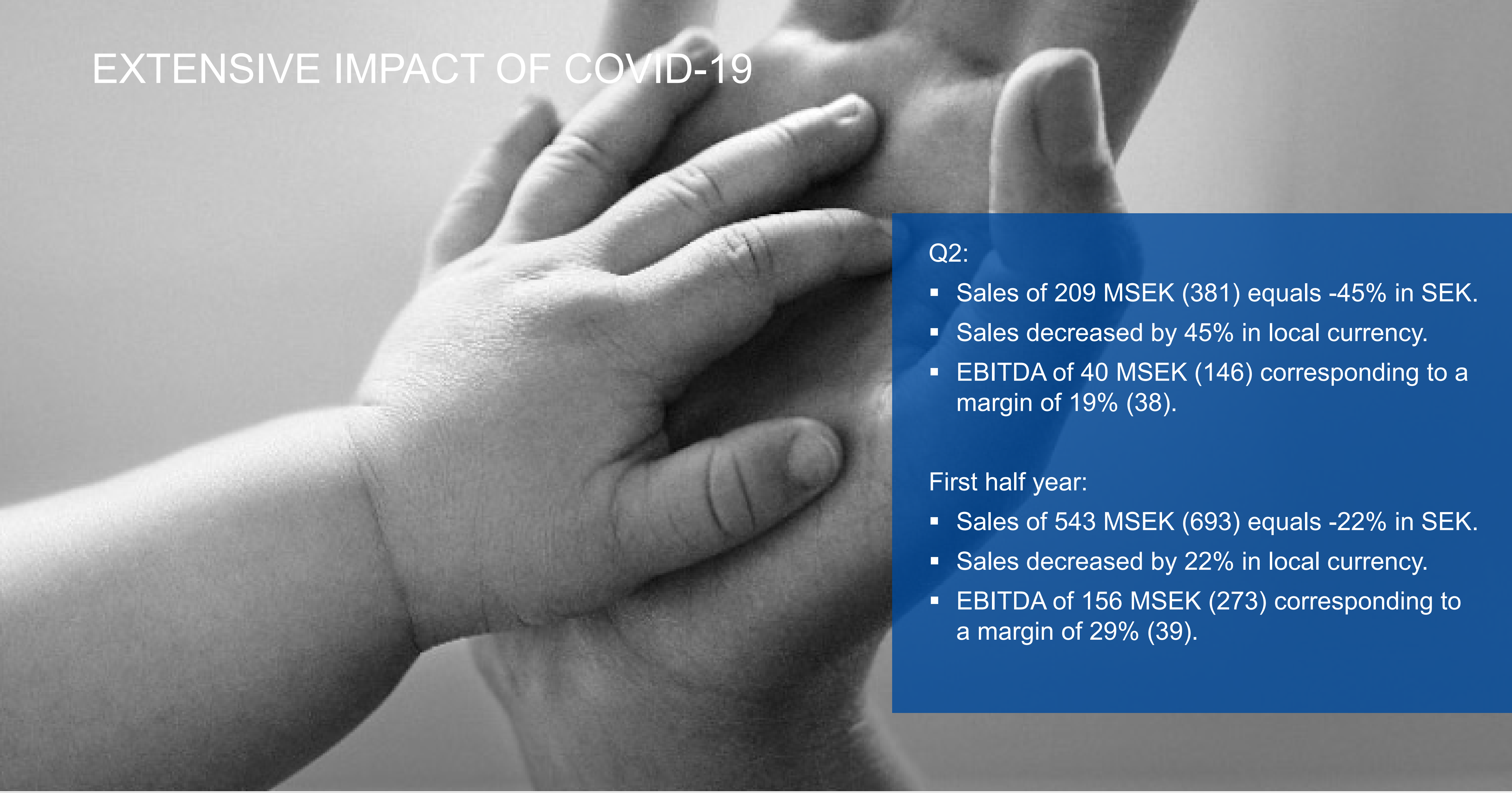


EXTENSIVE IMPACT OF COVID-19

Q2:

- Sales of 209 MSEK (381) equals -45% in SEK.
- Sales decreased by 45% in local currency.
- EBITDA of 40 MSEK (146) corresponding to a margin of 19% (38).

First half year:

- Sales of 543 MSEK (693) equals -22% in SEK.
- Sales decreased by 22% in local currency.
- EBITDA of 156 MSEK (273) corresponding to a margin of 29% (39).

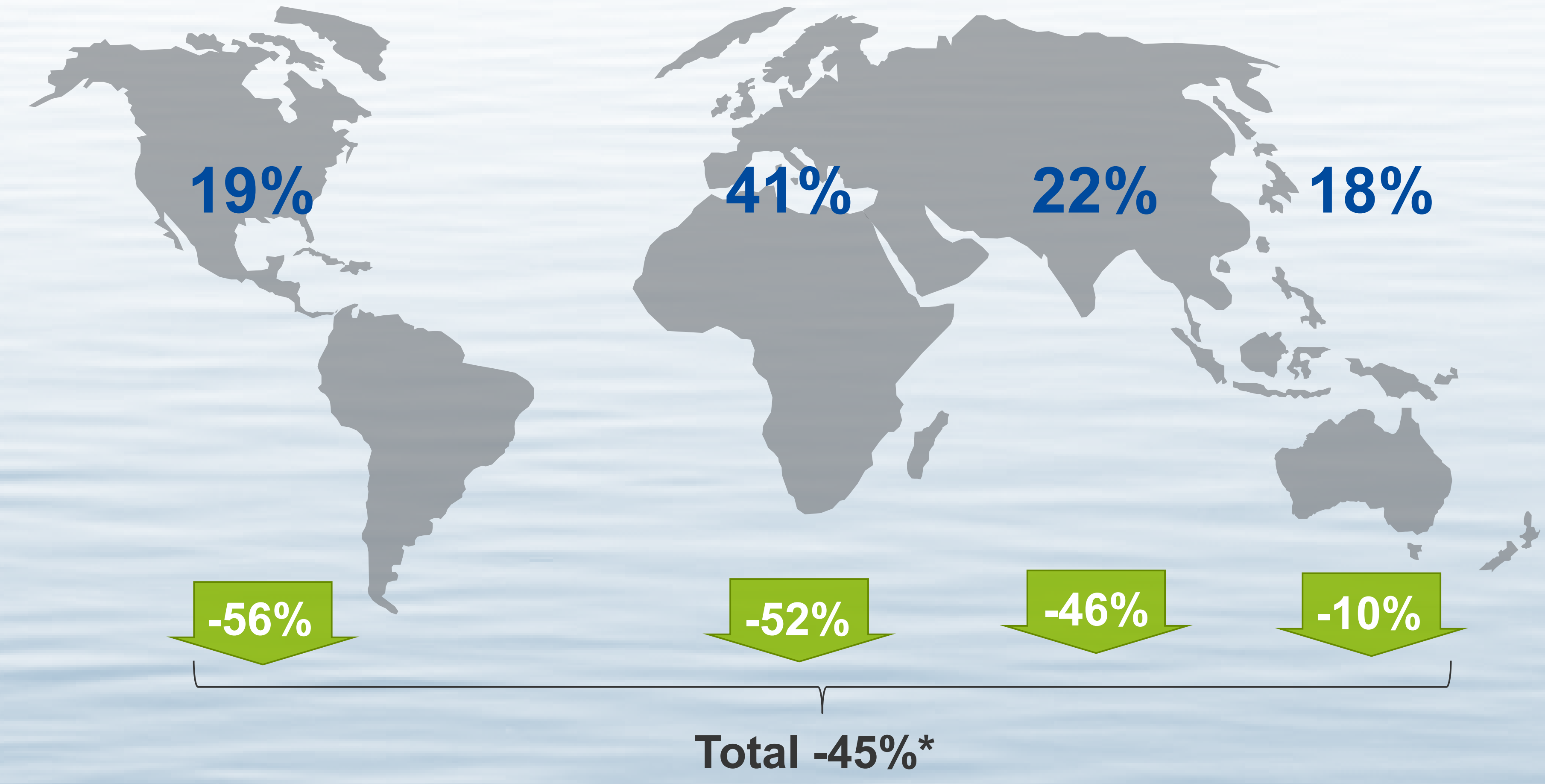
GRADUAL RECOVERY EXPECTED

- Sales in the beginning of the second quarter amounted to approximately one third of the corresponding period last year and by the end of the quarter to two thirds.
- Large regional differences in recovery.
- Recovery is driven by easing of restrictions in many countries but limited by safety measures at clinics, new outbreaks and patients’ uncertainty.
- The company estimates that the second half of the year will also be negatively impacted by reduced demand due to covid-19.
- The company estimates demand to gradually increase during the second half of the year with faster recovery for consumables sales compared to equipment sales.
- Potential pent-up need for IVF treatment after crisis.

SALES AND GROWTH PER MARKET REGION

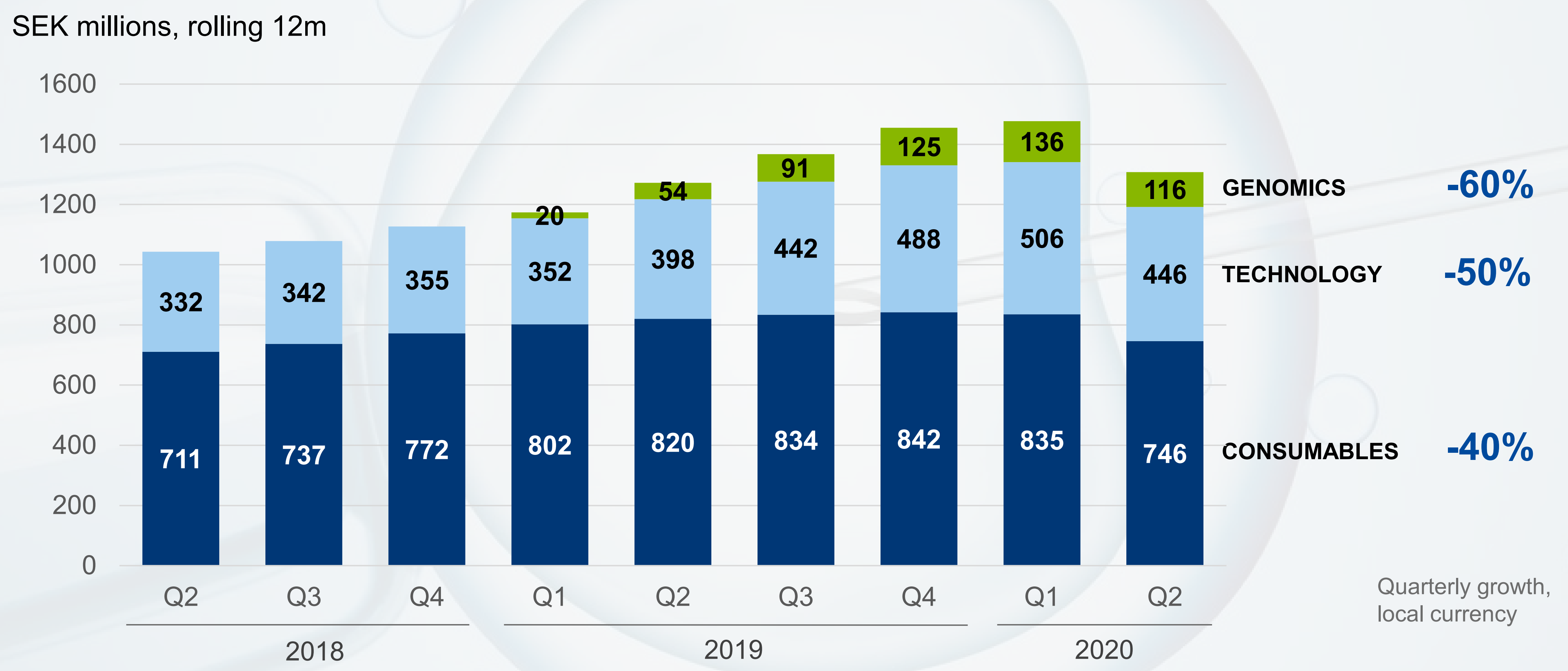
SHARE OF VITROLIFE'S **SALES** ROLLING 12-MONTHS

Q2 GROWTH RATE COMPARED TO LAST YEAR IN LOCAL CURRENCIES



* Whereof organic growth -45 percent

SALES AND GROWTH PER DIVISION



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KEY FINANCIALS GROUP Q2

- Fluctuations in exchange rates negatively impacted EBITDA by 4 MSEK.
- Gross margin negatively impacted by obsolescence costs (7 MSEK) and negative economies of scale.
- EBITDA negatively impacted by bad debt provision (6 MSEK) and positively impacted by State support programs (5 MSEK)
- Cash and cash equivalents at the end of the period amounted to 754 MSEK. No financial loans.

	2020 Q2	2019 Q2	2020 Q1-Q2	2019 Q1-Q2	2019 FY
Sales, MSEK	209	381	543	693	1 480
Gross Margin %	53%	64%	58%	64%	63%
Adj. Gross Margin %*	57%	67%	61%	67%	66%
EBITDA, MSEK	40	146	156	273	587
EBITDA Margin %	19%	38%	29%	39%	40%
Earnings per share, SEK	0.11	0.87	0.84	1.66	3.53
Net Debt / EBITDA rolling 12m	-1.6	-0.8	-1.6	-0.8	-1.2

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

LONG-TERM OUTLOOK

- Long-term market growth 5-10% in monetary terms
- Expansion of sales
- Broadening the product offering

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