



**SUMMARY
ANNUAL REPORT 2013**



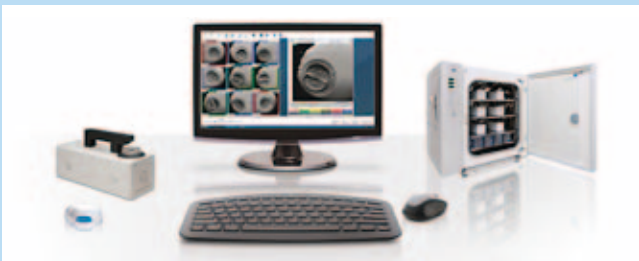
4. CEO's comments

The company and our personnel have, through a number of measures, managed to create profitability that enables future expansion and increased shareholder value.



6. Business model, goal and strategies

Vitrolife's long-term goal is to become the world leading supplier of medical devices for assisted reproduction.



11. Vitrolife's product range

Time-lapse technology enables the entire development of the embryo to be studied, which increases the chances of choosing the embryo which is most likely to lead to pregnancy.



12. Marketing and Sales

Sales in the Asia and Pacific region increased by 44% in local currency. Growth was primarily generated by continuing strong growth in China, Japan, India and Australia.



8. Vitrolife in China

Vitrolife is today the market leader for fertility media in China. Early establishment and registered products have given competitive advantages in this large and growing market.

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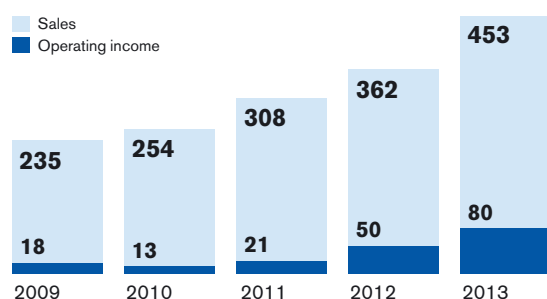
The original Annual Report 2013 is published in Swedish. This Summary Annual Report 2013 is a shorter document that summarises the main points made in the Annual Report 2013, but is not a substitute for it and does not contain all the information needed to give as full an understanding of the Group's performance, financial position and future prospects as is provided by the Annual Report 2013. In the event of any discrepancy in content between Swedish original text and the English translation, the Swedish original shall prevail. A detailed description of the operational expenses are outlined in the original Annual Report (in Swedish), which can be downloaded from the Vitrolife website at www.vitrolife.com/en/Corporate/Financial. Printed copies of the Annual Report 2013 (in Swedish) can be requested by contacting info@vitrolife.com.

SUMMARY OF 2013

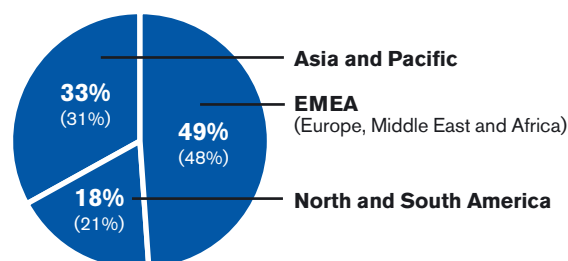
CONTINUING STRONG GROWTH AND IMPROVED INCOME

- Sales growth was 29 percent in local currency. Sales amounted to SEK 453 (362) million, corresponding to an increase of 25 percent in SEK.
- Sales have been positively affected by continuing successes in the growth markets as a result of the company's focus there. However, sales growth was greater than market growth in all three of Vitrolife's sales regions.
- Operating income (EBIT) amounted to SEK 80 (50) million, corresponding to an operating margin of 18 (14) percent.
- Net income amounted to SEK 57 (27) million, which gave earnings per share of SEK 2.84 (1.36).
- Integration of Cryo Management Ltd., which was acquired towards the end of 2012. The focus during the year has been on sales of Primo Vision, development of technical support, upgrading of the quality system and investments in product development.
- Acquisition of all the shares in the Danish company HertArt ApS.
- Contract manufacturing of STEEN Solution for Xvivo Perfusion AB terminated.
- Efficiency and process improvements in production and distribution have affected profitability positively.

Sales and operating income* MSEK



Sales per region 2013 (2012)*



Key figures*

	2013	2012	2011	2010	2009
Net sales, MSEK	453	362	308	254	235
Net sales growth, local currency, %	29	18	28	19	9
Gross income, MSEK	301	238	200	175	158
Gross margin, %	66	66	65	69	67
Operating income, MSEK	80	50	21	13	18
Operating margin, %	18	14	7	5	8
Net income, MSEK	57	27	15	15	20
Average number of employees	234	215	211	179	159
Net debt (+) cash (-) / EBITDA	-0,1	0,9	1,2	1,1	-0,3
Earnings per share, SEK	2,84	1,36	0,77	0,58	1,02
Equity per share, SEK	16,18	14,01	17,53	16,66	15,94
Share price at closing date, SEK	94,25	40,30	44,80	37,80	34,80
Stock market value at closing date, MSEK	1 869	799	876	739	680

Throughout the Annual Report the corresponding value the previous year is given in brackets, unless otherwise stated.

* Continuing operations comprise Fertility. In 2012 Vitrolife's transplantation business was distributed to the shareholders and subsequently reported as discontinued operations.

CEO'S COMMENTS

A SUCCESSFUL YEAR FOR VITROLIFE WITH CONTINUING HIGH GROWTH AND INTEGRATION OF A NEW PRODUCT AREA

Continuing growth

Sales in 2013 increased by 29 percent in local sales currencies and the company has now reported 44 quarters of growth in a row. Global market growth in the IVF field measured in monetary terms amounts to 5-10 percent. Vitrolife has thus taken market shares during the year and this has been achieved by broadening the product portfolio and focusing on treatment results in marketing. Vitrolife's global market share amounts to approximately 10-15 percent.

Primo Vision in focus

Cryo Management Ltd., one of the world's leading players in embryo monitoring for IVF and based in Hungary, was acquired towards the end of 2012. During 2013 the organisation has focused a good deal on the continuing launch of the embryo monitoring system Primo Vision, but also on upgrading the quality system, increasing production capacity and expanding structures for customer support. It is pleasing to note that the IVF industry continues to display very great interest in the embryo monitoring system, time-lapse. This has contributed to great interest in our products. This interest means that several competitors are appearing and in a few years Vitrolife will probably

find itself in a position where there are more competitors in the embryo monitoring area, but a considerably larger market to compete in than today.

In the organisation, sales of these technological systems entail new challenges as regards technical knowledge in the sales force and the ability to provide technical support. However, we believe that the industry will develop in the direction of more technical products being used in IVF laboratories, so as to improve treatment results and to make work processes more efficient. For this reason it is important that Vitrolife, which aims to be the world-leading supplier of medical devices for assisted reproduction, continues to build up this technical competence.

Improved profitability

In recent years the operating margin for Fertility has increased substantially. During 2010 it amounted to 5 percent and in 2011 it was 7 percent. During 2012 it increased to 14 percent and in 2013 it further increased to 18 percent. This improvement has been achieved through a combination of growth, product mix, economies of scale, focusing resources where they result in the greatest profitability and internal work on efficiency.

It is very pleasing to note that the company and our personnel have, through a number of measures, managed to create profitability that enables future expansion and increased shareholder value.

Outlook 2014

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.

Thank you

Finally, I very much want to thank all our employees and business partners. The high growth during the year has generated challenges in the form of capacity growth, adjustments in the organisation and product development. The personnel's strong desire to maintain customer satisfaction has, however, always been 100 percent and this has resulted in a very successful year for Vitrolife.

Gothenburg,
March 2014

Thomas Axelsson
CEO



**"PRIMO VISION TAKES
US ONE STEP CLOSER
TO THE OBJECTIVE OF
BECOMING THE WORLD
LEADER IN IVF."**

BUSINESS MODEL, GOAL AND STRATEGIES

VITROLIFE'S GOAL IS TO BECOME THE WORLD LEADING SUPPLIER OF MEDICAL DEVICES FOR ASSISTED REPRODUCTION

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 become the world-leading supplier of medical devices for assisted reproduction.

Business model and strategy

Vitrolife's business model to achieve this goal is based on four main strategies:

- Have a fully comprehensive range of effective and quality assured fertility products.
- Have world-leading production with the highest quality control and efficiency standards.

- Have a global support organisation covering all IVF treatments worldwide.
- Have an organisation structure and processes that support growth.

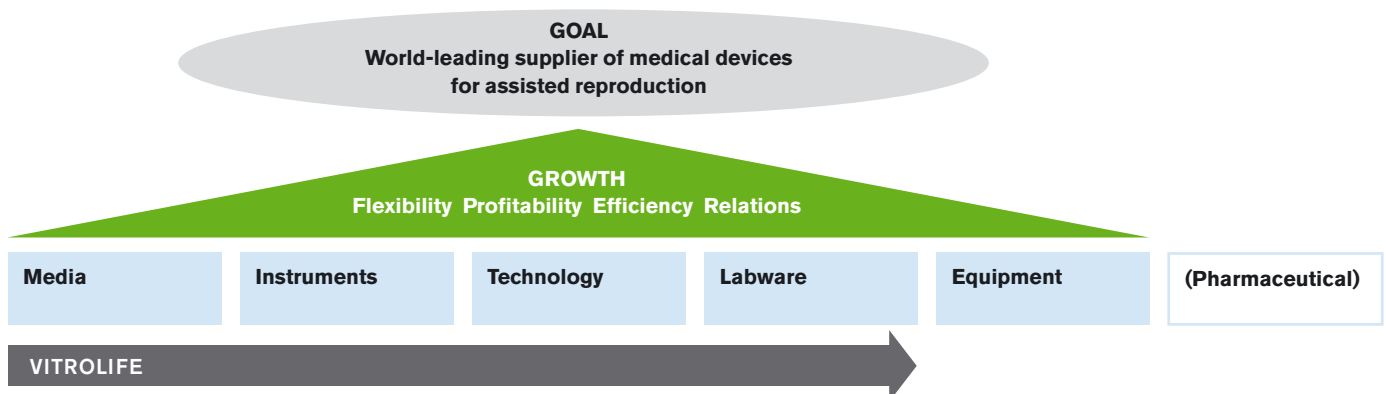
Comprehensive product range:
Vitrolife has one of the most comprehensive product ranges of effective and quality assured medical devices on the market. For more information on the company's products, see page 11.

World leading production:
Over the years, Vitrolife has made considerable investments in the two production facilities in Gothenburg and Denver. In recent years the company has added production in San Diego and Budapest. The facilities are of a high standard and there is capacity to further increase production in a cost-effective manner. In 2012, a new

world class quality testing laboratory was completed in Denver.

In-house global support organisation:
As the clinics' treatment results are dependent on both the products' properties and how the products are used, Vitrolife has determined that staying in close touch with the customers is crucial for being able to demonstrate the value of Vitrolife's products through optimal use. The company therefore has a strategy of keeping in close touch with the customers through the company's own sales organisation or by carrying out sales through distributors, depending of which structure is able to give the best customer support in each market. Vitrolife provides support to its sales personnel and distributors through the company's global technical support organisation, which can also support the clinics directly in the use of the

Vitrolife's growth strategy



BUSINESS MODEL AND STRATEGY



products, in order to achieve optimal treatment results.

Organisational structure for growth: Vitrolife's goal is to achieve high growth and it is thus necessary that the organisational structure and the internal processes support growth. Vitrolife endeavours to have a decentralised and flexible organisational structure, characterised by competence, entrepreneurial spirit, management by objectives and fast decision routes.

Financial objectives

After the distribution of the shares in the subsidiary Xvivo Perfusion AB in October 2012, Vitrolife's Board set new financial objectives for the company. The Board considers that Vitrolife should have a strong capital base so as to enable continued high growth, both organic and through acquisitions. The company's net debt in relation to EBITDA should normally not exceed three times. Vitrolife's aim is to achieve growth while maintaining profitability. The objective for Vitrolife's growth over a three-year period is an average increase in sales of 20 percent per year, with an operating margin of 15 percent. After closing day the Board adjusted the operating margin objective to 17%.

Achievement of financial objectives

Sales growth

Vitrolife's Fertility area has grown during the past 6-year period by an average of 19 percent per year, both

organically and through two main acquisitions, Conception Technologies in 2010 and Cryo Management Ltd. in 2012. The organic growth has been driven by IVF market growth of 5-10 percent per year. Vitrolife has also gained market share by expanding the sales organisation and broadening the product portfolio. During 2013 sales growth in local sales currencies amounted to 29 percent. The objective of 20 percent growth per year is defined as organic and acquired growth in terms of local sales currencies and as an average over 3 years. Growth in 2013 was thus greater than the objective.

The operating margin

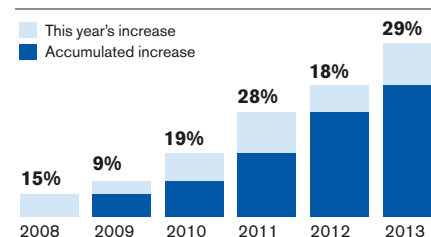
The operating margin amounted to 5 percent in 2010, 7 percent in 2011 and 14 percent in 2012. During 2013 the operating margin increased to 18 percent. This improvement has been achieved through a combination of growth, product mix, economies of scale, the focusing of resources where they give the greatest profitability and internal efficiency work. The company thus reported a result for 2013 that was higher than the objective.

Net debt/EBITDA

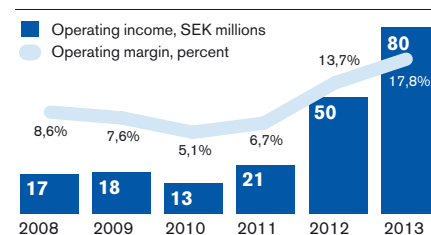
Net debt in relation to EBITDA (operating income before depreciation and amortisation) amounted to -0.1 (0.9) times in 2013. During 2013 net debt decreased, due to a strong cash flow from the business, planned debt repayments and a low level of investments. This has resulted in the company reporting a net cash position

at closing day. Vitrolife's debt in relation to the objective provides scope for financing acquisitions over the coming years through increased debt.

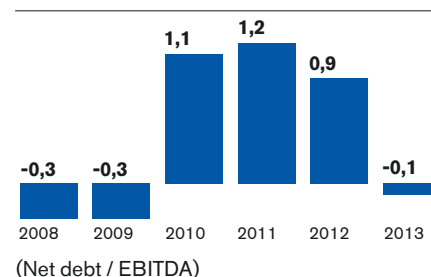
Over the past 6-year period the average growth rate (CAGR) has been 19 percent per year measured in local currency*



The operating margin has increased during 2013*



Vitrolife's debt enables loan-financed acquisitions



* Continuing operations

Achievement of financial objectives

Financial objectives	Objective	Actual 2013	Achievement
Sales growth in local currencies	20%	29%	✓
The operating margin	15%	18%	✓
Net debt/EBITDA	<3	-0,1	✓

VITROLIFE IN CHINA

CHINA IS THE WORLD'S LARGEST IVF MARKET IN TERMS OF THE NUMBER OF TREATMENTS

World's largest market

China is the world's largest market in terms of the number of treatment cycles. Vitrolife estimates that the total number of IVF cycles in China amounts to approximately 250,000 per year. China thereby constitutes 10-15 percent of the world's total treatment cycles. Growth in the market has been strong. Vitrolife estimates that over the past ten-year period annual growth in the number of treatments has amounted to approximately 25 percent per year.

World's largest clinics

The great increase in demand for IVF treatments combined with the authorities' comprehensive requirements for permission to be granted to open new IVF clinics has resulted in China having the world's largest IVF clinics. The largest clinic in China carries out approximately 20,000 treatments per year, which is, for example, more treatments than all of Sweden's clinics do together.

A regulated market

During 2001 China's Ministry of Health issued guidelines for how IVF treatments are to be performed in China. These guidelines marked the start of the regulation of the IVF field in China.

The Chinese IVF market is today one of the most regulated in the world and there are for example rules that say that a maximum of 30 percent of treatments may be carried out using the ICSI technique.

The IVF market in China is monitored by the CFDA (China Food and Drug Administration) and the authority places very high demands on documentation and studies if sales approval is to be issued for products in China.

Strong support for IVF

In China it is considered that the most important thing in life is to have children and this is deeply anchored in Chinese culture. The authorities consider that it is important for the whole

of society that all couples manage to have children. The authorities see IVF as a way of supporting couples in their desire to have children and at the same time avoiding the risk of instability in society. There is thus strong support for IVF in China.

One-child policy changing

The one-child policy was introduced in China in 1979. Historically the rules have differed depending on whether couples have had their homes in the city or in the country. There have also been exceptions for certain ethnic minorities.

In recent years the one-child policy has been relaxed to some extent. In November 2013 the Communist Party decided to introduce a policy whereby couples are granted permission to give birth to two children if one of the parents has been an only child. Previously rules have been introduced whereby couples are entitled to two children if both parents are only children.

As part of the annual work on strategy, the Board visits Beijing University Third Hospital, one of China's largest IVF clinics.





Facts China

Number of IVF-clinics

~ 300

Percentage of private clinics

~ 5%

Number of IVF-cycles

~ 250.000

Percentage of fresh cycles

~70%

Percentage of ICSI-treatments

~ 30%

Patient cost

~40 000 SEK / cycle

It is difficult to foresee what effect these changes in the rules will have on the IVF market, but in Vitrolife's assessment it may mean that couples who have previously had one child and are now older may seek IVF treatment to be able to have a second child.

Vitrolife in China

Vitrolife has conducted sales to China since the end of the 1990s. During 2001 Vitrolife was the first IVF company to introduce a business model of several distributors in the country covering different geographic areas. During 2009 Vitrolife set up a representative office in Beijing. The aim of setting up the office was to support the distributors with marketing and training and to work on registration of the products with the authorities.

Registered products

During 2011 Vitrolife had several of the company's fertility media approved for sale in China, and up until the

beginning of 2014, when competing companies also had media approved, Vitrolife was the only company with media approved in China. This has given Vitrolife a competitive advantage and today the company is the market leader for fertility media in China.

Vitrolife also has needles for egg retrieval and micropipettes approved for sale in China, and has an ongoing application for the embryo monitoring system Primo Vision

The Board visits China

As part of the annual work on strategy, Vitrolife's Board and parts of senior management travelled to China in September to meet customers and distributors in situ and thus gain a better insight into customers' needs in this important market for Vitrolife. During the visit the Board met leading experts in IVF and discussed the opportunities and challenges presented by the Chinese IVF market. The Board also

met Vitrolife's personnel in China to discuss future business opportunities.

Outlook in China

In Vitrolife's assessment, the market in China will continue to grow, driven by the increasing average income in China. Vitrolife considers that in the foreseeable future China will continue to be the world's largest IVF market in terms of the number of treatments.



Vee Xi Miao is employed at the office in Beijing and is responsible for customer support in China.

IVF TREATMENT

IN VITRO FERTILISATION IS THE MOST EFFECTIVE METHOD FOR ASSISTED REPRODUCTION

Involuntary childlessness

World Health Organisation (WHO) estimates that approximately 10 per cent of all couples of childbearing age have difficulties in having children. This means that more than 100 million couples are in need of some form of treatment.

Treat of infertility

There are several methods to help people to become parents. In Vitro Fertilisation (IVF), is the most effective method, but the treatment is relatively costly and often stressful, and thus other simpler methods are often tried before IVF.

The IVF process

IVF treatment is often started by hormone stimulation medication being given to the woman so that the ovaries will produce more mature eggs than usual. The eggs are then retrieved from the ovaries using a long aspiration needle. In addition, the man provides sperm and fertilisation is achieved by bringing together sperm and eggs in media (nutrient solution) in a culture

dish. An alternative process is to inject sperm into the eggs using a micropipette. This process is called ICSI and has revolutionised treatment results for male infertility.

The fertilised eggs (one or more), which are called embryos, are then cultured in media in an incubator where the environment is controlled and is similar to that found in the human body with regard to temperature and pH. After culture for 2-6 days, the most optimal embryo or embryos are selected and transferred to the uterus using a transfer catheter. Embryo selection can be carried out by taking the embryos out of the incubator and performing a visual inspection a few times during the culture process or by utilising new time-lapse technology for the monitoring of embryos.

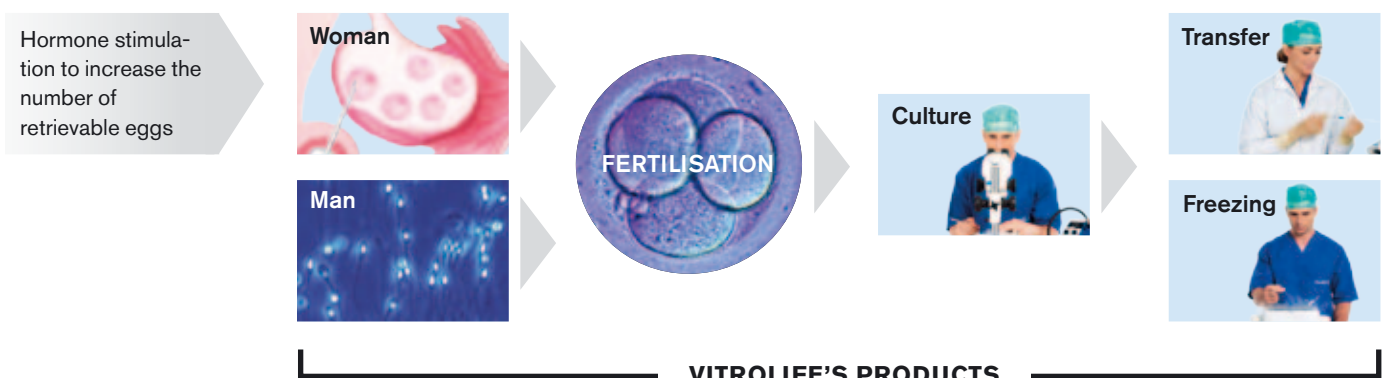
Good quality eggs and embryos that are left over can then be frozen so that they can be thawed and used on a later occasion if the treatment did not result in pregnancy or if the couple wish to have more children. There are

two methods of freezing. One of these, so called slow freezing, is based on the embryos being slowly frozen in a programmed manner, which takes about 2-4 hours. The other method is called vitrification and is a rapid cryopreservation method for both embryos and unfertilised eggs.

Treatment results

At the beginning of the 1980s the pregnancy rate after IVF treatment was approximately 15 percent, in combination with an excessively high rate of twins and triplets, which involves higher risk for the mother and children. Towards the end of the 1990s the corresponding figure was approximately 25-35 percent and now certain clinics can achieve 50 percent or higher. The reasons for this are that the method has been refined and that the composition of the media used has been further developed. The pregnancy rate depends to a great extent on what groups are treated – age, diagnosis and the number of embryos transferred are all crucial for successful treatment results.

The IVF process



Approximately 1 week.

VITROLIFE'S PRODUCT RANGE

PARTNERSHIP GIVES GOOD RESULTS AND SATISFIED CUSTOMERS

Quality-assured IVF products

The products in Vitrolife's product portfolio are used in the various stages of IVF treatment, from the handling of eggs and sperm to the culture and transfer of embryos and cryopreservation.

The product range for example includes culture media, needles for oocyte retrieval, pipettes and disposable plastic products specifically designed for IVF. The basic aim is for culture media to mimic the natural environment inside the woman and provide the embryo with the nutrients it requires for optimal development.

Vitrolife also offers products for cryopreservation of sperm, eggs and embryos, all of the highest quality so as to enable good results.

Time-lapse technology

Time-lapse technology has been used for a number of years for the monitoring of embryos at IVF clinics all around the world. Vitrolife, with its Primo Vision system, is one of the leading players in this field.

Time-lapse technology involves the embryo being placed in a culture dish in a microscope which is placed in an incubator. The microscope has a built-in camera that takes images of the embryos at short time intervals during the culture procedure. The images are then played as a film which can be analysed at the clinic. Currently the embryos must be taken out of the incubator to be assessed, whereas time-lapse technology reduces this problem of the sensitive embryo being exposed to stress. Time-lapse technology also enables the entire development of the embryo to be studied, which increases the chances of choosing the embryo which is most likely to lead to a pregnancy.

Collaboration

Vitrolife aims to create long-term and close collaboration with dedicated customers. We have seen that this holistic solution gives success and good treatment results. We call this solution, which is also our brand promise, "Together. All the way".

Service and support

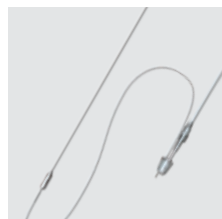
The chances of getting pregnant using

IVF are influenced by several factors. The woman's age is a very important factor, as a woman's fertility decreases as she gets older. Not only the underlying diagnosis but other factors such as hormone treatment and the technique used in transferring the embryo to the woman also have an impact. The environment where the embryo is cultured, including temperature, pH and air quality, is another important factor, as are the quality, settings and handling of the technical equipment. All material that the embryo comes into contact with during the procedure also could cause suboptimal embryo development. In addition to a quality-assured product line, Vitrolife therefore has a team of experienced embryologists who help the clinics to set up their processes and flows in an optimal way.

Satisfied customers

Vitrolife's customers appreciate the company's product range and the service provided. In the 2013 annual customer satisfaction survey, 87% replied that they were very satisfied or satisfied with Vitrolife as a supplier of IVF products and services.

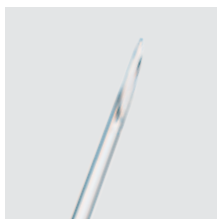
Some of the products in Vitrolife's product portfolio



Needles for oocyte retrieval



Culture media



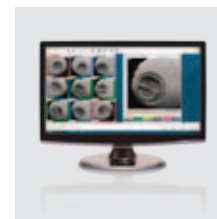
Micropipettes



Disposable plastic products (Labware)



Vitrification system



Time-lapse monitoring system

MARKETING AND SALES

IVF-MARKET GROWING BY 5-10 PERCENT PER YEAR, DRIVEN BY PARENTS' HIGHER AVERAGE INCOME AND AGE

Market size and growth

Vitrolife's customers comprise private and public clinics, hospitals and laboratories. The cost of the disposable products used in an IVF treatment (excluding hormones) amounts to approximately SEK 2,000 per treatment cycle for the clinic. That is a small part of the total cost of fertility treatment, which on average amounts to SEK 35,000. The price of IVF treatment varies considerably from country to country. In India treatment can cost SEK 10,000 and at an exclusive clinic in the US it can cost SEK 200,000.

Vitrolife estimates that each year approximately 1.4 million eggs are retrieved and approximately 2.4 million embryos are transferred. The main reason for there being more embryos transferred back into women than egg retrievals is that fertilised eggs that are not used in the first transfer are frozen and used if the first treatment fails or if siblings are desired. There is very limited reliable data regarding the number of treatments in the world, and thus the figures are an estimate made

by Vitrolife on the basis of local market data and official statistics.

With an average value for disposable products of approximately SEK 2,000 per treatment, excluding hormones, the world market for disposable products amounts to approximately SEK 3 billion. In addition to disposable products, there is market potential in the form of equipment used for IVF, such as embryo monitoring systems.

Market growth is estimated to be 5-10 percent per year, and considerably more in Asia and Eastern Europe than in Western Europe and North America. In the more mature markets the focus is on price and consolidation. Growth is primarily driven by the global trends of parents-to-be deciding to have children later in life and higher global average age.

Factors driving value in the more mature markets are primarily public financing, laws and regulations, and technological progress. Israel, where an unlimited number of treatments is

IN BRIEF

Customers

Private and public clinics, hospitals and laboratories.

Number of customers

Approximately 3,000 clinics

Payment and treatment

Partly subsidised in most countries in Europe, private in the US and Asia

Number of treatments per year

Approximately 1.4 million egg retrievals and approximately 2.4 million transfers.

Cost per treatment

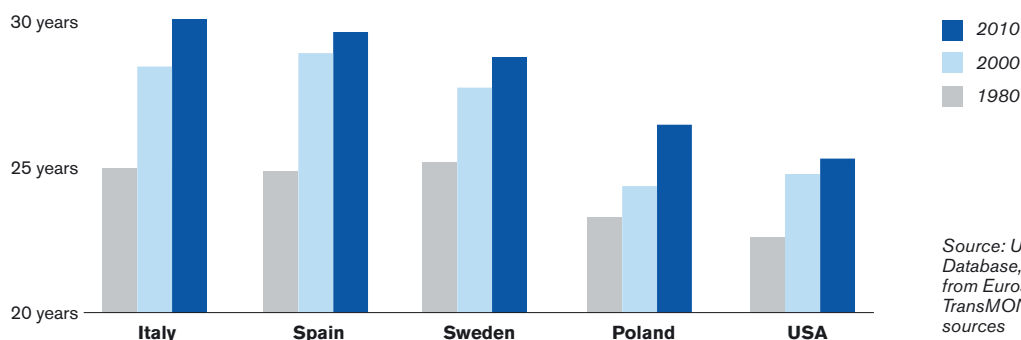
Disposable products: Approximately SEK 2,000, excluding hormones.
Total cost of treatment: Approximately SEK 35,000.

Total size of market, excluding hormones

Approximately SEK 3 billion

offered free of charge, is the country with the highest number of treatments per capita. The Nordic countries,

The average age of women giving birth for the first time has increased significantly since 1980



Source: UNECE Statistical Database, data collected from Eurostat and UNICEF TransMONEE official sources

where patients historically have by and large been offered free treatment, are also high up on the list. The number of treatments per capita in countries such as the US, China, India and Russia is considerably lower. In the US this is partially due to the fact that relatively few states have compulsory fertility treatment as part of health insurance. Treatment is thus very expensive for patients. However, the trend is that more states are introducing infertility treatment as a compulsory part of health insurance.

If there is a decrease in public subsidies, the market will be negatively affected in the short term. However, having children is such a priority for most people that other things are sidelined, even if the cost is higher. Treatment may be put off until later but as the time window for all women is limited, the market generally will return to the level it was at before the change relatively quickly (within about two years).

As for countries where few IVF treatments are performed, factors such as people's finances, technical competence, cultural limitations and availability often affect continued development of the market.

Vitrolife's sales in 2013

Vitrolife's sales for 2013 amounted to SEK 453 (362) million. The increase was 29 percent in local currency and 25 percent in SEK.

Asia and the Pacific

Sales in the Asia and Pacific region increased by 44 percent in local currency and amounted to SEK 151 (112) million. The increase in SEK amounted to 35 percent. Growth was primarily generated by continuing strong growth in China, Japan, India and Australia. In China the company continued to benefit from being the only company able to supply media approved by the authorities. However, during the beginning of 2014 competitors also gained approval from the authorities, which can lead to increased competition in the market.

EMEA

Sales in the EMEA region (Europe, the Middle East and Africa) increased by 27 percent during the year in local currency and amounted to SEK 222 (176) million. The increase in SEK amounted to 26 percent. Sales of SEK 13 (2) million to Xvivo of STEEN Solution™ are included in the period. These sales were terminated towards the end of the year. Adjusted for this, growth amounted to 22 percent in local currency and 20 percent in SEK.

SALES IN THE ASIA AND PACIFIC REGION INCREASED BY 44% IN LOCAL CURRENCY.

Sales of Primo Vision have affected sales positively in the region.

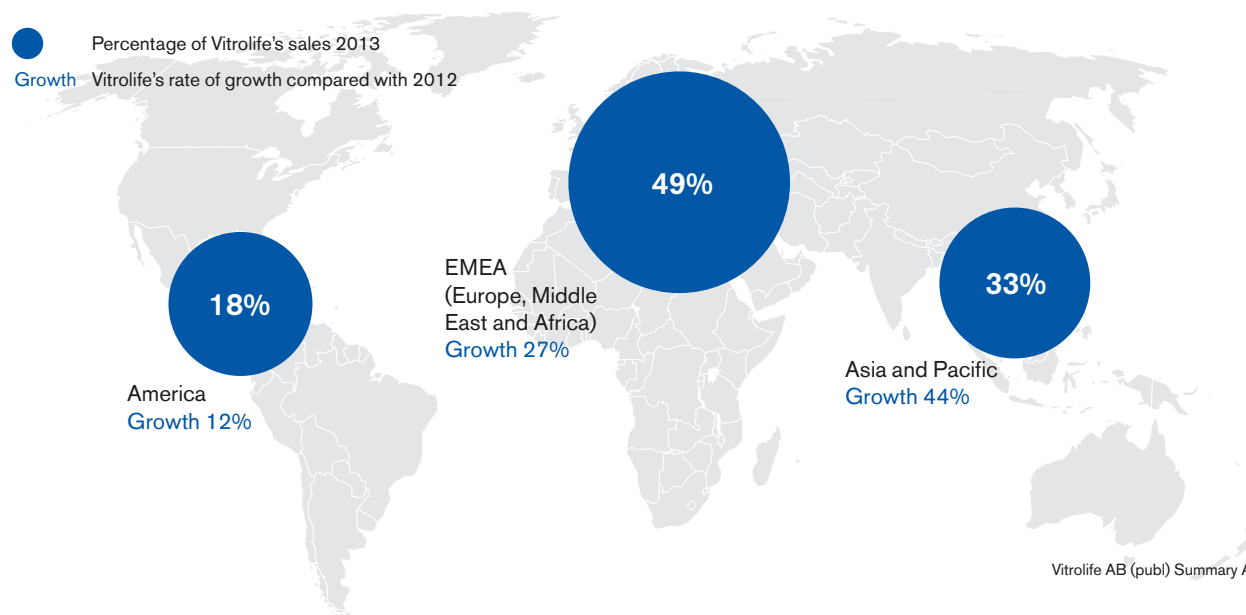
North and South America

Sales in the North and South America region amounted to SEK 80 (74) million. The increase amounted to 12 percent in local currency, corresponding to an increase of 8 percent in SEK. Distributor sales of laser equipment to the tune of SEK 5 (2) million are included in the period. Vitrolife has decided to discontinue these sales. Adjusted for this, growth amounted to 8 percent in local currency and 4 percent in SEK.

Competitors

Vitrolife's main competitors consist of global companies that like Vitrolife have relatively comprehensive product ranges within IVF. Prominent examples are Cooper Surgical, with brands such as Humagen and Sage and Cook Medical. There are also global competitors who have specialised in limited product groups.

Vitrolife's sales and growth per region



ORGANISATION, ETHICS AND ENVIRONMENT

VITROLIFE IS AN INTERNATIONAL ORGANISATION WITH SUBSIDIARIES IN SEVERAL CONTINENTS

Organisation

Vitrolife's head office is in Gothenburg and the company's Swedish business operations are run from here. Vitrolife has production not only in Sweden but also in Denver and San Diego in the US and Budapest in Hungary.

Vitrolife has company offices in Sweden, US, Australia, France, Italy, UK, China, Japan, Denmark and Hungary. The company also has sales personnel of its own operating in Germany, Switzerland, Austria, the Netherlands, Belgium, Ireland and the Nordic countries.

Co-workers

The average number of employees in 2013 was 234 (215). Of these 130 (128) were employees in Sweden. During the year 52 percent of the personnel were women (56) and 48 percent men (44), and the average age was 40 (42).

Corporate culture

Work is continuously being carried out to identify Vitrolife's values. The values guide the co-workers in their actions and decision-making in different situations

Equality and diversity

Vitrolife's equality policy and focus on diversity are a fundamental part of the company and are based on the belief that the business is strengthened and developed if different views and experiences are represented.

Environment

Vitrolife has an express objective of reducing environmental impact as far as possible without compromising the products' primary qualities regarding efficacy and safety.

Ethics

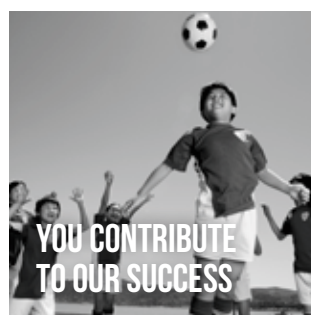
Vitrolife's products are intended to help people become parents. The products

are sold worldwide and customer feedback is compiled and reported to the senior management regularly.

Through its quality system, Vitrolife is committed to following the guidelines and laws applied by the authorities in each country where the products are sold or distributed. This means that each product sold includes clear labelling regarding the approved area of use and instructions for correct use, and that there is a system for assessing risks and registering adverse effects. However, it is not possible to monitor or control actual usage at each individual clinic.

In 2012 Vitrolife produced a Code of Conduct to ensure that Vitrolife's operations are conducted at a high ethical level.

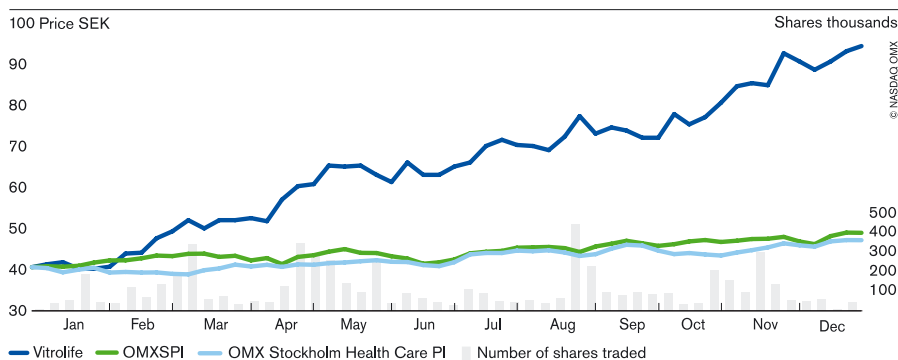
Vitrolife's values guide the co-workers in their daily work



THE VITROLIFE SHARE

SUBSTANTIAL RISE IN THE SHARE PRICE DURING THE YEAR

Share price performance and turnover 2013



Vitrolife is listed on NASDAQ OMX Stockholm, Small Cap. The share has been listed since June 26, 2001 under the ticker symbol VITR.

Share structure

On December 31, 2013 the share capital of Vitrolife AB (publ) amounted to SEK 20,227,555 (20,227,555) divided among 19,830,936 (19,830,936) shares with a quota value of SEK 1.02. All shares carry the same number of votes and entitle shareholders to the same share of Vitrolife's assets and income. There were no warrants outstanding on December 31, 2013.

Share price performance and turnover

On December 30, 2013 the latest share price paid was SEK 94.25 per share (40.30), which means an increase of 134 percent since the previous year-end. Taking the dividend of SEK 0.60 paid during the year into account, the increase was 135 percent. NASDAQ OMX Stockholm's index increased by 23 percent during the same period and OMX Stockholm Health Care by 18 percent. At the end of 2013 Vitrolife's market value amounted to SEK 1,869 (799) million, based on the latest share price paid. The highest share price during the year

was SEK 94.25 (59.50) and occurred on December 30 (September 25). The lowest share price during the year was SEK 39.70 (37.60), which occurred on January 17 (November 29).

Dividend policy and dividend

The following dividend policy was adopted as from the financial year 2008:

Vitrolife's Board and CEO intend to propose, on an annual basis, a dividend or other distribution that on average and over time corresponds to 30 per cent of the year's net profits after paid tax. In the event of decisions regarding the dividend or equivalent, the company's future profits, financial position, capital requirements and position in general will be taken into account. The company's equity ratio should in normal circumstances not be any less than 40 %.

During 2013 a dividend of SEK 0.60 (0.60) was paid. In accordance with the dividend policy, the Board and the CEO intend to propose to the 2014 Annual General Meeting a dividend of SEK 1.00 per share.

Vitrolife's ten largest shareholders on December 31, 2013

Shareholders	No of shares	Shares and votes, %
Bure Equity AB	5 709 790	28,8
Thomas Olausson (SEB ISK)	1 847 500	9,3
Eccenovio AB	1 000 000	5,0
Handelsbanken Fonder AB	669 865	3,4
Fidelity Nordic Fund	615 700	3,1
Lannebo Fonder	564 787	2,9
Nordea Investment Funds	351 596	1,8
Försäkringsaktiebolaget, Avanza Pension	350 340	1,8
Clients Account	340 389	1,7
State Street Bank & Trust Com, Boston	305 000	1,5
Other shareholders	8 075 969	40,7
Total	19 830 936	100,0

Source: Euroclear Sweden's stock register on 31 December 2013

Owner statistics

Volume range	No of shares, thousandsw	No of shareholders	Shares and votes, %
1 – 500	572	3 427	2,9
501 – 1 000	686	789	3,5
1 001 – 10 000	2 471	783	12,4
10 001 – 100 000	2 337	82	11,8
100 001 – 1 000 000	6 208	21	31,3
1 000 001 –	7 557	2	38,1
Total	19 831	5 104	100,0

Source: Euroclear Sweden's stock register on 31 December 2013

5-YEAR SUMMARY

SEK thousands	2013	2012	2011	2010	2009
Income statements					
<i>Continuing operations</i>					
Net sales	452 738	362 020	308 065	253 713	234 725
Gross income	300 555	238 300	200 474	174 870	157 505
Operating income	80 398	49 725	20 660	12 895	17 739
<i>Discontinued operations</i>					
Net sales	-	42 197	48 050	43 852	39 901
Operating income	-	7 167	20 257	20 165	12 669
<i>Group total</i>					
Net sales	452 738	404 217	356 115	297 565	274 626
Operating income	80 398	56 894	40 917	33 060	30 408
Non-taxable gain from distribution of Xvivo	-	303 207	-	-	-
Income after financial items	79 788	358 885	45 102	41 253	30 587
Net income	56 700	334 065	30 644	29 182	34 369
Depreciation and amortisation continuing operations	34 911	17 578	16 758	15 122	15 277
Balance sheets					
<i>Group total</i>					
Intangible fixed assets	206 257	216 008	204 437	185 612	131 807
Tangible fixed assets	85 958	94 445	95 444	91 316	93 038
Financial fixed assets	8 268	8 929	13 463	20 897	30 652
Inventories	59 916	62 409	65 709	56 610	41 847
Accounts receivable	61 456	52 436	53 373	41 905	37 993
Other current receivables	12 184	16 291	12 430	10 982	7 125
Derivative instruments	-	-	1 051	3 449	866
Liquid funds	53 769	11 680	20 873	18 617	15 987
Total assets	487 808	462 198	466 870	429 388	359 315
Equity	320 956	277 791	342 970	325 676	311 588
Minority interest	1 644	1 191	933	657	481
Appropriations	18 947	12 214	-	-	-
Long-term interest bearing liabilities	21 622	58 228	55 868	38 870	4 704
Long-term non interest bearing liabilities	24 916	32 605	-	2 285	2 489
Short-term interest bearing liabilities	17 028	16 825	11 101	11 022	2 981
Derivative instruments	1 884	-	-	-	-
Accounts payable	15 596	17 444	19 865	26 643	14 697
Other short-term non-interest bearing liabilities	65 215	45 900	36 043	24 235	22 375
Total shareholders' equity and liability	487 808	462 198	466 780	429 388	359 315
Cash flow statements					
<i>Group total</i>					
Cash flow from operating activities	106 127	59 930	39 460	48 399	41 478
Cash flow from investing activities	-14 387	-62 539	-37 811	-78 082	-32 965
Cash flow from financing activities	-49 205	-5 607	381	32 772	-6 384
Cash flow for the year	42 535	-8 216	2 030	3 089	2 129
Liquid funds at beginning of year	11 680	20 873	18 617	15 987	14 009
Exchange rate difference in liquid funds	-446	-977	226	-459	-151
Liquid funds at end of year	53 769	11 680	20 873	18 617	15 987
Other					
<i>Group total</i>					
Investments, excl. acquisitions	-12 507	-31 063	-38 564	-41 317	-24 871
Net sales outside Sweden, %	93	94	96	96	96

KEY RATIOS AND DEFINITIONS

	2013	2012	2011	2010	2009
Margin ratios					
Continuing operations:					
Gross margin, %	66,4	65,8	65,1	68,9	67,1
Operating margin before depreciation and amortisation %	25,5	18,6	12,1	11,0	14,1
Operating margin, %	17,8	13,7	6,7	5,1	7,6
Other ratios					
Group total					
Return on equity, % ***	18,9	9,2	9,1	8,8	11,3
Net sales per employee, MSEK	1,9	1,9	1,7	1,7	1,7
Average number of employees	234	215	211	179	159
Net debt (-) cash (+), MSEK	15,1	-63,4	-46,1	-31,3	8,3
Equity/assets ratio, %	66,1	60,4	73,5	75,8	86,7
Share data					
Group total					
Average number of outstanding shares	19 830 936	19 585 116	19 559 909	19 552 857	19 552 857
Average number of outstanding shares*	19 830 936	19 585 116	19 559 909	19 554 262	19 552 857
Number of shares at closing date	19 830 936	19 830 936	19 562 769	19 552 857	19 552 857
of which own shares	–	–	–	–	–
Number of shares at closing date*	19 830 936	19 830 936	19 562 769	19 569 236	19 552 857
of which own shares	–	–	–	–	–
Earnings per share, SEK***	2,84	1,56	1,55	1,48	1,75
Earnings per share*, SEK***	2,84	1,56	1,55	1,48	1,75
Cash flow from operating activities per share, SEK	5,36	2,99	2,02	2,48	2,12
Equity per share, SEK	16,18	14,01	17,53	16,66	15,94
Equity per share*, SEK	16,18	14,01	17,53	16,65	15,94
Dividend per share, SEK	1,00**	0,60	0,60	0,60	0,50
Share price at closing date, SEK	94,25	40,30	44,80	37,80	34,80
Price per Earnings ***	33,2	26,0	28,9	25,5	19,9

* After full dilution ** Proposed dividend, subject to the Annual General Meeting's decision.

*** Excluding capital gain of SEK 303 207 thousand related to the distribution of Xvivo Perfusion AB in 2012.

Gross margin

Net sales minus the cost of goods sold as a percentage of net sales for the period.

Operating margin before depreciation and amortization

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

Operating margin

Operating income after depreciation and amortization as a percentage of net sales for the period.

Return on equity

Income for the period as a percentage of the average shareholders' equity for the period.

Equity/assets ratio

Shareholders' equity and minority interest as a percentage of total assets.

Earnings per share

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

Earnings per share after full dilution

Income for the period in relation to the average number of outstanding shares for the period, taking into account outstanding share warrants where the net present value of the strike price in the middle of the redemption period or the remaining redemption period is less than the average share price for the period.

Price per Earnings

Share price at closing day in relation to earnings per share.

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.

Shareholders' equity per share

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

Shareholders' equity per share after full dilution

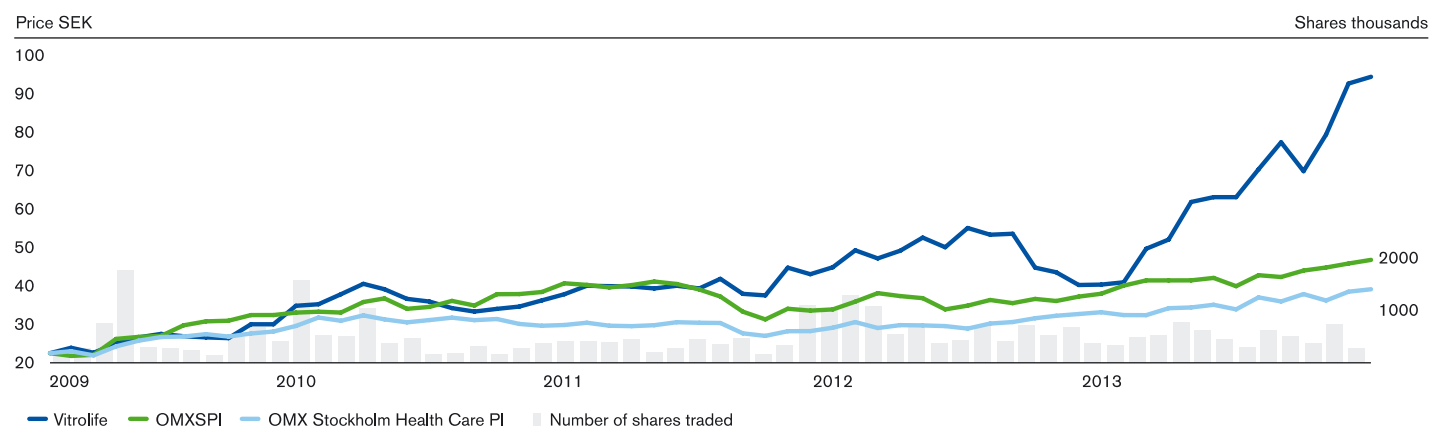
Shareholders' equity in relation to

the number of shares outstanding at closing day, taking into account outstanding share warrants where the net present value of the strike price in the middle of the redemption period or the remaining redemption period is less than the average share price at closing day.

Net debt

Cash and cash equivalents plus interest-bearing receivables minus interest bearing liabilities and provisions.

SHARE PRICE DEVELOPMENT 5 YEARS



FINANCIAL STATEMENTS WITH COMMENTS

Consolidated income statements

SEK thousands	January - December	
	2013	2012
<i>Continuing operations</i>		
Net sales	452 738	362 020
Cost of goods sold	-152 183	-123 720
Gross income	300 555	238 300
Selling expenses	-108 110	-102 028
Administrative expenses	-55 891	-45 170
Research and development expenses	-58 874	-41 204
Other operating revenues and expenses	2 718	-173
Operating income	80 398	49 725
Financial income and expenses	-610	13
Income after financial items	79 788	49 738
Taxes	-23 088	-23 191
Net income	56 700	26 547
<i>Discontinued operations</i>		
Net sales	-	42 197
Operating income	-	7 167
Income after financial items	-	309 115*
Taxes	-	-1 599
Net income	-	307 516*
<i>Total group</i>		
Net Sales	452 738	404 217
Gross income	300 555	271 888
Operating income	80 398	56 894
Income after financial items	79 788	358 855*
Taxes	-23 088	-24 790
Net income	56 700	334 065*
Attributable to		
Parent Company's shareholders	56 274	333 772*
Minority interest	426	284
Earnings per share, SEK	2,84	17,04*
Earnings per share, SEK**	2,84	1,56**
Average number of outstanding shares	19 830 936	19 585 116
Number of shares at closing day of which own shares	19 830 936	19 830 936
	-	-

* Includes a non-taxable capital gain related to distribution of Xvivo Perfusion AB of SEK 303 207 thousand. ** Excluding capital gain of SEK 303 207 thousand related to distribution of Xvivo Perfusion AB.

Continuing operations

Vitrolife's net sales during 2013 increased by 29 percent in local currency and amounted to SEK 453 (362) million. Sales growth in SEK amounted to 25 percent.

Operating income (EBIT) amounted to SEK 80 (50) million, which corresponds to a margin of 18 (14) percent.

Gross income amounted to SEK 301 (238) million. The gross margin amounted to 66 (66) percent. Selling expenses amounted to 24 (28) percent of sales. Administrative expenses amounted to 12 (12) percent of sales. R&D costs amounted to 13 (11) percent of sales

and were affected by a write-down of SEK 9 (-) million with regard to Labware. Depreciation and amortisation of SEK 35 (18) million were charged against net income. Net financial items amounted to SEK -1 (0) million. Income before tax amounted to SEK 80 (50) million. Net income amounted to SEK 57 (27) million.

Consolidated balance sheets

SEK thousands	Dec 31, 2013	Dec 31, 2012
ASSETS		
Goodwill	183 275	182 114
Other intangible fixed assets	22 982	33 894
Tangible fixed assets	85 958	94 445
Financial fixed assets	5 442	3 208
Deferred tax assets	2 826	5 721
Inventories	59 916	62 409
Accounts receivable	61 456	52 436
Other current receivables	12 184	16 291
Liquid funds	53 769	11 680
Total assets	487 808	462 198
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity, attributable to the Parent Company's shareholders	320 956	277 791
Minority interest	1 644	1 191
Appropriations	18 947	12 214
Long-term interest bearing liabilities	21 622	58 228
Long-term non-interest bearing liabilities	24 916	32 605
Short-term interest bearing liabilities	17 028	16 825
Derivative instruments	1 884	-
Accounts payable	15 596	17 444
Other short-term non-interest bearing liabilities	65 215	45 900
Total shareholders' equity and liabilities	487 808	462 198
Pledged assets for own liabilities	21 240	20 684
Contingent liabilities	238	805

Assets

Assets increased from SEK 462 million to SEK 488 million during the period. Fixed assets decreased from SEK 319 million to SEK 300 million and current assets increased from SEK 143 million to SEK 187 million.

Fixed assets

Goodwill in the Group amounted to SEK 183 (182) million. Investments in intangible fixed assets amounted to SEK 2 (16) million during the year.

Gross investments in the Group's tangible fixed assets amounted to SEK 7 (15) million during the year and consisted primarily of investments in production equipment.

Current assets

Inventories decreased by SEK 2 million during the year, from SEK 62 million to SEK 60 million. Average inventories were 13 (17) percent of net sales for the year. Accounts receivable increased by SEK

9 million, from SEK 52 million to SEK 61 million. Average accounts receivable were 12 (14) percent of net sales for the year. Cash and cash equivalents increased by SEK 42 million, from SEK 12 million to SEK 54 million.

Liabilities and equity

Interest bearing liabilities decreased by SEK 37 million compared with the previous year. The decrease in long-term interest bearing liabilities is primarily attributable to amortisation of loan by SEK 31 (-) million and reduced utilisation of operating credit of 6 (-) million.

Average accounts payable were 4 (5) percent of net sales for the year. The equity/assets ratio amounted to 66 (60) percent.

Consolidated cash flow statements

SEK thousands	January – December	
	2013	2012*
Income after financial items	79 788	358 855
Adjustment for items not affecting cash flow	37 312	-280 769
Tax paid	-11 993	-9 602
Change in inventories	2 492	-6 918
Change in trade receivables	-6 860	-9 991
Change in trade payables	5 388	8 355
Cash flow from operating activities	106 127	59 930
Cash flow from investing activities	-14 387	-62 539
Cash flow from financing activities	-49 205	-5 607
Cash flow for the period	42 535	-8 216
Liquid funds at beginning of period	11 680	20 873
Exchange rate difference in liquid funds	-446	-977
Liquid funds at end of period	53 769	11 680

* Includes cash flow from discontinued operations by SEK -12 million.

Cash flow

The cash flow from operating activities amounted to SEK 106 (60) million of which SEK - (2) million from the discontinued operations. Cash flow from investing activities amounted to SEK -14 (-63) million, out of which SEK - (-14) from the discontinued operations. Gross investments in tangible fixed assets amounted to SEK -7 (-15) million. Investments in intangible assets amounted to SEK -2 (-2) million. Investments in financial fixed assets amounted to SEK -4 (-) million and were attributable to the acquisition of 4.6 percent of the shares in the stem cell company Biolamina AB. Investment in subsidiaries amounted to SEK -2 (-31) million and concerned the acquisition of HertArt ApS (Vitrolife Kft.).

The cash flow from financing activities was SEK -49 (-6) million and consisted of repayment of borrowings, reduced utilisation of operating credit and distribution to the shareholders. All together the cash flow for 2013 amounted to SEK 43 (-8) million. Cash and cash equivalents at the end of the period amounted to SEK 54 (12) million.



TOGETHER. ALL THE WAY™

History

Vitrolife was started in 1994. The fertility field was still new. The first baby to be born through test-tube fertilisation, or In Vitro Fertilisation (IVF), was Louise Brown in the UK in 1978. The first IVF baby in Sweden was born in Gothenburg in 1982. More on IVF treatment on page 10. Robert G Edwards was one of the people who in 1968 started the work of developing methods for fertilising eggs outside the body. He received the Nobel Prize for this work in 2010. As the techniques for IVF treatment developed, the different components' importance for results began to be understood. The media (nutrient solutions) that the embryo was fertilised and cultured in outside the body were usually mixed by the clinics themselves at first. Dr. Peter Svalander and Prof. Lars Hamberger were two of the people who realised the value of being able to manufacture these nutrient solutions industrially, so as to be able to achieve greater safety, quality and efficiency in the process. Vitrolife was born.

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