



SUMMARY ANNUAL REPORT 2014



4. CEO's comments

A successful year for Vitrolife with continuing profitable growth and investments for the future.



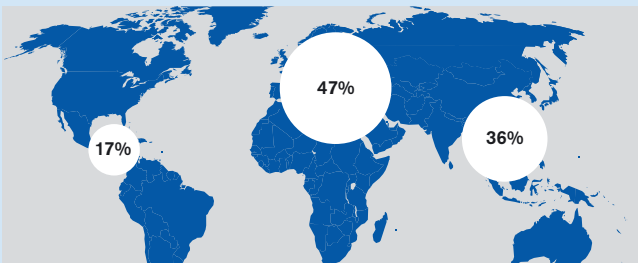
6. Business model, goal and strategies

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



11. Vitrolife's product range

Quality-assured IVF products in Vitrolife's product portfolio are used in the various stages of the the IVF treatment.



12. Marketing and Sales

Vitrolife continues to show a strong development in the growth markets in Asia.



8. Innovation and growth

The acquisition of Unisense Fertilitech A/S allows Vitrolife to offer a flexible time-lapse solution of Primo Vision, EmbryoScope and culture media.

CONTENTS

Summary of 2014	3
Key figures	3
CEO's comments	4
Business model, goal and strategies	6
Innovation and growth	8
IVF treatment	10
Vitrolife's product range	11
Marketing and Sales	12
Organisation and Corporate Responsibility	14
The Vitrolife share	15

FINANCIAL REPORT

5-year summary	16
Key ratios and definitions	17
Financial statements with comments	18
Addresses	20

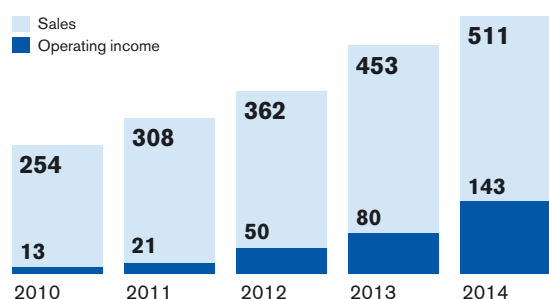
The original Annual Report 2014 is published in Swedish. This Summary Annual Report 2014 is a shorter document that summarises the main points made in the Annual Report 2014, but is not a substitute for it and does not contain all the information needed to give as full an understanding of the Group's performance, financial position and future prospects as is provided by the Annual Report 2014. 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. Printed copies of the Annual Report 2014 (in Swedish) can be requested by contacting info@vitrolife.com.

SUMMARY OF 2014

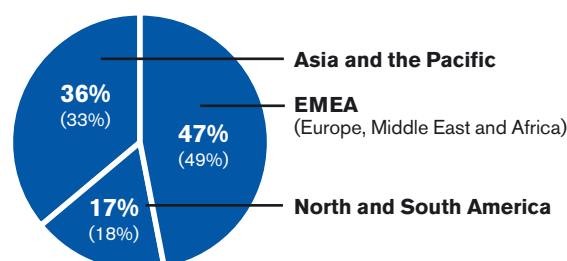
CONTINUING GOOD GROWTH AND IMPROVED RESULTS

- Sales amounted to SEK 511 (453) million, corresponding to an increase of 13 percent in SEK. Sales growth was 8 percent in local currency. Last year's figure included sales of the transplantation product STEEN Solution™ to Xvivo of SEK 13 million. Adjusted for this, the increase in sales amounted to 11 percent in local currency.
- Sales were positively affected by continuing success in growth markets as a result of the company's focus there. However, sales growth exceeded market growth in all three of Vitrolife's sales regions.
- Operating income (EBIT) amounted to SEK 143 (80) million, corresponding to an operating margin of 28 (18) percent.
- Net income amounted to SEK 109 (57) million, which gave earnings per share of SEK 5.46 (2.84).
- During the final quarter of the year all the shares in Unisense FertilTech A/S ("FertilTech") were acquired, the market leader in the field of embryo monitoring, time-lapse, for IVF.
- Non-cash issue of 1,879,179 shares as part-financing for the acquisition of FertilTech.

Sales and operating income* SEK M



Sales per region 2014 (2013)*



Key figures*

	2014	2013	2012	2011	2010
Net sales, SEK M	511	453	362	308	254
Net sales growth, local currency, %	8	29	18	28	19
Gross income, SEK M	349	301	238	200	175
Gross margin %	68	66	66	65	69
Operating income, SEK M	143	80	50	21	13
Operating margin, %	28	18	14	7	5
Net income, SEK M	109	57	27	15	15
Average number of employees	242	234	215	211	179
Net debt (+) cash (-) / EBITDA	-0.1	-0.1	0.9	1.2	1.1
Earnings per share, SEK	5.46	2.84	1.36	0.77	0.58
Equity per share, SEK	32.30	15.80	14.01	17.53	16.66
Share price at closing date, SEK	166.00	94.25	40.30	44.80	37.80
Stock market value at closing date, SEK M	3 604	1 869	799	876	739

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

CONTINUING PROFITABLE GROWTH AND A STRENGTHENED RANGE OF TIME-LAPSE PRODUCTS THROUGH THE ACQUISITION OF FERTILITECH

Continuing growth

Sales in 2014 increased by 11 percent in local sales currencies adjusted for last year's discontinued sales of the transplantation product STEEN Solution™ to Xvivo. Global market growth in the IVF area, measured in monetary terms, amounts to 5-10 percent. Vitrolife has thus taken market share in 2014 as well. This has been achieved through a broadened product portfolio and by focusing on treatment results in the company's marketing. Vitrolife's global market share amounts to approximately 15 percent.

Increased price competition

Vitrolife meets increased price competition in the market in certain

product segments. Vitrolife's strategy is to sell the company's products primarily on the basis of the products' qualities and the accompanying support and less on the basis of price. The fact that Vitrolife chooses to refrain from competing through price and continues to grow in product segments where the company has good economies of scale means that the underlying profitability continues to develop positively.

More advanced technology

For a number of years the trend in the IVF market has been for more and more advanced technological solutions to be used in treatment. This trend is driven by a number of factors. It enables improved treatment results through the use of effective, objective

and standardized procedures. It also improves clinics' profitability through the availability of additional services, reduced personnel costs and marketing of improved treatment results. Clinics' profit motive is an important underlying driver in the market, as the majority of IVF treatments in the world are performed by private clinics where the patients themselves pay for their treatment. Vitrolife continuously monitors market trends and has a strategy of being part of and a driver of the technological development in the market. During 2012 Vitrolife acquired Cryo Management, which operates in the time-lapse area. In November 2014 Vitrolife took one further step forward in the time-lapse market when FertiTech was acquired. More information on market trends and research is to be found in the chapter "Innovation and growth".



"VITROLIFE HAS REPORTED 48 CONSECUTIVE QUARTERS OF GROWTH. THE ACQUISITION OF FERTILITECH WILL CONTRIBUTE TO THE CONTINUATION OF THIS JOURNEY."

Acquisition of FertiTech

On November 26, Vitrolife acquired all the shares in FertiTech, the market leader in embryo monitoring (time-lapse) for IVF. The company's product, EmbryoScope, is used in the monitoring of embryos in approximately two thirds of all IVF cycles in the world where time-lapse technology is used. Together with Primo Vision and Vitrolife's new time-lapse medium G-TL, EmbryoScope creates a very strong product portfolio in this product segment. Intensive integration work has been ongoing during the fourth quarter and this work will continue during the first part of 2015.

FertiTech reported reduced sales and a loss for the full year 2014. FertiTech's results for 2014 were affected by one-time expenses both before and after the time of acquisition. Vitrolife includes FertiTech in the consolidated accounts as from the time of acquisition, and the one-time expenses that arose after the time of acquisition have thus been charged to the fourth quarter.

There is a split picture as to how customers in the market see time-lapse at present. In certain markets, such as the UK, time-lapse has had a broad impact, while for various reasons there

is resistance in several other mature markets. In growth markets, such as China, time-lapse technology has been recently introduced. It is part of Vitrolife's acquisition plan, through a number of measures, to both increase revenues and reduce costs during 2015 compared with 2014, so that the acquisition will make a positive contribution to the Group's profitability from 2016 and onwards. Vitrolife's view of the future of time-lapse within IVF remains positive, but Vitrolife assesses that it is at present difficult to estimate how quickly the uptake of time-lapse will occur.

Improved profitability

Profitability continued to strengthen during the year. This is the result of constant work to make external and internal processes more efficient. For the external processes this has meant supporting and evaluating the company's external partners and the commercial conditions for sales in the company's various markets. Furthermore, the work of optimising the product mix has continued so as to maximise profitability given the competitive situation and manufacturing costs. As regards the internal processes, the company's personnel is constantly working on improving efficiency so that the company can

manage to handle increased sales and production without the addition of corresponding extra resources. This gives economies of scale, which creates improved profitability, which in turn enables future expansion, secure employment and increased shareholder value.

Outlook for 2015

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.

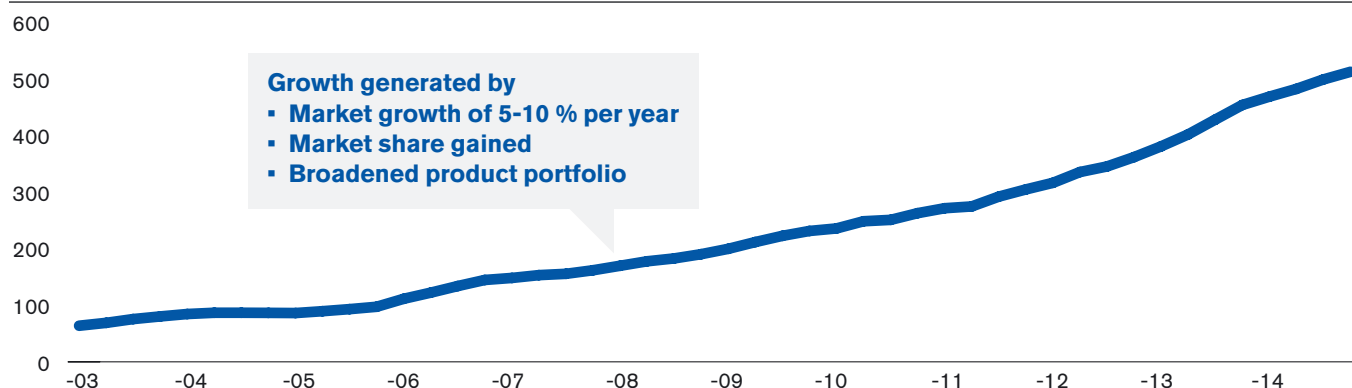
Thank you

Finally, I would like to express my gratitude to all our employees and business partners. Thanks to the dedicated, customer-oriented work of the company's personnel and business partners, Vitrolife has continued to create profitable growth and lay the foundation for a future full of opportunities.

Gothenburg,
March 2015

Thomas Axelsson
CEO

Sales rolling 12 months, SEK M. Compound Annual Growth Rate (CAGR) 2003-2014: 19%



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 company's production facilities. 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 working closely with distributors. 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 products, in order to achieve optimal treatment results.

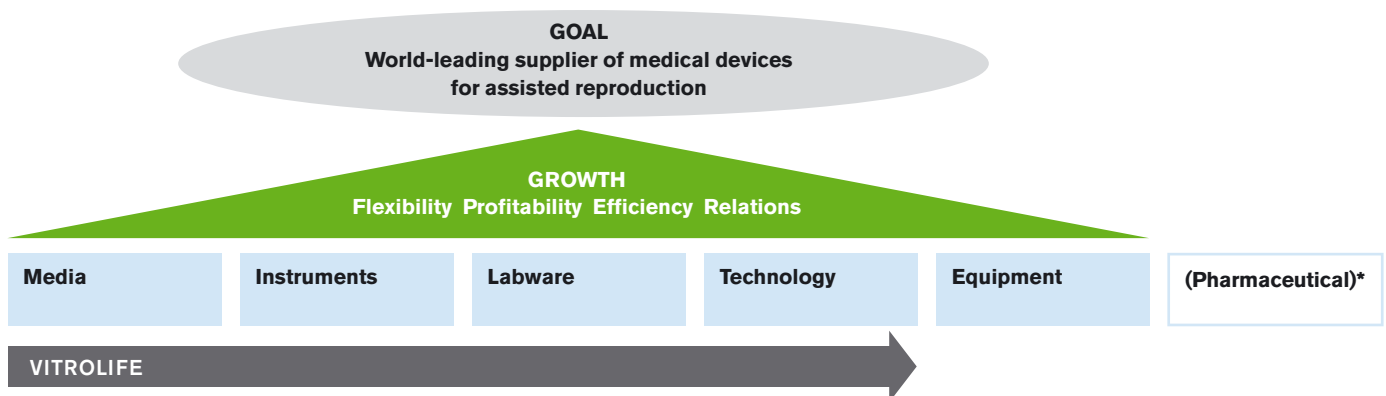
Organisational structure for growth:

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

The Board considers that Vitrolife should have a strong capital base so

Vitrolife's growth strategy



BUSINESS MODEL AND STRATEGY



*Not included in Vitrolife's growth strategy

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 17 percent.

In conjunction with the year-end closing, the Board decided to adjust the company's profitability objective to an operating margin before depreciation and amortisation (EBITDA) of 30 percent. This decision has been made in the light of Vitrolife's improved profitability and the amortisation of the surplus value resulting from the acquisition of FertiTech. This amortisation is charged against operating income, and operating income before depreciation and amortisation (EBITDA) is thus assessed to be a fairer measure of the company's earning capacity in the years to come.

Achievement of financial objectives

Sales growth

Vitrolife's Fertility area has grown during the past 6-year period by an average of 17 percent per year, both organically and through acquisitions. 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 2014 sales growth in local sales currencies amounted to 8 percent. Adjusted for the completed contract manufacturing of STEEN Solution™ to Xvivo, growth amounted to 11 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. The average growth over the years 2012 to 2014 amounted to 18 percent, thus growth was below target.

The operating margin

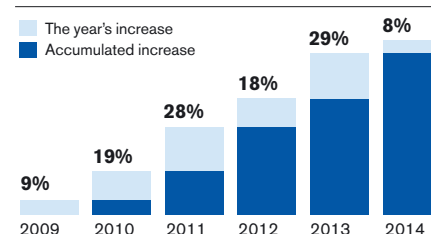
The operating margin amounted to 7 percent in 2011, 14 percent in 2012, and 18 percent in 2013. During 2014 the operating margin increased to 28 percent. This improvement has been achieved through a combination of growth, product mix, economies of scale, the focusing of resources where they give the greatest profitability and internal efficiency work. The company thus reported a result for 2014 that was higher than the objective.

Net debt/EBITDA

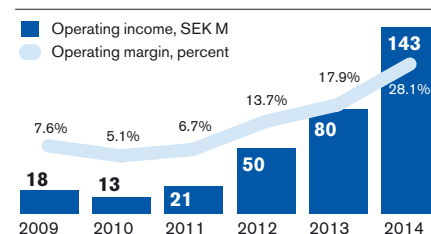
Net debt in relation to EBITDA (operating income before depreciation and amortisation) amounted to -0.1 (-0.1) times in 2014. During 2014 net debt decreased, despite the inclusion of an acquisition loan to partially finance FertiTech, due to a strong cash flow from the business, planned debt repayments 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.

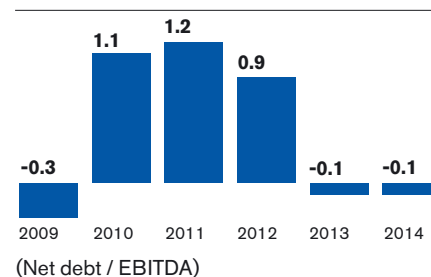
Over the past 6-year period the average growth rate (CAGR) has been 17 percent per year measured in local currency*



The operating margin has increased during 2014*



Vitrolife's debt enables loan-financed acquisitions



* Continuing operations

Achievement of financial objectives

Financial objectives	Objective 2014	Actual 2014	Achievement
Sales growth in local currencies	20%	8%	X
The operating margin	17%	28%	✓
Net debt/EBITDA	<3	-0.1	✓

INNOVATION AND GROWTH

ACQUISITIONS, RESEARCH AND TRENDS

Aim is to lead development

Historically Vitrolife has contributed to development in the IVF area by developing and marketing innovative products and systems. Vitrolife's strategy involves being part of and a driver of the technological development in the IVF area. Innovative products are developed both in-house in collaboration with leading researchers and customers and also through company acquisitions.

Market leader in the time-lapse field through acquisitions

In November Vitrolife acquired FertiTech and thereby became the market leader in the segment time-lapse technology for IVF. This acquisition enables Vitrolife to offer IVF clinics a flexible time-lapse solution consisting of Primo Vision, EmbryoScope and culture media, depending on the customer's needs.

Advantages of time-lapse

Time-lapse technology is used to follow the embryo's development during

culture and to evaluate the quality of the embryo before it is transferred, but the technology offers more than this. Time-lapse is also a tool for creating an undisturbed environment during the handling, culture and evaluation of embryos. This function further strengthens Vitrolife's fundamental concept – creating the best possible stress-free environment for the handling and culture of embryos. Vitrolife is constantly working on quality assurance issues for IVF clinics, where the company's time-lapse system can be used for continuous follow-up and digital archiving of embryo development. In this regard the company sells a quality assurance tool that is becoming increasingly important for the clinics.

Use of the time-lapse system and the ability to see films of embryo development can also improve communication between gynecologists and embryologists as well as between them and the clinic's patients. With the increased use of time-lapse and the growing knowledge concerning the importance

of time-lapse data, development is now entering a phase where time-lapse will also be able to be used as a selection tool for embryos using tried and tested algorithms and criteria.

Time-lapse media

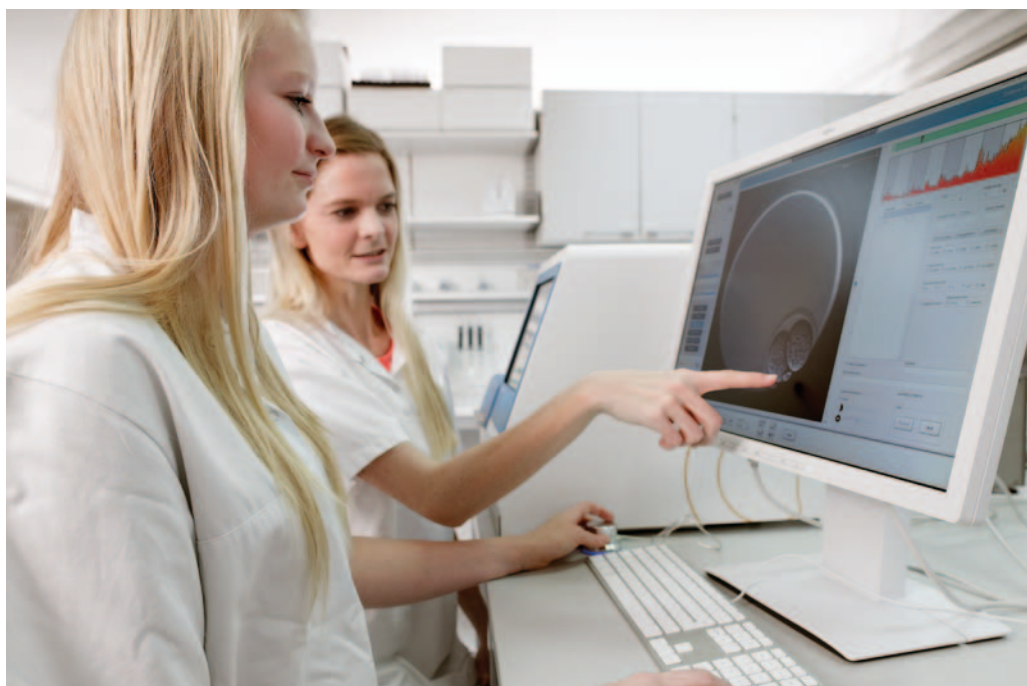
In order to take full advantage of the stress-free environment that time-lapse offers, Vitrolife has developed a culture medium called G-TL, specifically developed to be used in conjunction with time-lapse. The initial feedback from the first users in the regions where G-TL is an alternative to the medium traditionally offered by Vitrolife is positive and encouraging. With G-TL in the product portfolio, Vitrolife now has two attractive culture media systems which meet customers' varying needs.

Competition in the time-lapse field

After the acquisition of FertiTech, Vitrolife is the market leader in the time-lapse field. To achieve success in new technologies it is advantageous to hold the leading position. Vitrolife can

Time-lapse gives added information when selecting embryos

All patient embryos can be compared at the same time. One or more embryos are selected for comparison and can be forwarded as a video or still images for further discussion or presentation.



expect increased competition in the time-lapse field during 2015.

Methods for selecting the right embryo

The development of objective methods for embryo selection is progressing very rapidly and increased demand for this can be seen in the US as well as in certain other markets in Europe and Asia. The increased use of new selection methods is to be found at specific clinics where the staff and patients want to carry out further tests to evaluate the embryo's quality and vitality. Vitrolife is part of this through the company's involvement in the time-lapse field. Other product and service areas that are growing at present are the use of genetic tests such as PGD (preimplantation genetic diagnosis) and PGS (preimplantation genetic screening).

What are PGD and PGS?

PGD is a test to find specific hereditary genetic diseases that are caused by a single defective gene. This test is used for couples who have a genetic mutation that can cause a genetic disease where the couple want to be sure that their child will not carry this disease. Examples of such diseases are cystic fibrosis, hemophilia, Huntington's disease and muscular dystrophy.

PGS is a test which detects chromosomally abnormal embryos, which is a common cause of infertility. The percentage of chromosomally abnormal embryos increases with age and these deviations can often not be seen using conventional methods. By investigating chromosomal abnormalities before the embryo is transferred to the woman, the chances of getting pregnant are improved and the risk of a miscarriage can be reduced.

Both PGD and PGS are still considered controversial in many countries and a debate has arisen about their use from an ethical standpoint. It is above all in the US that the methods have become widespread and gained general acceptance.

Time-lapse complements genetic screening

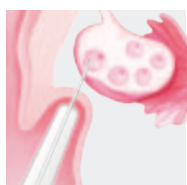
Vitrolife's time-lapse system can be seen as a complement to genetic screening. Through the products Primo Vision and EmbryoScope, the company offers optimised culture conditions by monitoring the embryos in an undisturbed environment. This gives the clinics strong and vital embryos to transfer to the woman by minimising stress during culture. Another important synergy with time-lapse is that the clinic obtains further guidance when selecting embryos (abnormal divisions

and dynamic morphology). If time-lapse is used together with PGS, this means the number of embryos that have to be analysed for chromosomal deviations is minimised, which means that the cost of PGS is reduced.

Increased interest in cryopreservation

There is increasing interest in freeze storing eggs and embryos for use in treatment later on. This increase has occurred due to new technologies and recommendations in the IVF area, such as PGS (see above), "egg banks", a trend of transferring one single embryo and new strategies for the transfer of embryos (only frozen or vitrified embryos). This means an increased demand for products for freeze storage that are effective, robust and simple to use.

Vitrolife has contributed to the paradigm shifts within IVF



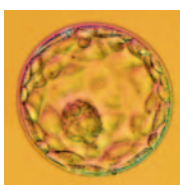
1983

Vaginal egg aspiration



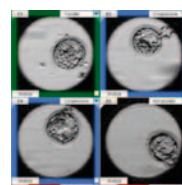
1994

Products supporting a new method in cases of male infertility



1998

First sequential culture media G1™/ G2™



2008

First commercially available time-lapse system

IVF TREATMENT

IN VITRO FERTILISATION IS THE MOST EFFECTIVE METHOD FOR ASSISTED REPRODUCTION

Involuntary childlessness

World Health Organisation (WHO) estimates that approximately 10 percent 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. However, IVF treatment is relatively costly and often stressful, and thus other simpler, but considerably less effective, 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 micro-pipette. 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.

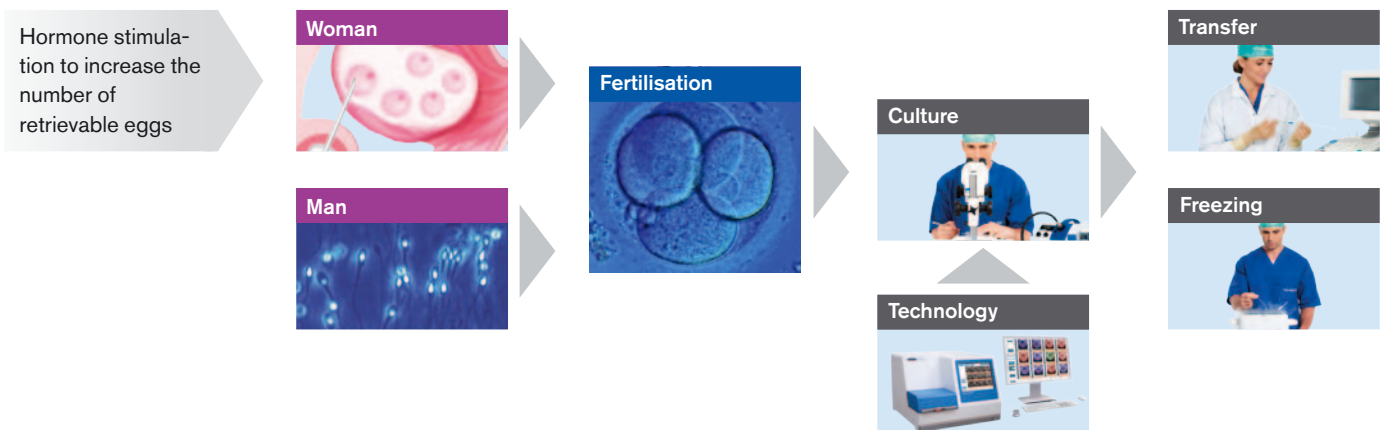
Good quality eggs and embryos that are left over can then be frozen so that they can be thawed and used on a later occasion if the treatment did not result in pregnancy or if the couple

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 cryo-preservation 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



VITROLIFE'S PRODUCTS

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 the 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. The basic aim is for culture media to mimic the natural environment inside the human body 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 and EmbryoScope, is the leading player in this field.

When using time-lapse during IVF, the embryo is placed in an undisturbed

environment inside an incubator equipped with a microscope. 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. This holistic solution gives success and good treatment results. The collaboration, which is also our brand promise, is called "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 under-

lying 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, are other important factors, as are the quality, settings and handling of the technical equipment. All material that the embryo comes into contact with during the procedure could also 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 2014 annual customer satisfaction survey, 90 percent replied that they were very satisfied or satisfied with Vitrolife as a supplier of IVF products and services.

For more information on Vitrolife's products, see the company's web page www.vitrolife.com.

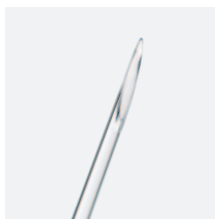
Some of the products in Vitrolife's product portfolio



Needles for oocyte retrieval



Media



Micropipettes



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 of 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. The cost for time-lapse is approximately SEK 500 – 2,000 per treatment cycle, depending on the technical solution used. The total cost of fertility treatment on average amounts to SEK 50,000. The price of IVF treatment varies considerably from country to country. In India a 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. There are more embryo transfers than egg retrievals. The reason for this 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 time-lapse 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 of clinics.

Growth is primarily driven by the global trends of a growing middle class, parents-to-be deciding to have children later in life and increased social acceptance of IVF.

IN BRIEF

Customers

Private and public clinics, hospitals and laboratories

Number of customers

Approx. 3,000 - 4,000

Payment of treatment

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

Number of treatments per year

Approx. 1.4 million egg retrievals and approx. 2.4 million transfers

Cost per treatment

Disposable products approx. SEK 2,000*. Time-lapse approx. SEK 500-2,000. Total cost treatment approx. SEK 50,000

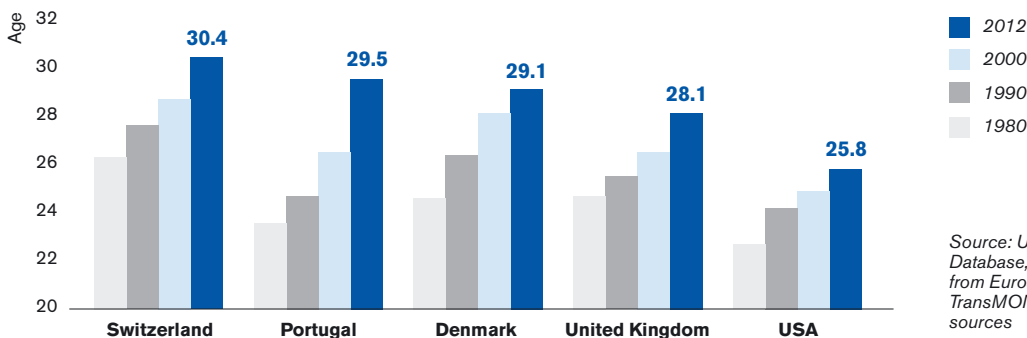
Total size of market

Disposable products approx. SEK 3 billion*

* excluding hormones

Factors driving value in the more mature markets are primarily public financing, laws and regulations and

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

technological progress. Israel, where an unlimited number of treatments is offered free of charge, is the country with the highest number of treatments per capita. The Nordic countries, where historically patients for the most part have been offered subsidised 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 therefore very expensive for patients. In states where the treatment is a compulsory part of health insurance, as in Massachusetts, the number of treatments per capita is appreciably higher.

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.

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 2014

Vitrolife's sales for 2014 amounted to SEK 511 (453) million. The increase was 8 percent in local currency and 13 percent in SEK.

Asia and the Pacific

Sales in the Asia and Pacific region increased by 18 percent in local currency and amounted to SEK 185 (151) million. The increase in SEK amounted to 22 percent. Growth was primarily generated by continuing strong growth in China, Japan and India. During the last few days of the year Vitrolife obtained market approval in China for the company's time-lapse product Primo Vision. This is the end result of an application process that has taken several years. Vitrolife is thus the only company to have approved time-lapse equipment in the world's largest IVF market.

EMEA

Sales in the EMEA region (Europe, the Middle East and Africa) increased by 3 percent during the year in local currency and amounted to SEK 240 (222) million. The increase in SEK amounted to 8 percent. Last year included sales to Xvivo of

MARKET APPROVAL FOR VITROLIFE'S TIME-LAPSE PRODUCT PRIMO VISION IN CHINA

contract-manufactured STEEN Solution™ to the tune of SEK 13 million. Adjusted for this, growth amounted to 9 percent in local currency and 15 percent in SEK.

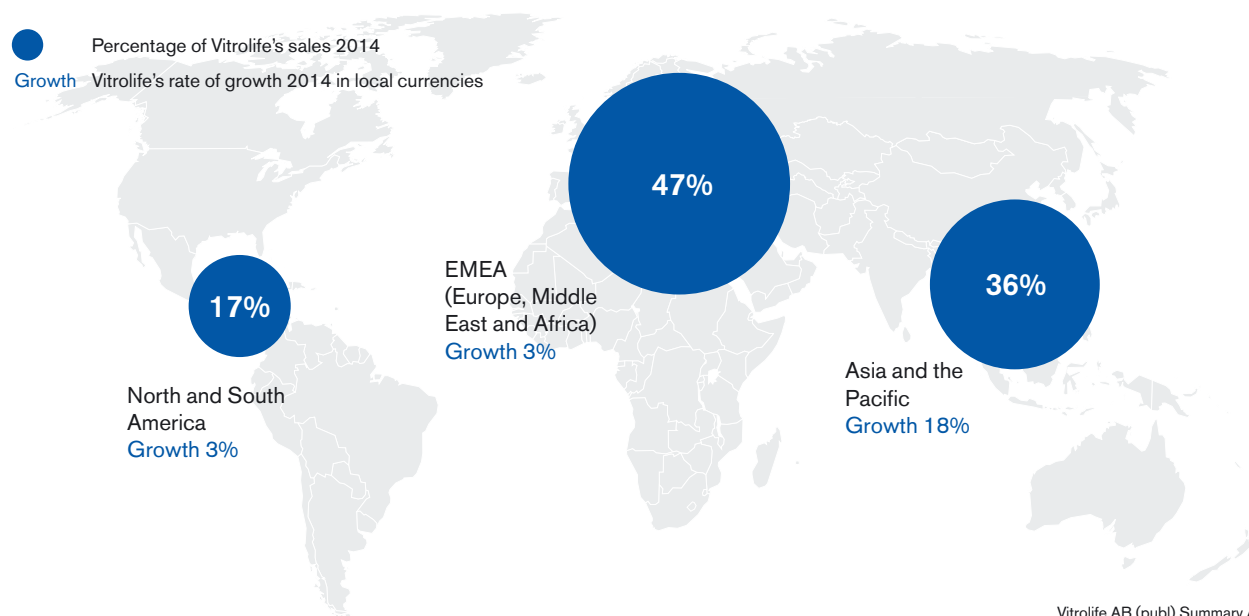
North and South America

Sales in the North and South America region amounted to SEK 86 (80) million. The increase amounted to 3 percent in local currency, corresponding to an increase of 8 percent in SEK. Last year included distributor sales of laser equipment to the tune of SEK 5 million. Adjusted for this, growth amounted to 10 percent in local currency and 16 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 Cook Medical and Cooper Surgical. There are also global competitors who have specialised in limited product groups.

Vitrolife's sales and growth per region



ORGANISATION AND CORPORATE RESPONSIBILITY

VITROLIFE IS AN INTERNATIONAL ORGANISATION WITH SUBSIDIARIES ON 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, Budapest in Hungary and Aarhus in Denmark. Vitrolife has company offices in Sweden, the US, Australia, France, Italy, UK, China, Japan, Denmark and Hungary.

Co-workers

The average number of employees in 2014 was 242 (234). Of these 118 were women (121) and 124 (113) were men. 128 (130) were employees in Sweden, 53 in the US (54) and 61 in the rest of the world (50). During the year 49 percent of the personnel were women (52) and 51 percent men (48), and the average age was 40 (40). At the end of the year total number of employees in the company was 332 (240).

Integration of FertiTech

During autumn 2014 Vitrolife

acquired FertiTech, which meant approximately 70 new colleagues in Aarhus, Denmark. During the latter part of 2014, integration of above all the Swedish, Danish and Hungarian businesses was initiated. Coordination will be done primarily through "skills groups", where different functions and competences will carry out joint projects.

Corporate culture

Vitrolife's 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 wishes to reduce environmental impact as far as possible without compromising the products'

primary qualities regarding efficacy and safety. In order to further focus on the environment, Vitrolife was environmentally certified in accordance with ISO 14001:2004 during the year.

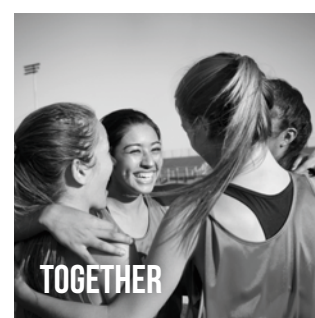
Ethics

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 labeling regarding the approved area of use and instructions for correct use, and that there is a system for assessing risks and registering adverse effects.

Code of Conduct

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

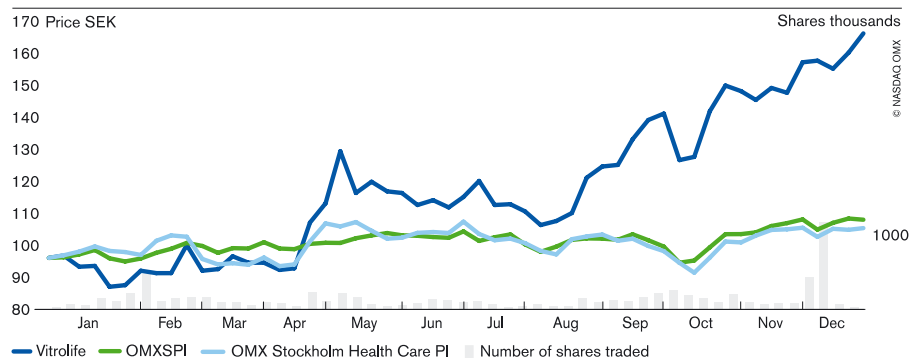
Vitrolife's values guide the co-workers in their daily work



THE VITROLIFE SHARE

SUBSTANTIAL RISE IN THE SHARE PRICE DURING THE YEAR

Share price performance and turnover 2014



+76%
GROWTH DURING 2014

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 per cent.

During 2014 a dividend of SEK 1.00 (0.60) was paid. In accordance with the dividend policy, the Board and the CEO intend to propose to the 2015 Annual General Meeting a dividend of SEK 1.50 per share.

Vitrolife's share was listed on NASDAQ OMX Stockholm, Small Cap during 2014. After closing day the share was transferred to Mid Cap due to the company's increased market value. The share has been listed since June 26, 2001 under the ticker symbol VITR.

Share price performance and turnover

On December 30, 2014 the latest share price paid was SEK 166.00 per share (94.25), which means an increase of 76 percent since the previous year-end. Taking the dividend of SEK 1.00 paid during the year into account, the increase was 77 percent. NASDAQ OMX Stockholm's index increased by 12 percent during the same period and OMX Stockholm Health Care by 10 percent. At the end of 2014 Vitrolife's market value amounted to SEK 3,604 (1,869) million, based on the latest share price paid.

Share structure

On December 31, 2014 the share capital of Vitrolife AB (publ) amounted to SEK 22,144,317 (20,227,555) divided among 21,710,115 (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, 2014.

Vitrolife's ten largest shareholders

Shareholders	No of shares	Shares and votes, %
Bure Equity AB	4 709 790	21.7
Thomas Olausson (SEB ISK)	1 850 000	8.5
William Demant Invest A/S	1 761 734	8.1
Nordea Investment Funds	1 055 626	4.9
Eccenovo AB	1 000 000	4.6
Fidelity Nordic Fund	597 900	2.8
Handelsbanken fonder	512 224	2.4
JPM Chase	459 704	2.1
Lannebo fonder	438 983	2.0
Unisense Holding A/S	379 442	1.7
Other shareholders	8 944 712	41.2
Total	21 710 115	100.0

Source: Euroclear Sweden's stock register on 31 December 2014.

NON-CASH ISSUE

In line with the authorisation granted by the Annual General Meeting on May 5, 2014, the Board of Vitrolife AB resolved on November 26 to carry out a non-cash issue of 1,879,179 shares in order to part-finance the acquisition of FertilTech. As a result of the new share issue, the number of shares in Vitrolife increased from 19,830,936 to 21,710,115 and Vitrolife's share capital increased from SEK 20,227,555 to SEK 22,144,317. The new share issue entailed dilution of approximately 9 percent for existing shareholders.

5-YEAR SUMMARY

SEK thousands	2014	2013	2012	2011	2010
Income statements					
<i>Continuing operations</i>					
Net sales	510 512	452 738	362 020	308 065	253 713
Gross income	349 118	300 555	238 300	200 474	174 870
Operating income	143 346	80 398	49 725	20 660	12 895
<i>Discontinued operations</i>					
Net sales	-	-	42 197	48 050	43 852
Operating income	-	-	7 167	20 257	20 165
<i>Group total</i>					
Net sales	510 512	452 738	404 217	356 115	297 565
Operating income	143 346	80 398	56 894	40 917	33 060
Non-taxable gain from distribution of Xvivo	-	-	303 207	-	-
Income after financial items	146 924	79 788	358 885	45 102	41 253
Net income	109 468	56 700	334 065	30 644	29 182
Depreciation and amortisation continuing operations	23 250	34 911	17 578	16 758	15 122
Balance sheets					
<i>Group total</i>					
Intangible fixed assets	561 392	206 257	216 008	204 437	185 612
Tangible fixed assets	92 322	85 958	94 445	95 444	91 316
Financial fixed assets	9 986	5 442	8 929	13 463	20 897
Inventories	91 676	59 916	62 409	65 709	56 610
Accounts receivable	84 620	61 456	52 436	53 373	41 905
Other current receivables	24 888	12 184	16 291	12 430	10 982
Derivative instruments	-	-	-	1 051	3 449
Liquid funds	107 598	53 769	11 680	20 873	18 617
Total assets	972 482	484 982	462 198	466 780	429 388
Equity	700 914	313 886	277 791	342 970	325 676
Minority interest	1 657	1 644	1 191	933	657
Appropriations	30 231	23 190	12 214	-	-
Long-term interest bearing liabilities	60 019	21 622	58 228	55 868	38 870
Long-term non interest bearing liabilities	19 830	24 916	32 605	-	2 285
Short-term interest bearing liabilities	25 774	17 028	16 825	11 101	11 022
Derivative instruments	2 803	1 884	-	-	-
Accounts payable	22 282	15 596	17 444	19 865	26 643
Other short-term non-interest bearing liabilities	108 972	65 216	45 900	36 043	24 235
Total shareholders' equity and liability	972 482	484 982	462 198	466 780	429 388
Cash flow statements					
<i>Group total</i>					
Cash flow from operating activities	145 666	106 127	59 930	39 460	48 399
Cash flow from investing activities	-77 517	-14 387	-62 539	-37 811	-78 082
Cash flow from financing activities	-19 704	-49 205	-5 607	381	32 772
Cash flow for the year	48 445	42 535	-8 216	2 030	3 089
Liquid funds at beginning of year	53 769	11 680	20 873	18 617	15 987
Exchange rate difference in liquid funds	5 384	-446	-977	226	-459
Liquid funds at end of year	107 598	53 769	11 680	20 873	18 617
Other					
<i>Group total</i>					
Investments, excl. acquisitions	-9 710	-12 507	-31 063	-38 564	-41 317
Net sales outside Sweden, %	97	93	94	96	96

KEY RATIOS AND DEFINITIONS

	2014	2013	2012	2011	2010
Margin ratios					
<i>Continuing operations</i>					
Gross margin, %	68.4	66.4	65.8	65.1	68.9
Operating margin before depreciation and amortisation, %	32.6	25.5	18.6	12.1	11.0
Operating margin, %	28.1	17.8	13.7	6.7	5.1
Other ratios					
<i>Group total</i>					
Return on equity, % ***	24.8	19.4	9.2	9.1	8.8
Net sales per employee, SEK M	2.1	1.9	1.9	1.7	1.7
Average number of employees	242	234	215	211	179
Net debt (-) cash (+), SEK M	21.8	15.1	-63.4	-46.1	-31.3
Equity/assets ratio, %	72.2	65.1	60.4	73.5	75.8
Share data					
<i>Group total</i>					
Average number of outstanding shares	19 987 534	19 830 936	19 585 116	19 559 909	19 552 857
Average number of outstanding shares*	19 987 534	19 830 936	19 585 116	19 559 909	19 554 262
Number of shares at closing date	21 710 115	19 830 936	19 830 936	19 562 769	19 552 857
Number of shares at closing date*	21 710 115	19 830 936	19 830 936	19 562 769	19 569 236
Earnings per share, SEK***	5.46	2.84	1.56	1.55	1.48
Earnings per share*, SEK***	5.46	2.84	1.56	1.55	1.48
Cash flow from operating activities per share, SEK	7.29	5.36	2.99	2.02	2.48
Equity per share, SEK	32.30	15.80	14.01	17.53	16.66
Equity per share*, SEK	32.30	15.80	14.01	17.53	16.65
Dividend per share, SEK	1.50**	1.00	0.60	0.60	0.60
Share price at closing date, SEK	166.0	94.25	40.30	44.80	37.80
Price per Earnings ***	30.4	33.2	26.0	28.9	25.5

* 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.

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.

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.

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.

Operating margin before depreciation and amortisation

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

Net sales per employee

Net sales for the period divided by the average number of employees.

Earnings per share

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

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.

Operating margin

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

Net debt

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

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

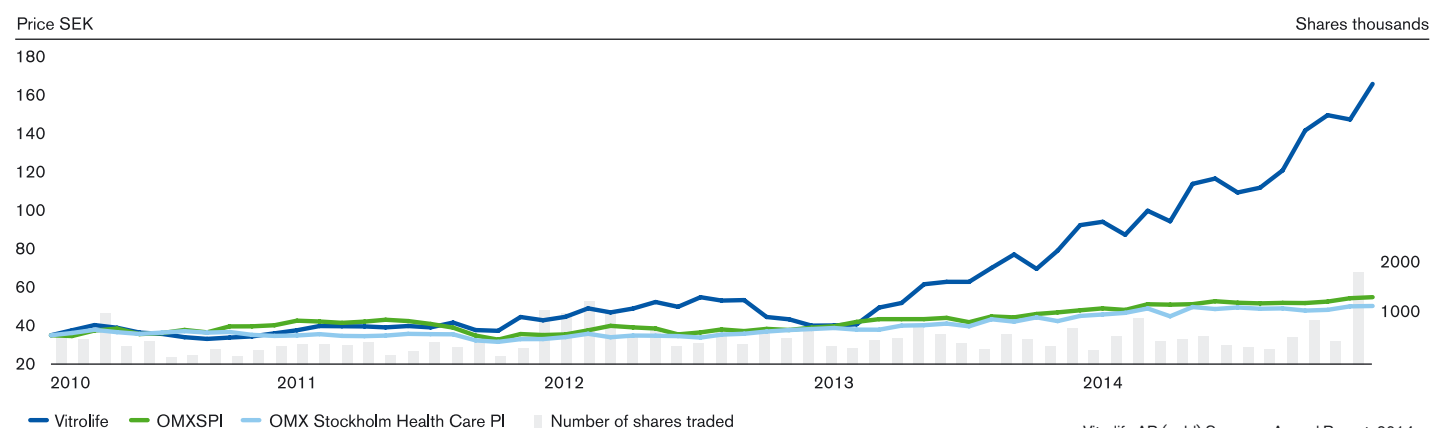
Shareholders' equity per share

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

Price per Earnings

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

SHARE PRICE DEVELOPMENT 5 YEARS



FINANCIAL STATEMENTS WITH COMMENTS

Consolidated income statements

SEK thousands	January - December	
	2014	2013
Net sales	510 512	452 738
Cost of goods sold	-161 394	-152 183
Gross income	349 118	300 555
Selling expenses	-112 098	-108 110
Administrative expenses	-59 960	-55 891
Research and development expenses	-41 925	-58 874
Other operating revenues and expenses	8 211	2 718
Operating income	143 346	80 398
Financial income and expenses	3 578	-610
Income after financial items	146 924	79 788
Taxes	-37 456	-23 088
Net income	109 468	56 700
Attributable to		
Parent Company's shareholders	109 109	56 274
Minority interest	359	426
Earnings per share, SEK	5.46	2.84
Average number of outstanding shares	19 987 534	19 830 936
Number of shares at closing day	21 710 115	19 830 936

The Group

Vitrolife's net sales during 2014 increased by 8 percent in local currencies and amounted to SEK 511 (453) million. Sales growth in SEK amounted to 13 percent.

Gross income amounted to SEK 349 (301) million. The gross margin amounted to 68 (66) percent. Selling expenses amounted to 22 (24) percent of sales. Administrative expenses amounted to 12 (12) percent of sales. R&D costs amounted to 8 (13) percent of sales. Depreciation and amortisation of SEK 23 (35) million were charged against net income. Operating income amounted to SEK 143 (80) million, which corresponds to a margin of 28 (18) percent. Net financial items amounted to SEK 4 (-1) million. Income before tax amounted to SEK 147 (80) million. Net income amounted to SEK 109 (58) million.

Consolidated balance sheets

SEK thousands	Dec 31. 2014	Dec 31. 2013
ASSETS		
Goodwill	364 546	183 275
Other intangible fixed assets	196 846	22 982
Tangible fixed assets	92 322	85 958
Financial fixed assets	9 986	5 442
Inventories	91 676	59 916
Accounts receivable	84 620	61 456
Current tax assets	7 988	-
Other current receivables	16 900	12 184
Liquid funds	107 598	53 769
Total assets	972 482	484 982
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity attributable to the Parent Company's shareholders	700 914	313 886*
Minority interest	1 657	1 644
Appropriations	3 961	4 276
Deferred tax liability	26 270	18 914*
Long-term interest bearing liabilities	60 019	21 622
Long-term non-interest bearing liabilities	19 830	24 916
Short-term interest bearing liabilities	25 774	17 028
Current tax liabilities	28 578	10 465
Derivative instruments	2 803	1 884
Accounts payable	22 282	15 596
Other short-term non-interest bearing liabilities	80 394	54 751
Total shareholders' equity and liabilities	972 482	484 982
Pledged assets for own liabilities	21 661	21 240
Contingent liabilities	350	238

* Prior years' deferred tax in the US has been adjusted and recorded in equity in accordance with IAS 8.

Fixed assets

Intangible fixed assets increased by SEK 355 million, mainly attributable to the acquisition of FertiTech. Besides the acquisition, investments in intangible fixed assets amounted to SEK 3 million (2) during the year.

Tangible fixed assets increased with SEK 6 million (7) and consisted primarily of investments in production equipment.

Investments in financial fixed assets amounted to SEK 1 million (4).

Current assets

Inventories increased by SEK 32 million during the year, from SEK 60 million to SEK 92 million. Average inventories were 15 (13) percent of net sales for the year. Accounts receivable increased by SEK 24 million, from SEK 61 million to SEK 85 million. Average accounts receivable were 14 (12) percent of net sales for the year. The increase of inventories and accounts receivable was mainly attributable to the acquisition of FertiTech.

Liabilities and equity

Interest bearing liabilities increased by SEK 47 million compared with the previous year. The increase in long-term interest bearing liabilities is primarily attributable to new loans by SEK 60 million and amortisation of loan by SEK 19 (31) million. The remaining increase of SEK 6 million consists of exchange rate movements in EUR and USD.

Average accounts payable were 4 (4) percent of net sales for the year. The equity/assets ratio amounted to 72 (65) percent.

Consolidated cash flow statements

SEK thousands	January – December	
	2014	2013
Income after financial items	146 924	79 788
Adjustment for items not affecting cash flow	11 610	37 312
Tax paid	-18 154	-11 993
Change in inventories	5 469	2 492
Change in trade receivables	3 201	-6 860
Change in trade payables	-3 384	5 388
Cash flow from operating activities	145 666	106 127
Cash flow from investing activities	-77 517	-14 387
Cash flow from financing activities	-19 704	-49 205
Cash flow for the period	48 445	42 535
Liquid funds at beginning of period	53 769	11 680
Exchange rate difference in liquid funds	5 384	-446
Liquid funds at end of period	107 598	53 769

Cash flow

The cash flow from operating activities amounted to SEK 146 (106) million. Cash flow from investing activities amounted to SEK -78 (-14) million. The cash flow related to gross investments in tangible fixed assets amounted to SEK -6 (-7) million, in intangible fixed assets to SEK -3 (-2) million and in financial fixed assets to SEK -1 (-4) million. Investments in subsidiaries amounted to SEK -68 (-2) million, of which SEK -61 million concerned the acquisition of FertiliTech and SEK -7 million concerned payment of supplementary purchase sum regarding Cryo Kft.

The cash flow from financing activities was SEK -20 (-49) million and consisted of distribution to the shareholders of SEK -20 million (-12), new loans of SEK 60 million (-), amortisation of loans by SEK -60 million (-32) and reduced utilisation of operating credit by SEK 0 million (-6). All together the cash flow for 2014 amounted to SEK 48 (43) million. Cash and cash equivalents at the end of the period amounted to SEK 108 (54) million.



TOGETHER. ALL THE WAY™

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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