



# REPORT ON OPERATIONS 2012

Vitrolife AB (publ)

Vitrolife is a global biotechnology/medical device Group. The Fertility product area develops, produces and markets products for the treatment of human infertility. Work is also carried out to enable the use and handling of stem cells for therapeutic purposes.

Vitrolife today has approximately 230 employees and the company's products are sold in approximately 90 markets. The company is headquartered in Gothenburg, Sweden, and there are also offices in USA, Australia, France, Italy, United Kingdom, China, Japan and Hungary. The Vitrolife share is listed on NASDAQ OMX Stockholm, Small Cap.

**Vitrolife** 

# High growth and improved operating margin

## Fourth quarter

### Continuing operations

- Sales growth was 24 percent in local currency. Sales amounted to SEK 98 (82) million, corresponding to an increase of 20 percent in SEK.
- Operating income (EBIT) amounted to SEK 12 (2) million, corresponding to an operating margin of 12 (2) percent.
- On October 1 the transplantation business was distributed to the shareholders of Vitrolife, and it is thus reported in this interim report as discontinued operations. The distribution entailed a non-taxable financial capital gain of SEK 303 million in the Vitrolife Group, which was the difference between the market value of the Xvivo shares upon listing and the booked value of Xvivo's net assets in Vitrolife at the time of distribution.
- For reasons of comparability, the development of the continuing operations (Fertility) is primarily commented on in this report.
- Net income excluding the Xvivo capital gain amounted to SEK 0 (3) million, which gave earnings per share of SEK -0.01 (0.15). A deferred tax expense was charged to the quarter as a result of a change in the method used for tax depreciation of SEK 7 million on non-current assets. Adjusted for this, net income amounted to SEK 6 million, corresponding to earnings per share of SEK 0.33.
- Vitrolife completed the acquisition of Cryo Management Ltd, one of the world's leading players within time-lapse for IVF, based in Hungary. The acquisition has contributed SEK 3 million to the Group's revenues during the fourth quarter.
- After the resolution had been adopted to distribute Vitrolife's transplantation business, Vitrolife's Board set up new financial objectives for the company.
- Two further lawsuits were filed in the USA against Vitrolife's American subsidiary with regard to the transplantation product Perfadex. As the products were sold before the distribution of Xvivo, Vitrolife will also handle the lawsuits in the future.

## Whole year

### Group, including discontinued operations

- Sales amounted to SEK 404 (356) million.
- Operating income (EBIT) amounted to SEK 57 (41) million.
- An application for marketing approval of STEEN Solution™ in the USA was submitted to the FDA.

### Continuing operations

- Sales growth was 18 percent in local currency. Sales amounted to SEK 362 (308) million, corresponding to an increase of 18 percent in SEK.
- Operating income (EBIT) amounted to SEK 50 (21) million, corresponding to an operating margin of 14 (7) percent.
- Income before tax excluding the Xvivo capital gain amounted to SEK 50 (23) million.
- Net income excluding the Xvivo capital gain amounted to SEK 27 (15) million, which gave earnings per share of SEK 1.36 (0.79). A deferred tax expense was charged to the year as a result of a change in the method used for tax depreciation of SEK 7 million on non-current assets. Adjusted for this, net income amounted to SEK 33 million, corresponding to earnings per share of SEK 1.69.
- The cash flow from operating activities was SEK 58 (22) million.
- Thomas Axelsson was appointed CEO of Vitrolife.
- A study was presented at the ESHRE conference which demonstrated that Vitrolife's patented product EmbryoGlue® was again shown to improve the chances of becoming pregnant.
- Acquisition of Cryo Management Ltd.
- Three lawsuits submitted against Vitrolife's American subsidiary regarding Perfadex®.

## After the end of the year

- The Board's proposal regarding dividend amounts to SEK 0.60 (0.60).

## CEO's comments

The fourth quarter also developed well in terms of sales, with growth of 24 percent in local currency. During the quarter the trend from previous quarters continued, with strong growth in Asia, but it was also pleasing to note good development in several of the more mature markets in Europe. The increase in sales for the year in local currency amounted to 18 percent. Growth has been driven by a combination of market growth and the fact that the company has taken market share and broadened its portfolio.



During the year the operating margin for Fertility increased from 5 percent in 2010 and 7 percent in 2011 to 14 percent in 2012. 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 work on improving efficiency. The work on optimizing internal efficiency is a continuous process and will continue during 2013.

In September an Extraordinary General Meeting of Vitrolife adopted a resolution in favour of the Board's proposal to distribute Vitrolife's transplantation business to the shareholders by distribution of the shares in Vitrolife's subsidiary Xvivo Perfusion AB in accordance

with "Lex Asea". The record day was October 1. Since then the companies have operated as completely independent businesses.

During the autumn Vitrolife also completed the acquisition of Cryo Management Ltd, one of the world's leading players within time-lapse for IVF, based in Hungary. During the fourth quarter intensive work was carried out on the training of sales forces and distributors and giving customers product demonstrations. The integration of Cryo into Vitrolife has functioned well and the products have been positively received on the market and met expectations. Time-lapse is an investment for our customers, which means that the customers' order process takes longer compared to our other products.

The market outlook in the time ahead is essentially unchanged. The emerging markets in Asia appear to be developing well at the same time as certain mature markets in Europe are affected negatively by the difficult economic situation. Despite the market situation we see business opportunities in all parts of the world and this year's sales growth of 18 percent witnesses to the fact that with the help of our competent personnel and skilful business partners we are managing to deliver strong growth, which leads me to look forward to 2013 with confidence.

Thomas Axelsson, CEO

## The Group's Key Figures

SEK millions	Oct – Dec		Whole year	
	2012	2011	2012	2011
<i>Continuing operations</i>				
Net sales	98	82	362	308
Gross profit	63	53	238	200
Gross margin, %	65	65	66	65
Operating income before depreciation and amortization (EBITDA)	17	6	67	37
Operating income (EBIT)	12	2	50	21
Operating margin, %	12	2	14	7
Income after financial items, adjusted *	12	3	50	23
Net income, adjusted *	6	3	33	15
Equity/assets ratio, %	60	69	60	69
Income per share, SEK, adjusted *	0.33	0.15	1.69	0.79
Shareholders' equity per share, SEK	14.01	12.85	14.01	12.85
Share price on closing day, SEK **	40.30	25.00	40.30	25.00
Market cap at closing day **	799.2	489.0	799.2	489.0

\* Excluding capital gain of distributing Xvivo Perfusion AB of SEK 303.2 million and deferred tax cost on non-current assets of SEK 6.7 million

\*\* 2011 is reduced with the value of Xvivo by the time of distribution (19.80 SEK / Share)

\*\*\* For definition, see page 16

### Vitrolife's financial objectives

Vitrolife's Board considers that Vitrolife should have a strong capital base in order to enable continued high growth, both organically and through acquisitions. The company's net debt in relation to EBITDA should normally not exceed 3 times. Vitrolife's Board targets a profitable growth. The objective for Vitrolife's growth over a three year period is an increase in sales by an average of 20 percent per year, with an operating margin of 15 percent.



# Fourth quarter 2012 (October - December)

## Continuing operations

### Net sales

Vitrolife's net sales during the fourth quarter increased by 24 percent in local currency and amounted to SEK 98 (82) million. Sales growth was 20 percent in SEK.

Fig 1. Net sales per geographic area (rolling 12 months)

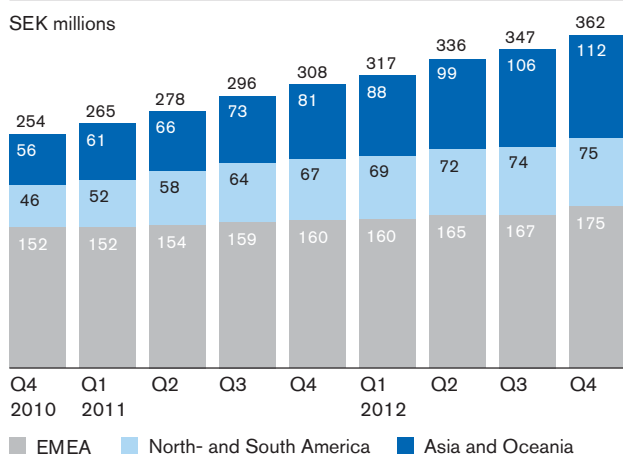
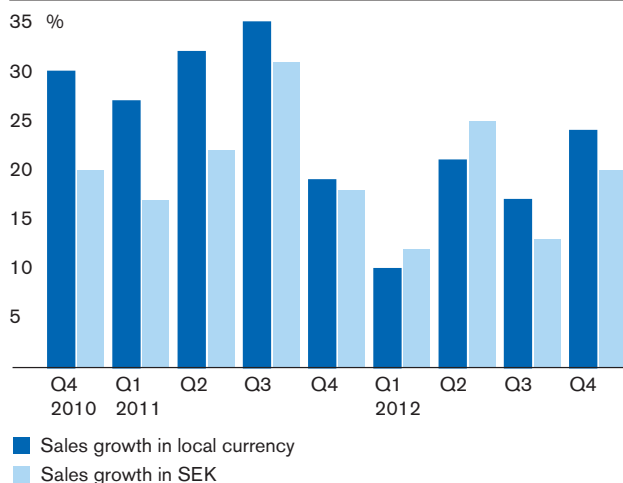


Fig 2. Sales development (per quarter)



### Income

Operating income (EBIT) amounted to SEK 12 (2) million, corresponding to an operating margin of 12 (2) percent.

Gross income increased by 19 percent to SEK 63 (53) million. The gross margin amounted to 65 (65) percent. A one-time expenses of SEK 2 million was charged to the quarter in connection with restructuring of the organization with a view to increasing productivity. The gross margin excluding one-time expenses amounted to 67 percent.

Selling expenses amounted to 30 (31) percent of sales. Expenses of SEK 1 million in connection with the write-down of doubtful accounts receivable were charged against selling expenses. Administrative expenses amounted to 12 (16) percent of sales and the decrease consisted of one-time expenses in the comparative period. R&D costs amounted to 13 (15) percent of sales. R&D costs include one-time expenses of SEK 2 million related to previously capitalized development expenditure in the subsidiary Cryo. Adjusted for this, R&D costs amounted to 11 percent of sales.

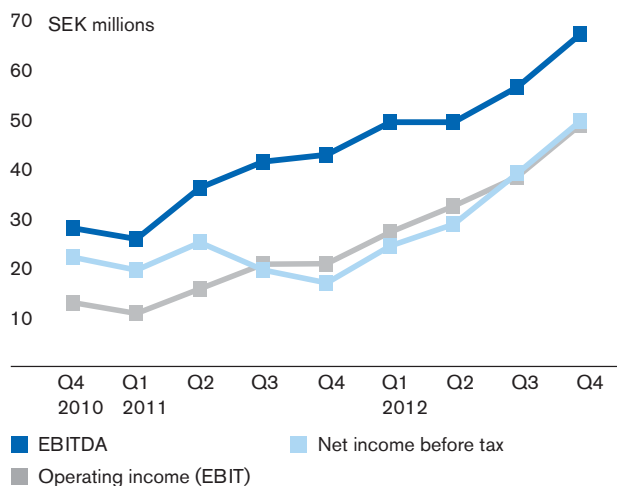
Other operating revenues amounted to SEK 2 (0) million and mainly consisted of development grants of SEK 1 million that were received and taking up as revenue the supplementary purchase sum of SEK 1 million which was not paid with regard to the acquisition of Conception Technologies. Income of SEK 0 (0) million from the participating interest in the Danish company HertART Aps is included in this item.

Depreciation and amortization of SEK 5 (5) million were charged against net income.

Net financial items amounted to SEK 303 (2) million. Net financial items include a capital gain of SEK 303 million related to the distribution of Xvivo. Income before tax adjusted for the Xvivo capital gain amounted to SEK 12 (4) million.

Net income adjusted for the Xvivo capital gain amounted to SEK 0 (3). A deferred tax expense was charged to the quarter as a result of a change in the method used for tax depreciation of SEK 7 million on non-current assets. Adjusted for this, net income amounted to SEK 6 million. For more information, see note 1. The minority shareholders' share of income in the subsidiary A.T.S Srl amounted to SEK 0 (0) million.

Fig 3. Income (rolling 12 months)



## Cash flow

The cash flow from operating activities amounted to SEK 20 (10) million. Changes in working capital amounted to SEK 3 (2) million and consisted primarily of reduced inventories as a result of high sales during the quarter. Gross investments in tangible fixed assets amounted to SEK 2 (0) million and consisted primarily of investments in the new Mouse Embryo Assay (MEA) laboratory in Denver. Gross investments in intangible fixed assets amounted to SEK 2 (1) million. Investments in subsidiaries after a deduction for acquired cash and cash equivalents amounted to SEK 31 (0) million and concerned the acquisition of Cryo Management Ltd. The cash flow from financing activities was SEK 10 (-3) million and consisted primarily of the raising of a corporate acquisition loan of SEK 26 million related to Cryo Management, the repayment of borrowings to the tune of SEK 7 million, the decrease of SEK 2 million in cash in hand as a consequence of the distribution of Xvivo and reduced utilization of the overdraft facility to the tune of SEK 7 million. Cash and cash equivalents at the end of the period amounted to SEK 12 (21) million.

## Financing

Vitrolife's total credit facilities amounted to SEK 114 (82) million and were used mainly for the financing of business activities in the form of an overdraft in the subsidiary Vitrolife Sweden AB, corporate acquisition credit and loans for financing of the new MEA laboratory in Denver. Of the total utilized credit facilities, SEK 58 (56) million consisted of the company's long-term financing and SEK 17 (11) million of short-term financing.

The equity/assets ratio was 60 (69) percent. Net debt in relation to income for a rolling 12 months before depreciation and amortization (EBITDA) amounted to 0.9 (1.2) times. Shareholders' equity per share amounted to SEK 14.01 (12.85).

## Parent Company

Business activities focus on company-wide management and the company has no employees. There were no revenues for the period (-). The costs that arise are mainly attributable to the Board, to NASDAQ OMX Stockholm and the listing of the company's shares. Income before tax for the fourth quarter amounted to SEK -2 (-1) million. Income before tax for the period amounted to SEK -9 (-4) million. One-time expenses regarding distribution of Xvivo and the acquisition of Cryo Management Ltd were charged to the period. Cash and cash equivalents amounted to SEK 1 (1) million.

The Vitrolife share is listed on the NASDAQ OMX Stockholm Small Cap list under the symbol VITR. The closing price on December 28, 2012 was SEK 40.3 (44.80). During the year Xvivo was distributed to the shareholders and was listed at SEK 19.80.

# The whole year 2012 (January - December)

## Continuing operations

### Net sales

Vitrolife's net sales during the period increased by 18 percent in local currency and amounted to SEK 362 (308) million. Sales growth was 18 percent in SEK.

### Income

Operating income (EBIT) amounted to SEK 50 (21) million, corresponding to an operating margin of 14 (7) percent.

The gross margin increased to 66 (65) percent, which has primarily been achieved by a changed product mix. Gross income increased by 19 percent to SEK 238 (200) million.

Selling expenses amounted to 28 (30) percent of sales. The decrease consisted primarily of economies of scale and the focusing of resources where they give the greatest profitability. Administrative expenses amounted to 12 (14) percent of sales. The decrease consisted primarily of economies of scale and one-time expenses in the comparative period. R&D costs amounted to 11 (14) percent of sales. The decrease is primarily due to economies of scale and to changed stem-cell development.

Other operating expenses amounted to SEK 0 (-1) million. Income of SEK 0 (0) million from the participating interest in the Danish company HertART Aps is included in this item.

Depreciation and amortization of SEK 18 (17) million were charged against net income.

Net financial items amounted to SEK 303 (2) million. Net financial items include a capital gain of SEK 303 million related to the distribution of Xvivo. Income before tax adjusted for the Xvivo capital gain amounted to SEK 50 (23) million.

Net income adjusted for the Xvivo capital gain amounted to SEK 27 (15) million. A deferred tax expense was charged to the year as a result of a change in the method used for tax depreciation of SEK 7 million on non-current assets. Adjusted for this, net income amounted to SEK 33 million. For more information, see note 1. The minority shareholders' share of income in the subsidiary A.T.S Srl amounted to SEK 0 (0) million.

## Cash flow

The cash flow from operating activities amounted to SEK 58 (22) million. Changes in working capital amounted to SEK -9 (-17) million and consisted of, amongst other things, increased inventories and accounts receivable due to increased sales and increased growth for the

company as a whole. Accounts payable increased as a result of increased sales. Gross investments in intangible fixed assets amounted to SEK 2 (9) million. Investments in tangible assets amounted to SEK 15 (15) million and consisted primarily of investments in the new MEA laboratory in Denver. Investments in subsidiaries after a deduction for acquired cash and cash equivalents amounted to SEK 31 (0) million and concerned the acquisition of Cryo Management Ltd. The cash flow from financing activities was SEK -6 (0) million and consisted primarily of the repayment of borrowings to the tune of SEK -15 million, a new loan of SEK 7 million for the MEA laboratory, a new corporate acquisition loan of SEK 26 million in connection with Cryo, reduced utilization of operating credit of SEK -9 million and distribution to the shareholders of SEK -12 million. Cash and cash equivalents at the end of the period amounted to SEK 12 (21) million.

## Product areas

### Fertility

#### Continuing operations



Nutrient solutions (media), advanced consumable instruments such as needles and pipettes, technology support tools (time-lapse) and plastic consumables (labware), for the treatment of human infertility. Media and instruments to enable the use and handling of stem cells for therapeutic purposes.

- **Sales increased by 24 percent in local currency during the fourth quarter and amounted to SEK 98 (82) million. Sales growth in SEK was 20 percent. Sales growth during the year amounted to 18 percent in local currency, corresponding to 18 percent in SEK.**
- **Vitrolife completed the acquisition of Cryo Management Ltd, one of the world's leading players within time-lapse for IVF, based in Hungary.**

The increase in sales in the American market during the fourth quarter amounted to 6 percent in local currency. The increase corresponds to 5 percent in SEK. Sales growth during the year amounted to 6 percent in local currency. Sales were affected negatively by the phasing out of a number of low-margin products that accompanied the acquisition of Conception Technologies.

In Asia and the Pacific sales increased by 33 percent during the fourth quarter in local currency, corresponding to an increase of 27 percent in SEK. Sales growth during the year amounted to 41 percent in local currency. Sales growth was driven primarily by continuing strong development in China, Japan and Australia.

Sales in EMEA (Europe, the Middle East and Africa) increased during the fourth quarter by 26 percent in local currency, corresponding to an increase of 21 percent in SEK. The quarter included sales of SEK 2 million to Xvivo of contract manufactured STEEN Solution™. Adjusted for this growth amounted to 21 percent in local currency and 16 percent in SEK. Sales growth during the year amounted to 10 percent in local currency and adjusted for sales of STEEN Solution™ to Xvivo 9 percent. The Nordic countries and France displayed strong development in the region.

During the fourth quarter Vitrolife completed the acquisition of all the shares in Cryo Management Ltd, one of the world's leading players within time-lapse for IVF. They have developed Primo Vision time-lapse, a system for the monitoring of embryos. Through the acquisition Vitrolife gained access to a product portfolio in the form of successful time-lapse products for IVF and increased knowledge within IVF technology and embryo development. Cryo Management Ltd and its subsidiary Cryo Innovation Ltd are located in Budapest, Hungary. The company was formed in 2005, and has approximately 20 employees. The company has successfully developed, produced and marketed time-lapse products, primarily for the IVF market. The purchase sum amounted to approximately EUR 5 million, which can be increased to EUR 9 million upon the fulfilment of defined objectives primarily related to sales during the period 2013 to 2015. The fixed purchase sum was financed by a corporate acquisition loan of EUR 3 million, EUR 0.6 million from Vitrolife's cash reserves and by payment of EUR 1.4 million in newly issued shares. The share issue was carried out during the fourth quarter and resulted in the number of shares increasing by 268,167, corresponding to dilution of approximately 1.4 percent. During the fourth quarter intensive work has been carried out on the training of sales forces and distributors and giving customers product demonstrations. The integration of Cryo into Vitrolife has functioned well and the products have been positively received on the market and met expectations. Time-lapse is an investment for our customers, which means that the customers' order process takes longer compared to our other products. The acquisition has contributed SEK 3 million to the Group's revenues during the fourth quarter.

Sales of stem-cell products during the fourth quarter amounted to SEK 0 (0.1) million. Sales for the year amounted to SEK 0.4 (0.5) million. During the third quarter Vitrolife entered into an agreement with amongst others Karolinska University Hospital regarding inclusion in a project to develop methods and devices to speed up the implementation of cell therapy in established forms of treatment. Within the framework of the project Vitrolife will collaborate with Karolinska University Hospital and Karolinska Institutet in the development of a culture medium for natural killer cells which will be used in clinical trials within cell therapy. The project will be partly financed by Vinnova. The project with Karolinska University Hospital is in line

with the reworked strategy for Vitrolife's stem cell area. The reworked strategy may be summarized as taking advantage to a greater extent than previously of the synergies with the Fertility area, opening up for products outside the area of human embryonic stem cells and selling medium products in cooperation with other life science companies.

## Transplantation

### Discontinued operations



Solutions and systems for assessing and preserving organs outside the body, so as to be able to select usable organs and keep them in optimal condition pending transplantation.

- **A resolution was adopted at the Extraordinary General Meeting of shareholders held on September 24, 2012 to distribute the transplantation business to the shareholders as of October 1.**
- **The distribution was carried out through the distribution of the shares in the subsidiary Xvivo Perfusion AB in accordance with "Lex Asea".**
- **Two further lawsuits were filed in the USA against Vitrolife's American subsidiary with regard to the transplantation product Perfadex. As the products were sold before the distribution of Xvivo, Vitrolife will also handle the lawsuits in the future.**

The business area's sales during the period January – September, when the business unit was part of Vitrolife, amounted to SEK 42 (34) million, corresponding to growth of 20 percent in local currency. Operating income for the period amounted to SEK 7 (18) million and was affected by one-time expenses of approximately SEK 6 million related to the establishment of Xvivo as an independent company. During the third quarter an application for marketing approval of STEEN Solution™ in the USA was submitted to the till FDA.

### Distribution of the transplantation business

At the Extraordinary General Meeting of shareholders of Vitrolife held on September 24 a resolution was adopted to spin off Vitrolife's transplantation business, which is run in the subsidiary Xvivo Perfusion AB ("Xvivo") and its subsidiaries, through distribution of the shares in Xvivo in accordance with "Lex Asea". The resolution meant that Vitrolife shareholders automatically received one share in Xvivo for each Vitrolife share that was owned. The distribution did not result in any tax effect for the present shareholders of Vitrolife as long as they remained as owners of Xvivo. It was decided by the Swedish Tax Agency that allotment of the cost of acquisition for the shares was 77 percent for

Vitrolife and 23 percent for Xvivo. The last day for trade in Vitrolife shares with entitlement to distribution of shares in Xvivo was September 26. The record day was October 1. Trade in Xvivo shares on NASDAQ OMX First North was begun on October 8.

In accordance with the accounting rules of IFRS, the difference between the market value of Xvivo upon listing, SEK 387 million, and the booked value of Xvivo's net assets in the Vitrolife Group at the time of distribution, SEK 84 million, is reported as a non-taxable financial capital gain of SEK 303 million in the Vitrolife Group

### Some transplantation operations continuing at Vitrolife

Vitrolife has entered into an agreement to contract manufacture the Steen Solution™ fluid for Xvivo. The background to the agreement is that Xvivo does not have a production facility of its own and that the manufacturing can be done in Vitrolife's existing facilities. Vitrolife has also entered into an agreement to provide Xvivo with a small number of services. The agreements apply standard market terms and conditions.

### Further lawsuits in the USA regarding Perfadex

During the third quarter information was received that a lawsuit had been filed against Vitrolife's American subsidiary together with Southwest Transplant Alliance and the University of Texas, in which damages were being claimed by relatives of a patient who had died in 2010 in connection with a lung transplant. During the fourth quarter two similar lawsuits were filed against the same parties by two other patients. For Vitrolife all the lawsuits concern product responsibility, where the plaintiffs claim that Vitrolife has manufactured and sold defective fluid for organ preservation (Perfadex) or provided erroneous instructions, which are claimed to have caused harm to the patients. The lawsuits also contain claims against Southwest Transplant Alliance, which supplied the organs, and the University of Texas, which performed the lung transplants. Perfadex is an organ preservation solution that has been approved by the FDA for the American market since 2001 and has been marketed by Vitrolife since then. The solution is today used by all lung transplant centers in the USA and has so far been used in thousands of lung transplants.

As the products were sold before the distribution of Xvivo, Vitrolife will also handle the lawsuits in the future. Vitrolife has insurance covering damages and is represented by lawyers hired by the insurance company, and personnel from Vitrolife and Xvivo contribute with supporting data and documentation. The lawsuits have not yet gone to trial, but are at an early stage where evidence regarding the claims is to be presented in a so-called discovery process. The insurance company's lawyers make the assessment that on the basis of the information that has come to light at present



Vitrolife has a good chance of winning if the lawsuit goes to trial. Vitrolife's insurance policy contains excess, whereby Vitrolife is obliged to pay for legal costs and damages up to USD 50 thousand per lawsuit. Vitrolife has made a provision of USD 50 thousand in the 2012 accounts.

## Prospects for 2013

### Continuing operations

As the standard of living rises in several developing countries, more and more people choose to wait before they have children. This trend, which has existed in the West for decades, leads to reduced fertility, which in turn drives the fertility treatment market. The same trend is now developing in the new emerging countries China and India, where the demand for this treatment is increasing very rapidly. Still only a few percent of all the couples in the world who are infertile are treated using IVF. 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. In several of the more mature markets in Europe, however, low or negative growth can be seen at present as a result of the difficult economic situation. This will probably characterize the development of these markets during 2013. However, despite the difficult economic situation in some markets, Vitrolife sees business opportunities in all parts of the world.

The focus during 2013 will continue to be on the external processes within marketing and sales, primarily in the emerging markets. The company continues to work on further refining and communicating the concept of best partner and total supplier to the customers. Work is also being done to secure that the internal processes are run in a rational and cost-effective way.

## The company in brief

### Continuing operations

### Business concept

Vitrolife's business concept is to develop, produce and market advanced, effective and safe products and systems for the cultivation, handling and storage of human cells, with the intention of using these in clinical technology.

### Strategies

- Have a fully comprehensive product range of effective and quality-assured fertility products.
- Have world-leading production with the highest quality control and efficiency.
- Have a global sales and/or support organization

## Other information

### Organization and personnel

During 2012 the average number of employees was 215 (211), of whom 120 (121) were women and 95 (90) were men. Of these 128 (130) people were employed in Sweden, 60 (65) in the USA and 27 (16) in the rest of the world. The number of people employed in the Group at the end of the period was 233 (211). The increase was primarily related to the acquisition of Cryo Management Ltd.

### Information on transactions with related parties

No transactions that have substantially affected the company's results and financial position have been carried out with related parties during the period. For information on related parties, see the Annual Report for 2011, note 27.

### Proposed appropriation of earnings

In accordance with the dividend policy of Vitrolife AB (publ), a dividend, or another equivalent form of distribution, shall be proposed annually which on average over time corresponds to 30 percent of net profits for the year after tax has been paid. It is therefore the intention of the Board and CEO to propose to the Annual General Meeting a dividend of SEK 0.60 (0.60) per share.

### Risk management

Vitrolife is constantly working to identify, evaluate and manage risks in different systems and processes. During 2010 Enterprise Risk Management (ERM) was introduced, a system which aims to ensure that identified risks are handled in a systematic way. Risk analyses are performed continually with regard to the company's normal business activities and also in connection with activities that are outside Vitrolife's regular quality system. In this way the company can have a high rate of development and at the same time be aware of both the opportunities and risks. The most important strategic and operative risks regarding Vitrolife's business and field are described in detail in the Annual Report for 2011. These are primarily constituted by the company's market investments, product development investments, currency risks and legal risks. The company's management of risks is also described in the Corporate Governance Report in the same Annual Report under the heading "Internal Control Report". The same applies to the Group's management of financial risks, which are described in the Annual Report for 2011, note 24. The risks reported as they are described in the Annual Report for 2011 are assessed to be essentially unchanged for 2012.

### Seasonal effects

Vitrolife's sales are affected relatively marginally by seasonal effects. There is often a downturn in orders during and before holiday periods. The reason that orders tail off



before holiday periods is that fertility clinics minimize their stock, primarily of fertility media, as these have a relatively short shelf life, so as not to risk rejects. The third quarter has the greatest negative effect from holiday periods, as July and August are affected by holiday periods, primarily in Europe. During the first quarter sales in China are affected negatively by the Chinese New Year in January or February. During the fourth quarter sales in December are negatively affected by the Christmas and New Year holidays. All in all, total sales are usually relatively even between the first and second half of the year and the third quarter is usually the weakest period of the year.

### Events after the end of the period

No events have occurred after closing day that significantly affect the assessment of the financial information in this report.

### Election committee

The following people have been appointed as members of Vitrolife's election committee for the 2013 Annual General Meeting:

Henrik Blomquist, representing Bure Equity AB  
Johan Ståhl, representing Lannebo Fonder  
Martin Lewin, representing Eccenovo AB and Thomas Olausson  
Patrik Tigerschiöld, Chairman of the Board

The appointments have been made in accordance with the instructions regarding principles for the appointment of the company's election committee, which were adopted at the Annual General Meeting of Vitrolife on April 19, 2012.

Shareholders who wish to have a matter considered at the meeting can make a written request to this effect to the Board. Such a request for consideration of a matter is to be sent to Vitrolife AB (publ), Att: Styrelsens ordförande, Box 9080, 400 92 Göteborg, Sweden, and must have

been received by the Board at least seven weeks before the Annual General Meeting, or in any case in such good time that the matter, if so necessary, can be included in the invitation to the meeting.

### Annual General Meeting and Annual Report

The Annual General Meeting will be held on Monday April 29, 2012, at 5 pm at Vitrolife's premises in Gothenburg, visitors' address Gustaf Werners gata 2. Shareholders will be invited to attend through an announcement in the Swedish Official Gazette and through information in Dagens Industri that shareholders have been invited to attend, no earlier than six weeks and no later than four weeks before the meeting.

It is estimated that Vitrolife's Annual Report for 2012 will be available to be downloaded from Vitrolife's website during week 15 and in a printed version at the company's head office in Gothenburg during week 16. The Annual Report is sent out to all new shareholders and to those shareholders who have previously notified the company that they wish to have the printed version, and is published on the company's website as a pdf-file.

February 7, 2013  
Gothenburg  
Vitrolife AB

The Board of Directors

### Financial reports

Vitrolife's interim reports are published on the company's website, [www.vitrolife.com](http://www.vitrolife.com), and are sent to shareholders who have registered that they would like to have this information.

#### During 2013 it is planned that the following reports will be submitted:

Interim report January – March: Friday April 19  
Interim report January – June: Friday July 12  
Interim report January – September: Thursday November 7

### Queries should be addressed to

Thomas Axelsson, CEO, phone +46 31 721 80 01  
Mikael Engblom, CFO, phone +46 31 721 80 14

Vitrolife is required to publish the information in this report in accordance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act. The report was submitted for publication on Thursday February 7, 2013 at 8.30 am.

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

# Consolidated income statements

SEK thousands	January – December		October – December	
	2012	2011	2012	2011
<i>Continuing operations</i>				
Net sales	362 020	308 065	97 949	81 632
Cost of goods sold	-123 720	-107 591	-34 489	-28 501
<b>Gross income</b>	<b>238 300</b>	<b>200 474</b>	<b>63 460</b>	<b>53 131</b>
Selling expenses	-102 028	-92 843	-29 231	-25 197
Administrative expenses	-45 170	-43 312	-11 670	-13 461
Research and development costs	-41 204	-42 563	-12 761	-12 626
Other operating revenues and expenses	-171	-1 096	2 338	-340
<b>Operating income</b>	<b>49 725</b>	<b>20 660</b>	<b>12 137</b>	<b>1 506</b>
Financial income and expenses*	303 220	2 066	302 792	2 103
<b>Income after financial items</b>	<b>352 945</b>	<b>22 726</b>	<b>314 930</b>	<b>3 608</b>
Taxes	-23 191	-7 285	-11 988	-586
<b>Net Income</b>	<b>329 754</b>	<b>15 441</b>	<b>302 942</b>	<b>3 022</b>
<i>Discontinued operations</i>				
Net sales	42 197	48 050	–	13 742
<b>Operating Income</b>	<b>7 167</b>	<b>20 257</b>	<b>–</b>	<b>2 319</b>
<b>Income after financial items</b>	<b>5 907</b>	<b>22 376</b>	<b>–</b>	<b>404</b>
Taxes	-1 599	-7 173	–	-1 353
<b>Net Income</b>	<b>4 308</b>	<b>15 203</b>	<b>–</b>	<b>-949</b>
<i>Total group</i>				
Net Sales	404 217	356 115	97 949	95 374
<b>Gross income</b>	<b>271 888</b>	<b>238 273</b>	<b>63 460</b>	<b>64 332</b>
<b>Operating income</b>	<b>56 894</b>	<b>40 917</b>	<b>12 137</b>	<b>3 825</b>
<b>Income after financial items</b>	<b>358 855</b>	<b>45 102</b>	<b>314 930</b>	<b>4 012</b>
Taxes	-24 790	-14 458	-11 988	-1 940
<b>Net income</b>	<b>334 065</b>	<b>30 644</b>	<b>302 942</b>	<b>2 072</b>
<b>Attributable to</b>				
Parent Company's shareholders	333 772	30 360	302 914	2 068
Minority interest	293	284	28	4
Earnings per share, SEK	17,04	1,55	15,41	0,11
Earnings per share, SEK***	1,56	1,55	-0,01	0,11
Average number of outstanding shares	19 585 116	19 559 909	19 652 158	19 562 769
Average number of outstanding shares**	19 585 116	19 559 909	19 652 158	19 562 769
Number of shares at closing day	19 830 936	19 562 769	19 830 936	19 562 769
of which own shares				
Number of shares at closing day**	19 830 936	19 562 769	19 830 936	19 562 769

Depreciation and amortization has reduced income for the period by SEK 18 228 thousand (17 302), of which SEK 5 062 thousand (4 935) for the fourth quarter.

\* Includes a non-taxable capital gain related to distribution of Xvivo Perfusion AB of SEK 303 207 thousand (0).

\*\* No dilution as Vitrolife's outstanding share warrant program was terminated on May 31, 2011.

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

## Statement of comprehensive income, total group

SEK thousands	January – December		October – December	
	2012	2011	2012	2011
<b>Net income</b>	<b>334 065</b>	<b>30 644</b>	<b>302 941</b>	<b>2 072</b>
<b>Other comprehensive income</b>				
Change in hedging reserve, net after tax	-752	-1 768	-920	1 438
Change in translation reserve, net after tax	-12 536	1 567	-5 802	186
<b>Total other comprehensive income</b>	<b>-13 288</b>	<b>-201</b>	<b>-6 722</b>	<b>1 624</b>
<b>Total income</b>	<b>320 777</b>	<b>30 443</b>	<b>296 219</b>	<b>3 696</b>
<b>Attributable to</b>				
Parent Company's shareholders	320 484	30 159	296 191	3 692
Minority interest	293	284	28	4

## Other key ratios, total group

	January – December		October – December	
	2012	2011	2012	2011
Gross margin. %	67,3	66.9	64,8	67.5
Operating margin before depreciation and amortization. %	18,6	16.3	17,6	9.2
Operating margin. %	14,1	11.5	12,4	4.0
Net margin. % *	7,6	8.5	-0,3	2.2
Equity/assets ratio. %	60,4	73.5	60,4	73.5
Shareholders' equity per share. SEK,	14,01	17.53	14,01	17.53
Shareholders' equity per share. SEK, adjusted **	14,01	17.53	14,01	17.53
Return on equity. %, *	9,2	9.1	9,2	9.1
Cash flow from operating activities per share. SEK	2,99	2.02	0,95	0.52
Net cash (+) / Net debt (-), SEK millions	-63,4	-46.1	-63,4	-46.1

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

\*\* No dilution as Vitrolife's outstanding share warrant program was terminated on May 31, 2011.

## Consolidated income statements per quarter

SEK thousands	Oct-Dec 2012	Jul-Sep 2012	Apr-Jun 2012	Jan-Mar 2012	Oct-Dec 2011	Jul-Sep 2011
<i>Continuing Operations</i>						
Net sales	97 949	82 926	95 224	85 921	81 632	73 266
Cost of goods sold	-34 489	-27 988	-32 237	-29 006	-28 501	-24 643
<b>Gross income</b>	<b>63 460</b>	<b>54 939</b>	<b>62 987</b>	<b>56 915</b>	<b>53 131</b>	<b>48 623</b>
Selling expenses	-29 231	-22 245	-26 881	-23 671	-25 197	-23 205
Administrative expenses	-11 670	-9 256	-12 488	-11 756	-13 461	-9 696
Research and development costs	-12 761	-6 991	-10 504	-10 947	-12 626	-7 976
Other operating revenues and expenses	2 338	-1 805	-428	-277	-341	169
<b>Operating income</b>	<b>12 137</b>	<b>14 640</b>	<b>12 686</b>	<b>10 265</b>	<b>1 506</b>	<b>7 915</b>
Financial income and expenses	302 792	-1 095	530	992	-497	-4 681
<b>Income after financial items</b>	<b>314 930</b>	<b>13 545</b>	<b>13 216</b>	<b>11 257</b>	<b>1 008</b>	<b>3 236</b>
<i>Discontinued operations</i>						
Net sales	-	14 352	14 042	13 803	13 742	11 787
Operating Income	-	-1 652	3 974	4 845	2 319	6 448
<b>Income after financial items</b>	<b>-</b>	<b>-1 922</b>	<b>5 048</b>	<b>2 781</b>	<b>3 004</b>	<b>11 280</b>
<i>Total group</i>						
Taxes	-11 988	-3 155	-5 003	-4 643	-1 940	-4 870
<b>Net income</b>	<b>302 942</b>	<b>8 468</b>	<b>13 261</b>	<b>9 395</b>	<b>2 072</b>	<b>9 645</b>
<b>Attributable to</b>						
Parent Company's shareholders	302 914	8 410	13 168	9 281	2 068	9 607
Minority interest	28	58	93	114	4	38

## Key ratios per quarter, total group

	Oct-Dec 2012	Jul-Sep 2012	Apr-Jun 2012	Jan-Mar 2012	Oct-Dec 2011	Jul-Sep 2011	Apr-Jun 2011	Jan-Mar 2011
Shareholders' equity per share. SEK,	14,01	18.26*	18.15	17.84	17.53	17.35	16.46	16.60
Shareholders' equity per share. SEK, **	14,01	18.26*	18.15	17.84	17.53	17.35	16.46	16.57
Return on equity. %,	9,2	9.4*	10.8	10.1	9.1	8.6	8.9	8.6
Cash flow from operating activities per share. SEK	0,95	0.32	1.03	0.69	0.52	0.70	0.56	0.23

\* Distribution of shares in Xvivo Perfusion AB has been moved from short-term non-interest bearing liabilities to equity.

\*\* No dilution as Vitrolife's outstanding share warrant program was terminated on May 31, 2011.



# Consolidated balance sheets

SEK thousands	Dec 31, 2012	Dec 31, 2011
<b>ASSETS</b>		
Goodwill	182 114	120 771
Other intangible fixed assets	33 894	83 666
Tangible fixed assets	94 445	95 443
Financial fixed assets	3 208	2 319
Deferred tax assets	5 721	11 145
Inventories	62 409	65 710
Accounts receivable	52 436	53 372
Other current receivables	16 291	12 430
Derivative instruments	–	1 051
Liquid funds	11 680	20 873
<b>Total assets</b>	<b>462 198</b>	<b>466 780</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Shareholders' equity, attributable to the Parent Company's shareholders	277 791	342 970
Minority interest	1 191	933
Appropriations	1 129	–
Long-term interest bearing liabilities	58 228	55 868
Long-term non-interest bearing liabilities	32 605	–
Short-term interest bearing liabilities	16 825	11 101
Accounts payable	17 444	19 865
Deferred tax liabilities	11 085	–
Other short-term non-interest bearing liabilities	45 900	36 042
<b>Total shareholders' equity and liabilities</b>	<b>462 198</b>	<b>466 780</b>
Pledged assets for own liabilities	20 684	20 000
Contingent liabilities	805	600

# Consolidated changes in shareholders' equity

SEK thousands	Attributable to the Parent Company's shareholders				Minority interest	Total shareholders' equity
	Share capital	Other capital contributed	Reserves	Retained earnings		
<b>Opening balance January 1, 2011</b>	<b>19 944</b>	<b>208 566</b>	<b>-23 450</b>	<b>120 616</b>	<b>657</b>	<b>326 333</b>
Total comprehensive income	–	–	-201	30 360	284	30 443
Increase in share capital	10	339	–	–	–	349
Warrants	–	–	–	-1 478	–	-1 478
Dividend	–	–	–	-11 736	–	-11 736
Other transactions with minority shareholders	–	–	–	–	-8	-8
<b>Closing balance December 31, 2011</b>	<b>19 954</b>	<b>208 905</b>	<b>-23 651</b>	<b>137 762</b>	<b>933</b>	<b>343 903</b>
<b>Opening balance January 1, 2012</b>	<b>19 954</b>	<b>208 905</b>	<b>-23 651</b>	<b>137 762</b>	<b>933</b>	<b>343 903</b>
Total comprehensive income	–	–	-13 288	333 772	293	320 777
Increase shareholder's equity	274	11 382	–	–	–	11 656
Dividend	–	–	–	-11 738	–	-11 738
Dividend, Xvivo Perfusion AB	–	–	–	-387 343	–	-387 343
Swedish Tax rate effect on deferred tax	–	–	–	1 762	–	1 762
Other transactions with minority shareholders	–	–	–	–	-35	-35
<b>Closing balance December 31, 2012</b>	<b>20 228</b>	<b>220 287</b>	<b>-36 939</b>	<b>74 215</b>	<b>1 191</b>	<b>278 982</b>

## Consolidated cash flow statements

SEK thousands	January – December		October - December	
	2012	2011	2012	2011
Income after financial items	358 855	45 102	314 930	4 012
Adjustment for items not affecting cash flow	-280 769	15 710	-296 379	4 696
Tax paid	-9 602	-1 865	-1 520	-706
Change in inventories	-6 918	-7 858	6 594	-4 801
Change in trade receivables	-9 991	-10 094	2 835	2 573
Change in trade payables	8 355	-1 535	-6 503	4 418
<b>Cash flow from operating activities</b>	<b>59 930</b>	<b>39 460</b>	<b>19 957</b>	<b>10 192</b>
Cash flow from investing activities	-62 539	-37 811	-34 974	-1 660
Cash flow from financing activities	-5 607	381	9 774	-3 240
<b>Cash flow for the period</b>	<b>-8 216</b>	<b>2 030</b>	<b>-5 243</b>	<b>5 292</b>
Liquid funds at beginning of period	20 873	18 617	17 108	15 516
Exchange rate difference in liquid funds	-977	226	-185	65
<b>Liquid funds at end of period</b>	<b>11 680</b>	<b>20 873</b>	<b>11 680</b>	<b>20 873</b>

Includes Cash flow from discontinued operations by SEK -12 (4) million for the period January - December. See note 4.

## Income statements for the Parent Company

SEK thousands	January – December		October - December	
	2012	2011	2012	2011
Administrative expenses	-7 563	-5 264	-1 770	-1 569
Research and development costs	-50	-19	-	-13
Other operating revenues and expenses	16	287	-8	-5
<b>Operating income</b>	<b>-7 597</b>	<b>-4 996</b>	<b>-1 778</b>	<b>-1 587</b>
Financial income and expenses	-1 465	670	-224	270
<b>Income after financial items</b>	<b>-9 062</b>	<b>-4 326</b>	<b>-2 002</b>	<b>-1 317</b>
Taxes	2 068	744	212	-47
<b>Net income</b>	<b>-6 994</b>	<b>-3 582</b>	<b>-1 790</b>	<b>-1 364</b>

Depreciation and amortization has reduced income for the period by SEK 20 thousand (39), of which SEK -5 thousand (8) for the fourth quarter.

## Balance sheets for the Parent Company

SEK thousands	Dec 31, 2012	Dec 31, 2011
<b>ASSETS</b>		
Tangible fixed assets	40	60
Participation in affiliated companies	422 175	340 311
Other current receivables	3 781	1 839
Receivables from affiliated companies	6 315	51 708
Liquid funds	849	604
<b>Total assets</b>	<b>433 160</b>	<b>394 522</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Shareholders' equity	312 304	383 953
Long-term interest-bearing liabilities	20 227	1 708
Long-term non-interest-bearing liabilities	34 466	-
Short-term interest-bearing liabilities	6 009	854
Accounts payable	500	80
Liabilities to group companies	53 695	-
Other short-term interest-free liabilities	5 959	7 927
<b>Total shareholders' equity and liabilities</b>	<b>433 160</b>	<b>394 522</b>
Pledged assets for own liabilities	3 100	3 100
Contingent liabilities	577	600

## Note 1. Accounting Principles

### Accounting principles

This interim report has been prepared for the Group in accordance with the Annual Accounts Act and IAS 34, Interim Financial Reporting, and for the Parent Company in accordance with the Annual Accounts Act and recommendation RFR 2.2 of the Swedish Financial Reporting Board, Accounting for Legal Entities. Unless otherwise stated below, the accounting principles applied to the Group and the Parent Company are consistent with the accounting principles used in the presentation of the most recent Annual Report.

### Distribution of Xvivo

On September 24 an Extraordinary General Meeting of Vitrolife adopted a resolution in favour of the Board's proposal to distribute Vitrolife's transplantation business to the shareholders through distribution of the shares in Vitrolife's subsidiary Xvivo Perfusion AB in accordance with "Lex Asea". The record day is October 1. Pursuant to the rules of IFRIC 17 (IFRS) the difference between the market value of the Xvivo shares upon listing and the booked value of Xvivo's net assets in Vitrolife at the time of distribution is reported as a non-taxable capital gain in net financial items. The market value is estimated in accordance with the share price when the Xvivo share was listed on NASDAQ OMX First North on October 8. The capital gain amounted to SEK 303,207 thousand. After distribution, the transplantation business is reported separately as discontinued operations pursuant to the rules of IFRS 5.

### Change in the method used for tax depreciation

During 2012 there was a merger between the Swedish subsidiaries Vitrolife Sweden AB and Vitrolife Sweden Instruments Holding AB and its subsidiaries. Before the merger the companies applied different principles for tax depreciation on equipment. After the merger a common method is applied, depreciation as recorded in the books. The change has resulted in a deferred tax expense of SEK 6,666 thousand and this is booked in its entirety in the fourth quarter.

## Note 2. Financial data per segment, Group

SEK thousands	January - December	
	2012	2011
<b>Fertility</b>		
<i>Continuing operations</i>		
Net sales	362 020	308 065
Gross income	238 300	200 475
Selling expenses	-102 028	-92 843
Administrative exp.	-45 170	-43 312
R&D expenses	-41 204	-42 563
Other expenses	-171	-1 096
<b>Operating income</b>	<b>49 725</b>	<b>20 660</b>
Total Assets	462 198	389 289
<b>Transplantation</b>		
<i>Discontinued operations</i>		
Net sales	42 197	48 050
Gross income	33 588	37 799
Selling expenses	-7 189	-5 517
Administrative exp.	-12 825	-7 264
R&D expenses	-6 055	-4 613
Other expenses	-353	-148
<b>Operating income</b>	<b>7 167</b>	<b>20 257</b>
Total Assets	-	77 491

## Note 3. Acquisition of subsidiary

In October 2012, Vitrolife acquired all quotas of Cryo Management Ltd including its subsidiary Cryo Innovation Ltd, Hungary. The companies has ca 20 employees and a budgeted sales 2012 of ca EUR 2 million. The acquisition has contributed SEK 3 million to the Group's revenues during 2012. The purchase sum amounted to ca EUR 9 million including milestone payment of maximum EUR 4 million. The milestone payments are due upon fulfilment of defined objectives primarily related to sales during the period 2013 to 2015. The fixed purchase sum was financed by a corporate acquisition loan of EUR 3 million, EUR 0.6 million from Vitrolife's cash reserves and by payment of EUR 1.4 million in 268 167 newly issued shares. The acquisition costs amounted to ca SEK 1 million and has in full been charged as an expense. The surplus value of the acquisition amounted per 31 December to SEK 77.0 million, where of SEK 6.0 million current products, SEK 2.0 million production technology and SEK 2.3 million reclassification of salaries. The remaining surplus value is Goodwill and relates to the synergies which are generated by the fact that Cryos products can be sold through Vitrolife's distribution channels. Goodwill is also related to the value of the combined personnel since a large part of the corporate value relates to the ability of the combined personnel to fast develop new versions of the technology products. The table below summaries the payment sum and the acquired assets and liabilities, which are recorded at the acquisition date at market value. The book value is in most cases equivalent to the market value. The background is that no accounts receivables have been identified where write-down need is motivated. Further no write-down need has emerged related to the inventory and the accounts payables have short payment terms. The acquisition was completed in EUR and the accounting is done per the currency rate of the acquisition date.

SEK millions	
<i>Purchase sum per October 3, 2012</i>	
Liquid funds	31.6
New issued shares	10.8
Liability to sellers, offset against assets	4.2
Conditional purchase price	34.7
<b>Total purchase price</b>	<b>81.3</b>
<b>Identified assets and liabilities.</b>	
Liquid funds	0.2
Account receivables	2.5
Inventory	3.0
Prepaid costs/deposits	0.1
Tangible assets	0.4
Intangible assets production technology	6.0
Intangible assets existing products	2.0
Other intangible assets	6.0
Accounts Payables	-2.8
Other short-term liabilities	-4.2
<b>Total identified assets and liabilities</b>	<b>13.1</b>
Conditional purchase price reclassified to salaries	2.3
Goodwill	66.2
Currency difference	-0.3
<b>Total acquired assets and liabilities</b>	<b>81.3</b>

## Note 4. Cash flow from discontinued operations

TSEK	January - December	
	2012	2011
<b>Transplantation</b>		
Cash flow from operating activities	1 993	17 812
Cash flow from investing activities	-13 708	-14 106
Cash flow from financing activities	-	-
<b>Cash flow</b>	<b>-11 715</b>	<b>3 706</b>



# Definitions

## 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.

## Profit margin

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

## Return on shareholders' 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.

## 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 loans receivable/Net borrowings

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

# Glossary

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

## IVF, In Vitro Fertilization

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

## In vitro (Latin "in glass")

A process that has been taken out from a cell to take place in an artificial environment instead, for example in a test tube.

## Embryo

A fertilized egg.

## Blastocyst

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

## Vitrification

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

## IUI

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

## Stem cells

Non-specialized cells to be found in all multi-cell organisms. Have the ability to mature (differentiate) into several cell types. Are usually divided up into three groups: adult stem cells (in the fully grown individual), embryonic stem cells and stem cells from the umbilical cord. In the developing embryo stem cells give rise to all tissue in the fetus-to-be. In adult individuals stem cells constitute a repair system to replace damaged cells. As stem cells have the potential to mature into specialized cell types, there are great hopes regarding their medical role.

## Cell therapy

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

## Preclinical study

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

## Clinical study/trial

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

## Biological quality tests

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

## Medical devices

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

## Biotechnology

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

## Obstructive lung disease

Disease where the flow of air in the airways is impeded.

## Perfusion

Flow of fluid.

## Lung evaluation

Evaluation of the functioning of a lung.

## Lung preservation

Storing and preserving a lung outside the body (before transplantation).

## Ex vivo (Latin "outside the living")

Biological processes in living cells and tissue when they are in an artificial environment outside the body. The "opposite" of in vivo.

## In vivo

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

# TOGETHER. ALL THE WAY™

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