The Board of Directors' proposal to the Annual General Meeting to be held on April 28, 2021 regarding Long Term Incentive Program 2021 (LTIP 2021) (agenda item 19)

Vitrolife's Board of Directors proposes that the Annual General Meeting passes a resolution on the implementation of a Long Term Incentive Program 2021 (LTIP 2021). This proposal is divided into four items:

A. Terms of LTIP 2021
B. Transfer of the company's own shares under LTIP 2021 and hedging activities
C. If item B is not approved, the Board proposes that hedging of LTIP 2021 shall take place via an equity swap agreement with a third party
D. Other matters related to LTIP 2021

A. Terms of LTIP 2021

A.1 Introduction

The Board wishes to establish a long-term incentive program for certain key employees in order to encourage personal long-term ownership of Vitrolife shares as well as to increase and enhance its ability to recruit, retain and motivate employees. The Board therefore proposes that the Annual General Meeting resolves to implement a long-term performance share program 2021 ("LTIP 2021"). The intention is also to use LTIP 2021 to unite the interest of the employees with the interests of shareholders.

Participants may, after a qualifying period, receive allotments of Vitrolife ordinary shares without consideration. The number of allotted shares will depend on the fulfilment of certain performance targets. The term of LTIP 2021 is more than three years.

A.2 Basic features of LTIP 2021

The LTIP 2021 will be directed towards certain key employees in the Vitrolife Group. The participants are based in Sweden and other countries where the Vitrolife Group is active. Each participant may be entitled, after a certain qualification period (defined below), provided continued employment during the entire period (except from "Good Leavers"), and depending on the fulfilment of certain performance targets linked to Vitrolife's EBITDA per share, to receive allotment of Vitrolife shares ("Performance Shares"). The participant shall not pay any consideration for the allotted Performance Shares. Performance Shares are Vitrolife ordinary shares.

A.3 Participation in LTIP 2021

LTIP 2021 is directed towards a maximum of 8 employees, divided in two categories of participants:

Category	Maximum number of shares per person
A) Category 1 (maximum 1 person)	12,000
B) Category 2 (maximum 7 persons)	4,000

Any resolution on participation or implementation of LTIP 2021 shall be conditional on that it, in the Board's judgement, can be offered with reasonable administrative costs and financial effects.

A.4 Allotment of Performance Shares

Allotment of Performance Shares within LTIP 2021 will be made during a limited period of time following the Annual General Meeting 2024. The period up to this date is referred to as the qualification period (vesting period). A condition for the participant to receive allotment of Performance Shares is that the participant remains an employee of the Vitrolife Group during the full qualification period up until allotment. Allotment of Performance Shares also requires that the EBITDA performance targets are fulfilled. The Board shall establish a customary definition of Good Leavers and determine whether any allocation shall be made to participants who are considered Good Leavers.

The performance targets are based on the average growth rate in Vitrolife's EBITDA per share from and including FY 2021 up to and including FY 2023 (with FY 2020 as base). The minimum level is set to 4 percent and the maximum level is set to 12 percent. Under and at the minimum level, 0 percent of the Performance Shares will vest. At and above the maximum level, 100 percent of the Performance Shares will vest. Between the minimum and maximum level, the number of Performance Shares which may be allotted has a linear increase. The outcome will be communicated to the shareholders after the allotment of Performance Shares to participants.

Prior to the allotment of Performance Shares, the Board shall assess whether the allotment is reasonable in relation to the company's financial results, position and performance, as well as other factors.

If significant changes take place within the Vitrolife Group, or on the market, which, by the assessment of the Board, would mean that the terms for allocation/transfer of shares according to LTIP 2021 is no longer reasonable, the Board shall have the right to implement an adjustment to LTIP 2021, including, among others, the right to reduce the number of Performance Shares allocated/transferred, or not to allocate/transfer Performance Shares at all.

A.5 Implementation and administration etc.

The Board, with the assistance of the remuneration committee, shall in accordance with the resolutions by the Annual General Meeting set forth herein be responsible for the detailed design and implementation of LTIP 2021. The Board may also decide on the implementation of an alternative cash based incentive for participants in countries where the allotment of Performance Shares is not appropriate, as well as if otherwise considered appropriate. Such alternative incentive shall to the extent practically possible be designed to correspond to the terms of LTIP 2021.

The intention is that the Board shall launch LTIP 2021 as soon as practically possible after the Annual General Meeting.

B. Transfer of the company's own shares under LTIP 2021 and hedging activities

B1. Number of shares
The Board proposes that the Annual General Meeting resolves that transfer of up to 52,568 Vitrolife treasury shares under LTIP 2021 may be made in accordance with the below. The number of shares is calculated on the basis of maximum participation, maximum fulfilment of performance requirements and hedging activities related to the Company's payments of social security contributions.

B2. Other conditions for transfer of Vitrolife shares
Vitrolife treasury shares may be transferred to the participants in LTIP 2021.

Share transfers to participants in LTIP 2021 shall be made without the participants paying consideration and shall be carried out at the time and subject to the other conditions under which participants in LTIP 2021 have the right to be allotted shares.

B.3 Hedging activities
The Board proposes that the Annual General Meeting authorizes the Board to, during a period until the next Annual General Meeting, resolve upon the transfer of own shares to secure social security contributions under LTIP 2021, whereby the following conditions shall apply. In order to hedge the cash-flow related to the Company's payments of social security contributions in relation to LTIP 2021, a maximum number of 12,568 Vitrolife ordinary shares may be disposed at market price on the stock market. The resolution regarding disposal of shares in the stock market will be proposed to be repeated as a new annual decision by each Annual General Meeting during the term of the program.

B.4 Recalculation
The number of Vitrolife shares that might be transferred under LTIP 2021 in accordance with sections B.2 and B.3 above shall be subject to customary re-calculation principles and may, consequently, be subject to re-calculation due to a bonus issue, share split, preferential rights issue, dividends and/or other similar events. Resolutions resolved upon by the Annual General Meeting 2021 shall not be included in a re-calculation of the number of shares.

B.5 Grounds for the Board's proposal and alternative hedging via an equity swap agreement with a third party etc.
Since the Board believes that the most cost efficient and flexible method to transfer Vitrolife shares under LTIP 2021 is obtained through transfer of own shares, the Board proposes that transfers are secured as described above in this item B. Should the necessary majority not be obtained for the proposal in item B, the Board proposes that the Annual General Meeting resolves on a share swap agreement, in accordance with item C below.

Share swap agreement will be relevant should this be more appropriate, for example due to the fact that the acquisition of own shares cannot be made to the extent required to be able to transfer shares under LTIP 2021.

The reason for the deviation from the shareholders' pre-emption rights to acquire the own shares is that the company shall be able to secure the delivery of shares under LTIP 2021.

C. Hedge of LTIP 2021 via an equity swap agreement with a third party
The Board proposes that the Annual General Meeting, should the necessary majority not be obtained for item B above, resolves to hedge the financial exposure of LTIP 2021, by the company entering into a share swap agreement with a third party, whereby the third party in its own name shall acquire and transfer shares in the company under LTIP 2021. The relevant number of shares shall correspond to the number of shares proposed under item B above.

D. Other matters in relation to LTIP 2021

D.1 Majority requirements etc.
The resolution by the Annual General Meeting regarding the implementation of LTIP 2021 according to item A above shall be conditional on the Annual General Meeting resolving either in accordance with the Board's proposal under item B above or in accordance with the Board's proposal under item C above.

The resolution according to item A and C above shall require a majority of more than half of the votes cast at the Annual General Meeting. A valid resolution under item B above requires that shareholders representing not less than nine-tenths of the votes cast as well as the shares represented at the Annual General Meeting approve the resolution.

D.2 Estimated costs, expenses and financial effects of LTIP 2021
LTIP 2021 will be accounted for in accordance with "IFRS 2 – Share-based payments". IFRS 2 stipulates that the share awards should be expensed as personnel costs over the qualification period and will be accounted for directly against equity. Personnel costs in accordance with IFRS 2 do not affect the company's cash flow. Social security contributions will be recognized as an expense in the income statement through regular provisions in accordance with generally accepted accounting principles. The amount of these regular provisions will be revalued in line with the trend in the value of the right to Performance Shares, and the contributions payable on the allotment of Performance Shares.

Assuming a share price at the time of implementation of SEK 280, and that the performance targets are achieved so that 50 percent of the maximum number of Performance Shares vest, including a share price increase of 25 percent during the qualification period and an annual employee turnover of 0 percent, the total cost for LTIP 2021, including social security costs, is estimated to approximately SEK 7.8 million before tax, corresponding to an estimated annual cost of approximately SEK 2.6 million before tax.

Assuming a share price at the time of implementation of SEK 280, and that the performance targets are achieved so that 100 percent of the maximum number of

Performance Shares vest, including a share price increase of 50 percent during the qualification period and an annual employee turnover of 0 percent, the total cost for LTIP 2021, including social security costs, is estimated to approximately SEK 16.5 million before tax, corresponding to an estimated annual cost of approximately SEK 5.5 million before tax.

LTIP 2021 will comprise maximum 40,000 shares in total, which corresponds to approximately 0.04 percent of the total outstanding shares and votes in the company on a fully diluted basis. Together with approximately 12,568 shares which could be assigned to cover the liquidity needs for the program's social costs, the total number of shares would correspond to approximately 0.05 percent of the total outstanding shares and votes in the company on a fully diluted basis.

The above calculations are based on a decision on hedging in accordance with item B. In the event that the Annual General Meeting decides on hedging measures regarding LTIP 2021 in accordance with the proposal under item C, costs of approximately SEK 0.3 million will be added regarding share swap agreements with third parties.

In the view of the Board, the positive effects expected to arise from LTIP 2021, outweigh the costs associated with LTIP 2021.

D.3 The Board's explanatory statement

An individual long-term ownership commitment among the participants in LTIP 2021 is expected to stimulate greater interest and motivation in the company's business operations, results and strategy. Moreover, the Board wishes to increase the ability of Vitrolife to retain important key employees. The Board believes that the implementation of LTIP 2021 will benefit Vitrolife and its shareholders. LTIP 2021 will provide a competitive and motivation-improving incentive for executives and other key employees within the Group.

LTIP 2021 has been designed to reward the participants for increased shareholder value by allotting shares, based on the fulfilment of conditions in respect of results and operations. By linking the employees' remuneration to the development of Vitrolife's results and value, the long-term value growth of Vitrolife is rewarded. Based on these circumstances, the Board considers that the implementation of LTIP 2021 will have a positive effect on the Vitrolife Group's continued development, and will therefore be beneficial to the shareholders and the Company.

D.4 Other share-related incentive programs

The Company has three outstanding share-related incentive programs in accordance with resolutions of previous AGMs. Two of these are called Long-Term Incentive (LTI) and were decided by the Annual General Meetings in 2018 and 2019. These are share savings programmes with performance amounts. The third incentive program, Long-Term Incentive Program 2020 ("LTIP 2020"), which was decided by the 2020

Annual General Meeting, is based solely on Performance Shares, which is also the model proposed above regarding Long-Term Incentive Program 2021 - LTIP 2021. The Company's share-related incentive programs are described on page 34 in the Company's annual report and also appears in the Board's remuneration report.

D.5 Adjustment Authorization
The Board, or a person appointed by the Board, shall be authorized to make adjustments to the above resolutions that may be necessary in connection with the registration with the Swedish Companies Registration Office and Euroclear Sweden AB respectively.

D.6 Preparation of the item
The basis for LTIP 2021 has been prepared by the Board of the Company. The work has been supported by external advisors and has been made in consultation with shareholders. The Board has thereafter decided to present this proposal for the general meeting. Except for the staff that have prepared the matter upon instruction from the Board, no employee that may be a participant of LTIP 2021 has participated in the preparations of the program's terms.

March 2021
Gothenburg

Vitrolife AB (publ)
The Board of Directors