sobi

Pioneer in Rare Diseases

Q2 REPORT 2017

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Business highlights

- Guido Oelkers was appointed CEO and President
- Strong quarter on quarter growth
- A new Specialty Care business unit established
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- EMA approved the potential to dose every 14 days or longer in updated dosing regimen for Alprolix®
- Orfadin® was approved in the Kingdom of Saudi Arabia for the treatment of hereditary tyrosinemia type-1 (HT-1)
- Kineret® was approved in Canada for the treatment of Neonatal-Onset Multisystem Inflammatory Disease (NOMID)
- Xiapex® was recommended to be made available on National Health Service in England

Financial summary Q2 2017

- Total revenue was SEK 1,639 M (1,469), an increase of 12 per cent (5 per cent at CER)
- Product revenue was SEK 1,443 M (1,288), an increase of 12 per cent (5 per cent at CER)
- Gross margin was 71 per cent (72)
- EBITA was SEK 492 M (550)
- Cash position SEK 1,189 M (SEK 786 M as of 31 December 2016)
- Earnings per share 0.91 SEK (1.16)

H1 2017 in summary

Financial summary H1 2017

- Total revenue was SEK 3,035 M (2,742), an increase of 11 per cent (6 per cent at CER)
- Product revenue was SEK 2,712 M (2,395), an increase of 13 per cent (8 per cent at CER)
- Gross margin was 72 per cent (73)
- EBITA was SEK 898 M (1,052)
- Earnings per share 1.63 SEK (2.28)

CEO statement

Dear shareholders, customers, partners and employees,

It's an honour for me today to present my first quarter and Sobi's second quarterly results for 2017. After my first seven weeks at Sobi, my impression is that we are well positioned to further expand our market position in haemophilia in the Sobi territory and to build a competitive specialty care franchise with improved profitability throughout Europe and North America.

Continued strong product portfolio performance
The revenue for the second quarter amounted to SEK 1,639 M, an increase of 12 per cent overall, and 51 per cent adjusted for the one-time credit of SEK 386 M received in Q2 2016. Gross margin was 71 per cent. EBITA was SEK 492 M, and we ended the quarter with a cash position of SEK 1,189 M.

Elocta product sales were SEK 351 M (55) and Alprolix sales were SEK 84 M (5). Kineret sales were SEK 286 M (243), an increase of 18 per cent and Orfadin sales were SEK 220 M (182), an increase of 21 per cent. Sales for the partner products portfolio were SEK 184 M, and ReFacto revenues were SEK 196 M.

Haemophilia - strong sales growth
Both Elocta and Alprolix showed strong growth in the quarter. We received reimbursement approvals for Elocta in Finland, Bulgaria and Greece and for Alprolix in Belgium and Norway. To date we have secured reimbursement approvals for Elocta in 18 markets and for Alprolix in 12 markets. Among the important milestones was the EMA approval for Alprolix for the potential to dose every 14 days or longer. Further more, Elocta was approved by the Saudi Food & Drug Authority in the Kingdom of Saudi Arabia for the treatment of haemophilia A. During the ISTH conference in Berlin, promising initial results with Elocta in immune tolerance induction (ITI) in high risk patients were presented. Even in patients that had failed up to five attempts of ITI with conventional FVIII, tolerance could be achieved with Elocta.

Other pipeline development
Orfadin, for the treatment of adult and paediatric patients with confirmed diagnosis of hereditary tyrosinemia type 1, was approved by the Saudi Food & Drug Authority in the Kingdom of Saudi Arabia. Kineret was approved by Health Canada for the treatment of Neonatal-Onset Multisystem Inflammatory Disease (NOMID) and Xiapex was recommended to be made available on National Health Service in England.

As recently announced, the development candidate SOBI003, for the treatment of the rare genetic disease MPS IIIA, was granted orphan drug designation (ODD) by the FDA. We are currently in late-preclinical phase and expect to initiate the first clinical trial with SOBI003 in 2018.

Moving forward
We are currently carrying out a strategic review of the company to realise the full potential of Sobi across all areas. The decision to keep the Partner Products business was made to further build upon our commercial platform in Europe and North America. Partner Products will be merged with the business areas Genetics & Metabolism and Inflammation, creating a new business area; Specialty care. This newly created platform will focus and support current and future products within rare diseases and the specialty care area. Sobi will now have two main business areas, Haemophilia and Specialty care, going forward.

Finally, I would like to thank our shareholders for your continued support and all our Sobi professionals for an outstanding performance during my first quarter.

Solna, Sweden, 19 July 2017
Guido Oelkers, CEO and President

Business review Q2

Guido Oelkers was appointed CEO and President
Guido Oelkers was appointed President and Chief Executive Officer effective as of 22 May 2017, succeeding Geoffrey McDonough. Guido joined Sobi from his previous role as CEO at BSN Medical GmbH and has extensive experience from pharmaceutical and health care companies.

Partner Products will remain an integral part of Sobi as a new Specialty care business
The business area Partner Products will remain as an important part of Sobi's business model, to create value and to expand our market position. The earlier announcement (from 3 February, 2017) to pursue a divestment of Partner Products has been terminated.

EMA approved the potential to dose every 14 days or longer in updated dosing regimen for Alprolix
EMA approved updated dosing information for Alprolix, for the treatment of haemophilia B, to include that patients on long-term prophylaxis to protect against bleeding and who are well controlled on a 100 IU/kg once every 10 days regimen, might be treated on an interval of 14 days or longer.

Elocta was approved in the Kingdom of Saudi Arabia for the treatment of haemophilia A
The Saudi Food & Drug Authority (SFDA) in the Kingdom of Saudi Arabia approved Elocta for the treatment of haemophilia A. Elocta is the first extended half-life and recombinant factor VIII Fc fusion protein therapy approved for the treatment of haemophilia A in Saudi Arabia.

Orfadin was approved in the Kingdom of Saudi Arabia for the treatment of hereditary tyrosinemia type-1 (HT-1)
The Saudi Food and Drug Authority (SFDA) approved Orfadin capsules in all strengths (2 mg, 5 mg, 10 mg and 20 mg) for the treatment of HT-1 in combination with dietary restriction of tyrosine and phenylalanine.

Kineret was approved in Canada for the treatment of Neonatal-Onset Multisystem Inflammatory Disease (NOMID)
Health Canada approved Kineret for the treatment of NOMID in adults, adolescents, children and infants aged eight months and older with a body weight of 10 kg or above.

Xiapex was recommended to be made available on National Health Service in England
As an effect of the recommendation from The National Institute for Health and Care Excellence (NICE), people in England with the disabling hand condition Dupuytren's disease will have access to Xiapex injections, on the National Health Service (NHS).

COO Alan Raffensperger to leave Sobi
Alan Raffensperger left Sobi to pursue other career opportunities.

Sobi disclosed payments to healthcare professionals and organisations to increase transparency
Sobi announced that the company has made all payments and transfers of value to healthcare professionals and organisations from 2016 publicly available in accordance with the European Federation of Pharmaceutical Industries and Associations (EFPIA) Disclosure Code.

Sobi opened a new office in Athens, Greece
The opening of the Greek office supports Sobi's efforts in meeting the needs for treatment for rare disease patients all over Europe.

Financial review Q2 and H1

Total revenues

Total revenues amounted to SEK 1,639 M, an increase of 12 per cent compared to Q2 2016. Total revenue growth was 51 per cent excluding the one-time credit of SEK 386 M received in Q2 2016. Product sales amounted to SEK 1,443 M, an increase of 12 per cent, (60 per cent adjusted).

Half year revenues were SEK 3,035 M (2,742), an increase of 11 per cent, 49 per cent adjusted for the two one time-credits received in H1 2016 for Elocta and Alprolix totalling to SEK 708 M. Product sales for the half year was SEK 2,712 M (2,395).

Key therapeutic areas

Revenues for our key therapeutic areas were SEK 1,259 M (1,076) in the quarter and SEK 2,349 M (1,996) for the half year.

Haemophilia

Total revenues for the Haemophilia franchise for the quarter amounted to SEK 726 M (627), including royalty revenues of SEK 292 M (554). Royalty revenues for Q2 2016 includes a one-time credit of SEK 386 M related to the first commercial sales of Alprolix.

Half year revenues were SEK 1,298 M (1,093). Comparable numbers for 2016 includes one-time credits of in total SEK 708 M related to the first commercial sales of Elocta and Alprolix in Q1 and Q2 respectively.

Haemophilia product sales for the quarter were SEK 434 M (60), whereof SEK 351 M (55) from Elocta, and SEK 84 M (5) from Alprolix. Product sales derived mainly from France, Germany and the UK.

Product sales for the half year reached SEK 601 M (75) for Elocta and SEK 134 M (5) for Alprolix.

Estimated royalty revenue for the quarter amounted to SEK 292 M (554). Excluding the one-time credit of SEK 386 M in Q2 2016, the estimated royalty revenue increased by SEK 124 M.

Estimated royalty revenues for the half year were SEK 563 M (1 013). Excluding the two one time credits of in total SEK 708 M in H1 2016, the estimated royalty revenue increased with SEK 258 M.

Reimbursement for Elocta has so far been granted in 18 countries and for Alprolix in 12 countries.

Inflammation

Kineret showed volume growth across all major markets during the quarter, reaching revenues of SEK 286 M (243), an increase of 18 per cent.

North America continued to see positive effects from the fully established US patient support programme. The main contributors to growth in EMENAR were France, Germany, Spain, Sweden and Turkey.

Half year revenues amounted to SEK 563 M (471), an increase of 20 per cent.

Genetics & Metabolism

Revenues for Orfadin were SEK 220 M (182) in the quarter, an increase of 21 per cent.

Revenues in North America were strong despite lost sales to generics in Canada. The US growth mainly relates to the launch of the 20 mg and oral suspension formulations. The EMENAR revenues were negatively impacted by loss of sales to generics in Turkey. ROW revenues were high due to order phasing in South America.

Half year revenues amounted to SEK 437 M (379), an increase of 15 per cent.

Partner Products

Partner Products revenues were SEK 184 M (212), a decrease of 13 per cent, resulting from order phasing from Ammonul® and the termination of the ChondroCelect® and Cometriq® contracts during 2016.

Financial summary

Amounts in SEK M	Q2 2017	Q2 2016	Change	H1 2017	H1 2016	Change	Full year 2016
Total revenues[1]	1,639	1,469	12%	3,035	2,742	11%	5,204
Gross profit[2]	1,163	1,065	9%	2,191	2,009	9%	3,651
Gross margin	71%	72%		72%	73%		70%
EBITA	492	550	-11%	898	1,052	-15%	1,543
EBIT (Operating profit/loss)	381	453	-16%	666	862	-23%	1,133
Profit for the period	246	310	-21%	438	611	-28%	854

[1]Q2 2016 revenues include a one time credit of SEK 386 M relating to the first commercial sales of Alprolix. H1 2016 also includes the one time credit received in Q1 of SEK 322 M relating to first commercial sales of Elocta.

[2]H1 2017 includes a one time inventory adjustment of SEK 59 M in Q1 due to delayed release of Kineret drug substance manufactured in 2016.

Half year revenues amounted to SEK 363 M (399), a decrease of 9 per cent.

ReFacto

ReFacto manufacturing revenues and royalty were SEK 196 M (181) in the quarter, an increase of 8 per cent due to phasing effects.

Manufacturing revenues in the quarter were SEK 184 M (142). Royalty revenues were SEK 12 M (39). Royalty to Sobi from ReFacto AF sales outside of the US ceased 1 June 2016.

Manufacturing and royalty revenues for the half year were SEK 323 M (346).

Gross profit

Gross profit for the quarter was SEK 1,163 M (1,065), representing a gross margin of 71 per cent (72), adjusted for the one-time credit in Q2 2016 gross margin was 71 per cent (63).

Gross profit for the half year was SEK 2,191 M (2,009), representing a gross margin of 72 per cent (73), adjusted for the one-time credits in H1 2016 and inventory adjustment in Q1 2017, gross margin was 70 per cent (64).

Operating expenses

Overall operating expenses excluding amortisations and write-downs were SEK 661 M (527) for the quarter and SEK 1,261 M (980) for the half year.

Operating expenses for sales and administration less amortisations amounted to SEK 413 M (325) for the quarter and SEK 796 M (640) for the half year. The increase mainly relates to continued investments to support the launch of Elocta and Alprolix and one-time costs for restructuring and strategy development initiatives.

Revenues by business line

Amounts in SEK M	Q2 2017	Q2 2016	Change	Change at CER[1]	H1 2017	H1 2016	Change	Change at CER[1]	Full year 2016
Key therapeutic areas									
Haemophilia: Elocta	351	55	>100%	>100%	601	75	>100%	>100%	1,001
Haemophilia: Alprolix	84	5	>100%	>100%	134	5	>100%	>100%	105
Haemophilia: Royalty[2,3]	292	568	-50%	-53%	563	1,013	-45%	-48%	770
Inflammation: Kineret	286	243	18%	12%	563	471	20%	14%	267
Inflammation: Other	26	24	6%	-1%	52	53	-2%	-8%	60
Genetics & Metabolism: Orfadin	220	182	21%	15%	437	379	15%	11%	1,525
Total	**1,259**	**1,076**	**16%**	**9%**	**2,349**	**1,996**	**17%**	**11%**	**3,729**
Partner Products	**184**	**212**	**-13%**	**-16%**	**363**	**399**	**-9%**	**-11%**	**820**
ReFacto									
Manufacturing revenues	184	142	30%	30%	304	279	9%	9%	569
Royalty revenues	12	39	-69%	-71%	19	68	-73%	-75%	88
Total	**196**	**181**	**8%**	**5%**	**323**	**346**	**-7%**	**-9%**	**656**
Total revenues	**1,639**	**1,469**	**11%**	**5%**	**3,035**	**2,742**	**10%**	**6%**	**5,204**

[1]Constant Exchange Rate.

[2]Q2 2016 revenues include a one time credit of SEK 386 M relating to the first commercial sales of Alprolix. H1 2016 also include the one time credit received in Q1 of SEK 322 M relating to the first commercial sales of Elocta.

[3]Royalty Q2 and H1 2017, based on estimated numbers

Research and development costs were for the quarter SEK 247 M (202) and SEK 465 M (340) for the half year. The cost increase reflects increased spending on programmes for Kineret, Elocta and SOBI003 as well as Sobi assuming its 50 per cent share of Biovera-tiv's ongoing development costs, as of 1 March 2016 for Elocta, and as of 1 August 2016 for Alprolix.

Operating profit

EBITA for the quarter was SEK 492 M (550) and EBITA for the half year was SEK 898 (1,052). EBITA increased by SEK 328 M for the quarter and SEK 495 M, for the half year, excluding one-time items compared to the same period last year.

Amortisations of intangible assets for the quarter amounted to SEK 110 M (97) and SEK 232 M (189) for the half year.

EBIT (operating profit) for the quarter amounted to SEK 381 M (453) and SEK 666 M (862) for the half year. EBIT increased by SEK 315 M for the quarter and SEK 453 M, for the half year, excluding one-time items compared to the same period last year.

Net financial items and tax

Net financial items amounted to SEK -21 M (-28) in the quarter, including exchange rate gains/losses of SEK -5 M (2).

Net financial items for the half year amounted to SEK -36 M (-51), including exchange rate gains/losses of SEK -2 M (1).

Tax amounted to SEK -115 M (-114) in the quarter and SEK -192 M (-200) for the half year.

Profit/loss

Profit was SEK 246 M (310) for the quarter and SEK 438 M (611) for the half year.

Operating profit/loss

Amounts in SEK M	Q2 2017	Q2 2016	H1 2017	H1 2016	Full year 2016
Total revenues	1,639	1,469	3,035	2,742	5,204
Total cost of goods and services sold	-475	-404	-843	-733	-1,554
Gross profit	**1,163**	**1,065**	**2,191**	**2,009**	**3,651**
*Gross Margin**	*71%*	*72%*	*72%*	*73%*	*70%*
Sales and administration expenses less amortisations and write-downs	-413	-325	-796	-640	-1,366
Research and development expenses	-247	-202	-465	-340	-778
Total opex less amortisations and write-downs	**-661**	**-527**	**-1,261**	**-980**	**-2,144**
Other operating revenues/expenses	**-11**	**12**	**-32**	**23**	**36**
EBITA	**492**	**550**	**898**	**1,052**	**1,543**
Amortisations related to sales and administration expenses	-110	-97	-232	-189	-410
Amortisations	**-110**	**-97**	**-232**	**-189**	**-410**
EBIT	**381**	**453**	**666**	**862**	**1,133**

The statement is a non-IFRS statement. For IFRS purpose please see Group Income Statement.

*Gross margin Q2 2016 was affected by a one time credit of SEK 386 M relating to the first commercial sales of Alprolix. H1 2016 also included the one time credit received in Q1 2016 of SEK 322 M relating to the first commercial sales of Elocta. Gross margin H1 2017 was impacted positively by a one-time adjustment to inventory due to delayed release of Kineret drug substance manufactured in 2016.

Cash flow and investments

Cash flow from operations before change in working capital for the quarter amounted to SEK 284 M (96). Cash flow from operations before change in working capital for the half year amounted to SEK 685 M (288). Working capital for the quarter impacted cash flow by SEK -111 M (-95).

Working capital for the half year impacted cash flow by SEK -188 M (-53). Cash flow from investing activities for the quarter amounted to SEK -14 M (-52). Cash flow from investing activities for the half year amounted to SEK -90 M (-62).

Cash

Cash position at the end of quarter was SEK 1,189 M, compared to SEK 786 M as of 31 December 2016 and SEK 770 M as of 30 June 2016.

Net cash/debt

Sobi ended the quarter and the half year with a net cash of SEK 685 M, compared to a net cash of SEK 282 M as of 31 December 2016.

Equity

Consolidated shareholders' equity as of 30 June 2017 amounted to SEK 5,967 M compared to SEK 5,399 M as of 31 December 2016.

Parent company

Net sales in Q2 2017 for the Parent Company, Swedish Orphan Biovitrum AB (publ), amounted to SEK 1,336 M (1,240) of which SEK 560 M (248) referred to sales to Group companies.

Half year sales amounted to SEK 2,606 M (2,333) whereof SEK 1,149 M (523) referred to sales to Group companies.

Profit after financial items for the quarter amounted to SEK 270 M (401) and for the half year to SEK 608 M (834).

Investments in tangible and intangible assets for the quarter amounted to SEK 12 M (52) and for the half year to SEK 83 M (60).

Outlook 2017[1,2]- updated

Sobi now expects revenues for the full year to be in the range of SEK 6,100 to 6,200 M (5,800 - 6,000).

Gross margin is now expected to be around 70 per cent (66- 68).

Sobi now expects EBITA for the full year to be in the range of SEK 1,700 to 1,800 M (1,600 - 1,700).

[1]*At constant exchange rates.*

[2]*The original outlook was first published on 16 February 2017.*

Other information

Personnel

As of 30 June 2017, the number of full-time equivalents was 789 (760, as of 31 December 2016).

Significant events after the reporting period

- FDA granted SOBI003 Orphan Drug Designation for the treatment of MPS IIIA.
- Sobi and Bioverativ presented new data on Elocta and Alprolix at the International Society on Thrombosis Haemostasis (ISTH) congress in Berlin.

Audit

This report has not been reviewed by the company's auditors.

Solna, Sweden, 19 July 2017

Guido Oelkers
CEO and President

Forward-looking statements

This report includes forward-looking statements. Actual results may differ from those stated. Internal factors such as the successful management of research programmes and intellectual property rights may affect future results. There are also external conditions such as the economic climate, political changes and competing research programmes that may affect Sobi's results.

This information is information that Swedish Orphan Biovitrum AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of Linda Holmström, Senior Communications Manager, at 08:00 am CET on 19 July 2017.

The Board of Directors and the CEO of Swedish Orphan Biovitrum AB (publ) provide their assurance that the interim report provides a fair and true overview of the Parent Company's and the Group's operations, financial position and results, and describes material risks and uncertainties faced by the parent Company and the companies in the Group. See under the heading "Accounting and valuation principles and in other information" for a description of the operational risks.

Stockholm, 18 July 2017

Håkan Björklund
Chairman

Lennart Johansson
Board member

Helena Saxon
Board member

Matthew Gantz
Board member

Annette Clancy
Board member

Hans GCP Schikan
Board member

Pia Axelson
Employee representative

Bo-Gunnar Rosenbrand
Employee representative

Guido Oelkers
CEO and President

Vision and mission

Vision

We are inspired to pioneer a world in which rare disease patients are diagnosed at birth, receive effective and sustainable therapy, and go on to live full and healthy lives.

Mission

To develop and deliver innovative therapies and services to improve the lives of patients.

Sobi's value creation

True availability and access to treatment for patients is what brings long-term value to the patients we serve, our employees, partners and shareholders. The capabilities that make this possible are our knowledge of biologics manufacturing and industrialisation, our in-house research and development competencies within protein characterisation, and our ability to provide access to treatments for rare disease patients. We believe that our ability to partner and to pioneer with different stakeholders and bring together all the opportunities that exist to facilitate effective and timely rare disease therapy development creates unique opportunities to add value to the rare disease field.

Financial statements

Group
Statement of comprehensive income

Amounts in SEK M	Q2 2017	Q2 2016	H1 2017	H1 2016	Full year 2016
Total revenues[1]	1,639	1,469	3,035	2,742	5,204
Total cost of goods and services sold	-475	-404	-844	-733	-1,554
Gross profit	**1,163**	**1,065**	**2,191**	**2,009**	**3,651**
Sales and administration expenses[2]	-524	-422	-1,028	-829	-1,776
Research and development expenses	-247	-202	-465	-340	-778
Other operating revenues/expenses	-11	12	-32	23	36
Operating profit	**381**	**453**	**666**	**862**	**1,133**
Financial income/expenses	-21	-28	-36	-51	-85
Profit before tax	**360**	**424**	**630**	**811**	**1,048**
Income tax expenses	-115	-114	-192	-200	-194
Profit for the period	**246**	**310**	**438**	**611**	**854**
All earnings are attributable to parent company shareholders					
Other comprehensive income					
Items that will not be reclassified to profit/loss					
Re-measurements of post employment benefit obligations	2	0	2	0	1
Items that may be reclassified subsequently to profit/loss					
Translation difference	-2	2	-3	1	5
Cash flow hedge (net of tax)	82	-64	118	-53	-176
Comprehensive income for the period	**328**	**248**	**554**	**559**	**684**
[1]See page 6 for split by business line					
[2]Amortisation and write-downs of intangible assets included in Sales and administration expenses	-110	-97	-232	-189	-410
Earnings per share	0.91	1.16	1.63	2.28	3.18
Earnings per share after dilution	0.91	1.15	1.62	2.27	3.17

Group
Balance sheet

Amounts in SEK M	Jun 2017	Dec 2016	Jun 2016
ASSETS			
Non-current assets			
Intangible fixed assets[1]	6,643	6,806	6,974
Tangible fixed assets	126	121	115
Other long-term assets	144	136	80
Total non-current assets	**6,913**	**7,063**	**7,169**
Current assets			
Inventories	1,123	870	751
Accounts receivable	1,027	769	558
Current receivables, non-interest bearing	430	487	346
Cash and cash equivalents	1,189	786	770
Total current assets	**3,769**	**2,911**	**2,426**
Total assets	**10,682**	**9,974**	**9,595**
EQUITY AND LIABILITIES			
Shareholders´ equity	**5,967**	**5,399**	**5,262**
Long-term liabilities			
Long-term debt	502	502	502
Long-term liabilities, non-interest bearing	2,020	2,314	2,449
Total long-term liabilities	**2,523**	**2,817**	**2,951**
Current liabilities			
Short term debt	2	2	2
Current liabilities, non-interest bearing	2,191	1,756	1,380
Total short-term liabilities	**2,192**	**1,758**	**1,382**
Total equity and liabilities	**10,682**	**9,974**	**9,595**

[1]Including goodwill SEK 1,554 M.

Group
Changes in equity

Amounts in SEK M	Jan - Jun 2017	Full year 2016	Jan - Jun 2016
Opening balance[1]	**5,399**	**4,660**	**4,660**
Sharebased compensation to employees	14	32	19
Sale of own shares	–	24	24
Comprehensive income for the period[2]	554	684	559
Equity, end of period	**5,967**	**5,399**	**5,262**

[1]See note 3.

[2]Whereof changes in cash-flow hedges amounted to SEK 118 M (1).

Group
Cash flow statement

Amounts in SEK M	Q2 2017	Q2 2016	H1 2017	H1 2016	Full year 2016
Net result	246	310	438	611	854
Non-cash items[1]	38	-215	247	-324	-212
Cash flow from operations before change in working capital	**284**	**96**	**685**	**288**	**642**
Change in working capital	-111	-95	-188	-53	-300
Cash flow from operations	**173**	**0**	**497**	**235**	**343**
Investment in intangible fixed assets	-5	-36	-69	-43	-119
Investment in tangible fixed assets	-9	-18	-22	-24	-46
Divestment of tangible fixed assets	0	1	0	5	7
Cash flow from investing activities	**-14**	**-52**	**-90**	**-62**	**-158**
Loans - Raising/Amortization	–	-312	–	-332	-331
Sale of own shares	–	24	–	24	24
Cash flow from financing activities	**–**	**-288**	**–**	**-308**	**-308**
Net change in cash	**159**	**-340**	**406**	**-135**	**-123**
Liquid funds at the beginning of the period	1,032	1,108	786	904	904
Translation difference in cash flow and liquid funds	-2	2	-3	1	5
Liquid funds at the end of the period	**1,189**	**770**	**1,189**	**770**	**786**
[1] Non-cash items:					
Depreciation tangible fixed assets	8	7	16	15	31
Amortization intangible assets	110	97	232	189	410
Deferred tax	74	82	93	168	113
Other, whereof SEK -168 M in Q2 2017 (SEK -416 M in Q2 2016 and SEK -812 M in full year 2016) reflects Elocta and Alprolix, see also page 5 under Haemophilia	-154	-400	-95	-696	-765
Total non-cash items	**38**	**-215**	**247**	**-324**	**-212**

Group
Key ratios and other information

Amounts in SEK M	Q2 2017	Q2 2016	H1 2017	H1 2016	Full year 2016
Profit numbers					
Gross profit	1,163	1,065	2,191	2,009	3,651
EBITDA[1]	500	557	914	1,067	1,574
EBITA[1]	492	550	898	1,052	1,543
EBIT[1]	381	453	666	862	1,133
Profit/loss	246	310	438	611	854
Per share data (SEK)					
Earnings per share	0.91	1.16	1.63	2.28	3.18
Earnings per share after dilution	0.91	1.15	1.62	2.27	3.17
Shareholders' equity per share[3]	22.1	19.5	22.1	19.5	20.0
Shareholders' equity per share after dilution[3]	22.0	19.4	22.1	19.4	19.9
Other information					
Gross margin	71%	72%	72%	73%	70%
Equity ratio[3]	56%	55%	56%	55%	54%
Net cash (-)/debt (+)[2]	-685	-266	-685	-266	-282
Number of ordinary shares	270,389,770	270,389,770	270,389,770	270,389,770	270,389,770
Number of C-shares (in treasury)	1,621,178	1,433,036	1,621,178	1,433,036	1,621,178
Number of ordinary shares (in treasury)	1,265,801	1,640,735	1,265,801	1,640,735	1,610,086
Average number of ordinary shares (excluding shares in treasury)	269,009,207	268,303,660	269,009,207	267,964,831	268,362,041
Average number of ordinary shares after dilution (excluding shares in treasury)	270,097,979	269,172,665	270,008,634	268,797,364	269,252,883

[1,2,3] Sobi presents certain financial measures in the interim report that are not defined according to IFRS, so called alternative performance measures (APMs). Where APMs are not directly identifiable from the financial statements and in need of an explanation, the parameters used to calculate these key ratios have been specified below. Further information on why these are considered important can be found in Definitions at the end of this report.

[1]Amortizations	-110	-97	-232	-189	-410
[1]Depreciations	-8	-7	-16	-15	-31
[2]Long term liabilities interest-bearing	502	502	502	502	502
[2]Short term liabilities interest-bearing	2	2	2	2	2
[2]Cash	1,189	770	1,189	770	786
[3]Equity	5,967	5,262	5,967	5,262	5,399
[3]Total assets	10,682	9,595	10,682	9,595	9,974

Parent company
Income statement

Amounts in SEK M	Q2 2017	Q2 2016	H1 2017	H1 2016	Full year 2016
Total revenues	1,336	1,240	2,606	2,333	4,594
Total cost of goods and services sold	-471	-383	-858	-684	-1,470
Gross profit	**865**	**857**	**1,748**	**1,649**	**3,124**
Sales and Administration expenses[1]	-335	-260	-641	-487	-1,218
Research and Development expenses	-234	-183	-441	-311	-729
Other operating revenues/expenses	-5	10	-23	24	30
Operating profit	**291**	**424**	**643**	**875**	**1,206**
Financial income/expenses	-21	-23	-35	-41	-73
Profit after financial items	**270**	**401**	**608**	**834**	**1,133**
Appropriations	–	–	–	–	-1,049
Profit before tax	**270**	**401**	**608**	**834**	**85**
Income tax expenses	-41	105	-90	19	19
Profit for the period	**229**	**506**	**518**	**853**	**104**

Parent company statement of other comprehensive income

Amounts in SEK M	Q2 2017	Q2 2016	H1 2017	H1 2016	Full year 2016
Profit/loss for the period	229	506	518	853	104
Items that may be reclassified subsequently to profit/loss					
Cash flow hedge (net of tax)	82	-64	118	-53	-176
Comprehensive income for the period	**311**	**442**	**636**	**800**	**-72**
[1]Amortisation and write-downs of intangible assets included in Sales and administration expenses	-71	-56	-154	-102	-244

Parent company
Balance sheet

Amounts in SEK M	Jun 2017	Dec 2016	Jun 2016
ASSETS			
Non-current assets			
Intangible fixed assets	4,177	4,262	4 352
Tangible fixed assets	105	103	96
Other long-term assets	3,882	3,882	3 882
Total non-current assets	**8,164**	**8,247**	**8 330**
Current assets			
Inventories	990	766	670
Current receivables, non-interest bearing	1,534	1,460	1 004
Cash and cash equivalents	1,131	662	599
Total current assets	**3,655**	**2,888**	**2 273**
Total assets	**11,819**	**11,136**	**10 603**
EQUITY AND LIABILITIES			
Shareholders´ equity	**6,438**	**5,789**	**6 649**
Untaxed reserves	*1,154*	*1,154*	–
Long-term liabilities			
Long-term debt	498	497	496
Long-term liabilities, non-interest bearing	1,464	1,833	2 004
Total long-term liabilities	**1,962**	**2,329**	**2 500**
Current liabilities			
Current liabilities, non-interest bearing	2,265	1,863	1 454
Total short-term liabilities	**2,265**	**1,863**	**1 454**
Total equity and liabilities	**11,819**	**11,136**	**10 603**

Parent company
Change in shareholders´ equity

Amounts in SEK M	Jan-Jun 2017	Full year 2016	Jan-Jun 2016
Opening balance[1]	**5,789**	**5,803**	**5,803**
Sharebased compensation to employees	14	35	22
Sale of own shares	–	24	24
Comprehensive income for the period[2]	636	-72	800
Equity, end of period	**6,438**	**5,789**	**6,649**

[1]See note 3.

[2]Whereof changes in cash-flow hedges amounted to SEK 118 M (1).

Financial notes

Note 1 – Accounting and valuation principles and other information

Important accounting principles
This report has been prepared in accordance with IAS 34 and with the Swedish Annual Accounts Act. The consolidated financial statements for the period January—June 2017 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the EU and the Swedish Annual Act. The parent company applies the Annual Accounts Act and Council for Financial Reporting, RFR 2 Reporting for legal entities. The consolidated financial statements have been prepared according to the historical cost convention, except in the case of financial assets and except certain financial assets and liabilities (including derivative instruments) which are measured at fair value through profit and loss.

Accounting principles applied, except for the changes listed below, are in accordance with those described in the 2016 Annual Report. More detailed information about the Group's accounting and valuation principles can be found in the 2016 Annual Report which is available on www.sobi.com.

Change in accounting principles
From fiscal year 2017 a number of new and revised standards came in force. These standards have had no material impact on the consolidated financial statements.

Operating risks
All business operations involve risk. Managed risk-taking is necessary to maintain good profitability. Risk may be due to events in the external environment and may affect a certain industry or market. Risk may also be specific to a certain company.

Sobi is exposed to three main risk categories:

Operational risks, e.g. due to the capital-intensive and risky nature of new drug development, dependence on external partners in various collaborations, product liability claims and laws and rules on the treatment of hazardous materials.

External risks such as patent infringements, competition within product concepts and decisions by authorities regarding product use and prices.

Financial risks, such as currency risk, interest risk, credit risk and liquidity risk.

A more detailed description of the Group's risk exposure and risk management is included in Sobi's 2016 Annual Report (see the Directors' Report). There are no major changes in the Group's risk exposure and risk management in 2017 compared to the previous year.

Note 2 – Fair values of financial instruments

The Group carries derivatives (see the 2016 Annual Report for a narrative description of the purpose of the holdings). The derivatives (under the heading "current assets/liabilities") are all level 2 instruments in the fair value hierarchy in the standard IFRS 13 (inputs other than quoted prices that are observable for the instruments, either directly or indirectly, are used in the fair value measurement). All derivatives are measured at fair value based on market data in accordance with IFRS. At 30 June 2017, the net reported value in the balance sheet for derivatives was SEK 9 M (-1).

As of 30 June 2017, all other financial instruments in the balance sheet have reported values that are in all material aspects equivalent to fair value.

Note 3 – Correction of deferred tax

A correction of deferred tax related to the effects of the return to the accounting method of depreciation has been made in the parent company in the second quarter of 2016. The correction has also affected the resolution of deferred tax in Q1 2017, and have had the following effect on the Groups previously reported numbers.

Group

Amounts in SEK M	Previously reported Q1 2017	Corrected numbers Q1 2017	Previously reported Q2 2016	Corrected numbers Q2 2016
Balance sheet				
Equity	5,592	5,634	5,217	5,262
Long-term liabilities, non-interest bearing	2,216	2,175	2,494	2,449
Total equity and liabilities	**10,332**	**10,332**	**9,595**	**9,595**
Income statement				
Income tax expenses	-74	-78	-159	-114
Profit for the period	196	192	265	310
P&L effect of corrected deferred tax		**-4**		**45**

Definitions

CER
Constant exchange rates.

Earnings per share
The portion of a company´s profit allocated to each outstanding share of common stock.

Full-time equivalents
Unit that indicates the workload of an employed person in a way that makes workloads comparable.

Profit/loss
Profit/loss for the period.

FINANCIAL MEASURES NOT DEFINED ACCORDING TO IFRS

Sobi uses certain financial measures in the interim report that are not defined according to IFRS. The company considers that these measures provide valuable supplementary information for investors and company management, as they enable an assessment and benchmarking of the company's reporting. Since not all companies calculate financial measures in the same way, these are not always comparable to measures used by other companies. These financial measures should therefore not be regarded as substitutes for measures defined according to IFRS. The following key ratios are not defined according to IFRS.

EBIT
Earnings Before Interest and Taxes (Operating profit/loss).

EBITA
Operating profit/loss before amortisation.

EBITDA
Operating profit/loss before depreciation and amortisation.

Equity per share
Equity divided by the number of shares.

Equity ratio
Shareholders' equity as a proportion of total assets.

Gross margin
Gross profit as a percentage of sales.

Gross profit
Net sales less cost of goods and services sold.

Interest bearing liability
Credit facilities and other liabilities to credit institutions.

Net debt/net cash
Interest bearing long term and short term debt less cash at bank.

Glossary

Alprolix (eftrenonacog alfa)
A recombinant, extended half-life clotting factor 9 therapy approved in Australia, Canada, the EU, Japan, New Zealand, and the US for the treatment of haemophilia B, which can be used by people of all ages.

Dupuytren's disease, also known as "Viking disease"
A condition that affects the connective tissue in the palm of the hand and the inside surface of the fingers.

EC
European Commission.

Elocta (efmoroctocog alfa)
A recombinant, extended half-life clotting factor VIII therapy approved in the European Union, Switzerland, Iceland, Liechtenstein, Norway, Kuwait and the Kingdom of Saudi Arabia, for the treatment of haemophilia A. Can be used by people of all ages. It is also approved in the United States, Japan, Canada, Australia, New Zealand and Brazil, where it is known as ELOCTATE®.

EMA
European Medicines Agency.

EMENAR
Abbreviation for Europe, Middle East, North Africa and Russia.

FDA
Food and Drug Administration.

Haemophilia
A rare, genetic disorder in which the ability of a person's blood to clot is impaired. Haemophilia A occurs in about one in 5,000 male births annually, and haemophilia B occurs in about one in 25,000 male births annually. Both occur more rarely in females. People with haemophilia experience bleeding episodes that may cause pain, irreversible joint damage and life-threatening haemorrhages.

Health Canada
Department of the government of Canada with responsibility for national public health.

Hereditary tyrosinemia type 1 (HT-1)
People with HT-1 have problems breaking down an amino acid called tyrosine. Toxic by-products are formed and accumulate in the body, which can cause liver, renal and neurological complications.

ISTH
International Society on Thrombosis Haemostasis.

Kineret (anakinra)
A drug used to treat inflammatory diseases.

Mucopolysaccharidosis (MPS) type IIIA (Sanfilippo A syndrome)
A progressive, life-threatening and rare inherited metabolic disorder affecting children already from a young age. Belongs to a group of diseases called Lysosomal Storage Disorders (LSDs).

Neonatal-onset multisystem inflammatory disease (NOMID)
A rare autoinflammatory disease with an incidence estimated to be 1:1,000,000 worldwide, associated with chronic meningitis, hearing loss, craniofacial abnormalities, bone lesions and increased mortality.

Orfadin (nitisinone)
A drug used to treat hereditary tyrosinaemia type 1 (HT-1).

SOBI003
A chemically modified variant of a recombinant human sulfamidase product candidate intended as an enzyme replacement therapy in lysosomal storage disease MPS IIIA, aimed to reduce heparan sulfate storage materials in affected cells.

Xiapex (collagenase clostridium histolyticum (CCH))
Approved for the treatment of Dupuytren's contracture in adult patients with a palpable cord and for adult men with Peyronie's disease with a palpable plaque and curvature deformity of at least 30 degrees at the start of therapy.

Sobi™ is an international speciality healthcare company dedicated to rare diseases. Our mission is to develop and deliver innovative therapies and services to improve the lives of patients. The product portfolio is primarily focused on Haemophilia, Inflammation and Genetic diseases. We also market a portfolio of speciality and rare disease products across Europe, Middle East, North Africa and Russia for partner companies. Sobi is a pioneer in biotechnology with world-class capabilities in protein biochemistry and biologics manufacturing. In 2016, Sobi had total revenues of SEK 5.2 billion (USD 608 M) and approximately 760 employees. The share (STO:SOBI) is listed on Nasdaq Stockholm. More information is available at www.sobi.com.

sobi
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