sobi

Pioneer in Rare Diseases

Q3 REPORT 2017

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FINANCIAL CALENDAR

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Q3 2017

Business highlights Q3 2017

- Focus on future growth
- 37 per cent sales growth in the quarter
- 601 per cent product sales growth in Haemophilia
- Solid development for Orfadin® 20 mg and oral suspension in the US

Financial summary Q3 2017

- Total revenue was SEK 1,601 M (1,171), an increase of 37 per cent (41 per cent at CER)
- Product revenue was SEK 1,459 M (1,009), an increase of 45 per cent (48 per cent at CER)
- Gross margin was 70 per cent (67)
- EBITA increased by 90 per cent to SEK 536 M (282)
- Cash position SEK 1,758 M (SEK 786 M as of 31 December 2016)
- Earnings per share 1.20 SEK (0.50)

Jan-Sep 2017

Financial summary Jan-Sep 2017

- Total revenue was SEK 4,636 M (3,913), an increase of 18 per cent (16 per cent at CER)
- Product revenue was SEK 4,171 M (3,404), an increase of 23 per cent (20 per cent at CER)
- Gross margin was 72 per cent (71)
- EBITA was SEK 1,434 M (1,333)
- Earnings per share 2.94 SEK (2.71)

CEO statement

A strong business performance was shown across the portfolio in the third quarter, with the main contributors being Elocta® and Alprolix®. The substantial growth momentum in our Haemophilia products sales encourages us to be confident around the prospects of the Haemophilia franchise.

Total revenues for the third quarter 2017 were SEK 1,601 M (1,171), an increase of 37 per cent. EBITA was SEK 536 M (282), an increase of 90 per cent, and gross margin amounted to 70 per cent.

Haemophilia
The Haemophilia franchise had consistent growth across the regions through the period. Elocta sales amounted to SEK 417 M (57), an increase of 633 per cent compared to Q3 2016, where the UK, Italy and France, were the largest contributors to this strong result. Alprolix showed good growth, and sales amounted to SEK 98 M (17), an increase of 491 per cent compared to Q3 2016. Also for Alprolix, sales derived primarily from the UK and Italy.

Specialty Care
Orfadin sales increased 5 per cent and amounted to SEK 202 M (193). The growth relates mainly to the launch of 20 mg and oral suspension formulations in the US. Kineret® had sales of SEK 272 M (265), and increase of 3 per cent. North America continued to show a steady growth as an effect of the established US patient support programme. EMENAR sales were negatively impacted by delays of shipments to the Middle East. Xiapex® revenues were SEK 31 M (29) in the quarter, an increase of 6 per cent.

Focus on future growth
We are taking the next step in evolving our company and will continue to improve the agility of our business organisation by decentralising decision making towards the country organisations. Resource allocation to support this strategic initiative will be reflected accordingly.

Our growth strategy has been designed to capitalise on the substantial potential in Haemophilia. Based on this solid platform we will further balance the business with a broader Specialty Care portfolio to ensure a sustainable company in both the short and long-term. Our new Head of Specialty Care, Norbert Oppitz, will lead our efforts to realise this. Furthermore, we are rebalancing our geographical footprint in our existing markets by, among other things, scaling and developing our North American franchise. The strengthening of our late stage R&D pipeline is another key area of focus going forward.

The newly established leadership team, the Executive Committee, is committed to the long-term development of the company.

Solna, Sweden, 25 October 2017
Guido Oelkers, CEO and President

Business review Q3

Business review

Haemophilia
Follow-up data from the ASPIRE and B-YOND extension studies, demonstrating improvements in modified haemophilia joint health scores, low target joint annualised bleeding rates (ABRs) and target joint resolution for people receiving prophylactic treatment with Alprolix and Elocta, were presented by Sobi and Biovertiv during the *International Society on Thrombosis and Haemostasis* (ISTH) 2017 Congress, in Berlin, Germany.

During the quarter Sobi won a significant tender order for Elocta at one of the largest haemophilia centres in Saudi Arabia. A new market approval for Alprolix in Kuwait was also received.

Specialty Care
Orfadin capsules, 5 and 10 mg, were approved on two new markets; Algeria and Tunisia. These are the first approvals for Orfadin in North Africa.

The FDA approved a reduced dosing frequency for Orfadin from twice daily to once daily in patients 5 years of age and older. A once-daily dosing option was also approved by the European Commission in the beginning of 2017.

SOBI003
SOBI003 was granted Orphan Drug Designation (ODD) by the U.S. FDA for the treatment of mucopolysaccharidosis type IIIA (MPS IIIA) early in the quarter.

Financial review Q3 and January - September

Revenues

Total revenues amounted to SEK 1,601 M (1,171), an increase of 37 per cent compared to Q3 2016. Product sales amounted to SEK 1,459 M (1,009), an increase of 45 per cent.

Revenues for the first nine months of the year were SEK 4,636 M (3,913), an increase of 18 per cent or 45 per cent when adjusted for the two one-time credits received in the first half of 2016 for Elocta and Alprolix totalling to SEK 708 M. Product sales for the first nine months were SEK 4,171 M (3,404).

Haemophilia

Total revenues for the Haemophilia franchise amounted to SEK 805 M (308), including estimated royalty revenues of SEK 291 M (235). Product sales were SEK 515 M (73), whereof SEK 417 M (57) from Elocta and SEK 98 M (17) from Alprolix. The growth primarily derived from the UK, Italy, France and Germany. The top five EU markets represent more than 75 per cent of sales in the quarter.

Nine months revenues were SEK 2,103 M (1,401), including estimated royalties of SEK 854 M (1,248). Comparable numbers for 2016 include one-time credits totalling SEK 708 M related to the first commercial sales of Elocta and Alprolix in the first half of the year. Product sales for the first nine months reached SEK 1,018 M (132) for Elocta and SEK 232 M (22) for Alprolix.

To date, reimbursement has been granted in 20 countries for Elocta, with the addition of Finland and Hungary in the quarter, and in 12 countries for Alprolix.

Specialty Care

Total revenues for Specialty Care amounted to SEK 653 M (701) for the quarter and to SEK 2,068 M (2,003) for the first nine months.

Revenues for Orfadin were SEK 202 M (193) for the quarter, an increase of 5 per cent (8 per cent at CER). North America revenues were strong despite lost sales to generics in Canada. The growth mainly relates to the launch of the 20 mg and oral suspension formulations in the US. EMENAR revenues were impacted by phasing of tenders in the Middle East and North Africa.

For the first nine months revenues for Orfadin amounted to SEK 639 M (573), an increase of 12 per cent (10 per cent at CER).

Kineret revenues were SEK 272 M (265) for the quarter, an increase of 3 per cent (6 per cent at CER). North America continued to show a steady growth as an effect of the establishment of the patient support programme in the US. EMENAR sales were negatively impacted by delays of shipments to the Middle East, which is expected to be recovered by year end. Nine months revenues for Kineret increased by 14 per cent (11 per cent at CER), compared to the same period last year, and reached SEK 835 M (735).

Xiapex revenues were SEK 31 M (29) in the quarter, an increase of 6 per cent (7 per cent at CER). Revenues for the first nine months amounted to SEK 115 M (110), an increase of 4 per cent (3 per cent at CER).

ReFacto

ReFacto manufacturing revenues and royalty for the quarter were SEK 143 M (162), a decrease of 12 per cent due to phasing effects.

The manufacturing revenues represented SEK 135 M (145) and the royalty revenues were SEK 7 M (17). Royalty to Sobi from ReFacto AF sales outside of the US ceased on 1 June 2016.

Manufacturing and royalty revenues for the first nine months were SEK 465 M (508).

Financial summary

Amounts in SEK M	Q3 2017	Q3 2016	Change	Jan-Sep 2017	Jan-Sep 2016	Change	Full year 2016
Total revenues[1]	1,601	1,171	37%	4,636	3,913	18%	5,204
Gross profit[2]	1,129	782	44%	3,320	2,791	19%	3,651
Gross margin	70%	67%		72%	71%		70%
EBITA	536	282	90%	1,434	1,333	8%	1,543
EBIT (Operating profit/loss)	426	171	149%	1,092	1,033	6%	1,133
Profit for the period	324	135	141%	791	728	9%	801

[1]Jan-Sep 2016 revenues include a one-time credit received in Q1 of SEK 322 M relating to the first commercial sales of Elocta, and a one-time credit received in Q2 of SEK 386 M relating to first commercial sales of Alprolix.

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

Gross profit

Gross profit for the quarter was SEK 1,129 M (782), representing a gross margin of 70 per cent (67).

Gross profit for the first nine months was SEK 3,320 M (2,791), representing a gross margin of 72 per cent (71). When adjusted for the one-time credits in the first half of 2016 and an inventory adjustment in Q1 2017, the gross margin was 70 per cent (65).

Operating expenses

Overall operating expenses excluding amortisations and write-downs were SEK 585 M (507) for the quarter and SEK 1,846 M (1,487) for the first nine months.

Operating expenses for sales and administration less amortisations and write-downs amounted to SEK 371 M (327) for the quarter. The increase mainly relates to continued organisational investments and to strategy development initiatives. Operating expenses for sales and administration less amortisations and write-downs for the first nine months, amounted to SEK 1,167 M (967).

Research and development costs were SEK 214 M (179) for the quarter and SEK 679 M (520) for the first nine months. The cost increase reflects increased spending on programmes for Kineret, Elocta and SOBI003 as well as Sobi assuming its 50 per cent share of Bioverativ's ongoing development costs, as of 1 March 2016 for Elocta, and as of 1 August 2016 for Alprolix.

Operating profit

EBITA was SEK 536 M (282) for the quarter and SEK 1,434 M (1,333) for the first nine months. Adjusted for one-time items EBITA increased by SEK 750 M for the first nine months.

Revenues by business line

Amounts in SEK M	Q3 2017	Q3 2016	Change	Change at CER[1]	Jan-Sep 2017	Jan-Sep 2016	Change	Change at CER[1]	Full year 2016
Haemophilia									
Elocta	417	57	633%	638%	1,018	132	671%	666%	267
Alprolix	98	17	491%	502%	232	22	973%	976%	60
Royalty[2,3]	291	235	24%	37%	854	1,248	-32%	-32%	1,525
Total	**805**	**308**	**161%**	**168%**	**2,103**	**1,401**	**50%**	**45%**	**1,853**
Specialty Care									
Orfadin	202	193	5%	8%	639	573	12%	10%	770
Kineret	272	265	3%	6%	835	735	14%	11%	1,001
Xiapex	31	29	6%	7%	115	110	4%	3%	153
Other	148	214	-31%	-30%	479	585	-18%	-19%	772
Total	**653**	**701**	**-7%**	**-4%**	**2,068**	**2,003**	**3%**	**2%**	**2,695**
ReFacto									
Manufacturing revenues	135	145	-7%	-7%	440	424	4%	4%	569
Royalty revenues	7	17	-56%	-40%	26	84	-69%	-69%	88
Total	**143**	**162**	**-12%**	**-10%**	**465**	**508**	**-8%**	**-9%**	**656**
Total revenues	**1,601**	**1,171**	**37%**	**41%**	**4,636**	**3,913**	**18%**	**16%**	**5,204**

[1]Constant Exchange Rate.

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

[3]Royalty Q3 and Jan-Sep 2017, based on estimated numbers.

Amortisations and write-downs of intangible assets for the quarter amounted to SEK 110 M (110) and SEK 342 M (300) for the nine-month period.

EBIT for the quarter amounted to SEK 426 M (171) and to SEK 1,092 M (1,033) for the nine-month period. Compared to the same period last year, EBIT increased by SEK 255 M for the quarter and by SEK 708 M for the first nine months, excluding one-time items.

Net financial items and tax

Net financial items amounted to SEK -17 M (-22) in the quarter, including exchange rate gains/losses of SEK -2 M (-4).

Net financial items for the first nine months amounted to SEK -53 M (-73), including exchange rate gains/losses of SEK -4 M (-3).

Tax amounted to SEK -85 M (-14) in the quarter and SEK -247 M (-232) for the first nine months.

Profit

Profit was SEK 324 M (135) for the quarter and SEK 791 M (728) for the first nine months.

Cash flow and investments

Cash flow from operations before change in working capital for the quarter amounted to SEK 280 M (218). Cash flow from operations before change in working capital for the nine-month period amounted to SEK 964 M (505). Working capital impacted cash flow by SEK 300 M (-136) in the quarter and by SEK 112 M (-189) for the first nine months.

Cash flow from investing activities in the quarter amounted to SEK -7 M (-30) and SEK -97 M (-92) for the nine-month period.

Operating profit/loss

Amounts in SEK M	Q3 2017	Q3 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
Total revenues	1,601	1,171	4,636	3,913	5,204
Total cost of goods and services sold	-473	-389	-1,316	-1,122	-1,554
Gross profit	**1,129**	**782**	**3,320**	**2,791**	**3,651**
*Gross Margin**	*70%*	*67%*	*72%*	*71%*	*70%*
Sales and administration expenses less amortisations and write-downs	-371	-327	-1,167	-967	-1,366
Research and development expenses	-214	-179	-679	-520	-778
Total opex less amortisations and write-downs	**-585**	**-507**	**-1,846**	**-1,487**	**-2,144**
Other operating revenues/expenses	**-8**	**6**	**-40**	**29**	**36**
EBITA	**536**	**282**	**1,434**	**1,333**	**1,543**
Amortisations and write-downs related to Sales and administration expenses	-110	-110	-342	-300	-410
Amortisations and write-downs	**-110**	**-110**	**-342**	**-300**	**-410**
EBIT	**426**	**171**	**1,092**	**1,033**	**1,133**

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

*Gross margin in Jan-Sep 2016 was affected by the one-time credit received in Q1 of SEK 322 M relating to the first commercial sales of Elocta, and by the one-time credit received in Q2 of SEK 386 M relating to the first commercial sales of Alprolix. Gross margin Jan-Sep 2017 was impacted positively by a one-time adjustment to inventory of SEK 59 M in Q1 due to delayed release of Kineret drug substance manufactured in 2016.

Cash

The cash position at the end of the quarter was SEK 1,758 M, compared to SEK 786 M as of 31 December 2016 and SEK 824 M as of 30 September 2016.

Net cash/debt

Sobi ended the quarter with a net cash position of SEK 1,253 M, compared to SEK 282 M as of 31 December 2016.

Equity

Consolidated shareholders' equity as of 30 September 2017 amounted to SEK 6,352 M compared to SEK 5,365 M as of 31 December 2016.

Parent company

Net sales in Q3 2017 for the Parent Company, Swedish Orphan Biovitrum AB (publ), amounted to SEK 1,545 M (1,177) of which SEK 821 M (536) referred to sales to Group companies.

Nine months sales amounted to SEK 4,151 M (3,510) whereof SEK 1,970 M (1,059) referred to sales to Group companies.

Profit after financial items amounted to SEK 521 M (309) for the quarter and to SEK 1,129 M (1,144) for the first nine months.

Investments in tangible and intangible assets amounted to SEK 7 M (29) for the quarter and to SEK 90 M (90) for the first nine months.

Outlook 2017[1,2]– updated

Sobi now expects total revenues for the full year to be in the range of SEK 6,300 to 6,400 M (6,100-6,200).

Gross margin is expected to be around 70 per cent, unchanged.

Sobi now expects EBITA for the full year to be in the range of SEK 1,900 to 2,000 M (1,700-1,800).

[1] *At current exchange rates.*

[2] *The latest outlook was published on 19 July 2017.*

Other information

Personnel

As of 30 September 2017, the number of full-time equivalents was 807 (760, as of 31 December 2016).

Significant events after the reporting period

- Norbert Oppitz recruited as Senior Vice President, Specialty Care
- A new leadership structure was established
- Torbjörn Hallberg will join Sobi as new General Counsel, as of 8 January 2018

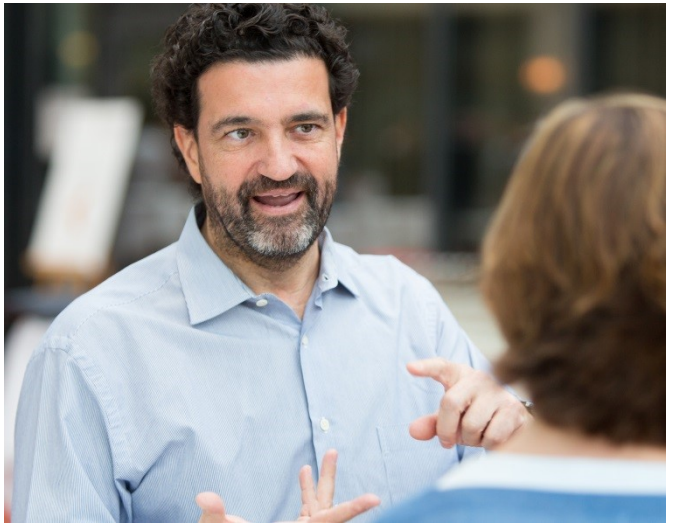
Solna, Sweden, 25 October 2017

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 25 October 2017.



Auditor's review

Introduction
We have reviewed the condensed interim report for Swedish Orphan Biovitrum AB (publ) as at September 30, 2017 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review
We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 25 October 2017

Ernst & Young AB

Björn Ohlsson

Authorised Public Accountant

Financial statements

Group
Statement of comprehensive income

Amounts in SEK M	Q3 2017	Q3 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
Total revenues[1]	1,601	1,171	4,636	3,913	5,204
Total cost of goods and services sold	-473	-389	-1,316	-1,122	-1,554
Gross profit	**1,129**	**782**	**3,320**	**2,791**	**3,651**
Sales and administration expenses[2]	-481	-438	-1,509	-1,267	-1,776
Research and development expenses	-214	-179	-679	-520	-778
Other operating revenues/expenses	-8	6	-40	29	36
Operating profit	**426**	**171**	**1,092**	**1,033**	**1,133**
Financial income/expenses	-17	-22	-53	-73	-85
Profit before tax	**409**	**149**	**1,038**	**960**	**1,048**
Income tax expenses	-85	-14	-247	-232	-247
Profit for the period	**324**	**135**	**791**	**728**	**801**
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	–	1
Items that may be reclassified subsequently to profit/loss					
Translation difference	-5	2	-7	3	5
Cash flow hedge (net of tax)	55	-28	173	-81	-176
Comprehensive income for the period	**375**	**109**	**958**	**651**	**631**
[1]See page 6 for split by business line					
[2]Amortisation and write-downs of intangible assets included in Sales and administration expenses	-110	-110	-342	-300	-410
Earnings per share	1.20	0.50	2.94	2.71	2.99
Earnings per share after dilution	1.20	0.50	2.93	2.70	2.98

Group
Balance sheet

Amounts in SEK M	Sep 2017	Dec 2016	Sep 2016
ASSETS			
Non-current assets			
Intangible fixed assets[1]	6,535	6,806	6,893
Tangible fixed assets	122	121	111
Other long-term assets	155	136	146
Total non-current assets	**6,812**	**7,063**	**7,151**
Current assets			
Inventories	1,095	870	798
Accounts receivable	941	769	628
Current receivables, non-interest bearing	469	487	398
Cash and cash equivalents	1,758	786	824
Total current assets	**4,263**	**2,911**	**2,647**
Total assets	**11,075**	**9,974**	**9,798**
EQUITY AND LIABILITIES			
Shareholders´ equity	**6,352**	**5,365**	**5,377**
Long-term liabilities			
Long-term debt	503	502	502
Long-term liabilities, non-interest bearing	1,880	2,349	2,428
Total long-term liabilities	**2,383**	**2,851**	**2,931**
Current liabilities			
Short term debt	2	2	2
Current liabilities, non-interest bearing	2,339	1,756	1,488
Total short-term liabilities	**2,341**	**1,758**	**1,490**
Total equity and liabilities	**11,075**	**9,974**	**9,798**

[1]Including goodwill SEK 1,554 M.

Group
Changes in equity

Amounts in SEK M	Jan-Sep 2017	Full year 2016	Jan-Sep 2016
Opening balance[1]	**5,365**	**4,679**	**4,679**
Share based compensation to employees	28	32	25
Sale of own shares	–	24	24
Comprehensive income for the period[2]	958	631	651
Equity, end of period	**6,352**	**5,365**	**5,377**

[1]See note 3

[2]Whereof changes in cash-flow hedges amounted to SEK 173 M (-81)

Group
Cash flow statement

Amounts in SEK M	Q3 2017	Q3 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
Net result	324	135	791	728	801
Non-cash items[1]	-45	83	173	-223	-159
Cash flow from operations before change in working capital	**280**	**218**	**964**	**505**	**642**
Change in working capital	300	-136	112	-189	-300
Cash flow from operations	**580**	**81**	**1,076**	**316**	**343**
Investment in intangible fixed assets	-3	-27	-72	-70	-119
Investment in tangible fixed assets	-5	-4	-27	-28	-46
Divestment of tangible fixed assets	1	1	1	6	7
Cash flow from investing activities	**-7**	**-30**	**-97**	**-92**	**-158**
Loans - Raising/Amortization	–	0	–	-331	-331
Sale of own shares	–	–	–	24	24
Cash flow from financing activities	**–**	**0**	**–**	**-308**	**-308**
Net change in cash	**573**	**51**	**979**	**-83**	**-123**
Liquid funds at the beginning of the period	1,189	770	786	904	904
Translation difference in cash flow and liquid funds	-5	2	-7	3	5
Liquid funds at the end of the period	**1,758**	**824**	**1,758**	**824**	**786**
[1] **Non-cash items:**					
Depreciation tangible fixed assets	8	7	25	22	31
Amortization intangible assets	110	110	342	300	410
Deferred tax	25	1	89	187	165
Other, whereof SEK -219 M in Q3 2017 (SEK -42 M in Q3 2016 and SEK -812 M in full year 2016) reflects Elocta and Alprolix, see also page 5 under Haemophilia	-188	-36	-283	-732	-765
Total non-cash items	**-45**	**83**	**173**	**-223**	**-159**

Group
Key ratios and other information

Amounts in SEK M	Q3 2017	Q3 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
Profit numbers					
Gross profit	1,129	782	3,320	2,791	3,651
EBITDA[1]	544	289	1,459	1,356	1,574
EBITA[1]	536	282	1,434	1,333	1,543
EBIT[1]	426	171	1,092	1,033	1,133
Profit/loss	324	135	791	728	801
Per share data (SEK)					
Earnings per share	1.20	0.50	2.94	2.71	2.99
Earnings per share after dilution	1.20	0.50	2.93	2.70	2.98
Shareholders' equity per share[3]	23.3	19.9	23.3	19.9	19.8
Shareholders' equity per share after dilution[3]	23.2	19.8	23.2	19.8	19.8
Other information					
Gross margin	70%	67%	72%	71%	70%
Equity ratio[3]	57%	55%	57%	55%	54%
Net cash (-)/debt (+)[2]	-1,253	-319	-1,253	-319	-282
Number of ordinary shares	272,507,708	270,389,770	272,507,708	270,389,770	270,389,770
Number of C-shares (in treasury)	–	1,621,178	–	1,621,178	1,621,178
Number of ordinary shares (in treasury)	3,383,739	1,640,735	3,383,739	1,640,735	1,610,086
Average number of ordinary shares (excluding shares in treasury)	269,123,969	268,749,035	268,970,953	268,226,232	268,362,041
Average number of ordinary shares after dilution (excluding shares in treasury)	269,930,337	269,035,680	269,852,041	269,273,995	269,218,052

[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	-110	-342	-300	-410
[1]Depreciations	-8	-8	-25	-23	-31
[2]Long term liabilities interest-bearing	503	502	503	502	502
[2]Short term liabilities interest-bearing	2	2	2	2	2
[2]Cash	1,758	824	1,758	824	786
[3]Equity	6,352	5,377	6,352	5,377	5,365
[3]Total assets	11,075	9,798	11,075	9,798	9,974

Parent company
Income statement

Amounts in SEK M	Q3 2017	Q3 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
Total revenues	1,545	1,177	4,151	3,510	4,594
Total cost of goods and services sold	-493	-362	-1,351	-1,045	-1,470
Gross profit	**1,052**	**815**	**2,799**	**2,465**	**3,124**
Sales and Administration expenses[1]	-306	-323	-947	-810	-1,218
Research and Development expenses	-204	-168	-645	-479	-729
Other operating revenues/expenses	-5	8	-28	31	30
Operating profit	**537**	**332**	**1,180**	**1,207**	**1,206**
Financial income/expenses	-16	-23	-51	-63	-73
Profit after financial items	**521**	**309**	**1,129**	**1,144**	**1,133**
Appropriations	–	–	–		-1,049
Profit before tax	**521**	**309**	**1,129**	**1,144**	**85**
Income tax expenses	-41	-8	-102	-7	-33
Profit for the period	**480**	**301**	**1,028**	**1,136**	**51**

Parent company statement of other comprehensive

Amounts in SEK M	Q3 2017	Q3 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
Profit/loss for the period	480	301	1,028	1,136	51
Items that may be reclassified subsequently to profit/loss					
Cash flow hedge (net of tax)	55	-28	173	-81	-176
Comprehensive income for the period	**535**	**273**	**1,201**	**1,055**	**-125**
[1]Amortisation and write-downs of intangible assets included in Sales and administration expenses	-71	-71	-225	-173	-244

Parent company
Balance sheet

Amounts in SEK M	Sep 2017	Dec 2016	Sep 2016
ASSETS			
Non-current assets			
Intangible fixed assets	4,109	4,262	4,310
Tangible fixed assets	102	103	93
Other long-term assets	3,882	3,882	3,882
Total non-current assets	**8,093**	**8,247**	**8,285**
Current assets			
Inventories	939	766	719
Current receivables, non-interest bearing	1,632	1,460	1,334
Cash and cash equivalents	1,685	662	661
Total current assets	**4,256**	**2,888**	**2,714**
Total assets	**12,349**	**11,135**	**10,999**
EQUITY AND LIABILITIES			
Shareholders´ equity	**6,984**	**5,755**	**6,928**
Untaxed reserves	*1,154*	*1,154*	–
Long-term liabilities			
Long-term debt	498	497	497
Long-term liabilities, non-interest bearing	1,272	1,866	1,915
Total long-term liabilities	**1,770**	**2,363**	**2,412**
Current liabilities			
Current liabilities, non-interest bearing	2,442	1,863	1,659
Total short-term liabilities	**2,442**	**1,863**	**1,659**
Total equity and liabilities	**12,349**	**11,135**	**10,999**

Parent company
Change in shareholders´ equity

Amounts in SEK M	Jan-Sep 2017	Full year 2016	Jan-Sep 2016
Opening balance[1]	**5,755**	**5,821**	**5,821**
Sharebased compensation to employees	28	35	28
Sale of own shares	–	24	24
Comprehensive income for the period[2]	1,201	-125	1,055
Equity, end of period	**6,984**	**5,755**	**6,928**

[1]See note 3

[2]Whereof changes in cash-flow hedges amounted to SEK 173 M (-81)

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—September 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
Preparations continue for the implementation of new accounting standards IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers, which come into force for annual reporting periods beginning on or after January 1, 2018, as well as IFRS 16 Leasing, which will apply for the financial year beginning on or after January 1, 2019.

IFRS 9 covers rules for classification and valuation of financial assets and liabilities, impairment of financial instruments, and hedge accounting; it replaces the existing requirements for these areas under IAS 39.

Sobi has carried out a preliminary analysis of the effects of the introduction of IFRS 9. The current assessment is that the standard will primarily affect Sobi's principles regarding provisions for bad debts, but that the effects will not be significant for the Group's results and financial position. Hedge accounting will be carried out in accordance with IAS 39.

IFRS 15 contains a comprehensive accounting model for revenues from customer contracts and replaces the existing standards for revenue accounting, such as IAS 18. Sobi has carried out a thorough analysis of the effects of IFRS 15 on the Group's accounts, and determined that it will not involve any material effects on either the results or financial position. Under normal circumstances, Sobi's customer contracts are such that any commitments are finalised on delivery and payment; this means that the income statement under IFRS 15 will be unchanged compared with the previous standard.

IFRS 16 replaces IAS 17 Leases, with new accounting requirements for lessees. All leasing contracts, except short-term and minor leases, must be reported as assets with the right of use, and as a corresponding liability in the lessee's balance sheet. Lease payments must be reported as depreciation and interest expenses. The accounting requirements for lessors are unchanged. IFRS will have some effect on Sobi's accounts, primarily in terms of fixed assets and long-term liabilities, but the full extent has yet to be determined.

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 September 2017, the net reported value in the balance sheet for derivatives was SEK -6 M (-4).

As of 30 September 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.

The opening balance of January 1, 2017 relating to deferred tax attributable to cash flow hedge has been adjusted and reported against retained earnings when it was found that the effect is not temporary and thus has only affected current tax in previous periods. The correction does not affect paid taxes in previous periods.

Both corrections affects the Group as well as the Parent company.

Group	Previously reported Q2	Corrected numbers Q2	Previously reported Q1	Corrected numbers Q1	Previously reported Q3	Corrected numbers Q3	Previously reported Jan - Sep	Corrected numbers Jan - Sep
Amounts in SEK M	**2017**	**2017**	**2017**	**2017**	**2016**	**2016**	**2016**	**2016**
Balance sheet								
Equity	5,967	5,966	5,592	5,609	5,340	5,378	5,340	5,378
Long-term liabilities, non-interest bearing	2,020	2,021	2,216	2,199	2,466	2,428	2,466	2,428
Total equity and liabilities	**10,682**	**10,682**	**10,332**	**10,332**	**9,798**	**9,798**	**9,798**	**9,798**
Income statement								
Income tax expenses	-115	-95	-74	-67	-6	-14	-251	-232
Profit for the period	246	265	196	202	143	135	710	728
P&L effect of corrected tax	**0**	**19**	**0**	**6**	**0**	**-8**	**0**	**19**

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 IX therapy approved in the EU, Liechtenstein, Kuwait, Norway, Iceland and Switzerland, as well as in the United States, Canada, Japan, Australia, New Zealand and Brazil, for the treatment of haemophilia B, and can be used by people of all ages.

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 and 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.

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.

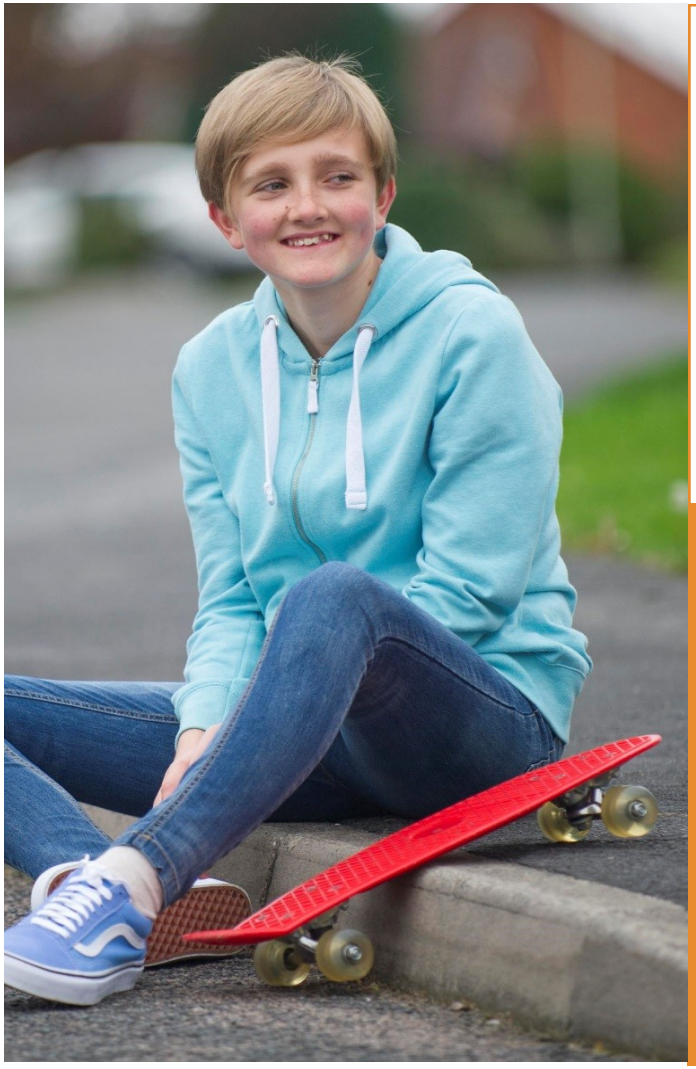
Kineret (anakinra)
A drug used to treat inflammatory diseases.

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).

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.

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.

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
Pioneer in Rare Diseases

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