sobi
rare strength

Q4/FY
2019 report

Creating a leading rare disease company

October—December

- Total revenue of SEK 4,890 M (2,571), 90 per cent revenue growth in the quarter compared with Q4 2018 (82 per cent at constant exchange rates (CER))
- Adjusted EBITA[1,2] was SEK 2,380 M (916), an increase of 160 per cent
- Earnings per share (EPS) of SEK 4.62 (2.20)
- Net debt[1] of SEK 15,404 M at 31 Dec 2019 (net cash of SEK 2,999 M at 31 Dec 2018)
- Elocta® sales were SEK 1,235 M (945) and Alprolix® sales were SEK 405 M (303)
- Sales for Gamifant® amounted to SEK 180 M, Synagis® sales were SEK 1,656 M and Kineret® sales amounted to SEK 396 M (335)
- Acquisition of Dova Pharmaceuticals™ was completed

January—December

- Total revenue of SEK 14,248 M (9,139), 56 per cent revenue growth Jan-Dec compared with Jan-Dec 2018 (48 per cent at CER)
- Adjusted EBITA[1,2] was SEK 6,145 M (3,571), an increase of 72 per cent
- EPS of SEK 11.29 (8.97)
- Elocta sales were SEK 4,508 M (3,261) and Alprolix sales were 1,463 M (974)
- Gamifant sales amounted to SEK 542 M in first year of launch
- Synagis sales for the period 23 Jan —31 Dec were SEK 2,594 M
- Kineret sales were SEK 1,571 M (1,320), an increase of 19 per cent (12 per cent at CER)

Outlook 2020[4]

- **Revenue** for the full-year 2020 is expected to be in the range of SEK 15,000 – 16,000 M reflecting double-digit growth in each of the two core businesses, **Haematology** and **Immunology**
- **EBITA** is expected to be in the range of SEK 5,500— 6,300 M, including the development and launch of Doptelet® which will affect EBITA negatively by around SEK 500 M in 2020.

Revenue Q4, SEK M

4,890

+90%

Adjusted EBITA[1,2] Q4, SEK M

2,380

+160%

Financial summary

Amounts in SEK M	Q4 2019	Q4 2018	Change	Full-year 2019	Full-year 2018	Change
Total revenue	4,890	2,571	90%	14,248	9,139	56%
Gross profit	3,833	1,894	102%	10,913	6,723	62%
Gross margin[1]	78%	74%		77%	74%	
EBITA[1]	2,288	916	150%	5,933	3,571	66%
EBITA adjusted[1,2]	2,380	916	160%	6,145	3,571	72%
EBITA margin[1]	47%	36%		42%	39%	
EBITA margin adjusted[1,2]	49%	36%		43%	39%	
EBIT (operating profit)	1,874	802	134%	4,533	3,122	45%
Profit for the period	1,360	595	129%	3,304	2,418	37%
Earnings per share, SEK	4.62	2.20	110%	11.29	8.97	26%
Earnings per share, SEK adjusted[1,2,3]	4.90	2.20	122%	11.89	8.97	33%

[1]Alternative Performance Measures (APMs), see page 13 for further information.
[2]EBITA full-year 2019 excluding non-recurring items; transaction costs related to the acquisition of Dova in Q4 of SEK 92 M, restructuring costs of SEK 157 M in Q2 2019 and gain from divestment of SOBI005 in Q1 2019 of SEK 37 M.
[3]EPS full-year 2019 excluding impairment of intangible assets of SEK 18 M related to restructuring in Q2 2019.
[4]At current exchange rates

CEO statement

The year ended on a very strong note. Total revenue for full-year 2019 was SEK 14,248 M, up 56 per cent year-on-year, while adjusted EBITA was SEK 6,145 M. Our Immunology business was strengthened early in the year with the acquisitions of the US rights for Synagis and of Gamifant (emapalumab) and all related assets. We also expanded into Haematology with the acquisition of Doptelet, a product used for indications within the area of thrombocytopenia.

Haematology – acquisition of Doptelet expands scope

During the fourth quarter, Sobi made an important strategic acquisition of Dova Pharmaceuticals, broadening our scope from Haemophilia to Haematology. Dova's main asset Doptelet, used for the treatment of thrombocytopenia, contributed with sales of SEK 34 M from mid-November.

Both Elocta and Alprolix continued to perform well during the fourth quarter, ending the full year with sales of SEK 4,508 M (3,261) for Elocta and SEK 1,463 M (974) for Alprolix – year-on-year growth of 34 per cent and 46 per cent respectively at constant exchange rates (CER). Despite a competitive haemophilia market situation, the performance of both products is proof of the value they bring to people living with haemophilia and how they are enabling people with haemophilia to live an active life with fewer limitations.

Total Haematology revenue grew 29 per cent (24 per cent at CER) to SEK 7,755 M including royalties and manufacturing revenue for ReFacto.

Immunology – strong performance across the board

The Immunology business grew strongly during the year reaching full-year revenue of SEK 4,706 M. With the additions of Synagis and Gamifant to the portfolio, Immunology is expected to be an important growth driver in coming years. For 2019, Synagis sales reached SEK 2,594 M, as a result of improved commercial effectiveness and wholesaler stocking in the fourth quarter. In addition, a positive Gross-to-Net impact and a more severe respiratory syncytial virus (RSV) season than normal influenced the result positively.

Gamifant sales reached SEK 542 M in its first year of launch. Sales have been volatile during the year, which is expected for launches in ultra-rare diseases with limited patient populations. As we are still in a phase of fully understanding the disease and the utility of Gamifant, volatility is not expected to disappear short-term. Sobi is committed to take further steps to address the unmet medical need in HLH.

Kineret performed strongly during 2019 with full-year revenue of SEK 1,571 M (1,320), an increase of 19 per cent (12 per cent at CER). Growth is primarily driven by a strong demand and the launch of Kineret for Still's disease in Europe, and due to the changed focus of the commercial organisation in the US.

Acquisitions strengthen pipeline and ramp up growth trajectory

2019 was an eventful year for the expansion of our pipeline. The addition of BIVV001 to the portfolio was an important milestone and we are happy to have included the first patients in the phase 3 study. BIVV001, if approved, has the potential to transform the treatment paradigm for haemophilia A patients.

We continue to follow the ongoing study in children with macrophage activation syndrome (MAS), a form of secondary HLH complicating systemic juvenile idiopathic arthritis (sJIA). Data from the first patients is encouraging, with a complete response in all six patients and a favourable safety profile. We are also in the process of recruiting the first patient to the study of emapalumab for the treatment of secondary HLH in adults.

Just before year-end, the FDA granted Doptelet (avatrombopag) orphan drug designation for the treatment of chemotherapy-induced thrombocytopenia (CIT), a significant impediment for patient adherence to their chemotherapy regimens. If approved, Doptelet has the potential to play a vital role in enabling more patients to continue with crucial and sometimes life-saving treatment as planned.

Nirsevimab (MEDI8897), the potential follow-on product to Synagis to which we have financial rights in the US, showed positive results in the phase 2b study and entered phase 3 during the year.

With these and other late-stage candidates in our R&D pipeline, we enter 2020 with a strong pre-market portfolio that equips us for a series of launches in the months and years ahead.

Our investments in 2020 lay the foundation for continuous annual double-digit growth in Haematology and Immunology in the mid-term. In addition, Doptelet and Gamifant have potential to each generate peak sales beyond USD 500 M.

Guido Oelkers, President & CEO

Solna, Sweden, 13 February 2020

Business Review Q4

Haematology

The acquisition of Dova Pharmaceuticals was completed 12 November. The main focus for the business is the ongoing launch in chronic immune thrombocytopenia (ITP) and preparations for launches in other markets. The chronic liver disease (CLD) indication is approved and launched in the US and launch in the EU is expected in H2 2020. A file for a potential approval of the ITP indication in the EU is expected to be submitted in H1 2020.

Dova terminated its agreement with Bausch Health Companies Inc. and its gastroenterology business, Salix Pharmaceuticals, for co-promotion of the CLD indication for Doptelet in the US, effective 31 December 2019. Dova will continue to promote Doptelet in the US for thrombocytopenia in patients with CLD.

Further steps forward were taken during the quarter within the haemophilia area. Alprolix was approved for reimbursement in Poland, and launched in Portugal. Elocta was launched in Estonia, with the first patients switching within a week.

Immunology

Since the acquisition of Synagis, Sobi's US team has spent a lot of focus on raising awareness of RSV and ways to prevent the spread of the virus. Activities to improve commercial effectiveness have also been a focus.

Gamifant continues to develop strongly. Due to the complexity of the HLH the US team is focusing on disease awareness activities and education.

An EMA application for Kineret for the treatment of familial Mediterranean fever (FMF) was filed. A decision by the European Commission is expected by the end of 2020.

Specialty Care

Sobi continued to grow the core business areas Haematology and Immunology. As a consequence a number of partner products within the Specialty Care portfolio will be discontinued in 2020. Products being terminated are Xiapex, Ruconest and Ravicti. Net revenue impact of these discontinued products in 2020 is estimated to be a reduction of SEK 300-400 M. The EBITA impact 2020 is expected to be insignificant.

R&D pipeline

New data were presented at the 61st Annual Meeting of the American Society of Hematology (ASH) in Orlando, 7-10 December:

- Final data from a phase 1/2 study of BIVV001, evaluating the safety and pharmacokinetics of repeated dosing in people with severe haemophilia A, confirmed that BIVV001 has the potential to further improve treatment for haemophilia A patients. BIVV001 is the first investigational von Willebrand (VWF)-independent factor VIII therapy that is designed to provide high sustained factor activity and extend protection from bleeds with once-weekly dosing for people with haemophilia A. BIVV001 is being developed in collaboration with Sanofi.
- Following the positive results from the phase 1/2 study, BIVV001 entered phase 3 during the quarter, with the first patient dosed.
- Results from a study that evaluated the relative cost-effectiveness of avatrombopag in patients with thrombocytopenia related to chronic liver disease, compared with platelet transfusion or treatment with lusutrombopag, showed that the use of avatrombopag is a practical strategy compared with the cost of both platelet transfusion and lusutrombopag, as it reduces both costs and the need for prophylactic platelet transfusions.
- Additional analyses from the phase 3 study – core and extension phase – with avatrombopag for the treatment of chronic immune thrombocytopenia confirm the long-term response rates and efficacy of treatment with avatrombopag in this indication.

Just before year-end, avatrombopag was granted orphan drug designation by the FDA for the treatment of chemotherapy induced thrombocytopenia (CIT). Avatrombopag is currently being investigated for CIT in a phase 3 study and results are expected in the second half of 2020.

Corporate

As a step in Sobi's strategy to expand its business into new geographical markets, the company opened an office in China. Preparations have started for registration of products where Sobi possesses the global rights.

Financial Review

Total revenue

Total revenue for the quarter amounted to SEK 4,890 M (2,571), up 90 per cent compared with the fourth quarter 2018 (82 per cent at CER). Organic growth (adjusted for Synagis and Doptelet at CER) amounted to 20 per cent compared with Q4 2018.

Revenue for the period January—December was SEK 14,248 M (9,139), an increase of 56 per cent. Organic growth (adjusted for Synagis and Doptelet at CER) amounted to 21 per cent.

Revenue by business area

Haematology

Total Haematology revenue reached SEK 2,142 M (1,752) for the quarter, an increase of 22 per cent (18 per cent at CER). Full-year revenue amounted to SEK 7,755 M (6,012), an increase of 29 per cent (24 per cent at CER).

Elocta sales rose 31 per cent (26 per cent at CER) for the quarter to SEK 1,235 M (945). France, Germany, Italy and the Middle East contributed to more than half of this growth. Full-year sales were SEK 4,508 M (3,261).

Alprolix sales increased 34 per cent (29 per cent at CER) for the quarter to SEK 405 M (303). The majority of this growth derived from continued strong uptake in France, Italy, Netherlands, Sweden and the UK. Full-year sales were SEK 1,463 M (974).

Doptelet sales were SEK 34 M for the period 12 November – 31 December.

Royalty revenue amounted to SEK 352 M (367) for the quarter and SEK 1,373 M (1,341) for the full year.

ReFacto manufacturing revenue was SEK 116 M (137) for the quarter, down 15 per cent. Full-year revenue totalled SEK 376 M (436), down 14 per cent.

Immunology

Total Immunology revenue for the quarter was SEK 2,233 M (335). Full-year revenue was SEK 4,706 M (1,320).

Gamifant sales for the quarter amounted to SEK 180 M. Higher sales in the fourth quarter were mainly driven by higher average patient weight and a longer average treatment period. The volatile sales pattern from quarter to quarter is not unusual for an ultra-rare disease product in launch phase. Full-year sales of Gamifant were SEK 542 M.

Synagis sales for the quarter were SEK 1,656 M as a result of improved commercial effectiveness and wholesaler stocking in the fourth quarter. In addition, a positive Gross-to-Net impact and a more severe respiratory syncytial virus (RSV) season than normal influenced the result positively. Full-year sales for Synagis was SEK 2,594 M.

Kineret sales for the quarter were SEK 396 M (335), an increase of 18 per cent (13 per cent at CER). Kineret continues to develop positively, with double-digit growth. Growth is mainly driven by increased underlying demand across all regions and the ongoing European launch of Kineret for Still's disease. Full-year sales were SEK 1,571 M (1,320), an increase of 19 per cent (12 per cent at CER) driven by higher demand.

Specialty Care

Total Specialty Care revenue for the quarter was SEK 516 M (484), an increase of 7 per cent (3 per cent at CER). Full-year sales were SEK 1,787 M (1,807), a decrease of 1 per cent (-6 per cent at CER).

Orfadin sales for the quarter were SEK 231 M (221), an increase of 4 per cent (-1 per cent at CER), mainly due to phasing of large orders. Full-year Orfadin sales were SEK 827 M (899), a decrease of 8 per cent (-13 per cent at CER).

Q4 sales for the other Specialty Care products amounted to SEK 285 M (263), an increase of 9 per cent (6 per cent at CER). Sales

Revenue by business area

Amounts in SEK M	Q4 2019	Q4 2018	Change	Change at CER[1]	Full-year 2019	Full-year 2018	Change	Change at CER[1]
Haematology								
Elocta	1,235	945	31%	26%	4,508	3,261	38%	34%
Alprolix	405	303	34%	29%	1,463	974	50%	46%
Royalty	352	367	-4%	-10%	1,373	1,341	2%	-6%
Doptelet	34	-	N/A	N/A	34	-	N/A	N/A
Manufacturing revenue	116	137	-15%	-15%	376	436	-14%	-14%
Total	**2,142**	**1,752**	**22%**	**18%**	**7,755**	**6,012**	**29%**	**24%**
Immunology								
Kineret	396	335	18%	13%	1,571	1,320	19%	12%
Synagis	1,656	-	N/A	N/A	2,594	-	N/A	N/A
Gamifant	180	-	N/A	N/A	542	-	N/A	N/A
Total	**2,233**	**335**	**566%**	**538%**	**4,706**	**1,320**	**257%**	**231%**
Specialty Care								
Specialty Care	516	484	7%	3%	1,787	1,807	-1%	-6%
Total	**516**	**484**	**7%**	**3%**	**1,787**	**1,807**	**-1%**	**-6%**
Total revenue	**4,890**	**2,571**	**90%**	**82%**	**14,248**	**9,139**	**56%**	**48%**

[1]Constant exchange rates.

were positively impacted by phasing of large orders. Full-year revenue was SEK 959 M (908), an increase of 6 per cent (2 per cent at CER).

Gross profit

Gross profit for the quarter was SEK 3,833 M (1,894), representing a gross margin of 78 per cent (74). Full-year gross profit was SEK 10,913 M (6,723) representing a gross margin of 77 per cent (74). The increase in gross margin for the quarter and full-year is mainly driven by the addition of high-margin products such as Synagis and Gamifant.

Operating expenses

Sales and administrative expenses excluding amortisation and write-downs amounted to SEK 1,179 M (637) for the quarter and SEK 3,535 M (2,062) for the full year. The increase was driven by Synagis and Gamifant in North America, continued investments in the haemophilia business and the integration of the Dova business from 12 November 2019. Full-year expenses were impacted by non-recurring transaction costs related to the acquisition of Dova of SEK 92 M in Q4.

Research and development expenses amounted to SEK 357 M (329) for the quarter and to SEK 1,495 M (1,090) for the full year. Full-year expenses mainly reflect increased investments in emapalumab. Full-year expenses were impacted by non-recurring restructuring costs of SEK 157 M in Q2.

Operating profit

EBITA for the quarter was SEK 2,288 M (916), negatively impacted by the consolidation of Dova by SEK 124 M. Full-year EBITA amounted to SEK 5,933 M (3,571).

Adjusted EBITA was SEK 2,380 M (916) corresponding to a margin of 49 per cent. Adjusted EBITA for the period January-December was SEK 6,145 M (3,571), corresponding to a margin of 43 per cent.

The net impact of IFRS 16 was insignificant in the quarter and for the year.

Amortisation and write-downs of intangible assets for the quarter amounted to SEK 415 M (114). Year-to-date amortisations and write-downs amounted to SEK 1,401 M (449). The increase relates mainly to amortisation of product rights relating to Synagis, emapalumab and Dova.

EBIT for the quarter increased to SEK 1,874 M (802). EBIT for the full year increased to SEK 4,533 M (3,122).

Net financial items and tax

Net financial items amounted to SEK -111 M (-23) for the quarter, including exchange rate gains/losses of SEK -7 M (9).

Net financial items for the full year amounted to SEK -286 M (-40), including exchange rate gains/losses of SEK -31 M (17). The difference was mainly attributable to increased interest costs for the financing related to the acquisition of the US rights to Synagis, the acquisition of emapalumab and related assets, and the acquisition of Dova.

Income tax amounted to SEK -402 M (-184) for the quarter and SEK -942 M (-664) for the full year, corresponding to an effective tax rate of 22.8 (23,6) and 22.2 (21.5) per cent respectively.

Profit

Profit totalled SEK 1,360 M (595) for the quarter and SEK 3,304 M (2,418) for the full year.

Cash flow and investments

Cash flow from operations before change in working capital amounted to SEK 1,928 M (541) for the quarter and to SEK 5,300 M (2,341) for the full year.

Working capital impacted cash flow by SEK -952 M (-3) for the quarter and by SEK -1,666 M (-250) for the full year. The increase in

Operating profit/loss

Amounts in SEK M	Q4 2019	Q4 2018	Full-year 2019	Full-year 2018
Total revenue	4,890	2,571	14,248	9,139
Total cost of goods sold	-1,057	-678	-3,335	-2,415
Gross profit	3,833	1,894	10,913	6,723
Gross margin	*78%*	*74%*	*77%*	*74%*
Sales and administrative expenses before amortisation and write-downs	-1,179	-637	-3,535	-2,062
Research and development expenses	-357	-329	-1,495	-1,090
Total opex less amortisation and write-downs	-1,536	-966	-5,029	-3,153
Other operating income/expenses	-9	-12	50	0
EBITA	2,288	916	5,933	3,571
Non-recurring items	92	-	211	-
EBITA adjusted[1]	*2,380*	*916*	*6,145*	*3,571*
Amortisation and write-downs related to Sales and administrative expenses	-415	-114	-1,401	-449
EBIT	1,874	802	4,533	3,122

This is non-IFRS financial information. For an IFRS income statement, please refer to the Consolidated statement of comprehensive income.

[1]EBITA Full-year 2019 excluding non-recurring items; transaction costs related to the acquisition of Dova in Q4 of SEK 92 M, restructuring costs of SEK 157 M in Q2 2019 and gain from divestment of SOBI005 in Q1 2019 of SEK 37 M, see further page 13.

working capital was mainly attributable to inventory build-up and increased receivables as a result of sales growth.

Cash flow from investing activities was SEK -8,737 M (-28) for the quarter and SEK -21,686 M (-575) for the full year. Sobi completed the acquisition of Dova in the fourth quarter, which impacted cash flow negatively by SEK 7,969 M, and paid the upfront payment of SEK 490 M for the acquisition of BIVV001 announced on 29 September.

The largest investment in intangible assets during the year was SEK 13,869 M related to Synagis, with a cash flow impact of SEK -9,051 M.

Cash flow from financing activities amounted to SEK 7,428 M (-1) for the quarter and SEK 15,780 M (-1) for the full year. The increased borrowings during the quarter relate to the financing of the acquisition of Dova. The increased borrowings in 2019 are predominantly related to the acquisitions made during the year. The rental payments according to IFRS 16 are presented on page 11, cash flow from financing activities.

Cash

At the end of the quarter, cash and cash equivalents amounted to SEK 737 M, compared with SEK 2,999 M at 31 December 2018. The cash consumed is mainly related to the acquisitions made in the period.

Net debt

Sobi ended 2019 with net debt of SEK 15,404 M, compared with a net cash position of SEK 2,999 M at 31 December 2018.

Equity

At 31 December 2019, consolidated shareholders' equity was SEK 16,930 M compared with SEK 9,040 M at 31 December 2018. SEK 4,513 M of the increase in equity relates to the issue of shares related to the acquisition of Synagis.

Personnel

At 31 December 2019, the number of full-time equivalents was 1,335 (902 at 31 December 2018).

Parent Company

In the fourth quarter of 2019, net sales for the Parent Company, Swedish Orphan Biovitrum AB (publ), amounted to SEK 4,252 M (2,350), of which Group companies accounted for SEK 1,399 M (1,313). Full-year sales amounted to SEK 12,991 M (8,221) of which SEK 6,154 M (4,554) referred to sales to Group companies.

Profit after financial items amounted to SEK 944 M (939) for the quarter and to SEK 4,597 M (3,457) for the full-year.

Investments in tangible and intangible assets affecting cash flows amounted to SEK 572 M (23) for the quarter and SEK 673 M (68) for the full year.

Other information

Significant events after the reporting period

None.

Financial outlook 2019 and outcome

At the publication of the Q3 2019 report on 31 October Sobi reiterated the outlook for the FY year 2019:

Total revenue for the full year was expected to be in the range of SEK 13,000-13,500 M.

EBITA for the full year was expected to be in the range of SEK 5,300 -5,500 M, excluding restructuring costs and impact from the acquisition of Dova Pharmaceuticals.

On 16 January 2020 Sobi announced that the outlook for 2019 was higher than previously expected; Full-year revenue of approximately SEK 14,150-14,250 M and EBITA of approximately SEK 6,200-6,300 M, excluding restructuring costs and excluding impact from the acquisition of Dova Pharmaceuticals.

Outcome: Total revenue adjusted for Dova was SEK 14,213 M

Outcome: EBITA was SEK 6,306 M excluding restructuring costs and Dova

SEK M	Revenue	EBITA
Outcome 2019	14,213	6,306
Dova impact	34	-124
Transaction costs Q4		-92
R&D restructuring costs Q2		-157
Reported 2019	14,248	5,933

Dividend

The Board of Directors proposes that no dividend will be paid for the 2019 financial year.

Financial outlook 2020[1]

Revenue for the full-year 2020 is expected to be in the range of SEK 15,000 – 16,000 M reflecting double-digit growth in each of the two core businesses, **Haematology** and **Immunology**.

EBITA is expected to be in the range of SEK 5,500-6,300 M, including the development and launch of Doptelet which will affect EBITA negatively by around SEK 500 M in 2020.

[1]At current exchange rates.

Other information

Annual General Meeting 2020

The Annual General Meeting (AGM) of Swedish Orphan Biovitrum AB (publ) will be held on Wednesday 13 May 2020 at 15:00 CET, at Biomedicum, Solnavägen 9, Stockholm/Solna, Sweden.

The Annual Report for 2019 will be published on www.sobi.com three weeks before the AGM. It will also be available at Sobi's head office in Solna.

This report has not been reviewed by the Company's auditors

Solna, Sweden, 13 February 2020

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, Corporate Communication and Investor Relations, at 08:00 CET on 13 February 2020.

Financial calendar

Q1 2020	29 April 2020
AGM	13 May 2020
Q2 2020	16 July 2020
Q3 2020	22 October 2020

Financial statements – Group

Statement of comprehensive income

Amounts in SEK M	Q4 2019	Q4 2018	Full-year 2019	Full-year 2018
Total revenue[1]	4,890	2,571	14,248	9,139
Total cost of goods sold	-1,057	-678	-3,335	-2,415
Gross profit	**3,833**	**1,894**	**10,913**	**6,723**
Sales and administrative expenses[2]	-1,593	-751	-4,935	-2,511
Research and development expenses	-357	-329	-1,495	-1,090
Other operating income/expenses	-9	-12	50	0
Operating profit	**1,874**	**802**	**4,533**	**3,122**
Financial income/expenses[3]	-111	-23	-286	-40
Profit before tax	**1,763**	**779**	**4,247**	**3,082**
Income tax expenses	-402	-184	-942	-664
Profit for the period	**1,360**	**595**	**3,304**	**2,418**
All earnings are attributable to Parent Company shareholders				
Other comprehensive income				
Items that will not be reclassified to profit/loss				
Remeasurements of post-employment benefit obligations	-7	-3	-4	0
Items that may be reclassified subsequently to profit/loss				
Translation difference	-347	-6	-97	9
Cash flow hedge (net of tax)	163	-58	44	-133
Comprehensive income for the period	**1,169**	**528**	**3,247**	**2,294**
Earnings per share, SEK	4.62	2.20	11.29	8.97
Earnings per share, SEK, adjusted[4]	4.90	2.20	11.89	8.97
Earnings per share after dilution, SEK	4.59	2.20	11.22	8.93
Earnings per share after dilution, SEK, adjusted[4]	4.86	2.20	11.81	8.93

[1]See page 4 for split by business area.

[2]Amortisation and write-downs of intangible assets included in Sales and administrative expenses. -415 -114 -1,401 -449

[3]Including financing costs amounting to: -7 -1 -18 -2

[4]Alternative Performance Measures (APMs), see page 13 for further information.

Balance sheet

Amounts in SEK M	Dec 2019	Dec 2018
ASSETS		
Non-current assets		
Intangible assets[1,2]	37,412	10,159
Tangible assets[3]	518	136
Financial assets	404	286
Total non-current assets	38,335	10,581
Current assets		
Inventories	1,772	1,284
Accounts receivable	3,736	1,665
Other receivables, non-interest bearing	1,078	654
Cash and cash equivalents	737	2,999
Total current assets	7,323	6,602
Total assets	45,658	17,183
EQUITY AND LIABILITIES		
Shareholders' equity	16,930	9,040
Non-current liabilities		
Borrowings[2]	16,141	–
Lease liabilities	320	3
Other liabilities, non-interest bearing	6,526	1,189
Total non-current liabilities	22,987	1,192
Current liabilities		
Accounts payable	681	487
Lease liabilities	99	1
Other liabilities, non-interest bearing	4,961	6 463
Total current liabilities	5,741	6 951
Total equity and liabilities	45,658	17 183

[1]Including goodwill of SEK 6,678 M (1,554).

[2]The increase is mainly related to the acquisition of the US rights to Synagis, emapalumab and Dova.

[3]The Right-of-use assets related to IFRS 16 are classified as tangible assets and amount to SEK 395 M. See note 1 for more information.

Changes in equity

Amounts in SEK M	Full-year 2019	Full-year 2018
Opening balance	9,040	6,701
Share-based compensation to employees	80	46
Share-based compensation to employees tax effect[1]	50	–
Issue of shares	4,513	–
Comprehensive income for the period[2]	3,247	2,294
Equity at end of period	16,930	9,040

[1]The parent company has during the period been granted additional deductions for tax purposes related to incentive programs vested in 2013-2018. The additional deductions relate to the difference between the market value of vested shares and the recognised IFRS 2 cost.

[2]Whereof changes in cash flow hedges amounted to SEK 44 M (-133).

Cash flow statement

Amounts in SEK M	Q4 2019	Q4 2018	Full-year 2019	Full-year 2018
Profit for the period	1,360	595	3,304	2 418
Adjustment for non-cash items[1]	568	-55	1,995	-77
Cash flow from operations before change in working capital	**1,928**	**541**	**5,300**	**2 341**
Change in working capital	-952	-3	-1,666	-250
Cash flow from operations	**976**	**538**	**3,634**	**2 090**
Acquisition of business, net of cash[2]	-7,969	–	-12,880	–
Investment in intangible assets[3]	-758	-14	-9,709	-537
Investment in tangible assets	-10	-12	-37	-41
Divestment of tangible assets	–	2	–	3
Divestment of intangible assets[4]	0	–	941	–
Investment in financial assets	–	-4	–	-1
Cash flow from investing activities	**-8,737**	**-28**	**-21,686**	**-575**
Loans - Raising/Amortisation	7,455	–	15,875	–
Lease payments	-26	–	-94	–
Net finance lease	–	-1	–	-1
Cash flow from financing activities	**7,428**	**-1**	**15,780**	**-1**
Change in cash and cash equivalents	**-332**	**508**	**-2,271**	**1 514**
Cash and cash equivalents at the beginning of the period	1,077	2,488	2,999	1 478
Translation difference in cash flow and cash and cash equivalents	-7	2	9	7
Cash and cash equivalents at the end of the period	**737**	**2,999**	**737**	**2 999**
[1] Adjustment for non-cash items:				
Depreciation of tangible assets	57	9	188	36
Amortisation and write-downs of intangible assets	415	114	1,401	449
Deferred tax	109	-27	411	-103
Other, whereof mainly non-cash transactions including revaluation of loans	-12	-150	-4	-459
Non-cash items	**568**	**-55**	**1,995**	**-77**

[2]Relates to the acquistion Dova and of emapalumab and related assets. Please refer to Note 4 under Financial notes.

[3]The largest investments during the year was SEK 13,869 M related to Synagis, with a cash flow impact of SEK -9,051 M and SEK 1,817 M related to the aqqusition of BIV001 with a cash flow impact of SEK -490 M.

[4]Divestments of intangible assets during the full year comprised of the sale of Priority Review Voucher (PRV), acquired in the acquisition of emapalumab and related assets and the sale of SOBI005.

Key ratios and other information

Amounts in SEK M	Q4 2019	Q4 2018	Full-year 2019	Full-year 2018
Profit measures				
Gross profit	3,833	1,894	10,913	6,723
EBITDA[1]	2,345	924	6,121	3,607
EBITA[1]	2,288	916	5,933	3,571
EBITA adjusted[1,2]	2,380	916	6,145	3,571
EBIT (operating profit)	1,874	802	4,533	3,122
Profit/loss	1,360	595	3,304	2,418
Per share data (SEK)				
Earnings per share	4.62	2.20	11.29	8.97
Earnings per share, adjusted[2,3]	4.90	2.20	11.89	8.97
Earnings per share after dilution	4.59	2.20	11.22	8.93
Earnings per share after dilution, adjusted[2,3]	4.86	2.20	11.81	8.93
Shareholders' equity per share[1]	56.4	33.1	56.4	33.1
Shareholders' equity per share after dilution[1]	56.1	32.9	56.1	32.9
Other information				
Gross margin[1]	78%	74%	77%	74%
EBITA margin[1]	47%	36%	42%	39%
EBITA margin adjusted[1,2]	49%	36%	43%	39%
Equity ratio[1]	37%	53%	37%	53%
Net cash (-)/debt (+)[1]	15,404	-2,999	15,404	-2,999
Number of ordinary shares[4]	299,977,839	273,322,117	299,977,839	273,322,117
Number of ordinary shares (in treasury)	5,678,099	3,423,726	5,678,099	3,423,726
Number of ordinary shares (excluding shares in treasury)	294,299,740	269,898,391	294,299,740	269,898,391
Number of ordinary shares after dilution	301,857,247	274,365,601	301,857,247	274,365,601
Average number of ordinary shares (excluding shares in treasury)	294,299,740	269,898,391	292,649,020	269,523,784
Average number of ordinary shares after dilution (excluding shares in treasury)	296,179,148	270,418,933	294,528,428	270,603,665

[1]Alternative performance measures (APMs), see next page for further information.

[2]EBITA Full-year 2019 excluding non-recurring items; transaction costs related to the acquisition of Dova in Q4 of SEK 92 M, restructuring costs of SEK 157 M in Q2 2019 and gain from divestment of SOBI005 in Q1 2019 of SEK 37 M.

[3]EPS Full-year 2019 excluding impairment of intangible assets of SEK 18 M related to restructuring in Q2 2019.

[4]The increase in the number of shares results from an issue of 24,193,092 ordinary shares in connection with the acquisition from AstraZeneca of rights to Synagis (palivizumab) in the US and from an increase in the number of shares resulting from an issue of 2,462,630 shares issued for the purpose of ensuring fulfilment of commitments under incentive programmes.

Financial measures not defined according to IFRS

Sobi uses certain financial measures (alternative performance measures, APM) in the interim report that are not defined according to IFRS. The company considers these measures to 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 not, therefore, be regarded as substitutes for measures defined according to IFRS. The following metrics are not defined according to IFRS:

All amounts in SEK M unless otherwise stated

	Q4 2019	Q4 2018	Full-year 2019	Full-year 2018
Total revenue	4,890	2,571	14,248	9,139
Total cost of goods sold	-1,057	-678	-3,335	-2,415
Gross profit	**3,833**	**1,894**	**10,913**	**6,723**
Gross margin, %	**78%**	**74%**	**77%**	**74%**

Gross profit - Total revenue less cost of goods sold
Gross margin - Gross profit as a percentage of total revenue

Total revenue	4,890	2,571	14,248	9,139
Total revenue, measured at CER	4,697	2,574	13,504	9,128
Sales for Synagis and Doptelet	1,690	-	2,628	-
Sales for Synagis and Doptelet, measured at CER	1,620	-	2,428	-
Total revenue adjusted for Synagis and Doptelet	3,200	2,571	11,619	9,139
Total revenue adjusted for Synagis and Doptelet, measured at CER	3,076	2,574	11,076	9,128
Organic growth	628	N/A	2,481	N/A
Organic growth, measured at CER	503	N/A	1,948	N/A
Organic growth, %	24%	N/A	27%	N/A
Organic growth, % CER	**20%**	N/A	**21%**	N/A

Organic growth, % CER - Total revenue adjusted for Synagis and Doptelet measured at CER compared with previous period.

EBIT (operating profit)	1,874	802	4,533	3,122
Plus amortisation and write-downs of intangible assets	415	114	1,401	449
EBITA	**2,288**	**916**	**5,933**	**3,571**
Plus depreciations of tangible assets	57	9	188	36
EBITDA	**2,345**	**924**	**6,121**	**3,607**
EBITA margin, %	**47%**	**36%**	**42%**	**39%**
Non-recurring items	92	-	211	-
EBITA adjusted	**2,380**	**916**	**6,145**	**3,571**
EBITA margin adjusted, %	**49%**	**36%**	**43%**	**39%**

EBITA - Earnings before interest, tax and amortisation
EBITDA - Earnings before interest, tax, depreciation and amortisation
EBITA margin, % - EBITA as a percentage of total revenue
Non-recurring items - impact from divestment of SOBI005 in Q1 2019, restructuring costs in Q2 2019 and transaction costs related to the acquisition of Dova Pharmaceuticals in Q4 2019.
EBITA adjusted - EBITA less non-recurring items
EBITA margin adjusted, % - EBITA adjusted as a percentage of total revenue

Financial measures not defined according to IFRS, cont.

Profit for the period	1,360	595	3,304	2,418
Impact of divestment of SOBI005, restructuring costs and transaction costs related to the acquisition of Dova, after tax	81	-	174	-
Profit for the period, adjusted	1,441	595	3,479	2,418
Average number of ordinary shares	294,299,740	269,898,391	292,649,020	269,523,784
Average number of ordinary shares after dilution	296,179,148	270,418,933	294,528,428	270,603,665
EPS, SEK adjusted	**4.90**	**2.20**	**11.89**	**8.97**
EPS after dilution, SEK adjusted	**4.86**	**2.20**	**11.81**	**8.93**

EPS, SEK adjusted - Profit for the period, adjusted, divided by average number of ordinary shares

EPS after dilution, SEK adjusted - Profit for the period, adjusted, divided by average number of ordinary shares after dilution

Borrowings	16,141	-	16,141	-
Cash and cash equivalents	737	2,999	737	2,999
Net debt (+)/Net cash (-)	**15,404**	**-2,999**	**15,404**	**-2,999**

Net debt (+)/Net cash (-) - Borrowings less cash and cash equivalents

Shareholders' equity	16,930	9,040	16,930	9,040
Total assets	45,658	17,183	45,658	17,183
Equity ratio, %	**37%**	**53%**	**37%**	**53%**
Number of ordinary shares	299,977,839	273,322,117	299,977,839	273,322,117
Equity per share, SEK	**56.4**	**33.1**	**56.4**	**33.1**

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

Equity per share - Equity divided by the number of ordinary shares

Financial statements – Parent Company

Income statement

Amounts in SEK M	Q4 2019	Q4 2018	Full-year 2019	Full-year 2018
Total revenue	4,252	2,350	12,991	8,221
Total cost of goods sold	-1,002	-677	-3,177	-2,349
Gross profit	**3,251**	**1,673**	**9,814**	**5,872**
Sales and administrative expenses[1]	-2,096	-468	-4,220	-1,445
Research and development expenses	-231	-234	-1,110	-932
Other operating income/expenses	-6	-11	52	-2
Operating profit	**918**	**959**	**4,536**	**3,492**
Financial income/expenses	26	-20	61	-35
Profit after financial items	**944**	**939**	**4,597**	**3,457**
Appropriations	-3,166	-397	-3,166	-397
Profit/loss before tax	**-2,222**	**542**	**1,431**	**3,060**
Income tax expenses	-162	-196	-313	-678
Profit/loss for the period	**-2,384**	**346**	**1,118**	**2,382**
[1]Amortisation and write-downs of intangible assets included in Sales and administrative expenses.	-79	-75	-323	-292

Statement of other comprehensive income

Amounts in SEK M	Q4 2019	Q4 2018	Full-year 2019	Full-year 2018
Profit/loss for the period	-2,384	346	1,118	2,382
Items that may be subsequently reclassified to profit/loss				
Cash flow hedge (net of tax)	163	-58	44	-133
Comprehensive income for the period	**-2,221**	**288**	**1,161**	**2,248**

Balance sheet

Amounts in SEK M	Dec 2019	Dec 2018
ASSETS		
Non-current assets		
Intangible assets	5,572	3,801
Tangible assets	65	112
Financial assets[1]	26,135	3,537
Total non-current assets	31,772	7,450
Current assets		
Inventories	1,533	1,071
Accounts receivable	2,402	590
Receivables, Group companies	1,286	1,465
Other receivables, non-interest bearing	1,051	589
Cash and cash equivalents	431	2,762
Total current assets	6,703	6,476
Total assets	38,475	13,926
EQUITY AND LIABILITIES		
Shareholders' equity	13,534	7,731
Untaxed reserves	2,984	2,584
Non-current liabilities		
Borrowings	16,243	–
Other liabilities, non-interest bearing	1,357	508
Total non-current liabilities	17,601	508
Current liabilities		
Accounts payable	574	376
Other liabilities, non-interest bearing	3,782	2,727
Total current liabilities	4,356	3,103
Total equity and liabilities	38,475	13,926

[1]Receivables from Group companies, included in Financial assets, have increased due to the acquisition of the US rights to Synagis, emapalumab and Dova.

Change in shareholders' equity

Amounts in SEK M	Full-year 2019	Full-year 2018
Opening balance	7,731	5,436
Share-based compensation to employees	80	46
Share-based compensation to employees tax effect[1]	50	–
Issue of shares	4,513	–
Comprehensive income for the period[2]	1,161	2,248
Equity at end of period	13,534	7,731

[1]The parent company has during the period been granted additional deductions for tax purposes related to LTI programs vested in 2013-2018. The additional deductions relate to the difference between the market value of vested shares and the recognised IFRS 2 cost.

[2]Whereof changes in cash flow hedges amounted to SEK 44 M (-133).

Financial notes

Note 1 – Accounting policies and measurement bases and other information

Significant accounting policies

This report has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act. The consolidated financial statements for the period January-December 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU and the Swedish Annual Accounts Act.

The Parent Company applies the Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2 Accounting for Legal Entities. In the fourth quarter, the Parent Company changed its accounting principles and is now applying IFRS 9 Accounting for Financial Instruments as Group does since 2018. Please refer to Change in Parent Company´s accounting principles below.

The consolidated financial statements have been prepared using the historical cost convention, except in the case of financial assets and liabilities (including derivative instruments) that are measured at fair value through profit or loss.

The accounting policies applied, except for the changes listed below, are in accordance with those described in the 2018 Annual Report. More detailed information about the Group's accounting policies and measurement bases can be found in the 2018 Annual Report, available at www.sobi.com.

Changes in accounting policies

IFRS 16 Leases

The new accounting standard IFRS 16 Leases came into force on 1 January 2019, replacing IAS 17 Leases. The standard involves new accounting requirements for lessees and stipulates that all lease contracts be reported in the lessee's balance sheet as liabilities, and as corresponding right-of-use assets. Previous operational leasing fees is replaced by depreciation and interest expenses. Leasing payments are allocated between the liability and interest expense. The right-of-use asset is depreciated over the expected lease term on a straight-line basis.

Sobi has chosen to adopt the modified retrospective approach, without any impact on the Group's equity at 1 January 2019. The modified retrospective approach requires that right-of-use assets, primarily comprising the leasing contract regarding premises and vehicles, match the leasing liability at the time of transition, 1 January 2019, prepaid rent taken into consideration. In conjunction with the transition, Sobi has chosen to apply the exception rules for short-term and low-value leases. Short-term leases have been defined as leasing agreements maturing within one year. Low-value leases comprise predominantly computers, printers and photocopiers.

The liabilities are measured at the net present value of the remaining lease payments. The weighted average discounting rate (incremental borrowing rate as per transition date) applied at 1 January 2019 was 1.6 per cent, based on the estimated borrowing rates Sobi would have obtained from financial institutions for the relevant tenors. Options to renew contracts are taken into account when the Group considers it reasonably certain that the option will be exercised.

Amounts in SEK M	2018-12-31	IFRS 16 adjustment	2019-01-01
ASSETS			
Non-current assets			
Intangible assets	10,159		10,159
Tangible assets	136	412	548
Financial assets	286		286
Total non-current assets	**10,581**	**412**	**10,993**
Current assets			
Current assets	6,602	-15	6,587
Total current assets	**6,602**	**-15**	**6,587**
Total assets	**17,183**	**397**	**17,580**
EQUITY AND LIABILITIES			
Shareholders' equity	**9,040**		**9,040**
Non-current liabilities			
Lease liabilities	3	320	323
Other liabilities, non-interest bearing	1,189	-2	1 187
Total non-current liabilities	**1,192**	**318**	**1,510**
Current liabilities			
Lease liabilities	1	81	82
Other liabilities, non-interest bearing	6,950	-2	6,948
Total current liabilities	**6,951**	**79**	**7,030**
Total equity and liabilities	**17,183**	**397**	**17,580**

As an effect of the transition, the Group's total assets at the transition date, 1 January 2019, have increased by SEK 397 M, which represents 2 per cent of the balance sheet. The Group's financial liabilities have increased by SEK 397 M, also representing 2 per cent of the balance sheet.

IFRS 16's full-year impact on operating profit was SEK 1 M, consisting of a SEK 123 M decrease in other operating expenses and a SEK 122 M increase in depreciations. In summary, no material impact on operating profit and EPS.

However, the alternative performance measure EBITDA has increased by SEK 123 M due to a decrease in other operating expenses according to IFRS 16.

Summary of the new accounting policies of the Group upon adoption of IFRS 16:

Leased assets (right-of-use assets) are capitalised at the commencement date of the lease, i.e. the date when the underlying asset is available for use. The leased assets comprise the initial lease liability including lease payments made at or before com-

mencement date. The leased assets are measured at cost, less any accumulated depreciations, impairment losses and remeasurements of lease liabilities. Leased assets are depreciated over the expected lease term on a straight-line basis.

The leased liability is measured at the present value of fixed payments less any lease incentives receivable and variable lease payments that depend on an index or rate, not paid at commencement date. Lease payments are discounted using the interest rate implicit in the lease contract or the lessee's incremental borrowing rate when the discount rate used cannot be readily determined. The carrying value of the lease liability is remeasured when there is a modification or change in lease terms.

Changes in Parent Company's accounting principles

In the fourth quarter, the Parent Company changed its accounting principles and is now applying IFRS 9 Accounting for Financial Instruments as Group does since 2018. As of December 31 2019, the transition to IFRS 9 affects a liability to Sanofi which, after the transition, is measured at fair value. This has also resulted in the related intangible asset being affected to the same extent as the associated liability. The difference in the third quarter compared to the fourth quarter amounted to SEK 674 M. Since the specific liability and asset were recognised in Q3 2019 the change of accounting principle has no effect on the previous periods. Compared to 2018, the transition to IFRS 9 has not had a material impact on the Parent Company's financial reports.

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-rate risk, credit risk and liquidity risk.

A more detailed description of the Group's risk exposure and risk management is included in Sobi's 2018 Annual Report (see the Directors' Report). The risks in 2019 remain the same, however the exposure has increased in-line with the expansion of the business.

Note 2 – Fair value of financial instruments

The Group carries derivatives (see the 2018 Annual Report for a narrative description of the purpose of the holdings). The derivatives (under the heading "current assets/liabilities") are all categorised within Level 2 of the fair value hierarchy in the IFRS 13 standard (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 31 December 2019, the net reported value of derivatives on the balance sheet was SEK -4 M (7).

At 31 December 2019, all other financial instruments on the balance sheet had reported values that are in all material aspects equivalent to fair value.

Note 3 – Restructuring reserve

Restructuring costs of SEK 175 M were charged in Q2 2019 relating to the reorganisation of R&D and redundancies corresponding to approximately 90 positions. In the Statement of comprehensive income this is mainly recognised as research and development expenses. In the Balance sheet a provision of SEK 61 M is recognised under Other liabilities non-interest bearing and the remaining part as impairment of assets.

Note 4 - Acquisitions 2019

Dova

During the fourth quarter 2019 Sobi completed the acquisition of Dova.

Following the completion of the tender offer to purchase all outstanding shares of Dova for USD 27.50 per share, net to the seller thereof in cash plus one non-transferable Contingent Value Right (CVR) which entitles Dova shareholders to an additional USD 1.50 per share, Sobi acquired all remaining shares in Dova. As a result of the transaction Dova has become an indirect wholly owned subsidiary of Sobi.

Though the acquisition Sobi gained access to Dova's commercial product Doptelet.

Transaction costs of SEK 92 M have been expensed and included in administrative expenses in the income statement and are part of operating cash flow in the statement of cash flows.

Amounts in SEK M	Prel PPA at acquisition date
Agreed purchase price	8,414
Contingent Value Right (CVR)	404
Net consideration	**8,818**
Assets	
Intangible asset (Product and marketing rights)	7,555
Other assets	61
Cash	444
	8,060
Liabilities	
Other liabilities and provisions	-1,687
Deferred tax	-1,946
	-3,633
Total identifiable net assets at fair value	**4,427**
Goodwill arising on acquisition	4,391
Purchase consideration transferred	**8,818**
Analysis of cash flows in acquisition	
Contingent Value Right (CVR)	-404
Net cash acquired with the subsidiary	-444
Acquisition of business, net of cash	**7,969**

Emapalumab

During the third quarter 2019 Sobi completed the acquisition of emapalumab and related assets and liabilities.

Through the acquisition of emapalumab, Sobi gains access to:

- All assets relating to emapalumab including intellectual property, patent rights, data and know-how
- All relevant employees involved in the clinical and biopharmaceutical development of emapalumab
- Options for the shared financial rights to NI-1701 and NI-1801, two product candidates in the field of immuno-oncology
- A priority review voucher (PRV) within the US Food & Drug Administration's priority review programme, which offers companies investing in orphan drugs a cost reduction for the application fee for future products and shortens the review period. The PRV was sold for a total cash consideration of USD 95 M during the third quarter.

The consideration for the acquisition is CHF 515 M (SEK 4,911 M), of which CHF 400 M was previously committed in the exclusive licence agreement for emapalumab. The transaction was completed on July 18 2019.

Amounts in SEK M	Prel PPA at acquisition date	New measurement Q4	Prel PPA Dec 2019
Agreed purchase price	**4,914**		**4,914**
Redemption of previous commitment[1]	-3,802		-3,802
Deferred tax	469		469
Net consideration	**1,581**	**0**	**1,581**
Assets			
Intangible assets	88		88
Tangible assets	19		19
Inventory	34		34
Priority Review Voucher (PRV)[2]	892		892
Cash	3		3
Total assets	**1,037**	**0**	**1,037**
Liabilities			
Other liabilities and provisions	-233	-11	-245
Deferred tax	-182	68	-113
Total liabilities	**-415**	**57**	**-358**
Total identifiable net assets at fair value	**622**	**57**	**679**
Goodwill arising on acquisition[3]	959	-57	902
Purchase consideration transferred	**1,581**	**0**	**1,581**
Analysis of cash flows in acquisition			
Net cash acquired	-3		-3
Cash paid	4,914		4,914
Acquisition of business, net of cash	**4,911**	**0**	**4,911**

1. Refers to CHF 400 M previously committed in the exclusive licence agreement for emapalumab and reported as a short-term liability
2. Priority Review Voucher (PRV) was sold in September 2019
3. The goodwill recognised is primarily related to securing the know-how and highly experienced employees for the future development and related earning potential from follow-on indications of emapalumab.

The acquisition of emapalumab and related assets and liabilities does not increase Sobi's expenses compared to the periods following the acquisition of the global rights.

Transaction costs of SEK 18 M have been expensed and are included in administrative expenses in income statement and are part of operating cash flow in the statement of cash flows.

New measurement Q4 - Reassessment of tax rate applied in PPA affecting deferred tax and goodwill. Final calculation of pension liability as per acquisition date, affects deferred tax and goodwill.

Definitions and Glossary

Alprolix (eftrenonacog alfa)	A recombinant, extended half-life (EHL) clotting factor IX therapy approved in the EU, Iceland, Kuwait, Liechtenstein, Norway, Saudi Arabia and Switzerland, as well as in Australia, Brazil, Canada, Japan, New Zealand, the United States and other countries, for the treatment of haemophilia B.
BIVV001	A novel, investigational factor VIII therapy designed to extend protection from bleeds with prophylaxis dosing of once weekly or longer for people with haemophilia A. Builds on the Fc fusion technology by adding a region of von Willebrand factor and XTEN polypeptides to potentially extend its time in circulation.
CER	Constant exchange rates.
Chemotherapy-induced thrombocytopenia (CIT)	A common side effect of chemotherapy that results in a low number of platelets.
Chronic immune thrombocytopenia (ITP)	A rare autoimmune bleeding disorder characterised by a low number of platelets, affecting approximately 60,000 adults in the United States.
Chronic liver disease (CLD)	Liver disease becomes chronic when it has been present for more than 6-12 months without signs of resolution. Chronic liver disease can be inherited (genetic) or caused by a variety of factors such as viruses, auto-immunity, obesity and alcohol use.
Doptelet (avatrombopag)	A second-generation small-molecule thrombopoietin receptor (TPO) agonist used in the treatment of thrombocytopenia by increasing platelet count.
Earnings per share	The portion of a company's profit allocated to each outstanding share of common stock.
EHL	Extended half-life, which means that the circulation in the body is prolonged. Sobi's haemophilia treatments, Elocta and Alprolix, are EHL products.
Elocta (efmoroctocog alfa)	A recombinant, EHL clotting factor VIII therapy approved in the EU, Iceland, Kuwait, Liechtenstein, Norway, Saudi Arabia and Switzerland for the treatment of haemophilia A. It is also approved in Australia, Brazil, Canada, Japan, New Zealand, the United States and other countries, where it is known as ELOCTATE®.
EMA	European Medicines Agency.
EMENAR	Abbreviation for business region including Europe, Middle East, North Africa and Russia.
FDA	The US Food & Drug Administration.
Full-time equivalents	Unit that indicates the workload of an employed person in a way that makes workloads comparable.
Gamifant (emapalumab)	An anti-interferon-gamma (IFN-γ) monoclonal antibody (mAb), approved by the FDA and currently under EMA review for the treatment of primary haemophagocytic lymphohistiocytosis (pHLH), a life-threatening syndrome of immune activation.
Gross-to-Net	Revenue impacting items differentiating gross revenues from net revenues, normally as reductions of sales. Examples are rebates, discounts and sales taxes which can be discretionary or mandatory.
Haemophagocytic lymphohistiocytosis (HLH)	A rare and life-threatening syndrome of extreme immune activation. The primary form of the disease (pHLH, inherited) mainly occurs in infants and young children while the secondary form of the disease (sHLH, acquired) is acquired from or associated with infection, autoimmune diseases or malignancy.
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 can experience bleeding episodes that may cause pain, limited mobility, irreversible joint damage and life-threatening haemorrhages.
IFRS	International Financial Reporting Standards

Definitions and Glossary

Kineret (anakinra)	A recombinant protein drug that blocks the biological activity of interleukin-1 α and β (IL-1α and IL -1β) by binding to IL-1 type 1 receptors (IL-R 1), expressed in a variety of tissues and organs, thereby blocking the IL-1 signalling. IL-1 is a key mediator of inflammation and a significant contributor to autoinflammatory diseases.
Orfadin (nitisinone)	A drug used to treat hereditary tyrosinaemia type 1 (HT-1). It blocks the breakdown of tyrosine, thereby reducing the amount of toxic tyrosine by-products in the body. Patients must maintain a special diet in combination with Orfadin treatment as tyrosine is not adequately broken down.
RSV	Respiratory syncytial virus. A common virus and the most common cause of lower respiratory tract infections (LRTI) in young children.
Synagis (palivizumab)	Indicated for the prevention of serious lower respiratory tract infection (LRTI) caused by RSV in infants and young children at high risk of RSV disease. RSV is the most prevalent cause of LRTI among infants and young children. Synagis is a RSV F protein inhibitor monoclonal antibody that acts as a prophylaxis against serious RSV disease.

At Sobi, we are transforming the lives of people affected by rare diseases. As a specialised international biopharmaceutical company, we provide sustainable access to innovative therapies in the areas of haematology, immunology and specialty care. We bring something rare to rare diseases – a belief in the strength of focus, the power of agility and the potential of the people we are dedicated to serving.

The hard work and dedication of our approximately 1,300 employees around the globe has been instrumental in our success across Europe, North America, the Middle East, Russia and North Africa, leading to total revenue of SEK 14.2 billion in 2019. Sobi's share (STO:SOBI) is listed on Nasdaq Stockholm.

You can find more information about Sobi at www.sobi.com.

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