
sobi
Q1 2014
Pioneer in
Rare Diseases

Financial Calendar

Annual General Meeting (AGM)	8 May 2014
Q2 2014	18 July 2014
Q3 2014	30 October 2014

Table of Contents

CEO Statement

Sobi started the year with a solid first quarter, with revenues growing 8 per cent year-on-year, delivering the second highest quarterly revenue in the company's history.

Our Partner Products portfolio was a highlight in the quarter, with 70 per cent growth compared to the first quarter last year. The growth was mainly driven by the new partnerships we signed in 2013, but all parts of the portfolio contributed. Kineret® also showed growth, although more moderate due to wholesaler order pattern in the US. Orfadin® sales were negatively affected by the termination of our distribution agreement with Rare Disease Therapeutics (RDT) in the US and a related one-time stock repurchase. We have assumed direct responsibility for the distribution of Orfadin in North America from 1 April and expect Orfadin to return to normal revenues with higher margins as a result. Finally ReFacto® delivered good results, slightly lower than last year reflecting variation in quarterly deliveries to Pfizer.

Our pipeline also reached several important milestones, albeit with mixed results in the period.

Our pivotal phase 3 study of the enzyme therapy Kiobrina® did not meet its primary endpoint. The results are not what we expected, particularly regarding the growth of the placebo group, and they do not support initiation of the US trial. With this said, the study was well designed and conducted, and will make a significant contribution to neonatology in the area of growth and development. We continue to analyse the full data set.

On a positive note, our partner Biogen Idec announced that Health Canada and the US Food and Drug Administration (FDA) approved Alprolix™ for the treatment of haemophilia B. Alprolix is the first recombinant DNA derived haemophilia B therapy with prolonged circulation in the body, and these approvals were the first regulatory approvals worldwide for Alprolix. The FDA approval on 28 March, resulted in a milestone payment from Biogen Idec.

Furthermore Sobi and partner Exelixis announced that the European Commission has approved Cometriq™ for the treatment of adult patients with progressive, unresectable locally advanced or metastatic medullary thyroid carcinoma (MTC).

In addition, shortly after the quarter closed, Sobi and Biogen Idec released positive top-line results of the Kids A-LONG phase 3 clinical study. The study evaluated the safety and efficacy of Eloctate™, an investigational recombinant factor VIII Fc fusion protein product candidate, in children with severe haemophilia A. Eloctate was generally well-tolerated and no inhibitors were detected. The results are an important step to bringing this potential new treatment option to adults and children with haemophilia A and a milestone that will enable regulatory submission in Europe in the second half of 2014.

We were also honoured to receive the EURORDIS (the European Organisation for Rare Diseases) Company Award 2014 based on Sobi's longstanding commitment to the rare disease community – demonstrated by our commercial and development portfolio, our track record on policy and access to orphan drugs, and on our collaboration with patient organisations. 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. Collaboration with leading patients' organizations such as EURORDIS is fundamental to this work, and therefore this award is extra special to us.

Finally, I am looking forward to welcoming our shareholders to our Annual General Meeting today, 8 May, in Stockholm, to give some perspectives on where we stand as a company and where we are headed.

Thank you for your interest in our work here at Sobi.

Solna, 8 May 2014

Geoffrey McDonough
CEO and President

Business Highlights Q1

- US FDA approved Alprolix
- Kiobrina pivotal phase 3 study did not meet primary endpoint
- Cometriq approved in Europe for the treatment of MTC
- Health Canada approved Alprolix
- Sobi received EURORDIS Company Award 2014

Financial Highlights Q1 2014 (Q1 2013)

- Total revenues were SEK 573.3 M (528.5)
- Product revenues were SEK 405.5 M (344.5)
- Gross margin was 56 per cent (57)
- EBITA was SEK -287.8 M (61.2)
- EBITA excluding Kiobrina write-off was SEK 37.1 M
- Ended the quarter with a cash position of SEK 573.7 M

Financial Highlights Q1 2014 (Q1 2013) in USD*

- Total revenues were USD 88.7 M (81.8)
- Product revenues were USD 62.7 M (53.3)
- Gross margin was 56 per cent (57)
- EBITA was USD -44.5 M (9.5)
- EBITA excluding Kiobrina write-off was USD 5.7 M
- Ended the quarter with a cash position of USD 88.2 M

* The statement is a non-IFRS statement. For the Income Statement we have used an exchange rate of 6,4646 (average rate for the period) and for the Balance Sheet 6,5068 (closing rate for the period)

Business Review

US FDA approved Alprolix
Sobi's partner Biogen Idec announced that the US Food and Drug Administration (FDA) approved Alprolix (Coagulation Factor IX (Recombinant), Fc fusion protein) for the treatment of haemophilia B. Alprolix is indicated for the control and prevention of bleeding episodes, perioperative (surgical) management and routine prophylaxis in adults and children with haemophilia B. The therapy is shown to reduce bleeding episodes with prophylactic (protective) injections starting at least a week apart.

Alprolix is the first recombinant, DNA derived haemophilia B therapy with prolonged circulation in the body.

Kiobrina pivotal phase 3 study did not meet primary endpoint
Sobi announced topline data from the company's pivotal phase 3 study of its enzyme therapy Kiobrina (rhBSSL - recombinant human Bile Salt Stimulated Lipase). The primary endpoint of the study - growth velocity measured after four weeks of treatment with rhBSSL - was not met. No statistically significant improvement in growth velocity was demonstrated in preterm infants treated with rhBSSL compared to placebo.

Cometriq approved in Europe for the treatment of MTC
Sobi and partner Exelixis announced that the European Commission approved Cometriq for the treatment of adult patients with progressive, unresectable locally advanced or metastatic medullary thyroid carcinoma (MTC).

Health Canada approved Alprolix
Sobi's partner Biogen Idec announced that Health Canada has approved Alprolix, for the control and prevention of bleeding episodes and routine prophylaxis in adults, and children aged 12 and older, with haemophilia B.

Sobi received EURORDIS Company Award 2014
Sobi was awarded the EURORDIS Company Award 2014 on 25 February. The company was honoured based on the treatments in the company's commercial and development portfolio, on the company's policy and track record on access to drugs, and on its collaboration with patient organisations.

Events after Q1

Positive phase-3 paediatric data from Kids A-LONG enables regulatory submission in EU of Eloctate™
Biogen Idec and Sobi released positive top-line results of the Kids A-LONG phase 3 clinical study that evaluated the safety and efficacy of Eloctate, an investigational recombinant factor VIII Fc fusion protein product candidate, in children with severe haemophilia A. Eloctate was generally well-tolerated and no inhibitors were detected. Efficacy analyses showed twice-weekly prophylactic dosing with Eloctate maintained low bleeding rates in children. In the study, the relative increase in half-life in children with severe haemophilia A was consistent with the 1.5-fold increase in half-life seen in the A-LONG study of adults and adolescents.

The study met its primary objectives and the results enable regulatory submission in the EU.

Sobi assumed direct responsibility for Orfadin in North America
Sobi assumed direct responsibility for the distribution of its proprietary product Orfadin in the United States and Canada. Orfadin is the only FDA approved therapy for use as an adjunct to dietary restriction of tyrosine and phenylalanine for the treatment of hereditary tyrosinaemia type 1 (HT-1). Sobi has been responsible for the worldwide development and commercialisation of Orfadin since 1993 and currently distributes the product in over 50 countries around the globe.

Financial Review Q1

Total revenues for the first quarter were SEK 573.3 M (528.5), an increase of 8 per cent.

Key Therapeutic Areas
Revenues for Key Therapeutic Areas were SEK 240.9 M (247.4), a decrease of 3 per cent.

Inflammation
Revenue for Kineret was SEK 123.6 M (116.9), an increase of 6 per cent.

Many major European markets are showing strong volume growth, while the US volumes were impacted by larger orders in Q4 2013.

Genetics & Metabolism
Revenue for Orfadin was SEK 76.2 M (109.3), a decrease of 30 per cent.

The decrease is related to a one-time stock return in connection with the termination of the distribution agreement with RDT for North America per 31 March. As of 1 April 2014, Sobi initiated direct sales for Orfadin in North America.

Haemophilia
The FDA approval of Alprolix (rFIXFc) on 28 March, resulted in a milestone payment to Sobi of SEK 10.6 M from Biogen Idec.

Partner Products
Revenue for Partner Products was SEK 164.6 M (97.1), an increase of 70 per cent.

The growth in Partner Products was driven mainly by new partnerships signed in 2013, such as the PharmaSwiss portfolio and Xiapex, and also by the base portfolio of products.

Financial Summary

Amounts in SEK M	Q1 2014	Q1 2013	Change	Full year 2013
Total revenues	573.3	528.5	8%	2,176.7
Gross profit	319.7	302.9	6%	1,284.0
Gross margin	56%	57%		59%
EBITA	-287.8	61.2	<-100%	211.0
EBITA excluding Kiobrina write-off	37.1	61.2	-39%	211.0
EBIT (Operating profit/loss)	-358.0	-3.4	<-100%	-66.6
Profit/loss for the period	-328.7	-12.2	<-100%	-93.0

Revenues by Business Line

Amounts in SEK M	Q1 2014	Q1 2013	Change %	Change % at CER[1]	Full year 2013
Key Therapeutic Areas					
Inflammation: Kineret	123.6	116.9	6%	3%	561.7
Genetics & Metabolism: Orfadin	76.2	109.3	-30%	-33%	365.9
Genetics & Metabolism: Other	30.5	21.2	44%	38%	84.4
Haemophilia: Royalties[2]	10.6	0.0	n/a	n/a	0.0
Total	**240.9**	**247.4**	**-3%**	**-5%**	**1,012.0**
Partner Products	**164.6**	**97.1**	**70%**	**67%**	**545.7**
ReFacto					
Manufacturing revenues	141.8	160.4	-12%	-12%	491.9
Royalty revenues	26.0	23.6	10%	8%	127.1
Total	**167.8**	**184.0**	**-9%**	**-9%**	**619.0**
Total revenues	**573.3**	**528.5**	**8%**	**7%**	**2,176.7**

[1] Constant Exchange Rate.

[2] Royalties on commercial sales, Biogen Idec. Note that Q1 includes a one-time milestone payment.

ReFacto
Revenues related to ReFacto manufacturing and royalty were SEK 167.8 M (184.0), a decrease of 9 per cent. The revenues reflect variation in quarterly deliveries to Pfizer. Manufacturing revenue was SEK 141.8 M (160.4). Royalty revenue was SEK 26.0 M (23.6).

Gross profit
Gross profit was SEK 319.7 M (302.9), corresponding to a gross margin of 56 per cent (57). Gross margin was affected by product mix in the quarter, mainly driven by lower Orfadin revenues due to the transition to direct sales in the US.

Operating profit
Overall operating expenses excluding amortisations and write-downs were SEK 282.7 M (243.2).

Operating expenses for sales and administration excluding amortisation amounted to SEK 155.6 M (124.0). The increase relates to additional resources in marketing, medical and patient access to support the current portfolio and to prepare for planned launch of the Haemophilia programmes. In addition, one-off start-up costs for setting up direct sales of Orfadin in North America following the termination of the distribution agreement with RDT were taken in the quarter.

Research and development costs excluding amortisation and write-downs were SEK 127.1 M (119.2), reflecting on-going investment in the development portfolio and preparation for the planned launch of the Haemophilia programmes.

EBITA was SEK -287.8 M (61.2). 2014 includes one-time write-off for Kiobrina of SEK 325 M.

Amortisation of intangible assets amounted to SEK 70.2 M (64.6).

Operating Profit/Loss

Amounts in SEK M	Q1 2014	Q1 2013	Full year 2013
Total revenues	573.3	528.5	2,176.7
Total cost of goods and services sold	-253.6	-225.6	-892.7
Gross profit	**319.7**	**302.9**	**1,284.0**
Gross Margin	*56%*	*57%*	*59%*
Sales and administration expenses less amortisations and write-downs	-155.6	-124.0	-620.7
Research and development expenses less amortisations and write-downs	-127.1	-119.2	-455.7
Total opex less amortisations and write-downs	**-282.7**	**-243.2**	**-1,076.4**
Other operating revenues/expenses	**-324.8**	**1.5**	**3.4**
EBITA	**-287.8**	**61.2**	**211.0**
Amortisations and write-downs relating to			
Sales and administration expenses	-70.2	-64.6	-277.6
Amortisations and write-downs	**-70.2**	**-64.6**	**-277.6**
EBIT	**-358.0**	**-3.4**	**-66.6**

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

EBIT (operating profit) amounted to SEK -358.0 M (-3.4).

Net financial items and tax
Net financial items amounted to SEK -13.7 M (-36.3), including unrealised exchange gains. Tax amounted to SEK 43.0 M (27.5).

Profit/loss
Profit/loss amounted to SEK -328.7 M (-12.2).

Earnings per share amounted to SEK -1.22 (-0.05).

Kiobrina write-off
The one-time write-off for Kiobrina amounted to SEK 325 M, mainly relating to goodwill, intangible assets

and inventory. Cash flow impact for the full year 2014 is expected to be SEK -25 M.

Cash flow and investments
Cash flow from operations before changes in working capital amounted to SEK 2.4 M (36.5). Cash flow included a final payment to the previous owners of Arexis in the amount of SEK 21 M.

Non-cash items amounted to SEK 331.1 M (48.7). 2014 includes SEK 295,9 M relating to Kiobrina.

Working capital impacted cash flow by SEK 132.5 M (94.6).

Cash flow from investing activities amounted to SEK -6.3 M (-366.0). 2013 included a milestone payment to Amgen of SEK 366.5 M.

Cash
Cash position at quarter end was SEK 573.7 M.

Net Debt
Sobi ended the quarter with a net debt of SEK 222.1 M.

Equity
Consolidated shareholders´ equity as of 31 March 2014 amounted to SEK 4,443.1 M compared to SEK 4,769.2 M as of 31 December 2013.

Outlook 2014
For 2014, Sobi expects total revenues for the full year to be in the range of SEK 2,300 to 2,500 M.

The company expects the gross margin will be in the range of 58-60 per cent.

Operating costs are expected to increase as the company continues to prepare for the planned launch of the Haemophilia programmes.

Other Information

Personnel
As of March 2014, the number of full-time equivalents was 544 (540, Dec 2013).

Significant events after the reporting period

- Sobi and partner Biogen Idec announced positive phase-3 paediatric data from the Kids A-LONG study which enables regulatory submission in EU of Eloctate.
- Sobi became market authorisation holder (MAH) for Xiapex in 28 EU member countries, Norway, and Iceland on 3 April, 2014.
- Sobi entered into partnership with Tigenix for the commercialisation of ChondroCelect, a cell-based medicinal product for the repair of cartilage defects of the knee. ChondroCelect was the first cell-based product to be approved in Europe.
- As of 1 April 2014, Sobi initiated direct sales for Orfadin in North America. Orfadin is the only FDA approved therapy for use as an adjunct to dietary restriction of tyrosine and phenylalanine for the treatment of hereditary tyrosinaemia type 1.

Annual General Meeting 2014
The Annual General Meeting of Swedish Orphan Biovitrum AB (publ) will be held on Thursday, 8 May 2014 in the Wallenberg Auditorium at the Royal Swedish Academy of Engineering Sciences (IVA), Grev Turegatan 16, Stockholm, Sweden.

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

Solna, 8 May 2014

Geoffrey McDonough
CEO and President

Forward-looking statement
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.

Financial Statements

Group
Statement of Comprehensive Income

Amounts in SEK M	Q1 2014	Q1 2013	Full year 2013
Total revenues	573.3	528.5	2,176.7
Total cost of goods and services sold	-253.6	-225.6	-892.7
Gross profit	**319.7**	**302.9**	**1,284.0**
Sales and administration expenses	-225.8	-188.6	-898.3
Research and development expenses	-127.1	-119.2	-455.7
Other operating revenues/expenses	-324.8	1.5	3.4
Operating profit/loss	**-358.0**	**-3.4**	**-66.6**
Financial income/expenses	-13.7	-36.3	-56.9
Income tax benefit/expense	43.0	27.5	30.5
Profit/loss for the period	**-328.7**	**-12.2**	**-93.0**
Other comprehensive income			
Items that will not be reclassified to profit/loss			
Remeasurements of post employment benefit obligations	–	7.4	2.0
Items that may be reclassified subsequently to profit/loss			
Translation difference	–	-1.1	–
Cash flow hedge (net of tax)	-0.7	6.5	1.9
Comprehensive income for the period	**-329.4**	**0.6**	**-89.1**
Amortisation and write-down of intangible assets included in Sales and administration expenses	-70.2	-64.6	-277.6

Group
Balance sheet

Amounts in SEK M	Mar 2014	Dec 2013	Sep 2013	Jun 2013	Mar 2013
ASSETS					
Non-current assets					
Intangible fixed assets [1]	4,302.7	4,637.0	4,700.8	4,766.5	4,834.4
Tangible fixed assets	120.1	125.7	119.6	123.2	123.9
Financial fixed assets	38.9	26.4	28.6	30.6	1.9
Total fixed assets	**4,461.7**	**4,789.1**	**4,849.0**	**4,920.3**	**4,960.2**
Current assets					
Inventories	678.4	726.0	693.3	703.4	681.2
Accounts receivable	376.6	414.5	369.9	382.5	401.7
Current receivables, non-interest bearing	133.4	144.6	144.2	132.7	112.2
Cash and cash equivalents	573.7	445.1	449.3	438.1	401.2
Total current assets	**1,762.1**	**1,730.2**	**1,656.7**	**1,656.7**	**1,596.3**
Total assets	**6,223.8**	**6,519.3**	**6,505.7**	**6,577.0**	**6,556.5**
EQUITY AND LIABILITIES					
Shareholder´s equity	**4,443.1**	**4,769.2**	**4,774.6**	**4,826.7**	**4,840.1**
Long-term liabilities					
Long-term debt [2]	794.0	795.7	794.2	789.4	788.7
Long-term liabilities, non-interest bearing	274.2	306.9	317.3	317.5	313.1
Total long-term liabilities	**1,068.2**	**1,102.6**	**1,111.5**	**1,106.9**	**1,101.8**
Current liabilities					
Short term debt	1.8	1.9	1.6	1.3	0.7
Current liabilities, non-interest bearing	710.7	645.6	618.0	642.1	613.9
Total short-term liabilities	**712.5**	**647.5**	**619.6**	**643.4**	**614.6**
Total equity and liabilities	**6,223.8**	**6,519.3**	**6,505.7**	**6,577.0**	**6,556.5**

[1] Including goodwill MSEK 1,554.2

[2] Net accounting of the long term debt, see note 1

Group
Changes in Equity

Amounts in SEK M	Jan - Mar 2014	Jan - Mar 2013	Full year 2013
Opening balance	**4,769.2**	**4,837.9**	**4,837.9**
Change in accounting principle	–	–	–
Opening balance	**4,769.2**	**4,837.9**	**4,837.9**
Sharebased compensation to employees	3.3	1.8	13.2
Transfer of own shares	–	–	6.7
Translation difference	–	-0.2	0.5
Comprehensive income for the period	-329.4	0.6	-89.1
Equity, end of period	**4,443.1**	**4,840.1**	**4,769.2**

Group
Cash Flow Statement

Amounts in SEK M	Q1 2014	Q1 2013	Full year 2013
Net result	-328.7	-12.2	-93.0
Non-cash items[1]	331.1	48.7	258.5
Cash flow from operations before change in working capital	**2.4**	**36.5**	**165.5**
Change in working capital	132.5	94.6	19.9
Cash flow from operations	**134.9**	**131.1**	**185.4**
Investment in intangible fixed assets	-4.3	-365.6	-384.2
Investment in tangible fixed assets	-2.2	-5.8	-26.0
Divestment of tangible fixed assets	0.2	–	0.2
Investment/Divestment of financial assets	–	2.5	2.5
Short-term investments	–	2.9	2.9
Cash flow from investing activities	**-6.3**	**-366.0**	**-404.6**
Loans - Raising/Amortization	–	200.0	200.0
Reclassification to short-term investment	–	-19.8	–
Transfer of own shares	–	–	6.7
Cash flow from financing activities	**–**	**180.2**	**206.7**
Net change in cash	**128.6**	**-54.7**	**-12.5**
Liquid funds at the beginning of the period	445.1	457.0	457.0
Translation difference in cash flow and liquid funds	–	-1.1	0.6
Liquid funds at the end of the period	**573.7**	**401.2**	**445.1**
[1] **Depreciations, amortization and deferred tax:**			
Depreciation tangible fixed assets	7.7	7.5	30.1
Amortization intangible assets	70.2	64.6	277.6
Deferred tax	-44.8	-28.8	-44.9

Key ratios and Other Information

Amounts in SEK M	Q1 2014	Q1 2013	Full year 2013
Profit numbers			
Gross profit	319.7	302.9	1,284.0
EBITDA	-280.1	68.7	241.1
EBITA	-287.8	61.2	211.0
EBIT	-358.0	-3.4	-66.6
Profit/loss	-328.7	-12.2	-93.0
Per share data (SEK)			
Earning/loss per share	-1.22	-0.05	-0.35
Earning/loss per share after dilution	-1.22	-0.05	-0.35
Shareholders' equity per share	16.4	18.2	17.6
Shareholders' equity per share after dilution	16.4	18.2	17.6
Other information			
Gross margin	56%	57%	59%
Equity ratio	71.4%	73.7%	73.2%
Net debt	222.1	390.5	352.5
Number of ordinary shares	270,389,770	265,226,598	270,389,770
Number of C-shares (in treasury)	0	4,408,260	0
Number of ordinary shares (in treasury)	4,688,948	0	4,688,948
Average number of ordinary shares (excluding shares in treasury)	265,700,822	265,226,598	265,266,117
Number of shares after dilution	270,389,770	265,226,598	270,389,770
Average number of ordinary shares after dilution (excluding shares in treasury)	265,700,822	265,226,598	265,266,117

Parent Company

Statement of Comprehensive Income

Amounts in SEK M	Q1 2014	Q1 2013	Full year 2013
Total revenues	625.5	467.3	1,841.9
Total cost of goods and services sold	-240.5	-211.2	-889.9
Gross profit	**385.0**	**256.1**	**952.0**
Sales and Administration expenses	-125.0	-97.7	-532.7
Research and Development expenses	-118.0	-119.7	-450.6
Other operating revenues/expenses	-55.1	1.7	13.4
Operating profit/loss	**86.9**	**40.4**	**-17.9**
Result from participation in Group companies[1]	-176.5	–	2.3
Financial income/expenses	-6.0	-28.5	-28.1
Profit/loss after financial items	**-95.6**	**11.9**	**-43.7**
Income tax benefit/expenses	-17.4	30.7	36.1
Profit/loss for the period	**-113.0**	**42.6**	**-7.6**
Other comprehensive income			
Items that may be reclassified subsequently to profit/loss			
Cash flow hedge (net of tax)	-0.7	6.5	1.9
Comprehensive income for the period	**-113.7**	**49.1**	**-5.7**
Amortization and write-down of intangible assets included in Sales & Adm expenses	-21.9	-16.2	-85.0

[1] 2014 includes write-down in value of ownership of Arexis relating to Kiobrina.

Parent Company
Balance Sheet

Amounts in SEK M	Mar 2014	Dec 2013	Sep 2013	Jun 2013	Mar 2013
ASSETS					
Fixed assets					
Intangible fixed assets	917.0	934.8	950.3	967.6	987.9
Tangible fixed assets	109.4	115.6	111.6	116.6	118.9
Financial fixed assets	3,916.4	4,096.1	4,095.7	4,094.5	4,089.7
Total fixed assets	**4,942.8**	**5,146.5**	**5,157.6**	**5,178.7**	**5,196.5**
Current assets					
Inventories	612.4	664.6	620.1	627.7	600.3
Current receivables, non-interest bearing	1,120.9	1,042.2	1,119.5	1,149.5	1,169.8
Cash and cash equivalents	512.5	373.5	364.5	384.1	311.6
Total current assets	**2,245.8**	**2,080.3**	**2,104.1**	**2,161.3**	**2,081.7**
Total assets	**7,188.6**	**7,226.8**	**7,261.7**	**7,340.0**	**7,278.2**
EQUITY AND LIABILITIES					
Shareholders´ equity	***5,511.2***	**5,621.6**	**5,640.4**	**5,649.2**	**5,658.3**
Untaxed reserves	–	–	**1.1**	**1.1**	**1.1**
Long-term liabilities					
Long-term debt [1]	789.2	790.8	790.1	789.4	788.7
Total long-term liabilities	**789.2**	**790.8**	**790.1**	**789.4**	**788.7**
Current liabilities					
Current liabilities, non-interest bearing	888.2	814.4	830.1	900.3	830.1
Total short-term liabilities	**888.2**	**814.4**	**830.1**	**900.3**	**830.1**
Total equity and liabilities	**7,188.6**	**7,226.8**	**7,261.7**	**7,340.0**	**7,278.2**

[1] Net accounting of the long term debt, see note 1

Parent Company
Change in Shareholders´ Equity

Amounts in SEK M	Jan-Mar 2014	Jan-Mar 2013	Full Year 2013
Opening balance	**5,621.6**	**5,607.4**	**5,607.4**
Sharebased compensation to employees	3.3	1.8	13.2
Transfer of shares	–	–	6.7
Comprehensive income for the period	-113.7	49.1	-5.7
Equity, end of period	**5,511.2**	**5,658.3**	**5,621.6**

Financial Notes

Note 1 – Accounting and valuation principles and other information

Important accounting principles
Sobi prepares its consolidated financial statements in accordance with the Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups, and the International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU. The consolidated financial statements have been prepared according to the historical cost convention, except in the case of financial assets and financial assets and liabilities (including derivative instruments) which are measured at fair value through profit and loss . The parent company applies the Annual Accounts Act and RFR 2 Reporting for legal entities. This year-end report has been prepared in accordance with IAS 34, Interim Financial Reporting.

Accounting principles applied, except for the changes listed below, are in accordance with those described in the 2013 Annual Report. More detailed information about the Group's accounting and valuation principles can be found in the 2013 Annual Report which is available on www.sobi.com.

Change in accounting principles

From fiscal year 2014 comes a number of new and revised standards in force. These standards have had no material impact on the consolidated financial statements.

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

Sobi is exposed to three main risk categories:

- External risks such as patent infringements, competition within product concepts and decisions by authorities regarding product use and prices.
- 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.
- 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 2013 Annual Report (see the Directors' Report).

Note 2– Fair values of financial instruments
The group carries derivatives. Refer to the annual report 2013 for a narrative description of the purpose of the holdings. The derivatives (under the heading "other current 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). The fair value of the derivative is based on the net present value of the expected difference between the expected market rate and Sobi's fixed swap rate for the remaining duration of the swap discounted with current market rate.

As of 31 March 2014 all other financial instruments in the balance sheet, with the exception of the group's bond, have reported values that are in all material aspects equivalent to fair value. At 31 March 2014 the reported value in the balance sheet for the bond is SEK 789 M. Fair value of the bond is deemed to be SEK 854 M. The fair value is based on the average of the bid-ask-spread at the balance sheet date.

Note 3 – Transactions with Related Parties
In January 2014 the company prolonged its employment agreement with Bo Jesper Hansen, unrelated to his position as Chairman for the company. The new agreement will enter into effect on 1 May 2014 and is valid until 1 May 2015.

Business Glossary

EMA
European Medicines Agency

FDA
US Food and Drug Administration

Haemophilia
A group of hereditary genetic disorders that impair the body's ability to control blood clotting or coagulation. Haemophilia A (clotting factor VIII deficiency) is the most common form of the disorder, present in about 1 in 5,000–10,000 male births. Haemophilia B (factor IX deficiency) occurs in around 1 in about 20,000–34,000 male births

Kineret
Kineret (anakinra) is a recombinant protein drug which blocks the biological activity of IL-1 by binding to the interleukin-1 type 1 receptor, which is expressed in a wide variety of tissues and organs. IL-1 is a key mediator of inflammation and driver of autoinflammatory diseases in both adults and children

Orfadin
Pharmaceutical used for the treatment of hereditary Tyrosinaemia type 1 (HT-1), a rare genetic disorder which can cause liver failure, kidney dysfunction and neurological problems

Financial Glossary

Cash flow per share
Changes in cash and cash equivalents divided by the weighted average number of outstanding shares

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

EBITA
Operating profit/loss before amortisation

EBITDA
Operating profit/loss before depreciation and amortisation

Equity ratio
Shareholders' equity as a proportion of total assets

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

Gross margin
Gross profit as a percentage of sales

Gross profit
Net sales less cost of goods and services sold

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

Non-recurring items
Non-recurring items are defined as transactions of a non-recurring nature

Profit/loss
Profit/loss for the period

Return on shareholders' equity
Profit/loss after tax as a percentage of average shareholders' equity

Return on total capital
Profit/loss after financial items plus financial expenses as a percentage of average total assets

Shareholders' equity per share
Shareholders' equity divided by the number of shares

Swedish Orphan Biovitrum AB
SE-112 76 Stockholm, Sweden
Visiting address: Tomtebodavägen 23 A
Telephone: +46 8-697 20 00
Fax: +46 8-697 23 30
www.sobi.com

About Sobi

Sobi is an international specialty 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 Inflammation and Genetic diseases, with two late stage biological development projects within Haemophilia. We also market a portfolio of specialty and rare disease products for partner companies. Sobi is a pioneer in biotechnology with world-class capabilities in protein biochemistry and biologics manufacturing. In 2013, Sobi had total revenues of SEK 2.2 billion ($334 M) and about 550 employees. The share (STO: SOBI) is listed on NASDAQ OMX Stockholm. More information is available at www.sobi.com.