
sobi
Q2 2014
Pioneer in
Rare Diseases

Financial Calendar

Q3 2014	30 October 2014
Q4 & FY 2014	19 February 2015

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Photo: Ralph Skorge (cover) and Martin Botvidsson

CEO Statement

The second quarter marks a solid mid-year position for the company from both a commercial and a development perspective. Revenues grew 27 per cent year-on-year, with all areas of the portfolio contributing; and our long-acting factors for Haemophilia received several regulatory approvals in collaborator Biogen Idec's territories, helping move these programmes into a pre-launch phase for the company, pending Sobi's opt-in later this year.

The commercial momentum in the second quarter was driven in large part by Orfadin®, where revenue grew 68 per cent as a result of initiating direct sales in North America.

Kineret® grew 6 per cent in the quarter with many European markets continuing to show volume growth, and US volumes returning to baseline order patterns after low levels in Q1 2014.

Our Partner Products portfolio grew 24 per cent, mainly driven by the partnerships we signed in 2013 but also by growth in the base portfolio. In this business we entered a new partnership with Tigenix for the commercialisation of ChondroCelect®, a cell-based medicinal product for the repair of cartilage defects of the knee which will start to contribute to the portfolio in the third quarter.

Finally, ReFacto® had an excellent quarter with 26 percent growth, reflecting a concentration of deliveries to Pfizer in the first half.

The key development milestone in this period has been the transition of our long-acting Haemophilia factor programs into a pre-launch phase. Biogen Idec and Sobi released positive top-line results of the Kids A-LONG phase 3 clinical study of Eloctate™ [Antihaemophilic Factor VIII (Recombinant), Fc Fusion Protein] early in Q2, setting up a potential filing with the EMA in the second half of 2014. In addition, Biogen Idec announced that the US Food and Drug Administration (FDA) approved Eloctate for the control and prevention of bleeding episodes, perioperative (surgical) management and routine prophylaxis in adults and children with haemophilia A. This was the first regulatory approval for Eloctate.

In addition, Sobi and our partner Auxilium Pharmaceuticals, Inc. announced in June that Sobi has filed for an extension of the label for Xiapex® with the European Medicines Agency (EMA) to include the indication of Peyronie's disease.

Apart from the commercial and development perspective on this period, Sobi and Biogen Idec also announced a joint commitment to donate one billion international units (IUs) of clotting factor therapy for humanitarian aid programs in the developing world in cooperation with the World Federation of Hemophilia (WFH). Initially, our two companies will donate 500 million IUs to the WFH over five years to support its efforts to raise the standard of care for people with haemophilia in the developing world. The remaining 500 million IUs of clotting factor will be made available for future distribution. This prospective donation program will enable a predictable, sustained humanitarian supply of factor therapy to improve the quality of patient care and outcomes in the developing world.

Thank you as always for your continued interest in and support for our work here at Sobi.

Solna, 18 July 2014

Geoffrey McDonough
CEO and President

Business Highlights Q2

Business

- Initiated direct sales of Orfadin in North America
- Filed for EU approval of Xiapex for Peyronie´s Disease
- Entered partnership with Tigenix for the commercialisation of ChondroCelect
- Released positive topline Eloctate™ from Kids A-LONG phase-3 paediatric data
- Eloctate approved by FDA
- Received a preclinical data package from Biogen Idec to potentially add a future haemophilia A candidate (XTEN) to their collaboration agreement

Other

- Biogen Idec and Sobi to donate 1 billion IUs of clotting factor to support treatment of haemophilia in developing world
- Established North American Office in Waltham, Massachusetts
- Kirsti Gjellan appointed Senior Vice President Manufacturing Operations
- Awarded Company of the Year at the European Mediscience Awards 2014

Financial Highlights Q2 2014 (Q2 2013)

- Total revenues were SEK 662.5 M (520.2)
- Product revenues were SEK 475.5 M (371.7)
- Gross margin was 61 per cent (61)
- EBITA was SEK 86.3 M (37.8)
- Ended the quarter with a cash position of SEK 503.2 M

Financial Highlights Q2 2014 (Q2 2013) in USD*

- Total revenues were USD 101.5 M (79.7)
- Product revenues were USD 72.8 M (56.9)
- Gross margin was 61 per cent (61)
- EBITA was USD 13.2 M (5.8)
- Ended the quarter with a cash position of USD 74.7 M

* The statement is a non-IFRS statement. For the Income Statement we have used an exchange rate of 6,529 (average rate for the period) and for the Balance Sheet 6,7406 (closing rate for the period)

Business Review

Business

Initiated direct sales of 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.

Filed for EU approval of Xiapex for Peyronie´s Disease
Sobi and Auxilium Pharmaceuticals, Inc. announced that Sobi has filed for an extension of the label for Xiapex with the EMA to include the indication of Peyronie's disease.

Peyronie's disease is a condition that involves the development of collagen plaque, or scar tissue, on the shaft of the penis. The scar tissue, known as a Peyronie's plaque, may harden and reduce flexibility, which may cause bending or arching of the penis during erection.

Entered partnership with Tigenix for the commercialisation of ChondroCelect
Sobi announced that the company acquired the licencing rights to market and distribute ChondroCelect, a cell-based medicinal product for the repair of cartilage defects of the knee, from TiGenix NV.

ChondroCelect was the first cell-based product to be approved in Europe. Sobi will continue to market and distribute the product where it is currently available and will work to expand the product's availability to patients in a much wider area, including the rest of the European Union, Norway, Russia, Switzerland, Turkey, and the countries in the Middle East and North Africa.

Released positive topline Eloctate™ from Kids A-LONG phase-3 paediatric data
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, a recombinant factor VIII Fc fusion protein, 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. Children treated prophylactically with Eloctate had an overall median ABR of 2.0 and a median ABR for spontaneous bleeds of 0.0. Forty-six percent of participants in the study experienced zero bleeding episodes. Overall, ninety three percent of bleeding episodes were controlled by one to two infusions of Eloctate.

The study met its primary objectives and the results will help support a regulatory submission in the EU.

Eloctate approved by FDA
Sobi's collaborator Biogen Idec announced that the US FDA approved Eloctate [Antihaemophilic Factor VIII (Recombinant), Fc Fusion Protein] for the control and prevention of bleeding episodes, perioperative (surgical) management and routine prophylaxis in adults and children with haemophilia A. This was the first regulatory approval for Eloctate and the therapy is currently under review by regulatory authorities in several other countries including Canada and Japan .

Received a preclinical data package from Biogen Idec to potentially add a future haemophilia A candidate (XTEN) to their collaboration agreement
On 13 June, Sobi received a data package from Biogen Idec regarding a preclinical haemophilia A program based on Amunix's proprietary XTEN technology. Amunix and Biogen Idec signed a worldwide license agreement in April 2014. Under the terms of Sobi and Biogen Idec's agreement, Sobi has the right to an option to add certain potential compound constructs to the collaboration. Sobi has 120 days to review the preclinical data, and to determine whether to elect such option under the collaboration. If Sobi does so , the company will be required to make a payment to Biogen Idec.

Other

Biogen Idec and Sobi to donate 1 billion IUs of clotting factor to support treatment of haemophilia in developing world
Sobi and collaborator Biogen Idec announced their intent to produce one billion IUs of clotting factor therapy for humanitarian aid programs in the developing world at the WFH 2014 World Congress. Initially, the companies have committed to donating up to 500 million IUs to the WFH over five years to support its efforts to raise the standard of care for people with haemophilia in the developing world. The remaining 500 million IUs of clotting factor will be made available for future distribution.

Established North American Office in Waltham, Massachusetts
Sobi has relocated its North American operations to Waltham, Massachusetts.

Kirsti Gjellan appointed Senior Vice President Manufacturing Operations
Kirsti Gjellan joins Sobi from global pharmaceutical company Pfizer where she has been Managing Director and Site Leader at the Strängnäs site for Pfizer Health AB as well as Member of the Pfizer Health AB Board.

Awarded Company of the Year at the European Mediscience Awards 2014
The Award is awarded to a company who has gained recognition from analysts and investors for management, financial stability, and growth with a well-defined strategy to deliver its key financial, ethical and social ambitions.

Financial Review Q2

Total revenues for the second quarter were SEK 662.5 M (520.2), an increase of 27 per cent.

Key Therapeutic Areas

Revenues for Key Therapeutic Areas were SEK 316.8 M (243.1), an increase of 30 per cent.

Inflammation

Revenue for Kineret was SEK 148.4 M (139.5), an increase of 6 per cent.

Many European markets continue to show volume growth, and US volumes have returned to baseline order patterns after low levels in Q1 2014.

Genetics & Metabolism

Revenue for Orfadin was SEK 139.6 M (83.3), an increase of 68 per cent.

The increase is mainly related to Sobi initiating direct sales in North America following termination of the distribution agreement with RDT per March 31.

Haemophilia

During the first half of 2014, Sobi's collaborator Biogen Idec received approval for both Eloctate and Alprolix™ [Coagulation Factor IX (Recombinant) Fc Fusion Protein] in several different markets. Sobi will receive royalties on sales made by Biogen Idec for both products.

Partner Products

Revenue for Partner Products was SEK 158.9 M (128.6), an increase of 24 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	Q2 2014	Q2 2013	Change	H1 2014	H1 2013	Change	Full year 2013
Total revenues	662.5	520.2	27%	1,235.8	1,048.7	18%	2,176.7
Gross profit	406.2	316.7	28%	725.9	619.6	17%	1,284.0
Gross margin	61%	61%		59%	59%		59%
EBITA	86.3	37.8	>100%	-201.5	99.0	<-100%	211.0
EBITA excluding Kiobrina write-off	86.3	37.8	>100%	123.4	99.0	25%	211.0
EBIT (Operating profit/loss)	16.0	-31.9	>100%	-342.0	-35.3	<-100%	-66.6
Profit/loss for the period	25.6	-10.9	>100%	-303.1	-23.1	<-100%	-93.0

Revenues by Business Line

Amounts in SEK M	Q2 2014	Q2 2013	Change %	Change % at CER[1]	H1 2014	H1 2013	Change %	Change % at CER[1]	Full year 2013
Key Therapeutic Areas									
Inflammation: Kineret	148.4	139.5	6%	3%	272.0	256.4	6%	3%	561.7
Genetics & Metabolism: Orfadin	139.6	83.3	68%	63%	215.8	192.6	12%	8%	365.9
Genetics & Metabolism: Other	28.7	20.3	41%	33%	59.2	41.4	43%	36%	84.4
Haemophilia: Royalties[2]	0.1	-	n/a	n/a	10.7	-	n/a	n/a	-
Total	**316.8**	**243.1**	**30%**	**26%**	**557.7**	**490.4**	**14%**	**10%**	**1,012.0**
Partner Products	**158.9**	**128.6**	**24%**	**19%**	**323.5**	**225.8**	**43%**	**40%**	**545.7**
ReFacto									
Manufacturing revenues	133.6	100.7	33%	33%	275.4	261.1	5%	5%	491.9
Royalty revenues	53.3	47.8	11%	10%	79.2	71.4	11%	10%	127.1
Total	**186.8**	**148.5**	**26%**	**25%**	**354.6**	**332.5**	**7%**	**6%**	**619.0**
Total revenues	**662.5**	**520.2**	**27%**	**24%**	**1,235.8**	**1,048.7**	**18%**	**15%**	**2,176.7**

[1] Constant Exchange Rate.

[2] Royalties on commercial sales, Biogen Idec. Note that H1 includes a one-time milestone payment.

ReFacto
Revenues related to ReFacto manufacturing and royalty were SEK 186.8 M (148.5), an increase of 26 per cent. Manufacturing revenue was SEK 133.6 M (100.7). Royalty revenue was SEK 53.3 M (47.8).

Q2 last year includes validation batches of SEK 17 M. The strong revenues in the first half of 2014 reflect early phasing of deliveries to Pfizer.

Gross profit
Gross profit was SEK 406.2 M (316.7), corresponding to a gross margin of 61 per cent (61). Gross margin was affected by product mix in the quarter, mainly driven by higher Orfadin revenues.

Operating profit
Overall operating expenses excluding amortisations and write-downs were SEK 326.6 M (275.9).

Operating expenses for sales and administration excluding amortisation amounted to SEK 193.3 M (154.9). 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. The operating expenses also reflect increased costs for long-term incentive programs related to share price appreciation during the period. The cash flow impact of these programs is zero due to hedging.

Research and development costs excluding amortisation and write-downs were SEK 133.3 M (121.0), reflecting ongoing investment in the development portfolio and preparation for the planned launch of the haemophilia programmes.

EBITA was SEK 86.3 M (37.8).

Operating Profit/Loss

Amounts in SEK M	Q2 2014	Q2 2013	H1 2014	H1 2013	Full year 2013
Total revenues	662.5	520.2	1,235.8	1,048.7	2,176.7
Total cost of goods and services sold	-256.3	-203.5	-509.9	-429.1	-892.7
Gross profit	**406.2**	**316.7**	**725.9**	**619.6**	**1,284.0**
Gross Margin	*61%*	*61%*	*59%*	*59%*	*59%*
Sales and administration expenses less amortisations and write-downs	-193.3	-154.9	-348.9	-278.9	-620.7
Research and development expenses less amortisations and write-downs	-133.3	-121.0	-260.4	-240.2	-455.7
Total opex less amortisations and write-downs	**-326.6**	**-275.9**	**-609.3**	**-519.1**	**-1,076.4**
Other operating revenues/expenses	**6.7**	**-3.0**	**-318.1**	**-1.5**	**3.4**
EBITA	**86.3**	**37.8**	**-201.5**	**99.0**	**211.0**
Amortisations and write-downs relating to Sales and administration expenses	-70.3	-69.7	-140.5	-134.3	-277.6
Amortisations and write-downs	**-70.3**	**-69.7**	**-140.5**	**-134.3**	**-277.6**
EBIT	**16.0**	**-31.9**	**-342.0**	**-35.3**	**-66.6**

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

Amortisation of intangible assets amounted to SEK 70.3 M (69.7).

EBIT (operating profit) amounted to SEK 16.0 M (-31.9).

Net financial items and tax
Net financial items amounted to SEK 3.2 M (11.1), including unrealised exchange gains. Tax amounted to SEK 6.4 M (9.9).

Profit/loss
Profit/loss amounted to SEK 25.6 M (-10.9).

Earnings per share amounted to SEK 0.1 (-0.04).

Cash flow and investments
Cash flow from operations before changes in working capital amounted to SEK 100.6 M (38.9).

Non-cash items amounted to SEK 75.0 M (49.8).

Working capital impacted cash flow by SEK -178.3 M (6.0).

Cash flow from investing activities amounted to SEK -13.8 M (-8.4).

Cash
Cash position at quarter end was SEK 503.2 M.

Net Debt
Sobi ended the quarter with a net debt of SEK 313.5 M.

Equity
Consolidated shareholders´ equity as of 30 June 2014 amounted to SEK 4,475.4 M compared to SEK 4,769.2 M as of 31 December 2013.

Outlook 2014 (unchanged)
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 June 2014, the number of full-time equivalents was 569 (540, Dec 2013).

As of 1 July Sobi's CEO Geoffrey McDonough has relocated to Boston, Massachusetts, US. This does not change his role as CEO.

Significant events after the reporting period
None

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.

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

Stockholm, 18 July 2014

Bo Jesper Hansen
Chairman of the Board

Lennart Johansson

Adine Grate Axén

Annette Clancy

Matthew Gantz

Helena Saxon

Hans GCP Schikan

Hans Wigzell

Catarina Larsson
Employee representative

Bo-Gunnar Rosenbrand
Employee representative

Geoffrey McDonough
President and CEO

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

Financial Statements

Group
Statement of Comprehensive Income

Amounts in SEK M	Q2 2014	Q2 2013	H1 2014	H1 2013	Full year 2013
Total revenues	662.5	520.2	1,235.8	1,048.7	2,176.7
Total cost of goods and services sold	-256.3	-203.5	-509.9	-429.1	-892.7
Gross profit	**406.2**	**316.7**	**725.9**	**619.6**	**1,284.0**
Sales and administration expenses	-263.6	-224.6	-489.4	-413.2	-898.3
Research and development expenses	-133.3	-121.0	-260.4	-240.2	-455.7
Other operating revenues/expenses	6.7	-3.0	-318.1	-1.5	3.4
Operating profit/loss	**16.0**	**-31.9**	**-342.0**	**-35.3**	**-66.6**
Financial income/expenses	3.2	11.1	-10.5	-25.2	-56.9
Income tax benefit/expense	6.4	9.9	49.4	37.4	30.5
Profit/loss for the period	**25.6**	**-10.9**	**-303.1**	**-23.1**	**-93.0**
Other comprehensive income					
Items that will not be reclassified to profit/loss					
Remeasurements of post employment benefit obligations	1.6	-3.9	1.6	3.5	2.0
Items that may be reclassified subsequently to profit/loss					
Translation difference	1.0	1.1	1.0	0.0	–
Cash flow hedge (net of tax)	-0.3	-1.3	-1.0	5.2	1.9
Comprehensive income for the period	**27.9**	**-15.0**	**-301.5**	**-14.4**	**-89.1**
Amortisation and write-down of intangible assets included in Sales and administration expenses	-70.3	-69.7	-140.5	-134.3	-277.6

Group
Balance sheet

Amounts in SEK M	Jun 2014	Mar 2014	Dec 2013	Sep 2013	Jun 2013
ASSETS					
Non-current assets					
Intangible fixed assets [1]	4,240.5	4,302.7	4,637.0	4,700.8	4,766.5
Tangible fixed assets	118.2	120.1	125.7	119.6	123.2
Financial fixed assets	43.2	38.9	26.4	28.6	30.6
Total fixed assets	**4,401.9**	**4,461.7**	**4,789.1**	**4,849.0**	**4,920.3**
Current assets					
Inventories	728.9	678.4	726.0	693.3	703.4
Accounts receivable	447.7	376.6	414.5	369.9	382.5
Current receivables, non-interest bearing	164.3	133.4	144.6	144.2	132.7
Cash and cash equivalents	503.2	573.7	445.1	449.3	438.1
Total current assets	**1,844.1**	**1,762.1**	**1,730.2**	**1,656.7**	**1,656.7**
Total assets	**6,246.0**	**6,223.8**	**6,519.3**	**6,505.7**	**6,577.0**
EQUITY AND LIABILITIES					
Shareholder´s equity	**4,475.4**	**4,443.1**	**4,769.2**	**4,774.6**	**4,826.7**
Long-term liabilities					
Long-term debt [2]	814.8	794.0	795.7	794.2	789.4
Long-term liabilities, non-interest bearing	269.8	274.2	306.9	317.3	317.5
Total long-term liabilities	**1,084.6**	**1,068.2**	**1,102.6**	**1,111.5**	**1,106.9**
Current liabilities					
Short term debt	1.9	1.8	1.9	1.6	1.3
Current liabilities, non-interest bearing	684.1	710.7	645.6	618.0	642.1
Total short-term liabilities	**686.0**	**712.5**	**647.5**	**619.6**	**643.4**
Total equity and liabilities	**6,246.0**	**6,223.8**	**6,519.3**	**6,505.7**	**6,577.0**

[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-Jun 2014	Jan-Jun 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	7.7	4.2	13.2
Transfer of own shares	–	–	6.7
Translation difference	–	-1.0	0.5
Comprehensive income for the period	-301.5	-14.4	-89.1
Equity, end of period	**4,475.4**	**4,826.7**	**4,769.2**

Group
Cash Flow Statement

Amounts in SEK M	Q2 2014	Q2 2013	H1 2014	H1 2013	Full year 2013
Net result	25.6	-10.9	-303.1	-23.1	-93.0
Non-cash items[1]	75.0	49.8	406.1	98.6	258.5
Cash flow from operations before change in working capital	**100.6**	**38.9**	**103.0**	**75.5**	**165.5**
Change in working capital	-178.3	6.0	-45.8	80.8	19.9
Cash flow from operations	**-77.7**	**44.9**	**57.2**	**156.3**	**185.4**
Investment in intangible fixed assets	-7.9	-2.0	-12.2	-367.6	-384.2
Investment in tangible fixed assets	-6.4	-7.1	-8.6	-12.9	-26.0
Divestment of tangible fixed assets	0.3	0.7	0.5	0.7	0.2
Investment/Divestment of financial assets	0.2	–	0.2	2.5	2.5
Short-term investments	–	–	–	2.9	2.9
Cash flow from investing activities	**-13.8**	**-8.4**	**-20.1**	**-374.4**	**-404.6**
Loans - Raising/Amortization	20.0	–	20.0	200.0	200.0
Transfer of own shares	–	–	–	–	6.7
Cash flow from financing activities	**20.0**	**–**	**20.0**	**200.0**	**206.7**
Net change in cash	**-71.5**	**36.5**	**57.1**	**-18.1**	**-12.5**
Liquid funds at the beginning of the period	573.7	401.2	445.1	457.0	457.0
Translation difference in cash flow and liquid funds	1.0	0.4	1.0	-0.8	0.6
Liquid funds at the end of the period	**503.2**	**438.1**	**503.2**	**438.1**	**445.1**
[1] **Depreciations, amortization and deferred tax:**					
Depreciation tangible fixed assets	8.0	7.0	15.7	14.5	30.1
Amortization intangible assets	70.3	69.7	140.5	134.3	277.6
Deferred tax	-12.0	-10.8	-56.8	-39.6	-44.9

Key ratios and Other Information

Amounts in SEK M	Q2 2014	Q2 2013	H1 2014	H1 2013	Full year 2013
Profit numbers					
Gross profit	406.2	316.7	725.9	619.6	1,284.0
EBITDA	94.3	44.8	-185.8	113.5	241.1
EBITA	86.3	37.8	-201.5	99.0	211.0
EBIT	16.0	-31.9	-342.0	-35.3	-66.6
Profit/loss	25.6	-10.9	-303.1	-23.1	-93.0
Per share data (SEK)					
Earning/loss per share	0.10	-0.04	-1.14	-0.09	-0.35
Earning/loss per share after dilution	0.10	-0.04	-1.14	-0.09	-0.35
Shareholders' equity per share	16.8	18.2	16.8	18.2	17.6
Shareholders' equity per share after dilution	16.8	18.2	16.8	18.2	17.6
Other information					
Gross margin	61%	61%	59%	59%	59%
Equity ratio	71.7%	73.4%	71.7%	73.4%	73.2%
Net debt	313.5	355.7	313.5	355.7	352.5
Number of ordinary shares	270,389,770	265,226,598	270,389,770	265,226,598	270,389,770
Number of C-shares (in treasury)	0	4,408,260	0	4,408,260	0
Number of ordinary shares (in treasury)	4,688,948	0	4,688,948	0	4,688,948
Average number of ordinary shares (excluding shares in treasury)	265,700,822	265,226,598	265,700,822	265,226,598	265,266,117
Number of shares after dilution	270,389,770	265,226,598	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	265,700,822	265,226,598	265,266,117

Parent Company

Statement of Comprehensive Income

Amounts in SEK M	Q2 2014	Q2 2013	H1 2014	H1 2013	Full year 2013
Total revenues	566.9	455.7	1,192.4	923.0	1,841.9
Total cost of goods and services sold	-239.5	-224.7	-480.0	-435.9	-889.9
Gross profit	**327.4**	**231.0**	**712.4**	**487.1**	**952.0**
Sales and Administration expenses	-155.3	-133.9	-280.3	-231.6	-532.7
Research and Development expenses	-123.0	-126.2	-241.0	-245.9	-450.6
Other operating revenues/expenses	7.9	-2.1	-47.2	-0.4	13.4
Operating profit/loss	**57.0**	**-31.2**	**143.9**	**9.2**	**-17.9**
Result from participation in Group companies[1]	–	–	-176.5	–	2.3
Financial income/expenses	11.2	16.4	5.2	-12.1	-28.1
Profit/loss after financial items	**68.2**	**-14.8**	**-27.4**	**-2.9**	**-43.7**
Income tax benefit/expenses	-3.3	4.5	-20.7	35.2	36.1
Profit/loss for the period	**64.9**	**-10.3**	**-48.1**	**32.3**	**-7.6**
Other comprehensive income					
Items that may be reclassified subsequently to profit/loss					
Cash flow hedge (net of tax)	-0.3	-1.3	-1.0	5.2	1.9
Comprehensive income for the period	**64.6**	**-11.6**	**-49.1**	**37.5**	**-5.7**
Amortization and write-down of intangible assets included in Sales & Adm expenses	-22.0	-22.1	-43.9	-38.3	-85.0

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

Parent Company

Balance Sheet

Amounts in SEK M	Jun 2014	Mar 2014	Dec 2013	Sep 2013	Jun 2013
ASSETS					
Fixed assets					
Intangible fixed assets	903.0	917.0	934.8	950.3	967.6
Tangible fixed assets	107.7	109.4	115.6	111.6	116.6
Financial fixed assets	3,917.8	3,916.4	4,096.1	4,095.7	4,094.5
Total fixed assets	**4,928.5**	**4,942.8**	**5,146.5**	**5,157.6**	**5,178.7**
Current assets					
Inventories	655.6	612.4	664.6	620.1	627.7
Current receivables, non-interest bearing	1,210.4	1,120.9	1,042.2	1,119.5	1,149.5
Cash and cash equivalents	431.8	512.5	373.5	364.5	384.1
Total current assets	**2,297.8**	**2,245.8**	**2,080.3**	**2,104.1**	**2,161.3**
Total assets	**7,226.3**	**7,188.6**	**7,226.8**	**7,261.7**	**7,340.0**
EQUITY AND LIABILITIES					
Shareholders´ equity	***5,580.2***	***5,511.2***	**5,621.6**	**5,640.4**	**5,649.2**
Untaxed reserves	–	–	–	**1.1**	**1.1**
Long-term liabilities					
Long-term debt [1]	810.1	789.2	790.8	790.1	789.4
Total long-term liabilities	**810.1**	**789.2**	**790.8**	**790.1**	**789.4**
Current liabilities					
Current liabilities, non-interest bearing	836.0	888.2	814.4	830.1	900.3
Total short-term liabilities	**836.0**	**888.2**	**814.4**	**830.1**	**900.3**
Total equity and liabilities	**7,226.3**	**7,188.6**	**7,226.8**	**7,261.7**	**7,340.0**

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

Parent Company

Change in Shareholders´ Equity

Amounts in SEK M	Jan-Jun 2014	Jan-Jun 2013	Full Year 2013
Opening balance	**5,621.6**	**5,607.4**	**5,607.4**
Sharebased compensation to employees	7.7	4.2	13.2
Transfer of shares	–	–	6.7
Comprehensive income for the period	-49.1	37.5	-5.7
Equity, end of period	**5,580.2**	**5,649.2**	**5,621.6**

Financial Notes

Note 1 – Accounting and valuation principles and other information

Important accounting principles

This interim report has been prepared in accordance with IAS 34 and with the Annual Accounts Act. The consolidated financial statements for the period January—June 2014 has been prepared in accordance with the year end for 2013 in accordance with Financial Reporting Standards (IFRS) and 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 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 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 30 June 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 30 June 2014 the reported value in the balance sheet for the bond is SEK 790 M. Fair value of the bond is deemed to be SEK 847 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
There were no significant transactions with related parties during the reporting period.

Business Glossary

EMA
European Medicines Agency

Eloctate
Antihaemophilic Factor VIII (Recombinant), Fc Fusion Protein

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

Peyronie's Disease
Peyronie's Disease is a condition that involves the development of collagen plaque, or scar tissue, on the shaft of the penis. The scar tissue, known as a Peyronie's plaque, may harden and reduce flexibility, which may cause bending or arching of the penis during erection. Peyronie's Disease can result in varying degrees of penile curvature deformity and disease "bother" (encompassing concern about erection appearance, erection pain and the impact of Peyronie's Disease on intercourse and on frequency of intercourse).

Financial Glossary

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

Profit/loss
Profit/loss for the period

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

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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 (USD 334 M) and about 550 employees. The share (STO: SOBI) is listed on NASDAQ OMX Stockholm. More information is available at www.sobi.com.