sobi

Pioneer in Rare Diseases

A new chapter of our story

Q2 REPORT

2016

TABLE OF CONTENT

FINANCIAL CALENDAR

Q3	27 October 2016
Q4 and FY	22 February 2017

Q2 2016 in summary

Business summary

- Alprolix® approved in the EU; first sales reported in Germany
- Elocta® approved in Switzerland
- European patent granted on new formulation of Kineret®
- Signed licensing agreement with Affibody for IL-1
- Signed two manufacturing agreements with Pfizer; extended existing agreement for ReFacto AF® and decided to move production of Kineret
- Orfadin® Oral Suspension approved in the US
- Orfadin 20 mg capsule approved in the US
- Entered into new credit facility and redeemed SEK 800 M bond loan 2012/2017 prior to final maturity

Financial summary

- Total revenue was SEK 1,469 M (764), an increase of 92 per cent (95 per cent at constant exchange rates (CER))
- Product revenue was SEK 1,288 M (593), an increase of >100 per cent (>100 per cent at CER)
- Revenue includes a one-time credit from Biogen of SEK 386 M triggered by the first commercial sales of Alprolix
- Gross margin was 72 per cent (63)
- EBITA was SEK 550 M (74)
- Ended the quarter with a cash position of SEK 770 M, compared to SEK 904 M as of 31 December 2015
- Earnings per share 0.99 SEK (-0.01)
- For outlook 2016, please see page 8 in this report

Financial summary in USD[1]

- Total revenue was USD 176 M
- Product revenue was USD 155 M
- EBITA was USD 66 M
- Ended the quarter with a cash position of USD 92 M

[1] *Exchange rate 1USD = 8.3331 SEK*

CEO Statement

The highlight of the first half of 2016 has been the launch of our long-acting Haemophilia franchise in Europe, with supporting achievements seen in the solid growth across the commercial portfolio, and in several milestones including two significant new manufacturing agreements with Pfizer, two Orfadin approvals and the granting of a European patent for a new citrate free formulation of Kineret.

Strong financial results

Revenue increased by 92 per cent to SEK 1,469 M overall. Kineret and our partner products business delivered strong growth of 43 and 9 per cent respectively, and our ReFacto business continued to deliver according to expectations. Orfadin had a slightly lower quarter compared to last year, but ahead on a half year basis. Gross margin in the quarter was 72 per cent and we continued to strengthen our financial position by calling our bond and installing a more traditional debt structure to meet our operating and strategic needs going forward. The revenues and gross margin for the second quarter include a one-time credit of SEK 386 M related to the first commercial sales for Alprolix.

Haemophilia launch progressing as planned

We began the launch of Elocta in January in Germany, enabling people with haemophilia A access to the first extended half-life factor treatment, and have continued to build momentum there during the second quarter. We have received a positive pricing and reimbursement decision in Sweden and we now have patients on Elocta in Germany, UK, Ireland, Sweden and in the Middle East. The feedback from the haemophilia community is encouraging and we are focused on achieving broad access across our region over the coming year, with the recent market approval in Switzerland being a positive step in that direction.

It has also been an exciting quarter for Alprolix. We received a positive opinion from the Committee for Orphan Medicinal Products (COMP) at the European Medicines Agency (EMA) recommending maintenance of the orphan designation for Alprolix. This was later confirmed at the approval by the European Commission (EC) in May. We are very pleased that Alprolix is now commercially available to people with haemophilia B in Germany, and we will continue to work to make this innovative treatment available as quickly as possible in more countries in Europe in a similar launch sequence as for Elocta.

Other developments

We continue to develop our products to meet patient needs, receiving new US FDA approvals for both Orfadin oral suspension and for the 20 mg capsule in the quarter. We also signed a licensing agreement with Affibody for the development of novel treatments for inflammatory diseases where interleukin-1 (IL-1) is involved, as a long term complement to our Kineret franchise.

Thank you to our shareholders for your continued interest in and support for Sobi, and to our employees who have done so much to make these results possible. We are as devoted and focused as ever on building value through our diverse and growing portfolio.

Solna, Sweden, 15 July 2016

Geoffrey McDonough
CEO and President

Business review Q2

Alprolix approved in the EU; first sales reported in Germany

The European Commission approved Alprolix for the treatment of haemophilia B in all 28 European Union (EU) member states, as well as Iceland, Liechtenstein and Norway. Alprolix maintained its orphan designation as recommended by the COMP a few weeks earlier.

Following the approval of Alprolix by the European Commission, Sobi announced the first sales of Alprolix in Germany.

Elocta approved in Switzerland

The Swiss Agency for Therapeutic Products, Swissmedic, approved Elocta for the treatment of haemophilia A.

European patent granted on new formulation of Kineret

Sobi was granted a patent in Europe for a new, citrate free formulation for Kineret. The patent will expire in February 2032.

Signed licensing agreement with Affibody

A licensing agreement with Swedish biotech company Affibody AB was signed for the development of novel treatments for inflammatory diseases where interleukin-1 (IL-1) is involved.

In 2012, Sobi signed a research collaboration agreement with Affibody, with an option to enter into exclusive licensing arrangements within IL-1. The research, which has been based on Affibody's proprietary technology, focuses on key proteins involved in the regulation of human immune and inflammatory processes.

Signed two manufacturing agreements with Pfizer

The existing manufacturing agreement with Pfizer for the drug substance for ReFacto AF/XYNTHA® was extended until 31 December 2023. The drug substance will continue to be manufactured in Sobi's GMP biologics facility in Stockholm, Sweden.

In addition, building on the companies' long and successful relationship Sobi has decided to move production of Kineret drug substance to Pfizer's manufacturing site in Strängnäs, Sweden. The technology transfer will enable a more cost-effective supply and will also significantly expand capacity to support the growth of Kineret in existing and planned indications. The technology transfer has been initiated.

Orfadin Oral Suspension approved in the US

The US FDA approved Orfadin Oral Suspension for the treatment of Hereditary Tyrosinaemia type-1 (HT-1) in combination with dietary restriction of tyrosine and phenylalanine.

Orfadin 20 mg capsule approved in the US

The FDA approved a higher strength 20 mg capsule of Orfadin for the treatment of HT-1.

Entered into new credit facility and redeemed SEK 800 M bond loan 2012/2017 prior to final maturity

The company's SEK 800 M bond loan with a final maturity on 27 June 2017 was redeemed. To redeem the Bond Loan, Sobi entered into a three year SEK 500 M term loan and a SEK 500 M revolving facility agreement with Svenska Handelsbanken and Danske Bank.

Financial review Q2

Key Therapeutic Areas

Revenue was SEK 1,076 M (398).

Inflammation

Kineret showed strong volume growth across all major markets as revenue increased by 43 percent to SEK 243 M (171). In North America the organic growth was driven by volume and by the newly implemented specialty distribution model. In the EMENAR region the CAPS indication continued to contribute positively.

In the second quarter we withdrew Kepivance from the European market for commercial reasons. Kepivance is now only marketed in the US.

Genetics & Metabolism

Revenue for Orfadin was SEK 182 M (189), a decrease of 4 per cent. The business continued to grow in EMENAR supported by the continued launch of the oral suspension formulation. This was offset by lower sales in North Africa, and by higher Medicaid rebates in the US.

Haemophilia

Revenue for the Haemophilia franchise was SEK 627 M (18). Royalty revenue amounted to SEK 554 M (18) of which SEK 386 M (0) was a one-time royalty credit triggered by first commercial sales of Alprolix in Sobi's territory. The credit had no cash effect but has been deducted against Sobi's liability to Biogen for Alprolix according to the agreement. We also received a milestone payment of SEK 14 M (0) triggered by EC's approval of Alprolix.

Product sales for the quarter totalled SEK 60 M (0), whereof SEK 55 M (0) was from Elocta and SEK 5 M (0) was from Alprolix. Revenue in the quarter derives mainly from Germany, the only market in the EU where drugs are immediately reimbursed upon EU approval.

Reimbursement for Elocta has so far been granted in Germany, the Netherlands, Luxemburg, Ireland, and Sweden. In the UK, we have NHS framework agreements in place which are now effective in Northern Ireland, Wales, and Scotland, with final commissioning guidance under development in England.

For Alprolix, reimbursement has been granted in Germany, the Netherlands (4 July), and Ireland. In the UK, we have NHS framework agreements in place which will come into effect 1 September in Northern Ireland, Wales, and Scotland, with final commissioning guidance under development in England.

First commercial sales of Alprolix in the Sobi territory have affected the royalty structure between Sobi and Biogen. Sobi will now in essence record a royalty of 12 per cent from Biogen on Alprolix sales compared to the previous 2 per cent. At the same time, Sobi will record a royalty of 12 per cent to Biogen on Sobi's Alprolix sales. For more information on the agreement with Biogen, please see Sobi's Annual Report 2015.

Partner Products

Revenue for Partner Products was SEK 212 M (195), an increase of 9 per cent. The business continued to show solid growth especially driven by Xiapex and the newly added PharmaSwiss products.

ReFacto

ReFacto manufacturing revenue and royalty were SEK 181 M (172), an increase of 6 per cent.

Manufacturing revenue was SEK 142 M (99). Royalty revenue was SEK 39 M (73). As of 1 June 2016 Sobi does not receive royalty on ReFacto sales outside of the US.

Financial Summary

Amounts in SEK M	Q2 2016	Q2 2015	Change	H1 2016	H1 2015	Change	Full year 2015
Total revenues[1]	1,469	764	92%	2,742	1,629	68%	3,228
Gross profit	1,065	482	>100%	2,009	1,001	>100%	2,007
Gross margin	72%	63%		73%	61%		62%
EBITA	550	74	>100%	1,052	247	>100%	433
EBIT (Operating profit/loss)	453	3	>100%	862	105	>100%	146
Profit/loss for the period	265	-2	>100%	567	73	>100%	68

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

Gross Profit

Gross profit for the second quarter 2016 was SEK 1,065 M (482), representing a gross margin of 72 per cent (63). The one-time credit following first commercial sales of Alprolix was the main contributor.

Operating Expenses

Overall operating expenses excluding amortisations and write-offs were SEK 527 M (401).

Operating expenses for sales and administration excluding amortisations amounted to SEK 325 M (274). The increase primarily reflects the increased expenditure to support the launch of Elocta and Alprolix.

Research and development costs excluding amortisation and write-downs increased to SEK 202 M (127), reflecting Sobi assuming its 50 per cent share of Biogen's ongoing development costs for Elocta, as of 1 March, and increased investments in early development programs as well as the initiation of development programs for acute gout and Still's disease.

EBITA was SEK 550 M (74). Q2 2016 revenues include a one-time credit of SEK 386 M relating to first commercial sales of Alprolix in Sobi's territory in June 2016.

Amortisations of intangible assets amounted to SEK 97 M (72).

EBIT (operating profit) amounted to SEK 453 M (3).

Revenues by Business Line

Amounts in SEK M	Q2 2016	Q2 2015	Change %	Change % at CER[1]	H1 2016	H1 2015	Change %	Change % at CER[1]	FY 2015
Key Therapeutic Areas									
Inflammation: Kineret	243	171	43%	46%	471	369	28%	29%	805
Inflammation: Other[2]	24	20	23%	27%	53	46	15%	16%	99
Genetics & Metabolism: Orfadin	182	189	-4%	-2%	379	369	3%	4%	796
Haemophilia: Elocta	55	-	n/a	n/a	75	-	n/a	n/a	1
Haemophilia: Alprolix	5	-	n/a	n/a	5	-	n/a	n/a	1
Haemophilia: Royalty[3]	568	18	>100%	>100%	1,013	35	>100%	>100%	95
Total	**1,076**	**398**	**>100%**	**>100%**	**1,996**	**818**	**>100%**	**>100%**	**1,797**
Partner Products[4, 5]	**212**	**195**	**9%**	**11%**	**399**	**406**	**-2%**	**0%**	**771**
ReFacto									
Manufacturing revenues	142	99	44%	44%	279	306	-9%	-9%	504
Royalty revenues	39	73	-46%	-45%	68	98	-31%	-26%	156
Total	**181**	**172**	**6%**	**5%**	**346**	**404**	**-14%**	**-13%**	**660**
Total revenues	**1,469**	**764**	**92%**	**95%**	**2,742**	**1,629**	**68%**	**71%**	**3,228**

[1] Constant Exchange Rate.
[2] Reported under Partner Products until 31 December 2015. Numbers for previous years have been adjusted accordingly.
[3] Q2 2016 revenues include a one time credit of SEK 386 M relating to first commercial sales of Alprolix. H1 2016 revenues also include the one time credit received in Q1 of SEK 322 M relating to first commercial sales of Elocta.
[4] Q1 2015 includes a one-time revenue milestone and a service fee for Cometriq of SEK 22 M.
[5] Partner Products now also include sales of Ammonaps, Ammonul and Ravicti which until 31 December 2015 were reported as Genetics & Metabolism: Other. Numbers for previous years have been adjusted accordingly.

Net financial items and tax

Net financial items amounted to SEK -28 M (-17), including exchange rate gains of SEK 2 M (-4) and costs related to the redemption of the company's bond of SEK 10 M.

Tax amounted to SEK -159 M (13) (see Note 5).

Profit/Loss

Profit was SEK 265 M (-2).

Cash flow and investments

Cash flow from operations before change in working capital amounted to SEK 96 M (71).

Working capital impacted cash flow by SEK -95 M (8), mainly due to an increase in operating receivables.

Cash flow from investing activities amounted to SEK -52 M (-10).

At the approval of Alprolix Sobi assumed 50 per cent of the shared development costs for the product. The costs were booked as an investment of SEK 1,370 M but had no impact on cash flow (see Note 4).

Cash

At the end of quarter the company had SEK 770 M in cash, compared to SEK 904 M as of 31 December 2015. The bond with a final maturity in June 2017 was redeemed in June 2016 and replaced by a 3-year SEK 1,000 M credit facility, whereof SEK 500 M has been drawn. This transaction will lower the company's interest cost, increase financial flexibility and reduce refinancing risk.

Operating Profit/Loss

Amounts in SEK M	Q2 2016	Q2 2015	H1 2016	H1 2015	Full year 2015
Total revenues	1,469	764	2,742	1,629	3,228
Total cost of goods and services sold	-404	-282	-733	-628	-1,221
Gross profit	**1,065**	**482**	**2,009**	**1,001**	**2,007**
Gross Margin	*72%*	*63%*	*73%*	*61%*	*62%*
Sales and administration expenses less amortisations and write-downs	-325	-274	-640	-493	-1,057
Research and development expenses less amortisations and write-downs	-202	-127	-340	-259	-513
Total opex excl. amortisations and write-downs	**-527**	**-401**	**-980**	**-751**	**-1,571**
Other operating revenues/expenses	**12**	**-7**	**23**	**-3**	**-3**
EBITA	**550**	**74**	**1,052**	**247**	**433**
Amortisations relating to Sales and administration expenses	-97	-72	-189	-142	-287
Amortisations	**-97**	**-72**	**-189**	**-142**	**-287**
EBIT	**453**	**3**	**862**	**105**	**146**

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

Net Cash/Debt

Sobi ended the quarter with a net cash position of SEK 266 M, compared to SEK 82 M as of 31 December 2015.

Equity

Consolidated shareholders' equity as of 30 June 2016 amounted to SEK 5,247 M compared to SEK 4,689 M as of 31 December 2015.

Parent Company

Net sales in Q2 2016 for the Parent Company, Swedish Orphan Biovitrum AB (publ), amounted to SEK 1,240 M (720) of which SEK 248 M (331) referred to sales to Group companies. Income after financial items amounted to SEK 401 M (59). Investments in tangible and intangible assets amounted to SEK 52 M (7). The investment in Alprolix of SEK 1,709 had no cash flow impact.

Outlook 2016[1] unchanged

For the full-year 2016, Sobi expects revenues of between SEK 4,800 and 5,000 M. Revenues include one time credits for Elocta of SEK 322 M and for Alprolix SEK 386 M, which do not impact cash.

Gross margin is expected to be in the range of 68–70 per cent.

Sobi will continue to invest in the launches of Elocta and Alprolix, and will also take on incremental costs of SEK 250–300 M reflecting its 50 per cent share of Biogen's ongoing development costs for the products. Sobi will assume these costs when it becomes marketing authorisation holder for Elocta, which occurred 24 March 2016; and for Alprolix expected in the second half of the year. These incremental costs are included in this outlook.

EBITA for the full-year is expected to be in the range of SEK 1,200–1,300 M.

[1]The outlook was first published on 29 February 2016.

Other information

Personnel

As of June 2016, the number of full-time equivalents was 710 (702, December 2015).

Significant events after the reporting period

Health Canada validates Orfadin® capsule filing

Health Canada has initiated review of the application for approval of Orfadin® (nitisinone) capsules for the treatment of hereditary tyrosinaemia type-1 (HT-1).

Audit

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

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.

The information in this interim report is that which Swedish Orphan Biovitrum AB (publ) is required to disclose under Sweden's Securities Market Act. It was published at 08.00 (CET) on 15 July 2016.

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

Stockholm, 15 July 2016

Håkan Björklund Chairman	Lennart Johansson Board member	Helena Saxon Board member	Matthew Gantz Board member
Annette Clancy Board member	Hans GCP Schikan Board member	Theresa Heggie Board member	Jeffrey Jonas Board member
	Catarina Larsson Employee representative	Bo-Gunnar Rosenbrand Employee representative	

Geoffrey McDonough
CEO and President

Financial statements

Group
Statement of comprehensive income

Amounts in SEK M	Q2 2016	Q2 2015	H1 2016	H1 2015	Full year 2015
Total revenues[1]	1,469	764	2,742	1,629	3,228
Total cost of goods and services sold	-404	-282	-733	-628	-1,221
Gross profit	**1,065**	**482**	**2,009**	**1,001**	**2,007**
Sales and administration expenses	-422	-346	-829	-635	-1,344
Research and development expenses	-202	-127	-340	-259	-513
Other operating revenues/expenses	12	-7	23	-3	-3
Operating profit/loss	**453**	**3**	**862**	**105**	**146**
Financial income/expenses	-28	-17	-51	-19	-58
Profit before tax	**425**	**-15**	**812**	**86**	**88**
Income tax expense[2]	-159	13	-245	-13	-19
Profit for the period	**265**	**-2**	**567**	**73**	**68**
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	0	-1	0	-1	-3
Items that may be reclassified subsequently to profit/loss					
Translation difference	2	0	1	0	-2
Cash flow hedge (net of tax)	-64	3	-53	4	58
Comprehensive income for the period	**203**	**0**	**515**	**76**	**122**
Amortisation and write-down of intangible assets included in Sales and administration expenses	-97	-72	-189	-142	-287
Earning per share	0.99	-0.01	2.12	0.27	0.27
Earning per share after dilution	0.98	-0.01	2.10	0.27	0.27

[1]See page 6 for split by business line
[2]See Note 5.

Group
Balance sheet

Amounts in SEK M	Jun 2016	Dec 2015	Jun 2015
ASSETS			
Non-current assets			
Intangible fixed assets[1]	6,974	5,787	4,128
Tangible fixed assets	111	109	107
Other long-term assets[2]	80	99	92
Total non-current assets	**7,165**	**5,995**	**4,327**
Current assets			
Inventories	751	776	742
Accounts receivable	558	451	523
Current receivables, non-interest bearing	346	185	194
Cash and cash equivalents	770	904	763
Total current assets	**2,426**	**2,316**	**2,222**
Total assets	**9,591**	**8,311**	**6,549**
EQUITY AND LIABILITIES			
Shareholders´ equity	**5,247**	**4,689**	**4,630**
Long-term liabilities			
Long-term debt	502	800	819
Long-term liabilities, non-interest bearing[2]	2,461	1,501	316
Total long-term liabilities	**2,962**	**2,301**	**1,135**
Current liabilities			
Short term debt	2	22	2
Current liabilities, non-interest bearing	1,380	1,298	783
Total short-term liabilities	**1,382**	**1,320**	**784**
Total equity and liabilities	**9,591**	**8,311**	**6,549**

[1]Including goodwill SEK 1,554 M.
[2]See Note 5.

Group
Changes in Equity

Amounts in SEK M	Jan - Jun 2016	Jan - Jun 2015	Full year 2015
Opening balance	**4,689**	**4,523**	**4,523**
Sharebased compensation to employees	19	9	23
Sale of own shares	24	22	22
Comprehensive income for the period	515	76	122
Equity, end of period	**5,247**	**4,630**	**4,689**

Whereof cash-flow hedges amounted to SEK 1 M as of 30 June 2016.

Group
Cash Flow Statement

Amounts in SEK M	Q2 2016	Q2 2015	H1 2016	H1 2015	Full year 2015
Net result	265	-2	567	73	68
Non-cash items[1]	-170	73	-279	180	343
Cash flow from operations before change in working capital	**96**	**71**	**288**	**252**	**411**
Change in working capital	-95	8	-53	-4	96
Cash flow from operations	**0**	**79**	**235**	**249**	**507**
Investment in intangible fixed assets	-36	-4	-43	-19	-119
Investment in tangible fixed assets	-18	-7	-24	-9	-27
Divestment of tangible fixed assets	1	1	5	1	3
Cash flow from investing activities	**-52**	**-10**	**-62**	**-27**	**-143**
Loans - Raising/Amortization	-312	–	-332	–	–
Sale of own shares	24	12	24	22	22
Cash flow from financing activities	**-288**	**12**	**-308**	**22**	**22**
Net change in cash	**-340**	**81**	**-135**	**244**	**386**
Liquid funds at the beginning of the period	1,108	682	904	519	519
Translation difference in cash flow and liquid funds	2	0	1	0	-2
Liquid funds at the end of the period	**770**	**763**	**770**	**763**	**904**
[1] Non-cash items:					
Depreciation tangible fixed assets	7	8	15	16	32
Amortization intangible assets	97	72	189	142	287
Deferred tax	127	-12	213	11	13
Other, whereof SEK -416 M in Q2 2016 reflects Elocta and Alprolix (-728 M in H1 2016), see also page 5 under Haemophilia.	-401	6	-696	11	11
Total non-cash items	**-170**	**73**	**-279**	**180**	**343**

Group
Key Ratios and Other Information

Amounts in SEK M	Q2 2016	Q2 2015	H1 2016	H1 2015	Full year 2015
Profit numbers					
Gross profit	1,065	482	2,009	1,001	2,007
EBITDA[1]	557	83	1,067	263	465
EBITA[1]	550	74	1,052	247	433
EBIT[1]	453	3	862	105	146
Profit/loss	265	-2	567	73	68
Per share data (SEK)					
Earning/loss per share	0.99	-0.01	2.12	0.27	0.26
Earning/loss per share after dilution	0.99	-0.01	2.11	0.27	0.26
Shareholders' equity per share	19.4	17.1	19.4	17.1	17.3
Shareholders' equity per share after dilution	19.3	17.1	19.3	17.1	17.3
Other information					
Gross margin	72%	63%	73%	61%	62%
Equity ratio	55%	71%	55%	71%	56%
Net cash (-)/debt (+)[2]	-266	57	-266	57	-82
Number of ordinary shares	270,389,770	270,389,770	270,389,770	270,389,770	270,389,770
Number of C-shares (in treasury)	1,433,036	396,180	1,433,036	396,180	1,433,036
Number of ordinary shares (in treasury)	1,640,735	2,848,980	1,640,735	2,848,980	2,763,768
Average number of ordinary shares (excluding shares in treasury)	268,303,660	267,075,422	267,884,942	266,959,080	267,278,339
Average number of ordinary shares after dilution (excluding shares in treasury)	269,172,665	267,075,422	268,797,364	266,959,080	267,278,339

[1,2]Sobi presents certain financial measures in the interim report that are not defined according to IFRS, so called alternative performance measures. These have been noted in the table above and the parameters used to calculate these key ratios have been further specified below. Further information on why these are considered important can be found in Definitions at the end of this report.

[1]Amortizations	-97	-72	-189	-142	-287
[1]Depreciations	-7	-8	-15	-16	-32
[2]Long term liabilities interest-bearing	502	819	502	819	800
[2]Short term liabilities interest-bearing	2	2	2	2	22
[2]Cash	770	763	770	763	904

Parent Company
Income Statement

Amounts in SEK M	Q2 2016	Q2 2015	H1 2016	H1 2015	Full year 2015
Total revenues	1,240	720	2,333	1,444	2,750
Total cost of goods and services sold	-383	-318	-684	-600	-1,168
Gross profit	**857**	**402**	**1,649**	**844**	**1,582**
Sales and Administration expenses	-260	-209	-487	-354	-814
Research and Development expenses	-183	-117	-311	-242	-472
Other operating revenues/expenses	10	-6	24	-5	13
Operating profit/loss	**424**	**70**	**875**	**243**	**309**
Financial income/expenses	-23	-11	-41	-5	-33
Profit/loss after financial items	**401**	**59**	**834**	**238**	**276**
Income tax benefit/expenses[1]	60	–	-26	-6	-58
Profit/loss for the period	**461**	**59**	**808**	**232**	**218**

[1]The parent company applies accelerated depreciation on an annual basis which has been considered in the reported tax benefit/expense in 2016.

Parent Company statement of other comprehensive income

Amounts in SEK M	Q2 2016	Q2 2015	H1 2016	H1 2015	Full year 2015
Profit/loss for the period	461	59	808	232	218
Items that may be reclassified subsequently to profit/loss					
Cash flow hedge (net of tax)	-64	2	-53	4	58
Comprehensive income for the period	**397**	**61**	**755**	**2,483**	**276**
Amortisation and write-down of intangible assets included in Sales & Adm expenses	-56	-24	-102	-46	-94

Parent Company
Balance Sheet

Amounts in SEK M	Jun 2016	Dec 2015	Jun 2015
ASSETS			
Non-current assets			
Intangible fixed assets	4,352	2,739	983
Tangible fixed assets	92	92	94
Other long-term assets	3,882	3,899	3,912
Total non-current assets	**8,326**	**6,730**	**4,989**
Current assets			
Inventories	670	674	648
Current receivables, non-interest bearing	1,004	1,012	1,117
Cash and cash equivalents	599	750	665
Total current assets	**2,273**	**2,436**	**2,430**
Total assets	**10,599**	**9,166**	**7,419**
EQUITY AND LIABILITIES			
Shareholders´ equity	**6,633**	**5,832**	**5,782**
Long-term liabilities			
Long-term debt	496	795	814
Long-term liabilities, non-interest bearing	2,016	1,238	–
Total long-term liabilities	**2,512**	**2,033**	**814**
Current liabilities			
Short term debt	–	20	–
Current liabilities, non-interest bearing	1,454	1,281	823
Total short-term liabilities	**1,454**	**1,301**	**823**
Total equity and liabilities	**10,599**	**9,166**	**7,419**

Parent Company
Change in Shareholders´ Equity

Amounts in SEK M	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Opening balance	**5,832**	**5,510**	**5,510**
Sharebased compensation to employees	22	14	23
Sale of own shares	24	22	22
Comprehensive income for the period	755	236	276
Equity, end of period	**6,633**	**5,782**	**5,832**

Whereof cash-flow hedges amounted to SEK 1 M as of 30 June 2016.

Financial notes

Note 1 – Accounting and valuation principles and other information

Important accounting principles

This report has been prepared in accordance with IAS 34 and with the Swedish Annual Accounts Act. The consolidated financial statements for the period January—June 2016 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the EU and the Swedish Annual Act. The parent company applies the Annual Accounts Act and Council for Financial Reporting, RFR 2 Reporting for legal entities. The consolidated financial statements have been prepared according to the historical cost convention, except in the case of financial assets and except certain financial assets and liabilities (including derivative instruments) which are measured at fair value through profit and loss.

Accounting principles applied, except for the changes listed below, are in accordance with those described in the 2015 Annual Report. More detailed information about the Group's accounting and valuation principles can be found in the 2015 Annual Report which is available on www.sobi.com.

Change in accounting principles

From fiscal year 2016 a number of new and revised standards came in force. These standards have had no material impact on the consolidated financial statements.

Operating risks

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

Sobi is exposed to three main risk categories:

- Operational risks, e.g. due to the capital-intensive and risky nature of new drug development, dependence on external partners in various collaborations, product liability claims and laws and rules on the treatment of hazardous materials.
- External risks such as patent infringements, competition within product concepts and decisions by authorities regarding product use and prices.
- Financial risks, such as currency risk, interest risk, credit risk and liquidity risk.

A more detailed description of the Group's risk exposure and risk management is included in Sobi's 2015 Annual Report (see the Directors' Report). The EU approval of Alprolix in May 2016 has reduced the company's risk exposure compared to 2015. In all other aspects, there are no major changes in the Group's risk exposure and risk management in 2016 compared to the previous year.

Note 2 – Fair values of financial instruments

The Group carries derivatives (see the 2015 Annual Report for a narrative description of the purpose of the holdings). The derivatives (under the heading "current assets/liabilities") are all level 2 instruments in the fair value hierarchy in the standard IFRS 13 (inputs other than quoted prices that are observable for the instruments, either directly or indirectly, are used in the fair value measurement). All derivatives are measured at fair value based on market data in accordance with IFRS. At 30 June 2016, the net reported value in the balance sheet for derivatives was SEK -1 M (13).

As of 30 June 2016, all other financial instruments in the balance sheet have reported values that are in all material aspects equivalent to fair value.

Note 3 – Adjusted purchase price for Elocta

The anticipated purchase price of the market right for Elocta to Biogen has been estimated to be USD 1 M higher than previously reported which is reflected in the accounts at 30 June 2016. The final purchase price was USD 211 M.

Note 4 — Financial impact of Alprolix approval

Following the EU regulatory approval of Alprolix, Sobi acquired the right to market the product in certain markets. The cost for the market rights corresponds to 50 per cent of Biogen's development costs for Alprolix. The nominal amount is USD 186 M, but as the liability will be paid during a number of years it is the discounted value of the liability that is reflected in the balance sheet. The intangible asset representing the right to market the product in certain markets is accounted for at the same value as when the debt was accounted for. The acquisition cost equals to the discounted liability. The risk related to foreign exchange effects of the liability is mitigated by applying hedge accounting. By securing future probable inflows in USD via a cash flow hedge, the effect of revaluing the debt is reflected in other comprehensive income (OCI). If full reimbursement has not been achieved within six years of Biogen's first commercial sale for the programme, Biogen is entitled to request that Sobi pay the remaining amount within 90 days from the sixth anniversary of the date of the first commercial sale.

The liability and the corresponding intangible fixed asset at the time of approval, including the advance payment from 2015, are presented in the table on this page.

Group

Amounts in SEK M	OB 2016-01-01	Impact in Q2 2016	H1 2016
Balance sheet			
Intangible fixed assets	139	1,370	1,509
Total assets	**139**	**1,370**	**1,509**
Equity (Cash flow hedge reserve, excluding tax)		- 31	- 31
Long-term debt (related to Alprolix approval)		912	912
Short-term debt (related to Alprolix approval)		500	500
Total equity and liabilities		**1,380**	**1,380**
Income Statement			
Milestone payment triggered by EMA approval		14	14
Interest costs (related to Alprolix approval)		- 4	- 4
P&L effect of Alprolix approval in 2016		**10**	**10**

Numbers exclude one-time credit triggered by first commercial sales

Note 5 — Adjustment of deferred tax previously reported

An adjustment relating to deferred tax has been made for Q2 2015, previously reported in Q3 2015. The adjustment has affected *Equity* and *Long-term liabilities, non interest bearing*, but not *Total equity and liabilities,* which can be seen in the table on this page.

Group

	Previously reported		Adjusted numbers	
Amounts in SEK M	**Q2 2015**	**Q1 2015**	**Q2 2015**	**Q1 2015**
Balance sheet				
Equity	4,672	4,645	4,630	4,614
Long-term liabilities, non-interest bearing	274	282	316	313
Total equity and liabilities	**6,549**	**6,606**	**6,549**	**6,606**
Income Statement				
Income tax benefit expenses	24	5	13	-26
Profit/loss for the period	9	106	-2	75
P&L effect of adjusted deferred tax			**-11**	**-31**

Definitions

CER

Constant exchange rates

Earnings per share

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

Equity per share

Equity divided by the number of shares.

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.

Gross profit

Net sales less cost of goods and services sold.

Interest bearing liability

Bond loans and liabilities to credit institutions

Profit/loss

Profit/loss for the period.

Financial measures not defined according to IFRS

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

EBIT

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

EBITA

Operating profit/loss before amortisation.

EBITDA

Operating profit/loss before depreciation and amortisation.

Gross margin

Gross profit as a percentage of sales.

Net debt

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

Glossary

Acute gout

An autoinflammatory disease and an intensely painful and disabling inflammatory arthritis involving one or several joints. Gout is also a disease that is associated with multiple comorbidities, which may limit the use of some conventional treatment regimens.

Alprolix

Alprolix (eftrenonacog alfa) is a recombinant, extended half-life clotting factor IX therapy approved in Australia, Canada, the EU, Japan, New Zealand, and the US for the treatment and prophylaxis of bleeding episodes in people with haemophilia B (factor IX deficiency) which can be used by people of all ages.

CAPS

Cryopyrin-associated periodic syndromes, CAPS, constitutes a group of rare autoinflammatory diseases with an incidence estimated to be 1:1,000,000 worldwide. CAPS is characterised by uncontrolled overproduction of interleukin-1 (IL-1) which induces a number of inflammatory responses such as fevers, rash, joint pain, headaches, conjunctivitis and many other symptoms.

CHMP

The Committee for Medicinal Products for Human Use at the European Medicines Agency.

COMP

The Committee for Orphan Medicinal Products (COMP) of the European Medicines Agency.

Elocta

Elocta (efmoroctocog alfa) is a recombinant, extended half-life clotting factor VIII therapy approved in the EU and Switzerland for the treatment and prophylaxis of bleeding episodes in people with haemophilia A (factor VIII deficiency) which can be used by people of all ages. It is also approved in Australia, Canada, Japan, New Zealand, and the US where it is known as Eloctate®.

EMA

European Medicines Agency.

EMENAR

Abbreviation for Europe, Middle East, North Africa and Russia

FDA

Food and Drug Administration

GMP

Good Manufacturing Practice

Haemophilia

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

Kepivance

Kepivance (palifermin) is indicated to decrease the incidence and duration of severe oral mucositis in patients with hematologic malignancies receiving myelotoxic therapy requiring hematopoietic stem cell support.

Kineret

Kineret (anakinra) is a drug used to treat inflammatory diseases.

Orfadin

Orfadin (nitisinone) is a drug used to treat Hereditary Tyrosinaemia type 1 (HT1-).

Still's disease

An autoinflammatory disease that affects both children and adults, and is characterised by persistent high spiking fevers, recurring rashes and arthritis. Still's disease is also known as systemic-onset juvenile idiopathic arthritis (SJIA) or adult-onset Still's disease (AOSD).

Xiapex

Xiapex (collagenase clostridium histolyticum), is a pharmacological treatment for Dupuytren's contracture and Peyronie's disease.

Swedish Orphan Biovitrum AB (publ)
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 speciality healthcare company dedicated to rare diseases. Our mission is to develop and deliver innovative therapies and services to improve the lives of patients. The product portfolio is primarily focused on Haemophilia, Inflammation and Genetic diseases. We also market a portfolio of speciality and rare disease products across Europe, Middle East, North Africa and Russia for partner companies. Sobi is a pioneer in biotechnology with world-class capabilities in protein biochemistry and biologics manufacturing. In 2015, Sobi had total revenues of SEK 3.2 billion (USD 385 M) and approximately 700 employees. The share (STO:SOBI) is listed on Nasdaq Stockholm. More information is available at www.sobi.com