



sobi
Pioneer in Rare Diseases

*A new chapter
of our story*



Q4 & FY REPORT
2016



TABLE OF CONTENT

3	CEO statement
4	Business review
5	Financial review
9	Other information
11	Financial statements
17	Financial notes
18	Definitions and glossary

FINANCIAL CALENDAR

Q1 2017	28 April 2017
AGM	4 May 2017
Q2 2017	19 July 2017
Q3 2017	25 October 2017

Q4 2016 in summary

Business highlights Q4 2016

- European Commission approved the transfer of marketing authorisation for Alprolix® to Sobi
- European Commission granted SOBI003 orphan designation for the treatment of MPS IIIA (Sanfilippo A Syndrome)
- European study of real-life haemophilia treatment emphasises need to improve standard of care
- In collaboration with Bioverativ*, data were presented reinforcing the long-term safety and efficacy of Elocta® and Alprolix
- Sobi entered into distribution agreement with Horizon Pharma for Ravicti® and Ammonaps®

Financial summary Q4 2016

- Total revenue of SEK 1,292 M (814), an increase of 59 per cent (54 per cent at CER)
- Product revenue of SEK 1,144 M (698), an increase of 64 per cent (58 per cent at CER)
- Gross margin of 67 per cent (64)
- EBITA of SEK 210 M (90)
- Earnings per share 0.37 SEK (-0.04)

Financial summary Q4 2016 in USD¹

- Total revenue of USD 151 M
- Product revenue of USD 134 M
- EBITA of USD 25 M

*Our partner Bioverativ is a spin-off of Biogen's haemophilia business.

FY 2016 in summary

Financial summary FY 2016

- Total revenue of SEK 5,204 M (3,228), an increase of 61 per cent
- Product revenue of SEK 4,548 M (2,568), an increase of 77 per cent
- Gross margin of 70 per cent (62)
- EBITA of SEK 1,543 M (433)
- Ended the year with a cash position of SEK 786 M
- Earnings per share 3.01 SEK (0.24)

Financial summary FY 2016 in USD¹

- Total revenue of USD 608 M
- Product revenue of USD 531 M
- EBITA of USD 180 M
- Ended the year with a cash position of USD 92 M

¹Exchange rate 1USD = 8.5613 SEK (average year rate)



CEO statement

2016 was a highly significant year for Sobi. We delivered strong financial performance across the portfolio, we established a platform for transformational growth through the launch of two innovative state-of-the-art treatments for haemophilia in Europe and the Middle East, and we took several important steps forward with our pipeline of innovative therapies for rare diseases.

Strong financial results

Total revenue was SEK 5,204 M, an increase of 61 per cent. Gross margin was 70 per cent. EBITA was SEK 1,543 M, and we ended the year with a cash position of SEK 786 M.

Elocta sales were SEK 267 M, and Alprolix sales were SEK 60 M.

Kineret® reached an important milestone with sales of SEK 1 billion and growth of 24 per cent. Orfadin® sales were SEK 770 M, lower than last year, due to generic launches in Turkey and in Canada.

Sales for the partner products portfolio grew by 6 per cent to SEK 820 M, and Refacto revenues were SEK 656 M.

Haemophilia launches in Europe

By launching Elocta and Alprolix, Sobi has taken the first steps into the haemophilia market, valued at approximately SEK 30 billion in our territory. The potential for these innovative long-acting clotting factors to redefine protection in this rare disease has been widely recognised, as they deliver higher levels of clotting factor with fewer injections, and requiring lower levels of factor consumption

in many patients. By year end, Elocta had been approved for reimbursement in 13 countries in Europe and Middle East and Alprolix in six countries. In addition to these important steps towards commercialisation, we significantly advanced our commitment to global access for people living with haemophilia in the developing world. By year end, Sobi and Bioverativ has so far donated 203 million IUs of Elocta and Alprolix – enabling the treatment of over 11,000 people in 40 countries by addressing over 12,500 bleeds and almost 700 surgeries. Importantly the percentage of children receiving treatment in these countries through the donation programme, has doubled from 14 to 28 per cent.

Other pipeline developments

Sobi announced two new clinical programmes for Kineret during the year. The first patient was randomised in the phase 2 study anaGO, which will evaluate the efficacy and safety of Kineret for the treatment of acute gout. The second study, to evaluate the efficacy and safety of Kineret for the treatment of Still's disease, will begin later in 2017.

In the haemophilia field, additional scientific data were presented supporting the long-term efficacy and safety profile of Elocta and Alprolix, and the first patients were enrolled in the A-SURE study, which will gather outcome data to help evaluate the real-world effectiveness and usage of Elocta. Several cases were reported showing effectiveness of Elocta in immune tolerance induction (ITI) in patients with inhibitors, and we look forward to investigating this more formally with two studies in 2017 in partnership with Bioverativ.



Orfadin oral suspension was approved in the US, and Orfadin capsules were approved in Canada. SOBI003, an intended enzyme replacement therapy in late pre-clinical development, was granted orphan designation for the treatment of MPS IIIA by the European Commission.

Thank you for your support during 2016 and we hope that you will accompany us in our exciting journey during 2017 and beyond.

Solna, Sweden, 16 February 2017
Geoffrey McDonough, CEO and President

Business review Q4

European Commission approved the transfer of marketing authorisation for Alprolix to Sobi

The European Commission (EC) approved the transfer of the marketing authorisation for Alprolix from Bioverativ to Sobi, making Sobi the marketing authorisation holder (MAH) in the EU.

European Commission granted SOBI003 orphan designation for the treatment of MPS IIIA

Sobi was granted orphan designation by the European Commission (EC) for the development product candidate SOBI003, a chemically modified human recombinant sulfamidase for the treatment of mucopolysaccharidosis type IIIA (Sanfilippo A syndrome). SOBI003 will be included in the EU Community Register of Orphan Medicinal Products.

Alprolix approved in Switzerland

The Swiss Agency for Therapeutic Products, Swissmedic, approved Alprolix for the treatment of haemophilia B. Alprolix is the only recombinant factor IX Fc fusion protein therapy approved in Switzerland for the treatment of haemophilia B.

Elocta approved in Kuwait

The Ministry of Health in Kuwait approved Elocta for the treatment of haemophilia A. Elocta is the first recombinant factor VIII Fc fusion protein therapy approved for the treatment of haemophilia A in the Middle East region.

European study of real-life haemophilia treatment emphasises need to improve standard of care

Sobi announced the results from a new European study that assessed the efficacy of haemophilia care in real life. The study, which was fully funded by Sobi, showed that treatment practice varied widely between countries and that patients treated on-demand and prophylactically both experienced bleeds, emphasising the need for further enhancing standard of care.

Data reinforcing the long-term safety and efficacy of Elocta and Alprolix, were highlighted at the 58th ASH meeting

Sobi and Bioverativ presented new data, including updated longitudinal safety and efficacy findings from phase 3 and extension studies, on the companies' extended half-life therapies, Elocta/Eloctate[®], for haemophilia A and Alprolix for haemophilia B, at the 58th American Society of Hematology (ASH) Annual Meeting & Exposition in San Diego, California, from 3-6 December.

Sobi entered into distribution agreement with Horizon Pharma for Ravicti and Ammonaps

Sobi and Horizon Pharma entered into a five-year distribution agreement for Ravicti in European countries, including the UK, France, Italy and Spain, and for Ammonaps in the same European countries and certain Middle Eastern countries.



Financial review Q4 and FY 2016

Revenues

Total revenue for the quarter was SEK 1,292 M (814), an increase of 59 per cent (54 per cent at CER). Product sales for the quarter was SEK 1,144 M.

Full year revenues were SEK 5,204 M (3,228), an increase of 61 per cent. Product sales for the year was SEK 4,548 M (2,568).

Inflammation

Kineret showed strong volume growth across most major markets, driving an increase in revenue of 20 per cent to SEK 266 M (222) in the quarter. North America continues to see positive impact from the new US specialty distribution model and patient support programme. Q4 revenues were also positively impacted by a favourable exchange rate development.

Full year revenues amounted to SEK 1,001 M (805), an increase of 24 per cent.

Genetics & Metabolism

Revenue for Orfadin was SEK 197 M (227) in the quarter, a decrease of 13 per cent. US revenues were strong, however these were offset by lost sales due to the approval of a generic formulation in Canada.

The EMENAR business was negatively impacted by loss of sales due to the approval of a generic formulation in Turkey, and to ordering patterns in the Middle East and Russia.

Revenue for the full year amounted to SEK 770 M (796), a decrease of 3 per cent.

Haemophilia

Revenue for the Haemophilia franchise was SEK 451 M (32) for the quarter, including royalty revenue of SEK 277 M (30).

Full year revenues were 1,853 M (96), including one-time credits of SEK 708 M for the first commercial sales of Elocta and Alprolix.

Haemophilia product sales for the quarter were SEK 174 M (2).

Elocta sales were SEK 135 M (1), compared to SEK 57 M in Q3. Sales in the quarter derived mainly from Germany, France and the UK.

The quarter also includes first sales in Italy, Denmark, Belgium, Spain, Poland and Slovenia. Alprolix sales were SEK 39 M (1), compared to SEK 16 M in Q3. Sales in the quarter derived mainly from Germany and the UK.

Reimbursement for Elocta has so far been granted in 13 countries in Europe including, the UK, France, Italy, Germany and Spain, as well as in Kuwait. Alprolix was approved for reimbursement in six countries in Europe.

Product sales for the full year for Elocta amounted to SEK 267 M (1) and for Alprolix SEK 60 M (1).

Partner Products

Revenue for Partner Products was SEK 203 M (193) in the quarter, an increase of 5 per cent, mainly due to continued growth for Xiapex and to the partnership with PharmaSwiss.

Revenues for the full year were SEK 820 M (771), an increase of 6 per cent.

ReFacto

ReFacto manufacturing revenue and royalty were SEK 148 M (116) in the quarter, an increase of 28 per cent. Manufacturing revenue was SEK 145 M (89). Royalty revenue was SEK 3 M (27). As of 1 June 2016 Sobi does not receive royalty on ReFacto AF® sales outside of the US.

Total revenue for the full year amounted to SEK 656 M (660), a decrease of 1 per cent.

Financial summary

Amounts in SEK M	Q4 2016	Q4 2015	Change	Full year 2016	Full year 2015	Change
Total revenues ¹	1,292	814	59%	5,204	3,228	61%
Gross profit	860	520	65%	3,651	2,007	82%
Gross margin	67%	64%		70%	62%	
EBITA	210	90	>100%	1,543	433	>100%
EBIT (Operating profit/loss)	100	17	>100%	1,133	146	>100%
Profit/loss for the period	100	-10	>100%	809	65	>100%

¹Full year 2016 revenues include a one time credit in Q1 of SEK 322 M relating to the first commercial sales of Elocta, and a one time credit in Q2 of SEK 386 M relating to first commercial sales of Alprolix.

Gross profit

Gross profit for the quarter was SEK 860 M (520), representing a gross margin of 67 per cent (64).

Gross profit for the full year 2016 was SEK 3,651 M (2,007), representing a gross margin of 70 per cent (62).

Operating expenses

Overall operating expenses excluding amortisation were for the quarter SEK 657 M (428) and SEK 2,144 M (1,571) for the full year.

Operating expenses for sales and administration excluding amortisations amounted to SEK 399 M (293) for the quarter and SEK 1,366 M (1,058) for the full year. The increase primarily reflects continued investment to support the launch of Elocta and Alprolix.

Research and development costs excluding amortisation were for the quarter SEK 258 M (135). Increased investments were driven by early development programmes and the initiation of the Kineret development programmes for acute gout and Still's disease.

Research and development costs excluding amortisation for the full year were SEK 778 M (513), reflecting Sobi assuming its 50 per cent share of Bioverativ's ongoing development costs for Elocta from 1 March 2016, and for Alprolix from 1 August, 2016.

EBITA for the quarter was SEK 210 M (90) and EBITA for the full year was SEK 1,543 M (433).

Amortisations of intangible assets for the quarter amounted to SEK 110 M (73) and SEK 410 M (287) for the full year.

Revenues by business line

Amounts in SEK M	Q4 2016	Q4 2015	Change %	Change % at CER ¹	Full year 2016	Full year 2015	Change %	Change % at CER ¹
Key therapeutic areas								
Inflammation: Kineret	266	222	20%	14%	1,001	805	24%	23%
Inflammation: Other ²	26	24	8%	1%	105	99	5%	4%
Genetics & Metabolism: Orfadin	197	227	-13%	-16%	770	796	-3%	-3%
Haemophilia: Elocta	135	1	>100%	>100%	267	1	>100%	>100%
Haemophilia: Alprolix	39	1	>100%	>100%	60	1	>100%	>100%
Haemophilia: Royalty ³	277	30	>100%	>100%	1,525	95	>100%	>100%
Total	941	505	86%	79%	3,729	1,797	>100%	>100%
Partner Products^{4, 5, 6}	203	193	5%	3%	820	771	6%	7%
ReFacto								
Manufacturing revenues	145	89	63%	63%	569	504	13%	13%
Royalty revenues	3	27	-87%	-91%	88	156	-44%	-43%
Total	148	116	28%	29%	656	660	-1%	0%
Total revenues	1,292	814	59%	54%	5,204	3,228	61%	61%

¹Constant Exchange Rate.

²Reported under Partner Products until 31 December 2015. Numbers for previous years have been adjusted accordingly.

³Full year 2016 revenues include a one time credit in Q1 of SEK 322 M relating to the first commercial sales of Elocta, and a one time credit in Q2 of SEK 386 M relating to first commercial sales of Alprolix.

⁴Full year 2015 figures includes a one-time revenue milestone and a service fee for Cometriq of SEK 22 M received in Q1 2015.

⁵Partner 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.

⁶Full year 2016 revenues includes a one-time payment of SEK 24 M related to the transfer of Cometriq to Ipsen, in Q3.



EBIT (operating profit) for the quarter amounted to SEK 100 M (17) and SEK 1,133 M (146) for the full year.

Net financial items and tax

In Q4 net financial items amounted to SEK -12 M (-26), including exchange rate gains of SEK 8 M (-10).

Net financial items for the full year amounted to SEK -85 M (-61), including exchange rate gain of SEK 5 M (-4)

Tax amounted to SEK 12 M (-1) in the quarter and SEK -239 M (-19) for the year.

Profit/loss

Profit was SEK 100 M (-10) for the quarter and SEK 809 M (65) for the full year.

Cash flow and investments

Cash flow from operations before change in working capital for quarter amounted to SEK 137 M (66). Cash flow from operations before change in working capital for the full year amounted to SEK 643 M (411).

Working capital for the quarter impacted cash flow by SEK -111 M (-52). Working capital for the full year impacted cash flow by SEK -300 M (96).

Cash flow from investing activities for the quarter amounted to SEK -66 M (-21). Cash flow from investing activities for the full year amounted to SEK -158 M (-143).

Operating profit/loss

Amounts in SEK M	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Total revenues	1,292	814	5,204	3,228
Total cost of goods and services sold	-432	-293	-1,554	-1,221
Gross profit	860	520	3,651	2,007
<i>Gross Margin</i>	<i>67%</i>	<i>64%</i>	<i>70%</i>	<i>62%</i>
Sales and administration expenses less amortisations	-399	-293	-1,366	-1,058
Research and development expenses less amortisations	-258	-135	-778	-513
Total opex excl. amortisations and write-downs	-657	-428	-2,144	-1,571
Other operating revenues/expenses	7	-3	36	-3
EBITA	210	90	1,543	433
Amortisations relating to Sales and administration expenses	-110	-73	-410	-287
Amortisations	-110	-73	-410	-287
EBIT	100	17	1,133	146

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

Cash

On 31 December 2016, the company had SEK 786 M in cash, compared to SEK 904 M as of 31 December 2015.

Net cash/debt

Sobi ended the quarter with a net cash position of SEK 282 M,

compared to SEK 82 M as of 31 December 2015.

Equity

Consolidated shareholders' equity as of 31 December 2016 amounted to SEK 5,354 M compared to SEK 4,660 M as of 31 December 2015.

Parent company

Net sales in 2016 for the Parent company, Swedish Orphan Biovitrum AB (publ), amounted to SEK 4,594 M (2,750) of which SEK 1,472 M (1,136) referred to sales to Group companies. Income after financial items amounted to SEK 1,134 M (273). Investments in tangible and intangible assets amounted to SEK 1,804 M (139).

Outlook 2017*

Sobi expects revenues for the full year to be in the range of SEK 5,800 to 6,000 M.

Gross margin is expected to be in the range of 66 to 68 per cent.

Sobi expects EBITA for the full year to be in the range of SEK 1,600 to 1,700 M.

**At current exchange rates*



Other information

Personnel

As of 31 December 2016, the number of full-time equivalents was 760 (702, December 2015).

Significant events after the reporting period

Health Canada approved Orfadin capsules for the treatment of hereditary tyrosinaemia type-1 (HT-1)

Health Canada approved Orfadin capsules for the treatment of hereditary tyrosinaemia type 1 (HT-1) in combination with dietary restriction of tyrosine and phenylalanine.

Armin Reininger joined Sobi as Senior Vice President, Head of Global Medical and Scientific Affairs

Armin Reininger, MD, PhD was appointed Senior Vice President, Head of Global Medical and Scientific Affairs. Armin will lead Sobi's cross-functional Medical & Scientific Affairs team, supporting Sobi's patient centric approach.

CEO Geoffrey McDonough to leave Sobi

Sobi announced that Geoffrey McDonough will leave Sobi on 1 July 2017, and that a search for a new Chief Executive Officer has been initiated to identify his successor.

First patient randomised in a phase 2 study evaluating anakinra in the treatment of acute gout

The first patient was randomised in the phase 2 study (anaGO) to evaluate efficacy and safety of Kineret (anakinra) in the treatment of acute gout.

First patients enrolled in 24 month real-world study evaluating effectiveness of Elocta

The first patients were enrolled in the A-SURE study. A-SURE is a 24-month real-world study evaluating the effectiveness of Elocta compared to conventional FVIII products in the prophylactic treatment of patients with haemophilia A in Europe.

Sobi and Bioverativ revealed new long-term safety and efficacy data of Elocta and Alprolix at EAHAD

Sobi and Bioverativ presented 9 posters with data on long-term safety and efficacy for Elocta and Alprolix at the 10th Annual Congress of the European Association for Haemophilia and Allied Disorders (EAHAD).

Sobi obtained approval from the EC for new dosing frequency for Orfadin

Sobi received confirmation by the European Commission approving a reduced dosing frequency for Orfadin from twice daily to once daily, in people with hereditary tyrosinemia type 1 (HT-1) with a body weight >20 kg.

Long-term safety and efficacy data for Alprolix published in the Lancet Haematology

The primary outcome measure of the trial was development of inhibitors, and no patients treated with Alprolix in the study developed inhibitors.

Discussions regarding a possible sale of Partner Products

Sobi confirmed discussions with a private equity firm regarding a possible sale of the Partner Products business area. The discussions may or may not lead to an agreement.

The financial Statements in this report have not been prepared in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, since the conditions specified in the standard are not met yet.



Annual general meeting 2017

The Annual General Meeting (AGM) of Swedish Orphan Biovitrum AB (publ) will be held on Thursday, 4 May 2017 at 3 pm, at Kungliga Ingenjörsvetenskapsakademin (IVA), Stockholm, Sweden.

The Board of Directors proposes that no dividend will be paid for the 2016 financial year.

The Annual Report for 2016 will be published on www.sobi.com three weeks before the AGM. It will also be available at Sobi's headquarter in Solna.

The Nomination Committee will in due time before the AGM 2017 prepare further proposals, including proposals for the Chairman of the AGM, Board members, remuneration for Board members and auditor, and to the extent deemed necessary, tasks for and the composition of the Nomination Committee for the AGM in 2018.

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

Solna, Sweden, 16 February 2017

Geoffrey McDonough
CEO and President

Forward-looking statements

This report includes forward-looking statements. Actual results may differ from those stated. Internal factors such as the successful management of research programmes and intellectual property rights may affect future results. There are also external conditions such as the economic climate, political changes and competing research programmes that may affect Sobi's results.

This information is information that Swedish Orphan Biovitrum AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of Linda Holmström, Senior Communications Manager, at 08:00 am CET on 16 February 2017.





Financial statements

Group Statement of comprehensive income

Amounts in SEK M	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Total revenues ¹	1,292	814	5,204	3,228
Total cost of goods and services sold	-432	-293	-1,554	-1,221
Gross profit	860	520	3,651	2,007
Sales and administration expenses ²	-509	-366	-1,776	-1,345
Research and development expenses	-258	-135	-778	-513
Other operating revenues/expenses	7	-3	36	-3
Operating profit/loss	100	17	1,133	146
Financial income/expenses	-12	-26	-85	-61
Profit before tax	88	-10	1,048	84
Income tax expense	12	-1	-239	-19
Profit for the period	100	-10	809	65
<i>All earnings are attributable to parent company shareholders</i>				
Other comprehensive income				
<i>Items that will not be reclassified to profit/loss</i>				
Remeasurements of post employment benefit obligations	1	-3	1	-3
<i>Items that may be reclassified subsequently to profit/loss</i>				
Translation difference	1	-2	5	-2
Cash flow hedge (net of tax)	-95	54	-176	58
Comprehensive income for the period	7	39	639	118
¹ See page 6 for split by business line				
² Amortisation of intangible assets included in Sales and administration expenses				
Earning per share	0.37	-0.04	3.01	0.24
Earning per share after dilution	0.37	-0.04	3.01	0.24

**Group
Balance sheet**

Amounts in SEK M	Dec 2016	Sep 2016	Jun 2016	Mar 2016	Dec 2015
ASSETS					
<i>Non-current assets</i>					
Intangible fixed assets ¹	6,806	6,893	6,974	5,661	5,787
Tangible fixed assets	121	111	115	105	113
Other long-term assets	136	146	80	93	99
Total non-current assets	7,063	7,151	7,169	5,858	5,999
<i>Current assets</i>					
Inventories	870	798	751	810	776
Accounts receivable	769	628	558	505	451
Current receivables, non-interest bearing	487	398	346	260	185
Cash and cash equivalents	786	824	770	1,108	904
Total current assets	2,911	2,647	2,426	2,684	2,316
Total assets	9,974	9,798	9,595	8,542	8,315
EQUITY AND LIABILITIES					
Shareholders' equity	5,354	5,340	5,217	4,987	4,660
<i>Long-term liabilities</i>					
Long-term debt	502	502	502	802	800
Long-term liabilities, non-interest bearing	2,360	2,466	2,494	1,491	1,534
Total long-term liabilities	2,862	2,968	2,996	2,292	2,334
<i>Current liabilities</i>					
Short term debt	2	2	2	1	22
Current liabilities, non-interest bearing	1,756	1,488	1,380	1,261	1,298
Total short-term liabilities	1,758	1,490	1,382	1,263	1,320
Total equity and liabilities	9,974	9,798	9,595	8,542	8,315

¹Including goodwill SEK 1,554 M.

**Group
Changes in equity**

Amounts in SEK M	Full year 2016	Full year 2015
Opening balance¹	4,660	4,497
Sharebased compensation to employees	32	23
Sale of own shares	24	22
Comprehensive income for the period	639	118
Equity, end of period	5,354	4,660

Whereof cash-flow hedges amounted to SEK -176 M as of 31 December 2016.

¹Restoration reserve regarding rented premises has affected the opening balances 2015 with SEK -26 M



Group
Cash flow statement

Amounts in SEK M	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Net result	100	-10	809	65
Non-cash items ¹	37	76	-167	346
Cash flow from operations before change in working capital	137	66	643	411
Change in working capital	-111	-52	-300	96
Cash flow from operations	26	13	343	507
Investment in intangible fixed assets	-48	-11	-119	-119
Investment in tangible fixed assets	-18	-13	-46	-27
Divestment of tangible fixed assets	1	2	7	2
Cash flow from investing activities	-66	-21	-158	-143
Loans - Raising/Amortization	0	-	-331	-
Sale of own shares	-	-	24	22
Cash flow from financing activities	0	-	-308	22
Net change in cash	-39	-8	-123	386
Liquid funds at the beginning of the period	824	914	904	519
Translation difference in cash flow and liquid funds	1	-2	5	-2
Liquid funds at the end of the period	786	904	786	904
¹ Non-cash items:				
Depreciation tangible fixed assets	8	8	31	32
Amortization intangible assets	110	73	410	287
Deferred tax	-48	-1	158	12
Other, whereof SEK -42 M in Q4 2016 reflects Elocta and Alprolix (-812 M in full year 2016), see also page 5 under Haemophilia	-33	-4	-765	14
Total non-cash items	37	76	-167	346

Group
Key ratios and other information

Amounts in SEK M	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Profit numbers				
Gross profit	860	520	3,651	2,007
EBITDA ¹	218	97	1,574	465
EBITA ¹	210	90	1,543	433
EBIT ¹	100	17	1,133	146
Profit/loss	100	-10	809	65
Per share data (SEK)				
Earning/loss per share	0.37	-0.04	3.01	0.24
Earning/loss per share after dilution	0.37	-0.04	3.01	0.24
Shareholders' equity per share ³	19.8	17.2	19.8	17.2
Shareholders' equity per share after dilution ³	19.7	17.2	19.7	17.2
Other information				
Gross margin	67%	64%	70%	62%
Equity ratio ³	54%	56%	54%	56%
Net cash (-)/debt (+) ²	-282	-82	-282	-82
Number of ordinary shares	270,389,770	270,389,770	270,389,770	270,389,770
Number of C-shares (in treasury)	1,621,178	1,433,036	1,621,178	1,433,036
Number of ordinary shares (in treasury)	1,610,086	2,763,768	1,610,086	2,763,768
Average number of ordinary shares (excluding shares in treasury)	268,769,468	267,626,002	268,362,041	267,278,339
Average number of ordinary shares after dilution (excluding shares in treasury)	269,263,439	267,626,002	269,252,883	267,278,339

^{1,2,3} 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	-110	-73	-410	-287
¹ Depreciations	-8	-8	-31	-32
² Long term liabilities interest-bearing	502	800	502	800
² Short term liabilities interest-bearing	2	22	2	22
² Cash	786	904	786	904
³ Equity	5,354	4,660	5,354	4,660
³ Total assets	9,974	8,315	9,974	8,315



Parent company Income statement

Amounts in SEK M	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Total revenues	1,083	722	4,594	2,750
Total cost of goods and services sold	-424	-293	-1,470	-1,168
Gross profit	659	429	3,124	1,582
Sales and Administration expenses ¹	-408	-289	-1,218	-814
Research and Development expenses	-250	-120	-729	-472
Other operating revenues/expenses	-1	15	30	13
Operating profit/loss	0	35	1,207	309
Financial income/expenses	-10	-21	-73	-36
Profit/loss after financial items	-10	14	1,134	273
Appropriations	-1,049	–	-1,049	–
Income tax benefit/expenses	0	-52	-26	-58
Profit/loss for the period	-1,059	-38	59	215

Parent company statement of other comprehensive income

Amounts in SEK M	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Profit/loss for the period	-1,059	-38	59	215
<i>Items that may be reclassified subsequently to profit/loss</i>				
Cash flow hedge (net of tax)	-95	54	-176	58
Comprehensive income for the period	-1,154	16	-117	273
¹ Amortisation of intangible assets included in Sales & Adm expenses	-71	-24	-244	-94

**Parent company
Balance sheet**

Amounts in SEK M	Dec 2016	Sep 2016	Jun 2016	Mar 2016	Dec 2015
ASSETS					
<i>Non-current assets</i>					
Intangible fixed assets	4,262	4,310	4,352	2,658	2,739
Tangible fixed assets	103	93	96	88	96
Other long-term assets	3,882	3,882	3,882	3,882	3,899
Total non-current assets	8,247	8,285	8,330	6,628	6,734
<i>Current assets</i>					
Inventories	766	719	670	728	674
Current receivables, non-interest bearing	1,460	1,334	1,004	1,098	1,012
Cash and cash equivalents	662	661	599	1,001	750
Total current assets	2,888	2,714	2,273	2,827	2,436
Total assets	11,136	10,999	10,603	9,455	9,170
EQUITY AND LIABILITIES					
Shareholders' equity	5,744	6,890	6,604	6,177	5,803
<i>Untaxed reserves</i>	1,154	-	-	-	-
<i>Long-term liabilities</i>					
Long-term debt	497	497	496	796	795
Long-term liabilities, non-interest bearing	1,878	1,953	2,049	1,237	1,271
Total long-term liabilities	2,375	2,450	2,545	2,033	2,066
<i>Current liabilities</i>					
Short term debt	-	0	0	0	20
Current liabilities, non-interest bearing	1,863	1,659	1,454	1,245	1,281
Total short-term liabilities	1,863	1,659	1,454	1,245	1,301
Total equity and liabilities	11,136	10,999	10,603	9,455	9,170

**Parent company
Change in shareholders' equity**

Amounts in SEK M	Full year 2016	Full year 2015
Opening balance¹	5,803	5,484
Sharebased compensation to employees	35	23
Sale of own shares	24	22
Comprehensive income for the period	-117	273
Equity, end of period	5,744	5,803

Whereof cash-flow hedges amounted to SEK -176 M as of 31 December 2016.

¹Restoration reserve regarding rented premises has affected the opening balances 2015 with SEK -26 M



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—December 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 31 December 2016, the net reported value in the balance sheet for derivatives was SEK 4 M (9).

As of 31 December 2016, all other financial instruments in the balance sheet have reported values that are in all material aspects equivalent to fair value.

Note 3 — Financial impact of Alprolix approval

The final purchase price has been audited and determined to USD 185 M in Q4 2016, compared to previous estimated price of USD 186 M.



Definitions

CER

Constant exchange rates.

Earnings per share

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

Full-time equivalents

Unit that indicates the workload of an employed person in a way that makes workloads comparable.

Gross profit

Net sales less cost of goods and services sold.

Interest bearing liability

Credit facilities and other 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.

Equity per share

Equity divided by the number of shares.

Equity ratio

Shareholders' equity as a proportion of total assets.

Gross margin

Gross profit as a percentage of sales.

Net debt/Net cash

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 (eftrenonacog alfa)

Alprolix 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 of haemophilia B, 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 of the European Medicines Agency.

EC

European Commission.

Elocta (efmoroctocog alfa)

Elocta is a recombinant, extended half-life clotting factor VIII therapy approved in the EU and Switzerland for the treatment of haemophilia A and 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.

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.

ITI

Immune tolerance induction. A therapy used when patients develops inhibitors to treatment. Factor concentrate is given regularly and at high doses, over a period of time until the body is trained to recognise the treatment product without reacting to it.

IU

International units

Kineret (anakinra)

Kineret is a drug used to treat inflammatory diseases.

MAH

Marketing authorisation holder. Regulatory responsible.

Mucopolysaccharidosis (MPS) type IIIA (Sanfilippo A syndrome)

A progressive, life-threatening and rare inherited metabolic disorder affecting children already from a young age. Belongs to a group of diseases called Lysosomal Storage Disorders (LSDs).

Orfadin (nitisinone)

A drug used to treat Hereditary Tyrosinaemia type 1 (HT-1).

ROW

Rest of the world.

SOBI003

A chemically modified variant of a recombinant human sulfamidase product candidate intended as an enzyme replacement therapy in lysosomal storage disease MPS IIIA, aimed to reduce heparan sulfate storage materials in affected cells.

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).



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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 2016, Sobi had total revenues of SEK 5.2 billion (USD 608 M) and approximately 760 employees. The share (STO:SOBI) is listed on Nasdaq Stockholm. More information is available at www.sobi.com.