Pharming Group Reports Strong Preliminary (Unaudited) Financial Results for 2019

Highlights:

- Delivered revenue for the full year of €169.0 million (US$189.3 million) – an increase of 25% on 2018
- Full year net profits were €36.2 million ($40.5 million), an increase of 45% on 2018
- Fourth quarter net revenue of €45.6 million (US$50.8 million) – just above Q3 2019
- 2019 sales growth triggered the second $20 million milestone payment to Bausch Health Companies Inc. (formerly Valeant Pharmaceuticals International, Inc.)
- Full year operating profit of €60.9 million (US$68.2 million), an increase of 60% on 2018
- Cash at year end was €68.6 million ($76.8 million), an increase of €4.2 million from 30 September 2019
- Cash position at 28 February 2020 after convertible bond issue, initial €5.5 million payment due to Sobi and milestone payment to Bausch Health was €149.2 million ($166.0 million)

Leiden, The Netherlands, 5 March 2020: Pharming Group N.V. ("Pharming" or "the Company") (Euronext Amsterdam: PHARM) presents its preliminary (unaudited) financial report for the full year ended 31 December 2019.

The Company will hold a conference call at 13.00 CET/07.00 EST today. Dial in details can be found on page 12 of this report.

Chief Executive Officer Sijmen de Vries said:

> *"As with 2017 and 2018, we continued to see consistent growth in the numbers of patients benefiting from RUCONEST® in 2019. As a result of the increase in sales from this growing patient base, we have been able to implement ambitious development plans. These include new expanded indications for RUCONEST® as well as enriching our pipeline and leveraging our commercial infrastructure with our first in-license of a late-stage product: leniolisib, for the treatment of APDS, a rare and severe form of primary immune deficiency. The net profitability we saw in 2018 has also continued and grown in 2019, despite fierce competitive pressure and increased operational costs.*
>
> *As we look ahead, the proceeds of our highly successful convertible bond refinancing completed in January 2020 has replaced our existing debt, providing extra cash resources and further strengthening our balance sheet. This bond issue will dramatically lower our financing costs and significantly improve the free cash flows for the coming five years. The refinancing will also enable us to invest in the accelerated expansion of our production capacity and of our commercialisation business following the termination of the Swedish Orphan Biovitrum AB (publ.) ("Sobi") license. We continue to seek additional in-licensing or acquisition opportunities for products to launch over the coming years to increase our near-term pipeline. We therefore remain confident that we will continue to deliver significant value to all our stakeholders in 2020 and beyond."*

Chief Executive Officer's Commentary

During the year, we built on the strong foundations of the commercial performance of RUCONEST® in 2018 and continued to develop the product in all key markets, growing revenues to €169.0 million in 2019 from €135.1 million in 2018, an increase of 25% and above market consensus. The US remains our largest market, with strong performance in the region demonstrating the success of our commercial operations there despite competitive pressure. We also increased our marketing efforts in the major markets of Western Europe, making good gains in France and more recently in the UK and continued penetration in Germany, Austria and the Netherlands. With European direct sales reaching levels in key markets during the year which impact growth by eliminating revenue through clawbacks by national governments, the termination of the license with Sobi provides a strong opportunity to grow direct sales in additional European and Middle Eastern markets starting in 2020.

Net profits generated throughout the year

As result of the continuing sales growth, the Company achieved net profits in every quarter, ending the year at €36.2 million, up 45% compared with 2018. Operating profit for the year was also strong: up 60% to €60.9 million (2018: €38.0 million), representing a further improvement in operating margin to 36% (2018: 31%).

In the fourth quarter, we achieved the sales level which triggered the second US$20 million milestone payment to Bausch Health Companies Inc. (formerly Valeant Pharmaceuticals International, Inc.), which was paid in February this year. If sales growth continues at or near the current level, there is an increasing likelihood that the final US$25 million will be triggered in a future quarter and paid in 2021 or beyond. Payment of the remaining milestones in the future will not affect profits, because a provision is taken gradually as the likelihood of the milestones being achieved increases. On the balance sheet, this provision is shown under Other Financial Liabilities.

Investing in sustainable long-term growth

In 2018, we set out our three pillar strategy: the first pillar is development and acquisition for sales growth in HAE; the second pillar is for development to create future sales in new large indications for recombinant C1 esterase inhibitor (RUCONEST® or rhC1INH), ; and the third pillar for additional new late-stage rare disease or specialty products which make use of our existing and growing commercial infrastructure. During 2019 we have been able to deliver meaningful progress along this strategy.

We have re-acquired all license territories from Sobi, which allows us to sell directly in all 27 countries of the EU plus the UK and many other eastern European and Middle East countries previously licensed to Sobi. We have initiated clinical studies of rhC1INH in new larger indications. We announced the start of our Phase I/II clinical study in pre-eclampsia (with sites in the Netherlands and Australia) and expect to announce the first patient treated in our Phase IIb study in acute kidney injury in the next couple of months (with sites in Switzerland and later Germany). We also continued the development program for α-glucosidase for Pompe disease, manufacturing material for preclinical studies enabling an Investigational New Drug (IND) application and developing a scale-up process to enable faster manufacture. Finally, we acquired a novel late-stage program from Novartis, leniolisib for Activated Phosphoinositide 3 Delta Syndrome ("APDS"), which is expected to complete its clinical development over the next year with approval and launch anticipated in 2022.

To meet future needs for rhC1INH, which may become many times greater than current capacity, we are redeveloping C1 esterase inhibitor from cattle, which allows much larger volumes of source material. We have also initiated work on a new downstream processing plant in the Netherlands, which will double the current processing capacity available to Pharming. Together, these measures will enable us to start to supply the larger indications if approval is obtained.

To continue to meet the increasing demand of RUCONEST® for HAE in the meantime, we have already increased our production facilities for source material, with the first of up to three facilities approved by the European Medicines Agency ("EMA") in Europe and currently under review with the US Food & Drug Administration ("FDA").

Successful €125 million issue of convertible bonds

In January 2020, we issued €125 million ($140 million) of convertible bonds due 2025, with a coupon of 3.00% p.a.. The bonds were oversubscribed in a book-building exercise and the offer closed in a few hours. These bonds have the potential to be converted, if the price reaches €2.00 per share, into 62.4 million shares or 9.9% of the issued share capital. These bonds were issued at a time when the share price was near Pharming's ten year high, in order to refinance the balance of the loan facility from Orbimed. The Orbimed facility, while essential at the time of exercise, carried an effective interest rate under IFRS rules of over 13% (and which was further tied to the London Interbank Offering Rate ("LIBOR")). The bond issue allowed us to repay the Orbimed facility in full eighteen months early. By issuing these bonds and repaying the Orbimed loan, we have added over €75 million net to our cash resources and reduced the total finance cost of our borrowing by over €3 million per year, as well as ensuring that our borrowing is no longer dependent on the variable LIBOR rates.

At the same time, mechanisms exist which would allow us to replace the bonds before the conversion price was reached, and replace them with new bonds which would lock in the accumulated profit for bondholders represented by the share price gain in exchange for better terms and a reset of the conversion price to a higher amount. This would result in a lower number of shares backing the bonds, reducing potential dilution for shareholders. In addition, these bonds can only be repaid or converted into a fixed number of shares. This means that there will be no recurrence of the large non-cash adjustments required by IFRS for bonds which can be converted into a variable number of shares, which made such a difference to our 2017 accounts.

In summary, this financing has been an outstanding success for Pharming and its shareholders. It gives us the additional resources to expand our capacity, while still reducing the cost of finance to much less than the current level on the year end debt balance. As a result of these actions, the balance at the end of February 2020 was €149.2 million ($166.0 million).

Teamwork

None of these achievements, results and developments would be possible without the continued support, expertise and hard work of all our employees. I would like to take this opportunity once again to thank all Pharming employees as well as all of our investors, partners, and debt providers for their support and commitment throughout 2019, which enabled us to execute on the strategic development of Pharming to create a strong, sustainable platform for significant long-term growth.

I look forward with confidence to continuing the growth trajectory of Pharming in 2020 with increased sales, progress on our exciting pipeline projects and new opportunities for enhancing shareholder value.

Leiden, 5 March 2020
Sijmen de Vries
Chief Executive Officer and Chairman of the Board of Management

Financial summary

Amounts in €m except per share data	*2019 Quarter 4*	*2019*	*2018*	*% Change*
Income Statement				
Total revenue	45.7	169.0	135.1	*25%*
Gross profit	40.6	147.7	113.0	*31%*
Operating result	18.2	60.9	38.0	*60%*
Financial income & expenses	(3.0)	(14.5)	(37.1)	*(61%)*
Share of associates' profits/(losses)*	(0.2)	0.2	n/a	
Tax credit/(expense)	(2.9)	(10.5)	24.1	*n/a*
Net result	12.1	36.2	25.0	*45%*
Balance Sheet				
Cash & marketable securities**	68.6	68.6	81.5	*(16%)*
Share Information				
Basic earnings per share (€)	0.019	0.058	0.041	*41%*
Fully diluted earnings per share (€)	0.018	0.054	0.038	*42%*

* *The Q4 number shows the effect of adjustments for unrealised profits under IAS 28, and not an underlying loss at the associate company Bioconnection.*

** *Does not include the effects of the €125 million convertible bond issue, the repayment of the Orbimed loan facility in January 2020 or the milestone payment to Bausch Health in February 2020, which all happened after the reporting date.*

Summary of 2019

Operational highlights

- Throughout the year, new publications by independent researchers and physicians demonstrated the power of RUCONEST® in a variety of situations affecting patients with HAE.
- In April, the Company invested a total of €4.1 million in subscription for new shares and a further €0.9 million in acquiring shares from existing shareholders to form a minority ownership stake in its fill & finish services provider, Bioconnection B.V., which manufactures the sterile sealed vials of Pharming's product RUCONEST® from the purified drug substance, in order to support that company in its investment plans for new production capacity. The transaction is intended to support the expansion of BioConnection, which will directly benefit Pharming as the Company looks to increase capacity to support the growing demand for RUCONEST® and pipeline development. BioConnection is a fast-growing profitable company with a strong customer base. Pharming does not intend to take an active operational role in Bioconnection.
- In June, Pharming announced the initiation of a clinical Phase I/II study of the effects of recombinant human C1 esterase inhibitor on patients with late-stage pre-eclampsia, following ethical committee approval. This study is in two parts, a small safety study expected to read out headline data in 2020, and a larger Phase II proof of concept study which will follow on from a successful outcome of the first part.

- During the year, a new Phase IIb clinical study of the effects of recombinant human C1 esterase inhibitor on patients undergoing contrast-enhanced scans prior to percutaneous coronary interventions such as stent insertions and valve replacement surgery has been prepared. This follows from the positive results from a Phase II investigator-initiated study of RUCONEST® in a double-blind, placebo-controlled clinical trial in patients at risk of nephropathy (acute kidney injury or 'AKI') resulting from contrast-enhanced examinations in October 2018. That study was led by Dr Michael Osthoff at the University Hospital Basel, Basel, Switzerland, and Dr Osthoff is also the lead investigator in the new study. The study is expected to dose its first patient in the next couple of months. The study aims to establish whether treatment pre-administration of contrast medium and post-procedure can be beneficial in reducing the risk of acute kidney injury in patients with impaired kidney function prior to the scan/procedure. Such patients currently face a significant risk of debilitating or even fatal kidney damage as a result of such contrast-enhanced scans.
- In August, Pharming announced it had entered into a development collaboration and license agreement with Novartis to develop and commercialize leniolisib, a small molecule phosphoinositide 3-kinase delta (PI3Kδ) inhibitor being developed by Novartis to treat patients with Activated Phosphoinositide 3-kinase Delta Syndrome ("APDS"). Under the agreement, the Company paid Novartis an upfront amount of €17.8 million ($20 million) for the program, with other smaller commitments to fund the remaining clinical development.

  APDS is a primary immune deficiency caused by a mutation in the PIK3CD gene that increases activity of PI3Kδ, a promoter of activity in the immune system. As a result of this over-activity, the cells involved in immune response can fail to be differentiated properly, which means that sufferers are unable to react well to infections and can suffer early cell death. Patients frequently suffer a functional inability to fight off infections, as well as developing airway and other lesions and certain cancers. It is an ultra-rare disease with incidence rates across the world of approximately 1-2 per million. Importantly, there is a commercially available genetic test that can identify the patients who will benefit from leniolisib, making this program personalized medicine for these APDS patients and their family members who also have the mutation.

  Novartis has completed all the preclinical and clinical work to date and will continue to run the ongoing registration-enabling trial and the ongoing open label extension study. Pharming will work alongside Novartis to complete enrolment of the ongoing trial. Upon approval, Pharming will commercialize leniolisib through its existing commercial infrastructure in the US and Europe and look for ways to make the drug available in other markets worldwide. Novartis is eligible to receive regulatory and commercial milestones and will also earn tiered, double digit royalties on net sales.
- In October, Pharming confirmed it had been included in an injunction in the US obtained by CSL Behring, a subsidiary of CSL Limited of Australia ("CSL"), to prevent possible transmission of proprietary documents and data to Pharming which CSL claimed to have been downloaded from its systems by a former CSL employee, who had been hired recently by Pharming to be a medical director but who had not started at Pharming at that time. Pharming was able to satisfy CSL that it had not been involved in the download of any CSL documents in any way, and the case against Pharming was dropped.
- In December, Pharming announced that it had agreed with Swedish Orphan Biovitrum AB (publ.) ("Sobi") to terminate early Sobi's license to commercialise RUCONEST® in Europe, the former CIS states and the Middle East. Under the agreement, the license was terminated with effect from 1 January 2020 in all 36 countries with a smooth handover taking place in the countries where Sobi had sales activities. Pharming will pay Sobi €7.5 million in two tranches.

Following the strategic decision to reacquire the North American commercial rights for RUCONEST® in December 2016 from its licensee Valeant Pharmaceuticals International (now "Bausch Health Companies Inc."), Pharming has increased US sales significantly. It is anticipated that, while not of the same commercial scale as the US, a growth increase in the additional 36 territories can be expected. The transaction has been accretive to earnings immediately.

Financial highlights

Total annual revenues increased to €169 million (including €1.5 million of license revenue) in 2019 from €135.1 million in 2018 (including €0.8 million in license revenue). The increase in license revenue relates to the release of the remaining balance of the upfront payment received from Sobi at the initiation of the Sobi license which was held on the balance sheet. This balance was released to the income statement as soon as the Sobi license was terminated.

Operating results improved strongly to a profit of €60.9 million in 2019 from €38.0 million in 2018, an increase of 60% in spite of considerable increases in clinical and R&D activity, mainly due to the strong sales growth in major markets and efficient production of RUCONEST®. The basic underlying unadjusted operating result (EBITDA) was €66.8 million. Operating costs also increased significantly from €75.6 million in 2018 to €87.2 million in 2019, reflecting the increased activity in the second production facility, preparing and launching the new clinical studies for pre-eclampsia and acute kidney injury, work on new forms of RUCONEST® and investments in the new pipeline asset leniolisib in-licensed from Novartis.

The net profit in 2019 of €36.2 million represented an increase of 45% over 2018 (€25.0 million), reflecting improved gross profits less additional costs to provide for the contingent consideration for milestones due to Bausch Health, which are provided on a risk-adjusted basis in accordance with IFRS.

The first milestone amount due to Bausch Health was due and paid in the first quarter of 2019, and the second became due in the fourth quarter and was paid in February 2020. The amount of this second payment ($20.0 million or €17.8 million) is shown in the current liabilities section of the balance sheet, with the remainder shown under long term liabilities. Release of the current part of this provision will negate the effect of the milestone payment on the Company's income statement in the first quarter of 2020.

Since we created a deferred tax asset to recognise the likelihood of being able to use our net operating tax losses , the business has continued to grow, such that we began to pay taxes in the USA and are using up net operating losses in the Netherlands. The net effect of our profitability is an increase in the tax charge for 2019 to €10.5 million (2018: Tax income of €24.1 million, relating to an increase in the deferred tax asset). The tax charge in the Netherlands is met by a reduction in the deferred tax asset balance (December 2019: €30.9 million (2018: € 35.1million)). This is a strong statement in support of our belief that the underlying sustainable performance of the Company will result in our first corporate income tax payments in our home country of the Netherlands in the next few years.

The equity position improved from €61.8 million in December 2018 to €104.7million in December 2019, mainly due to the changes in the net result achieved by the Company.

Inventories reduced slightly from €17.3 million in December 2018 to €14.5 million in December 2019, largely due to the increase in sales above the effect of movement of inventory from lower value raw materials to higher value drug product. This level of inventory, together with our increased capacity improvements, allows us to continue to meet the growing sales levels both in the US and in Europe without stock shortages.

The cash position (including restricted cash) decreased from €81.5 million at year-end 2018 to €68.6 million at year end 2019. This was mainly due to the strong sales performance of RUCONEST® especially in the third and fourth quarters, balanced by the repayment of over €29 million ($33.3 million) of the Orbimed loan during the year, interest payments totalling €8.7 million ($9.7 million), the payment of €35.5 million ($40 million) in upfronts and milestones ($20 million to Novartis upfront for the leniolisib program and $20 million milestone to Bausch Health), plus the cash payments of €2.5 million to BioConnection and its shareholders in April for the stake acquired in that company. Cash generation has been strong across all four quarters of 2019, as sales revenues grew and as faster credit collection was achieved.

After the year end

Since 31 December 2019, the following additional events have occurred:

- In January 2020, the Company completed the issue of €125 million ($140 million) of 5-year convertible bonds; due 2025, which are convertible at a price of €2.0028 per share into Pharming shares and carry interest of 3% flat (i.e. not tied to any market rate). These are described in more detail above. These bonds are listed on the Frankfurt Exchange (Börse Frankfurt: PHARMING GRP 20/25 CV) and are currently trading at slightly above par at 100.49%.
- Also in January 2020, Pharming received European Medicines Agency (EMA) approval for its new production facility for source material for the Company's lead product, RUCONEST®. With the addition of this new facility, Pharming will significantly increase the production capacity of RUCONEST® as the facility becomes fully operational over the coming year.

  Pharming is now also able to release the product that was manufactured at the facility during the approval process for commercialisation in the EU. As previously announced, Pharming had identified a potential risk of short-term pressure on the supply of RUCONEST® for the European market due to increasing demand for the product. With the approval of this new facility, the Company believes the risk to supply is now largely eliminated.

- Last month, Pharming paid the second milestone due to Bausch Health Companies Inc. (formerly Valeant Pharmaceuticals International, Inc.) under the agreement relating to the reacquisition of commercial rights to RUCONEST® in North America dated December 2016. This milestone payment was for $20.0 million (€17.8 million).

Detailed financial review

Revenues

Revenues increased to €169.0 million in 2019 (2018: €135.1 million). Both years include amounts of deferred license revenue released, reflecting a portion of earlier license fee payments from partners including Sobi and China State Industry for Pharmaceutical Innovation, which have been allocated across a number of financial years in accordance with accounting guidelines. These amounts were €1.5 million in 2019 as the remaining Sobi license revenue was released, and €0.8 million in 2018.

Revenues from product sales by Pharming and its partners increased to €167.6 million (2018: €134.3 million) reflecting a very good year overall for RUCONEST®. Sales in the USA produced €162.7million ($182.2 million), up from €126.6 million ($149.3 million) in 2018. This shows the effect on the top line of the excellent continued execution of commercialisation in the USA.

Sales for RUCONEST® in Europe and the Rest of World were €4.9 million (2018: €7.7 million), reflecting clawbacks on direct sales by Pharming in France, and reduced sales of our partner Sobi prior to the license termination.

Costs of product sales in 2019 amounted to €21.4 million (2018: €22.2 million), reflecting the strongly increased sales volume and savings obtained by better inventory management.

Gross profit increased to €147.7 million in 2019 (2018: €113.0 million, or $130 million), an increase of 31%. The main reasons for this gain were the increased sales in the US and EU coupled with better cost of goods.

Operating Costs

Operating costs increased to €87.2 million ($97.7 million) in 2019 from €75.6 million in 2018. This increase was substantially due to the added cost of clinical research activities relating to the new indications and to development of new forms of RUCONEST®, as well as increases in marketing and sales activities both in the US and in Europe, and in general and administrative costs.

Marketing and sales costs of €39.9 million (2018: €34.5 million) reflect Pharming's additional direct commercialization activities in the USA and in France and the United Kingdom in Europe, which were increased during the year.

R&D costs within these figures increased from €28.9 million in 2018 to €32.9 million in 2019. In 2019, the increased costs mainly relate to preparing for and initiating the clinical studies of rhC1INH in pre-eclampsia and acute kidney injury, developing the new versions of RUCONEST®, and continuing work on the preparation and production of α-glucosidase for Pompe disease and α-galactosidase for Fabry disease using the Pharming technology.

General and administrative costs increased to €14.3 million (2018: €12.2 million). The increased costs are mainly related to additional administration resources to support the growing commercial and operations activities in both the USA and the EU.

Operating Result

Operating results improved strongly to a profit of €60.9 million in 2019 from €38.0 million in 2018, an increase of over 60% despite considerable increases in Marketing and Sales and R&D activity, mainly due to the effect of strong sales growth in the USA and lower cost of production of RUCONEST® as outlined above. The basic underlying operating result excluding depreciation and amortization was €66.8 million.

Financial income and expenses

The 2019 net financial expense was €14.5 million, compared with €37.1 million a year earlier. This is mainly due to two items: (i) the interest on loans and borrowings and non-cash adjustments thereto, totalling approximately €11.3 million; and (ii) the increase in the provision for contingent consideration (i.e. the milestones due to Bausch Health Companies Inc. upon reaching certain sales targets) of €2.9 million; €1.1 million of financial income was received during the year, reflecting interest paid on cash balances. In 2018, a much larger provision of €21.2 million for the Bausch milestones was required.

Taxation

As a result of the growth in sales, it is now probable that the Company will be able to use all its remaining net operating tax losses from previous years going forward. This is reflected in the larger tax charge for the year of €10.5 million (2018: Tax income of €24.1 million which was related to the increase in the deferred tax asset). The balance on the deferred tax asset therefore reduced as it was used to meet the tax charge, from €35.1 million in 2018 to €30.9 million in 2019 – the difference relates to the tax charged in the USA, where no tax losses remain to be used.

Net Result

The net result of a profit of €36.2 million represented a large increase of 45% on the €25.0 million reported in 2018. The main point of difference was the better sales performance in 2019 coupled with the increase in taxation charged to the Group (and actually payable in the USA). We believe this net profitability will be sustainable in future periods.

Intangible assets

The acquisition of the license to leniolisib from Novartis in August 2019 has led to a new intangible asset being created for the upfront price and the amount committed to the final clinical development phase. This amount, of approximately €18.7 million ($21.0 million), appears as an increase to intangible assets and will be depreciated as usual in accordance with its useful life over the commercial lifespan of the product.

Inventories

Inventories reduced slightly from €17.3 million in December 2017 to €14.5 million in December 2019, largely due to the increase in sales above the effect of movement of inventory from lower value raw materials to higher value drug product. This level of inventory should enable us to meet the naturally improving sales level in the US and in Europe.

Cash and cash equivalents

The cash position including restricted cash decreased from €81.5 million at year-end 2018 to €68.6 million at year-end 2019. This was mainly due to the cash generated by the strong sales performance of RUCONEST® throughout the year being used for several large payments:

- The repayment through the year of a total of $33.3 million to Orbimed on the loan facility and $9.7 million of interest payments;
- The first milestone to Bausch Health, of $20 million in February 2019;
- The cash element of the payment for the stake in Bioconnection BV in April of €2.5 million; and
- The payment of $20 million to Novartis in August 2019 for the leniolisib program.

Cash generation has been strong across all four quarters of 2019, as sales revenues grew faster than costs.

The Company's current pattern of sales growth, together with the strong cash generation, high cash balance and tight control over costs going forward, forms the basis of the Board of Management's view that Pharming Group should be accounted for as a going concern.

As the Company's sales are largely in US dollars and the Company's debt is now in Euros, the natural hedge which previously existed and meant that any decline in the US dollar exchange rate over the year to reduce sales reported in Euros had a balancing effect of reducing the size of the debt liability when reported in Euros, and *vice versa*, is now extinguished. Together with increasing capital spend in Euros on new production facilities and personnel, this means that the Company is now far more dependent on the Euro, and so the functional and reporting currency will remain the Euro for the foreseeable future. It will also require more active hedging strategies to ensure that a change between the US dollar and the Euro does not have a detrimental effect on the Company's assets, liabilities or business.

Equity

The equity position increased 69% from €61.8 million in December 2018 to €104.7 million in December 2019, mainly due to the net result achieved by the Company.

Performance of Pharming shares

During 2019, the Pharming stock price fluctuated around an average price of €1.079 per share. The year-end price was €1.57 (2018: €0.76), with a high of €1.62 in December and a low of €0.72 in June.

The closing number of shares as at the reporting date was 631,323,467 (2018: 621,501,238). New issues of stock representing a total of 9,822,229 shares were made to investors during the year and related to the long-term incentive plan 2016, exercise of most of the remaining warrants, and exercises of employee options. As at the date of this report, the fully diluted number of shares is 742,025,041 and the number of shares in issue is 633,726,014.

Outlook 2020

For the remainder of 2020, the Company expects:

- Continued growth in revenues from sales of RUCONEST®, mainly driven by the USA and expanded European operations.
- Maintenance of positive net earnings during the year.
- Continued investment in the expansion of production of RUCONEST® in order to ensure continuity of supply to the growing markets in the US, Europe, China and the Rest of the World.
- Investment in the ongoing clinical trials for pre-eclampsia and acute kidney injury, and support for investigators wishing to explore additional indications for RUCONEST®.
- Investment in the continuing registration-enabling study for leniolisib for APDS, leading to headline data at the end of the year or early in 2021.
- Investment in preparing for further clinical trial programs for RUCONEST® in acute treatment of HAE, initially by means of the development of a small volume version for intramuscular injections and research into applicability of pain- free delivery methods for prophylaxis of HAE.
- Investment in IND enabling studies for α-glucosidase in Pompe disease and preclinical development of the new recombinant α-galactosidase candidate for Fabry's disease

- Investment in other new development opportunities and assets as these occur.
- Increasing marketing activity where this can be profit-enhancing for Pharming.
- Supporting all our teams and marketing partners in order to enable the maximisation of the potential of RUCONEST® for patients, as we continue to believe that RUCONEST® represents an effective and reliable safe therapy to treat acute angioedema attacks in patients with HAE.

No further financial guidance for 2020 is provided.

The Board of Management

Sijmen de Vries, CEO

Bruno Giannetti, CMO

Robin Wright, CFO

About Pharming Group N.V.

Pharming is a specialty pharmaceutical company developing innovative products for the safe, effective treatment of rare diseases and unmet medical needs. Pharming's lead product, RUCONEST® (conestat alfa) is a recombinant human C1 esterase inhibitor approved for the treatment of acute Hereditary Angioedema ("HAE") attacks in patients in Europe, the US, Israel and South Korea. The product is available on a named-patient basis in other territories where it has not yet obtained marketing authorisation.

RUCONEST® is commercialised by Pharming in the USA and in Europe, and the Company holds all other commercialisation rights in other countries not specified below. In some of these other countries distribution is made in association with the HAEi Global Access Program (GAP). RUCONEST® is distributed in Argentina, Colombia, Costa Rica, the Dominican Republic, Panama, and Venezuela by Cytobioteck, in South Korea by HyupJin Corporation and in Israel by Kamada.

RUCONEST® is also being evaluated for various additional indications. Pharming's technology platform includes a unique, GMP-compliant, validated process for the production of pure recombinant human proteins that has proven capable of producing industrial quantities of high quality recombinant human proteins in a more economical and less immunogenetic way compared with current cell-line based methods.

In addition to RUCONEST® and variants of recombinant human C1 esterase inhibitor, Pharming has recently in-licensed leniolisib from Novartis, a small molecule which is in a registrational study for APDS, a form of Primary Immunodeficiency.

Leads for enzyme replacement therapy ("ERT") for Pompe and Fabry's diseases are also being produced and optimised respectively at present, with additional programs not involving ERT also being explored at an early stage.

Pharming has a long term partnership with the China State Institute of Pharmaceutical Industry ("CSIPI"), a Sinopharm company, for joint global development of new products, starting with recombinant human Factor VIII for the treatment of Haemophilia A. Preclinical development and manufacturing will take place to global standards at CSIPI and its affiliates and are funded by CSIPI. Clinical development will be shared between the partners with each partner taking the costs for their territories under the partnership.

Additional information is available on the Pharming website: www.pharming.com

Forward-looking Statements

This press release of Pharming Group N.V. and its subsidiaries ("Pharming", the "Company" or the "Group") may contain forward-looking statements including without limitation those regarding Pharming's financial projections, market expectations, developments, partnerships, plans, strategies and capital expenditures.

The Company cautions that such forward-looking statements may involve certain risks and uncertainties, and actual results may differ. Risks and uncertainties include without limitation the effect of competitive, political and economic factors, legal claims, the Company's ability to protect intellectual property, fluctuations in exchange and interest rates, changes in taxation laws or rates, changes in legislation or accountancy practices and the Company's ability to identify, develop and successfully commercialize new products, markets or technologies.

As a result, the Company's actual performance, position and financial results and statements may differ materially from the plans, goals and expectations set forth in such forward-looking statements. The Company assumes no obligation to update any forward-looking statements or information, which should be taken as of their respective dates of issue, unless required by laws or regulations.

Contact

Pharming Group N.V.
Sijmen de Vries, CEO, Tel: +31 71 524 7400
Robin Wright, CFO, Tel: +31 71 524 7432

FTI Consulting, London, UK:
Victoria Foster Mitchell, Tel: +44 203 727 1136

LifeSpring Life Sciences Communication, Amsterdam, The Netherlands:
Leon Melens, Tel: +31 6 53 81 64 27

Conference call information

Today, Chief Executive Officer Sijmen de Vries and Chief Financial Officer Robin Wright will discuss the preliminary financial results for 2019 in a conference call at 13.00 (CET) / 12:00 (GMT) / 07:00 (EST).

To participate, please call one of the following numbers 10 minutes prior to the call:

From the Netherlands: +31 (0) 20 709 5189
From the UK: +44 (0) 33 3300 0804
From Belgium: +32 (0) 2 403 5814
From France: +33 (0) 1 70 75 07 11
From Switzerland: +41 (0) 22 580 9034
From the US: +1 (0) 63 1913 1422

Participant pin code: 99942590#

To access the live conference, please follow the below link:

Presentation link: https://arkadin-event.webex.com/arkadin-event/onstage/g.php?MTID=e645691c00777b4ee3990915770331fd4

Presentation Password: 301312391

Pharming Group N.V.

Consolidated Preliminary Financial Statements (unaudited, in Euros)

For the year ended 31 December 2019

- Consolidated statement of income
- Consolidated statement of comprehensive income
- Consolidated balance sheet
- Consolidated statement of changes in equity
- Consolidated statement of cash flows

Appendix: Main Financial Statements (unaudited, reported in US dollars)

(This appendix is not part of the Consolidated Preliminary Financial Statements)

- Consolidated statement of income in US Dollars
- Consolidated balance sheet in US Dollars
- Consolidated statement of cash flows in US Dollars

Consolidated Statement of Income
For the year ended 31 December

Amounts in € '000	2019	2018
Revenues	**169,022**	**135,130**
Costs of sales	**(21,355)**	**(22,180)**
Gross profit	**147,667**	**112,950**
Other income	**435**	**684**
Research and development	(32,940)	(28,882)
General and administrative	(14,341)	(12,221)
Marketing and sales	(39,914)	(34,539)
Costs	**(87,195)**	**(75,642)**
Operating result	**60,907**	**37,992**
Fair value gain (loss) on revaluation derivatives	(209)	(495)
Other financial income	1,011	18
Other financial expenses	(15,259)	(36,658)
Financial income and expenses	**(14,457)**	**(37,135)**
Share of net profits in associates using the equity method	**229**	-
Result before income tax	**46,679**	**857**
Income tax credit (expense)	(10,484)	24,136
Net result for the year	**36,195**	**24,993**
Attributable to:		
Owners of the parent	36,195	24,993
Total net result	**36,195**	**24,993**
Basic earnings per share (€)	0.058	0.041
Fully-diluted earnings per share (€)	0.054	0.038

Consolidated Statement of Comprehensive Income
For the year ended 31 December

Amounts in € '000	2019	2018
Net result for the year	**36,195**	**24,993**
Currency translation differences	(39)	348
Items that may be subsequently reclassified to profit or loss	**(39)**	**348**
Other comprehensive income (loss), net of tax	**(39)**	**348**
Total comprehensive income (loss) for the year	**36,156**	**25,341**
Attributable to:		
Owners of the parent	36,156	25,341

Consolidated Balance Sheet
As at 31 December

Amounts in € '000	2019	2018
Non-current assets		
Intangible assets	78.309	52.435
Property, plant and equipment	8.553	8.402
Right-of-use assets	5.979	-
Long-term prepayments	-	2.006
Deferred tax assets	30.933	35.082
Investment accounted for using the equity method	5.307	-
Restricted cash	2.268	1.204
Total non-current assets	**131.349**	**99.129**
Current assets		
Inventories	14.467	17.315
Trade and other receivables	26.807	17.814
Cash and cash equivalents	66.299	80.311
Total current assets	**107.573**	**115.440**
Total assets	**238.922**	**214.569**

Equity		
Share capital	6.313	6.215
Share premium	392.266	387.525
Legal reserves	4.043	1.647
Accumulated deficit	(297.943)	(333.636)
Shareholders' equity	**104.679**	**61.751**
Non-current liabilities		
Loans and borrowings	-	37.267
Deferred tax liabilities	2.343	87
Contract liabilities	-	667
Lease liabilities	4.363	164
Other financial liabilities	17.081	32.034
Total non-current liabilities	**23.787**	**70.219**
Current liabilities		
Loans and borrowings	45.590	35.235
Contract liabilities	-	800
Derivative financial liabilities	268	228
Trade and other payables	44.817	28.589
Lease liabilities	1.946	263
Other financial liabilities	17.835	17.484
Total current liabilities	**110.456**	**82.599**
Total equity and liabilities	**238.922**	**214.569**

Consolidated Statement of Changes in Equity
For the year ended 31 December

Amounts in € '000	Number of shares (in '000)	Share capital	Share premium
Balance at 1 January 2018	579,015	5,790	363,818
Result for the year		-	-
Other comprehensive income (loss) for the year		-	-
Total comprehensive income (loss) for the year		**-**	**-**
Legal reserves development expenses	-	-	-
Share-based compensation	-	-	-
Bonuses settled in shares	1,625	16	1,284
Shares issued for cash/ conversion of bonds	2,746	28	3,117
Warrants exercised/ issued	11,122	111	6,031
Options exercised	26,993	270	13,275
Total transactions with owners, recognised directly in equity	**42,486**	**425**	**23,707**
Balance at 31 December 2018	**621,501**	**6,215**	**387,525**
Result for the year		-	-
Other comprehensive income (loss) for the year		-	-
Total comprehensive income (loss) for the year		**-**	**-**
Legal reserves development expenses	-	-	-
Share-based compensation	-	-	-
Bonuses settled in shares	6	-	6
Shares issued for cash	1,662	17	228
Warrants exercised	240	2	234
Options exercised	7,914	79	4,273
Total transactions with owners, recognised directly in equity	**9,822**	**98**	**4,741**
Balance at 31 December 2019	**631,323**	**6,313**	**392,266**

Consolidated Statement of Changes in Equity (continued)
For the year ended 31 December

Amounts in € '000	Legal reserves	Accumulated deficit	Total equity
Balance at 1 January 2018	(938)	(352,560)	**16,110**
Result for the year	-	24,993	**24,993**
Other comprehensive income (loss) for the year	348	-	**348**
Total comprehensive income (loss) for the year	**348**	**24,993**	**25,341**
Legal reserves development expenses	2,237	(2,237)	**-**
Share-based compensation	-	3,889	**3,889**
Bonuses settled in shares	-	(1,964)	**(664)**
Shares issued for cash/ conversion of bonds	-	-	**3,145**
Warrants exercised/ issued	-	-	**6,142**
Options exercised	-	(5,757)	**7,788**
Total transactions with owners, recognised directly in equity	**2,237**	**(6,069)**	**20,300**
Balance at 31 December 2018	**1,647**	**(333,636)**	**61,751**
Result for the year	-	36,195	**36,195**
Other comprehensive income (loss) for the year	(39)	-	**(39)**
Total comprehensive income (loss) for the year	**(39)**	**36,195**	**36,156**
Legal reserves development expenses	2,435	(2,435)	**-**
Share-based compensation	-	3,825	**3,825**
Bonuses settled in shares	-	-	**6**
Shares issued for cash	-	(245)	**-**
Warrants exercised	-	-	**236**
Options exercised	-	(1,647)	**2,705**
Total transactions with owners, recognised directly in equity	**2,435**	**(502)**	**6,772**
Balance at 31 December 2019	**4,043**	**(297,943)**	**104,679**

Consolidated Statement of Cash Flows
For the year ended 31 December

Amounts in €'000	2019	2018
Operating result	**60,907**	**37,992**
Non-cash adjustments:		
Depreciation, amortisation, impairment	5,177	6,559
Accrued employee benefits	3,825	3,270
Release contract liabilities	(1,467)	(804)
Operating cash flows before changes in working capital	**68,442**	**47,017**
Changes in working capital:		
Inventories	3,067	1,019
Trade and other receivables	(9,562)	(6,554)
Payables and other current liabilities	15,433	1,391
Total changes in working capital	**8,938**	**(4,144)**
Changes in non-current assets, liabilities and equity	(2,006)	(1,098)
Cash generated from (used in) operations before interest and taxes	**75,374**	**41,775**
Interest received	1,011	18
Income taxes paid	(3,284)	(1,417)
Net cash flows generated from (used in) operating activities	**73,101**	**40,376**
Capital expenditure for property, plant and equipment	(2,362)	(2,496)
Investment intangible assets	(9,944)	(1,273)
Investment associate	(2,503)	-
Acquisition of license	(17,908)	-
Net cash flows used in investing activities	**(32,717)**	**(3,769)**
Repayment on loans and borrowings	(31,144)	(15,137)
Payment on contingent consideration	(17,634)	-
Redemption bonds	-	(2,257)
Interests on loans	(8,680)	(11,063)
Proceeds of equity and warrants	2,778	10,496
Net cash flows generated from (used in) financing activities	**(54,680)**	**(17,961)**
Increase (decrease) of cash	**(14,296)**	**18,646**
Exchange rate effects	1,348	2,876
Cash and cash equivalents at 1 January	81,515	59,993
Total cash and cash equivalents at 31 December	**68,567**	**81,515**

Appendix: Main Financial Statements reported in US dollars

These statements are not part of the original Preliminary Financial Statements. The original Preliminary Financial Statements are reported in euros. In case of differences of interpretation between the Financial Statements in US dollars and the Financial Statements in euros, the Financial Statements in euros will prevail.

Exchange rates (USD: EUR) used:

- Statement of income YTD 2018:	1.1820
- Statement of income YTD 2019:	1.1205
- Balance sheet 31 December 2018:	1.1439
- Balance sheet 31 December 2019:	1.1214
- Cash flow YTD 2018:	1.1820
- Cash flow YTD 2019:	1.1205
- Cash balance as per 1 January 2018:	1.1977
- Cash balance as per 31 December 2018:	1.1439
- Cash balance as per 1 January 2019:	1.1439
- Cash balance as per 31 December 2019:	1.1214

Consolidated Statement of Income in US Dollars
For the year ended 31 December

Amounts in $ '000	2019	2018
Revenues	**189,389**	**159,602**
Costs of sales	**(23,928)**	**(26,197)**
Gross profit	**165,461**	**133,405**
Other income	**487**	**808**
Research and development	(36,909)	(34,113)
General and administrative	(16,069)	(14,434)
Marketing and sales	(44,724)	(40,794)
Costs	**(97,702)**	**(89,341)**
Operating result	**68,246**	**44,872**
Fair value gain (loss) on revaluation derivatives	(234)	(585)
Other financial income	1,133	21
Other financial expenses	(17,098)	(43,297)
Financial income and expenses	**(16,199)**	**(43,860)**
Share of net profits in associates using the equity method	**257**	-
Result before income tax	**52,304**	**1,012**
Income tax credit (expense)	(11,748)	28,507
Net result for the year	**40,556**	**29,519**
Attributable to:		
Owners of the parent	40,556	29,519
Total net result	**40,556**	**29,519**
Basic earnings per share ($)	0.065	0.048
Fully-diluted earnings per share ($)	0.061	0.045

Consolidated Balance Sheet in US Dollars
As at 31 December

Amounts in $ '000	2019	2018
Non-current assets		
Intangible assets	87,817	59,980
Property, plant and equipment	9,591	9,611
Right-of-use assets	6,705	-
Long-term prepayments	-	2,295
Deferred tax assets	34,688	40,130
Investment accounted for using the equity method	5,951	-
Restricted cash	2,543	1,377
Total non-current assets	**147,295**	**113,394**
Current assets		
Inventories	16,223	19,807
Trade and other receivables	30,061	20,377
Cash and cash equivalents	74,348	91,868
Total current assets	**120,632**	**132,052**
Total assets	**267,927**	**245,445**

Equity		
Share capital	7,079	7,109
Share premium	439,887	443,290
Legal reserves	4,534	1,884
Accumulated deficit	(334,113)	(381,646)
Shareholders' equity	**117,387**	**70,637**
Non-current liabilities		
Loans and borrowings	-	42,630
Deferred tax liabilities	2,627	100
Contract liabilities	-	763
Finance lease liabilities	4,893	188
Other financial liabilities	19,155	36,644
Total non-current liabilities	**26,675**	**80,324**
Current liabilities		
Loans and borrowings	51,125	40,305
Contract liabilities	-	915
Derivative financial liabilities	301	261
Trade and other payables	50,257	32,703
Finance lease liabilities	2,182	301
Other financial liabilities	20,000	20,000
Total current liabilities	**123,865**	**94,485**
Total equity and liabilities	**267,927**	**245,445**

Consolidated Statement of Cash Flows in US Dollars
For the year ended 31 December

Amounts in $'000	2019	2018
Operating result	**68,246**	**44,872**
Non-cash adjustments:		
Depreciation, amortisation, impairment	5,801	7,747
Accrued employee benefits	4,286	3,862
Release contract liabilities	(1,644)	(950)
Operating cash flows before changes in working capital	**76,689**	**55,532**
Changes in working capital:		
Inventories	3,437	1,204
Trade and other receivables	(10,714)	(7,741)
Payables and other current liabilities	17,292	1,643
Total changes in working capital	**10,015**	**(4,894)**
Changes in non-current assets, liabilities and equity	(2,247)	(1,297)
Cash generated from (used in) operations before interest and taxes	**84,457**	**49,340**
Interest received	1,133	21
Income taxes paid	(3,680)	(1,674)
Net cash flows generated from (used in) operating activities	**81,910**	**47,688**
Capital expenditure for property, plant and equipment	(2,647)	(2,948)
Investment intangible assets	(11,142)	(1,504)
Investment associate	(2,805)	-
Acquisition of license	(20,065)	-
Net cash flows used in investing activities	**(36,659)**	**(4,452)**
Repayment on loans and borrowings	(34,897)	(17,878)
Payment on contingent consideration	(19,759)	-
Redemption bonds	-	(2,666)
Interests on loans	(9,726)	(13,067)
Proceeds of equity and warrants	3,113	12,397
Net cash flows generated from (used in) financing activities	**(61,269)**	**(21,214)**
Increase (decrease) of cash	**(16,018)**	**22,023**
Exchange rate effects	1,510	(631)
Cash and cash equivalents at 1 January	91,337	71,854
Total cash and cash equivalents at 31 December	**76,829**	**93,245**

= = = E N D S = = =