# Pharming Group NV

## Half Year Results 2017

Sijmen de Vries
Chief Executive Officer

Robin Wright
Chief Financial officer

27 July 2017

Pharming

# Safe harbour statement

*The information contained in this document and communicated verbally to you (together the "Presentation") is being supplied to you solely for your information and may not be copied, reproduced or further distributed to any person or published, in whole or in part, for any purpose.*

*The Presentation does not form any part of an offer of, or invitation to apply for, securities in Pharming Group N.V. (the "Company").*

*The Presentation speaks as of the date shown on the front cover. The Company assumes no obligation to notify or inform the recipient of any developments or changes occurring after the date of this document that might render the contents of the Presentation untrue or inaccurate in whole or in part. In addition, no representation or warranty, express or implied, is given as to the accuracy of the information or opinions contained in the Presentation and no liability is accepted for any use of any such information or opinions given by the Company or by any of its directors, members, officers, employees, agents or advisers.*

*The Presentation contains forward-looking statements, including statements about our beliefs and expectations. These statements are based on our current plans, estimates and projections, as well as our expectations of external conditions and events. Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. The Company undertakes no duty to update these and will not necessarily update any of them in light of new information or future events, except to the extent required by applicable law.*

*The Company's securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration under the Securities Act or an available exemption from, or transaction not subject to, the registration requirements of the Securities Act.*



Pharming

# Half year results 2017



Pharming

# Operational highlights

- Accelerated the delivery of operating profitability as a result of strategic decision to reacquire commercial rights to RUCONEST® in North America
- The integration of the US RUCONEST® business into Pharming is firmly on track, with full transition of sales and marketing from Valeant Pharmaceuticals International completed
- Significant Investment made in a full US commercialization team
- Positive EMA amendment to the marketing authorization in Europe to allow self-administration of RUCONEST® for HAE attacks with a new custom-designed RUCONEST® Administration Kit
- Successfully refinanced company debt on more favourable commercial terms in order to recover dilutive share capital and release short and medium term cash to invest in accelerating commercialization efforts



Pharming

# Financial highlights

- Revenues from product sales for the half year increased by 617% to €30.1 million (HY 2016: €4.2 million), as a result of the combined effect of receiving all of the revenue from US product sales (instead of the previous 30% supply share of net sales), increasing patient numbers and product sales
- Total revenues increased by 477% to €30.6 million (including €0.5 million of license revenue) from €5.3 million (including €1.1 million in license revenue) in HY 2016
- Operating results improved to a profit of €4.2 million from a loss of €6.2 million in HY 2016, despite a considerable increase in commercialization activities, especially in the US
- The net result was a loss of €30.2 million (HY 2016: loss of €6.7 million), mainly as a result of one-off financing expenses required to be shown under IFRS associated with the extinction of the Amortising Convertible Bonds 2017/2018 and replacement of the previous debt facility
- The company's cash position decreased from €32.1 million at year-end 2016 to €25.2 million at 30 June 2017 (up from €21.7 million at 30 June 2016), largely due to pending trade payments under the Valeant transition services agreement



Pharming

# Long-term growth strategy



Pharming

# Investment in infrastructure to drive long-term growth

In the US

- Acquired entire Valeant sales team as part of transaction
- Expanded sales team and management, led by former senior HAE commercial executive as VP Commercial Operations
- Medical Science Liaison, Patient Services, Market Access and Managed Care teams in place from start of May
- Major overhaul of Positioning, Messages, Business Rules and Operating policies, and re-launch of full service patient care program RUCONEST ® SOLUTIONS
- Experienced Commercial Advisory Board determining and monitoring strategy in the US, chaired by former CEO of a NASDAQ 100 Biotech and including former leading senior HAE commercial executives

In the EU

- Administration Kit now available for use in various EU markets, following approval of the Educational Materials by the local authorities in those markets



Pharming

# Next generation RUCONEST® - improving convenience

- RUCONEST ® efficacy and safety profile for treatment of acute attacks is unsurpassed (on the basis of comparing published literature and patient experience)

- Next step: improving convenience of use
  - New highly concentrated vial in development for faster application of IV therapy (significantly lower volume and very rapid dissolution)
  - New vial will also enable clinical trials to test sub-cutaneous (SC) and intra-muscular (IM) injections for both acute and prophylaxis of HAE attacks

- Clinical trials for SC and IM applications are planned to start in early 2018



Pharming

# Financial Statements



Pharming

# Refinancing on improved commercial terms

- Recently completed $100m 4 year debt facility (12 + 36) with OrbiMed
  - Interest approximately 12%, reducing to 11% if the company reaches $100m in sales
  - Replaces original $40 million of debt and remainder of 18 months €45 million amortising convertible bonds
  - Cash burn to be reduced by €16m in 2017, and €8m in 2018, due to lower repayments on debt and amortising bonds and lower cash interest and
  - Recovery of 115 million shares (24% of outstanding shares) which would otherwise have been issued at prices far below the current share price
- €11.8 million ($13 million) unsecured tradeable 5 year (2016-2021) 8.5% convertible bonds with a conversion price of €0.284 now listed on Cayman exchange CSX



Pharming

# Income statement

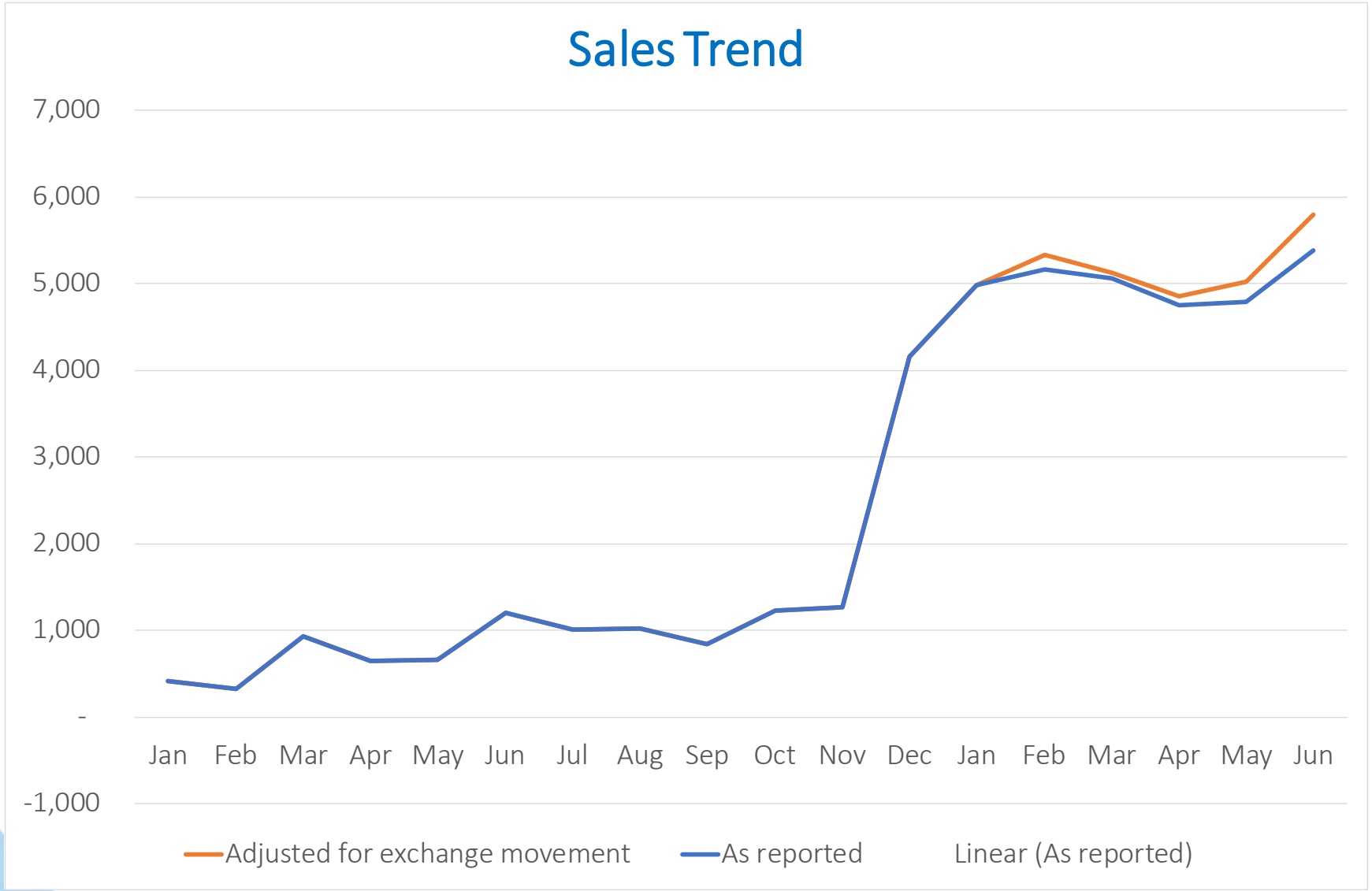
| Amounts in €'000 | HY 2017 | HY 2016 |
|---|---|---|
| Product sales | 30,109 | 4,170 |
| Release of deferred license fee income | 536 | 1,104 |
| **Revenues** | **30,645** | **5,274** |
| Costs of product sales | (3,745) | (1,795) |
| Inventory impairments | 88 | (209) |
| **Costs of sales** | **(3,657)** | **(2,004)** |
| | | |
| **Gross profit** | **26,988** | **3,270** |
| | | |
| **Other income** | **167** | **195** |
| Research and development | (9,154) | (7,029) |
| General and administrative | (2,628) | (2,049) |
| Marketing and sales | (11,140) | (598) |
| **Costs** | **(22,922)** | **(9,676)** |
| | | |
| **Operating result** | **4,233** | **(6,211)** |



Pharming

# Monthly net revenues from sales 2016-H1 2017

€'000




Adjusting for the effect of exchange rate movements, underlying Q2 sales were higher than Q1 (€15.7m v € 15.4m)



Pharming

# Income statement

| Amounts in €'000, except per share data | HY 2017 | HY 2016 |
|---|---|---|
| | | |
| **Operating result** | **4,233** | **(6,211)** |
| | | |
| Fair value gain/(loss) on revaluation derivatives | (1,225) | 455 |
| Other financial income and expenses | (33,226) | (978) |
| **Financial income and expenses** | **(34,451)** | **(523)** |
| | | |
| **Result before income tax** | **(30,218)** | **(6,734)** |
| Income tax expense | - | - |
| **Net result for the period** | **(30,218)** | **(6,734)** |
| | | |
| **Attributable to:** | | |
| Owners of the parent | (30,218) | (6,734) |
| **Total net result** | **(30,218)** | **(6,734)** |
| **Basic earnings per share (€)** | **(0.063)** | **(0.016)** |



Pharming

# Balance sheet - Assets

| Amounts in €'000 | 30 June 2017 | 31 December 2016 |
|---|---|---|
| Intangible assets | 55,855 | 56,680 |
| Property, plant and equipment | 7,104 | 6,043 |
| Long term prepayment | 2,644 | 1,622 |
| Restricted cash | 248 | 248 |
| **Non-current assets** | **65,851** | **64,593** |
| Inventories | 17,473 | 17,941 |
| Trade and other receivables | 18,645 | 12,630 |
| Cash and cash equivalents | 24,997 | 31,889 |
| **Current assets** | **61,115** | **62,190** |
| **Total assets** | **126,966** | **126.783** |



Pharming

# Balance Sheet - Liabilities

| Amounts in €'000 | 30 June 2017 | 31 December 2016 |
|---|---|---|
| Share capital | 4,839 | 4,556 |
| Share premium | 310,907 | 301,876 |
| Legal reserves | (612) | 60 |
| Accumulated deficit | (308,370) | (279,025) |
| **Shareholders' equity** | **6,764** | **27,467** |
| | | |
| Loans and borrowings (more than one year) | 78,628 | 40,395 |
| Deferred license fees income | 1,867 | 2,270 |
| Finance lease liabilities | 572 | 599 |
| Other provisions | 4,674 | 4,674 |
| **Non-current liabilities** | **85,741** | **47,938** |
| | | |
| Loans and borrowings (less than one year) | 11,028 | 26,136 |
| Deferred license fees income | 811 | 943 |
| Derivative financial liabilities | 7,354 | 9,982 |
| Trade and other payables | 15,002 | 14,054 |
| Finance lease liabilities | 266 | 263 |
| **Current liabilities** | **34,461** | **51,378** |
| | | |
| **Total equity and liabilities** | **126,966** | **126.783** |



Pharming

# Cash flow

| Amounts in €'000 | HY 2017 | HY 2016 |
|---|---|---|
| **Operating result** | **4,233** | **(6,211)** |
| | | |
| **Non-cash adjustments:** | | |
| Depreciation, amortization | 1,689 | 316 |
| Accrued employee benefits | 872 | 914 |
| Deferred license fees | (536) | (1,104) |
| | | |
| **Operating cash flows before changes in working capital** | **6,258** | **(6,084)** |
| | | |
| **Changes in working capital:** | | |
| Inventories | 468 | (3,132) |
| Trade and other receivables | (6,015) | (2,330) |
| Payables and other current liabilities | (1,792) | 3,214 |
| **Total changes in working capital** | **(7,339)** | **(2,247)** |
| | | |
| **Changes in non-current assets, liabilities and equity** | **(3,109)** | **(258)** |
| | | |
| **Net cash flows used in operating activities** | **(4,190)** | **(8,590)** |



Pharming

# Cash flow

| Amounts in €'000 | HY 2017 | HY 2016 |
|---|---|---|
| **Net cash flows used in operating activities** | **(4,190)** | **(8,590)** |
| | | |
| Capital expenditure for property, plant and equipment | (1,457) | (752) |
| Investment intangible assets | (598) | - |
| **Net cash flows used in investing activities** | **(2,055)** | **(752)** |
| | | |
| Proceeds of debt loans and borrowings | 89,139 | - |
| Payments of transaction fees | (16,051) | - |
| Repayments and interest on loans | (73,399) | (536) |
| Proceeds of equity and warrants | 284 | - |
| **Net cash flows from financing activities** | **(27)** | **(536)** |
| | | |
| **Increase (decrease) of cash** | **(6,272)** | **(9,878)** |
| | | |
| Exchange rate effects | (620) | (293) |
| Cash and cash equivalents at 1 January | 32,137 | 31,843 |
| **Total cash at 30 June** | **25,245** | **21,672** |
| Of which restricted cash | 248 | 270 |
| **Cash and cash equivalents at 30 June** | **24,997** | **21,402** |



Pharming

# Outlook 2017



Pharming

# Outlook for remainder 2017

- Increasing sales and continued positive operating results
- Investment in the production of RUCONEST® in order to ensure continuity of supply.
- Assessment of the clinical trial results for RUCONEST® in prophylaxis of HAE by the US FDA and the development of other versions of RUCONEST®
- Increasing marketing activity where this can be profitable for Pharming, in addition to our current territories of Austria, France, Germany, United Kingdom and the Netherlands
- Continue to support our marketing partners in order to maximize the sales and distribution potential of RUCONEST® for patients in all territories, as we continue to believe that RUCONEST® represents a fast, effective, reliable and safe therapy option for HAE patients
- Continue to invest in the new pipeline programs in Pompe Disease and Fabry Disease



Pharming

Tickers:

ENXTAM: PHARM

Bloomberg: PHAR.AS



Pharming