Pharming Group reports financial results for the first quarter of 2020

Highlights:

- Delivered revenues of €49.3 million, an increase of 40% on Q1 2019
- Operating profit of €19.4 million, an increase of 59% on Q1 2019
- Despite significant one- off financial expenses of €3.7 million from full pay-off of loan, net profits increased by 25% to €8.4 million, compared to Q1 2019,

Leiden, The Netherlands, 14 May 2020: Pharming Group N.V. ("Pharming" or "the Company") (Euronext Amsterdam: PHARM) presents its (unaudited) financial report for the first quarter of the year ended 31 March 2020.

Financial highlights

- Revenues increased 40% to €49.3 million, compared with €35.2 million during the same period last year.
- US net product sales increased to €47.5 million (Q1 2019: €33.7 million), an increase of 41% compared to the same period last year and an increase of 8.7% compared to the last quarter of 2019. This is due to the continued growth in new patients using RUCONEST® (recombinant human C1 inhibitor), balanced by the customary effect of calendar year patient insurance renewals in the US.
- In Europe and the rest of the world, product sales increased to €1.8 million (Q1 2019: €1.3 million), an increase of 38% compared to the same period last year, following the reacquisition of RUCONEST®-licensed territories per 01 January 2020.
- Operating profits rose by 59% to €19.4 million, compared to €12.2 million in the same period last year, mainly driven by the increased revenue.
- Net profit increased by 25% to €8.4 million, compared to €6.7 million for Q1 2019, despite significant financial expenses of €7.0 million, mainly driven by €3.7 million one-off costs, associated with the pay-off of the Orbimed loan in early January, an increase of the contingent consideration of €1.2 million for the final $25 million milestone to Bausch Health and foreign currency losses of €1.1 million. The interest payments on the €125 million 2020-2025 convertible bonds only amounted to €0.8 million of these financial expenses, compared to the €3.3 million interest for the Orbimed loan that was paid during Q1 2019, reflecting the significant decrease in financing costs going forward.
- Positive cashflows during the quarter were driven by strong revenue despite intensified competition, generating more than €19 million of cash above the cash required for operating costs. This was then reduced, mainly, by payment of €5.5 million of the total €7.5 million payable to Sobi for reacquisition of the EU commercialization rights to RUCONEST® and the $20 million payment (€18.1 million) for the penultimate sales performance milestone paid to Bausch Health Companies Inc. These payments and the balance of the repayment in full of the remaining Orbimed loan facility and the associated penalties for early repayment (totalling to €49.7 million) and the net proceeds of the €125 million convertible bonds minus interest payment, resulted in an increase in the cash position of €67.5 million to €136.1 million at 31 March 2020 (€68.6 million at 31 December 2019).
- The equity position improved from €104.7 million at the end of December 2019 to €115.6 million at the end of the first quarter of 2020 (Q1 2019: €69.1 million). The majority of the increase in equity is related to the net result for the quarter.

- Other financial liabilities, as stated under current liabilities, refers to the contingent consideration for the milestones and its decrease versus 31 December 2019 reflects the payment of the penultimate $20 million successful sales performance milestone in February 2020 to Bausch Health. The milestone payment of $20 million (€18.1 million) does not appear in the income statement because the cost of the milestone is balanced by the release of the contingent consideration liability of €17.8 million shown in current liabilities at the 2019 year-end, after allowing for exchange rate differences.
- Inventories stabilized at €14.5 million at the end of the first quarter of 2020 compared to the end of December 2019, as a result of increasing production.
- Since the last reporting date of 26 March 2020, the Company has issued no shares in connection with exercises of options under the current schemes. The number of issued shares as at 13 May 2020 is 634,994,764. The fully diluted number of shares as at 13 May 2020 is 741,679,325.

Operational highlights

On 14 January 2020, the Company announced the launch and placement of an over-subscribed offering (the "Offering") of €125 million, 3% senior unsecured convertible bonds due 2025 (the "Bonds"). The conversion price was set at €2.0028 which represented a premium of 40% to the volume weighted average share price (VWAP) when the placement was completed. Net proceeds of the issue of the Bonds were used to redeem the remaining $56 million of the originally $100 million loan from Orbimed Advisors in full, thereby reducing the Company's financing costs and extending its debt maturity through the period to approval of most of the Company's existing pipeline. The balance of the net proceeds will be used to support capital expenditure in relation to the expansion of the commercialisation and manufacturing infrastructure of the Company and serve as funding for the launch of Pharming's recently acquired leniolisib product and for additional acquisitions/in- licensing opportunities.

During the first quarter of 2020, Pharming received European and US validation of its new production facility of starting material for the Company's lead product, RUCONEST®. In January 2020, the European Medicines Agency (EMA) approved a Type II Variation for the new production facility. In March 2020, the US Food and Drug Administration (FDA) approved Pharming's Prior Approval Supplement to add the new production facility to the Biologics License Application (BLA) to support RUCONEST®. With the addition of this new facility, Pharming will significantly increase the production capacity of RUCONEST® as it becomes fully operational during this year.

On 11 March 2020, the Company announced its Chief Financial Officer (CFO), Robin Wright, had decided not to put himself up for re-election as a member of the Board of Management and therefore as CFO at the General Meeting of Shareholders on 20 May 2020. As a result of this decision, Robin's term with the Company will end as at that date. The search for a new Chief Financial Officer is meanwhile well underway.

On 23 March 2020, the Company announced it has been included in the Euronext Amsterdam Midkap index (AMX). Composition of the AMX is reviewed quarterly by Euronext Amsterdam. Entry eligibility into any of the Amsterdam indexes is evaluated by certain criteria, including free float/market capitalisation and free float/velocity. Based on these evaluations, Euronext ranks the companies by size into one of the three indexes; AEX, AMX or AScX of the Amsterdam stock exchange. The promotion to AMX further validates Pharming's strong growth and the success of the Company's commercialisation platform, as well as providing access to a new pool of funds mandated to invest in companies in this index.

Post period operational highlights

On 21 April 2020, the Company announced encouraging results from five patients with confirmed COVID-19 (SARS-CoV-2) infections hospitalised with related severe pneumonia that were treated with RUCONEST® under a compassionate use program at the University Hospital Basel, Switzerland. Following these initial results, a multinational, randomized, controlled, investigator-initiated clinical trial with up to 150 patients with confirmed COVID-19 infections, requiring hospitalisation due to significant COVID-19 related symptoms is planned. The study will be led by Dr Michael Osthoff, University Hospital Basel, Switzerland.

On 30 April 2020, the Company announced that the European Commission approved an extension in the indication of RUCONEST®'s Marketing Authorisation to include the treatment of acute angioedema attacks in children with hereditary angioedema (HAE). The European Commission's decision allows children aged two years and older to be treated with RUCONEST® for acute angioedema attacks. In the European Union, RUCONEST® has been approved for this indication in adults since 2010 and in adolescents since 2016.

COVID-19 update

During the COVID-19 pandemic, Pharming is complying with international guidance and requirements across its operations to prioritise the health and safety of its employees.

The current impact of COVID-19 on the business is summarised below.

- No impact on (up-scaling of) production of RUCONEST®. The Company's new facility (approved during Q1 2020) significantly increases the production of Pharming's therapy for HAE patients globally. In addition, with the C1-inhibitor in RUCONEST® being plasma free, production of the product does not rely on plasma collection centres.
- No impact on the availability or distribution of RUCONEST® to HAE patients; who typically self-treat their attacks at home in the US and in certain EU countries.
- Recruitment of new patients in ongoing clinical trials has been halted; patients already incorporated in clinical trials will continue to receive treatment.
- As a result of halting recruitment; timelines for the pre-eclampsia and acute kidney injury studies are expected to incur delays, subject to the return of recruitment of new patients.
- No delay is currently expected to the planned launch of leniolisib in H2 2022, as the completion date of the ongoing registration enabling study is currently not critical for the planned launch date.
- An Investigator-sponsored multi-centre randomised controlled clinical trial in patients with confirmed COVID-19 infections is being prepared and expected to start in the near future and the Company will provide an update when the first patient is treated.

Sijmen de Vries, Chief Executive Officer of Pharming, commented:

"The start of 2020 has been very busy for Pharming. Importantly, we completed a highly successful convertible bond refinancing, replacing our existing debt facility, providing additional cash resources and further strengthening our balance sheet to support our long-term growth prospects. We also received EMA and FDA approval of our new production facility for RUCONEST®, which will double our production capacity once fully operational later this year. In addition, approval from the European Commission to treat acute HAE attacks in

children with RUCONEST® allows us to serve the most vulnerable patients and further demonstrates the safety and efficacy of our lead product.

"In addition to these achievements, Pharming has continued to deliver strong sales growth as new patients continue to benefit from RUCONEST®'s product profile. Following the reacquisition of RUCONEST®-licensed territories from January 2020, we are excited to expand our distribution network in Europe, where we are seeing increasing demand for the product.

"Looking forward to the remainder of 2020, we expect continued sales growth versus last year, driven by increasing patient numbers and despite competitive pressure, whilst remaining cognisant of the macro-environment and uncertainty around COVID-19."

Financial summary

3 months to 31 March

Amounts in €m except per share data	*2020 1st Quarter*	*2019 1st Quarter*	*% Change*
Income Statement			
Revenues	49,3	35,2	*40%*
Gross profit	43,9	29,8	*47%*
Operating result	19,4	12,2	*59%*
Net result	8,4	6,7	*25%*
Balance Sheet			
Cash & marketable securities	136,1	68,6	*98%*
Share Information			
Earnings per share (€): - Undiluted	0,013	0,011	*18%*
- Fully diluted	0,011	0,010	*10%*

Outlook

For the remainder of 2020, the Company expects:

- Continued growth in revenues from sales of RUCONEST®, mainly driven by the US 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®, such as the planned study in patients confirmed with COVID-19 infections with related severe pneumonia.
- Investment in the continuing registration-enabling study for leniolisib for APDS, leading to headline data early in 2021.
- 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.

- Continued close monitoring of the ongoing COVID-19 pandemic and the potential impact on the business.

No further financial guidance for 2020 is provided.

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 US 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 production process that has proven capable of producing industrial quantities of pure high quality recombinant human proteins in a more economical and less immunogenic way compared with current cell-line based methods.

Leads for enzyme replacement therapy ("ERT") for Pompe and Fabry's diseases are also being produced and optimised respectively at present.

Pharming has recently in-licensed leniolisib from Novartis, a small molecule and selective PI3Kδ inhibitor, which is in a registrational study for activated PI3K-delta syndrome (APDS), a rare form of Primary Immunodeficiency.

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.

For further public information, contact:

Pharming Group N.V.

Sijmen de Vries, CEO, Tel: +31 71 524 7400

Susanne Embleton, Investor Relations Manager: +31 71 524 7400

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

Pharming Group N.V.

Consolidated Interim Financial Statements (Unaudited)
For the first three months ended 31 March 2020

Appendix: Main Financial Statements reported in US dollars

(The appendix does not form part of the Consolidated Interim Financial Statements)

Consolidated Statement of Income
For the first three months ended 31 March

Amounts in € '000 except per share data	YTD 2020	YTD 2019
Revenues	**49,294**	**35,224**
Costs of sales	(5,390)	(5,420)
Gross profit	**43,904**	**29,804**
Other income	241	281
Research and development	(8,017)	(5,305)
General and administrative	(5,167)	(2,968)
Marketing and sales	(11,515)	(9,568)
Costs	(24,699)	(17,841)
Operating result	**19,446**	**12,244**
Fair value gain (loss) on revaluation derivatives	121	(28)
Other financial income	370	176
Other financial expenses	(7,525)	(2,673)
Financial income and expenses	(7,034)	(2,525)
Share of net profits in associates using the equity method	14	-
Result before income tax	**12,426**	**9,719**
Income tax credit (expense)	(3,999)	(2,980)
Net result for the year	**8,427**	**6,739**
Attributable to:		
Owners of the parent	8,427	6,739
Total net result	**8,427**	**6,739**
Basic earnings per share (€)	0.013	0.011
Fully-diluted earnings per share (€)	0.011	0.010

Consolidated Statement of Comprehensive Income
For the first three months ended 31 March

Amounts in € '000	YTD 2020	YTD 2019
Net result for the period	**8,427**	**6,739**
Currency translation differences	(53)	(304)
Items that may be subsequently reclassified to profit or loss	**(53)**	**(304)**
Other comprehensive income (loss), net of tax	**(53)**	**(304)**
Total comprehensive income (loss) for the period	**8,374**	**6,435**
Attributable to:		
Owners of the parent	8,374	6,435

Consolidated Balance Sheet
As at date shown

Amounts in € '000	March 31 2020	December 31 2019
Intangible assets	77,620	70,809
Property, plant and equipment	8,689	8,553
Right-of-use assets	5,581	5,979
Deferred tax assets	25,314	28,590
Investment accounted for using the equity method	5,515	5,508
Restricted cash	2,306	2,268
Non-current assets	**125,025**	**121,707**
Inventories	14,511	14,467
Trade and other receivables	30,564	25,737
Cash and cash equivalents	133,834	66,299
Current assets	**178,909**	**106,503**
Total assets	**303,934**	**228,210**
Share capital	6,350	6,313
Share premium	394,255	392,266
Legal reserves	3,757	3,718
Accumulated deficit	(288,742)	(297,618)
Shareholders' equity	**115,620**	**104,679**
Convertible bonds	121,277	-
Lease liabilities	4,340	4,363
Other financial liabilities	18,298	17,282
Non-current liabilities	**143,915**	**21,645**
Loans and borrowings	-	45,590
Derivative financial liabilities	147	268
Trade and other payables	42,607	36,247
Lease liabilities	1,644	1,946
Other financial liabilities	-	17,835
Current liabilities	**44,399**	**101,886**
Total equity and liabilities	**303,934**	**228,210**

Consolidated Statement of Cash Flows
For the first three months ended 31 March

Amounts in €'000	YTD 2020	YTD 2019
Operating result	**19,446**	**12,244**
Non-cash adjustments:		
Depreciation, amortisation, impairment	1,704	1,353
Accrued employee benefits	666	541
Release contract liabilities	-	(200)
Operating cash flows before changes in working capital	**21,816**	**13,938**
Changes in working capital:		
Inventories	(57)	3,673
Trade and other receivables	(4,827)	(4,969)
Payables and other current liabilities	2,499	(2,833)
Total changes in working capital	**(2,385)**	**(4,129)**
Changes in non-current assets, liabilities and equity	(53)	3
Cash generated from (used in) operations before interest and taxes	**19,378**	**9,812**
Net cash flows generated from (used in) operating activities	**19,378**	**9,812**
Capital expenditure for property, plant and equipment	(597)	(229)
Investment intangible assets	(190)	(114)
Investment in associate	7	-
Acquisition of license	(5,500)	-
Net cash flows used in investing activities	**(6,280)**	**(343)**
Repayment on loans and borrowings	(49,742)	(7,728)
Payment of contingent consideration	(18,135)	(17,635)
Interests on loans	(346)	(2,510)
Lease liabilities	(475)	(379)
Convertible bond	122,682	-
Interest received	370	165
Proceeds of equity and warrants	495	228
Net cash flows generated from (used in) financing activities	**54,849**	**(27,859)**
Increase (decrease) of cash	**67,947**	**(18,390)**
Exchange rate effects	(374)	3,364
Cash and cash equivalents at 1 January	68,567	81,515
Total cash and cash equivalents at 31 March	**136,140**	**66,489**

Appendix: Main Financial Statements reported in US dollars

The original 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.
Principal exchange rate used for the income statement: €1 = $1.1050
Principal period end exchange rate used for the balance sheet €1 = $1.0976

Consolidated Statement of Income in US Dollars
For the first three months ended 31 March

Amounts in $ '000 except per share data	YTD 2020	YTD 2019
Revenues	**54,469**	**40,159**
Costs of sales	(5,955)	(6,179)
Gross profit	**48,514**	**33,980**
Other income	267	320
Research and development	(8,859)	(6,048)
General and administrative	(5,709)	(3,384)
Marketing and sales	(12,725)	(10,908)
Costs	(27,293)	(20,341)
Operating result	**21,488**	**13,959**
Fair value gain (loss) on revaluation derivatives	134	(32)
Other financial income	409	201
Other financial expenses	(8,378)	(2,922)
Financial income and expenses	(7,835)	(2,753)
Share of net profits in associates using the equity method	15	-
Result before income tax	**13,668**	**11,206**
Income tax credit (expense)	(4,418)	(3,397)
Net result for the period	**9,250**	**7,809**
Attributable to:		
Owners of the parent	9,250	7,809
Total net result	**9,250**	**7,809**
Basic earnings per share ($)	0.015	0.013
Fully-diluted earnings per share ($)	0.013	0.011

Consolidated Balance Sheet in US Dollars

As at date shown

Amounts in $ '000	March 31 2020	December 31 2019
Intangible assets	85,196	79,405
Property, plant and equipment	9,537	9,591
Right-of-use assets	6,126	6,705
Deferred tax assets	27,784	32,061
Investment accounted for using the equity method	6,053	6,177
Restricted cash	2,532	2,543
Non-current assets	**137,228**	**136,482**
Inventories	15,927	16,223
Trade and other receivables	33,547	28,861
Cash and cash equivalents	146,896	74,348
Current assets	**196,370**	**119,432**
Total assets	**333,598**	**255,915**
Share capital	6,970	7,079
Share premium	432,734	439,887
Legal reserves	4,123	4,169
Accumulated deficit	(316,923)	(333,749)
Shareholders' equity	**126,904**	**117,387**
Convertible bonds	133,114	-
Lease liabilities	4,764	4,893
Other financial liabilities	20,084	19,380
Non-current liabilities	**157,962**	**24,273**
Loans and borrowings	-	51,125
Derivative financial liabilities	162	301
Trade and other payables	46,765	40,647
Lease liabilities	1,805	2,182
Other financial liabilities	-	20,000
Current liabilities	**48,732**	**114,255**
Total equity and liabilities	**333,598**	**255,915**

Consolidated Statement of Cash Flows in US Dollars
For the first three months ended 31 March

Amounts in $'000	YTD 2020	YTD 2019
Operating result	**21,488**	**13,959**
Non-cash adjustments:		
Depreciation, amortisation, impairment	1,883	1,543
Accrued employee benefits	736	617
Release contract liabilities	-	(228)
Operating cash flows before changes in working capital	**24,107**	**15,891**
Changes in working capital:		
Inventories	(63)	4,188
Trade and other receivables	(5,334)	(5,665)
Payables and other current liabilities	2,761	(3,230)
Total changes in working capital	**(2,636)**	**(4,707)**
Changes in non-current assets, liabilities and equity	(59)	3
Cash generated from (used in) operations before interest and taxes	**21,412**	**11,187**
Net cash flows generated from (used in) operating activities	**21,412**	**11,187**
Capital expenditure for property, plant and equipment	(660)	(261)
Investment intangible assets	(210)	(130)
Investment in associate	8	-
Acquisition of license	(6,077)	-
Net cash flows used in investing activities	**(6,939)**	**(391)**
Repayment on loans and borrowings	(54,965)	(8,811)
Payment on contingent consideration	(20,039)	(20,106)
Interests on loans	(382)	(2,862)
Lease liabilities	(525)	(432)
Convertible Bond	135,563	-
Interest Received	409	188
Proceeds of equity and warrants	547	260
Net cash flows generated from (used in) financing activities	**60,608**	**(31,762)**
Increase (decrease) of cash	**75,081**	**(20,966)**
Exchange rate effects	(2,544)	2,282
Cash and cash equivalents at 1 January	76,891	93,245
Total cash and cash equivalents at 31 March	**149,428**	**74,561**

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