Pharming Group
Interim Report on Financial Results for the First Quarter 2017

Operating profitability achieved, with a 794% increase in revenues from product sales, demonstrating the benefits of reacquiring RUCONEST® commercialisation rights in the US

Leiden, The Netherlands, 17 May 2017: Pharming Group N.V. ("Pharming" or "the Company") (Euronext Amsterdam: PHARM) presents its (unaudited) financial report for the quarter ended 31 March 2017.

Operational highlights

- Strategic decision to reacquire commercial rights to sell RUCONEST® in North America accelerated the delivery of operating profitability
- On track with investment in US commercialization team
- On schedule to complete transition of services from Valeant Pharmaceuticals International, Inc. in the second quarter
- 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

Financial highlights

- Net product sales increased by 794% to €15.2 million (2016: €1.7 million), mainly 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, as well as a significant underlying increase of US sales volumes.
- Total revenues increased by 605% to €15.5 million (including €0.3 million of license revenue) from €2.2 million in 2016 (including €0.5 million in license revenue)
- Operating results improved to a profit of €3.9 million from a loss of €3.2 million in 2016, and a loss of €11.5 million over the whole of 2016, despite a considerable increase in commercialization activities, especially in the US
- The net result was a loss of €5.7 million, compared with a loss of €3.4 million in 2016, mainly as a result of non-cash financing expenses required to be shown under IFRS associated with the Amortising Convertible Bonds 2017/2018
- The equity position improved from €27.5 million in December 2016 to €28.9 million at the end of March 2017, mainly due to the conversion of the early installments of the Amortizing Convertible Bond into shares and despite the net loss of €5.7 million
- Inventories changed from €17.9 million in 2016 to €18.9 million in 2017, largely due to the need to cover the improving sales level in the US and to preparation for the launch of the self-administration kits in Europe, as well as raw materials for the new forms of RUCONEST® in development
- Conversions by some bondholders during the quarter, together with scheduled repayments, meant that the amount of Amortizing Bonds outstanding prior to the refinance was reduced

from €45.0 million to €36.6 million. No cash payment was required for the first installment of the Bonds due on 1 February 2017, only €125,000 was required for the second installment, paid on 1 March 2017, and €1.3 million was required for the third installment, paid on 31 March 2017.

- The Company's cash position decreased from €32.1 million at year-end 2016 to €27.6 million at 31 March 2017 (€27.5 million at 31 March 2016), largely due to delayed receipt of some trade payments for the quarter, which were received after the quarter end in April, balanced by the lower-than-expected cash installments paid on the Amortizing Bonds. If these trade payments had been received during the quarter, the cash position would have increased, showing positive net cash generation.

Post period highlights

- The refinance of the Company's debt by means of 48 months senior secured debt from Orbimed Advisors has enabled the Company to recover 115.0 million shares net of new warrants, which were previously reserved for conversion and/or repayment of the Amortizing Bonds due in 2018, and has eliminated the need to repay part of these Bonds in shares at a significant discount to the current market price
- As expected, the refinancing will have a one-time negative impact on the net result for the second quarter as a result of the costs of the exercise as adjusted by the reversal of certain IFRS accounting entries in respect of the instruments which were refinanced. This will be rapidly recovered during the year as the benefits of the lower cash cost of debt and the recovery of the conversion shares, which could otherwise have been issued for less than the current market price of the Pharming shares, are realized
- The refinancing is currently structured as a bridge facility, and is expected to be replaced by a full facility with Orbimed Advisors within 60 days. The transaction has had almost no effect on Pharming's cash position as at the reporting date. For more details see the relevant press release dated Tuesday 16 May 2017 on the Company's website at www.pharming.com

CEO's Commentary

The first quarter was very active for Pharming and importantly, it was the first full quarter in which we received all of the benefits of the acquisition of commercialization rights for RUCONEST® in North America from certain subsidiaries of Valeant Pharmaceuticals International, Inc. (Valeant). As part of our rationale for this transformational transaction, we identified the significant impact it would have on accelerating operating profitability for Pharming. As such, I am very happy to report that we have already delivered an operating profit during the first full quarter after the transaction. As mentioned above, we are currently generating cash from operations, and with the new long term financing we expect to continue to do so.

We have invested in additional experienced hereditary angioedema (HAE)/rare disease sales force members, medical science liaison professionals and a very seasoned management team, with expertise in marketing, sales, managed care, reimbursement, commercial activity and patient support,

to drive future growth. The result of this will mean higher sales and marketing costs in the rest of the year, but it will also allow full development of RUCONEST® sales in the US market, as well as in Europe and other markets where Pharming sells RUCONEST® directly.

In February, the European Medicines Agency (EMA) confirmed that the RUCONEST® label would be amended, allowing for home treatment by patients themselves, with a custom-designed self-administration kit, which was confirmed by the EMA with the appropriate label adjustment early in 2017. This EU approval of self-administration is further to the US approval received in 2014.

In order to continue to improve the convenience of RUCONEST® administration, our R&D scientists have formulated a highly-concentrated vial of RUCONEST® with the intention of entering clinical trials with intra-muscular and/or sub-cutaneous administration of smaller injections of RUCONEST® within the next twelve months, as well as marketing a much smaller and therefore quicker version for intravenous on-demand use in acute HAE attacks.

After the reporting date, we successfully redeemed our potentially-dilutive Amortizing Convertible Bonds, which were issued during the RUCONEST® rights acquisition from Valeant, with a new single debt financing facility on more favourable terms. In order to give the new lenders a charge over the assets of the Company as collateral for the loan, it was also necessary to re-finance the senior loan facility taken out at the same time as the Amortizing Convertible Bonds. Although this transaction was associated with significant one-off costs, it has reduced the fully diluted share capital by 115 million shares and the cost will be more than compensated for by large reductions in both cash payments to debt interest and repayments over the next two years and the (non-cash) IFRS-related financing costs reflecting effective rather than actual interest. This transaction has eliminated the potential for at least 24% dilution in the event that the bonds were converted or repaid in shares. The new debt facility allows us to invest in RUCONEST® commercialization and pipeline development further to accelerate sales activity.

I look forward with confidence to continuing growth of Pharming in the rest of 2017, with increased sales, an exciting pipeline and new opportunities to enhance shareholder value.

Financial summary

3 months to 31 March

Amounts in €m except per share data	*2017*	*2016*	*% Change*
Income Statement			
Revenue from product sales	15.2	1.7	*794%*
Other revenue	0.3	0.5	*(67%)*
Total revenue	15.5	2.2	*605%*
Gross profit	13.8	1.6	*763%*
Operating result	3.9	(3.2)	*222%*
Net result	(5.7)	(3.4)	*(68%)*
Balance Sheet			
Cash & marketable securities	27.6	27.7	*(0%)*
Share Information			
Earnings per share before dilution (€)	(0.012)	(0.008)	(50)%

Outlook

For the remainder of 2017, the Company expects:

- Continued growth in revenues from sales of RUCONEST®, mainly driven by the US operations
- Achievement of positive quarterly Operating Results in the course of the year.
- Continued investment in the production of RUCONEST® in order to ensure continuity of supply to the growing markets in the US, Europe and the rest of the world
- Investment in the approval or further clinical trial development for RUCONEST® in prophylaxis of HAE and the development of a small, fast IV version and new intramuscular and subcutaneous versions of RUCONEST®
- We will also continue to invest carefully in the new pipeline programs in Pompe disease and Fabry's disease, and additional development opportunities and assets as they occur
- Increasing marketing activity where profitable for Pharming, such as in our current major territories of the US, Austria, France, Germany, the UK and the Netherlands
- We will continue to support patients in all territories, as we continue to believe that RUCONEST® represents the fastest, most effective, most reliable and safest therapy option available to HAE patients

No further financial guidance for 2017 is provided.

Although the requirement to produce quarterly reports has been discontinued under the new EU Transparency Directive and the Amended Transparency Directive Implementation Act, Pharming intends to continue to provide quarterly operating and financial reports on a voluntary basis.

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 authorization.

RUCONEST® is commercialized by Pharming in Algeria, Andorra, Austria, Bahrain, Belgium, France, Germany, Ireland, Jordan, Kuwait, Lebanon, Luxembourg, Morocco, the Netherlands, Oman, Portugal, Qatar, Syria, Spain, Switzerland, Tunisia, the United Arab Emirates, the United Kingdom, the United States of America and Yemen.

RUCONEST® is distributed by Swedish Orphan Biovitrum AB (publ) (SS: SOBI) in the other EU countries, and in Azerbaijan, Belarus, Georgia, Iceland, Kazakhstan, Liechtenstein, Norway, Russia, Serbia and Ukraine.

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 Megapharm.

RUCONEST® is also being investigated in a Phase II clinical trial for the treatment of HAE in young children (2-13 years of age) and evaluated for various additional follow-on 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. Leads for enzyme replacement therapy ("ERT") for Pompé and Fabry's diseases are being optimized at present, with additional programs not involving ERT also being explored at an early stage at present.

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. Pre-clinical development and manufacturing will take place to global standards at CSIPI 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.

Pharming has declared that the Netherlands is its "Home Member State" pursuant to the amended article 5:25a paragraph 2 of the Dutch Financial Supervision Act.

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.

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CONSOLIDATED STATEMENT OF INCOME
For the first quarter ended 31 March

Amounts in €'000, except per share data	Q1 2017	Q1 2016
Product sales	15,192	1,662
Amortised License fee income	268	552
Revenues	**15,460**	**2,214**
Costs of product sales	(1,705)	(657)
Inventory impairments	8	-
Costs of sales	**(1,697)**	**(657)**
Gross profit	**13,763**	**1,557**
Other income	**84**	**126**
Research and development	(4,689)	(3,695)
General and administrative	(1,375)	(941)
Marketing and sales	(3,911)	(217)
Costs	**(9,975)**	**(4,853)**
Operating result	**3,872**	**(3,170)**
Fair value gain/(loss) on revaluation derivatives	(2,426)	367
Other financial income and expenses	(7,194)	(582)
Financial income and expenses	**(9,620)**	**(215)**
Result before income tax	**(5,748)**	**(3,385)**
Income tax expense	-	-
Net result for the year	**(5,748)**	**(3,385)**
Attributable to:		
Owners of the parent	(5,748)	(3,385)
Total net result	**(5,748)**	**(3,385)**
Basic earnings per share (€) from continuing operations	(0.012)	(0.008)

CONSOLIDATED BALANCE SHEET
As at date shown

Amounts in € '000	31 March 2017	31 December 2016
Non-current assets		
Intangible assets	56,148	56,680
Property, plant and equipment	6,442	6,043
Long-term prepayments	2,495	1,622
Restricted cash	248	248
Total non-current assets	**65,333**	64,593
Current assets		
Inventories	18,901	17,941
Trade and other receivables	19,846	12,360
Cash and cash equivalents	27,358	31,889
Total current assets	**66,105**	62,190
Total assets	**131,438**	126,783
Equity		
Share capital	4,789	4,556
Share premium	308,320	301,876
Legal reserves	40	60
Accumulated deficit	(284,209)	(279,025)
Shareholders' equity	**28,940**	27,467
Non-current liabilities		
Loans and borrowings	33,566	40,395
Deferred license fees income	2,068	2,270
Finance lease liabilities	599	599
Other provisions	4,674	4,674
Total non-current liabilities	**40,907**	47,938
Current liabilities		
Loans and borrowings	31,229	26,136
Deferred license fees income	877	943
Derivative financial liabilities	12,407	9,982
Trade and other payables	16,882	14,054
Finance lease liabilities	196	263
Total current liabilities	**61,591**	51,378
Total equity and liabilities	**131,438**	126.783

CONSOLIDATED STATEMENT OF CASH FLOWS

For the first quarter ended 31 March

Amounts in €'000	2017	2016
Operating result	**3,872**	**(3,170)**
Non-cash adjustments:		
Depreciation, amortization	839	151
Accrued employee benefits	564	457
Deferred license fees	(268)	(552)
Operating cash flows before changes in working capital	**5,007**	**(3,114)**
Changes in working capital:		
Inventories	(960)	(1,621)
Trade and other receivables	(11,221)	(657)
Payables and other current liabilities	2,828	2,273
Total changes in working capital	**(9,353)**	**(5)**
Changes in non-current assets, liabilities and equity	(581)	182
Net cash flows used in operating activities	**(4,927)**	**(2,937)**
Capital expenditure for property, plant and equipment	(654)	(240)
Investment intangible assets	(180)	-
Net cash flows used in investing activities	**(834)**	**(240)**
Redemption and interest on borrowings	(2,413)	-
Repayment and interest on loans	(775)	(273)
Proceeds from debt capital	4,444	-
Net cash flows from financing activities	**1,256**	**(273)**
Increase (decrease) of cash	**(4,505)**	**(3,450)**
Exchange rate effects	(26)	(687)
Cash and cash equivalents at 1 January	32,137	31,843
Total cash and cash equivalents at 31 March	**27,606**	**27,706**