Pharming Group Halfjaarbericht 2021

Voortgaand herstel in het tweede kwartaal met een toenemend aantal nieuwe patiënten en groei van de vraag

Leiden, 5 augustus 2021: Pharming Group N.V. ("Pharming" of "de Onderneming") (Euronext Amsterdam: PHARM/NASDAQ: PHAR), een gespecialiseerde farmaceutische onderneming die innovatieve producten ontwikkelt voor de veilige en effectieve behandeling van zeldzame aandoeningen en onvervulde medische behoeften, publiceert haar voorlopige (niet-gecontroleerde) financiële verslag over de eerste zes maanden van 2021, eindigend op 30 juni 2021.

- **Pharming organiseert vandaag om 13:00 uur een conference call. Inbelgegevens vindt u op pagina 7.**
- **Om 19:00 is er een webinar n.a.v de cijfers met CEO Sijmen de Vries en CFO Jeroen Wakkerman. De details voor registratie zijn te vinden op de website www.pharming.com**

Financieel overzicht

Bedragen in miljoenen US dollars, behalve per aandeel	*H1 2021*	*H1 2020*	*% Verandering*
Winst- en verliesrekening			
Omzet	**93,2**	**97,8**	**(5)%**
Brutowinst	**83,8**	**86,9**	**(4)%**
Operationeel (bedrijfs-) resultaat	**17,2**	**35,7**	**(52)%**
Nettowinst	**14,4**	**20,3**	**(29)%**
Balans			
Liquide middelen en verhandelbare effecten	**189,8**	**173,8**	**9%**
Informatie per aandeel			
Winst per aandeel (€):			
- Gewoon	**0,022**	**0,032**	**(31)%**
- Fully diluted	**0,019**	**0,028**	**(32)%**

Financiële hoofdpunten

- De omzet over de eerste zes maanden van 2021 kwam uit op US$ 93,2 miljoen, een afname met 5% vergeleken met de US$ 97,8 miljoen in de eerste helft van 2020. Echter, vergeleken

met het tweede kwartaal van 2020 steeg de omzet in het afgelopen kwartaal juist met 15% tot US$ 49,7 miljoen (Q1 2020: US$ 43,4 miljoen. Ook ten opzichte van het eerste kwartaal van het lopende boekjaar was sprake ven aan stijging van de verkopen en wel met 14% (Q1 2021: US$ 43,6 miljoen). Zoals gemeld in onze rapportage over het eerste kwartaal van 2021, werd ook de Amerikaanse gezondheidszorg in het eerste kwartaal ernstig getroffen door de tweede COVID-19-golf aldaar. In het tweede kwartaal van 2021 gingen de artsenpraktijken echter weer open en zorgden diagnostische en routinematige patiëntafspraken voor een herstel in de farmaceutische sector in het algemeen en voor de verkoop van RUCONEST® (recombinant humaan C1-esteraseremmer, of "rhC1INH") in het bijzonder.

- Het voortgaande herstel van de verkopen van RUCONEST® in de VS in het tweede kwartaal was te danken aan een toename van nieuwe patiënten en van de vraag. In de eerste helft van 2021 bedroeg de omzet uit Amerikaanse verkopen US$ 90,1 miljoen, een daling van 4% ten opzichte van US$ 93,9 miljoen in de eerste helft van 2020. Echter, ten opzichte van het eerste kwartaal van 2021 was in het tweede kwartaal sprake van een stijging van de Amerikaanse omzet met 16% tot US$ 48,4 miljoen, vergeleken met US$ 41,6 miljoen in het eerste kwartaal.
- De verkopen in Europa en Rest van de Wereld (RoW) daalden in de eerste helft van 2021 tot US$ 3,2 miljoen (H1 2020: US$ 4,0 miljoen). In Q2 2021 bedroeg de omzet in Europa en RoW US$ 1,2 miljoen, een daling van 36% ten opzichte van Q1 2021 tot US$ 1,96 miljoen, voornamelijk als gevolg fasering in de bestellingen.
- De brutowinst over het eerste halfjaar van 2021 bedroeg US$ 83,8 miljoen, een daling van 4% ten opzichte van de US$ 86,9 miljoen in H1 2020. Echter, in lijn met de toenemende verkopen, steeg de brutowinst in Q2 2021 ten opzichte van Q2 2020 met 17%, van US$ 38,4 miljoen tot US$ 45,0 miljoen, en met 16% vergeleken met het eerste kwartaal van 2021.
- Het bedrijfsresultaat over de eerste zes maanden van 2021 kwam uit op US$ 17,2 miljoen, een daling van 52% ten opzichte van de US$ 35,7 miljoen in H1 2020. Het bedrijfsresultaat voor Q2 2021 daalde met 23% tot US$10,9 miljoen vergeleken met Q2 2020 (US$14,2 miljoen), maar steeg met 73% in vergelijking met Q1 2021 (US$6,3 miljoen).
- De overige bedrijfskosten stegen tot US$ 68,0 miljoen vergeleken met US$ 51,8 miljoen in het eerste halfjaar van 2020. De stijging was een combinatie van hogere R&D-uitgaven, investeringen in voorbereidings- en productiekosten voor leniolisib, een toename van het aantal werknemers ter ondersteuning van de groei van de onderneming, een aanzienlijke stijging van de verzekeringskosten, een stijging van de op aandelen gebaseerde vergoedingen en hogere compliance- en controlekosten.
- De nettowinst in het eerste halfjaar van 2021 kwam uit op US$ 14,4 miljoen, een daling van 29% in vergelijking met H1 2020 (US$ 20,3 miljoen). Dit was het gevolg van het afgenomen bedrijfsresultaat, zij het gecompenseerd door positieve valutaresultaten en lagere financieringskosten.
- Geldmiddelen en kasequivalenten, samen met aan restricties onderhevige geldmiddelen, daalden van US$ 206,7 miljoen eind 2020 tot US$ 189,8 miljoen aan het einde van Q2 2021. Dit was het resultaat van een positieve kasstroom uit operationele activiteiten (US$ 16,4 miljoen), verminderd met investeringen en de laatste mijlpaalbetaling van US$ 25 miljoen in

het tweede kwartaal van 2021 aan Bausch Health Inc. met betrekking tot de terugkoop van de Noord-Amerikaanse rechten voor RUCONEST® in 2016.

Operationele hoofdpunten

- Vergoeding van RUCONEST® overeengekomen met het Spaanse ministerie van Volksgezondheid voor de behandeling van aanvallen van acuut erfelijk angio-oedeem (HAE) in Spanje.
- Bekendmaking van de succesvolle afronding van de patiënten-inclusie voor de cruciale fase 2/3 driedubbelblinde, gerandomiseerde, placebogecontroleerde studie met leniolisib voor de behandeling van geactiveerd fosfoinositide-3-kinase-delta (PI3Kδ)-syndroom (APDS). De verwachte lancering van leniolisib is in het vierde kwartaal van 2022, onder voorbehoud van goedkeuring door de regelgevende instanties.
- Lancering van NavigateAPDS, een gesponsord genetisch testprogramma in samenwerking met Invitae Corporation (NYSE: NVTA), ontwikkeld om artsen te helpen bij het identificeren van patiënten en hun familieleden met geactiveerd PI3K-deltasyndroom (APDS), wat kan leiden tot een vroegere diagnose.
- De eerste patiënt werd behandeld in een dubbelblinde, gerandomiseerde, gecontroleerde studie ter beoordeling van de werkzaamheid van RUCONEST® voor de preventie van acuut nierfalen na een myocard(hart)infarct in het Universitair Ziekenhuis Bazel in Zwitserland.
- Op voordracht van de Raad van Bestuur heeft de Jaarlijkse Algemene Vergadering van Aandeelhouders van de Onderneming, die werd gehouden op 19 mei 2021, Steven Baert, Leon Kruimer en Jabine van der Meijs benoemd tot niet-uitvoerend bestuurders in de Raad.
- Anurag Relan benoemd tot Chief Medical Officer en Robert Friesen tot Chief Scientific Officer.

Gebeurtenissen na rapportagedatum

- Exclusieve licentieovereenkomst met NewBridge Pharmaceuticals voor de distributie van RUCONEST® in het Midden-Oosten en Noord-Afrika.
- Strategisch samenwerkingsverband met Orchard Therapeutics, wereldwijd leidend op het gebied van gentherapie, voor het onderzoeken, ontwikkelen, produceren en commercialiseren van OTL-105, een nieuwe experimentele ex-vivo autologe hematopoëtische stamcel- (HSC) gentherapie voor de behandeling van erfelijk angio-oedeem. OTL-105 is ontworpen voor het verhogen het niveau C1-esteraseremmer (C1INH) in het bloed van HAE-patiënten ter voorkoming van aanvallen van erfelijk angio-oedeem.

Chief Executive Officer Sijmen de Vries, zegt in reactie op de resultaten:

"Zoals verwacht was er in het tweede kwartaal sprake van een voortgaand herstel van de omzetgroei, na de impact van COVID-19 op het eerste kwartaal van 2021. De onderliggende vraag en het aantal patiënten dat profiteert van behandelingen met RUCONEST® tegen hun erfelijk angio-oedeem namen verder toe. We hebben vertrouwen dat deze positieve trend de rest van het jaar zal aanhouden en dat, geholpen door onze sterke kaspositie, dit ons in staat

zal stellen om onze geplande investeringen in R&D, maar ook in de reeds gestarte voorbereidingen voor de lancering van leniolisib, voort te zetten. Dit laatste ligt goed op schema en wordt, indien goedgekeurd door de regulatoire autoriteiten, voorzien voor een mogelijke lancering eind 2022 nu de inclusie van patiënten is afgerond in de studie die mogelijk gaat leiden tot registratie van leniolisib in APDS."

"In ons 'vroegere' pijplijnprogramma zijn we gestart met de behandeling van patiënten in een multicenter fase 2b klinische studie van rhC1INH voor de preventie van acuut nierfalen na een myocard(hart)infarct. Bovendien hebben we na afloop van de verslagperiode een van onze strategische doelstellingen waargemaakt door versterking op langere termijn van onze HAE-pijplijn via een samenwerking met Orchard Therapeutics. Met Orchard gaan we het preklinische ex-vivo autologe hematopoëtische stamceltherapieproduct OTL-105 ontwikkelen en op de markt brengen. Deze therapie heeft de potentie tot het feitelijk genezen van erfelijk angio-oedeem. We blijven gefocust op realisatie van onze driepijlerstrategie bestaande uit verkoop van producten, Onderzoek en Ontwikkeling en groei door acquisitie."

Vooruitzichten

Voor de rest van 2021 verwacht Pharming:

- Voortgaande toename van de inkomsten uit verkopen RUCONEST® dankzij een voortgaande normalisatie van de farmaceutische markt en een terugkeer naar omstandigheden van voor COVID-19. We blijven de situatie in alle markten echter nauwgezet monitoren en rekening houden met mogelijk tijdelijke marktverstoringen.
- Handhaving van positieve nettowinst gedurende het jaar.
- Investeringen in acquisities en in-licentiëring van nieuwe ontwikkelingsmogelijkheden en activa.
- Voortgaande investeringen in de uitbreiding van productiefaciliteiten, zowel voor RUCONEST® als voor leniolisib.
- Investeringen die van cruciaal belang zijn voor de lancering en premarketingactiviteiten voor leniolisib en de studie die registratie mogelijk maakt voor APDS, evenals investering in onze lopende klinische onderzoeken voor rhC1INH en andere ontwikkelingsactiviteiten, waaronder OTL-105.

Voor 2021 worden geen nadere financiële verwachtingen afgegeven.

=== E I N D E P E R S B E R I C H T ===

BELANGRIJKE INFORMATIE

Dit bericht is een vertaling van het originele Engelstalige persbericht. In geval van verschillen ten gevolge van vertaling of verschillen in interpretatie, is het originele Engelstalige persbericht leidend.

Over Pharming Group N.V.

Pharming Group N.V. is een wereldwijd actief biofarmaceutisch bedrijf in de commerciële fase dat innovatieve eiwitvervangende therapieën en precisiegeneesmiddelen ontwikkelt voor de behandeling van zeldzame ziekten en onvervulde medische behoeften.
Ons belangrijkste compound betreft onze recombinante humane C1-esteraseremmer, of rhC1INH. C1INH is een natuurlijk voorkomend eiwit dat de complement- en contactcascade reguleert om zwelling in aangetaste weefsels te beheersen.

Ons hoofdproduct, RUCONEST® is de eerste en enige plasmavrije rhC1INH-eiwitvervangingstherapie. Het is goedgekeurd voor de behandeling van acuut erfelijk angio-oedeem of HAE-aanvallen. We commercialiseren RUCONEST® in de Verenigde Staten, de Europese Unie en het Verenigd Koninkrijk via onze eigen verkoop- en marketingorganisatie, en de rest van de wereld via ons distributienetwerk.

We ontwikkelen ook rhC1INH voor nieuwe indicaties, waaronder pre-eclampsie, acuut nierfalen en we onderzoeken ook de klinische werkzaamheid van rhC1INH in COVID-19. Daarnaast onderzoeken we ons orale precisiegeneesmiddel, leniolisib (een fosfoïnositide 3-kinase-delta of PI3K-delta-remmer), voor de behandeling van geactiveerd PI3K-deltasyndroom, of APDS, in een fase 2/3 registratiestudie in de VS en Europa.

Bovendien maken we gebruik van onze transgene productietechnologie voor de ontwikkeling van de volgende generatie eiwitvervangende therapieën, met name voor de ziekte van Pompe, welk programma zich momenteel in de preklinische fase bevindt.

Ga voor meer informatie naar www.pharming.com

Toekomstgerichte verklaringen

Dit persbericht bevat toekomstgerichte verklaringen, onder meer met betrekking tot de timing en voortgang van de preklinische onderzoeken en klinische onderzoeken van Pharming met haar productkandidaten, de klinische en commerciële vooruitzichten van Pharming, het vermogen van Pharming om de uitdagingen van de COVID-19-pandemie voor het gedrag te overwinnen van haar activiteiten, en Pharmings verwachtingen met betrekking tot haar verwachte werkkapitaalvereisten en kasmiddelen, welke verklaringen onderhevig zijn aan een aantal risico's, onzekerheden en veronderstellingen, inclusief, maar niet beperkt tot de reikwijdte, voortgang en uitbreiding van Pharmings klinische onderzoeken en gevolgen voor de kosten daarvan; en klinische, wetenschappelijke, regelgevende en technische ontwikkelingen. In het licht van deze risico's en onzekerheden, en andere risico's en onzekerheden die worden beschreven in het jaarverslag 2020 van Pharming, is het mogelijk dat de gebeurtenissen en omstandigheden die in dergelijke toekomstgerichte verklaringen worden besproken, zich niet voordoen en werkelijke resultaten kunnen wezenlijk en nadelig verschillen van de

resultaten die daardoor worden verwacht of geïmpliceerd. Alle toekomstgerichte verklaringen gelden alleen op de datum van dit persbericht en zijn gebaseerd op informatie waarover Pharming beschikt op de datum van dit persbericht.

Voorwetenschap

Dit persbericht heeft betrekking op de openbaarmaking van informatie die kwalificeert, of mogelijk gekwalificeerd heeft, als voorwetenschap in de zin van artikel 7 (1) van de Europese Verordening Marktmisbruik.

Neem voor meer informatie contact op met:

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Conference call toegangsinformatie

Donderdag 5 augustus, 2021 13:00 uur

Houd u er rekening mee dat Pharming alleen vragen van inbellers via de telefoon in behandeling zal nemen

Dial-in details:

Netherland (Lokaal)	085 888 7233
Verenigd Koninkrijk	0800 640 6441
Verenigd Koninkrijk (Lokaal)	020 3936 2999
Alle overage locaties	+44 20 3936 2999

Toegangscode: 914296#

Webcast Link voor toegang via de computer:

https://webcast.openbriefing.com/pharming-aug21/

Pharming Group N.V.

Condensed Consolidated Interim Financial Statements in US Dollars (unaudited)

For the period ended 30 June 2021

- Condensed consolidated statement of profit and loss
- Condensed consolidated statement of comprehensive income
- Condensed consolidated balance sheet
- Condensed consolidated statement of changes in equity
- Condensed consolidated statement of cash flow

Appendix: Main condensed consolidated Interim Financial Statements reported in Euros
(This appendix is not part of the Condensed Consolidated Financial Statements)

- Condensed consolidated statement of profit and loss in Euros
- Condensed consolidated statement balance sheet in Euros
- Condensed consolidated statement of cash flows in Euros

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the 6-month period ended 30 June

Amounts in $ '000	notes	HY2021	HY 2020
Revenues	7	**93,237**	**97,827**
Costs of sales	8	**(9,487)**	**(10,885)**
Gross profit		**83,750**	**86,942**
Other income		**1,354**	**525**
Research and development		(24,206)	(17,658)
General and administrative		(15,060)	(9,846)
Marketing and sales		(28,686)	(24,283)
Other Operating Costs	8	**(67,952)**	**(51,787)**
Operating profit		**17,152**	**35,680**
Fair value gain (loss) on revaluation derivatives		44	93
Other finance income	9	5,398	1,237
Other finance expenses	9	(2,958)	(8,252)
Finance gain (cost) net		**2,484**	**(6,922)**
Share of net profits in associates using the equity method	10	**388**	**134**
Profit before tax		**20,024**	**28,892**
Income tax credit (expense)		(5,672)	(8,561)
Profit for the year		**14,352**	**20,331**
Basic earnings per share (US$)	17	0.022	0.032
Diluted earnings per share (US$)	17	0.019	0.028

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 6-month period ended 30 June

Amounts in US$ '000	HY 2021	HY 2020
Profit for the year	**14,352**	**20,331**
Currency translation differences	(5,582)	39
Items that may be subsequently reclassified to profit or loss	**(5,582)**	**39**
Other comprehensive income (loss), net of tax	**(5,582)**	**39**
Total comprehensive income (loss) for the year	**8,770**	**20,370**

CONDENSED CONSOLIDATED BALANCE SHEET

as at 30 June

Amounts in $ '000	notes	June 30, 2021	31 December 2020
Non-current assets			
Intangible assets		91,386	94,083
Property, plant and equipment	11	15,588	12,226
Right-of-use assets	12	22,043	9,427
Deferred tax assets	13	23,925	31,877
Investments accounted for using the equity method	10	7,261	7,118
Restricted cash		493	510
Total non-current assets		**160,696**	**155,241**
Current assets			
Inventories	14	24,307	21,157
Trade and other receivables		37,550	35,902
Restricted cash		987	995
Cash and cash equivalents		188,303	205,159
Total current assets		**251,147**	**263,213**
Total assets		**411,843**	**418,453**
Equity			
Share capital		7,251	7,163
Share premium		453,014	444,940
Legal reserves		14,665	19,859
Accumulated deficit		(276,858)	(288,527)
Shareholders' equity	**15**	**198,072**	**183,435**
Non-current liabilities			
Convertible bonds	16	145,437	149,727
Lease liabilities	12	20,328	8,230
Other financial liabilities		189	212
Total non-current liabilities		**165,954**	**158,169**
Current liabilities			
Convertible bonds	16	1,972	2,040
Derivative financial liabilities		71	181
Trade and other payables		43,123	47,666
Lease liabilities		2,651	1,962
Other financial liabilities		—	25,000
Total current liabilities		**47,817**	**76,849**
Total equity and liabilities		**411,843**	**418,453**

CONDENSED CONSOLIDATED STATEMENT
CHANGES IN EQUITY
For the period ended 30 June

Attributable to owners of the parent

Amounts in $ '000	notes	Number of shares (in '000)	Share capital	Share premium
Balance at 1 January 2020 as reported in HY report		**631,323**	**7,079**	**439,887**
Result for the half-year		—	—	—
Other comprehensive income (loss) for the half-year		—	—	—
Total comprehensive income (loss) for the half-year		**—**	**—**	**—**
Legal reserves development expenses		—	—	—
Share-based compensation		—	—	—
Bonuses settled in shares		—	—	—
Value of conversion rights on convertible bonds		—	—	—
Shares issued for cash		2,061	23	1,534
Warrants exercised/ issued		—	—	—
Options exercised		4,319	47	2,626
Total transactions with owners, recognized directly in equity		**6,380**	**70**	**4,160**
Balance at 30 June 2020		**637,703**	**7,149**	**444,047**
Balance at 1 January 2021	17	**638,822**	**7,163**	**444,940**
Result for the year		—	—	—
Other comprehensive income (loss) for the half-year		—	—	—
Total comprehensive income (loss) for the half-year		**—**	**—**	**—**
Legal reserves development expenses		—	—	—
Income Tax expense from excess tax deductions related to Share-based payments		—	—	—
Share-based compensation		176	2	264
Bonuses settled in shares		—	—	—
Shares issued for cash		—	—	—
Warrants exercised/ issued		61	1	20
Options exercised		7,064	85	7,790
Total transactions with owners, recognized directly in equity	17	**7,301**	**88**	**8,074**

CONDENSED CONSOLIDATED STATEMENT CHANGES IN EQUITY

For the period ended 30 June

		Attributable to owners of the parent			
Amounts in $ '000	notes	Legal reserves		Accumulated deficit	Total equity
		Capitalized development cost	Translation reserve		
Balance at 1 January 2020 as reported in HY report		**4,874**	**(705)**	**(333,749)**	**117,387**
Result for the half-year		—	—	20,331	20,331
Other comprehensive income (loss) for the half-year		—	39	—	39
Total comprehensive income (loss) for the half-year		**—**	**39**	**20,331**	**20,370**
Legal reserves development expenses		62	—	(62)	—
Share-based compensation		—	—	1,530	1,530
Bonuses settled in shares		—	—	—	—
Value of conversion rights on convertible bonds		—	—	1,552	1,552
Shares issued for cash		—	—	(1,557)	—
Warrants exercised/ issued		—	—	—	—
Options exercised		—	—	(558)	2,115
Total transactions with owners, recognized directly in equity		**62**	**—**	**905**	**5,197**
Balance at 30 June 2020		**4,936**	**(666)**	**(312,513)**	**142,954**
Balance at 1 January 2021		**5,632**	**14,227**	**(288,527)**	**183,435**
Result for the year		—	—	14,352	14,352
Other comprehensive income (loss) for the half-year		—	(5,582)	—	(5,582)
Total comprehensive income (loss) for the half-year		**—**	**(5,582)**	**14,352**	**8,770**
Legal reserves development expenses		388	—	(388)	—
Income Tax expense from excess tax deductions related to Share-based payments		—	—	(1,794)	(1,794)
Share-based compensation		—	—	3,527	3,793
Bonuses settled in shares		—	—	—	—
Shares issued for cash		—	—	—	—
Warrants exercised/ issued		—	—	—	21
Options exercised		—	—	(4,028)	3,847
Total transactions with owners, recognized directly in equity		**388**	**—**	**(2,683)**	**5,867**
Balance at 30 June 2021		**6,020**	**8,645**	**(276,858)**	**198,072**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the 6-month period ended 30 June

Amounts in $'000	HY 2021	HY 2020
Profit before tax	**20,024**	**28,892**
Non-cash adjustments:		
Depreciation, amortization, impairment	4,518	3,447
Equity settled share-based payments	3,793	1,536
Fair value gain (loss) on revaluation of derivatives	(44)	(93)
Other finance income	(5,398)	(1,238)
Other finance expense	2,958	8,252
Share of net profits in associates using the equity method	(388)	(134)
Other	229	(36)
Operating cash flows before changes in working capital	**25,692**	**40,626**
Changes in working capital:		
Inventories	(3,150)	(1,939)
Trade and other receivables	(1,649)	(717)
Payables and other current liabilities	(4,542)	6,435
Restricted Cash	24	(4)
Total changes in working capital	**(9,317)**	**3,775**
Interest received	43	529
Income taxes paid	—	(55)
Net cash flows generated from (used in) operating activities	**16.418**	**44.875**
Capital expenditure for property, plant and equipment	(5,436)	(1,143)
Investment intangible assets	(1,206)	(254)
Investment in associate	—	(14)
Acquisition of license	(1.083)	(8.767)
Net cash flows used in investing activities	**(7.725)**	**(10.178)**
Repayment on loans and borrowings	—	(55,117)
Payment on contingent consideration	(25,000)	(20,025)
Payment of lease liabilities	(1,618)	(1,548)
Proceeds of issued convertible bonds	—	135,470
Interests on loans and leases	(2,261)	(795)
Proceeds of equity and warrants	3,867	2,116
Net cash flows generated from (used in) financing activities	**(25.012)**	**60.101**
Increase (decrease) of cash	**(16,319)**	**94,798**
Exchange rate effects	(537)	2,062
Cash and cash equivalents at 1 January	205,159	74,348
Total cash and cash equivalents at 30 June	**188.303**	**171.208**

Notes to the condensed consolidated financial statements

For the period ended 30 June 2021

1. *Company information*

Pharming Group N.V. is a limited liability public company which is listed on Euronext Amsterdam (PHARM) and on the NASDAQ (PHAR), with its headquarters and registered office located at:

Darwinweg 24
2333 CR Leiden
The Netherlands

2. *Basis of preparation*

The consolidated interim financial statements for the six-month period ended 30 June 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS interpretations committee (IFRS IC) interpretations applicable to companies reporting under IFRS as endorsed by the European Union and valid as of the balance sheet date. The consolidated financial statements have been prepared under the historical cost convention. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020.

3. *Accounting policies*

Accounting policies are consistent with those of the financial statements for the year ended 31 December 2020.

4. *Estimates and judgements*

The preparation of interim financial statements in conformity with IFRS and Book 2 Title 9 of the Dutch Civil Code requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies were the same as those applied to the consolidated financial statements for the year ended 31 December 2020.

5. *Going concern*

In preparing and finishing the interim financial statements the Board of Directors of Pharming have assessed the Company's ability to fund its operations for a period of at least twelve months after the date the interim financial statements are issued. Based upon the assessment on a going concern basis, the Company has concluded that funding of its operations for a period of twelve months, after the date the interim financial statements are issued, is realistic and achievable. Overall, based on the outcome of this assessment, the interim financial statements have been prepared on a going concern basis.

6. *Seasonality of operations*

Seasonality has no material impact on Company's interim financial statements.

7. *Segment information*

The Board of Directors consider the business from both a product and geographic perspective. From a product perspective, the Company's business is exclusively related to the recombinant human C1 esterase inhibitor business. From a geographic perspective, the Company is operating in the US, Europe and RoW. The Board of Directors primarily measures revenues and gross profit to assess the performance of the geographic areas. Operating costs as well as non-current assets are not sub-allocated to the geographic areas.

Total revenues and gross profit per geographic segment for the period ended 30 June:

Amounts in US$ '000	HY 2021	HY 2020
Revenues:		
US	90,079	93,839
Europe & RoW	3,158	3,988
Total revenues	**93,237**	**97,827**
Gross profit:		
US	82,505	85,102
Europe & RoW	1,245	1,840
Total gross profit	**83,750**	**86,942**

8. *Expenses by nature*

Cost of sales in the first half year of 2021 amounted to US$9.5 million (HY 2020: US$10.9 million) and relate to actual product sales.
Other operating costs increased to US$68.0 million compared to US$51.8 million in the first half year of 2020. The increase was a combination of increased R&D expenditure, launch preparation and manufacturing cost for leniolisib, an increase in employee numbers supporting company growth (US$6 million), a significant increase in cost of insurances (US$2.8 million), an increase in share-based compensation (US$3 million) and increased compliance and control costs.

Employee benefits

Employee benefits are charged to research and development costs, general and administrative costs or marketing and sales costs based on the nature of the services provided.

Depreciation and amortization charges

Depreciation and amortization charges

Amounts in US$ '000	HY 2021	HY 2020
Property, plant and equipment	(1,044)	(761)
Right-of-use assets	(1,385)	(710)
Intangible assets	(2,089)	(1,593)
Total	**(4,518)**	**(3,064)**

The increase of depreciation charges of property, plant and equipment in 2021 as compared to 2020 stems from new investments, mainly in production assets.
The depreciation on right-of-use assets relates to leased buildings and cars. At the end of the year 2020 and in Q1 2021 additions to leased buildings were made to support the growth of Pharming.
The amortization of the intangible assets mainly relates to the re-acquired US commercialization rights and are allocated to marketing and sales expenses.

9. Financial income (expenses)

Amounts in US$ '000	HY 2021	HY 2020
Foreign currency results	5,355	700
Interest income	43	537
Other financial income	**5,398**	**1,237**
Foreign currency results	-1	296
Interest loans and borrowings	—	(496)
Settlement fees and expenses on repayment loan	—	(4,054)
Interest on convertible bonds	(2,667)	(2,147)
Other interest expenses	(479)	(422)
Contingent consideration	253	(1,343)
Other financial expenses	(64)	(86)
Other financial expenses	**(2,958)**	**(8,252)**
Total other financial income and expenses	**2,440**	**(7,015)**

Foreign currency results in the EUR functional currency entities, primarily follow from the revaluation of bank balances and the loan which are denominated in foreign currencies, mainly US dollars. The US dollar strengthened over the course of 2021. The indicated settlement fees and expenses on repayment loan HY 2020 relates to the repayment in full of the loan from Orbimed Advisors.

10. Share of net profit in associate using the equity method

In the Board of Director's judgement, the investment in BioConnection constitutes an investment in an associated company and is therefore not consolidated, as Pharming has significant influence but does not have control of BioConnection and is embargoed by a shareholders agreement between the shareholders of BioConnection from influencing any activity between the two parties which is in any significant way different from the relationship which existed between the two prior to the investment. In addition to its carrying value for the investment, Pharming's risk is limited to the provision of a €3 million corporate guarantee in favor of ABN AMRO Bank in the unlikely event that BioConnection were to default on all its debts and its assets did not meet the outstanding liabilities owing to ABN AMRO Bank. In the opinion of the Board of Directors, the fact that BioConnection is a

growing profitable company which has met all its obligations as they fell due since inception makes the likelihood of this guarantee ever being used very small. The guarantee is accounted for under IFRS 9 and appears as financial guarantee liabilities in Other financial liabilities.

The carrying amount of this investment has changed as follows:

Amounts in US $ '000	30 June 2021	31 December 2020
Balance at 1 January	**7,118**	**6,764**
Amortization of financial guarantee	(17)	(34)
Profit (loss) for the period	388	361
Foreign exchange rate movements	(228)	27
Balance at end of period	**7,261**	**7,118**

11. Property, plant and equipment

The expansion of the property, plant and equipment mainly relates to assets under construction reflecting the expansion of the milk production capacity and the construction of a downstream manufacturing facility.

12. Right-of-use assets and lease liabilities non-current and current

The change in the right of use asset is mainly caused by the addition of a new lease. This represents an increase of $13.5 million. The new lease contract includes an expansion of the site and an extension of historic leases. The term of the new contract is 15 years.

13. Deferred tax assets

The deferred tax asset decreased mainly due to offsetting the current tax expense with unused tax losses from prior years.

14. Inventories

Inventories include batches RUCONEST®, work in progress and skimmed milk available for production of RUCONEST®.

Amounts in US$ '000	30 June 2021	31 December 2020
Finished goods	14,518	12,742
Work in progress	6,178	5,668
Raw materials	3,611	2,747
Balance at end of period	**24,307**	**21,157**

Changes in the adjustment to net realizable value:

Amounts in US $ '000	Period to 30 June 2021	Period to 31 December 2020
Balance at 1 January	**(646)**	**(931)**
Addition to impairment	-363	-1,450
Release of impairment	21	1,192
Usage of impairment	342	606
Foreign exchange rate movements	20	-63
Balance at end of period	**(626)**	**(646)**

The inventory valuation at 30 June 2021 of US$24.3 million is stated net of an impairment of US$0.6 million (2020: US$0.6 million). The impairment includes an impairment for obsolescence and an impairment to write inventories down to their net realizable value.

Per 30 June 2021 the impairment for obsolescence amounts to US$0.0 million similar to 31 December 2020.

Per 30 June 2021 the impairment to write inventories down to their net realizable value amount to US$0.6 million (2020: US$0.6 million). Inventories are available for use in commercial, preclinical and clinical activities. Estimates have been made with respect to the ultimate use or sale of product, taking into account current and expected sales as well as preclinical and clinical programs. These estimates are reflected in the additions to the impairment.

The releases to the impairment relate to amendments to the estimates as a result of the fact that actual sales can differ from forecasted sales and the fact that vials allocated to preclinical and clinical programs can be returned to inventory.

The costs of vials used in preclinical and clinical programs are presented under the research and development costs.

The main portion of inventories at 30 June 2021 have expiration dates starting beyond 2022 and are all expected to be sold and/or used before expiration.

15. Equity

The Company's authorized share capital amounts to €8.8 million and is divided into 880,000,000 ordinary shares

with a nominal value of €0.01 each. All 646,123,246 shares outstanding at 30 June 2021 have been fully paid-up. Other reserves include those reserves related to currency translation, share-based compensation expenses and other equity-settled transactions.
Please refer to the Condensed Consolidated Statement changes in Equity.

16. Convertible bonds

On January 21, 2020, the Company issued €125 million aggregate principal amount of 3.00% convertible bonds due 2025.

The convertible bonds comprise of two components. The first component is a financial liability, which represents our contractual obligation to deliver cash or another financial asset for payment of interest and principal, if not converted. The second component is an equity instrument as it represents a written call option granting the holder the right, for a specified period of time, to convert it into a fixed number of the Company's ordinary shares.

The fair value of the consideration in respect of the liability components is measured at the fair value of a similar liability that does not have any associated equity conversion option (IFRS 9 paragraph 5.1.1). This is the liability component's carrying amount at initial recognition.

The equity component will be measured at the residual difference between the nominal value and the fair value of a similar liability that does not have any associated equity conversion option (IAS 32 paragraph 31). The original equity component as recorded at initial recognition amounts to €1.4 million.

Recognition and movements of the convertible bonds were as follows:

Amounts in US$ '000	Period to 30 June 2021	Period to 31 December 2020
Balance at 1 January	**151,767**	**—**
Carrying value initial recognition	—	138,571
Interest paid (cash flow)	(2,262)	(2,142)
Amortization transaction cost	—	744
Accrued interest	2,667	4,040
Foreign exchange rate movements	(4,763)	10,554
Carrying value at end of period	**147,409**	**151,767**

17. Earnings per share and diluted shares

Basic earnings per share is calculated based on the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is computed based on the weighted average number of ordinary shares outstanding including the dilutive effect of shares to be issued in the future under certain arrangements such as option plans and warrants issued. For HY 2021 and HY2020, the basic and diluted profit (loss) per share is:

	HY 2021	HY 2020
Net profit (loss) attributable to equity owners of the parent (in US $ '000)	14,352	20,331
Weighted average shares outstanding (in '000)	**641,299**	**634,156**
Basic profit (loss) per share (in US $)	0.022	0.032
Weighted average fully-diluted shares outstanding (in '000)	**762,115**	**738,277**
Fully-diluted profit per share (in US $)	0.019	0.028

Diluted shares

The composition of the number of shares and share rights outstanding as well as authorized share capital as per 30 June 2020 is provided in the table below:

	31 December 2020	Shares issued	Shares reserved	30 June 2021
Issued shares	638,821,619	7,301,627	—	646,123,246
Warrants	148,944	(60,915)	—	88,029
Options	50,106,488	(6,552,813)	—	43,553,675
Convertible bonds	62,412,622	—	—	62,412,622
LTIP	9,979,208	1,439,045	—	11,418,253
Fully-diluted shares	**761,468,881**	**2,126,944**	**—**	**763,595,825**
Available for issue	118,531,119	(2,126,944)	—	116,404,175
Authorized share capital	**880,000,000**	**—**	**—**	**880,000,000**

18. Events since the end of the reporting period

The financial effects of the partnership with Orchard Therapeutics are excluded from the June 2021 financials as the partnership agreement was signed after 30 June.

Appendix: Main Condensed Consolidated Financial Statements reported in Euro's

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

Exchange rates (USD:EUR) used:	
Statement of income YTD 2020	**1.1042**
Statement of income YTD 2021	**1.2061**
Balance sheet at June 2020	**1.1206**
Balance sheet at December 2020	**1.2280**
Balance sheet at June 2021	**1.1895**
Cash flow YTD 2020	**1.1042**
Cash flow YTD 2021	**1.2061**
Cash balance as per 1 January 2020	**1.1214**
Cash balance as per 31 December 2020	**1.2280**
Cash balance as per 1 January 2021	**1.2280**
Cash balance as per 30 June 2021	**1.1895**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS - EUR

For the 6-month period ended 30 June

Amounts in € '000	HY 2021	HY 2020
Revenues	**77,304**	**88,593**
Costs of sales	**(7,866)**	**(9,858)**
Gross profit	**69,438**	**78,735**
Other income	**1,123**	**475**
Research and development	(20,070)	(15,991)
General and administrative	(12,486)	(8,917)
Marketing and sales	(23,784)	(21,991)
Other Operating Costs	**(56,340)**	**(46,899)**
Operating profit	**14,221**	**32,311**
Fair value gain (loss) on revaluation derivatives	36	84
Other finance income	4,475	1,121
Other finance expenses	(2,453)	(7,741)
Finance gain (cost) net	**2,058**	**(6,536)**
Share of net profits in associates using the equity	**321**	**121**
Profit before tax	**16,602**	**25,896**
Income tax expense	(4,703)	(7,753)
Profit for the year	**11,899**	**18,143**
Basic earnings per share (€)	0.019	0.029
Fully-diluted earnings per share (€)	0.016	0.025

CONDENSED CONSOLIDATED BALANCE SHEET - EUR
as at 30 June

Amounts in € '000	30 June 2021	31 December 2020
Non-current assets		
Intangible assets	76,827	76,615
Property, plant and equipment	13,104	9,956
Right-of-use assets	18,531	7,676
Deferred tax assets	20,113	25,957
Investments accounted for using the equity method	6,104	5,796
Restricted cash	415	415
Total non-current assets	**135,094**	**126,415**
Current assets		
Inventories	20,434	17,229
Trade and other receivables	31,569	29,236
Restricted cash	830	810
Cash and cash equivalents	158,304	167,068
Total current assets	**211,137**	**214,343**
Total assets	**346,231**	**340,758**
Equity		
Share capital	6,096	6,388
Share premium	380,856	396,799
Legal reserves	12,328	4,341
Accumulated deficit	(232,764)	(258,151)
Shareholders' equity	**166,516**	**149,377**
Non-current liabilities		
Convertible bonds	122,267	121,927
Lease liabilities	17,090	6,702
Other financial liabilities	159	173
Total non-current liabilities	**139,516**	**128,802**
Current liabilities		
Convertible bonds	1,657	1,661
Derivative financial liabilities	60	147
Trade and other payables	36,253	38,816
Lease liabilities	2,229	1,598
Other financial liabilities	—	20,357
Total current liabilities	**40,199**	**62,579**
Total equity and liabilities	**346,231**	**340,758**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - EUR

For the 6-month period ended 30 June

Amounts in €'000	HY 2021	HY 2020
Profit before tax	**16,602**	**25,896**
Non-cash adjustments:		
Depreciation, amortization, impairment	3,745	3,122
Equity settled share based payments	3,146	1,391
Fair value gain (loss) on revaluation of derivatives	(36)	(84)
Other finance income	(4,475)	(1,121)
Other finance expense	2,453	7,741
Share of net profits in associates using the equity method	(321)	(121)
Other	190	(33)
Operating cash flows before changes in working capital	**21,304**	**36,791**
Changes in working capital:		
Inventories	(2,611)	(1,756)
Trade and other receivables	(1,367)	(649)
Payables and other current liabilities	(3,766)	5,828
Restricted Cash	20	(4)
Total changes in working capital	**(7,724)**	**3,419**
Interest received	35	479
Income taxes paid	—	(50)
Net cash flows generated from (used in) operating activities	**13.615**	**40.639**
Capital expenditure for property, plant and equipment	(4,507)	(1,035)
Investment intangible assets	(1,000)	(230)
Investment in associate	—	(13)
Acquisition of license	(898)	(7.939)
Net cash flows used in investing activities	**(6.405)**	**(9.217)**
Repayment on loans and borrowings	—	(49,914)
Payment on contingent consideration	(20,728)	(18,135)
Payment of lease liabilities	(1,342)	(1,402)
Proceeds of issued convertible bonds	—	122,682
Interests on loans and leases	(1,875)	(720)
Proceeds of equity and warrants	3,206	1,916
Net cash flows generated from (used in) financing activities	**(20.739)**	**54.427**
Increase (decrease) of cash	**(13,529)**	**85,849**
Exchange rate effects	4,765	634
Cash and cash equivalents at 1 January	167,068	66,299
Total cash and cash equivalents at 30 June	**158.304**	**152.782**

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