PHARMING

PHARMING REPORTS ON PRELIMINARY FINANCIAL RESULTS 2014

Leiden, The Netherlands, 5 March 2015. Biotech company Pharming Group N.V. ("Pharming" or "the Company") (NYSE Euronext: PHARM) today published its preliminary (unaudited) financial results for the year ended 31 December 2014.

FINANCIAL HIGHLIGHTS

- Revenues from operations increased to €21.2 million (2013: €6.8 million) as a result of higher license fees, including the receipt of a US$20.0 million (€16.0 million) milestone from US partner Salix Pharmaceuticals, Inc. (NASDAQ:SLXP) (2013: €3.8 million) and increased product sales to €3.0 million (2013: €0.9 million) as a result of increased sales in the EU and initial sales in the US of €0.3 million.
- Operating result improved to an operating profit of €2.9 million in 2014 from a loss of €6.9 million in 2013.
- Financial expenses amounted to €8.8 million (2013: €8.2 million). The increase is due to the (non-cash) revaluation of our warrants resulting from the strong increase of our share price in 2014.
- Net loss decreased to €5.8 million in 2014 (2013: €15.1 million).
- The equity position increased to €29.8 million (2013: €5.0 million), mainly as a result of the receipt of a US$20.0 million milestone, a private equity placement of net €14.0 million and the exercise of warrants.
- In preparation of further commercialisation of Ruconest®, the inventories of Ruconest increased to €13.4 million (2013: €4.8 million).
- The cash position significantly improved to €34.4 million (2013: €19.2 million), mainly as a result of the receipt of the €16.0 million milestone payment from Salix, the private equity placement of net €14.0 million and the exercise of warrants of €4.6 million.

OPERATIONAL HIGHLIGHTS

- Following the FDA approval for the treatment of acute attacks of angioedema in patients with Hereditary Angioedema (HAE) in July 2014, Ruconest was launched by partner Salix in the US in November 2014.
- Receipt of US$20.0 million milestone payment in November 2014 from Salix for first commercial sale of Ruconest in the US.
- Announced the initiation of direct commercialisation activities for Ruconest in Austria, Germany and the Netherlands; hired a small team of HAE commercialisation and medical affairs experts.
- Acquired certain assets from TRM SASU, for €0.5 million in cash, including product leads for the development of new Enzyme Replacement Therapies (ERT) for Pompe, Fabry's and Gaucher's disease and rhFactor VIII for the treatment of Haemophilia A.
- Initiated a randomised double blind placebo controlled Phase II clinical trial to investigate Ruconest for the prophylaxis of HAE. The first patient was enrolled in early January 2015, patient enrollment for the study continues.

Sijmen de Vries, Pharming's CEO commented: "In 2014, Pharming achieved an important and long-awaited milestone, with the FDA approval of Ruconest for acute attacks of angioedema in patients with Hereditary Angioedema in July. In November, Ruconest was launched by our US commercialisation partner, Salix. The Company also furthered the clinical development of Ruconest in the additional indication of Prophylaxis of HAE by initiating a Phase II study in September. This study is the first step in a 50/50 shared cost development programme with our US partner Salix. During the period, we also made good progress in Europe, where we prepared for direct commercialisation of Ruconest in Austria, Germany and the Netherlands.

To facilitate broadening the pipeline through new product development and leverage of our technology platform, we acquired certain assets from TRM SASU for €0.5 million in cash, including product leads for the development of Enzyme Replacement Therapies for rare diseases such Pompe, Fabry's and Gaucher's disease.

I would like to thank Pharming's employees for their commitment and dedication in establishing a platform from which we can confidently build a financially sustainable enterprise with a pipeline beyond the Ruconest franchise."

FINANCIAL RESULTS

Gross profit

Gross profit increased from €5.7 million in 2013 to €17.8 million in 2014, mainly as a result of a milestone payment from Salix and increased product sales in the EU.

Revenues increased to €21.2 million, from €6.8 million in 2013. The increase is mainly a result of the receipt of a US$20.0 million (€16.0 million) milestone payment from US partner Salix in 2014, following the launch of Ruconest in the US, while the Company received a US$5.0 million (€3.8 million) milestone payment in 2013.

Revenue from product sales increased to €3.0 million (2013: €0.9 million) due to higher sales in the EU and first sales (€0.3 million) in the US. Other license fee income increased to €2.2 million from €2.1 million in 2013. This license fee income reflects the release of accrued deferred license fees following receipt of in total €21.0 million upfront and milestone payments in 2010 and 2013 from Sobi, Salix and SIPI.

Cost of product sales in 2014 amounted to €2.8 million (2013: €0.5 million). In 2014 the Company incurred €0.6 million (2013: €0.6 million) of inventory impairments related to cost of goods exceeding the anticipated sales revenue for the product.

Operating costs

Operating costs increased to €15.0 million from €12.8 million in 2013. The increase is a result of the combined effect of the start of a Phase II clinical study of Ruconest as prophylaxis for HAE, increased human capital costs as result of new hirings and the expenses related to the (non-cash) accrual for share-based compensation.

Research and Development costs increased to €11.7 million from €10.2 million in 2013 and General and Administrative costs increased to €3.3 million in 2014 from €2.5 million in 2013.

Operating result

Mainly as result of the receipt of a US$20 million milestone in November, the operating result improved from a loss of €6.9 million in 2013 to an operating profit of €2.9 million in 2014.

Financial income and expenses

The 2014 net loss on financial income and expenses was €8.6 million, compared to a €8.1 million net loss on financial income and expenses in 2013. The 2014 financial expenses included losses due to the increase of the fair value of outstanding and exercised warrants of €9.1 million.

The 2013 financial income and expenses included settlement losses of the convertible bonds in the amount of €4.6 million and effective interest of the convertible bond of €3.2 million.

Net result
As a result of the above items, the net loss decreased by €9.3 million to €5.8 million in 2014 (2013: €15.1 million). The net loss per share for 2014 decreased to €0.014 (2013: €0.071).

FINANCIAL POSITION

Total cash and cash equivalents (including restricted cash) increased by €15.2 million from €19.2 million at year-end 2013 to €34.4 million at the end of 2014. The increase follows from net cash outflows from operations of €2.6 million and investing activities of €0.7 million with net cash inflows from financing activities amounting to €18.0 million and exchange rate effects amounting to €0.5 million. Net cash flows from financing activities mainly follow from the April 2014 equity issue of net €14.0 million and the exercise of warrants of €4.6 million.

EQUITY POSITION

Since the private placement in October 2013, the Company's equity position is positive and amounted to €29.8 million at year-end 2014 (2013: €5.0 million). In addition, it should be noted that the Company has a significant amount of deferred license fee income (year-end 2014: €12.2 million) regarding non-refundable license fees received in 2010 and 2013 which fees, will be recognised in the statement of income over the term of the license agreements involved.

The number of outstanding shares as of 31 December 2014 is 407.7 million and the fully diluted number of shares is 475.6 million.

OUTLOOK

For 2015, the Company expects:

- Increasing sales of Ruconest from US partner Salix, EU partner Sobi, Israel partner Megapharm and the direct commercialisation of Ruconest in Austria, Germany and the Netherlands.
- Continued significant investments in purification of sufficient quantities of Ruconest.
- Investments in the continuing Phase II clinical trial for Prophylaxis of HAE; a 50/50 cost sharing project with US partner Salix.
- Investments in (early) development of new pipeline projects driven by the French Research Group and the Boston based New Product Development group.

No financial guidance for 2015 is provided.

About Pharming Group NV
Pharming Group NV is developing innovative products for the treatment of unmet medical needs. Ruconest (conestat alfa) is a recombinant human C1 esterase inhibitor approved for the treatment of angioedema attacks in patients with HAE in the US, Israel, all 27 EU countries plus Norway, Iceland and Liechtenstein. Ruconest is commercialized by Pharming in Austria, Germany and the Netherlands. 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 partnered with Salix Pharmaceuticals, Inc. (NASDAQ: SLXP) in North America.

Ruconest® is also being investigated in a randomized Phase II clinical trial for prophylaxis of HAE and evaluated for various additional follow-on indications. Pharming has a unique GMP compliant, validated platform for the production of recombinant human proteins that has proven capable of producing industrial volumes of high quality recombinant human protein in a more economical way compared to current cell based technologies. Leads for enzyme replacement therapy in Pompe's, Fabry's and Gaucher's diseases are under early evaluation.The platform is partnered with Shanghai Institute for Pharmaceutical Industry (SIPI), a Sinopharm Company, for joint global development of new products. Pre-clinical development and manufacturing will take place at SIPI and are funded by SIPI. Pharming and SIPI initially plan to utilize this platform for the development of rh-FVIII for the treatment of Haemophilia-A. Additional information is available on the Pharming website; www.pharming.com.

This press release contains forward looking statements that involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from the results, performance or achievements expressed or implied by these forward looking statements.

Contact
Sijmen de Vries, CEO: T: +31 71 524 7400

FTI Consulting
Julia Phillips/ Victoria Foster Mitchell, T: +44 203 727 1136

Conference call information
Today, Chief Executive Officer Sijmen de Vries will discuss the full year 2014 results in a conference call at 10:00 am (CET). To participate, please call one of the following numbers 10 minutes prior to the call:

From the Netherlands:	+31(0)20 713 2998
From the UK:	+44(0)20 3427 1902
From Belgium:	+32(0)2 400 6864
From France:	+33(0)1 70 99 42 76
From Germany:	+49(0)69 2222 10628
From Switzerland:	+41(0)22 592 7953

Conference ID: 6008681

PHARMING GROUP N.V.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December (amounts in €'000, except per share data)

	2014	2013
License fees	18,190	5,903
Product sales	2,996	941
Revenues	**21,186**	**6,844**
Costs of product sales	(2,853)	(533)
Inventory impairments	(574)	(579)
Costs of sales	**(3,427)**	**(1,112)**
Gross profit	**17,759**	**5,732**
Other income	**105**	**106**
Research and development	(11,663)	(10,232)
General and administrative	(3,324)	(2,518)
Costs	**(14,987)**	**(12,750)**
Operating result	**2,877**	**(6,912)**
Interest income cash and cash equivalents	180	91
Financial income	**180**	**91**
Effective interest convertible bonds	-	(3,178)
Settlement convertible bonds	-	(4,555)
Other interest expenses, net	(175)	(198)
Foreign currency results	457	(214)
Fair value loss derivatives	(9,106)	(12)
Other financial expenses	-	(82)
Financial expenses	**(8,824)**	**(8,239)**
Result before income tax	(5,767)	(15,060)
Income tax expense	-	-
Net result for the year from continuing operations	**(5,767)**	**(15,060)**
Net result for the year from discontinued operations	-	-
Net result for the year	**(5,767)**	**(15,060)**
Attributable to:		
Owners of the parent	(5,767)	(15,060)
Non-controlling interests	-	-
Total net result	**(5,767)**	**(15,060)**

Basic earnings per share (€) from continuing operations	(0.014)	(0.071)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December (amounts in €'000)

	2014	2013
Net result for the year	**(5,767)**	**(15,060)**
Currency translation differences	45	-
Items that may be subsequently reclassified to profit or loss	**45**	**-**
Other comprehensive income, net of tax	**45**	**-**
Total comprehensive income for the year	**(5,722)**	**(15,060)**
Attributable to:		
Owners of the parent	(5,722)	(15,060)
Non-controlling interests	-	-

CONSOLIDATED BALANCE SHEET
As at 31 December (amounts in €'000)

	2014	2013
Intangible assets	777	405
Property, plant and equipment	5,598	6,228
Restricted cash	200	176
Non-current assets	**6,575**	**6,809**
Inventories	13,404	4,763
Trade and other receivables	1,554	860
Restricted cash	-	2,008
Cash and cash equivalents	34,185	16,968
Current assets	**49,143**	**24,599**
Total assets	**55,718**	**31,408**
Share capital	4,077	3,346
Share premium	282,260	254,901
Other reserves	36	-
Accumulated deficit	(256,530)	(253,237)
Shareholders' equity	**29,843**	**5,010**
Deferred license fees income	10,022	12,222
Finance lease liabilities	965	1,207
Other liabilities	15	44
Non-current liabilities	**11,002**	**13,473**
Deferred license fees income	2,200	2,200
Derivative financial liabilities	4,266	4,147
Trade and other payables	7,781	5,812
Finance lease liabilities	626	766
Current liabilities	**14,873**	**12,925**
Total equity and liabilities	**55,718**	**31,408**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December (amounts in €'000)

	2014	2013
Receipts from license partners, including product sales	18,544	5,626
Receipt of Value Added Tax	971	882
Interest received	185	49
Receipt of grants	-	145
Other receipts	283	300
Payments of third party fees and expenses, including Value Added Tax	(7,851)	(8,492)
Payments of manufacturing expenses	(10,124)	(1,456)
Net compensation paid to (former) board members and (former) employees	(2,472)	(3,136)
Payments of pension premiums, payroll taxes and social securities, net of grants settled	(2,109)	(2,211)
Other payments	-	-
Net cash flows from operating activities	**(2,573)**	**(8,293)**
Proceeds of sale of assets	-	262
Purchases of property, plant and equipment	(185)	(21)
Purchases of intangible assets	(469)	-
Net cash flows from investing activities	**(654)**	**241**
Proceeds of equity and warrants issued	19,375	12,178
Proceeds of convertible bonds issued	-	16,023
Repayments of convertible bonds	-	(4,746)
Payments of transaction fees and expenses	(697)	(1,485)
Payments of finance lease liabilities	(682)	(881)
Net cash flows from financing activities	**17,996**	**21,089**
Increase/(decrease) of cash	**14,769**	**13,037**
Exchange rate effects	464	(199)
Cash and cash equivalents at 1 January	19,152	6,314
Total cash at 31 December	**34,385**	**19,152**
Of which restricted cash	200	2,184
Cash and cash equivalents at 31 December	**34,185**	**16,968**