Pharming Group reports financial results for the first nine months of 2017

Strong increase in revenues boosts operating profitability and positive cash flow
Strong outlook with increasing revenues expected for remainder of 2017

Leiden, The Netherlands, 26 October 2017: Pharming Group N.V. ("Pharming" or "the Company") (Euronext Amsterdam: PHARM), the Dutch specialty pharmaceutical company developing innovative products for the safe, effective treatment of rare diseases and unmet medical needs, presents its (unaudited) financial report for the first nine months and the third quarter ended 30 September 2017.

Financial highlights

- Revenues for the nine months to 30 September increased to €56.7 million (2016 €8.7 million), with Q3 alone €25.9 million ($30.5 million, up 73% on Q2 2017), due to strong growth in US and EU sales
- Q3 operating profit up to €8.5 million compared with a loss of €3.2 million in Q3 2016
- Q3 net result improved to €7.5 million loss compared with a loss of €24.5 million in Q2
- Positive cashflows during Q3 increased the cash position to €38.6 million from €25.2 million at June 30 2017 (and €17.0 million at 30 September 2016)

Operational highlights during the third quarter

- On September 11, following the conclusion of the End-of-Phase 2 interactions with the US Food and Drug Administration (FDA), Pharming announced that it will submit a supplemental Biologics License Application (sBLA) to the FDA for review in Q4 of this year for prophylaxis of angioedema attacks in adolescent and adult patients with hereditary angioedema (HAE) as an expanded indication for RUCONEST® [Recombinant Human C1 Esterase Inhibitor/ conestat alfa]
- On September 26, the Company, in association with HAEi (the international umbrella organization for the world's HAE patient groups), announced the appointment of Inceptua Medicines Access as their new distribution partner for the "HAEi Global Access Program" (HAEi GAP) enabling patients in all countries where Pharming's product RUCONEST® is not commercially available to gain access to the drug through an ethical and regulatory-compliant mechanism
- Positive results were obtained from a Phase II clinical trial investigating the use of RUCONEST® for the treatment of HAE attacks in children

Post period highlights

- The RUCONEST® US Biologics License Application has been transferred from Valeant Pharmaceuticals International, Inc. ("Valeant") (NYSE/TSX: VRX) to Pharming, following the acquisition of the North American commercial rights to the product in December 2016

Sijmen de Vries, Chief Executive Officer, commented:

"These are excellent quarterly results and show that we are on the right track with our strategy for RUCONEST® in all markets. We now see real growth in terms of both volume and value for RUCONEST®. In addition, we continue to make good progress with our pipelineresearch and development programs.

Towards the end of the quarter we were informed of acute shortages of HAE medication as a result of manufacturing issues for certain competitor HAE products, mainly in the US. To help resolve this situation for patients, we immediately offered instant access to our patient care programme, RUCONEST® SOLUTIONS, including its free starter medication and bridging support for those patients in acute need of alternative medication to treat their HAE attacks. We have therefore been supplying considerable amounts of RUCONEST® free-of-charge to cover treatment of attacks for the period during which those patients are being cleared for RUCONEST® reimbursement. Patients are at the very centre of Pharming's business and we are doing our best to ensure that HAE patients get effective treatment. As a result of this situation, we have accelerated planned increases in capacity across our supply chain. We do not believe this situation has had any real effect on our results for the third quarter, but it is likely to have a positive effect on the company's performance in the fourth quarter."

Financial summary

3rd Quarter and 9 months to 30 September

Amounts in €m except per share data	*2017 3rd Quarter*	*2017 1st 9 months*	*2016 1st 9 months*	*% Change*
Income Statement				
Revenue from product sales	25.9	56.0	7.0	*700%*
Other revenue	0.2	0.7	1.7	*(59%)*
Total revenue	26.1	56.7	8.7	*552%*
Gross profit	21.8	48.8	5.5	*787%*
Operating result	8.5	12.7	(9.4)	*235%*
Net result	(7.5)	(37.7)	(10.4)	*(263%)*
Balance Sheet				
Cash & marketable securities	38.6	38.6	17.0	*127%*
Share Information				
Earnings per share before dilution (€)	(0.015)	(0.077)	(0.025)	(208)%

Commentary on the Report

The third quarter of 2017 demonstrates the strong growth in Pharming's RUCONEST® sales and validates our strategic decision to reacquire the commercial rights to the product in North America last year. Importantly, it was the first full quarter in which we saw the full potential of the integrated commercialization team that we have built for RUCONEST® in the US, as well as the Company's careful expansion into western EU markets. As a result, Pharming has delivered an operating profit and generated positive net cash flow during each of the last three full quarters since we regained the US rights for RUCONEST® and the Company is close to achieving sustainable net profit.

Net product sales for the nine months to 30 September increased to €56.0 million (Q3: €25.9 million), an increase of 700% compared to the nine months to 30 September 2016 (€7.0 million), mainly as a result of the increase in volumes generated by Pharming's full commercial team in the US and significant market share gains in European and RoW sales. Total revenues for the first nine months of the year increased by 552% to €56.7 million (including €0.7 million of license revenue) from €8.7 million in 2016 (including €1.7 million in license revenue).

An operating profit of €8.5 million was achieved in Q3 2017, compared with an operating loss of €3.2 million in Q3 2016. The nine months' operating profit was €12.7 million in 2017 compared with an operating loss of €9.4 million for the same period in 2016, despite considerable investments in the ramp-up in commercialization activities, especially in the US.

The nine months' net result was a loss of €37.7 million (H1 2017: €30.2 million), compared with a loss of €10.4 million in the same period last year. The improvement in the quarter to €7.5 million loss resulted mainly from improved operating profits and the elimination of regular non-cash financing adjustments required to be shown under IFRS following the refinancing of bonds and debt in May 2017.

The net result includes €14.0 million relating to fair value adjustments for the Ordinary Bonds, arising from the strong increase in the share price over the third quarter. This is an entirely theoretical non-cash accounting adjustment required under IFRS which has no cash effect on the company. The net result during the third quarter without this adjustment would have been a profit of €6.5 million.

The increase of €2.0 million in other financial expense during the quarter related to the cash interest on the Orbimed loan and the Ordinary Bonds. The cash element of these expenses was €1.9 million.

The equity position reduced slightly to €6.2 million at the end of September 2017 from €6.8 million at the end of June 2017, mainly due to the conversion of Convertible Bonds and warrants into shares and the net loss of €7.5 million caused by the revaluation of the derivative financial liabilities.

Inventories changed from €17.5 million at the end of June to €18.0 million at the end of September, largely due to the increasing manufacturing activities to meet anticipated sales demand in the US resulting in a greater proportion of high value finished goods.

Positive cashflows during Q3, driven by increasing revenues, together with the proceeds from warrant exercises, resulted in an increase in the cash position to €38.6 million from €25.2 million at June 30 2017 (€17.0 million at 30 September 2016).

US revenues continued to be affected by the changing exchange rate between US dollars and Euros during the quarter, but the negative effect on the revenues is largely balanced out by the positive effect on costs and on the company's debt, which is mostly denominated in US dollars for this reason.

We look forward to the remainder of 2017 and expect an increase in patients treated with RUCONEST®, as a result of the underlying demand. We therefore remain confident that sales in the last quarter of this year will increase and that 2017 will be the first operationally profitable year for Pharming. We should start 2018 on a very strong footing with new opportunities to enhance shareholder value further.

The Board of Management
Pharming Group N.V.

Outlook

For the remainder of 2017, the Company expects:

- FY 2017 revenues from product sales to exceed analysts' forecasts and for the fourth quarter results to exceed the third quarter significantly, driven by underlying increasing demand
- Achievement of continued operating profit and positive cashflows for the remaining quarter
- Continued investment in the production of RUCONEST® in order to ensure continuity of supply to the growing markets in the US, Europe and the RoW
- Investment in the approval for RUCONEST® in prophylaxis of HAE and in further clinical trial development of a small, fast IV version and new intramuscular, subcutaneous and other delivery options for RUCONEST®
- Continued and enhanced support for patients in all territories, as we continue to believe that RUCONEST® represents a fast, effective, reliable and safe therapy option available to HAE patients
- Continued progress in the new pipeline programs in Pompe disease and Fabry's disease, and additional development opportunities and assets as they occur

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® has recently completed a clinical trial for the treatment of HAE in young children (2-13 years of age) and is also 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 Pompe 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 nine months ended 30 September compared to the half year results

Amounts in €'000, except per share data	YTD 2017	YTD 2016
Product sales	55,987	7,034
Release of deferred license fee income	741	1,656
Revenues	**56,728**	**8,690**
Costs of product sales	(8,007)	(3,022)
Inventory impairments	88	(209)
Costs of sales	**(7,919)**	**(3,231)**
Gross profit	**48,809**	**5,459**
Other income	**607**	**265**
Research and development	(13,068)	(11,080)
General and administrative	(4,308)	(3,120)
Marketing and sales	(19,315)	(911)
Costs	**(36,691)**	**(15,111)**
Operating result	**12,725**	**(9,387)**
Fair value gain/(loss) on revaluation derivatives	(15,186)	411
Other financial income and expenses	(35,248)	(1,463)
Financial income and expenses	**(50,434)**	**(1,052)**
Result before income tax	**(37,709)**	**(10,439)**
Income tax expense	-	-
Net result for the period	**(37,709)**	**(10,439)**
Attributable to:		
Owners of the parent	(37,709)	(10,439)
Total net result	**(37,709)**	**(10,439)**
Basic earnings per share (€)	**(0.077)**	(0.025)

Consolidated Statement of Comprehensive Income

For the first nine months ended 30 September compared to the half year results

Amounts in €'000	YTD 2017	YTD 2016
Net result for the period	(37,709)	(10,439)
Currency translation differences	(482)	(2)
Items that may be reclassified to profit or loss	(482)	(2)
Other comprehensive income, net of tax	(482)	(2)
Total comprehensive income for the period	(38,191)	(10,441)
Attributable to:		
Owners of the parent	(38,191)	(10,441)

Consolidated Balance Sheet
As at date shown

Amounts in €'000	30 Sept 2017	31 Dec 2016
Intangible assets	56,735	56,680
Property, plant and equipment	7,815	6,043
Long term prepayment	1,500	1,622
Restricted cash	248	248
Non-current assets	**66,298**	**64,593**
Inventories	17,995	17,941
Trade and other receivables	17,274	12,360
Cash and cash equivalents	38,389	31,889
Current assets	**73,658**	**62,190**
Total assets	**139,956**	**126.783**
Share capital	5,201	4,556
Share premium	316,858	301,876
Legal reserves	(421)	60
Accumulated deficit	(315,426)	(279,025)
Shareholders' equity	**6,212**	**27,467**
Loans and borrowings (more than one year)	70,800	40,395
Deferred license fees income	1,667	2,270
Finance lease liabilities	471	599
Other provisions	4,674	4,674
Non-current liabilities	**77,612**	**47,938**
Loans and borrowings (less than one year)	16,908	26,136
Deferred license fees income	806	943
Derivative financial liabilities	21,121	9,982
Trade and other payables	17,031	14,054
Finance lease liabilities	266	263
Current liabilities	**56,132**	**51,378**
Total equity and liabilities	**139,956**	**126.783**

Consolidated Statement of Cash Flows
For the first nine months ended 30 September

Amounts in €'000	YTD 2017	YTD 2016
Operating result	**12,725**	(9,387)
Non-cash adjustments:		
Depreciation, amortization	2,543	447
Accrued employee benefits	1,308	1,435
Deferred license fees	(741)	(1,656)
Operating cash flows before changes in working capital	**15,835**	(9,161)
Changes in working capital:		
Inventories	(54)	(2,150)
Trade and other receivables	(9,358)	(2,652)
Payables and other current liabilities	2,977	2,709
Total changes in working capital	**(6,435)**	(2,093)
Changes in non-current assets, liabilities and equity	**524**	(764)
Net cash flows from operating activities	**9,924**	(12,018)
Capital expenditure for property, plant and equipment	(2,518)	(922)
Divestments of assets	(2,189)	-
Net cash flows used in investing activities	**(4,707)**	(922)
Proceeds of debt loans	89,181	-
Payments of transaction fees and expenses	(16,051)	-
Repayment and interest on loans	(76,984)	(1,567)
Proceeds of equity and warrants	6,110	14
Interest received	-	5
Net cash flows from financing activities	**2,256**	(1,549)
Increase (decrease) of cash	**7,473**	(14,489)
Exchange rate effects	(973)	(343)
Cash and cash equivalents at 1 January	32,137	31,843
Total cash at 30 September	**38,637**	17,012
Of which restricted cash	248	248
Cash and cash equivalents at 30 September	**38,389**	16,764