Pharming Group
Reports Strong Preliminary Financial Results for 2018 including first year of net profit

Highlights:

- Full year revenues from product sales were up over 51% on 2017 to €134.3 million, reflecting strong growth in both the USA and Europe. Including deferred license income, total revenues were €135.1 million (US$159.7 million) – an increase of almost 51% on 2017
- Fourth quarter product sales of €36.7m (US$41.9 million) – as guided; in similar range to Q3 2018
- 2018 US product sales triggered first $20 million milestone payment to Valeant, paid earlier this month
- Full year net profits, including financing costs and non-cash adjustments, were €25.0 million
- Full year unadjusted operating profit (EBIT) of €40.6 million (US$48.0 million), before a non-cash adjustment to take previously capitalised development costs for a superseded new form of RUCONEST® through the income statement, resulting in a final figure of €38.0 million (US$44.9 million)
- Cash ended at €81.5 million, an increase of €21.5 million versus year end 2017

Leiden, The Netherlands, 7 March 2019: Pharming Group N.V. ("Pharming" or "the Company") (Euronext Amsterdam: PHARM) presents its preliminary (unaudited) financial report for the full year ended 31 December 2018. **The Company will hold a conference call at 13.00 CET/07.00 EST today. Dial in details can be found on page 11 of this report.**

Chief Executive Officer Sijmen de Vries said:

> *"Throughout 2018, as for 2017, we continue to see consistent growth in the numbers of patients benefitting from RUCONEST® in acute attacks of hereditary angioedema ("HAE"). The initial significant surge in growth was caused by patients starting RUCONEST® therapy after we had provided unrestricted emergency treatments free of charge, to cope with the supply shortages of competitor plasma C1 inhibitor products. We retained many of these patients and added new patients throughout the year. The increasing sales from our growing patient base resulted in Pharming's first year of net profit, despite intense competitive pressure resulting from recent product launches. It also enabled us to increase investment to expand our pipeline, embarking on ambitious development plans for improved delivery methods for RUCONEST® in HAE and for new larger indications. We also continued to advance our existing pipeline programs for Pompe disease and Fabry's disease. We are confident that with our increasing patient reach and advancing pipeline, we will to continue to deliver significant value to all our stakeholders."*

Chief Executive Officer's Commentary

2018 was an exciting year for Pharming. We built on the strong foundations of the successful re-launch of RUCONEST® in the USA in 2017, continuing impressive product sales growth from €88.7 million in 2017 to €134.3 million in 2018, an increase of 51%. As well as strong growth in the USA, we continued to develop RUCONEST® in all key markets. In Europe, direct sales grew well during the year, particularly

in the major markets of Western Europe, resulting in strong gains in France and the UK and continued growth in Germany, Austria and the Netherlands.

First year of Net Profits

As result of the steady sales growth, the Company was profitable at the net level in every quarter and for the year as a whole. Total net profit for the year ended at €25.0 million, representing a net margin of 19% and well ahead of analysts' forecasts. Operating profit for the year (i.e. EBIT), before a one-off small non-cash correction, almost doubled to €40.6 million (2017: €21.9 million on the same basis), representing an improved operating margin of 30% (2017: 24%). This was achieved despite significant investments in providing free-of-charge emergency support to patients during the stock outages of competitors at the start of the year.

As a result of the continued sales growth in the USA, we achieved the sales level required to trigger the first US$20 million milestone payment due to Bausch Health Companies Inc. (formerly Valeant Pharmaceuticals International, Inc.) which was duly made earlier this week. If sales growth continues at or near the current level, the remaining US$45 million milestones will also be triggered in this or future years.

As a result, we have prudently made a (non-cash) provision for additional fair value of the contingent consideration in the balance sheet, and a corresponding charge to the profit and loss account, of €21.2 million ($25.0 million).

In addition, the increasing profitability of Pharming means that we are likely to be able to use all of our accumulated net operating tax losses, and so we have increased the deferred tax asset which recognises these by a net amount of €25.6 million (2017: €9.4 million), being mainly the tax effect of the total accumulated losses to date in the Netherlands. These two provisions reflect our strong confidence in the performance of our US and EU commercial teams and patients' increasing confidence in the use of RUCONEST® as their therapy of choice to treat attacks of HAE.

Clear product differentiation

The HAE market remains dynamic, and patient choice continues to increase as new products enter the market for prophylaxis. RUCONEST® has a unique potential competitive advantage in that it is currently the only product with the future potential to be approved for both prophylaxis and treatment of attacks of HAE. Furthermore, in order to increase the convenience of RUCONEST® for patients, we are developing new forms of RUCONEST® with new routes of administration to address both acute attacks and prophylaxis of HAE, such as (painless) intradermal, sub-cutaneous and intramuscular dosage forms with a new ready-mixed liquid vial.

Investing in sustainable long-term growth

At the end of 2017, we explained our strategy for sales growth in HAE based on creating an optimized sales infrastructure for our needs. During 2018 we have been able to develop this strategy further to add programs for new routes of administration for RUCONEST® and preparation for expansion of rhC1INH into other larger indications, specifically pre-eclampsia and acute kidney injury. We also continued preparation of a clinical trial program for α-glucosidase for Pompe disease. This enhanced strategy and developing pipeline provides Pharming with excellent potential to deliver strong sustainable growth for the long term in these very large areas of unmet medical needs.

None of these achievements and development programs would be possible without the support, expertise and hard work of all our employees. I would like to take this opportunity once again to thank all Pharming employees as well as all of our investors, partners and debt providers for their support and commitment throughout 2018, which enabled us to execute on the commercial development of the Company to create a platform for continued growth.

I look forward with confidence to continuing the upward trajectory of Pharming in 2019, with sales increasing further, new exciting pipeline projects and new opportunities for enhanced shareholder value.

Leiden, 7 March 2019
Sijmen de Vries
Chief Executive Officer and Chairman of the Board of Management

Financial summary

Amounts in €m except per share data	*2018*	*2017 Restated***	*% Change*
Income Statement			
Product Sales	134.3	88.7	*51%*
License Revenue	0.8	0.9	*(15%)*
Total Revenue	135.1	89.6	*51%*
Gross profit	113.0	77.2	*46%*
Operating result	38.0	21.9	*74%*
Financial Income, expenses and adjustments	(37.1)	(107.6)	*(66%)*
Tax credit/(expense)	24.1	9.4	*n/a**
Net result	25.0	(76.2)	
Balance Sheet			
Cash & marketable securities	81.5	60.0	*36%*
Share Information			
Earnings per share before dilution (€)	0.041	(0.152)	*126%*

* *The tax credit is principally a one-off credit reflecting the balance of the Company's net operating losses taken on the balance sheet, and is therefore not directly comparable year on year.*

** *Prior year's financial statements have been restated as detailed below under Financial Highlights on page 5.*

Summary of 2018

Operational highlights

- In June, Pharming held its first Capital Markets Day in New York with live webcast to the rest of the world. At the Capital Markets Day, the Company discussed its ongoing activities and the strategy for its growing research and development pipeline both for recombinant human C1 esterase inhibitor (rhC1INH) and new protein replacement products for Pompe and Fabry diseases. The briefing was intended to inform shareholders, potential investors and other interested parties about Pharming's current and planned activities in the areas of:

- new development of its lead product RUCONEST® within the HAE space to meet patients' needs;

- new development of RUCONEST®/rhC1INH outside the HAE space to tackle other major unmet medical needs for which there are no current approved or effective therapies; and

- clinical development of new protein replacement products which address significant shortcomings of existing therapies.

The Capital Markets Day included presentations from key opinion leaders in HAE and pre-eclampsia. Professor Marc Riedl, Professor of Medicine at the University of California, San Diego, Clinical Director of the US HAEA Angioedema Center and a world expert on the diagnosis, treatment and etiology of hereditary angioedema, and Professor Gustaaf Dekker, of the school of Obstetrics and Gynaecology at the University of Adelaide and a world expert on the etiology and treatment of pre-eclampsia, made presentations of the potential value of C1 esterase inhibitor in these conditions.

- In January, the U.S. Food and Drug Administration (FDA) accepted for review Pharming's supplemental Biologics License Application (sBLA) for RUCONEST® [Recombinant Human C1 Esterase Inhibitor/conestat alfa] for routine prophylaxis to prevent attacks in adult and adolescent patients with hereditary angioedema (HAE). The FDA indicated that the sBLA was sufficiently complete to permit a substantive review and set an action date of September 21, 2018.

- In September, the Company received a Complete Response Letter (CRL) regarding the sBLA for RUCONEST®. Unfortunately, as a result of the limited size of the (Phase II) studies and the limited duration of the treatment periods, the statistical hurdle for a final review question on a small subgroup of patients could not be achieved. As part of Pharming's continued commitment to HAE patients, the Company is developing new forms of RUCONEST® with new routes of administration to increase convenience, and these programs will address the review question as part of new prophylaxis (and acute) studies.

- In October, Pharming announced positive results from a Phase II investigator-initiated study of RUCONEST® in a double-blind, placebo-controlled clinical trial in patients at risk of nephropathy resulting from contrast-enhanced examinations. The study was led by Dr. Michael Osthoff at the University Hospital Basel, Basel, Switzerland.

  The positive results were especially clear in the sub-group of patients undergoing percutaneous coronary interventions such as stent insertions. The intent-to-treat analysis in this group showed that patients on RUCONEST® had a median percentage change in peak urinary Neutrophil Gelatinase-Associated Lipocalin within 48 hours, the primary endpoint for the study and a generally-recognized early marker of acute renal injury, of 11.3% in the RUCONEST® arm and 205.2% in the placebo arm (p=0.001). The overall assessment of the study also showed trends that patients undergoing more invasive interventions and procedures requiring higher volumes of contrast medium experienced a stronger benefit from the RUCONEST® treatment.

  This data therefore supports additional clinical investigations for the use of rhC1INH in this new indication where there is significant unmet medical need and forms the basis for a follow on study that is currently being designed.

- In December, Pharming announced the presentation of results from an investigator-initiated real-world observational study of therapies in acute attacks of HAE. The study examined and compared re-dosing rates *inter alia* for human C1 esterase inhibitor (C1INH) in recombinant and plasma forms to icatibant in seven individual patients at risk of HAE attacks. A total of 69 attacks were recorded. The study was led by Professor Dr Marcus Magerl of the Department of Dermatology and Allergy at the Charité Universitätsmedizin Berlin, Berlin, Germany. The main outcome of the study was that treatment with C1INH treatments requires significantly less re-dosing than icatibant to resolve HAE attacks. The full results of the study will be published by the investigators in due course.

Financial highlights

- As part of the Valeant transaction in December 2016, the Company raised €104 million in new funding through a combination of a rights issue, a new senior loan and both ordinary and amortizing convertible bond issues. The Company took the decision early in 2017 to refinance these bonds, which also meant refinancing the senior debt facility as well. This refinance was completed in May 2017 with Orbimed Advisors, on slightly better cash terms for the Company than the instruments it replaced. In early 2018, we were able to eliminate almost all of the remaining warrants and convertibles, so that at the year end 2018 our balance sheet and shareholding are clear of these complicating factors. This has also reduced the damaging effects of IFRS fair value adjustments relating to those warrants and convertibles which were a big feature of the 2017 financial statements.
- These exercises, together with the exercise of employee options during the first open period for many quarters, resulted in a balance sheet which has only one debt facility; the US$100 million loan from Orbimed Advisors. Repayments of this debt facility began in September 2018. Despite repayments of in total US$16.7 million of the debt in the third and fourth quarters, cash increased during the year by over €21.5 million to €81.5 million, from €60.0 million at the end of 2017.

Restatement of prior year

- Following a reassessment of the adjustments made at the end of 2017 under IFRS , we have decided to reclassify some charges and capital items, which gives a more accurate picture of the redemption of the Ordinary Convertible Bonds and exercise of related warrants. This has resulted in a net change to the net result for 2017 from an €80.0 million loss to a €76.2 million loss, and a restatement of the year end equity position from €18.8 million to €16.1 million, with the balance (€0.9 million) shown in loans and borrowings in liabilities on the balance sheet. The individual adjustments made will form the subject of a detailed note in this year's annual report.
- In March, Pharming Group shares were included in the Euronext Amsterdam SmallCap index (AScX). On entry into the AScX, Pharming became one of the larger index members. Composition of the AScX is reviewed quarterly by Euronext.

After the year end

Since 31 December 2018, the following additional events have occurred:

- Earlier this week, Pharming paid the first milestone due to Bausch Health Companies Inc. under the agreement relating to the reacquisition of commercial rights to RUCONEST® in North America dated December 2016. This milestone payment was for $20.0 million (€17.5 million).

Financial review

Revenues

Revenues increased to €135.1 million in 2018 (2017: €89.6 million). Both 2017 and 2018 include amounts of deferred license revenue released, reflecting a portion of earlier license fee payments from partners including Swedish Orphan Biovitrum, and China State Industry for Pharmaceutical Industry which have been allocated across a number of financial years in accordance with accounting guidelines. These amounts were €0.8 million in 2018 and €0.9 million in 2017.

Revenues from product sales by Pharming and its partners increased to €134.3 million (2017: €88.7 million) reflecting a good year overall for RUCONEST®. Sales in the USA produced €126.6 million ($149.3 million), up from €83.7 million in 2017. This shows the effect on the top line of the effective execution of commercialisation in the USA.

Sales for RUCONEST® in Europe and the Rest of World ("RoW") were €7.7 million (2017: €5.0 million), reflecting growth in direct sales by Pharming in the countries recovered from SOBI in 2016, supported by increasing sales of our partners Cytobioteck and SOBI.

Costs of product sales in 2018 amounted to €22.2 million (2017: €12.4 million), reflecting the strongly increased sales volume and savings obtained by better inventory management, plus the cost of contributing free drug to patients unable to afford health insurance and also during the stock limitations at competitors early in the year.

Gross profit increased to €113.0 million in 2018 (2017: €77.2 million), an increase of 46%. The main reasons for this increase were the increased sales in the US and EU.

Operating Costs

Operating costs increased to €75.0 million in 2018 net of grant income (2017: €55.3 million on the same basis). This increase was substantially due to the added cost of clinical research activities relating to the new indications and forms of RUCONEST® as well as the development cost write-back referred to above. There were small increases in marketing and sales activities both in the US and in Europe, mainly in France and the United Kingdom, and in general and administrative costs.

Marketing and sales costs of €34.5 million (2017: €31.4 million) reflect Pharming's additional new full direct commercialization activities in the US and in France and the United Kingdom in Europe, which were increased slightly during the year as a result of additional sales representatives in the USA.

R&D costs within these figures increased from €18.7 million in 2017 to €28.9 million in 2018. The increased costs mainly relate to developing the new versions of RUCONEST®, preparing for the clinical studies of rhC1INH in pre-eclampsia and acute kidney injury, and continuing work on the preparation and production of α-glucosidase for Pompe disease and α-galactosidase for Fabry disease using Pharming's proprietary technology platform.

General and administrative costs increased to €12.2 million (2017: €6.0 million). The increase is mainly related to the addition of senior management in the EU and US, costs incurred in connection with management of a more internationally-active company.

Operating Result

Operating results improved very strongly to a profit of €38.0 million in 2018 from €21.9 million in 2017, an increase of 73% in spite of considerable increases in marketing and sales and R&D activity, mainly due to the effect of strong sales growth and efficient production of RUCONEST® in major markets. The basic underlying adjusted operating result was €40.6 million, but this was reduced by a one-off write-back of previously capitalised development costs of €2.6 million relating to a superseded version of the small vial now under development. Operating costs increased significantly, reflecting the increased activity preparing for new clinical studies for pre-eclampsia and acute kidney injury, as well as development work on new forms of RUCONEST® including the concentrated liquid vial format and intramuscular and subcutaneous routes of administration.

Financial income and expenses

The 2018 net loss on financial income and expenses was €37.1 million, compared with a loss of €107.6 million a year earlier. This is mainly due to two items: (i) the interest on loans and borrowings and non-cash adjustments thereto, totalling approximately €14.3 million; and (ii) the increase in the provision for contingent consideration (i.e. the milestones due to Bausch Health Companies Inc. upon reaching certain sales targets) of €21.2 million. A loss was also recorded on the change of value of the loans and borrowings as a result of exchange rates during the year.

Taxation

As a result of the growth in sales, it is now probable that the Company will be able to use all its remaining net operating tax losses from previous years going forward. The Board of Management has therefore elected to report an increase in the deferred tax asset in accordance with IFRS, reflecting the timing differences between the tax value of those losses and the time when they can be exercised. This has led to another credit to the income tax charge (i.e. a positive movement) of €24.1 million in 2018 (2017: €9.4 million).

Net Result

For the first time in its history, Pharming Group reported net profits in 2018. The net result of a profit of €25.0 million represented a reversal of the loss of €76.2 million in 2017. The main point of difference was the very large adjustments to profit required in 2017 in connection with the amortizing bonds and their subsequent refinance, together with a significant adjustment to fair value of derivative financial liabilities stemming from the large share price rise during 2017. The elimination of these instruments has resulted in simplification of the capitalization table which has led to much smaller adjustments relating to fair value changes during 2018. Together with a stronger operating result from larger sales, this has enabled the Company to reach net profitability which we believe will be sustainable in future periods.

Inventories

Inventories reduced slightly from €18.3 million in December 2017 to €17.3 million in December 2018, largely due to the increase in sales above the effect of movement of inventory from lower value raw materials to higher value drug product. This level of inventory should enable us to meet the naturally improving sales level especially in the US and in Europe.

Cash and cash equivalents

The cash position including restricted cash increased from €60.0 million at year-end 2017 to €81.5 million at year-end 2018. This was mainly due to the strong sales performance of RUCONEST® especially in the third and fourth quarters, and occurred despite considerable increases in marketing

and R&D activities and the repayment of over €14.5 million ($16.7 million) of the Orbimed loan facility. Cash generation has been strong across all four quarters of 2018, as sales revenues grew and as faster credit collection was achieved.

The Company's current pattern of sales growth, together with the strong cash generation and cash balance and the tight control over costs going forward, forms the basis of the Board of Management's view that Pharming Group should be accounted for as a going concern.

As the Company's sales are largely in US dollars and the Company's debt is largely in US dollars, a natural hedge exists which means that any decline in the US dollar exchange rate over the year to reduce sales reported in Euros has a balancing effect of reducing the size of the debt liability when reported in Euros, and *vice versa*. These movements had a total cash effect of a gain of €2.9 million (2017: loss of €1.1 million).

Other Financial Liabilities

The strong sales performance in 2018 has led the Board of Management to increase the book value of the contingent consideration from €28.3 million in 2017 to €49.5 million (US$56.6 million) in 2018. This is essentially a provision for potential future costs (specifically the remaining sales milestone payments to Valeant) of contingent liabilities taken on in the context of the reacquisition of the commercial rights for RUCONEST® in North America in December 2016. This is a strong expression of confidence in the sales performance in the USA for RUCONEST®, which we believe will continue for the time being despite increased competition in the HAE marketplace. As the first milestone amount was due to be paid in the first quarter of 2019, the amount of this payment ($20.0 million or €17.5 million) is shown in the current liabilities section of the balance sheet as at 31 December 2018, with the remainder shown under long term liabilities. Release of part of this provision will have the effect of negating the effect of the milestone payment on the Company's income statement in the first quarter 2019.

Deferred Tax Assets

At the same time, because we believe that we will continue to generate positive net quarterly results and thus taxable profits in 2019 and beyond, we have recorded an increase in the deferred tax asset to €35.1 million (2017: €9.4 million) in respect of net operating losses which we expect to be able to use in future periods. The net effect of this change is an increase in the net result of €24.1 million. After many years of operating losses, this is a similar strong statement in support of our belief in the underlying sustainable performance of the Company.

Equity

The equity position changed from €16.1 million in December 2017 to €61.8 million in December 2018, mainly due to the changes in: the net result achieved by the Company; the equity increases from conversion or redemption of options, warrants and bonds. This represents an increase of 284%.

Performance of Pharming shares

During 2018, the Pharming stock price fluctuated around an average price of €1.15 per share. The year-end price was €0.76 (2017: €1.13), with a high of €1.57 in both January and June 2017 and a low of €0.68 in December 2018.

The closing number of shares as at the reporting date was 621,501,238 (2016: 579,014,891). New issues of stock representing a total of 42,486,347 shares were made to investors during the year related to the conversion of the remaining Ordinary Bonds due 2021, exercise of warrants, and exercise of employee options. As at the date of this report, the fully diluted number of shares is 663,472,724 and the number of shares in issue is 622,002,770.

Outlook 2019

For the remainder of 2019, the Company expects:

- Continued growth in revenues from sales of RUCONEST®, mainly driven by the US and Western Europe operations.
- Continued achievement of positive net earnings during the year.
- Continued investment in the expansion of production of RUCONEST® in order to meet the growing demand for RUCONEST® internationally.
- Investment in further clinical trial programs for RUCONEST® with low-volume concentrated liquid intramuscular and subcutaneous versions of RUCONEST® for both acute treatment and prophylaxis of HAE, as well as research into other more convenient routes of administration.
- Investment in clinical trials to explore pre-eclampsia and acute kidney injury for RUCONEST®/rhC1INH.
- Investment in development of the new pipeline programs in Pompe disease and Fabry's disease, and other new development opportunities and assets as these occur.
- Increasing marketing activity where this can be profitable for Pharming, such as opening new countries for RUCONEST®.
- We will continue to support all our teams and marketing partners in order to enable the maximization of the sales and distribution potential of RUCONEST® for patients in all territories, as we continue to believe that RUCONEST® represents a fast effective, reliable and safe therapy option to treat acute angioedema attacks in patients with HAE.

No further financial guidance for 2019 is provided.

The Board of Management

Sijmen de Vries, CEO
Bruno Giannetti, COO
Robin Wright, CFO

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 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.

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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Conference call information

Today, Chief Executive Officer Sijmen de Vries and Chief Financial Officer Robin Wright will discuss the preliminary financial results for 2018 in a conference call at 13.00 (CET) / 12:00 (GMT) / 07:00 (EST). To participate, please call one of the following numbers 10 minutes prior to the call:

From the Netherlands:	+31 (0) 20 709 5189
	Toll-free 0800 405 0000
From the UK:	+44 (0) 33 3300 0804
	Toll-free 0800 358 9743
From Belgium:	+32 (0) 2 403 5814
	Toll-free 0800 29913
From France:	+33 (0) 1 70 75 07 11
	Toll-free 0800 946 608
From Switzerland:	+41 (0) 22 580 9034
	Toll-free 0800 721 298
From the US:	+1 631 913 1422
	Toll-free 855 857 0686

For other numbers, please see :
http://events.arkadin.com/ev/docs/NE_W2_TF_Events_International_Access_List.pdf

Conference call PIN: 26644559#

To access the live conference on screen, please follow the link below:

Presentation link:
https://arkadin-event.webex.com/arkadin-event/onstage/g.php?MTID=e0c4c862448bba6c64e4b769306308ac7.

Presentation Password: 301281321

Pharming Group N.V.

Preliminary Consolidated Financial Statements (Unaudited)
For the year ended 31 December 2018

Consolidated Statement of Income

Consolidated Statement of Comprehensive Income

Consolidated Balance Sheet

Consolidated Statement of Changes in Equity

Consolidated Statement of Cash Flows

Consolidated Statement of Income

For the year ended 31 December

Amounts in € '000	2018	2017 restated*
Product sales	134,326	88,677
License fees	804	943
Revenues	135,130	89,620
Costs of sales	(22,180)	(12,445)
Gross profit	112,950	77,175
Other income	684	790
Research and development	(28,882)	(18,657)
General and administrative	(12,221)	(5,974)
Marketing and sales	(34,539)	(31,422)
Costs	(75,642)	(56,053)
Operating result	37,992	21,912
Fair value gain (loss) on revaluation derivatives	(495)	(42,063)
Other financial income and expenses	(36,640)	(65,538)
Financial income and expenses	(37,135)	(107,601)
Result before income tax	857	(85,689)
Income tax credit/(expense)	24,136	9,442
Net result for the year	24,993	(76,247)
Attributable to:		
Owners of the parent	24,993	(76,247)
Total net result	24,993	(76,247)
Basic earnings per share (€)	0.041	(0.152)
Fully-diluted earnings per share (€)	0.038	n/a

* Prior year's financial statements have been restated, as disclosed in Financial Highlights on page 5.

Consolidated Statement of Comprehensive Income

For the year ended 31 December

Amounts in € '000	2018	2017 restated*
Net result for the year	24,993	(76,247)
Currency translation differences	348	(998)
Items that may be subsequently reclassified to profit or loss	348	(998)
Other comprehensive income, net of tax	348	(998)
Total comprehensive income for the year	25,341	(77,245)
Attributable to:		
Owners of the parent	25,341	(77,245)

* Prior year's financial statements have been restated, as disclosed in Financial Highlights on page 5.

Consolidated Balance Sheet

As at 31 December

Amounts in € '000	2018	2017 restated*
Non-current assets		
Intangible assets	52,435	56,631
Property, plant and equipment	8,402	8,234
Long-term prepayments	2,006	2,296
Deferred tax asset	35,082	9,442
Restricted cash	1,204	1,336
Total non-current assets	**99,129**	**77,939**
Current assets		
Inventories	17,315	18,334
Trade and other receivables	17,814	11,260
Cash and cash equivalents	80,311	58,657
Total current assets	**115,440**	**88,251**
Total assets	**214,569**	**166,190**
Equity		
Share capital	6,215	5,790
Share premium*	387,525	363,818
Legal reserves	(590)	(938)
Accumulated deficit	(331,399)	(352,560)
Shareholders' equity	**61,751**	**16,110**
Non-current liabilities		
Loans and borrowings*	37,267	59,161
Deferred tax liabilities	87	-
Contract liabilities	667	1,467
Finance lease liabilities	164	390
Other financial liabilities	32,034	28,319
Total non-current liabilities	**70,219**	**89,337**
Current liabilities		
Loans and borrowings*	35,235	22,398
Contract liabilities	800	804
Derivative financial liabilities*	228	10,080
Trade and other payables	28,589	27,198
Finance lease liabilities	263	263
Other financial liabilities	17,484	-
Total current liabilities	**82,599**	**60,743**
Total equity and liabilities	**214,569**	**166,190**

* Prior year's financial statements have been restated, as disclosed in Financial Highlights on page 5.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

	Attributable to owners of the parent		
Amounts in € '000	Number of shares ('000)	Share capital	Share Premium
Balance at 1 January 2017	**455,587**	**4,556**	**301,876**
*Result for the year**	-	-	-
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**
Share-based compensation	-	-	-
Bonuses settled in shares	909	9	246
Shares issued for cash/ conversion of bonds	63,477	635	43,872
Warrants exercised/ issued	58,123	581	17,657
Options exercised	919	9	167
Total transactions with owners, recognized directly in equity	**123,428**	**1,234**	**61,942**
Balance at 31 December 2017	**579,015**	**5,790**	**363,818**
Restatement	**-**	**-**	**-**
Balance at 31 December 2017 after restatement	**579,015**	**5,790**	**363,818**
Result for the year	-	-	-
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**
Share-based compensation	-	-	-
Bonuses settled in shares	1,625	16	1,284
Shares issued for cash / conversions of bonds	2,746	28	3,117
Warrants exercised/ issued	11,122	111	2,305
Options exercised	26,993	270	17,001
Total transactions with owners, recognized directly in equity	42,486	425	23,707
Balance at 31 December 2018	**621,501**	**6,215**	**387,525**

* Prior year's financial statements have been restated, as disclosed in Financial Highlights on page 5.

Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 December 2018

	Attributable to owners of the parent		
Amounts in € '000	Legal reserves	Accumulated Deficit	Total Equity
Balance at 1 January 2017	**60**	**(279,025)**	**27,467**
Result for the year	-	(76,247)	(76,247)
Other comprehensive income for the year	(998)	-	(998)
Total comprehensive income for the year	**(998)**	**(76,247)**	**(77,245)**
Share-based compensation	-	2,712	2,712
Bonuses settled in shares	-	-	255
Shares issued for cash/ conversion of bonds	-	-	44,507
Warrants exercised/ issued	-	-	18,238
Options exercised	-	-	176
Total transactions with owners, recognized directly in equity	**-**	**2,254**	**65,888**
Balance at 31 December 2017*	**(938)**	**(352,560)**	**16,110**
Restatement	**-**	**-**	**-**
Balance at 31 December 2017 after restatement	**(938)**	**(352,560)**	**16,110**
Result for the year	-	24,993	24,993
Other comprehensive income for the year	348	-	348
Total comprehensive income for the year	**348**	**24,993**	**25,341**
Share-based compensation	-	2,531	2,531
Bonuses settled in shares	-	(606)	694
Shares issued for cash / conversions of bonds	-	-	3,145
Warrants exercised/ issued	-	-	2,416
Options exercised	-	(5,757)	11,514
Total transactions with owners, recognized directly in equity	**-**	**(3,832)**	**20,300**
Balance at 31 December 2018	**(590)**	**(331,399)**	**61,751**

* Prior year's financial statements have been restated, as disclosed in Financial Highlights on page 5.

Consolidated Statement of Cash Flows

For the year ended 31 December

Amounts in €'000	2018	2017
Operating result	**37,992**	**21,912**
Non-cash adjustments:		
Depreciation, amortization	6,559	3,415
Accrued employee benefits	3,270	2,712
Deferred license fees	(804)	(943)
Operating cash flows before changes in working capital	**47,017**	**27,096**
Changes in working capital:		
Inventories	1,019	(393)
Trade and other receivables	(6,554)	(3,345)
Payables and other current liabilities	1,391	14,837
Total changes in working capital	**(4,144)**	**11,099**
Changes in non-current assets, liabilities and equity	(1,098)	15
Cash generated from / (used in) operations before interest and taxes	**41,775**	**38,210**
Interest received	18	3
Income taxes paid	(1,417)	-
Net cash flows generated from / (used in) operating activities	**40,376**	**38,213**
Capital expenditure for property, plant and equipment	(2,496)	(3,248)
Investment in intangible assets	(1,273)	(2,797)
Acquisition of business	-	-
Net cash flows generated from / (used in) investing activities	**(3,769)**	**(6,045)**
Proceeds of debt loans and borrowings	-	91,333
Payments of transaction fees and expenses	-	(3,352)
Prepayment on loans and borrowings	(15,137)	(86,258)
Redemption of bonds	(2,257)	(3,934)
Interest on loans	(11,063)	(7,877)
Proceeds of equity and warrants	10,496	6,833
Net cash flows generated from / (used in) financing activities	**(17,961)**	**(3,255)**
Increase (decrease) of cash	**18,646**	**28,913**
Exchange rate effects	2,876	(1,057)
Cash and cash equivalents at 1 January	59,993	32,137
Total cash and cash equivalents at 31 December	**81,515**	**59,993**

Appendix: Main Financial Statements reported in US dollars

The original Financial Statements are reported in Euros. In case of differences of interpretation between the Financial Statements in US Dollars and the Financial Statements in Euros, the Financial Statements in Euros will prevail.

Consolidated Statement of Income (in US dollars)

For the year ended 31 December

Amounts in $ '000	2018	2017 restated*
Product sales	158,773	100,223
License fees	950	1,066
Revenues	159,724	101,289
Costs of sales	(26,127)	(14,065)
Gross profit	133,507	87,223
Other income	808	893
Research and development	(34,139)	(21,086)
General and administrative	(14,445)	(6,752)
Marketing and sales	(40,825)	(35,513)
Costs	(89,409)	(63,351)
Operating result	44,907	24,765
Fair value gain (loss) on revaluation derivatives	(585)	(47,540)
Other financial income and expenses	(43,308)	(74,071)
Financial income and expenses	(43,894)	(121,611)
Result before income tax	1,013	(96,846)
Income tax credit/(expense)	28,529	10,671
Net result for the year	29,542	(86,174)
Attributable to:		
Owners of the parent	29,542	(86,174)
Total net result	29,542	(86,174)
Basic earnings per share ($)	0.048	(0.172)
Fully-diluted earnings per share ($)	0.045	n/a

* Prior year's financial statements have been restated, as disclosed in Financial Highlights on page 5.

Consolidated Balance Sheet

As at 31 December

Amounts in $'000	2018	2017 restated*
Non-current assets		
Intangible assets	59,980	67,827
Property, plant and equipment	9,611	9,862
Long-term prepayments	2,295	2,750
Deferred tax asset	40,130	11,309
Restricted cash	1,377	1,600
Total non-current assets	**113,394**	**93,348**
Current assets		
Inventories	19,807	21,959
Trade and other receivables	20,377	13,486
Cash and cash equivalents	91,868	70,253
Total current assets	**132,052**	**105,698**
Total assets	**245,445**	**199,046**
Equity		
Share capital	7,109	6,935
Share premium*	443,290	435,745
Legal reserves	(675)	(1,123)
Accumulated deficit	(379,087)	(422,261)
Shareholders' equity	**70,637**	**19,295**
Non-current liabilities		
Loans and borrowings*	42,630	70,857
Deferred tax liabilities	100	-
Contract liabilities	763	1,757
Finance lease liabilities	188	467
Other financial liabilities	36,644	33,918
Total non-current liabilities	**80,324**	**106,999**
Current liabilities		
Loans and borrowings*	40,305	26,826
Contract liabilities	915	963
Derivative financial liabilities*	261	12,073
Trade and other payables	32,703	32,575
Finance lease liabilities	301	315
Other financial liabilities	20,000	-
Total current liabilities	**94,485**	**72,752**
Total equity and liabilities	**245,445**	**199,046**

* Prior year's financial statements have been restated, as disclosed in Financial Highlights on page 5.

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