PHARMING

PHARMING REPORTS ON PRELIMINARY FINANCIAL RESULTS 2013

Leiden, The Netherlands, 6 March 2014. Biotech company Pharming Group NV ("Pharming" or "the Company") (NYSE Euronext: PHARM) today published its preliminary (unaudited) financial results for the year ended 31 December 2013.

FINANCIAL HIGHLIGHTS

- Revenues and other income decreased to €7.0 million (2012: €10.9 million) mainly as a result from lower license fees as 2012 included receipt of a €7.9 million milestone from our US partner Santarus for successful completion of study 1310 while 2013 included a €3.8 milestone from Santarus for acceptance for review of the BLA for Ruconest by the US FDA. Sales in 2013 increased to €0.9 million (2012: €0.8 million).
- Operating costs decreased to €12.8 million (2012: €24.1 million) as a result of the combined effect of reduced costs for clinical studies, cost reductions following the reorganization that was completed in the first half of 2013, reduced inventory impairments and implementation of stringent cost control measures.
- Total net loss decreased to €14.8 million (2012: €24.1 million) as result of a reduction in the loss from operating activities to €6.9 million from €17.5 million in 2012. Financial income and expenses resulted in a loss of €7.9 million (2012: €6.6 million) mainly as a result of non-cash charges associated with the issue of convertible bonds and warrants and changes in the fair values of the warrants due to re-pricing of the warrants and fluctuations in the Pharming stock price.
- Net cash outflows from operations decreased to €8.3 million (2012: €10.3 million) while net cash inflows from financing activities amounted to €21.1 million (including €16.0 million in relation to the issue of convertible bonds and €12.2 million issue of equity and exercises of warrants). Net cash inflows from investing activities amounted to €0.2 million.
- Cash at the end of 2013 increased to €19.2 million (2012: €6.3 million).
- The equity position amounted to €5.0 million positive at year-end 2013, the first time the Company reports a positive equity since the end of 2011. At year-end 2012, the negative equity position amounted to €7.7 million.
- To date, during the first months of 2014, the exercise of warrants has provided an additional inflow of cash of €4.2 million

OPERATIONAL HIGHLIGHTS 2013

- Biologics License Application (BLA) for RUCONEST® was filed and subsequently accepted by the US Food and Drug Administration (FDA). Our US partner Santarus was acquired by Salix Pharmaceuticals Ltd.(SLXP).
    - Pharming and Salix are seeking U.S. marketing approval of RUCONEST® for the treatment of acute angioedema attacks in patients with hereditary angioedema (HAE);
    - Pharming and Salix were recently informed by the FDA that the FDA has extended the review period of the BLA by three months, the standard extension period, and will now complete the review or otherwise respond to the RUCONEST® BLA by 16 July 2014.

- During the last months of the year, EU commercialization partner Sobi obtained reimbursement for Ruconest in several Central- and Eastern European markets and the Netherlands. This led to increasing sales by Sobi in the market over the last months of the year. In the Netherlands Ruconest was defined as the reimbursement benchmark, leading to significant patient co- payments on the plasma derived C1 inhibitor treatment.

- The European Medicines Agency (EMA) provided approval for Sanofi Chimie, Pharming's Contract Manufacturing Organization partner, to manufacture drug substance for Pharming's product Ruconest® at their Aramon (France) site. This has allowed Pharming to leverage the manufacturing process for Ruconest, completing an important up-scaling of the production capacity that will allow for future significant economies of scale. This represents a significant competitive advantage over the manufacturers of plasma- (blood) derived products, which are dependent on blood donations.

- A significant downsizing of the Dutch operations was implemented, following from a strategic re-emphasis on collaborative development efforts and out- sourcing of non- core activities, leading to significant reductions in operating expenses. At year- end 2013, the organization consisted of 40 FTE's (69 at YE 2012).

- New data from a pivotal Phase III clinical study (Study 1310) of RUCONEST® for the treatment of acute angioedema attacks in patients with hereditary angioedema (HAE) featured in a poster presentation at the European Academy of Allergy and Clinical Immunology (EAACI) & World Allergy Organization (WAO) World Allergy & Asthma Congress in Milan, Italy and were subsequently published in a peer reviewed journal in December 2013 (Annals of Allergy, Asthma and Immunologgy)

- Results of a study demonstrating that RUCONEST® has been shown to have a beneficial effect as a donor pre-treatment therapy in an animal model of kidney transplantation was presented at the American Transplant Congress in Seattle, Washington.

- The Company entered into a strategic collaboration in China with Shanghai Institute of Pharmaceutical Industry (SIPI), a Sinopharm Company, for the development, manufacture and commercialisation of new products at SIPI, funded by SIPI up to IND stage, based on the Pharming technology platform. In addition, Pharming has also granted SIPI an exclusive license to commercialise RUCONEST® (conestat alfa) in China.

- For HAE prophylaxis, Pharming submitted, under our investigational new drug application, a protocol to the FDA with a request for a special protocol assessment (SPA). The FDA has indicated that modifications to the protocol are needed before proceeding with the study and further discussions will be required in order for the protocol to be approved pursuant to the SPA process. Pharming and Salix are evaluating next steps to move the program forward.

Sijmen De Vries, Chief Executive of Pharming commented: "2013 was a year of considerable progress for Pharming during which great strides forward were made on a number of important fronts, particularly the submission and subsequent receipt of acceptance for review of the Ruconest BLA by the FDA, and the receipt of EMA approval for the up-scaled downstream manufacturing process at Sanofi Chimie. Both achievements are important steps towards the future profitable commercialization of Ruconest, as well as the stabilization and strengthening of the balance sheet. Once achieved, the stabilized balance sheet, in combination with our signifantly reduced costs base will form the platform from which Pharming can achieve self sustaining profitability and develop a new pipeline through collaborative product development with partners.

- **Pharming does not provide detailed financial guidance for 2014.**
- **Pharming expects that revenues from sales of Ruconest to its commercialization partners (excluding USA) will increase by more than €2 million to more than €3 million during 2014.**

FINANCIAL RESULTS

In the year 2013 the Company generated revenue from continuing operations of €7.0 million (2012: €10.6 million). 2012 included receipt of a €7.9 million milestone from our US partner Santarus for successful completion of study 1310 while 2013 included a €3.8 milestone from Santarus for acceptance for review of the BLA for Ruconest by the US FDA. Costs of revenues amounted to €1.1 million (2012: €4.3 million) with impairments on inventories amounting to €0.5 million (2012: €3.1 million). Other income related to grants exclusively and decreased to €0.1 million in 2013 from €0.3 million in 2012.

Total operating costs decreased by €11.3 million from €24.1 million in 2012 to €12.8 million in the same period of 2013. The decrease is a result of the combined effect of reduced costs for clinical studies, cost reductions following the reorganization that was completed in the first half of 2013, reduced inventory impairments and implementation of stringent cost control measures.

In January 2013 the Company issued €16.35 million convertible bonds plus 16,349,999 warrants. The bonds had to be repaid in seven monthly installments and could be settled in cash and/or in shares. The bonds have been fully repaid in 2013; five installments plus interest were repaid in shares with the number of shares based on volume weighted average price during a reference period minus a discount and two installments plus interest in cash. With regard to these payments, the Company issued a total of 127,369,529 shares. Total costs associated with these bonds amounted to €7.7 million.

The 2013 net loss on financial income and expenses of €7.9 million compared to a €6.6 million net loss on financial income and expenses in 2012. The 2013 financial expenses included settlement losses of the convertible bonds in the amount of €4.6 million, effective interest of the convertible bond of €3.2 million.
As a result of the above items, the net loss decreased by €9.3 million to €14.8 million in 2013 (2012: €24.1 million). The net loss per share for 2013 amounted to €0.070 (2012: €0.330).

FINANCIAL POSITION

Total cash and cash equivalents (including restricted cash) increased by €12.9 million from €6.3 million at year end 2012 to €19.2 million at the end of 2013. The increase follows from net cash outflows from operations of €8.3 million with net cash inflows from financing activities amounting to €21.1 million and net cash inflows from investing activities amounting to €0.2 million. Net cash flows from financing activities mainly follow from the €16.35 million convertible bond transaction of January 2013 and the October 2013 equity issue of €12.0 million.

EQUITY POSITIVE FOR FIRST TIME SINCE DECEMBER 2011

The equity position amounted to €5.0 million positive at year-end 2013, the first time the Company reports a positive equity since the end of 2011. At year-end 2012, the negative equity position amounted to €7.7 million.

Pharming continues to review its financial and liquidity position with the aim to further improve its equity standing under International Financial Reporting Standards (IFRS). Notably, the Company reports that the negative equity position at the end of 2011 was mainly caused by the inability to recognize the €19.7 million upfront payments and milestones received from Sobi and Santarus as equity (at 31 December 2013 the deferred license fees income amounted to €14.4 million).

On 28 February 2013, a 10:1 reverse split was approved by Pharming's AGM. All share numbers have been adjusted retro-actively to reflect this reverse split. The number of outstanding shares as of today, 6 March 2014, is 373,499,285 and the fully diluted number of shares is 390,785,449. This increase results from exercises of warrants which has provided the Company with an additional €4.2 million of cash in 2014. The number of remaining warrants outstanding as of 6 March 2014 is 8,460,733.

Conference call information

Today, Chief Executive Officer, Sijmen de Vries, will discuss the full year 2013 results in a conference call at 09:30am (CET). To participate, please call one of the following numbers 10 minutes prior to the call:

From the Netherlands:	+31 (0) 45 631 6902
From the UK:	+44 (0) 207 153 2027
From Belgium:	+32 (0) 2 290 1401
From France:	+33 (0) 1 70 99 3515
From Germany:	+49 (0) 61 03 485 3001
From Switzerland:	+41 (0) 22 5927312

Conference ID: 4673419

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 December

Amounts in €'000	2013	2012
Intangible assets	405	535
Property, plant and equipment	6,228	7,128
Restricted cash	176	732
Non-current assets	**6,809**	**8,395**
Inventories	4,763	2,101
Assets held for sale	-	242
Trade and other receivables	860	524
Restricted cash	2,008	309
Cash and cash equivalents	16,968	5,273
Current assets	**24,599**	**8,449**
Total assets	**31,408**	**16,844**
Share capital	3,347	10,092
Share premium	254,684	231,866
Other reserves	14,873	14,144
Accumulated deficit	(267,891)	(263,754)
Shareholders' equity	**5,013**	**(7,652)**
Deferred license fees income	12,222	13,495
Finance leases liabilities	1,207	1,961
Other liabilities	44	72
Non-current liabilities	**13,473**	**15,528**
Deferred license fees income	2,200	1,936
Derivative financial liabilities	4,144	1,215
Restructuring provision	-	1,232
Trade and other payables	5,812	3,690
Finance lease liabilities	766	895
Current liabilities	**12,922**	**8,968**
Total equity and liabilities	**31,408**	**16,844**

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CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December

Amounts in €'000	2013	2012
Continuing operations:		
License fees	5,903	9,815
Product sales	941	798
Revenues	**6,844**	**10,613**
Costs of product sales	(533)	(1,126)
Inventory impairments	(579)	(3,141)
Gross profit/(loss)	**5,732**	**6,346**
Income from grants	106	250
Other income	**106**	**250**
Research and development	(9,849)	(19,350)
General and administrative	(2,171)	(3,080)
Impairment charges	-	(1,257)
Share-based compensation	(730)	(370)
Costs	**(12,750)**	**(24,057)**
Loss from operating activities	**(6,912)**	**(17,461)**
Fair value gain derivatives	208	1,283
Financial income	**208**	**1,283**
Effective interest convertible bonds	(3,178)	(2,353)
Settlement convertible bonds	(4,555)	(2,757)
Result equity working capital facility	-	(673)
Recycling equity translation reserve	-	(1,384)
Other interest expenses, net	(107)	(242)
Foreign currency results	(214)	(218)
Other financial expenses	(82)	(288)
Financial expenses	**(8,136)**	**(7,915)**
Net loss from continuing operations	**(14,840)**	**(24,093)**
Net profit from discontinued operations	-	-
Net loss	**(14,840)**	**(24,093)**
Attributable to:		
Net loss from continuing operations	(14,840)	(24,093)
Net profit from discontinued operations	-	-
Owners of the parent	**(14,840)**	**(24,093)**
Share information:		
Weighted average shares outstanding	213,007,959	72,977,269
Basis loss per share (€), of which:	(0.070)	(0.330)
From continuing operations (€)	(0.070)	(0.330)

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CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December

Amounts in €'000	**2013**	**2012**
Receipts from license partners	5,626	9,069
Receipt of Value Added Tax	882	1,163
Interest received	49	18
Receipt of grants	145	72
Other receipts	300	829
Payments of third party fees and expenses, including Value Added Tax	(9,948)	(14,941)
Net compensation paid to (former) board members and (former) employees	(3,136)	(3,285)
Payments of pension premiums, payroll taxes and social securities, net of grants settled	(2,211)	(2,983)
Other payments	-	(212)
Net cash flows used in operating activities	**(8,293)**	**(10,270)**
Proceeds of sale of assets	262	722
Purchase of property, plant and equipment	(21)	(614)
Deconsolidation of DNage	-	-
Net cash flows from/(used in) investing activities	**241**	**108**
Proceeds of equity and warrants issued	12,178	5,340
Proceeds of convertible bonds issued	16,023	8,000
Repayments of convertible bonds	(4,746)	-
Payments of transaction fees and expenses	(1,485)	(931)
Payments of finance lease liabilities	(881)	(838)
Net cash flows from financing activities	**21,089**	**11,571**
Increase/(decrease) of cash	**13,037**	**1,409**
Exchange rate effects	(199)	(160)
Cash and cash equivalents at 1 January	6,314	5,065
Cash and cash equivalents at 31 December	**19,152**	**6,314**