PHARMING

Pharming Group

Report on Preliminary Financial Results 2015

***Leiden, The Netherlands*, 10 March 2016:** Pharming Group N.V. ("Pharming" or "the Company") (Euronext Amsterdam: PHARM) presents its (unaudited) financial report for the full year ended 31 December 2015.

CEO's Commentary

2015 was the year that Pharming started to move forward again, after years of consolidation and transition.

Sales of RUCONEST® grew well in 2015. This was most strongly seen in the US, where initially Salix Pharmaceuticals Ltd. ("Salix") (until its acquisition in April by Valeant Pharmaceuticals International Inc ("Valeant")) and thereafter Valeant have continued to roll out RUCONEST® to patients. The changes in sales organizations caused by this acquisition have impacted the speed of growth, but the overall result was still positive for Pharming.

We are proud that more than 12,000 attacks of hereditary angioedema ("HAE") have now been successfully treated with RUCONEST® and that the very low rate of adverse events observed and documented in clinical trials continues to be confirmed. It is already the most effective treatment (based on comparison of published data) for resolution of acute HAE attacks, with no significant side effects and very fast resolution of these painful and frightening episodes for patients. As the only pure recombinant product, it also avoids many of the concerns, complications and costs, such as the formation of potentially life-threatening blood clots and mandatory pre-testing and regular testing for blood-borne infections like Hepatitis B and C and HIV, which are associated with products fractionated from blood plasma, for which the risk of new blood-borne infections (such as Zika virus) also remains significant. As a further testament to RUCONEST®'s safety profile, the CHMP recently issued a positive opinion to cancel the requirement for rabbit allergy testing in Europe prior to first use and for the label to be extended further to allow it to be used to treat adolescent patients.

Starting in January with the initiation of a randomized double-blind placebo-controlled Phase II clinical trial for RUCONEST® in prophylaxis of HAE, we have relaunched Pharming as a company engaged in developing new products and markets. Since the year-end, we announced that this trial was fully recruited and we now expect the preliminary outcome from the study in the end of the second quarter of 2016. We have also extended our agreement with Cytobioteck S.A.S ("Cytobioteck") to an additional four Latin American countries, reflecting the good start that they have made in bringing RUCONEST® to patients in Colombia and Venezuela.

In 2015 we also entered into an international global access collaboration for HAEi, the International Patient Organization for C1-Inhibitor Deficiencies together with Clinigen Group plc. The "HAEi GAP" program will provide access to RUCONEST® for eligible patients with HAE who currently do not have access to effective medication to treat acute attacks of the disease, and the first patients are now coming through this program.

We intend to increase our own commercial activities, with additional territories and products as opportunities arise, and to continue to develop our pipeline to produce the next generation of therapies. We expect to announce the full pipeline development program, including the

anticipated timings of the clinical trial steps, in the second quarter of 2016 once our program leads have been optimized.

We have strengthened our Board of Supervisory Directors, adding Mr. Paul Sekhri and Dr. Jan Egberts to the board. Paul has been a very successful CEO of biotechnology companies for many years, including his current position at Lycera Corp. Jan was previously CEO of OctoPlus N.V., a specialty pharmaceuticals firm which was acquired by Dr Reddy's Laboratories Ltd. in 2013, and more recently as the CEO of Agendia Inc., a molecular diagnostics company. In October, Mr. Robin Wright was elected by shareholders as CFO and a member of the Board of Management. He has extensive senior level experience as a CFO of public companies in both the pharmaceutical and biotechnology industries. He is a qualified chartered accountant and was previously CFO of Sweden-based Karolinska Development AB. Robin has completed over 165 global license and M&A transactions as well as many financing transactions within the pharma/biotech sector.

In July, we were able to strengthen our resources by taking out a $17 million non-dilutive debt finance facility with Oxford Finance and Silicon Valley Bank. This was an important milestone for the Company. Such debt, on conservative and secure terms, allows us to improve returns for shareholders through leverage.

Later in the year, the US Food and Drug Administration ("FDA") granted an extension for RUCONEST® data exclusivity until 2026. This should enable us to add new revenue-generating products to our arsenal and identify opportunities in 2016 and beyond. It should also enable us to bring these products to market and develop sales under the "extended umbrella" of revenues from RUCONEST®.

With a solid base built in 2015 and strong opportunities becoming available already, we look forward to an even more positive year in 2016, with strong inflection points from the Phase II prophylaxis study and from increasing sales of RUCONEST®.

Leiden, 10 March 2016

Sijmen de Vries
Chief Executive Officer and Chairman of the Board of Management
Pharming Group N.V.

Financial summary

Amounts in €m except per share data	***2015***	***2014***	***% Change***	***2014 Excluding one-off €16.0m milestone***	***% Underlying Change***
Income Statement					
Revenue	10.8	21.2	*(49%)*	5.2	*108%*
Gross profit	6.0	17.8	*(66%)*	1.8	*233%*
Operating result	(12.8)	2.9	*(541%)*	(13.1)	*2%*
Net result	(10.0)	(5.8)	*(72%)*	(21.8)	*54%*
Balance Sheet					
Cash & marketable securities	31.8	34.4			
Share Information					
Earnings per share before dilution (€)	(0.024)	(0.015)			

Highlights of 2015

Operational highlights

- The first patient was treated in a Phase II clinical study of RUCONEST® for prophylaxis of HAE in January 2015. Salix was acquired by Valeant in April 2015. The costs of this study are being shared 50:50 with our US commercialization partner Valeant.
    - Prophylaxis of HAE is potentially a larger market than the more urgent acute attack market, and we believe that there is a good chance RUCONEST® may demonstrate strong effects in this indication too.
- Initiation of the International HAE patient organization's ("HAEi") Global Access Program for RUCONEST®, in May 2015.
- Pharming's partner, HyupJin Corporation, obtained marketing authorization for RUCONEST® in South Korea in December.
- The planned temporary shut-down of our manufacturing (sterile fill & finish) partner, BioConnection, in October created a need to build inventory to ensure no shortage before operations resume there again in Q2 2016.
- Released positive safety and clinical efficacy data in an ongoing open-label Phase II Pediatric study of RUCONEST® in June.
- In October, the FDA granted RUCONEST® a five-year extension (for a total of 12 years) to data exclusivity as a reference product (C1 esterase inhibitor [recombinant]), ensuring no further approvals of similar products (without full new biological entity development) until 2026.
- In December, the European Medicines Agency ("EMA") renewed the RUCONEST® European marketing authorization for an indefinite period of time.

Financial highlights

- Revenues from product sales increased to €8.6 million (2014: €3.0 million) mainly as a result of a full year's sales in the US.
- Total revenues decreased to €10.8 million (including €2.2 million of license revenue) in 2015 from €21.2 million (including €18.2 million in license revenue) in 2014.
- Operating results (excluding one-off license income) slightly improved to a loss of €12.8 million from a loss of €13.1 million, in spite of a considerable increase in R&D activity.
- The net loss was €10.0 million, and improved significantly from a loss of €21.8 million, versus 2014, when compared excluding the one-off licensing income of €16.0 million in 2014.
- The equity position declined from €29.8 million in 2014 to €23.8 million in 2015, mainly due to the net loss.

- Inventories increased from €13.4 million in 2014 to €16.2 million in 2015, largely due to the need to cover a temporary shutdown at our fill & finish partner for RUCONEST®.

- The cash position, including restricted cash, decreased from €34.4 million at year-end 2014 to €31.8 million at year-end 2015. This was mainly due to cash outflows related to the increase of inventories of RUCONEST® and a considerable increase in R&D activities, and cash inflows of the straight debt facility of US$17 million (€15.5 million) at a fixed coupon of 7% per annum from Oxford Finance and Silicon Valley Bank in July 2015, as well as €0.5 million from the exercise of warrants. The debt facility was used to build inventories ahead of the planned temporary closure of the facility, which provides our fill & finish production, and to accelerate growth in R&D activities. The facility will be repaid over four years, starting in the second half of 2016.

After the year end

Since 31 December 2015, the following additional events have occurred:

- Completion of full recruitment for the clinical Phase II study of RUCONEST® in prophylaxis of HAE, preliminary findings are now expected towards the end of the second quarter of 2016.

- Extension of our distribution agreement with Cytobioteck of Colombia, adding four Latin American countries – Argentina, Panama, Dominican Republic and Costa Rica – to the existing agreement which already covers Colombia and Venezuela. This extension reflects the good progress Cytobioteck are making with getting RUCONEST® approved in these countries to enable HAE patients in their region receive the best therapy.

- Positive CHMP opinions on EU label changes received in February 2016: to eliminate IgE testing as a preliminary requirement for RUCONEST® prescription and to allow approval for adolescent patients.

Financial review

Revenues and Gross profit

Revenues changed to €10.8 million (including €2.2 million of license revenue) in 2015 from €21.2 million (including €18.2 million in license revenue) in 2014. The 2014 figure included a €16.0 million milestone from our US partner following the FDA approval of RUCONEST®. Both years include other license income, reflecting a portion of earlier license fee payments from partners including SOBI, Salix and SIPI which have been allocated across a number of financial years in accordance with accounting guidelines.

During 2015, it emerged that a significant number of patients in the US were subject to Government-imposed discounting arrangements, which offer members of certain health insurance schemes, such as Government departments or ex-military personnel, special drug purchase rates. As a result of the discount claims made already by these patients and a provision for later claims which may be made by other patients in these schemes, Valeant has been obliged to reduce recorded revenue by these chargeback amounts. Pharming has recognized these chargebacks and provisions for later claims mainly in the fourth quarter results, with a one-off adjustment reflecting the reduced supply payments from Valeant of €0.7 million (2014: nil).

Revenues from product sales to Pharming increased to €8.6 million (2014: €3.0 million) mainly as a result of a full year's sales in the US (€6.3 million, up from €0.3 million in 2014) and sales for RUCONEST® in Europe and the Rest of World ("RoW") of €2.3 million, reflecting an approximately 9% increase in underlying market sales in the EU and the initial sales realized outside of Europe. The EU revenues from sales were lower than the €2.7 million realized in 2014, which were positively affected as result of building of inventories by SOBI in early 2014.

Costs of product sales in 2015 to Pharming amounted to €4.8 million, up from €3.4 million in 2014, reflecting the increased levels of sales in the US.

In 2015, the Company reversed €0.2 million of impairment costs of inventories (2014: addition of €0.6 million). Impairment costs relate to costs of goods exceeding the anticipated sales price of the product in certain markets.

Gross profit decreased from €17.8 million in 2014 to €6.0 million in 2015, but increased by 233% in real terms (from €1.8 million in 2014 to €6.0 million in 2015) after adjusting for the large one-off license income of €16.0 million in 2014. The main reasons for this real terms increase were increased sales in the US and the changing product mix between the US, EU and RoW regions in 2015.

Operating costs

Operating costs increased from €15.0 million in 2014 to €19.0 million in 2015. This increase reflected the increased R&D costs as operations were restored enabling Pharming to develop new pipeline programs, and the added cost of new personnel to handle the new pipeline programs and the increased production volumes and marketing and sales costs, mainly as result of initiation of direct commercialization of RUCONEST by Pharming in Austria, Germany and the Netherlands.

R&D costs within these figures increased to €14.2 million from €11.7 million in 2015. It is important to note the changes in mix in these activities. In 2014, the majority of R&D cost was incurred in the clinical approval process for RUCONEST® in acute HAE and the clinical trial program for prophylaxis of HAE. In 2015, the costs have mainly been divided between harmonizing the new Discovery R&D team developed from the assets acquired from TRM in 2014 and developing the two new major pipeline programs and the ongoing clinical trial program for prophylaxis of HAE.

General and administrative costs within these Operating Cost figures increased slightly to €3.7 million from €3.3 million in 2014. The increase is mainly related to the increase of the (non-cash) share based compensation.

Marketing and sales costs of €1.1 million reflect Pharming's direct commercialization activities in Germany, Austria, the Netherlands and RoW (outside Europe and US).

Operating result

The operating result improved slightly to a loss of €12.8 million from a loss of €13.1 million in 2014 (excluding the one-off license income in 2014), in spite of a considerable increase in R&D activity in 2015.

Financial income and expenses

The 2015 net gain on financial income and expenses was €2.9 million, compared with a net loss of €8.6 million a year earlier. This is mainly due to a gain on revaluation of warrants of €3.4 million

(2014: loss of €9.1 million), exchange gains of €0.3 million and interest and other costs of debt financing of €0.8 million.

Net result

As a result of the above items, the net loss increased from €5.8 million in 2014 to €10.0 million in 2015. Excluding the effect of the one-off license milestone income of €16.0 million in 2014, the underlying movement was a reduction in net loss from €21.8 million in 2014 to €10.0 million in 2015.

Inventories

Inventories increased from €13.4 million in 2014 to €16.2 million in 2015, largely due to the need to cover a planned temporary shutdown at our fill & finish partner for RUCONEST®. The facility is open again and production will resume during 2Q 2016. Inventories are not expected to increase in 2016.

Cash and cash equivalents

The total cash and cash equivalent position (including restricted cash) decreased from €34.4 million at year-end 2014 to €31.8 million at year-end 2015, mainly related to increased R&D spend, increased inventories of RUCONEST® and the taking out of the straight debt facility of US$17 million (€15.6 million) from Oxford Finance and Silicon Valley Bank in July 2015, as well as €0.5 million income from the exercise of warrants.

The principal elements of cash flow were the operating loss of €12.8 million (2014: operating profit of €2.9 million including €16.0 million of one-off milestone income), increase in inventories of €2.8 million, increase in trade receivables of €1.7 million, reduction in trade and other payables of €0.8 million and cash inflow from debt financing of €15.5 million.

Equity

The equity position declined from €29.8 million in 2014 to €23.8 million in 2015, mainly due to the net loss. It should be noted that the Company continues to hold an amount of deferred license fee income (year-end 2015: €10.0 million) related to non-refundable license fees received in 2010-2013 which are released to the P&L statement over the life of the license agreements involved.

Performance of Pharming shares

During 2015, the Pharming stock price fluctuated around an average price of €0.31 per share. The year-end price was €0.28 (2014: €0.39), with a high of €0.40 and a low of €0.24 in October 2015.

New issues of stock were only made to investors during the year related to warrants, of which 3,405,128 were exercised.

OUTLOOK

For the remainder of 2016, the Company expects:

- Investment in the production of RUCONEST® in order to ensure continuity of supply to the growing markets in the US, Europe and the rest of the world.

- Investment in the clinical trial program for RUCONEST® in prophylaxis of HAE and the development of a sub-cutaneous version of RUCONEST®.
- We will also continue to invest carefully in the new pipeline programs in Pompe Disease and Fabry Disease, and other new development opportunities and assets as these occur. To this end, we will be expanding in a modest way at our R&D center at Evry in France, and in our milk production sites in the Netherlands.
- Increasing selected marketing activity where this can be profitable for Pharming, such as in our current territories of Austria, Germany and the Netherlands.
- We will continue to support all our 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 the fastest, most effective, most reliable and safest therapy option available to HAE patients.

No financial guidance for 2016 is provided.

Although the requirement to produce quarterly reports has been discontinued under the new EU Transparency Directive and the Amended Transparency Directive Implementation Act, Pharming intends to continue to provide quarterly operating and financial reports on a voluntary basis.

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 and rest of the world. 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 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 in North America and Mexico by Valeant Pharmaceuticals International, Inc. (NYSE: VRX/TSX: VRX), following Valeant's acquisition of Salix Pharmaceuticals, Ltd.

RUCONEST® is distributed in Argentina, Colombia, Costa Rica, the Dominican Republic, Panama and Venezuela, by Cytobioteck.

RUCONEST® is distributed in South Korea by HyupJin Corporation and in Israel by Megapharm.

RUCONEST® is being investigated in a Phase II randomized, double blind placebo-controlled clinical trial for prophylactic treatment of HAE and is being evaluated for other indications as well. The Phase II study was fully recruited shortly after the year-end.

RUCONEST® is also being investigated in a Phase II clinical trial for the treatment of HAE in young children (2-13 years of age) and 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 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 Shanghai Institute of Pharmaceutical Industry ("SIPI"), a Sinopharm company, for joint global development of new products, starting with recombinant human Factor VIII for the treatment of Hemophilia A. Pre-clinical development and manufacturing will take place to global standards at SIPI and are funded by SIPI. 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 may contain forward-looking statements including without limitation those regarding Pharming's (the "Company") 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 (macro) economic factors, legal claims, the Company's ability to protect intellectual property, fluctuations in exchange and interest rates, changes in tax rates, changes in legislation 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 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 speak as of their respective dates, unless required by law 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 2015 in a conference call at 9:30am (CET). To participate, please call one of the following numbers 10 minutes prior to the call:

From the Netherlands: +31(0)20 716 8296
From the UK: +44(0)20 7136 2051
From Belgium: +32(0)2 404 0660
From France: +33(0)1 76 77 22 21
From Germany: +49(0)69 2222 10628
From Switzerland: +41(0)22 592 7953

Conference ID: 7145994

PHARMING GROUP N.V.

PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the year ended 31 December 2015

CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December

Amounts in €'000, except per share data	2015	2014
Product sales	8,621	2,996
One-off milestone income	-	15,990
Amortized license fee income	2,207	2,200
Revenues	**10,828**	**21,186**
Costs of sales	**(4,800)**	**(3,427)**
Gross profit	**6,028**	**17,759**
Other income	**147**	**105**
Research and development	(14,180)	(11,663)
General and administrative	(3,744)	(3,324)
Marketing and sales	(1,085)	-
Costs	**(19,009)**	**(14,987)**
Operating result	**(12,834)**	**2,877**
Fair value gain (loss) on revaluation of derivatives	3,380	(9,106)
Other financial income and expenses	(503)	462
Financial income and expenses	**2,877**	**(8,644)**
Result before income tax	**(9,957)**	**(5,767)**
Income tax expense	-	-
Net result for the year	**(9,957)**	**(5,767)**
Attributable to:		
Owners of the parent	(9,957)	(5,767)
Total net result	**(9,957)**	**(5,767)**
Basic earnings per share (€)	(0.024)	(0.015)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December

Amounts in €'000	2015	2014
Net result for the year	**(9,957)**	**(5,767)**
Currency translation differences	30	45
Items that may be subsequently reclassified to profit or loss	**30**	**45**
Other comprehensive income, net of tax	**30**	**45**
Total comprehensive income for the year	**(9,927)**	**(5,722)**
Attributable to:		
Owners of the parent	(9,927)	(5,722)

CONSOLIDATED BALANCE SHEET
As at 31 December

Amounts in €'000	2015	2014
Intangible assets	724	777
Property, plant and equipment	5,661	5,598
Restricted cash	200	200
Non-current assets	**6,585**	**6,575**
Inventories	16,229	13,404
Trade and other receivables	3,220	1,554
Cash and cash equivalents	31,643	34,185
Current assets	**51,092**	**49,143**
Total assets	**57,677**	**55,718**
Share capital	4,120	4,077
Share premium	283,396	282,260
Other reserves	66	36
Accumulated deficit	(263,743)	(256,530)
Shareholders' equity	**23,839**	**29,843**
Loans and borrowings	11,757	-
Deferred license fees income	7,808	10,022
Finance lease liabilities	798	965
Other liabilities	-	15
Non-current liabilities	**20,363**	**11,002**
Loans and borrowings	3,047	-
Deferred license fees income	2,207	2,200
Derivative financial liabilities	953	4,266
Trade and other payables	7,005	7,781
Finance lease liabilities	263	626
Current liabilities	**13,475**	**14,873**
Total equity and liabilities	**57,677**	**55,718**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December

Amounts in €'000	2015	2014
Receipts from license partners, including product sales	8,504	18,544
Receipt of value added tax	1,287	971
Interest received	141	185
Other receipts	19	283
Payments of third party fees and expenses, including value added tax	(11,253)	(7,851)
Payments of manufacturing expenses	(8,811)	(10,124)
Net compensation paid to (former) board members and (former) employees	(3,772)	(2,472)
Payments of pension premiums, payroll taxes and social securities, net of grants settled	(2,531)	(2,109)
Other payments	(6)	-
Net cash flows used in operating activities	**(16,422)**	**(2,573)**
Purchases of property, plant and equipment	(898)	(154)
Acquisition of business	-	(500)
Net cash flows used in investing activities	**(898)**	**(654)**
Proceeds of equity and warrants issued	483	19,375
Proceeds of loans from banks	15,524	-
Repayments of loans from banks	(359)	-
Payments of transaction fees and expenses	(608)	(697)
Payments of finance lease liabilities	(678)	(682)
Net cash flows from financing activities	**14,362**	**17,996**
Increase (decrease) of cash	**(2,958)**	**14,769**
Exchange rate effects	416	464
Cash and cash equivalents at 1 January	34,385	19,152
Total cash at 31 December	**31,843**	**34,385**
Of which restricted cash	200	200
Cash and cash equivalents at 31 December	**31,643**	**34,185**