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COMPANY NOTE | EQUITY RESEARCH | January 24, 2017

Healthcare: BioPharmaceuticals

Pharming Group NV (OTC: PHGUF) | PHARM.AS - €0.31 - AEX |

Buy

Resuming Coverage

Rating Changed, Target Price Changed

Stock Data	
52-Week Low - High	€0.15 - €0.32
Shares Out. (mil)	455.59
Mkt. Cap.(mil)	€141.2
3-Mo. Avg. Vol.	3,946,919
12-Mo.Price Target	€1.50
Cash (mil)	€34.3
Tot. Debt (mil)	€94.5
Current Yield	NA

Cash (mil): Cash and debt are proforma of recent financing transactions

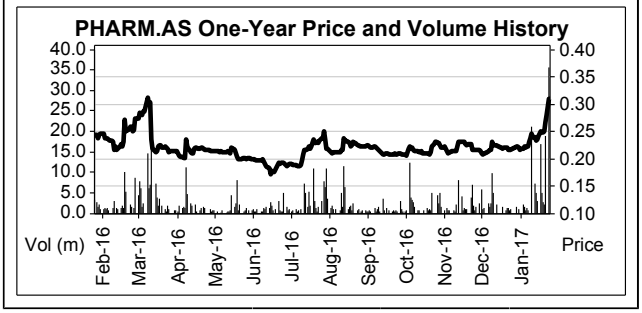
Pricing information reflects data from the securities primary listing, in this case the Amsterdam Exchange.

EPS €

Yr Dec	—2015—	—2016E—	—2017E—
		Curr	Curr
1Q	0.00A	(0.01)A	0.00E
2Q	(0.01)A	(0.01)A	0.00E
3Q	(0.01)A	(0.01)A	0.01E
4Q	(0.01)A	(0.01)E	0.01E
YEAR	(0.02)A	(0.03)E	0.02E
P/E	NM	NM	0.1x

Revenue (€ millions)

Yr Dec	—2015—	—2016E—	—2017E—
		Curr	Curr
1Q	1.8A	2.2A	10.8E
2Q	3.5A	3.1A	13.1E
3Q	3.2A	3.4A	15.6E
4Q	2.3A	4.5E	19.1E
YEAR	10.8A	13.1E	58.6E



PHARM.AS: Increased Ruconest Focus Should Drive Upside

We resume coverage of Pharming Group NV with a Buy rating and a €1.50/share price target. The impetus for our Buy rating on PHAR.AS shares is the potential for the re-launch of Ruconest to drive significant revenues and profitability.

Pharming Group NV is a Netherlands-based pharmaceuticals company that markets Ruconest for the acute treatment of hereditary angioedema (HAE). Key drivers to our investment thesis include:

- **Driver #1 - Ruconest is a differentiated product in a large revenue market.** Ruconest competes in the ~$1.4 billion market for HAE treatments (patients present with swelling that can be fatal). In our opinion, Ruconest is differentiated by high efficacy and improved safety (lower contamination risk). Importantly, Pharming is addressing product weaknesses that could make the product even more competitive going forward and increase market share.
- **Driver #2 - Increased sales focus should improve revenue ramp.** Pharming recently bought back product rights from Valeant. This should improve the product by 1) increasing resources behind the marketing effort, and 2) increasing the focus on Ruconest (note that Valeant has had other higher priority issues in the past 12 months).
- **Driver #3 - Prophylaxis data should help now and later.** Pharming recently presented positive phase 2 clinical data for prophylaxis of HAE (expands addressable market by ~$600M). This could help in the near-term (off label use) and in the long-term (as the company pursues an expanded label).
- **Driver #4 - Profitability likely in the near-term.** We target profitability in 2Q17, which we believe could be an inflection point for the company and the shares. This reflects continuation of the current upward trend in Ruconest sales combined with the asset being wholly owned by Pharming.
- **PT of €1.50/share.** Our price target is arrived at by applying a 15X multiple to our forecasted 2020 EPS of €0.20 and discounting back 3 years at 25%/year.
- **Risks/Catalysts.** The key risk, in our opinion, is successful execution of the marketing efforts by Pharming and the ability for sales to match expectations. This risk is magnified as well by a high initial debt load post re-acquiring Ruconest. The key catalyst should be reported Ruconest revenues throughout 2017.

INVESTMENT SUMMARY

We resume coverage of shares of Pharming Group NV (ticker: PHAR.AS, OTC - PHGUF) with a Buy rating and a €1.50/share price target. Pharming Group is a Netherlands-based pharmaceuticals company that markets Ruconest for the acute treatment of hereditary angioedema (HAE).

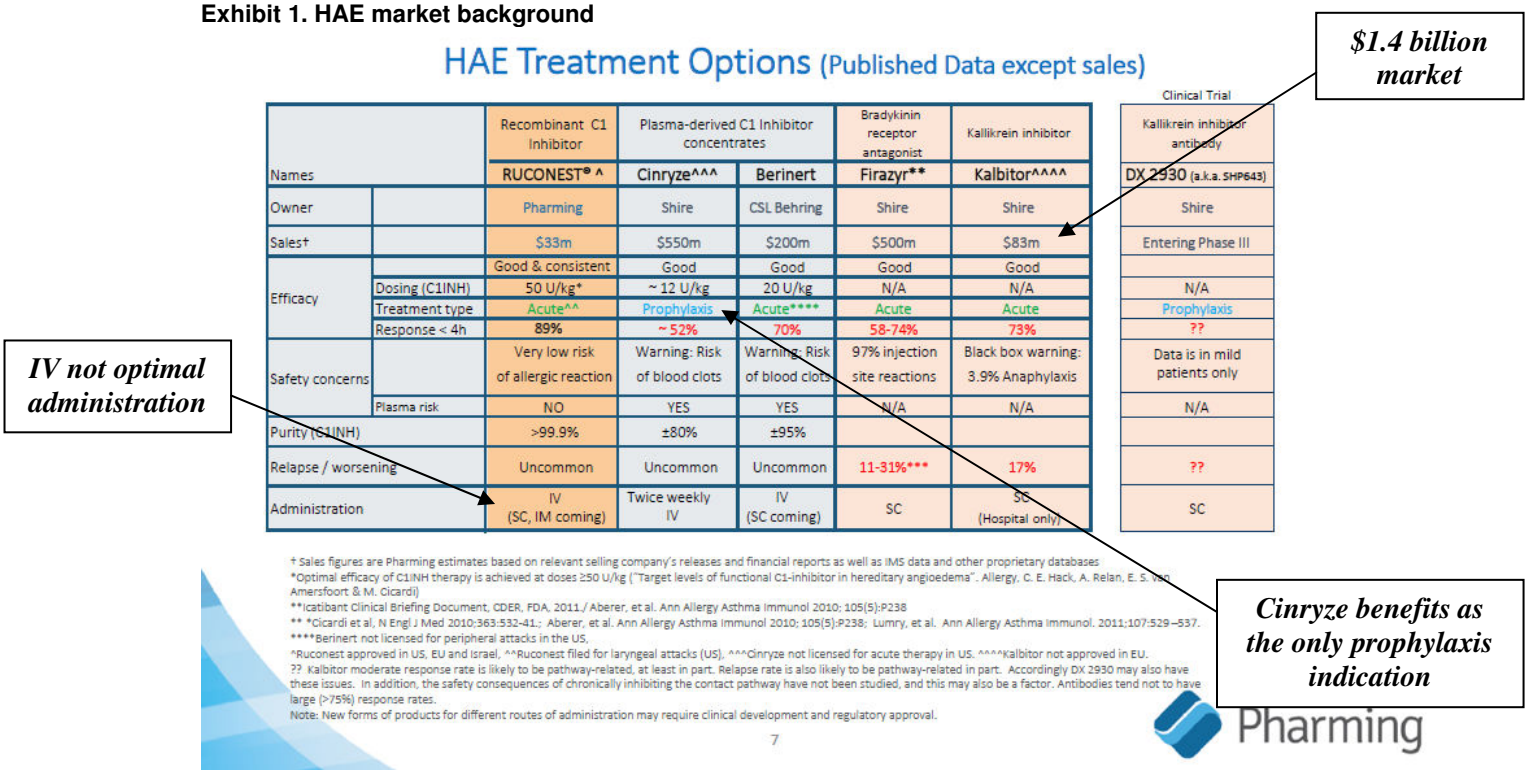
The impetus for our Buy rating on Pharming shares is the potential for the re-launch of Ruconest (under the Pharming salesforce) to drive significant revenue growth that should bring the company into profitability.

Importantly, Pharming recently bought back rights from Valeant (VRX, NC) to its marketed HAE treatment Ruconest. Pharming paid $60 million upfront with potential milestones of another $65 million (no royalties). To finance this transaction, the company conducted a rights offering (raised ~€8 million), a straight debt offering (raised ~$40 million), and convertible debt offerings (raised ~€57 million). Note the current exchange rate is 1 euro = 1.07 U.S. dollars.

Our investment thesis for Pharming Group NV (PHAR.AS) is hinged on five key investment drivers:

Reason #1 to invest in Pharming – Ruconest is a differentiated product in a large revenue market
Pharming's lead product is Ruconest for the treatment of hereditary angioedema (HAE), which is approved in the U.S. and internationally. HAE is a rare genetic disorder caused by mutations in the gene encoding C1-esterase inhibitor (C1INH). Patients present with swelling, severe abdominal pain, or acute airway obstruction. HAE can be fatal if left untreated. The incidence is low (1 in 50K – Source: US Hereditary Angioedema Association) with common misdiagnosis. However, the price point for treatments is high (~$10K/dose) resulting in a ~$1.4 billion market (including acute and prophylaxis treatment – Source: company releases, IMS Health, Pharming presentation October 2016).

Exhibit 1. HAE market background



		Recombinant C1 Inhibitor	Plasma-derived C1 Inhibitor concentrates		Bradykinin receptor antagonist	Kallikrein inhibitor	Clinical Trial: Kallikrein inhibitor antibody
Names		RUCONEST® ^	Cinryze^^^	Berinert	Firazyr**	Kalbitor^^^^	DX 2930 (a.k.a. SHP643)
Owner		Pharming	Shire	CSL Behring	Shire	Shire	Shire
Sales†		$33m	$550m	$200m	$500m	$83m	Entering Phase III
Efficacy		Good & consistent	Good	Good	Good	Good	
	Dosing (C1INH)	50 U/kg*	~ 12 U/kg	20 U/kg	N/A	N/A	N/A
	Treatment type	Acute^^	Prophylaxis	Acute****	Acute	Acute	Prophylaxis
	Response < 4h	89%	~ 52%	70%	58-74%	73%	??
Safety concerns		Very low risk of allergic reaction	Warning: Risk of blood clots	Warning: Risk of blood clots	97% injection site reactions	Black box warning: 3.9% Anaphylaxis	Data is in mild patients only
	Plasma risk	NO	YES	YES	N/A	N/A	N/A
Purity (C1INH)		>99.9%	±80%	±95%			
Relapse / worsening		Uncommon	Uncommon	Uncommon	11-31%***	17%	??
Administration		IV (SC, IM coming)	Twice weekly IV	IV (SC coming)	SC	SC (Hospital only)	SC

† Sales figures are Pharming estimates based on relevant selling company's releases and financial reports as well as IMS data and other proprietary databases
*Optimal efficacy of C1INH therapy is achieved at doses ≥50 U/kg ("Target levels of functional C1-inhibitor in hereditary angioedema". Allergy. C. E. Hack, A. Relan, E. S. van Amersfoort & M. Cicardi)
**Icatibant Clinical Briefing Document, CDER, FDA, 2011./ Aberer, et al. Ann Allergy Asthma Immunol 2010; 105(5):P238
** *Cicardi et al, N Engl J Med 2010;363:532-41.; Aberer, et al. Ann Allergy Asthma Immunol 2010; 105(5):P238; Lumry, et al. Ann Allergy Asthma Immunol. 2011;107:529–537.
****Berinert not licensed for peripheral attacks in the US,
^Ruconest approved in US, EU and Israel, ^^Ruconest filed for laryngeal attacks (US), ^^^Cinryze not licensed for acute therapy in US. ^^^^Kalbitor not approved in EU.
?? Kalbitor moderate response rate is likely to be pathway-related, at least in part. Relapse rate is also likely to be pathway-related in part. Accordingly DX 2930 may also have these issues. In addition, the safety consequences of chronically inhibiting the contact pathway have not been studied, and this may also be a factor. Antibodies tend not to have large (>75%) response rates.
Note: New forms of products for different routes of administration may require clinical development and regulatory approval.
7

Source: Pharming Group N.V. presentation, October 2016

Points of differentiation
We consider the five main attributes for an HAE treatment to be 1) efficacy (as measured by reductions of attacks), 2) method of delivery (subcutaneous, intravenous, intramuscular), 3) side effect profile, 4) drug label (acute and/or prophylaxis indication), and 5) marketing salesforce. The positives for Ruconest include efficacy and safety (not a blood borne product). The negatives include a modest salesforce and an

intravenous (IV) administration which can be problematic for a patient attempting to self-administer potentially with swollen hands. Further, Ruconest lacks a prophylaxis indication (which shrinks its target market). However, it is important to note that Pharming is improving on all of the product's negative attributes.

Potentially best-in-class if weaknesses addressed

Exhibit 2. Product positioning: Ruconest

Product positioning in market				
Metric	Positive	Neutral	Negative	How changing?
Administration			X	Developing intramuscular/SC
Safety	X			
Sales force			X	Expanding and now internal
Label		X		Pursuing prophylaxis indication
Efficacy	X			

Source: ROTH Capital Partners

The takeaway is that Ruconest is a ~$40 million revenue generator in a ~$1.4 billion market despite having strong efficacy relative to competitors. Further, the company is addressing the product's core weaknesses, which could make it a significantly more competitive product. We believe that even a modest increase in market share could prompt significant rewards for investors.

Reason #2 to invest in Pharming – Increased sales focus should help

There is an objective and subjective component to an increased sales focus. This includes upsizing the saleforece (objective) and reduced distractions with an internal saleforce (subjective). We evaluate these two factors below.

Objective variable – Increased size of the salesforce

First, Pharming has stabilized the marketing efforts of Ruconest with all of Valeant's (VRX, NC) dedicated Ruconest sales force (11 individuals) accepting offers to join Pharming. Second, Pharming has committed to increasing the size of the sales force, investing in medical science liaison personnel and supporting additional marketing activities. This includes patient advocacy programs and the provision of significant unconditional support for the HAEA (the US HAE patients' association) and its programs as well as other HAE centers of excellence in the US. In addition, Pharming is planning further investment in the European, Middle Eastern and African markets which Pharming assumed responsibility over in October 2016 from SOBI, as announced on 14 July 2016.

We believe that stabilizing the salesforce should maintain the current revenue trajectory, and the added marketing effort could accelerate the launch curve. The cost of this marketing expansion is also reasonable, in our opinion. For an investment of ~$3 million/year, the company could potentially almost double its marketing personnel.

Subjective variable – Increased focus on Ruconest

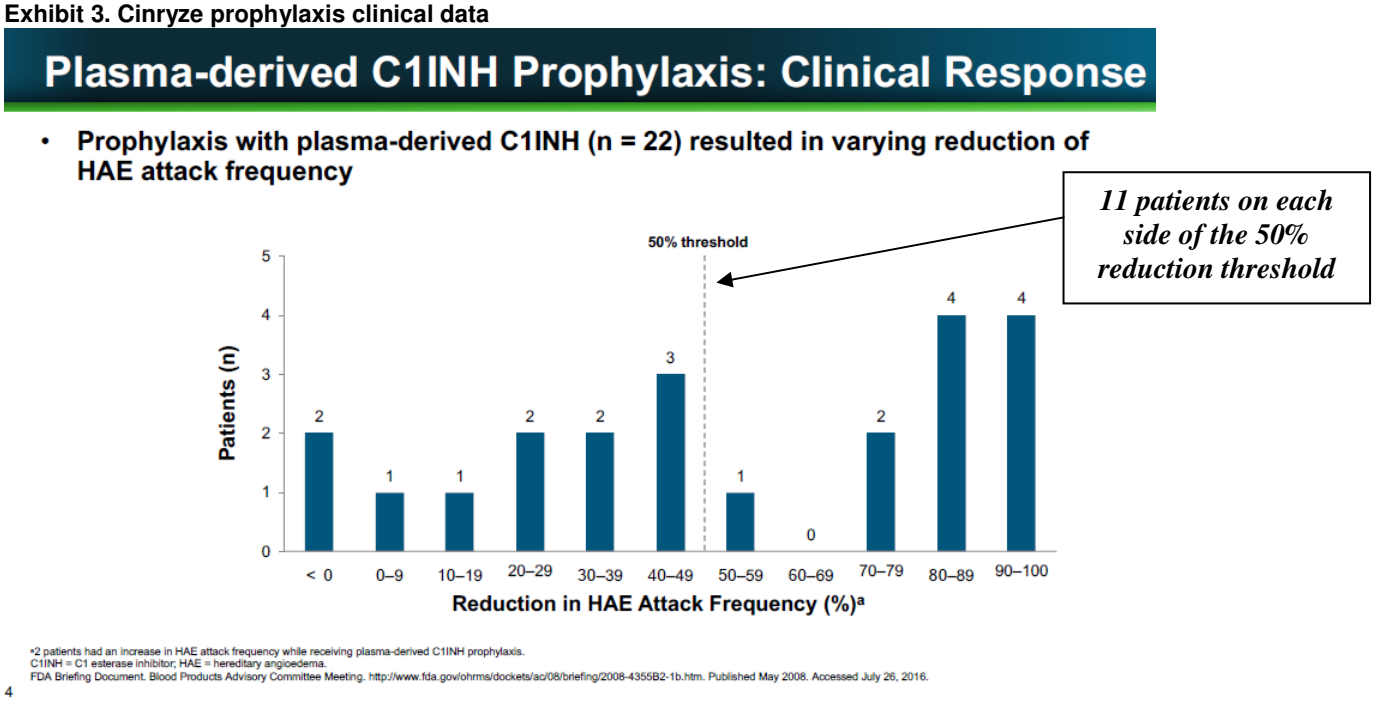
We believe that the distractions of being a Valeant marketed product likely reduced the revenue curve for the Ruconest launch. We highlight three specific levers that could work in favor of an improved Ruconest launch curve. This includes:

- Investment - Valeant likely limited the investment behind Ruconest as the focus at Valeant appears on near-term cash flow generation – which it appears Pharming is changing based on the increased investment.
- Promotion - We expect that VRX was somewhat conservative in its promotion of Ruconest and its reimbursement programs supporting the program as the company has been under scrutiny based on its business model – Pharming appears to be more active with medical liaisons and patient advocacy programs.
- Priority - We believe that Ruconest simply was not a high priority in the highly diversified Valeant umbrella and really didn't move the needle – by contrast, Ruconest is the main driver at Pharming. We believe all of these increased focus levers could drive a more successful launch of Ruconest.

Reason #3 to invest in Pharming – Prophylaxis data could help near-term and long-term
Prophylaxis (or prevention before an attack) of HAE is a significant expansion to the acute treatment market (the current Ruconest market) with estimates of ~40% of the HAE market being for this indication. In 2Q16, Pharming presented phase 2 data indicating potential of Ruconest for prophylaxis of hereditary angioedema attacks. We believe that this data could help near-term (with off label use) and long-term (potentially leading to a label expansion).

The data
The goal, in our opinion, of a successful HAE prophylaxis agent is reduction of HAE attack frequency. To evaluate Ruconest, we examine the clinical data for the only approved prophylaxis product Cinryze (from Shire). Clinical data indicate that approximately 50% of patients experienced a 50% reduction in HAE attacks (11 patients on each side of the 50% threshold).

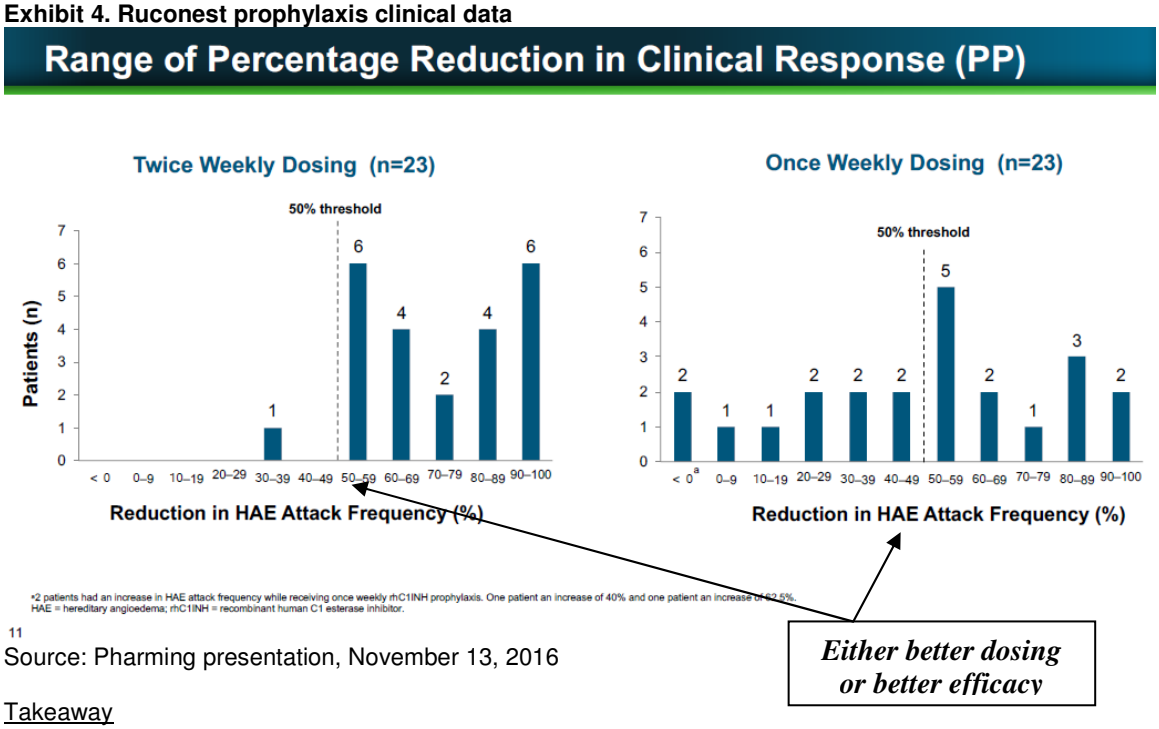
Exhibit 3. Cinryze prophylaxis clinical data



Source: Pharming presentation, November 13, 2016

We recognize that it is hard to compare clinical results across different clinical trials due to different patient populations. Still, we highlight the clinical data for Ruconest as both a 1X/week and a 2X/week treatment (Cinryze is dosed 2x/weekly). In our opinion, the 2X/weekly Ruconest appears superior to Cinryze (22 patients to the right of the 50% efficacy threshold, 1 to the left) and the 1X/weekly dose appears at least comparable with Cinryze (13 patients to the right of the 50% efficacy threshold, 10 to the left).

Exhibit 4. Ruconest prophylaxis clinical data



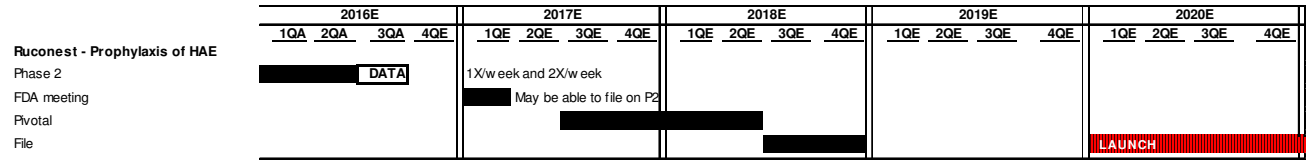
Source: Pharming presentation, November 13, 2016

Takeaway

We believe that Ruconest has the potential to be a superior product to Cinryze. It could be higher efficacy with similar dosing (2x/weekly) or it could be comparable efficacy with improved dosing (1x/weekly). This should make Ruconest a competitive product as it enters the ~$600M prophylaxis treatment market.

Near-term, this could result in off-label utilization by physicians based on the strong phase 2 data. Long-term, we expect that Pharming will pursue an expanded label. Pharming is expected to meet with the FDA in 1Q17 to discuss the regulatory path forward. Although a filing is possible on strong phase 2 data, we forecast an additional pivotal trial with launch in 2020. Our net takeaway is that this recent clinical data is a material positive for Pharming now that it again has control of the Ruconest asset.

Exhibit 5. Ruconest prophylaxis clinical data

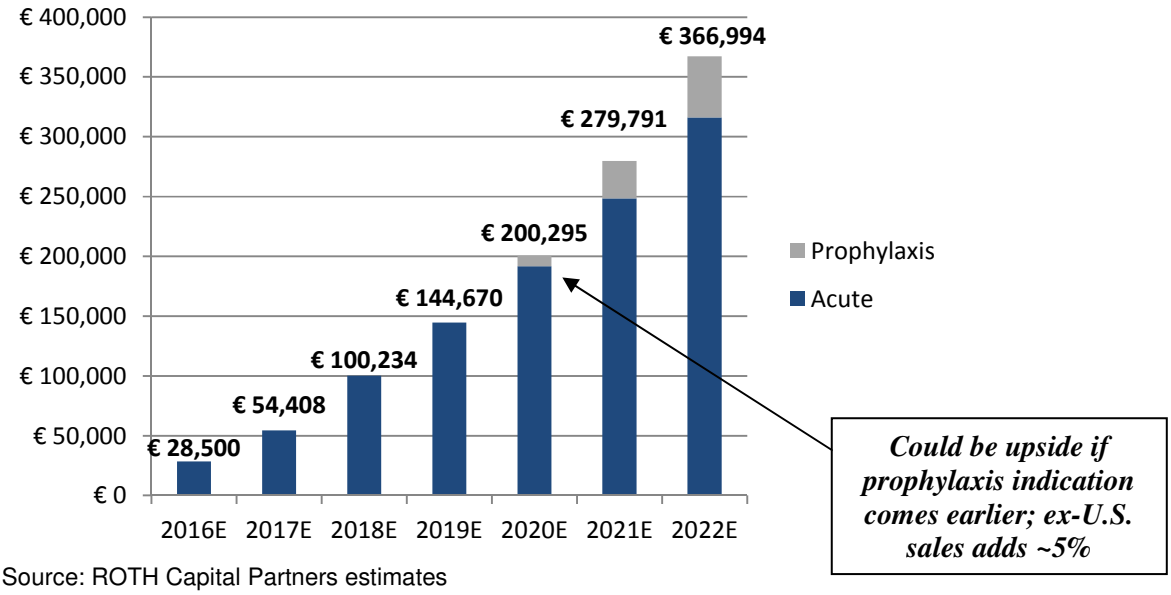


Source: ROTH Capital Partners

Reason #4 to invest in Pharming – Strong revenue ramp with profitability on the horizon

In prior takeaways, we highlighted our belief of a strong product in a large market. We further commented on an improved marketing effort with new clinical data for an additional indication (prophylaxis). Factoring these assumptions drives a strong revenue trajectory within our Ruconest revenue model. We note that these financial forecasts factor in peak acute penetration rates of ~15-20% and only emerging penetration into the prophylaxis market (~5%). Full model is provided at the end of this report.

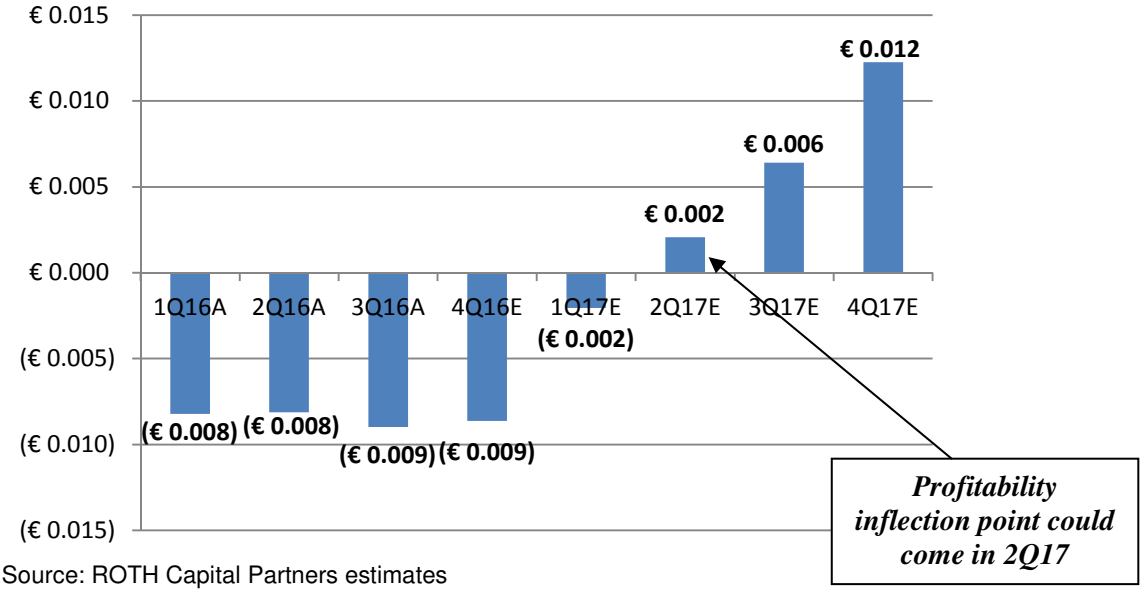
Exhibit 6. U.S. Ruconest revenue trajectory



Source: ROTH Capital Partners estimates

In addition to strong revenue growth, we target profitability as a key inflection point. Notably, the company has already indicated a revenue run rate for Ruconest approaching $40 million. Based on our modeling, this level of sales could already produce operating profit. However, after factoring in debt expenses, we target full profitability as the company nears a $45 - $50 million revenue run rate for Ruconest. We target this to happen in 2Q17, which could indicate a positive inflection point for shares as the company moves into sustained profitability.

Exhibit 7. Quarterly EPS projections



Source: ROTH Capital Partners estimates

Reason #5 to invest in Pharming – Valuation appears attractive

We value Pharming at €1.50/share. We arrive at this valuation based on applying a ~15X multiple to our forecasted 2020 EPS of €0.20 – and discounting this target by 25%/year for three years. We believe that 15X is a reasonable multiple given a challenging generic pathway and continued growth prospects beyond 2020 (offset somewhat by potential warrant dilution). The largest risk to our forecasts, in our opinion, is the

revenue projections for Ruconest. Failure of the product to ramp on target could dramatically reduce our valuation target.

This price target is well above the currently traded share price. We believe that execution of the marketing plan is key to revaluing shares of Pharming higher. This risk of execution is elevated given the high amount of debt needed to finance the return of Ruconest rights. We further believe that the current share price may be depressed due to the recent increase in supply of shares through offerings necessary to buy back full Ruconest rights.

Catalysts for valuation adjustments
Catalysts that could revalue the company's shares higher or lower over the coming months are listed below.

Exhibit 8. Catalyst calendar

Expected timing (CY/FY)	Expected event
1Q17	End of phase 2 meeting for Ruconest (prophylaxis indication)
1Q17	First full quarter reported with Ruconest wholly-owned
1Q17	Expanded pipeline disclosure
2017	Quarterly results

Source: ROTH Capital Partners estimates

VALUATION

We value Pharming at €1.50/share. We arrive at this valuation based on applying a ~15X multiple to our forecasted 2020 EPS of €0.20 – and discounting this target by 25%/year for three years. We believe that 15X is a reasonable multiple given a challenging generic pathway and continued growth prospects beyond 2020 (offset somewhat by potential warrant dilution). The largest risk to our forecasts, in our opinion, is the revenue projections for Ruconest.

Impediments to shares not reaching our price target include, but are not limited to, failure of product revenues to match our forecasts.

RISKS

In addition to the risks inherent in developing, manufacturing, and selling pharmaceuticals, key investment risks for Pharming Group include:

- **Clinical trial risk** – Pharming is developing Ruconest for the prophylaxis of HAE. Failure of this clinical data to match expectations could have a material adverse impact on company shares. This includes regulatory correspondence with the FDA.
- **Marketing risk** - Pharming is marketing a product for the first time with Ruconest. Failure of marketing efforts to be successful in-line with expectations could have a material adverse impact on company shares.
- **Forecasting risk** – We forecast substantial revenues for Pharming's Ruconest. Failure of actual revenues to match our forecasts could have a material adverse impact on company shares.
- **Financial risk** – Pharming has considerable debt. Failure to be able to repay or re-finance this debt through normal operations could have a material adverse impact on company shares.

COMPANY DESCRIPTION

Pharming focuses on developing pharmaceutical grade recombinant proteins for therapeutic use, based on its transgenic animal platform. The company produces high yield human-like recombinant proteins from the milk of transgenic rabbits, using its scalable platform. Pharming's lead product is Ruconest, recombinant human C1 esterase inhibitor (rhC1INH), which was approved by the EMA in 2010 for the treatment of an orphan disease, hereditary angioedema (HAE) and approved in the U.S. in July 2014. The drug is commercialized in the E.U. under the name Ruconest in collaboration with Swedish Orphan Biovitrum (SOBI). Pharming re-purchased U.S. rights back from Valeant in 2016 in exchange for $60M upfront and $65M in sales milestone. The company is based in The Netherlands.

Pharming Group N.V.

Quarterly earnings model Values in €000's	FY 2014 A	FY 2015 A	1Q16A	2Q16A	3Q16A	4Q16E	FY 2016 E	1Q17E	2Q17E	3Q17E	4Q17E	FY 2017 E	FY 2018 E	FY 2019 E	FY 2020 E	FY 2021 E	FY 2022 E
Revenues:																	
Proforma revenues			5,800	6,600	8,100	9,500	30,000										
WW product sales	2,996	8,621	1,662	2,508	2,864	4,000	11,034	10,494	12,855	15,426	18,897	57,672	106,248	153,350	212,313	296,578	389,013
Amortised license fee income	18,190	2,207	552	552	552	450	2,106	300	200	200	200	900	150	50	50	50	50
Net revenues	**21,186**	**10,828**	**2,214**	**3,060**	**3,416**	**4,450**	**13,140**	**10,794**	**13,055**	**15,626**	**19,097**	**58,572**	**106,398**	**153,400**	**212,363**	**296,628**	**389,063**
Cost of product sales	3,427	4,800	657	1,138	1,227	1,300	4,322	1,049	1,286	1,543	1,890	5,767	10,094	14,415	19,745	27,285	35,011
% of product sales	114.4%	55.7%	39.5%	45.4%	42.8%	32.5%	39.2%	10.0%	10.0%	10.0%	10.0%	10.0%	9.5%	9.4%	9.3%	9.2%	9.0%
Inventory impairments	-	-	-	209	-	-	209	-	-	-	-	-	-	-	-	-	-
Gross profit	**17,759**	**6,028**	**1,557**	**1,713**	**2,189**	**3,150**	**8,609**	**9,745**	**11,770**	**14,083**	**17,207**	**52,805**	**96,304**	**138,985**	**192,618**	**269,343**	**354,052**
Other income	105	147	126	69	70	75	340	50	50	50	50	200	200	200	200	200	200
Research and development	11,663	14,180	3,695	3,334	4,051	4,000	15,080	4,150	4,150	4,150	4,150	16,600	17,500	20,000	22,500	25,000	27,500
General and administrative	3,324	3,744	941	1,108	1,071	1,150	4,270	1,250	1,250	1,250	1,250	5,000	5,500	6,000	6,500	7,000	7,500
Marketing and sales	-	1,085	217	381	313	1,250	2,161	4,250	4,250	4,250	4,250	17,000	18,500	20,000	22,500	25,000	27,500
Costs	**14,987**	**19,009**	**4,853**	**4,823**	**5,435**	**6,400**	**21,511**	**9,650**	**9,650**	**9,650**	**9,650**	**38,600**	**41,500**	**46,000**	**51,500**	**57,000**	**62,500**
Operating results	**2,877**	**(12,834)**	**(3,170)**	**(3,041)**	**(3,176)**	**(3,175)**	**(12,562)**	**145**	**2,170**	**4,483**	**7,607**	**14,405**	**55,004**	**93,185**	**141,318**	**212,543**	**291,752**
FV derivative adjustment	(9,106)	3,380	367	88	(44)	-	411	-	-	-	-	-	-	-	-	-	-
Other financial income and (expenses)	462	(503)	(582)	(396)	(485)	(750)	(2,213)	(1,075)	(1,075)	(1,075)	(1,075)	(4,300)	(4,300)	(4,300)	(4,300)	(4,300)	(4,300)
Pretax income	(5,767)	(9,957)	(3,385)	(3,349)	(3,705)	(3,925)	(14,364)	(930)	1,095	3,408	6,532	10,105	50,704	88,885	137,018	208,243	287,452
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,500	64,555	89,110
tax rate									*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*20.8%*	*31.0%*	*31.0%*
Net income	**(5,767)**	**(9,957)**	**(3,385)**	**(3,349)**	**(3,705)**	**(3,925)**	**(14,364)**	**(930)**	**1,095**	**3,408**	**6,532**	**10,105**	**50,704**	**88,885**	**108,518**	**143,688**	**198,342**
EPS	**(0.014)**	**(0.024)**	**(0.008)**	**(0.008)**	**(0.009)**	**(0.009)**	**(0.034)**	**(0.002)**	**0.002**	**0.006**	**0.012**	**0.020**	**0.097**	**0.167**	**0.200**	**0.260**	**0.350**
Shares outstanding	407,687	411,972	412,505	412,555	412,605	455,555	423,305	456,555	531,555	532,555	533,555	513,555	523,555	533,555	543,555	553,555	565,955

Source: ROTH Capital Partners and SEC filings

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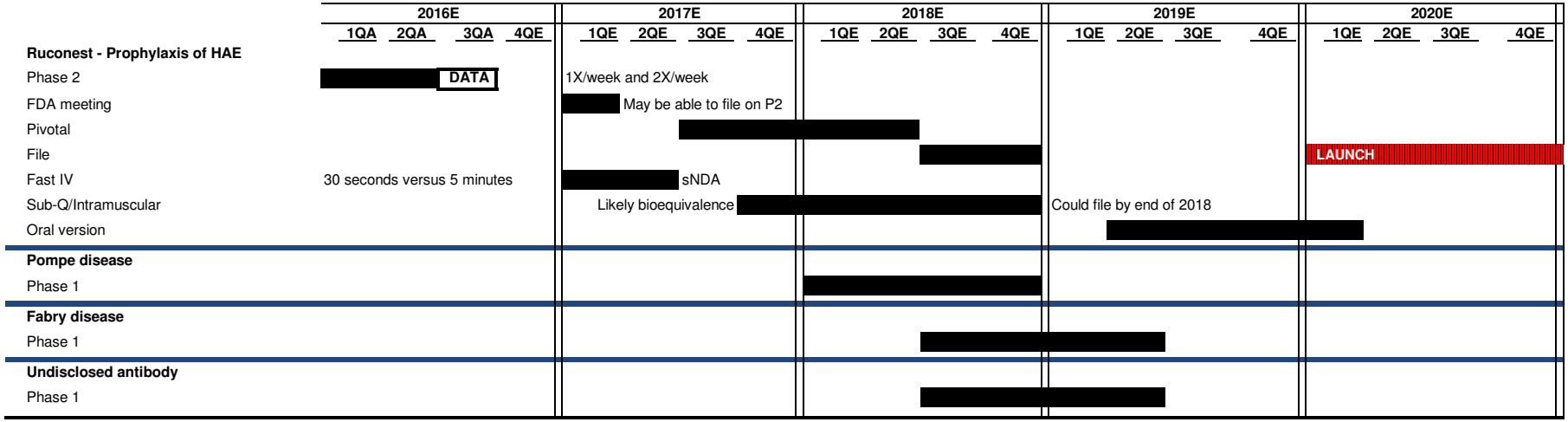
Pharming Group N.V.
Ruconest U.S. model

Quarter	Acute Market	sequential mkt growth rate	Ruconest Share	Ruconest Acute revenues	Prophylaxis Market	Market growth rate	Ruconest Share	Ruconest Prophylaxis revenues	Combined Ruconest revenues	Annual sales
1Q16	€ 200,000		2.76%	€ 5,510	€ 150,000		0.00%	-	€ 5,510	
2Q16	€ 205,000		3.06%	€ 6,270	€ 150,000		0.00%	-	€ 6,270	
3Q16	€ 215,000		3.58%	€ 7,695	€ 150,000		0.00%	-	€ 7,695	
4Q16	€ 217,500		4.15%	€ 9,025	€ 150,000		0.00%	-	€ 9,025	€ 28,500
1Q17	€ 220,000	5%	4.50%	€ 9,900	€ 157,500	5%	0.00%	-	€ 9,900	
2Q17	€ 231,000	5%	5.25%	€ 12,128	€ 165,375	5%	0.00%	-	€ 12,128	
3Q17	€ 242,550	5%	6.00%	€ 14,553	€ 173,644	5%	0.00%	-	€ 14,553	
4Q17	€ 254,678	5%	7.00%	€ 17,827	€ 182,326	5%	0.00%	-	€ 17,827	€ 54,408
1Q18	€ 264,865	4%	7.75%	€ 20,527	€ 189,619	4%	0.00%	-	€ 20,527	
2Q18	€ 275,459	4%	8.50%	€ 23,414	€ 197,204	4%	0.00%	-	€ 23,414	
3Q18	€ 286,478	4%	9.25%	€ 26,499	€ 205,092	4%	0.00%	-	€ 26,499	
4Q18	€ 297,937	4%	10.00%	€ 29,794	€ 213,296	4%	0.00%	-	€ 29,794	€ 100,234
1Q19	€ 306,875	3%	10.50%	€ 32,222	€ 219,694	3%	0.00%	-	€ 32,222	
2Q19	€ 316,081	3%	11.00%	€ 34,769	€ 226,285	3%	0.00%	-	€ 34,769	
3Q19	€ 325,563	3%	11.50%	€ 37,440	€ 233,074	3%	0.00%	-	€ 37,440	
4Q19	€ 335,330	3%	12.00%	€ 40,240	€ 240,066	3%	0.00%	-	€ 40,240	€ 144,670
1Q20	€ 345,390	3%	12.50%	€ 43,174	€ 247,268	3%	0.25%	€ 618	€ 43,792	
2Q20	€ 355,752	3%	13.00%	€ 46,248	€ 254,686	3%	0.50%	€ 1,273	€ 47,521	
3Q20	€ 366,425	3%	13.50%	€ 49,467	€ 262,327	3%	1.00%	€ 2,623	€ 52,091	
4Q20	€ 377,417	3%	14.00%	€ 52,838	€ 270,196	3%	1.50%	€ 4,053	€ 56,891	€ 200,295
1Q21	€ 388,740	3%	14.50%	€ 56,367	€ 278,302	3%	2.00%	€ 5,566	€ 61,933	
2Q21	€ 400,402	3%	15.00%	€ 60,060	€ 286,651	3%	2.50%	€ 7,166	€ 67,227	
3Q21	€ 412,414	3%	15.50%	€ 63,924	€ 295,251	3%	3.00%	€ 8,858	€ 72,782	
4Q21	€ 424,786	3%	16.00%	€ 67,966	€ 304,108	3%	3.25%	€ 9,884	€ 77,849	€ 279,791
1Q22	€ 437,530	3%	16.50%	€ 72,192	€ 313,232	3%	3.50%	€ 10,963	€ 83,156	
2Q22	€ 450,656	3%	17.00%	€ 76,612	€ 322,629	3%	3.75%	€ 12,099	€ 88,710	
3Q22	€ 464,176	3%	17.50%	€ 81,231	€ 332,308	3%	4.00%	€ 13,292	€ 94,523	
4Q22	€ 478,101	3%	18.00%	€ 86,058	€ 342,277	3%	4.25%	€ 14,547	€ 100,605	€ 366,994

Source: ROTH Capital Partners estimates

Pharming Group N.V.
Pipeline analysis



Source: Company reports and ROTH Capital Partners estimates

Pharming Group N.V.

Balance Sheet

Net cash	2,729
Per share	€ 0.01

Values in €000's

	2014	2015	3Q16
ASSETS			
Cash and equivalents	34,185	31,643	16,764
Trade and other receivables	1,554	3,220	5,872
Inventories	13,404	16,229	18,379
Total current assets	49,143	51,092	41,015
Intangible assets, net	777	724	685
Property, plant and equipment	5,598	5,661	5,909
Long-term prepayment			1,000
Restricted cash	200	200	248
TOTAL ASSETS	55,718	57,677	48,857
LIABILITIES AND SHAREHOLDERS EQUITY			
Loans and borrowing	-	3,047	5,636
Deferred license fees income	2,200	2,207	2,145
Derivative financial liabilities	4,266	953	534
Trade and other payables	7,781	7,005	9,714
Finance lease liabilities	626	263	259
Total current liabilities	14,873	13,475	18,288
Loans and borrowings	-	11,757	8,647
Deferred license fees income	10,022	7,808	6,214
Finance lease liabilities	965	798	726
Other liabilities	15	-	-
Total Liabilities	25,875	33,838	33,875
Share capital	4,077	4,120	4,126
Share premium	282,260	283,396	283,538
Legal reserves	36	66	64
Accumulated deficit	(256,530)	(263,743)	(272,746)
Total Shareholders equity	29,843	23,839	14,982
Total liabs and SE	55,718	57,677	48,857

Source: SEC filings

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Disclosures:

Within the last twelve months, ROTH has received compensation for investment banking services from Pharming Group NV (OTC: PHGUF).

Shares of Pharming Group NV (OTC: PHGUF) may not be eligible for sale in one or more states.

Shares of Pharming Group NV (OTC: PHGUF) may be subject to the Securities and Exchange Commission's Penny Stock Rules, which may set forth sales practice requirements for certain low-priced securities.

Each box on the Rating and Price Target History chart above represents a date on which an analyst made a change to a rating or price target, except for the first box, which may only represent the first note written during the past three years. **Distribution Ratings/IB Services** shows the number of companies in each rating category from which Roth or an affiliate received compensation for investment banking services in the past 12 month.

Distribution of IB Services Firmwide

			IB Serv./Past 12 Mos. as of 01/24/17	
Rating	**Count**	**Percent**	**Count**	**Percent**
Buy [B]	**213**	**65.94**	**105**	**49.30**
Neutral [N]	**50**	**15.48**	**26**	**52.00**
Sell [S]	**5**	**1.55**	**3**	**60.00**
Under Review [UR]	**54**	**16.72**	**38**	**70.37**

Our rating system attempts to incorporate industry, company and/or overall market risk and volatility. Consequently, at any given point in time, our investment rating on a stock and its implied price movement may not correspond to the stated 12-month price target.

Ratings System Definitions - ROTH employs a rating system based on the following:

Buy: A rating, which at the time it is instituted and or reiterated, that indicates an expectation of a total return of at least 10% over the next 12 months.

Neutral: A rating, which at the time it is instituted and or reiterated, that indicates an expectation of a total return between negative 10% and 10% over the next 12 months.

Sell: A rating, which at the time it is instituted and or reiterated, that indicates an expectation that the price will depreciate by more than 10% over the next 12 months.

Under Review [UR]: A rating, which at the time it is instituted and or reiterated, indicates the temporary removal of the prior rating, price target and estimates for the security. Prior rating, price target and estimates should no longer be relied upon for UR-rated securities.

Not Covered [NC]: ROTH does not publish research or have an opinion about this security.