Pharming Group NV

(NYSE Euronext: PHARM)

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Chief Executive Officer

Annual General Meeting of Shareholders
Leiden, 18 June 2014.

PHARMING

HEALTH ■ SCIENCE ■ PRODUCTS

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Operations 2013

- **Certification by EMA for 2nd downstream production facility at Sanofi- Chimie**
  - Up- scaling of production capacity and reduction in cost of goods
  - Manufacturing of inventories for US launch was initiated 2H2013
- **Restructuring of organisation completed, in addition significant savings achieved from reduction of infrastructure**
  - Significant downsizing of Dutch operations and facilities
  - Total headcount YE2013; 44 (YE 2012:61)
- **Ruconest BLA for acute HAE submitted and accepted for review by FDA**
  - **US$5M milestone payment from SNTS was received**
- **Entered into strategic product development collaboration with Shanghai Institute for Pharmaceutical Industry (SIPI)**
  - **Future new product development using Pharming platform at SIPI**
  - **Duplication of C1INH manufacturing operations; future 2nd source for Ruconest**
  - **Development of rhFVIII for Haemophilia A**

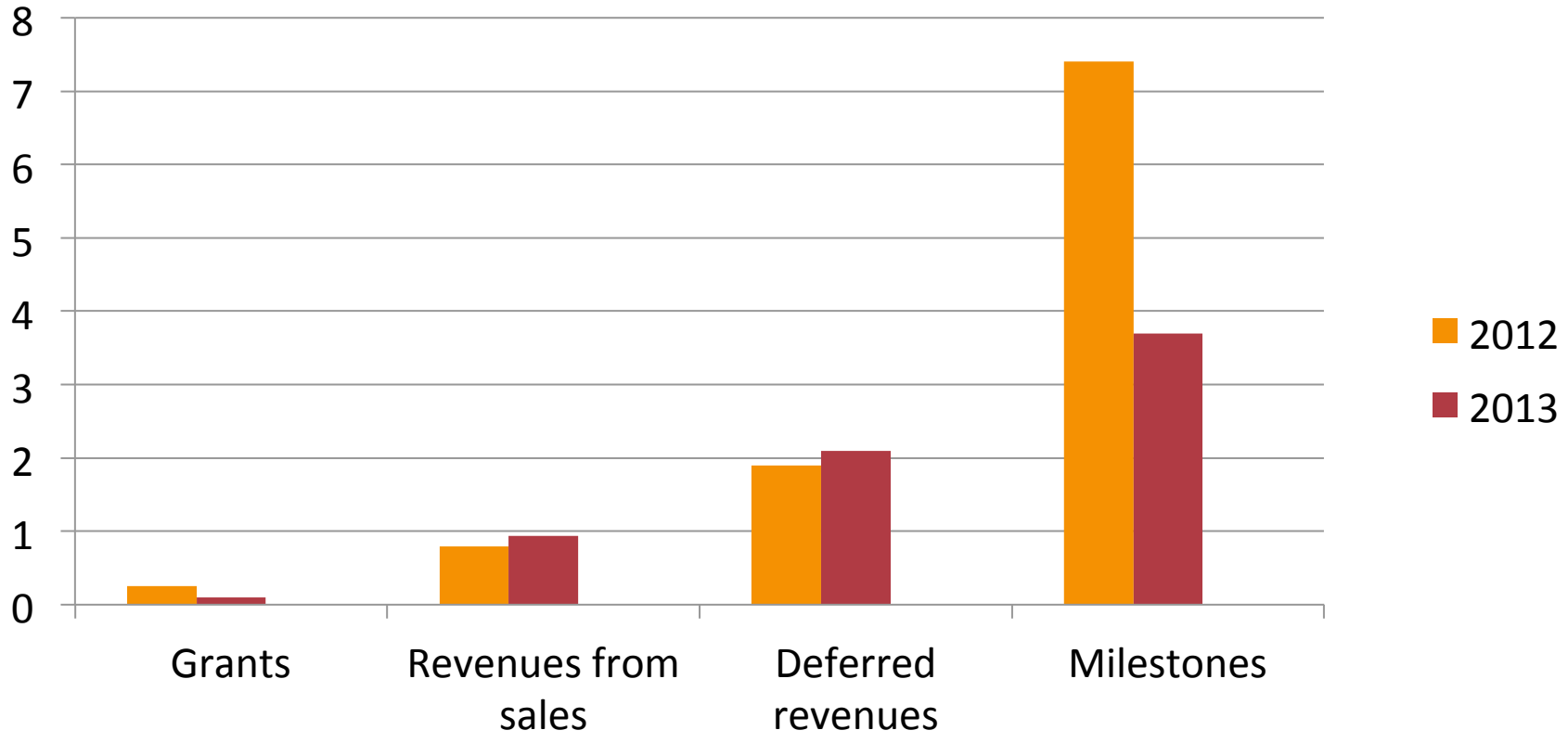
Operations 2013

- **EU rollout continuing by partner Sobi**
  - Improving in- market sales under challenging EU market access conditions
    - FY2013 revenues from sales to Sobi at €0.9M
  - Significant market penetration in several Central/ Eastern European markets
  - Consistent and significant repeat use and high patient and physician satisfaction
- **Approved in Israel/ final stage of regulatory review in Turkey**
  - Partnered with Megapharm (Israel) and Eczasibasi (Turkey)
  - SE- Asian territories partnered with Transmedic Pte. and Hyupjin Corp.
  - China, Taiwan, Hong Kong and Macau partnered with SIPI
- **Unlimited supply capabilities and significant economies of scale**
  - **Rapidly scale- able supply chain**
  - **Technology transfer to SIPI to set- up future second supply source in Shanghai**

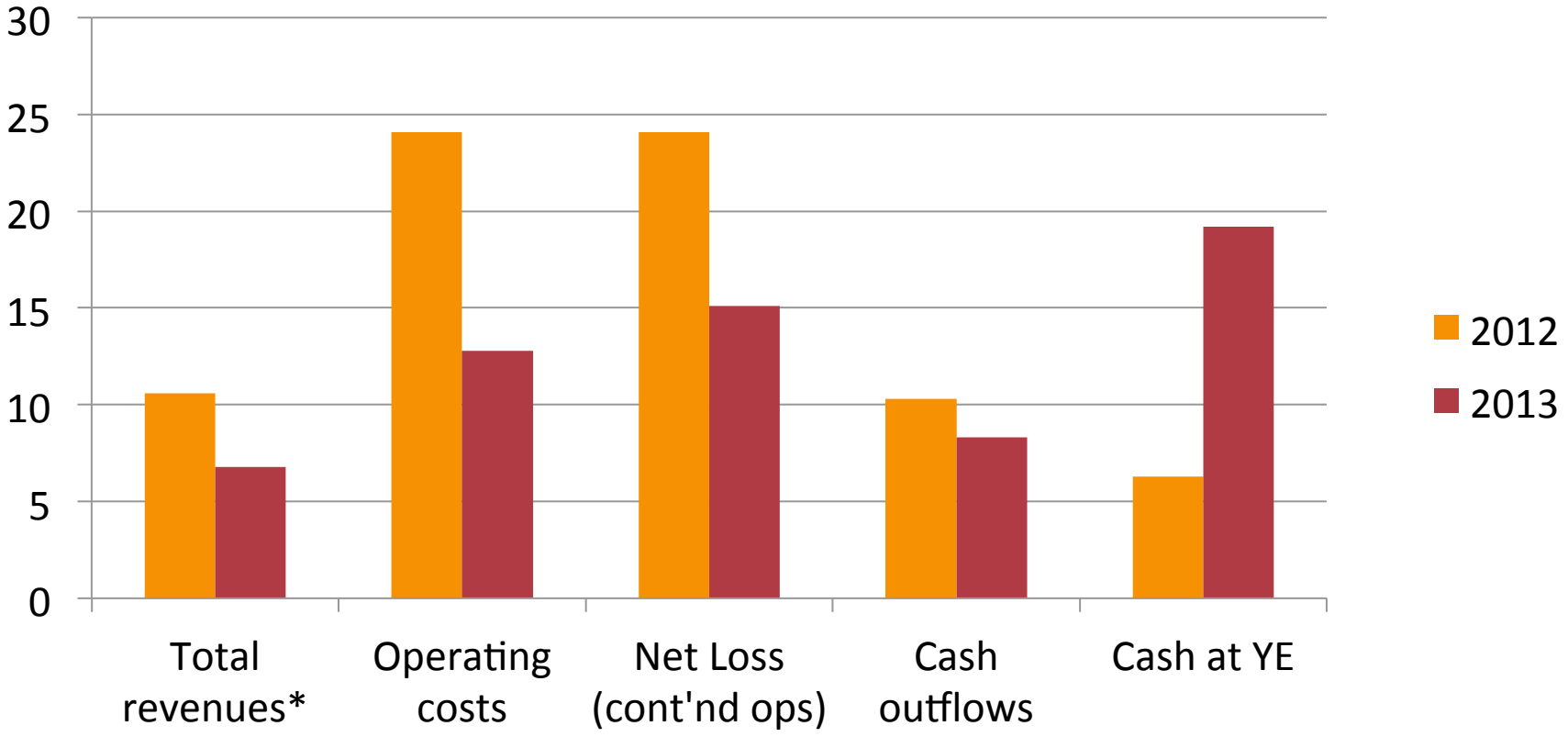
Corporate Social responsibility/ sustainability

- Medical need and patient safety
- Code of Conduct
- Animal care code of conduct and animal welfare
- Environmental impact of operations and trace- ability of supply chain
- Diversity and equal opportunities

Financial headlines: Revenues 2013



Financial headlines 2013



*Including SNTS milestone payments (2012 $10 million/ 2013 $5 million)

Dutch Corporate Governance Code

Corporate Governance Statement 2014 on website www.pharming.com/corporate

Pharming complies with the Dutch Corporate Governance Code except for sections:

II.2.4. (Options for the Management board)

II.2.6. (Option exercise price)

III.3.1. (Profile of the Board of Supervisory Directors)

III.5.14 (Selection and appointment committee)

III.6.5 (Ownership and transactions in securities other than issued by the Company)

III.7.1. (Shares for the Supervisory Board of Directors)

IV.3.1 (Follow in real-time all the meetings)

IV.3.12 (Independent third party to hold proxies)

IV.3.13 (Outline policy in bilateral contact with shareholders)

III.5.4c-III.5.4d and V.3.1.-V3.3. (Internal auditor)

Risk management and controls

- **Periodical risk assessments and reviews**
  - Types of risk assessed (in no particular order)
  - Macro (economical), Clinical and Regulatory, Research, Manufacturing, Commercial, Financial, IT, Human Resources

- **Financial control systems**
  - All revenues are generated and controlled by mother company
  - Expenses and capital expenditures regulated by chart of authority

Business model

- Future profitability initially driven by
- Proceeds from Ruconest US sales
  - Tiered supply price to SLXP: 30- 40% of net sales
- Proceeds from Ruconest EU sales
  - Fixed supply price per vial to Sobi
- Potential for increases of profitability/ vial as results of
  - Economies of scale in current manufacturing process (Sanofi)
  - Future supplies from 2nd manufacturing site at SIPI
- Potential for increasing profitability from development of Ruconest in additional indications (eg. Prophylaxis of HAE, Acute Pancreatitis, DGF)
- Competition
  - Intense and embedded competition, continuous innovation
  - Long development cycles and high hurdles for entry (no “surprise entries”)
  - Risk of rapid erosion of profitability as result of new entries

US market: Rapid growth, significant potential

- **HAE disease awareness in the US continues to improve, leading to more patient identification***
- **FY 2013 sales for acute treatment increased to approx. US$ 275M from US$ 156M for FY2012 (50% growth) excluding Berinert® sales (not disclosed***)**
  - US$ 235M Firazyr® (US$ 116M; 2012) and 1Q2014 sales of $75M**
  - US$ 40.5M Kalbitor® (US$ 39.8M;2012) and 1Q2014 sales of $12.5M**
  - Treatment costs estimated at US$70k/ annum***
- **FY 2013 sales for prophylaxis (Cinryze®) increased to approx. US$395M from US$327M for FY 2012 and 2M 2014 sales of $86M ****
- **More patients seeking treatment for moderate symptoms***
  - Guidelines recommend treating all attacks since any one could become severe
  - Many patients use multiple products, patient driven therapies
  - Significant steroid usage remains to date

* Leerink Swann, competitor interviews, 13 Sept13, 2012,

** **Quarterly results 2013/ 2014** , analyst estimates and FY 2013 results10-Q filings DYAX, SHPG

*** Seeking alpha an overview of HAE 18 Sep 2012

HAE treatment options (published data)

		recombinant C1 Inhibitor	plasma derived C1 Inhibitor		bradykinin receptor antagonist	kallikrein inhibitor
		Ruconest^	**Cinryze^^**	**Berinert**	**Firazyr****	**Kalbitor^^^**
Efficacy		**Excellent**	**Good**	**Good**	**Good**	**Good**
	Dosing (C1INH)	**50 U/kg***	**~ 12 U/kg**	**20 U/kg**		
	Treatment type	**Any acute**	**Prophylaxis**	**Limited******	**Any acute**	**Any acute**
	Response < 4h	**80-100%**	**~ 60%**	**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**
	Plasma risk	**NO**	**YES**	**YES**	**No**	**No**
Purity (C1INH)		**>99.9%**	**±80%**	**±95%**		
Relapse / worsening		Uncommon	Uncommon	Uncommon	**11-31%*****	**21%**
Administration		IV	IV	IV	SQ	SQ (no self-administration)

***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 EU and Israel, ^^Cinryze not licensed for acute therapy in US. ^^^Kalbitor not approved in EU.

Technology Platform

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Strategic product development collaboration

SIPI (Shanghai Institute for Pharmaceutical Industry: A Sinopharm company)

- Product development at SIPI
  - Under Pharming's fully ICH compliant QA systems
  - Compliant with CFDA, FDA and EMA standards
  - Funded by SIPI up to IND
  - Aligned clinical development (SIPI funds China/ Pharming funds ROW)

- Technology transfer of Pharming platform to SIPI facilities in Shanghai
  - Initial projects C-1 Inhibitor and Factor VIII
  - Includes manufacturing of (future) finished products

- SIPI's product development resources and SIPI's favourable cost structures for development and manufacturing combined with the competitive features of the platform

SIPI collaboration

- **Commercialisation rights: SIPI China/ Pharming ROW**
  - Reciprocal royalties at 4%: SIPI (China)/ Pharming (ROW)
  - SIPI to pay product related milestones for all future products developed
  - SIPI to supply Pharming on “cost plus” basis for ROW

- SIPI pays €1.26 million upfront and € 0.84 million technology transfer fees and all Pharming technology transfer related expenses

- SIPI pays €0.3 million at receipt of Ruconest drug importation license
  - Until completion of technology transfer, Pharming to supply SIPI with Ruconest as imported product (“cost plus” basis and 4% royalties)

Outlook 2014 and beyond

- **PDUFA date Ruconest® for acute HAE 16 July 2014.**
  - Differentiated competitive profile/ Rapidly expanding US acute market segment estimated at >US$ 400M + per annum
  - Significant potential near term milestone US$ 20M (first US commercial sale)
  - Revenues from US net sales between 30-40%
- **Significant up- side potential from additional indications**
  - Prophylaxis of HAE and Acute Pancreatitis
- **Ruconest® sales increasing in Europe and ROW**
  - **Ex- US revenues (2014) from sales expected at €3M**
- **Pipeline development**
  - New product development at SIPI and supply by SIPI
- **Stabilised balance sheet + low operating costs: Basis for future profitability**
  - Increasing ROW sales and US market entry to drive economies of scale/ reduction of COGS
  - Significant value inflexion points ahead

www.pharming.com

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