PHARMING

Extraordinary General Meeting of Shareholders

February 3, 2012

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What is negative equity?

- The equity amount changes over the year as primarily net profits/losses are attributed to the equity position
  - Negative equity is a result of historical losses incurred
    - Typical of biotech companies at this stage of development
  - In our case, is also related to the accounting treatment of our license fee income
    - €17.9 million presented as a deferred liability at the end of Q3 2011
- Under compliance with International Financial Reporting Standards, license fee income could not be recognized in full

Accounts

Income statement

- Revenues
  - Less cost of revenues
  - Less operating expenses
- Operating result
  - Financial income/expense
  - Taxes
- Net result

Impacts amount of equity

NO impact on the business

Situation in Q4, 2011

- How we would address the negative equity position
  - Capital structure limit on issuing equity
  - Business development potential income is not guaranteed
    - Also may be subject to deferred recognition (accounting)
- Bridge the company through to the results of Study 1310
  - Key event for the company
    - Crucial step towards US commercialisation
  - Associated with significant cash milestones
    - These milestones can be recognised, not deferred
    - Improves equity position

The Financing Terms

- Pharming receives €8 million in cash
- The bonds have a fixed conversion price of €0.12
- At the option of the Company the bonds may be redeemed in cash or shares
  - Six equal monthly tranches between February and July 2012
- Coupon of 8.5 percent per annum
- 38.7 million warrants will be issued to investors
  - Exercisable for 5 years
  - Exercise price of €0.12

Financing Outcomes

- Key Objective: Bridge the financing gap to readout of 1310
  - Post financing Pharming has cash runway into 2013
    - Includes anticipated milestones
  - Not including cash receipts from Ruconest sales
  - Not including additional partnering initiatives
    - Geographical for Ruconest/Rhucin
    - New projects (e.g rhFVIII)
- Flexibility of repayment is important
- The 12 cents strike price for the warrants is an important signal

Requested Increase of Share Capital

- Raising the authorized share capital
  - 255 million shares to 805 million shares
  - Increase calculated based on nominal value
- Allows Pharming to meet the terms of recent financing
  - Study 1310 read out is critical event
- Maintains flexibility required to raise additional funds
  - Appropriate to address negative equity position
  - Management aware of dilution concerns
  - But (still) needed to build and unlock value of the business

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