# SUMMARY

## PHARMING GROUP N.V.

*(a limited liability company incorporated under the laws of the Netherlands, with its corporate seat in Leiden)*

This summary (the **Summary**) is published in connection with the admission to listing and trading of 102,564,103 ordinary shares in the capital of Pharming Group N.V. (**Pharming** or the **Company**, which shall, where the context so requires, include one or more of its subsidiaries) with a nominal value of €0.01 per share (the **New Shares**). The New Shares have been issued on 11 October 2013 pursuant to a private placement with certain institutional investors (the **Investors**) at an issue price of €0.117 per New Share (the **Issue Price**), representing a discount of 10% to the closing price of the ordinary shares of Pharming on 8 October 2013 (the **Private Placement**).

This Summary may only be used in connection with the admission to listing and trading of the New Shares on Euronext Amsterdam by NYSE Euronext and constitutes a prospectus in accordance with Directive 2003/71/EC, when supplemented by the registration document for the purpose of article 4 of Regulation 809/2004/EC as amended from time to time, dated 16 October 2012 (the **Registration Document**) and a security note for the purpose of article 6 of Regulation 809/2004/EC as amended from time to time, dated 14 October 2013 (the **Security Note**, together with this Summary and the Registration Document, the **Prospectus**), each of which has been approved by and filed with the *Stichting Autoriteit Financiële Markten* (**AFM**).

This Summary is made up of disclosure requirements known as 'Elements'. These Elements are numbered in sections A – E (A.1 – E.7). This Summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the Summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the Summary with the mention of "not applicable".

14 October 2013

*Section A — Introduction and warnings*

| *Element* | *Disclosure requirement* |
|---|---|
| **A.1** | — This Summary should be read as an introduction to the Prospectus;<br><br>— Any decision to invest in the New Shares should be based on consideration of the Prospectus as a whole by the investor;<br><br>— Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and<br><br>— Civil liability attaches only to those persons who have tabled the Summary including any translation thereof, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the New Shares. |

*Section B — Issuer*

| *Element* | *Description* | *Disclosure requirement* |
|---|---|---|
| **B.1** | **Legal and commercial name issuer** | The legal and commercial name of the issuer is Pharming Group N.V. |
| **B.2** | **Domicile / legal form / legislation / country of incorporation** | Pharming is a public company with limited liability incorporated under the laws of the Netherlands and has its corporate seat in Leiden, the Netherlands. Pharming operates under Dutch law. |
| **B.3** | **Current operations / principal activies / products / services / principal markets** | Pharming is developing innovative products for the treatment of unmet medical needs. The advanced technologies of the Company include innovative and validated platforms for the production of protein therapeutics, technology and processes for the purification and formulation of these products. The Company's lead product Ruconest® is a recombinant human C1 inhibitor approved for the treatment of angioedema attacks in patients with a human genetic disorder caused by insufficient activity of the C1 inhibitor protein (**HAE**) in all 27 EU countries plus Norway, Iceland and Liechtenstein, and is distributed in the EU by Swedish Orphan Biovitrum (**SOBI**). The lead product is partnered with Santarus, Inc in North America.<br><br>Pharming announced on 28 March 2013 that it has received approval from the EMA for Sanofi Chimie to manufacture drug substance for Ruconest® at their Aramon (France) site. Sanofi Chimie is acting as Pharming's Contract Manufacturing Organisation. The approval of the production site by EMA allows Pharming to supply the European market and future other markets with Ruconest® from drug substance produced by Sanofi Chimie.<br><br>On 17 April 2013 Pharming and Santarus announced the submission of a BLA to the FDA to obtain marketing approval for Ruconest® for the treatment of acute attacks of HAE. The FDA has accepted for filing the BLA for Ruconest® as announced by Pharming on 18 June 2013; this event triggered a US$5 million milestone payment by Santarus. Pursuant to the Prescription Drug User Fee Act guidelines, Santarus and Pharming expect that the FDA will complete its review or otherwise respond to the Ruconest® BLA by 16 April 2014.<br><br>Pharming announced on 23 May 2013 that Ruconest® has been shown to have a beneficial effect as a donor pre-treatment therapy in an animal model of kidney transplantation. The results of the study were presented at the American Transplant Congress in Seattle, |

| *Element* | *Description* | *Disclosure requirement* |
|---|---|---|
| | | Washington.<br><br>On 25 June 2013 Pharming and Santarus announced that new data from a pivotal Phase III clinical study with Ruconest® were featured in a poster presentation at the European Academy of Allergy and Clinical Immunology & World Allergy Organization World Allergy & Asthma Congress in Milan, Italy. The data indicate that the time to beginning of relief of symptoms in patients experiencing an acute attack of HAE was statistically significantly shorter with Ruconest® compared with placebo.<br><br>Finally, Pharming has entered into a strategic collaboration in China with Shanghai Institute of Pharmaceutical Industry (**SIPI**), a Sinopharm Company, for the development, manufacturing and commercialisation of new products at SIPI based on the Pharming technology platform. This was announced by Pharming on 1 July 2013. In addition, Pharming has also granted SIPI an exclusive license to commercialise Ruconest® in China. SIPI paid Pharming €1.26 million gross upfront for the collaboration and will pay a total of €0.84 million gross technology transfer related milestones associated with the implementation of the first technology transfer of Ruconest® (conestat alfa).<br><br>Ruconest® is also being evaluated for follow-on indications in the areas of transplantation and reperfusion injury. Pharming has an agreement with Renova Life, Inc. to assess the feasibility of developing recombinant human Factor VIII for the treatment of Haemophilia A patients, as a first step in broadening the range of proteins manufactured using the validated transgenic rabbit platform. For the treatment of acute attacks of HAE the competition can be divided into C1 inhibitors and alternative therapies targeting different effector mechanisms. Currently, Pharming is the sole provider of a recombinant version of the C1 inhibitor; other inhibitors are derived from human plasma. Other providers of C1 inhibitors include CSL Behring, ViroPharma and Sanquin. Competitive drugs targeting different mechanisms to treat acute attacks of HAE include Shire Pharmaceuticals and Dyax. |
| **B.4a** | **Recent trends** | Product sales are related to Ruconest® exclusively and are realised through Pharming's commercialisation partners, of which currently only SOBI has generated substantial sales in the EU. Reimbursement procedures in the various EU member states vary considerably and have become more onerous over the recent years; |

| *Element* | *Description* | *Disclosure requirement* |
|---|---|---|
| | | also, additional regional and local hurdles for acceptance of new products exist in several markets, hence why the roll-out across the EU still continues. The actual selling prices vary across the EU, depending on the reimbursement system, and on the local distribution channels and margins involved.<br><br>Most of Pharming's inventories of €2.2 million at 30 June 2013 have originally been produced as preparation for an early 2008 launch (which did not materialise as result of a rejection by the EU authorities in late 2007). These inventories will be gradually approaching their expiry date prior to sales and/or use in (pre)clinical activities. The downstream production (purification of milk into drug substance and subsequent fill and finish of the drug substance into drug product) has been outsourced to third parties. New purification production at the Sanofi site, on a larger scale but against a decreased cost of production compared to previous outsourced manufacturers, is starting up (Pharming received approval for this from the EMA), such that sufficient quantities for the EU market remain available and adequate amounts for launching the product in new markets, including but not limited to the USA, is safeguarded.<br><br>Reference is made to B.3 for a description of recent events. |
| **B.5** | **Group** | Pharming Group N.V. holds 100% of the shares in the following entities:<br><br>Pharming B.V. (The Netherlands);<br>Pharming Intellectual Property B.V. (The Netherlands);<br>Pharming Technologies B.V. (The Netherlands);<br>Broekman Instituut B.V. (The Netherlands);<br>Pharming Healthcare, Inc. (United States); and<br>ProBio, Inc. (United States). |
| **B.6** | **Shareholders** | As far as Pharming can ascertain, based on information from the public register of the AFM, the following shareholders have an actual or potential interest in Pharming's share capital/voting rights of more than the minimum notification threshold of 3%, calculated on the basis of the outstanding share capital prior to the issuance of the New Shares. There may be other shareholders who have an interest in Pharming's share capital/voting rights of more than 3% which have failed to notify this to the AFM.<br><br>• Kingsbrook Opportunities GP LLC; |

| *Element* | *Description* | *Disclosure requirement* |
|---|---|---|
| | | • Broadfin Capital, LLC;<br>• Broadfin Healthcare Master Fund, Ltd;<br>• Kingdon Capital Management LLC;<br>• J.E. Flynn (indirect through Deerfield Management Company, L.P.);<br><br>Pharming's major shareholders do not have different voting rights. None of the members of the management board and supervisory board and none of the major shareholders or former major shareholders of Pharming, save for Kingsbrook Opportunities GP LLC, Broadfin Healthcare Master Fund, Ltd, Kingdon Capital Management, LLC, J.E. Flynn (indirect through Deerfield Management Company, L.P.), Capital Ventures International and Empery Asset Management, LP have subscribed for New Shares. In addition, Sabby Healthcare Volatility Master Fund, Ltd, Sphera Global Healthcare Fund and Nyenburgh Holding B.V. have acquired an interest in the Private Placement which must be reported to the AFM. |
| **B.7** | **Historical key financial Information** | |

***Consolidated Income Statement Information***

| | 30 June | | 31 December | |
|---|---|---|---|---|
| | **2013** | **2012** | **2012** | **2011**[1] |
| | (unaudited) | | (audited) | |
| (in millions) | € | € | € | € |
| **Continuing operations:** | | | | |
| Revenues and other income | 5.0 | 1.9 | 10.9 | 3.2 |
| Cost of revenues | - | (3.0) | (4.3) | (3.5) |
| Operational costs | (6.3) | (12.3) | (24.1) | (18.2) |
| **Operating loss** | **(1.3)** | **(13.4)** | **(17.5)** | **(18.5)** |
| Financial income and expenses (net | (5.9) | (3.2) | (6.6) | 0.7 |
| **Net loss from continuing operations** | **(7.2)** | **(16.6)** | **(24.1)** | **(17.8)** |
| Discontinued operations | - | - | - | 0.6 |
| **Net loss** | **(7.2)** | **(16.6)** | **(24.1)** | **(17.2)** |

***Consolidated Balance Sheet Information***

| | 30 June | | 31 December | |
|---|---|---|---|---|
| | **2013** | **2012** | **2012** | **2011** |
| | (unaudited) | | (audited) | |
| (in millions) | € | € | € | € |
| Restricted cash[1] | 0.9 | 1.2 | 1.0 | 1.3 |
| Cash and cash equivalents[1] | 13.0 | 2.2 | 5.3 | 3.8 |
| Total assets | 28.7 | 17.8 | 16.8 | 24.7 |
| Current liabilities | 14.9 | 9.3 | 9.0 | 8.1 |
| Non-current liabilities | 14.4 | 16.6 | 15.5 | 17.7 |
| Equity | (0.6) | (8.2) | (7.7) | (1.2) |

1 The cash position of Pharming is comprised of restricted cash plus cash and cash equivalents and amounted to €13.9 million on 30 June 2013, €6.3 million on 31 December 2012 and €5.1 million on 31 December 2011.

***Consolidated Cash Flow Statement Information***

| | 30 June | | 31 December | |
|---|---|---|---|---|
| | **2013** | **2012** | **2012** | **2011** |
| | (unaudited) | | (audited) | |
| (in millions) | € | € | € | € |
| Net cash flows used in operating activities | (7.5) | (8.2) | (10.3) | (16.9) |
| Net cash flows used in investment activities | 0.2 | (0.6) | 0.1 | (1.1) |
| Net cash flows from financing activities | 14.8 | 7.1 | 11.6 | 12.7 |

| | | |
|---|---|---|
| **B.7** | **Description of significant change to the issuer's financial condition and operating results during or subsequent to the period covered by the historical key financial information** | There has been no significant change in the financial and trading position of Pharming since 31 August 2013, save for:<br>• the repayment in cash of the seventh and final tranche (01 October 2013) of the €16.35 million convertible bond; and<br>• the increase of shareholders equity pursuant the issuance of the New Shares from €0.8 million negative to €10.5 million positive.<br><br>This statement replaces and updates the statement included on page 13-14 under "Financial and Trading Update" of the Registration Document. |
| **B.8** | **Key pro forma financial information** | Not applicable; Pharming has no selected key pro forma financial information. |

| | | |
|---|---|---|
| **B.9** | **Profit forecast / estimate** | Not applicable; no profit forecast or estimate is publicly provided by Pharming. |
| **B.10** | **Qualifications audit report** | The opinion of the auditor has not been qualified on the historical financial information of Pharming. However, the auditor has emphasised uncertainty with respect to the going concern assumption. In this respect, the auditor refers to Note 3 to the consolidated financial statements (Pharming Annual Report 2012) which indicates that the net loss of Pharming amounted to €24.093.000 during the year ended 31 December 2012 and that the negative shareholder's equity amounted to €7.652.000 as at 31 December 2012. These conditions, along with other matters as set forth in Note 3, indicate the existence of a material uncertainty which may cast significant doubt about Pharming's ability to continue as a going concern. |

| *Element* | *Description* | *Disclosure requirement* |
|---|---|---|
| **B.11** | **Working capital** | Pharming's working capital is sufficient for its present requirements, that is, for at least 12 months following the date of this Summary.<br><br>Since the date of the Registration Document, Pharming's cash flow position has improved resulting in a clean working capital statement. The main factors that have contributed to this improvement are:<br><br>• the receipt of €11.3 million net proceeds from the Private Placement;<br><br>• the receipt of €1.1 million net proceeds from our Chinese partner SIPI, following the signing of our strategic collaboration in July 2013;<br><br>• the receipt of US$5 million from our US partner Santarus, following acceptance by the FDA of our BLA filing for Ruconest® in June 2013;<br><br>• the receipt of €15.3 million net proceeds from the €16.35 million convertible bond in January 2013; and<br><br>• cost savings resulting from the strategic restructuring implemented by Pharming in the second half of 2012 and in the first six months of 2013 which savings shall amount to circa €2 million in the coming 12 months following the date of this Summary. |

| *Element* | *Description* | *Disclosure requirement* |
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| | | |

*Section C — Securities*

| *Element* | *Description* | *Disclosure requirement* |
|---|---|---|
| **C.1** | **Type / class securities** | The New Shares admitted to trading are ordinary shares in the capital of Pharming with a nominal value of €0.01. Outstanding ordinary shares are listed and traded on Euronext Amsterdam by NYSE Euronext under the symbol “PHARM” and ISIN Code NL0010391025. |
| **C.2** | **Currency securities issue** | Euros. |
| **C.3** | **Issued and fully paid / par value** | Pharming has 332,434,319 issued and fully paid ordinary shares in its capital (including the New Shares). The par value per share amounts to €0.01. |
| **C.4** | **Rights attached to securities** | Not applicable; other than the rights pursuant to Dutch law and the articles of association of Pharming, no rights attach to the New Shares. |
| **C.5** | **Restrictions free transferability** | Not applicable; no restrictions on the free transferability of the New Shares apply. |
| **C.6** | **Admission to trading regulated market** | The New Shares are or will be the object of an application for admission to trading on Euronext Amsterdam by NYSE Euronext. |
| **C.7** | **Dividend policy** | Pharming does not intend to pay any dividends for the foreseeable future. Payment of future dividends to shareholders will effectively be at the discretion of its management board, subject to the approval of its supervisory board after taking into account various factors including Pharming's business prospects, cash requirements, financial performance and new product development. In addition, payment of future dividends may be made only if Pharming's shareholders' equity exceeds the sum of the called up and paid-in share capital plus the reserves required to be maintained by law and by Pharming’s articles of association. |

*Section D — Risks*

| *Element* | *Description* | *Disclosure requirement* |
|---|---|---|
| **D.1** | **Key risks issuer / industry** | The key risks that are specific to Pharming or its industry are the following:<br><br>• Pharming may not obtain all regulatory approvals for its products;<br>• Pharming relies on third parties to conduct pre-clinical and clinical trials;<br>• regulatory standards are constantly developing and the failure to comply with applicable regulatory requirements would have serious consequences for the Company;<br>• the development of Pharming's early stage products face a long product development cycle;<br>• Pharming faces and expects to remain confronted with intense competition in the various markets for its products;<br>• Pharming's future success may depend upon the ability to enter into partnerships with third parties;<br>• Pharming's products may not gain market acceptance;<br>• Pharming relies on single source suppliers for the provision of essential materials incorporated in certain product candidates;<br>• the success of Pharming is highly dependent on public, market and governmental acceptance of its transgenic technology, development methods and products;<br>• disappointing reimbursements paid by third parties and disappointing cost-effectiveness of Pharming's products once approved for marketing may have a material adverse effect on Pharming's financial results;<br>• Pharming is highly dependent on its ability to obtain and hold rights to proprietary technology and to develop its technology and products without infringing the proprietary rights of third parties and to protect its proprietary technology;<br>• Pharming operates in an industry sector that has a relative high risk of facing litigation;<br>• Pharming's future supplies of Ruconest® are dependent on third parties;<br>• Pharming is dependent on its ability to recruit and retain management and key employees;<br>• the Company may be partially dependent on external funding if it is not able to generate sufficient cash from product revenues and milestone achievements to meet its working capital requirements beyond the 12 month's period following the date of this Summary; and<br>• exchange rate fluctuations could negatively affect Pharming's financial condition. |
| **D.3** | **Key risks securities** | The key risks that are specific to the securities of Pharming are the following:<br><br>• dilutive effects may reduce future potential earnings per share and subsequently the market price of the shares;<br>• future sales, or the possibility of future sales, of a substantial amount of shares may depress the price of |

| *Element* | *Description* | *Disclosure requirement* |
|---|---|---|
| | | the shares;<br>• the market price of the shares may be volatile and investors may not be able to sell shares at or above the price paid for by them;<br>• the pre-emptive rights of the shareholders may be restricted or excluded by the management board;<br>• Pharming does not intend to pay dividends for the foreseeable future; and<br>• if securities or industry analysts do not publish research or reports about Pharming's business, or if they change their recommendations regarding the shares adversely, the price and/or trading volume of the shares could decline. |

*Section E — Offer*

| *Element* | *Description* | *Disclosure requirement* |
|---|---|---|
| **E.1** | **Total net proceeds / total expenses** | The Company intends to raise €12 million of gross proceeds from the issue of the New Shares.<br><br>The total expenses in connection with the issue of the New Shares are estimated at around €0.7 million, comprising an advisory fee payable to *inter alia* ROTH Capital Partners, LLC of 4.5% of the gross proceeds of the issuance of the New Shares and other external fees relating to the drafting of legal documentation and the issue of the Security Note and this Summary. |
| **E.2a** | **Reasons for the issue** | Pharming intends to use the net proceeds from the Private Placement primarily for the ongoing regulatory activities with respect to Ruconest® in the US, financing of outsourced downstream processing commitments, resulting in build-up of finished goods inventories, co-financing (with Santarus) of a US clinical trial with Ruconest® for prophylaxis of HAE, and general corporate purposes, including the continuation of business development initiatives. |
| **E.3** | **Terms and conditions offer** | Not applicable; the Prospectus does not relate to an offer. |
| **E.4** | **Material interest** | Not applicable; there are no interests that are material to the issue (including conflicting interests). |
| **E.5** | **Name issuer / lock-up agreements** | Pharming will be the entity issuing the New Shares.<br>Not applicable. |
| **E.6** | **Immediate dilution**<br><br>**Immediate dilution in case of a subscription offer to existing equity holders** | The dilution resulting from the issuance of the New Shares amounts to 45% (or 49% on a fully diluted basis).<br><br>Not applicable; there will be no subscription offer to existing equity holders. |
| **E.7** | **Estimated expenses** | The estimated expenses charged to the investors by Pharming amount to nil. |