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Pharming Announces Financing Plans for Closing of RUCONEST® North American Rights Acquisition

Leiden, The Netherlands, 21 November 2016: Pharming Group N.V. ("Pharming" or "the Company") (Euronext Amsterdam: PHARM) announces its financing plans to enable the completion of the acquisition of the North American commercialization rights to RUCONEST® from Valeant Pharmaceuticals International, Inc. (NYSE/TSX: VRX) ("Valeant"), as announced on 9 August 2016.

Highlights

- 1 for 7 Rights Issue of 58,943,624 shares to raise approximately €12.1 million to existing shareholders
- Board of Management to take up their full allotments under the Rights Issue
- New $40 million (€37.7 million) straight debt facility from existing lender Silicon Valley Bank and from Kreos Capital V (UK) Ltd Fund
- All remaining funding (€62.0 million) from two new convertible bonds with conversion at premiums of between 25% and 32% to the 20 Day Volume Weighted Average Price
- Total Funds to be raised in the funding arrangements amount to €111.8 million, resulting in €85 million after transaction costs, fees and repayment of the US$17 million existing debt (€16.2 million)
- Net Funds raised (€85 Million) are for payment of the acquisition of the North American commercialisation rights for RUCONEST of US$60 million (€56.7 million) and a total of €28.3 million for additional marketing and sales investments for RUCONEST both in the USA and in the EU.
- Total shares issued now will be limited to 58,943,750

Pharming announces that it has agreed terms with investors for a series of financing transactions which, upon closing, will raise €111.8 million gross, or €85 million after payment of transaction costs, fees and repayment of existing debt. This set of funding transactions will enable the Company to meet the upfront payment and complete its acquisition of the North American commercialization rights to RUCONEST® from Valeant Pharmaceuticals International, Inc. (NYSE/TRX: VRX) ("Valeant"), and to accelerate the development of sales of RUCONEST® in North America. This acquisition transaction will be completed as soon as sufficient of the instruments have closed to enable the Company to do so. This is currently expected to be prior to the closing of the Rights Offer.

The financing will comprise of four elements, which are described further below. With the exception of the rights issue, the terms shown below are subject to final changes as the full documentation is completed. These descriptions show the terms as currently agreed. These elements are as follows:

(i) A new 8% straight debt facility of $40 million (€37.7 million) (or €35.9 million net of costs and liquidity retentions) from existing lender Silicon Valley Bank and new lender Kreos

Capital V (UK) Ltd. The existing facility with Silicon Valley Bank and Oxford Finance LLC will be repaid in full in accordance with its terms;

(ii) A rights issue offering existing shareholders the chance to subscribe for one new ordinary share for every seven shares they hold at the record date, expected to be 22 November 2016, at a price of €0.205 per share (the "Rights Price"), which represents a discount of 10% to the 20-day volume-weighted average price to 18 November 2016; the last business day before the anticipated approval of the prospectus, of €0.227 (the "VWAP"). The Rights Issue is expected to raise approximately €12.1 million (or €11.3 million net of costs) if all the rights are taken up. Interest has been received from investors to support the Rights Issue by acquiring shares for which shareholders have not exercised their rights at the end of the exercise period.

(iii) A 5 year 8.5% redeemable convertible bond (the "Ordinary Bond") to raise approximately €17.0 million (or €16.2 million net of costs) if all current prospective investors who have expressed firm interest take up their allocations. The Ordinary Bond is convertible into shares at a price of €0.284 (the "Conversion Price"), which represents a premium of 25% to the VWAP and a premium of 38.5% to the Rights Price. Interest will be paid on the Ordinary Bond at a rate of 8.5% per annum. Ordinary Bond investors will also receive warrants to subscribe for Pharming shares at a premium strike price equivalent to the Conversion Price.

(iv) An 18 month zero interest redeemable convertible bond (the "Amortizing Bond") expected to raise approximately €45.0 million (or €37.8 million net of costs) if all current prospective investors who have expressed firm interest take up their allocations. The Company has entered into a non- binding term sheet with a lead investor for the Amortizing Bond and has sufficient interest to complete this bond, although the precise terms may change prior to execution. The Amortizing Bond is currently convertible into shares at a price of €0.30, which represents a premium of 32% to the VWAP and a premium of 46% to the Rights Price. The Amortizing Bond will be repaid by the Company in 16 equal monthly instalments, in cash or shares at the discretion of the Company, starting after two months following closing. After the initial 2 months without repayments, the first 3 instalments are due to be paid entirely in cash. Amortizing Bond investors will also receive warrants to subscribe for Pharming shares at a premium strike price equivalent to the Conversion Price.

The overall result of the Rights Issue, the new debt facility and the Convertible Bonds, if the current agreed terms are finally confirmed is that the Company will issue 58,943,624 new shares, and will reserve the rest of its authorized share capital against conversion of the Bonds and exercise of the warrants.

As the balance of the unreserved authorized share capital is not quite sufficient to ensure delivery in the unlikely event that all warrants, options and convertible bonds were converted immediately following the transaction, the Board of Management have pledged all of their unissued options and warrants for the Company to use for such delivery. The Board of Management will not benefit in any way from this pledge.

Sijmen de Vries, CEO of Pharming:

> *"I am absolutely delighted to be able to confirm that, subject to final documentation, we have secured good terms on new financing instruments with first class investors looking to support Pharming over the long term in its new growth phase. As promised, we are offering all new equity being issued to existing shareholders first. I and my colleagues on the Board of Management intend to take up our entire allotment of rights to subscribe for new shares, to have a stake in what promises to be a very exciting and successful phase of growth for Pharming after we close this transformational acquisition.*

About the Ordinary Bonds

The draft terms for the Ordinary Bonds are as follows. The Ordinary Bonds will have a fixed term of 5 years unless previously converted or redeemed, and carry a fixed coupon of 8.5% per annum (payable semi-annually) and are convertible at the option of the holder during an exercise period, expected to begin shortly after issue and to end shortly before the 5 year maturity date, into 58,859,154 shares at a conversion price of €0.284 per share, i.e. a price representing a premium of 25% to the VWAP or 38.5% to the Rights Price. The Ordinary Bonds are redeemable at the Company's option at par value after 3 years, if the volume weighted average price of the shares at the time is above the price which means that the Ordinary Bonds, if converted into Shares, would be worth 30% more than their par value. The holders may elect to convert their Ordinary Bonds. The holders may request redemption at par of any unredeemed or unconverted Bonds on maturity after 5 years. The Ordinary Bonds are not guaranteed nor secured. The Ordinary Bondholders will receive 20% warrant coverage in the 2016 Warrants entitling them to subscribe for 11,971,831 Shares at a warrant strike price of €0.284, i.e. a price representing a premium of 25% to the VWAP or 38.5% to the Issue Price.

About the Amortizing Bonds

The Company has entered into a term sheet with a lead investor to take all of The Amortizing Bonds on the following main terms. The Amortizing Bonds have a maturity of 18 months, and carry no coupon, although there is a fee payable to the holders taking up the bonds upon closing of €5.0 million. The bonds are convertible at the option of the holder within 18 months from issue at a conversion price of the lower of a premium of 35% to the 20 Day VWAP or €0.300 at closing. This means today at €0.300, representing a premium of 32% to the VWAP or 46.0% to the Issue Price. The Company will begin repaying the Amortizing Bonds after two months in 16 equal instalments, in either Shares or cash at the Company's sole discretion, although the first three such payments will be in cash only. Because the number of Shares calculated to be required for any monthly repayment depends on the share price in the 20 days preceding such calculation, it is possible in some circumstances that more shares will be issued for such a payment than the portion of the Amortizing Bond being repaid would convert into, which would increase the dilutive effect of such repayment. This is offset by the release of the Shares into which such portion would convert, and also by any amount of repayments which are made in cash. The maximum total payment in cash (other than for an early repayment) is capped at 70% of the facility. This means that the minimum amount of the Amortizing Bonds which must be repaid in Shares is €13.5 million, which would mean share repayments of 60,267,857 shares at the theoretical ex-rights price ("TERP") for a Pharming Share immediately after the Rights Issue of €0.224.

This compares with full conversion of the Amortizing Bonds into shares at the €0.300 conversion price of 150,000,000 shares. After the initial 2 months without repayments, the first 3 instalments are due to be paid entirely in cash. This reduces the effect of full conversion of the Amortizing Bonds from 150,000,000 Shares to 121,875,000 Shares.

The Amortizing Bonds are also redeemable for cash at the Company's option at a premium within the 18 months duration. The premium varies between 10% and 25% depending on how much of the Amortizing Bonds have already been paid in Shares. The Amortizing Bonds are not guaranteed nor secured and rank behind both the debt and the Ordinary Bonds. The Amortizing Bondholders will receive 40% warrant coverage in the 2016 Warrants entitling them to subscribe for 63,380,282 Shares at a warrant strike price of €0.284, i.e. a price representing a premium of 25% to the VWAP or 38.5% to the Issue Price.

About the new debt facility

The new debt facility is expected to be granted by Kreos Capital V (UK) Ltd Fund and Silicon Valley Bank (the New Lenders), with whom the Company has entered into a term sheet on very similar general terms to those of the Loans. Under the terms and conditions of the new debt facility, the New Lenders will provide US$40 million (approximately €37.7 million) secured senior debt funding repayable over 42 months with a 8% fixed interest per annum. During the initial 12 months of the facility only interest will be payable, followed by monthly repayments of the outstanding principal amount on a 30 month straight amortisation basis. As further consideration for the new debt facility, the New Lenders or their associate companies will receive 10% warrant coverage (i.e. warrants to acquire 12,933,431 Shares at a conversion price of €0.284, i.e. a price representing a premium of 25% to the VWAP or 38.5% to the Issue Price) and a final payment on maturity (due June 2020) of 9% of the principal sum.

The New Lenders will receive a first priority ranking debenture (or the equivalent) and/or other first ranking security over all assets, including intellectual property of the Group. Closing of the New Debt Facility is conditional on a minimum raise of €40 million in equity and convertible debt, satisfactory outcome of due diligence inquiry by the New Lenders, no breach of representations and warranties by Pharming and execution of all required documentation by the parties.

The New Lenders, the Ordinary Bond holders and the Amortizing Bond holders will all receive warrants on identical terms (the 2016 Warrants). The 2016 Warrants will be exercisable for a period of five years as of the settlement date of the Rights Issue at an exercise price of €0.284, equal to a premium of 25.0% above the VWAP, or 38.5% over the Rights Price. The exercise price of the 2016 Warrants will be adjusted in case of an issue altering the terms and conditions of the Shares, such as subdivision or amalgamation of Shares, to reflect the value of the original warrant immediately prior to such event.

About the Prospectus

A full prospectus for the Rights Offer, including additional information on all the instruments as well as information regarding the risks relating to the Company, the Offer and the business, will be issued following approval by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the AFM). Subject to that approval, the Company has provisionally established the following timetable for the Rights Issue:

Record Date	Immediately after the close of trading on Euronext Amsterdam at 17:40 CET on 22 November 2016

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Ex-Rights trading in the Shares commences	09:00 CET on 23 November 2016
Exercise Period commences	09:00 CET on 23 November 2016
Trading in the Rights commences	09:00 CET on 23 November 2016
Trading in the Rights ceases	17:40 CET on 29 November 2016
Exercise Period ends	17:40 CET on 30 November 2016
Allotment of New Shares	Expected on 2 December 2016
Issue of, payment for and delivery of, the New Shares (including the Rump Shares) (Settlement Date) and start of trading in the New Shares	Expected on 6 December 2016

The prospectus contains a new detailed pro forma in accordance with the rules of the Prospectus Directive, and this is based on a more detailed version of the Company's Q3 Condensed Consolidated Financial Statements prepared under IAS 34 for the purposes of reference information. This form of the Q3 report has been published today on Pharming's website under Public Reports within the Shareholder section of Information.

The pro forma shows an adjusted view of the transaction as a hypothetical situation similar (but not identical) to the pro forma information presented in each of Pharming's announcement of the transaction on 9 August 2016 and last two financial reports on 3 October 2016 (8 month report to 31 August 2016) and 27 October 2016 (Q3 Report 2016). The differences mainly relate to the change of accounting approach from an asset transaction to a business combination, plus changes related to the financial structure on the basis of the latest terms.

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 Algeria, Andorra, Austria, Bahrain, Belgium, France, Germany, Ireland, Jordan, Kuwait, Lebanon, Luxembourg, Morocco, Netherlands, Oman, Portugal, Qatar, Syria, Spain, Switzerland, Tunisia, United Arab Emirates, United Kingdom and Yemen.

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 distributed in the United States by a subsidiary of 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, in South Korea by HyupJin Corporation and in Israel by Megapharm.

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 Pompé and Fabry's 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 China State Institute of Pharmaceutical Industry ("CSIPI"), a Sinopharm company, for joint global development of new products, starting with recombinant human Factor VIII for the treatment of Haemophilia 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 of Pharming Group N.V. and its subsidiaries ("Pharming", the "Company" or the "Group") may contain forward-looking statements including without limitation those regarding Pharming's 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 economic factors, legal claims, the Company's ability to protect intellectual property, fluctuations in exchange and interest rates, changes in taxation laws or rates, changes in legislation or accountancy practices 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 and statements 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 should be taken as of their respective dates of issue, unless required by laws or regulations.
The distribution of this announcement in jurisdictions other than the Netherlands may be affected by the laws of relevant jurisdictions. Therefore any persons who are subject to the laws of any jurisdiction other than the Netherlands will need to inform themselves about, and observe any applicable requirements. Investors will need to base their investment decision on the prospectus and particularly the risk factors as described in the prospectus that the Company will publish in connection with the rights issue. When made generally available, copies of the prospectus may be obtained at no cost from the Company or through the website of the Company, subject to certain regulatory restrictions.

This announcement is for information purposes only and shall not constitute an offer to buy, sell, issue or subscribe for, or the solicitation of an offer to buy, sell, issue, or subscribe for, any securities in the Company or any other entity. Any such offer pursuant to the proposed rights issue will be made solely by means of a prospectus to be published in due course and any supplement or amendment thereto and any acquisition of securities in the Company should be made solely on the basis of the information contained in such prospectus.
Neither this announcement nor any copy of it may be taken or transmitted, published or distributed, directly or indirectly, in whole or in part, in, into or from the United States of America (including its territories and possessions, any state of the United States of America (the "United States" or the "US")), Australia, Canada, Japan or the Republic of South Africa or transmitted, distributed to, or sent by, any national or resident or citizen of any such countries or any other jurisdiction where to do so would constitute a violation of the relevant securities laws of such jurisdiction (each a "Restricted Jurisdiction"). Any failure to comply with this restriction may constitute a violation of United States, Australian, Canadian, Japanese or South African securities laws.
The securities mentioned in this announcement have not been, and will not be, registered under the US Securities Act of 1933 (as amended) (the "US Securities Act"), and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. No public offer of the shares is being made in the United States and the information contained herein does not constitute an offering of securities for sale in the United States.

This announcement is directed only at persons whose ordinary activities involve them in acquiring, holding, managing and disposing of investments (as principal or agent) for the purposes of their business and who have professional experience in matters relating to investments and are: (i) if in a member state of the European Economic Area, qualified investors within the meaning of article 2(1)(e) of the Prospectus Directive ("Qualified

Investors"); or (ii) if in the United Kingdom, Qualified Investors and fall within: (a) article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"); or (b) article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Order (all such persons together being referred to as "Relevant Persons"). The term "Prospectus Directive" means Directive 2003/71/EC as amended and includes any relevant implementing measures in each member state of the European Economic Area.

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