PHARMING ANNOUNCES ACQUISITION OF ALL NORTH AMERICAN COMMERCIALISATION RIGHTS TO RUCONEST® FROM VALEANT

Leiden, The Netherlands, 9 August 2016: Pharming Group N.V. (the "Company") (Euronext: PHARM) announces today that it has entered into a definitive agreement to acquire all North American commercialisation rights to its own product RUCONEST® (recombinant human C1 esterase inhibitor), including all rights in the US, Mexico and Canada, from Valeant Pharmaceuticals International, Inc. ("Valeant") (NYSE/TSX: VRX). RUCONEST® is an orphan drug designated therapy developed by Pharming, already approved for the treatment of acute Hereditary Angioedema ("HAE") attacks in patients in the USA and EU. This transaction will accelerate Pharming's development into a profitable specialty pharmaceutical company with its own independent commercial infrastructure, which will form the foundation for growth in the future.

Today, CEO Sijmen de Vries and CFO Robin Wright, will discuss the transaction in a conference call at 13:30pm (CET). To participate, please see details below.

- **Transformational acquisition of commercial rights to Pharming's own product RUCONEST®**
- **RUCONEST® has potential for both acute and prophylaxis treatment in the largest market for HAE (in total $1.4 billion)**
- **Immediate and substantial positive impact on Pharming's operational results and near-term profitability (see Pro Forma Financial Review below)**
- **$125 million deal value, with an upfront fee for Valeant of US$60 million, and self-funding sales milestone payments up to a further US$65 million in total**
- **Funding through a combination of straight debt and new equity capital of between US$ 80-100 million**
- **Additional new investment in RUCONEST® sales force, medical science liaison personnel and marketing activities in the US and Europe**
- **All new equity capital will be offered to existing shareholders by way of a rights issue**

Since the US Food and Drug Administration ("FDA") approval of RUCONEST® on 16 July, 2014, US net product sales have grown from $0.3m in 2014 to an annualised rate of approximately $25 million at the end of the second quarter of 2016 within the US acute hereditary angioedema ("HAE") market of around $700 million. Recently RUCONEST® has also shown good positive data in prophylaxis of HAE, meeting its primary endpoints for both once weekly and twice weekly dosing regimens in a Phase II clinical trial as announced on July 18, 2016. Once approved in this indication, RUCONEST® will be able to enter this additional market, also worth around $700 million. RUCONEST® therefore has the potential to be the only recombinant C1 esterase inhibitor approved to target both the acute market and the HAE prophylaxis market.

Structure of the Deal

Under the terms of the agreement, Pharming will pay Valeant an upfront fee of US$60 million upon Closing, which is expected during the fourth quarter this year. In addition, over the coming years the Company will make one-time-only payments to Valeant on achievement of a small number of specific sales milestones events, totalling a maximum of US$65 million. The specific details of these self-

funding additional transaction terms are not disclosed for commercial reasons. The transaction is subject to Pharming obtaining adequate financing. Pharming will carry out a financing round to obtain sufficient new equity capital and debt finance over the coming weeks prior to Closing.

The transaction has already completed pre-notification and clearance procedures under the Hart-Scott-Rodino Antitrust Improvements Act 1976.

Growth of sales force and supplementary marketing efforts crucial for success

To ensure a seamless transition, Pharming is anticipating that Valeant's dedicated RUCONEST® sales force, a total of 11 people, will accept offers to join Pharming to continue the RUCONEST® sales effort in the USA. The Company also plans to increase the size of the sales force to drive growth in product sales, together with increased investments in medical science liaison personnel and additional marketing activities, including patient advocacy programmes and the provision of significant unconditional support for the HAEA (the US HAE patients association) and its programmes as well as other HAE centers of excellence in the USA. In addition, Pharming is planning further investment in the acceleration of RUCONEST® sales efforts to drive growth in the EU, Middle East and Africa markets which Pharming will take over in October from SOBI, as announced on 14 July 2016, and to make RUCONEST available in Canada and Mexico.

Valeant and Pharming will work closely on the transition for customers and HAE patients under a transition services agreement entered into at the same time as the transaction. This will enable Pharming to replace core functions currently undertaken by Valeant and its contractors in a timely manner.

Pro Forma Financial Review

If this transaction had been completed on January 1, 2016, the highlights of our half year results would have been very different. Sales would have been approximately €12.4m instead of €4.1m for the half year, and all the consequential changes would have been positive. Overall, the Company would have been much nearer profitability even in this half year. Going forward, this transaction will be very positive for Pharming. We illustrate below an approximate *pro forma* set of numbers for comparison only:

Amounts in €m (unaudited) except per share data	Actual HY 2016	Actual HY 2015	% Change	*ProForma* HY 2016	% Change
Income Statement					
Product sales	4.2	4.1	*2%*	12.4	*302%*
License fees	1.1	1.1	-	1.1	-
Revenue	5.3	5.2	*2%*	13.5	*260%*
Gross Profit	3.3	2.9	*14%*	11.5	*381%*
Costs	9.7	9.0	*8%*	14.7	*145%*
Operating Result	(6.2)	(6.1)	*2%*	(3.1)	*67%*
Balance Sheet					
Cash & marketable securities	21.7	25.0	*-13%*	26.3	*6%*
Share Information					
Earnings per share	(0.016)	(0.009)		(0.0005)	*94%*

Funding the transaction and development investments

The transaction will be funded by a combination of additional straight debt and new equity or equity-linked securities totaling approximately $80-100 million. Pharming has engaged Roth Capital Partners and Stifel Nicolaus Europe to act as placement agents in order to raise capital over the coming weeks (the "Offering"). The final terms of the Offering will depend on market and other conditions at the time of pricing. The debt facility is expected to be on typical commercial terms. Management believes this combination represents excellent value for shareholders.

Pharming anticipates that this transaction, after taking full account of the costs of the transaction and the financing including interest, will be accretive to earnings within 2016 and will enable the Company to reach profitability potentially as much as three years earlier than under the Valeant license.

Sijmen de Vries, Pharming CEO, commented:

> *"This is a quantum leap forward for Pharming and marks a significant point in the Company taking control of its own destiny and providing a real prospect of reaching profitability soon. In previous years, milestones and revenues from the US license for RUCONEST® provided funding for the Company's independence as well as the production of RUCONEST®, thereby enabling the best prospect for HAE patients at the time. Now, we are able to take control of our key asset and make it available to all HAE patients in the US with a single-minded focus, dedication, energy and investment. For over a decade Pharming has been instrumental in the HAE market and has been working with physicians treating HAE and HAE patients for many years on the development of a safe and effective recombinant enzyme replacement therapy for HAE sufferers.*
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> *The transaction is subject to the financing being completed, and we are very confident that shareholders will see the benefits of this deal and will support our strategic efforts to accelerate profitability for Pharming, marking a new phase as a specialty pharmaceutical company. By integrating the Valeant sales team members and building upon them, we will be able to continue supply and marketing of RUCONEST® to patients upon the solid foundation built by Salix and Valeant in the US market for RUCONEST®.*
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> *I would like to thank the Pharming team, including our advisers, for their help in bringing this complex transaction to completion. This is an exciting day for all of Pharming's employees, and for our shareholders".*

Commercial rights history

Valeant acquired the North American license rights to RUCONEST® through its acquisition of Salix Pharmaceuticals, Inc. ("Salix") on 1 April, 2015. Prior to this, Salix had acquired the rights through its acquisition of Santarus, Inc. ("Santarus") on 3 January, 2014. Pharming originally entered into an agreement with Santarus for development and commercialisation of RUCONEST® in the US, Canada and Mexico on 10 September 2010.

About RUCONEST®

RUCONEST® (recombinant C1 esterase inhibitor) is an orphan drug indicated for the treatment of hereditary angioedema (HAE). RUCONEST contains C1 esterase inhibitor for delivery at 50 IU/kg

HAE is caused by a deficiency of the C1 esterase inhibitor protein, which is present in blood and helps control inflammation (swelling) and parts of the immune system. A shortage of C1 esterase inhibitor can lead to repeated attacks of swelling, pain in the abdomen, difficulty breathing and other symptoms..

When administered at the onset of HAE attack symptoms at the recommended dose, RUCONEST helps to return a patient's C1 esterase inhibitor levels to normal range and to relieve the symptoms of an HAE attack, with a low recurrence of symptoms within 24 hours.

RUCONEST is the only recombinant C1 esterase inhibitor approved by the U.S. Food and Drug Administration (FDA) and the European Medicines Agency (EMA) and was approved in July 2014 by the FDA and in October 2010 by the EMA.

Under the Biologics Price Competition and Innovation Act of 2009, RUCONEST was granted data exclusivity in the USA until July 2026.

Important Safety Information for RUCONEST®

RUCONEST® is a recombinant C1 esterase inhibitor indicated for the treatment of acute attacks in adult and adolescent patients with hereditary angioedema (HAE). Effectiveness in clinical studies was not established in HAE patients with laryngeal attacks.

RUCONEST (C1 esterase inhibitor [recombinant]) is contraindicated in patients with a history of allergy to rabbits or rabbit-derived products, and patients with a history of life-threatening immediate hypersensitivity reactions to C1 esterase inhibitor preparations, including anaphylaxis.

Severe hypersensitivity reactions may occur. The signs and symptoms of hypersensitivity reactions may include hives, generalized urticaria, tightness of the chest, wheezing, hypotension, and/or anaphylaxis during or after injection of RUCONEST. Should symptoms occur, discontinue RUCONEST and administer appropriate treatment. Because hypersensitivity reactions may have symptoms similar to HAE attacks, treatment methods should be carefully considered.

Serious arterial and venous thromboembolic (TE) events have been reported at the recommended dose of plasma-derived C1 esterase inhibitor products in patients with risk factors. Risk factors may include the presence of an implanted venous catheter/access device, prior history of thrombosis, underlying atherosclerosis, use of oral contraceptives or certain androgens, morbid obesity, and immobility. Monitor patients with known risk factors for TE events during and after RUCONEST administration.

RUCONEST has not been studied in pregnant women; therefore, it should only be used during pregnancy if clearly needed.

The most common adverse reactions (incidence ≥2%) were headache, nausea, and diarrhea. The serious adverse reaction in clinical studies of RUCONEST was anaphylaxis.

Please see complete Prescribing Information for RUCONEST.

About HAE

Hereditary Angioedema (HAE) is a rare genetic disorder. It is characterized by spontaneous and recurrent episodes of swelling (edema attacks) of the skin in different parts of the body, as well as in the airways and internal organs. Edema of the skin usually affects the extremities, the face, and the genitals. Patients suffering from this kind of edema often withdraw from their social lives because of the disfiguration, discomfort and pain these symptoms may cause. Almost all HAE patients suffer from bouts of severe abdominal pain, nausea, vomiting and diarrhea caused by swelling of the intestinal wall.

Edema of the throat, nose or tongue is particularly dangerous and potentially life-threatening and can lead to obstruction of the airway passages. Although there is currently no known cure for HAE, it is possible to treat the symptoms associated with edema attacks. HAE affects about 1 in 10,000 to 1 in 50,000 people worldwide. Experts believe that a lot of patients are still seeking the right diagnosis: although HAE is (in principle) easy to diagnose, it is frequently identified very late or not discovered at all. The reason HAE is often misdiagnosed is because the symptoms are similar to those of many other common conditions such as allergies or appendicitis. By the time it is diagnosed correctly, the patient has often been through a long lasting ordeal.

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 Austria, Germany and The Netherlands.

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 North America, Canada and Mexico by 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.

RUCONEST® is distributed in South Korea by HyupJin Corporation and in Israel by Megapharm.

RUCONEST® is being investigated in a Phase II randomized, double blind placebo-controlled clinical trial for prophylactic treatment of HAE and is being evaluated for other indications as well. The Phase II study was fully recruited shortly after the year-end, and is expected to report preliminary results around the middle of 2016.

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 Pompe and Fabry's diseases are being optimized at present, with additional programs not involving ERT also being explored at an early stage.

Pharming has a long term partnership with the Shanghai Institute of Pharmaceutical Industry ("SIPI"), a Sinopharm company, for joint global development of new products, starting with RUCONEST® and 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.

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 commercialise 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.

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Pharming Group NV was advised in this transaction by Covington & Burling LLP as legal advisers. The Board of Supervisory Directors of Pharming has received independent advice from Kempen & Co.

Conference call information

Today, CEO Sijmen de Vries and CFO Robin Wright will discuss the transaction in a conference call at 13:30pm (CET). To participate, please call one of the following numbers 10 minutes prior to the call:

From the Netherlands: +31 (0) 20 716 8427
From the UK: +44 (0) 20 3139 4830
From Belgium: +32 (0) 2 401 2722
From France: +33 (0) 2 9092 0977
From Switzerland: +41 (0) 44 580 0083

Conference ID: 76386389#