Explanatory notes to the agenda for the Extraordinary General Meeting of Shareholders of Pharming Group N.V.

Extraordinary General Meeting of Shareholders ("EGM") of Pharming Group N.V. (hereafter the "Company" or "Pharming") to be held on Friday 11 December 2020 at 14.00 hours (CET).

Agenda item 2: Change of the Company's corporate governance structure - discussion item

The Board of Management and the Board of Supervisory Directors of Pharming have unanimously approved a change of the Company's governance structure from a two-tier model (featuring a management board acting under the supervision of a separate supervisory board) to a one-tier board model (with a unitary board of directors consisting of one or more executive directors and one or more non-executive directors, hereafter the "Board of Directors").

A one-tier board model would allow the Company to integrate and leverage the knowledge, experience and wide range of backgrounds, education and expertise among the current managing directors and supervisory directors into one corporate body. The Company believes that the one-tier board structure will accordingly further improve the quality of its internal processes and decision-making.

Moreover, the Company announced on 29 October 2020 that it has begun the process for approval for a secondary listing of American Depository Receipts (the "Level 2 ADR program") on the Nasdaq Stock Market ("Nasdaq"). The Level 2 ADR program marks a new chapter in Pharming's history and will support the Company in taking the next steps to advance its long-term strategy, ambitions and its business, expanding and building on the Company's major presence in the US. The Level 2 ADR program is being pursued in addition to (and not as an alternative for) the existing listing of the Company's ordinary shares on Euronext Amsterdam and would therefore result in a dual listing for Pharming once completed, maintaining its home base in the Netherlands. The ADRs and ordinary shares will be fungible securities across both trading venues.

Whilst the anticipated Level 2 ADR program is not contingent upon the change of the Company's governance structure to a one-tier board, the one-tier board structure will be a logical step for Pharming in the US listing process, as a one-tier structure is expected to be more recognizable by international investors, as it is more consistent with market practice globally and specifically in the United States of America.

Therefore, in view of the foregoing considerations, the Company believes that changing its governance to a one-tier board model will be in the best interest of the Company and its stakeholders.

In the proposed one-tier board structure, the Board of Directors as a collective (i.e., the executive directors and the non-executive directors) would be charged with managing the Company's affairs and would be responsible for the general course of affairs of the Company (including the Company's strategy and financial policy). The executive directors would manage the day-to-day business and operations of the Company and would implement the Company's strategy, supported by an Executive Committee chaired by the Chief Executive Officer. The non-executive directors would focus on the supervision on the policy and functioning of the performance of the duties by the executive directors and the Company's general state of affairs.

Contingent upon the resolution proposed under agenda item 3 being passed and implemented through the execution of the Deed of Amendment (as defined below), the Company's Chief Executive Officer ("**CEO**"), Mr. Sijmen de Vries, would become the Company's sole executive director (continuing to be the CEO) and the Company's current members of the Board of Supervisory Directors, including the nominated new members as identified under agenda item 4, would become the non-executive directors, with Mr. Paul Sekhri being granted the role of Chairman of the board of directors.

The terms of three members of the Board of Supervisory Directors (Mr. Ernst, Mr. Ward and Mr. de Winter) are scheduled to expire on the occasion of the next Annual General Meeting of Shareholders to be held in 2021 (the "2021 AGM"). These members are expected to step down at that time in view of the prevailing best practice recommendations concerning their tenure. Announcements on the composition of the Board of Directors in view of their succession following the 2021 AGM will be made as soon as decisions have been taken. The new composition of the Board of Directors will reflect the Company's growth ambitions and the dual listing described above and will be consistent with the profile of the Board of Directors (including diversity targets aligned with expected new Dutch gender diversity legislation). Also in anticipation hereof, the Board of Supervisory Directors proposes to the EGM under agenda item 4 the appointment of two new independent members.

Upon the implementation of the proposed one-tier board structure, the Board of Directors will adopt a revised set of internal regulations and policies reflecting such change, that will be published on the Company's website (http://www.pharming.com) to the extent required by applicable law or recommended by the Dutch Corporate Governance Code. The revised internal regulations and policies will also be tailored to ensure compliance by the Company with all applicable US rules and regulations in anticipation of the Level 2 ADR program and the US listing, including without limitation the Sarbanes Oxley Act of 2002. For the same reasons, several amendments to the Company's articles of association are proposed under agenda item 3.

Upon the implementation of the proposed one-tier board structure, (i) any existing designation of the Board of Management as the Company's body authorized to issue shares, grant rights to acquire shares and to limit or exclude pre-emptive rights, shall be deemed granted to the Board of Directors and (ii) similarly, any existing repurchase authorization for shares or depository receipts for shares granted to the Board of Management, shall be deemed granted to the Board of Directors.

Agenda item 3: (i) Amendment of the Company's articles of association, (ii) authorization to implement such amendment and (iii) designation of the executive and non-executive directors – voting item

In order to effect the proposed governance changes discussed under agenda item 2, including the implementation of the one-tier board structure and certain changes in connection with the launch of the Level 2 ADR program, the Board of Management, with the approval of the Board of Supervisory Directors, proposes to the General Meeting that the Company's articles of association are amended in accordance with the draft articles of association which has been made available on the Company's website (https://www.pharming.com/investors/shareholder-meetings) and at the Company's office address. A document containing explanatory notes to the proposed changes has also been made available on the Company's website as part of the meeting documents for the EGM.

If this resolution is passed, each lawyer, candidate civil law notary and civil law notary of NautaDutilh N.V. shall be authorized to execute the requisite deed of amendment to the Company's articles of association (the "Deed of Amendment").

In addition, if this resolution is passed, Mr. Sijmen de Vries, shall be designated as executive director of the Company and each supervisory director holding office at the time of the EGM (including, subject to their appointment as described in relation to agenda item 4, Ms. Barbara Yanni and Mr. Mark Pykett), shall be designated as non-executive directors of the Company, in each case with effect from the execution of the Deed of Amendment. The terms of office of the supervisory directors becoming non-executive directors shall not be affected as a result of the implementation of the one-tier board structure.

Because the matters discussed above in relation to this agenda item are inextricably connected, they are submitted to the EGM as one single voting item, requiring a simple majority of the votes cast.

Agenda item 4: Appointment of two new supervisory directors – voting items

Pharming issued on 20 May 2020 a press release to announce the nomination of Ms. Barbara Yanni and Mr. Mark Pykett as new members of the Board of Supervisory Directors. Ms. Yanni and Mr. Pykett have served as observers to the Board of Supervisory Directors since the aforementioned announcement. The Board of Supervisory Directors proposes to the General Meeting, by way of a binding nomination, to appoint both Ms. Yanni and Mr. Pykett as new members of the Board of Supervisory Directors, with immediate effect, until the closing of the scheduled Annual General Meeting of Shareholders in 2024. The appointment of Ms. Yanni and Mr. Pykett will be two separate voting items.

Both Ms. Yanni and Mr. Pykett will become non-executive members of the Board of Directors as of the effective date of the Deed of Amendment as discussed under agenda item 3 hereinabove, but their appointment by the General Meeting is not contingent upon the execution of the Deed of Amendment.

Ms. Barbara Yanni (66) currently serves on the board of directors of two public biotech companies: Trevana, Inc. and Vaccinex, Inc. Until October 2020, Ms. Yanni also served on the board of directors of Akcea Therapeutics, Inc. (a public biotech company). She was Vice President and Chief Licensing Officer at Merck & Co. (MRK), a pharmaceutical company, from November 2001 until her retirement in March 2014. Prior to this, Ms. Yanni served in various roles at Merck including in corporate development, financial evaluation, and tax. Before joining Merck in 1985, Ms. Yanni was a tax lawyer in New York City. Ms. Yanni earned a J.D. from Stanford Law School and an A.B. from Wellesley College. She also holds a Masters of Law in Taxation from New York University.

Mr. Mark Pykett (56) is the Chief Scientific Officer of PTC Therapeutics, Inc, where he leads the company's research. Before joining PTC in 2018, Mr. Pykett held a number of executive positions, including president and CEO of Agilis Biotherapeutics, CEO of Navidea Biopharmaceuticals, and president and COO of Alseres Pharmaceuticals, among others. Mr. Pykett also served as a director of several public and private companies, as well as the not-for-profit organization HealthBuilders, which develops health infrastructure in central Africa. Mr. Pykett received his B.A. from Amherst College, a V.M.D. and Ph.D. from the University of Pennsylvania, and an M.B.A. from Northeastern University, and completed postdoctoral fellowships at the University of Pennsylvania and Harvard University.

Ms. Yanni and Mr. Pykett hold no shares in the Company and are considered to be independent under the Dutch Corporate Governance Code.

Agenda item 5: Remuneration – voting item

5.1 Remuneration policy for the Board of Directors (voting item)

Introduction

Several of the Company's foreign institutional investors as well as proxy advisory firms have expressed concerns over the proposed remuneration policy that was presented to the General Meeting in May 2020. Therefore, the Company decided to revise its proposal for a remuneration policy, taking the received feedback into due consideration. This feedback was, in summary, predominantly related to the need to ensure that all variable remuneration should be fully performance-based and that the performance measures, their relative weightings and the payout limits should be identified.

Pharming's Remuneration Committee has initiated a process for preparing the revised remuneration policy. A recognized international consultant in the field of executive board remuneration (Georgeson) was engaged for supporting the Remuneration Committee in drafting a revised policy, that would be aligned with relevant 'best practices'.

Pharming also engaged Radford, an international leading executive reward consultant, for a benchmark of the remuneration levels of board members. The data gathered during this benchmark, that was completed in September 2020, were used both to align the total remuneration of executive board members with the position of the Company relative to the benchmark groups that are relevant to the Company, and to determine the other parameters in the proposed revised policy.

In drafting the revised remuneration policy, the wages and other labor conditions of Pharming employees and internal pay ratios are taken into account. The Remuneration Committee has considered the pay ratios within the Company and observed that, for 2019, the pay ratio between the compensation of the CEO and the mean compensation of employees (excluding the CEO) was 7.7 to 1. The pay ratio for 2019 between the mean compensation of members of the Board of Management and the mean compensation of employees (excluding members of the Board of Management) was 5.4 to 1 (2018: 5.3 to 1). The Remuneration Committee concluded that these ratios are consistent with levels which are appropriate for Pharming, given its size and complexity.

Feedback received both prior to and during the AGM in May from individual retail and institutional investors on the initially proposed policy, as presented at that time, was taken into consideration during the drafting of the revised policy. In preparation for the EGM, the Remuneration Committee and Pharming representatives also engaged with numerous parties including proxy advisors and representatives of the interests of institutional investors, to obtain their feedback on the draft remuneration policy. Following these engagements further changes were implemented and this resulted in the revised remuneration policy that is now being proposed to the EGM. Dialogues with retail and institutional investors will continue, both in preparation for and beyond the EGM.

Pharming has set the objective to align itself with European best practices in the field of remuneration, but will also need to ensure that it preserves the urgent need for Pharming to remain competitive in the important US labour market, as the Company has established a major and growing presence in the US, which today accounts for more than 95% of sales generated (source: 2019 Financial Statements). The foregoing balance is reflected in the new peer group that has been composed, as it consists of a group of European and US integrated and commercial stage listed companies active in Life Sciences. Moreover, as explained under agenda item 2, Pharming announced the launch of an Level 2 ADR program and a related US listing on Nasdaq. The peer group composed by Pharming for the proposed remuneration policy reflects the resulting dual listing of Pharming.

The benchmark data that were gathered indicate that Pharming is currently positioned in the upper quartile of the EU benchmark group with regards to revenues and profitability. For the US benchmark, Pharming is positioned well into the top 50% of the benchmark group regarding revenues and profitability. The market capitalization of Pharming is 45% compared to the US peer group and 40% compared to the European peer group.

The companies as included in the new peer group composed by Pharming, on the basis of the recommendations by Radford, are listed in the separate document *"Peer Group"* included in the meeting documents for the EGM and published on our website (https://www.pharming.com/investors/shareholder-meetings)

Summary of the proposed Remuneration Policy

The proposed revised remuneration policy, as submitted to the EGM for adoption (hereafter the "Policy"), has been designed to govern the remuneration of the executive and non-executive members of the Board of Directors. Accordingly, the Policy assumes the implementation of the one-tier model, as proposed to be implemented under agenda item 3.

For the period until the Deed of Amendment becomes effective, the provisions regarding the executive board members in the Policy, contingent on the adoption by the EGM, will apply to the members of the Board of Management (mutatis mutandis). Accordingly, the provisions in the Policy regarding the non-executive board members will apply to the members of the Board of Supervisory Directors. The foregoing also applies if agenda item 3 is not adopted and the Company's governance structure continues under a two-tier model.

The following paragraphs provide a brief summary of the main elements of the proposed Policy, as described in full detail in the separate document "*Remuneration Policy for the Board of Directors*", including the Attachment I "*Performance Measures and Weightings Executive Board Members – STI and LTI"*, that is part of the meeting documents for the EGM as published on the Company's website (https://www.pharming.com/investors/shareholder-meetings):

- The remuneration packages for the *executive board members* of Pharming consist of annual fixed remuneration, variable remuneration (including a short-term incentive in cash and a long-term incentive program in shares) and other defined benefits (such as pension and health insurance coverage), all as described in the Policy.

- The level of total remuneration of the executive board members (i.e., the sum of fixed, short-term variable and long-term variable remuneration) is each time aligned with the position of the Company relative to the peer group that is relevant to the Company. In addition, a consistent and competitive structure is applied across the workforce to promote a culture of shared purpose and performance, focusing all executive board members and all staff members on delivering on Pharming's mission, vision and strategy and creating long-term stakeholder value.

- In line with the foregoing, an increase of the current annual fixed remuneration of executive board members, as specified in the proposed Policy, will only be permitted, if (i) the amount of the increase does not exceed the average salary increase of the employees of the Company and (ii) the resulting total remuneration continues to be aligned with the Company's position relative to the peer group.

- The benchmark completed by Radford in September 2020 indicated that the current fixed remuneration is 10% below the median compared to the peer group. This gap is the result of the rapidly changing nature and complexity of the Company's business over the last couple of years, when it suddenly transformed from a chronic loss-making small biotech into an integrated profitable bio-pharmaceutical organisation, with own commercialisation operations in both the

US and EU and ongoing forward integrating into manufacturing.

To bridge the aforesaid gap, the fixed annual remuneration is proposed to be increased, as a one-time catch-up, by 10%, divided into annual stages until the end of 2023, subject to continued (overall) satisfactory performance (and therefore not guaranteed).

- Share option plans and the grant of restricted shares under Long-Term Incentive Plans will no longer be applied for executive board members. The newly designed (short-term and long-term) variable remuneration components have been aligned with prevailing 'best practices' and will be performance-related only.

  The attachment to the draft Policy, as included in the meeting documents for the EGM as published on the Company's website (https://www.pharming.com/investors/shareholder-meetings), outlines the performance metrics, their weightings and the payout limits for both the short-term and long-term incentive programs.

- A retrospective disclosure of the performance by executive board members, against the targets adopted in preceding financial years for the short-term and long-term variable remuneration, will be included in each annual Remuneration Report, in accordance with applicable law.

  The attachment to these Explanatory Notes provides the format that will be used for the restrospective disclosures of performance on the targets in each annual Remuneration Report.

- The targets for the long-term incentive program (the "LTI program") will be set by the Board of Directors, upon proposal of the Remuneration Committee, at the start of each three-year performance period. These targets will be a combination of Total Shareholder Return ("TSR") and corporate objectives. The peer group used for the TSR is composed of the IBB (as the most liquid Nasdaq Biotechnology Index ETF) and AMX indices. The proposed indices will be consistent with the announced dual listing of Pharming.

- The shares granted under the LTI program will vest three years after the grant date, subject to the achievement of the targets set for the three-year performance period (i.e., double-trigger vesting), their relative weightings and the pay-out limits. All shares awarded to executive board members will be subject to a retention period of five years from the date of grant (i.e., two years after vesting), in accordance with the best practice provisions of the Dutch Corporate Governance Code.

- The fully performance-based nature of the short-term incentive and long-term incentive plans proposed under the Policy implies a substantial higher uncertainty with regard to the achievement of the applicable targets (e.g. there will be no pay-out on the TSR under the LTI in case of performance below index) and therefore for the actual pay-out and vesting. This is a significant change, compared inter alia to the guaranteed vesting, on the basis of tenure, of share options pursuant to the applicable share option plans under the previous policy;

- Pharming needs to attract and retain the required non-executive expertise to supervise the achievement of the Company's long-term strategy and ambitions. As indicated by a recent benchmark study, shares should be offered as part of the remuneration packages to attract the qualified non-executive talent from the US, in view of the Company's continuing efforts to unlock the full growth potential in the US market.

Accordingly, the remuneration packages for non-executive board members will include the grant of shares, despite the (non-binding) recommendations against share-based compensation for non-executive board members under the Dutch Corporate Governance Code. To safeguard the independence of the non-executive board members, consistent with the intentions of the Dutch Corporate Governance Code, the number of shares to be awarded has been fixed and the grant will not be linked to the performance of Pharming. The non-executive board members will no longer be granted shares pursuant to the Company's Long-Term Incentive Plans. Moreover, all shares held by non-executive board members will be a long-term investment only, in accordance with the best practice provisions of the Dutch Corporate Governance Code.

- The annual remuneration paid to Chairman of the Board of Directors is proposed to be €65,000 per annum in cash (an increase by €15,000 compared to the current fee) and €40,000 in shares. The annual remuneration paid to the other non-executive board members will be €45,000 in cash (an increase by €9,000) and €30,000 in shares.

  The Chair of the Corporate Governance Committee is proposed to receive an annual fee of €6,000 in cash. The members of this committee will receive €3,000 per annum in cash. No remuneration is currently paid to the Chair and members of the Corporate Governance Committee. The reason for the current proposal is related to the significantly expanded role and responsibilities of the Corporate Governance Committee with regard to the nominations of new directors, succession planning and board evaluations. The fees for the Chair and members of the Audit Committee and the Remuneration Committee will not change.

  The aforementioned remuneration levels (i) have been set in accordance with gathered benchmark data, and (ii) reflect the increased responsibilities and time commitment of the non-executive board members as members of the one-tier Board of Directors and their extended responsibilities as members of the committees.

- If this proposal is approved by the General Meeting, the General Meeting also authorizes the Board of Management (and, following the implementation of the one-tier board, the Board of Directors), for a period of eighteen months, as the company body authorized to grant and issue the shares under the Policy as part of the remuneration for the non-executive members of the Board of Directors, up to a number of shares not to exceed 0,1% per annum of the Company's issued share capital at the time of issuance, subject to the terms and conditions of the Policy, and to exclude any pre-emptive rights in connection therewith.

  This authorization for the grant of shares as part of the remuneration packages will be in addition to the general authorization of the Board of Management (and, following the implementation of the one-tier board, the Board of Directors) that is proposed to each annual general meeting of shareholders for the issue of shares or for the grant of rights to acquire shares and to limit or exclude pre-emptive rights in connection therewith.

Majority requirement for adoption
In accordance with Dutch law, the resolution to adopt the Policy requires a majority of at least 75% of the votes cast.

Once adopted, the Policy will be published on the Company's website. If the Policy is not adopted, the Company's current remuneration policy will continue to apply, including to the executive directors following the implementation of the one-tier board structure, and the Company's current remuneration packages for the members of the Board of Supervisory Directors will also continue to apply, including to the non-executive directors following the implementation of the one-tier board structure.

5.2 Long-Term Incentive (LTI) program

5.2.1 Approval of the LTI Program for executive board members (voting item)

The General Meeting is proposed to approve, each time subject to the terms and conditions for the LTI Program as described in the Policy submitted for adoption under agenda item 5.1 (these terms and conditions incorporated herein by reference):

i. the LTI Program for the executive board members, and
ii. the grant and issue of ordinary shares in Pharming to the individual executive board members.

If this proposal is approved by the General Meeting, the General Meeting also authorizes the Board of Management (and, following the implementation of the one-tier board, the Board of Directors), for a period of eighteen months, as the company body authorized to grant and issue the ordinary shares under the LTI Program, subject to the terms and conditions thereof, and to exclude any pre-emptive rights in connection therewith. This authorization for the grant of shares under the LTI Program will be in addition to the general authorization of the Board of Management (and, following the implementation of the one-tier board, the Board of Directors) that is proposed to each annual general meeting of shareholders for the issue of shares or for the grant of rights to acquire shares and to limit or exclude pre-emptive rights in connection therewith.

The resolution to approve the LTI Program requires a simple majority of the votes cast.

5.2.2 Approval of one-off transition arrangement for implementation of the LTI Program (voting item)

Background
The implementation of the new vesting scheme under the new LTI Program (i.e., vesting after the three year performance period with initial vesting in the first quarter of 2024) has a major impact for the period 2020-2023 on the current remuneration packages of existing executive board members, as these current packages feature annual option grants, with annual vesting of options based on continued tenure only.

As a result of the switch-over to the new performance-based vesting scheme, there would be thus be no vesting of options in the first quarter of 2021, 2022 and 2023. The share based remuneration under the existing packages and plans over this three-year period would have resulted in three option grants, with guaranteed vesting on the basis of continued tenure over the period of in total 8,400,000 options for the CEO (on the basis of the last approved annual option grant in 2019 of 2,800,000 options). In addition, three annual LTIP restricted share grants of up to 30% of the base salary would have been granted.

To mitigate the described impact of the implementation of the new LTI Program replacing the Executive Share Option Plan and the LTIP, a one-off transition arrangement has been agreed with the CEO, in lieu of the entitlements under his contract with the Company. This one-off transition arrangement (the "LTI One-Off Arrangement") provides for (i) the conversion of the total number of 8,400,000 options for the

CEO, as identified hereinabove, into one grant for a total number of 4,200,000 shares (applying a 2:1 conversion ratio in accordance with the guidelines used by Radford, the executive reward consultant engaged by the Company for the 2020 benchmark) which vesting will be governed by the new entirely performance-based criteria of the LTI program, and (ii) the vesting of these performance shares, to be granted to the CEO for 2020, in three annual tranches in the first quarter of 2021, 2022 and 2023.

The grant and each of the three potential vestings of the shares under this LTI One-Off Arrangement will thus be subject to:

- a waiver by the CEO of all (contractual and other) rights and entitlements under the share option and LTIP plans;
- a five year retention period for the granted shares;
- the annual pro-rata satisfaction of the long-term targets upon vesting; and
- the other terms and conditions applicable to the new LTI Program.

For clarity: the proposed LTI One-Off Arrangement acknowledges inter alia the fully performance-based nature of the LTI Program, which implies a significantly increased uncertainty with regard to the achievement of the applicable LTI targets (i.e, 60% strategy targets and 40% linked to TSR, without any pay-out in case of performance of the TSR below index) and therefore the actual vesting of these shares, compared to the guaranteed vesting of the (to be) waived share options pursuant to the applicable share option plans.

Requested decision

Contingent upon the adoption of the Policy as submitted for adoption under agenda item 5.1 and the approval of the LTI Program under agenda item 5.2.1, the General Meeting is proposed to approve:

i. the LTI One-Off Arrangement;
ii. the issue of up to 4,200,000 ordinary shares in Pharming, in accordance with the LTI One-Off Arrangement, vesting, subject to meeting the various performance criteria as defined in the new LTI Programme, in three annual tranches over the period Q1 2021-Q1 2023 (i.e., in total approx. 0,66% of the Company's issued share capital).

If this proposal is approved by the General Meeting, the General Meeting also authorizes the Board of Management (and, following the implementation of the one-tier board, the Board of Directors), as the company body authorized to grant and issue the ordinary shares as specified hereinabove, subject to the terms and conditions of the LTI One-Off Arrangement, and to exclude any pre-emptive rights in connection therewith. This authorization for the grant of shares under the LTI One-Off Arrangement will be in addition to the general authorization of the Board of Management (and, following the implementation of the one-tier board, the Board of Directors) that is proposed to each annual general meeting of shareholders for the issue of shares or for the grant of rights to acquire shares and to limit or exclude pre-emptive rights in connection therewith.

The resolution to approve the LTI One-Off Arrangement requires a simple majority of the votes cast.

Attachment to Explanatory Notes EGM 11 December 2020:
Format for annual retrospective disclosure of performance on the targets set for the short-term (STI) and long-term (LTI) incentive programs.

I) Annual Incentive (STI)

Company financial results (50% weighting)
To support the performance culture, the same financial targets are set for all Executive Board Members and executive officers. The 20xx realizations, shown in the following table, reflect the performance on the criteria that apply to the Executive Board Members, in accordance with Dutch law.

The performance on the net revenue growth criterion was [at/below/above] target, whereas the performance on the EBITDA and free cash flow based criteria were [at/below/above] target.

Pharming Group Annual Incentive - Financial targets in % 20xx

Metric definition	Weighting	Threshold performance	Target performance	Maximum performance	Realized performance	Resulting payout as % of target
EBITDA	XX%					
Free cash flow	XX%					
Net revenue growth	XX%					

Execution results (operating excellence and production and supply targets; 30% weighting)
To support the performance culture, the same targets are set for all Executive Board Members and executive officers. The 20xx realizations, shown in the following table, reflect the performance on the criteria that apply to the Executive Board Members, in accordance with Dutch law.

The performance on the production and supply management targets criterion was [at/below/above] target, whereas the performance on the operating excellence targets was [at/below/above] target.

Pharming Group Annual Incentive – Execution/operating excellence targets in % 20xx

Metric definition	Weighting	Threshold performance	Target performance	Maximum performance	Realized performance	Resulting payout as % of target
Production and supply management targets	XX%					
Operating excellence targets	XX%					

Individual targets based on area of responsibility (20% weighting)

The individual targets set for the Executive Board Members, reflect their area of responsibility and are tied to, among others, quality, CSR and people. *[To be added in each annual Remuneration Report: narrative reporting on rationale and background]*. Based on a holistic assessment of all targets by the Non-Executive Board, the following resulting payouts have been determined:

Pharming Group Annual Incentive - Individual targets in % 20xx

	Resulting payout as % of target
Name Executive Board Member	XX%
Name Executive Board Member	XX%

When applying the weightings as specified above to the resulting payout as % of target for the financial, operating excellence/execution and individual targets, respectively, this leads to the following total Annual Incentive realization and payout:

Pharming Group Annual Incentive realization in EUR for 20xx (payout in 20xx +1)

	Realized annual incentive	Total payout as % of target	As a % of base compensation (20xx)
Name Executive Board Member			
Name Executive Board Member			

II) Long-Term Incentive (LTI)

20xx Long term incentive

The 3-year performance period of the 20xx performance share grant ended on December 31, 20xx. The payout results are explained below. The targets set at the start of the 3-year performance period were a combination of Total Shareholder Return and corporate objectives.

TSR (40% weighting)

The performance of the IBB index was xx % over the measurement period (20xx to 20xx). The performance of the AMX index was xx% over the measurement period (20xx to 20xx) . The performance of the Pharming shares was xx% over the measurement period (20xx to20xx) . This resulted in a xx% pay-out.

<u>INSERT TSR PEERGROUP TABLE – AMX INDEX AND IBB ETF (50-50)</u>

Strategy execution (60% weighting)

The 20xx realizations, shown in the following table, reflect the performance on the criteria that apply to the Executive Board Members:

Metric definition	Weighting	Threshold performance	Target performance	Maximum performance	Realized performance	Resulting payout as % of target
Broadening revenue base	XX%					
Leveraging commercialization infrastructure	XX%					
Net revenue growth	XX%					