

### **Performance measures and weightings - STI**



#### Short-term incentive

Purpose and link to strategy

Rewards the delivery of short-term performance and takes into account the interests of multiple stakeholders.

Executive Board Members are eligible for an annual cash incentive. The annual cash incentive is designed to reward the achievement of annual financial and operational objectives and personal performance targets that are aligned with the company's annual business plan setting the strategic priorities, which in turn contribute to the Company's sustainable long-term objectives.

Performance framework and operation

- The Board of Directors sets challenging and realistic targets for each theme; the quantifiable themes are defined, weighted and linked to the strategy.
- Performance period: 1 year;
- 50% of the STI is related to financial performance measures. The other targets are related to strategic business objectives, people/organization and ESG;
- On-target incentive level:
  - CEO: 70% of gross annual salary
  - Other Executive Board Members: 50% of gross annual salary
- Maximum annual incentive cap: 140% of gross annual salary (minimum 0% of gross salary)
- The vesting results for each of the individual *quantitative* KPIs are calculated in accordance with the table on slide 4;
- At the end of the performance period, the Board of Directors (without the participation of the Executive Board Members) determines which targets on each of the themes have been achieved, aligned with recommendations of the Remuneration Committee.
- A theme can only contribute to payout if it is fully met, which means there is no stretch and no threshold;
- The STI is paid on an annual basis in cash;

# **Performance measures and weightings - STI**



Theme	Definition and link to strategy	Weight	Measurement/specific targets (some examples)
People	Drive organizational effectiveness and (high) performance of the organization. Attract and retain the required resources, preserving diversity and inclusion.	15%	<ul> <li>Targets on resource management/ composition workforce (competences/skills)</li> <li>Targets on diversity and inclusion and retention</li> </ul>
Execution	Ensuring flawless execution long-term strategy and long-term value creation	25%	<ul> <li>Patients, markets</li> <li>Clinical development</li> <li>Life cycle management</li> <li>Business development/Product pipeline</li> </ul>
Financial	Implementation financial strategy to ensure long-term value creation. Deliver profitable growth and generate sustainable cash flow.	50%	<ul> <li>Net revenue</li> <li>Operating Profit</li> <li>Cashflow target</li> </ul>
ESG	Pharming's performance on ESG themes incorporated in our core business and sustainable long-term strategy to ensure sustainable long-term value creation.	10%	<ul> <li>ESG targets</li> <li>Targets to ensure first mandatory reporting as of financial year 2025</li> </ul>

### STI – vesting schedule



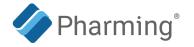
The vesting results for each of the individual *quantitative* targets (KPIs) are calculated in accordance with the following table:

Actual score compared to target	Vesting result
1000/	0%
<80%	
On target	100%
Each 1% exceeding target	+3%
Each 1% below target	-3%

A maximum score of 200% applies for each individual target.

The total vesting result on all targets, applying the respective designated weightings, is multiplied by the 'on target'-score (70% for the CEO, 50% for other Executive Board Members) to calculate the total pay-out on the STI, up to the maximum of 140% of the base salary.

### **Performance measures and weightings - LTI**



#### Long-term incentive

#### Purpose and link to strategy

**Drives and** rewards long-term value creation to Pharming's strategy and reinforces alignment with shareholder interest by granting shares. **Also supports Executive Board Members' retention**.

The long-term incentive supports the strategy and sustainable long-term interests of the Company, by linking part of the remuneration to the performance of each Executive Board Member against a set of financial and non-financial targets, set at the start of the three year period that is consistent with and supportive of the aforesaid strategy and the sustainable long-term interests of the Company.

### Performance framework and operation

- Ordinary Pharming shares will be conditionally granted annually for each next performance period of three years
- Performance period: 3 years.
- Performance parameters: A combination of (i) Total Shareholder Return (TSR) for 40% and (ii) realizing corporate targets linked to the strategy for 60%.
- The defined targets will not be adjusted for measuring performance during the entire three-year performance period and progress is scored annually.
- The number of shares vested for TSR will be based on the relative performance of the share price, as further described on the next slide, over the three-year period. TSR scores are calculated by taking a 20 day VWAP prior to the start and end date of the performance periods. There will be no pay-out on the TSR under the LTI in case of performance below index.
- For the corporate targets, challenging and realistic targets are set linked to the strategic themes (see next slides);
- On-target incentive level: 300 % of gross annual salary for the CEO and 200% of gross annual salary for other Executive Board Members.
   Calculated with reference to 20 day VWAP prior to the start of the performance period. Maximum: 450% of gross annual salary for the CEO and 300% of the gross annual salary for other Executive Board Members;
- The vesting results for each of the individual *quantitative* KPIs are calculated in accordance with the table on slide 7;
- As typically a 50% income tax payment over the gains is due immediately upon vesting and has to be withheld by the employer, performance shares will typically be partially sold by Pharming on behalf of the executive, at vesting (sell to cover);
- All performance shares are to be retained for a period of at least 5 years as of grant (i.e., 2 years after vesting).

# **Performance measures and weightings - LTI**



Theme	Definition	Weight	Link to strategy	Measurement/specific targets (some examples)
TSR	Total Shareholder returns compared to AScX and IBB ETF (Nasdaq biotech index) (50% each)	40%	Deliver shareholder value	See previous slide
Execution of Strategy	Progress on delivery of sustainable long-term strategic objectives regarding: - Ruconest - leniolisib - portfolio building - ESG	60%	Execute on agreed strategy	Progress on specific long- term strategic plan targets to be set at start performance period.  Broadening revenue base (e.g. development new products, increase in-licensing opportunities) Leveraging commercialisation infrastructure in US and EU Projects to expand C1 esterase inhibitor franchise beyond acute HAE attack treatments.

# **Performance measures and weightings - LTI**



Long-term incentive						
TSR Peer Group	<ul> <li>AScX index (50%)</li> <li>Nasdaq Biotechnology Index, represented by the IBB ETF (50%)</li> </ul>					
TSR thresholds and pay-out percentages	To be determined for each of the AScX and IBB indices separately (each weighted at 50% of pay-out):  TSR equal to index: 80% pay- out  TSR 10% above index: 90% pay-out  TSR 20% above index: 100% pay-out  TSR 40% above index: 110% pay-out  TSR 60% above index: 120% pay-out  TSR 80% above index: 130% pay-out  TSR 100% above index: 150% pay-out					
Vesting Corporate Objectives	Actual score compared to target	Vesting result				
	<80%	0%				
	On target	100%				
	Each 1% exceeding target	+3%				
	Each 1% below target	-3%				
	A maximum of 200% applies for each individual target					

