

Explanatory notes to resolutions to be taken in the Annual General Meeting 2017 of Pharming Group N.V.

To be held at [Holiday Inn Leiden, Haagse Schouwweg 10, 2332 KG Leiden, the Netherlands](#) and organized by Pharming Group N.V. (the “Company” or “Pharming”) on 24 May 2017 at 14.00 hours (CET).

Proposal 3a Proposal to re-appoint Mr. S. de Vries as member of the Board of Management

The Board of Supervisory Directors nominates Mr. S. de Vries for re-appointment as CEO and member of Pharming’s Board of Management as per 24 May 2017, for a period of four years ending immediately after the Annual General Meeting of Shareholders in 2021. Mr. De Vries’s details are listed on page 46 of the Annual Report 2016. A re-appointment of Mr. De Vries shall not be in conflict with Article 2:132a paragraph 1 of the Dutch Civil Code.

Proposal 3b Proposal to re-appoint Mr. B. Giannetti as member of the Board of Management

The Board of Supervisory Directors nominates Mr. B. Giannetti for re-appointment as COO and member of Pharming’s Board of Management as per 24 May 2017, for a period of two years ending immediately after the Annual General Meeting of Shareholders in 2019. Mr. Giannetti’s details are listed on page 46 of the Annual Report 2016. A re-appointment of Mr. Giannetti shall not be in conflict with Article 2:132a paragraph 1 of the Dutch Civil Code.

Proposal 4a Proposal to re-appoint Mr. J. Ernst as member of the Board of Supervisory Directors

After careful consideration, the Board of Supervisory Directors nominates Mr. J. Ernst for re-appointment as member of the Board of Supervisory Directors as per 24 May 2017 for a period of four years ending immediately after the Annual General Meeting of Shareholders in 2021.

Mr. Ernst’s details are listed on page 49 of the Annual Report 2016. Mr. Ernst currently holds 125,000 shares in the Company's capital. Mr Ernst has vast experience both of Pharming and the industry in which Pharming operates. His expertise has been very valuable to the Company over the past few years, and continues to be of great value. The increase of Pharming’s international commercial activity is a specific area where his experience can be brought to bear. As Mr. Ernst has performed his tasks as member of the Board of Supervisory Directors satisfactorily over the past few years, the Board of Supervisory Directors is pleased that Mr. Ernst has declared to be willing to accept another term in office. A re-appointment of Mr. Ernst shall not be in conflict with Article 2:142a paragraph 1 of the Dutch Civil Code.

Proposal 4b Proposal to re-appoint Mr. A. de Winter as member of Board of Supervisory Directors

After careful consideration, the Board of Supervisory Directors nominates Mr. A. de Winter for re-appointment as member of the Board of Supervisory Directors as per 24 May 2017 for a period of four years ending immediately after the Annual General Meeting of Shareholders in 2021.

Mr. De Winter's details are listed on page 50 of the Annual Report 2016. Mr. De Winter currently holds 25,000 in the Company's capital. Mr. De Winter has considerable expertise in the public markets and investment communities in which Pharming operates. The increase in international activity and investor interest and increasing focus on good corporate governance are specific areas where Mr. De Winter's expertise is of great value to the Company. As Mr. De Winter has performed its tasks as member of the Board of Supervisory Directors satisfactorily over the past few years, the Board of Supervisory Directors is pleased that Mr. De Winter has declared to be willing to accept another term in office. A re-appointment of Mr. De Winter shall not be in conflict with Article 2:142a paragraph 1 of the Dutch Civil Code.

Proposal 5a Proposal to increase the authorized share capital of the Company by 150,000,000 shares to 950,000,000 shares and corporate update.

The number of outstanding shares as of 12 April 2017 amounts to 478,986,691 and the current authorized share capital amounts to 800,000,000 shares. The rationale behind the proposed increase of the authorized capital from 800,000,000 shares to 950,000,000 shares is to create sufficient shares to enable the Company (i) to meet its reserve obligations in respect of the potential numbers of shares which might be required to convert all convertible bonds and warrants including amortization share payments in respect of the Amortizing Bonds due 2018; (ii) to take advantage of new opportunities for acquisition of additional products, where such new products can be obtained on advantageous terms and (iii) to invest in increasing its own technology and commercialization capabilities to accelerate growth in revenues. Opportunities for (ii) and (iii) above present themselves from time to time and the Company is exploring a number of such potential positive moves. The remainder of the un-issued share capital allows the Company to retain a share reserve, as is typical for companies operating in high growth sectors such as biotechnology.

In order to facilitate Proposal 5a, the Board of Management would like to update the Company's Articles of Association. The Dutch and English consecutive wording of the Articles of Association, as they will read after the proposed amendment, are available at the offices of the Company and on the Company's website, as well as the documents in which the proposed amendments to the Articles of Association have been made visible.

Proposal 5b Proposal to grant authorization to effect the amendment of the Articles of Association for item 5a.

It is proposed to authorize each member of the Board of Management, the secretary of this General Meeting of Shareholders and also each civil law notary, each deputy civil law notary and each paralegal of Loyens & Loeff N.V., severally, to have executed the notarial deed containing the proposed amendments to the Articles of Association.

Proposal 6 Proposal to grant the 2017 LTIP shares to the Board of Supervisory Directors.

The Annual General Meeting of 18 June 2014 approved the reinstatement of LTIP participation for members of the Board of Supervisory Directors. The following LTIP allocations for 2017 are proposed:

Chairman 150,000 shares, Vice-Chairman and/or Board Committee Chairs 125,000 shares, other members 100,000 shares (see also page 95 of the Annual Report 2016 for further details).

Proposal 7 Proposal to appoint PricewaterhouseCoopers Accountants N.V. as the external auditor of the Company.

It is being proposed to instruct PricewaterhouseCoopers to examine the Annual Report and the Financial Statements for the financial year 2017, to report to the Board of Supervisory Directors and the Board of Management, and to issue an auditor's statement.

Proposal 8 Designation of the Board of Management as the Company's body, authorized to: (i) issue shares, (ii) grant option rights and (iii) restrict or exclude pre-emptive rights.

The General Meeting of Shareholders has designated the Board of Management for a period ending on 24 July 2018, as the company body authorized to, subject to the approval of the Board of Supervisory Directors:

- (i) issue shares;
- (ii) grant rights to acquire shares; and
- (iii) limit or exclude pre-emptive rights.

This authorization is limited to the authorized share capital as per the moment of the resolution of the Board of Management to issue shares and/or grant rights to acquire shares.

It is being proposed to replace this authorization with a new authorization which is required to meet Pharming's reserve obligations in respect of the convertible bonds and warrants including amortization share payments in respect of the Amortizing Bonds due 2018. The new proposed authorization is limited to the total number of shares of the current authorized share capital plus up to 10% of the authorized share capital following the increase (i.e. up to 895,000,000 in total) and can only be used to (i) issue shares under the existing financial instruments and (ii) grant rights to acquire shares pursuant to the current option schemes and LTIP and (iii) limit or exclude pre-emptive rights relating thereto. It is being proposed to approve this authorization for a period ending on 24 July 2018.

Any issue of, or grant of rights to acquire, shares in excess of this authorization will require the approval of the shareholders in general meeting.

Proposal 9 Authorization of the Board of Management to repurchase shares in the Company.

It is proposed to authorize the Board of Management for a period ending on 24 July 2018, to repurchase, subject to the approval of the Board of Supervisory Directors, not more than 10% of the issued capital, through the stock exchange or otherwise, for a price not less than the nominal value and not exceeding 100% of the average final closing rates for shares as listed in the Official Price Gazette of NYSE Euronext Amsterdam N.V. during five consecutive trading days prior to the date of repurchase.