

Explanatory notes to the agenda for the Annual General Meeting of Shareholders of Pharming Group N.V. on May 21, 2024

Annual General Meeting of Shareholders (“AGM”) of Pharming Group N.V. (the “Company” or “Pharming”) to be held on Tuesday May 21, 2024 at 14:30 (CEST).

Agenda item 2: Annual Report 2023 (voting and discussion items)

a) Explanation of the business, the operations and the results for the year ending on December 31, 2023 (discussion item)

The Company's Annual Report over the financial year 2023 has been made available on the Company's website (www.pharming.com) and at the Company's office address.

b) Remuneration Report for 2023 (advisory voting item)

The implementation of the Company's remuneration policy in 2023 for members of the board of directors of Pharming (the “Board of Directors”) has been outlined in the section Remuneration Report 2023 of the Company's Annual Report for the financial year 2023.

The Remuneration Report for the year 2023, compared to last year's report, includes a number of changes in remuneration disclosure to ensure alignment with market practices, as further described in the presented Remuneration Report, taking into account the feedback from shareholders on the Remuneration Report presented last year.

The Remuneration Report has been prepared in accordance with the requirements imposed by the revised European Union Shareholder Rights Directive (SRD II) as transposed into Dutch law. In accordance with these requirements, the remuneration report is submitted to the General Meeting of Shareholders for an advisory vote. A vote in favour of the proposal on the agenda means that you are positive about the presented report. If you would vote against the proposal, the report does not meet your expectations.

The result of the vote is not binding, but the Company will duly consider the outcome and will explain in next year's remuneration report how this vote of the General Meeting of Shareholders was taken into account.

c) Corporate Governance (discussion item)

The Company is subject to the Dutch Corporate Governance Code, which contains principles and best practice provisions on corporate governance, financial reporting, disclosure and compliance that apply to the Company and members of its Board of Directors. An updated Dutch Corporate Governance Code became effective as per January 1, 2023. The Company explains in the Chapter Dutch Corporate Governance Code in its 2023 Annual Report, how it has applied the provisions of the updated Dutch Corporate Governance Code over the financial year 2023, including any deviations.

d) Explanation of the dividend policy (discussion item)

The Company's dividend policy is unchanged, as the Company does not intend to pay dividends for

the foreseeable future. Payment of future dividends, if any, to shareholders will effectively be at the discretion of its Board of Directors after taking into account various factors including the Company's business prospects, cash requirements, financial performance and new product development. In addition, payment of future dividends (if any) may be made only if the Company's shareholders' equity exceeds the sum of the called up and paid-in share capital plus the reserves required to be maintained by law and by the Company's articles of association.

e) Proposal to adopt the financial statements (voting item)

The Company's annual accounts for the financial year 2023 have been made available on the Company's website (www.pharming.com) and at the Company's office address. The financial statements have been audited by our external auditor Deloitte Accountants B.V., in accordance with the assignment given at the Annual General Meeting held on May 17, 2023. Deloitte has issued an unqualified auditors report for the financial statements 2023 that can be found in the 2023 Annual Report. Deloitte will present the highlights and main findings during the AGM.

It is proposed that the annual accounts for the financial year 2023 be adopted.

f) Proposal to discharge the members of the Board of Directors (voting item)

It is proposed that the members of the Board of Directors be discharged and therefore be released from liability for the exercise of their duties during the financial year 2023. The scope of the proposed discharge extends to the exercise of the respective duties insofar as these are reflected in the 2023 Annual Report or annual accounts over the financial year 2023, in other public disclosures and in statements during the AGM.

Agenda item 3: Adoption Updated Remuneration Policy for the Board of Directors (voting item)

Introduction

The current Remuneration Policy for the Board of Directors (hereafter the "Current Remuneration Policy") was adopted by the shareholders during an Extraordinary General Meeting of Shareholders held on 11 December 2020, with a 99,28 % majority of the votes cast and became effective with retrospective effect as per January 1, 2020.

The Dutch Civil Code requires listed companies to submit their remuneration policy for members of the Board of Directors at least once every four years to the General Meeting of Shareholders for (renewed) adoption. To meet the statutory requirements, the Board of Directors submits an updated Remuneration Policy for the Board of Directors (hereafter the "Updated Remuneration Policy") to the AGM for adoption with retrospective effect from January 1, 2024.

The Board of Directors engaged an international strategic reward consultant for a review of the Current Remuneration Policy and also consulted proxy advisors ISS and Glass Lewis to ask their feedback and input, to ensure continued alignment with prevailing best practices in the field of executive reward. All input and feedback was used in preparing the Updated Remuneration Policy.

Current Remuneration Policy

The Current Remuneration Policy is designed to govern the remuneration of both the executive member (*the "Executive Director"*) and the non-executive members (*the "Non-Executive Directors"*) of

the Board of Directors. The following paragraphs provide a brief summary of the main elements of the Current Remuneration Policy:

- The remuneration packages for the *Executive Director* consists 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):
 - the short-term and long-term variable remuneration components have been aligned with prevailing ‘best practices’ and are fully performance-based. The attachment to the draft Updated Remuneration Policy, as included in the meeting documents for the AGM, outlines the performance metrics, their weightings and the payout limits for both the short-term and long-term incentive programs;
 - the targets for the long-term incentive program (the “LTI program”) are set by the Board of Directors, upon proposal of the Remuneration Committee, at the start of each three-year performance period. These targets are 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 Euronext ASCX indices, consistent with the dual listing of Pharming.
 - the restricted shares granted under the LTI program vest three years after the grant date, subject to the achievement of the targets set for the three-year performance period, their relative weightings and the pay-out limits. All shares awarded to the Executive Director are 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 remuneration packages for the *Non-Executive Directors* are fixed and unrelated to the performance of Pharming to preserve their independence. The total remuneration is based on the position an individual has in the Board of Directors and the committees. The chairs and members of the committees receive an annual fee in cash, while for the Board of Directors the fixed fee is a combination of an annual fee in cash and a number of unrestricted shares to be equal to a fixed annual amount.

Proposed changes in Updated Remuneration Policy

The following *additional* provisions are proposed to be included in the Updated Remuneration Policy, with retrospective effect from January 1, 2024, with regard to the remuneration of the Executive Director (the CEO):

- ***Derogations of the policy:*** shall only be permitted in case of exceptional circumstances if necessary to serve the long-term prospects and sustainability of Pharming or to guarantee its viability. Deviations shall also be aligned with the main objectives of the policy to ensure a consistent approach.
- ***Peer group – guiding principle added:*** Pharming shall align itself with European best practices in the field of remuneration, while remaining competitive in the US labor market to support the successful execution of its strategy. In 2023, the US market accounted for more than 97% of sales generated by Pharming (source: 2023 Financial Statements). The remuneration of the Executive Director is reviewed according to the benchmark of the region (EU or US) in which they reside.
- ***Increase base salary Executive Director:*** any increase shall be substantiated by the outcome of the Executive Director’s annual performance review, the Company’s performance, changes in roles and responsibilities, changes in pay and conditions across Pharming and (two-yearly) market benchmarks. The remuneration package shall be determined according to the country of residence of the Executive Director. The amount of the increase shall not exceed the average salary increase of the employees of Pharming.

- **Short-Term and Long-Term Incentive plans:**
 - extended outline governance process for target setting included (including link to strategy and measuring), confirmation of retrospective disclosure of all targets, weighting financial targets STI at least 50%, and detailed vesting schedule for all quantifiable targets (including threshold and maximum vesting result for each target);
 - undertaking by the Board of Directors included to ensure that dilution limits for Pharming due to the equity plans for staff and the Executive Director will be prudently applied and that in any event related grants will not result in Pharming exceeding 10% of all issued and outstanding shares in the capital of Pharming on a diluted basis.

Clawback provisions incentive plans: extended in line with SEC requirements, Dutch law and Dutch Corporate Governance Code, whereby the Board of Directors, in accordance with a recommendation by the Remuneration Committee, shall be required to reduce or recover variable remuneration if certain circumstances apply.

The following main amendments are proposed to be included in the Updated Remuneration Policy regarding the remuneration of the Non-Executive Directors, with retrospective effect from January 1, 2024:

- **Change fees committees:** the following increase of the fees paid to the Chairs and members of the committees of the Board of Directors, taking into consideration Pharming's growth (including the launch of the second indication in the US in 2023), the long-term strategy and ambitions, and the significantly enhanced tasks and responsibilities associated with the activities for the committees:
 - Chair of the Audit Committee: EUR 15.000 (Current Remuneration Policy: EUR 9,000)
 - Chairs of the other Committees: EUR 12.500 (Current Remuneration Policy: EUR 6,000)
 - Membership fees: 50% of the chair fee: EUR 7.500 EUR for Audit Committee membership and EUR 6.250 EUR for the membership of other committees (Current Remuneration Policy: EUR 3,000).

The current committee fees have not been changed since 2020. It is noted that the annual fees payable to the Non-Executive Directors since 2020 for their membership of the Board of Directors remain unchanged.

- **Deletion following sentence:** "In accordance with the Dutch Corporate Governance Code, all shares in the Company held by the Non-Executive Board Members shall be a long-term investment." This change is proposed to be made to avoid that the shares awarded to the Non-Executive Directors, as part of their fixed annual remuneration, are deemed linked to the performance of Pharming and, therefore, to safeguard their independence. This change will result in a deviation from best practice provision 3.3.3 of the Dutch Corporate Governance Code that recommends that shares held by a supervisory board member (or non-executive board member) in the company on whose supervisory board (or board of directors) they serve should be long-term investments only.

More details can be found in the following documents that are attached to these Explanatory Notes and part of the meeting documents for the AGM:

- a slidedeck summarizing the main changes (other than textual edits and minor changes) proposed to be incorporated in the Updated Remuneration Policy compared to the Current Remuneration Policy, each time including a brief explanation of the reasons for change; and
- a full mark-up of the Current Remuneration Policy, reflecting all changes that are proposed to be incorporated in the Updated Remuneration Policy, including edits.

Governance aspects

The Works Council submitted a positive advice with regard to the proposed Updated Remuneration Policy. The Work Council's advice is part of the meeting documents for the AGM.

In accordance with Dutch Civil Code, the resolution by the AGM to adopt the Updated Remuneration Policy requires a majority of at least 75% of the votes cast.

Once adopted, the Updated Remuneration Policy will be published on the Company's website.

If the proposed Updated Remuneration Policy would not be adopted by the AGM, the Current Remuneration Policy will continue to apply and the Company will be required to submit a revised proposal in the next General Meeting of Shareholders of Pharming.

If the proposal under this agenda item 3 is adopted by the AGM, such resolution includes the approval of the LTI plan for the Executive Director, in accordance with the parameters and other conditions as set out in the Updated Remuneration Policy, within the meaning of Section 2:135(5) of the Dutch Civil Code. Reference is made to agenda item 5 for the number of shares permitted to be granted.

Agenda item 4: Reappointment Non-Executive Directors (2 voting items)

4 a) Proposal to reappoint Ms. Barbara Yanni

The term of Ms. Barbara Yanni, as Non-Executive Director, is scheduled to expire on the occasion of the closing of the AGM. Ms. Yanni was first appointed to the Board of Directors on 11 December 2020. Ms. Yanni is also the Chair of the Transaction Committee and a member of the Audit Committee and the Corporate Governance Committee.

The Board of Directors has evaluated Ms. Yanni's performance and has verified and determined that Ms. Yanni continues to be independent under the Dutch Corporate Governance Code and complies with the maximum number of other outside positions as set by the Dutch Civil Code.

As per March 31, 2024, Ms. Yanni held a number of 119,542 shares in the Company.

The diversified composition of the Board of Directors following the reappointment of Ms. Yanni will continue to reflect the Company's growth strategy and be consistent with the collective profile of the Board of Directors. Upon the appointment of Ms. Yanni and Mr. Pykett (the latter pursuant to the following voting item) the Board of Directors will also continue to meet the applicable Dutch gender diversity targets, as 42% of the Non-Executive Directors will be female.

The Board of Directors proposes to the General Meeting of Shareholders, by way of a binding nomination and in accordance with the recommendation of its Corporate Governance Committee, to reappoint Ms. Yanni as Non-Executive Director for a period of four years, expiring at the closing of the Annual General Meeting to be held in the year 2028.

The Board of Directors has reappointed Ms. Yanni as Chair of the Transaction Committee and member of the Audit Committee and the Corporate Governance Committee, subject to her re-appointment as Non-Executive Director by the AGM.

The Works Council submitted a positive point of view with regard to the proposed reappointment of

Ms. Yanni. The document summarizing the Works Council's point of view is part of the meeting documents for the AGM.

4 b) Proposal to reappoint Mr. Mark Pykett

The term of Mr. Mark Pykett, as Non-Executive Director, is scheduled to expire on the occasion of the closing of the AGM. Mr. Pykett was first appointed to the Board of Directors on 11 December 2020. Mr. Pykett is also a member of the Remuneration Committee and the Transaction Committee.

The Board of Directors has evaluated Mr. Pykett's performance and has verified and determined that Mr. Pykett continues to be independent under the Dutch Corporate Governance Code and complies with the maximum number of other outside positions as set by the Dutch Civil Code.

As per March 31, 2024, Mr. Pykett held a number of 119,542 shares in the Company.

The diversified composition of the Board of Directors following the reappointment of Mr. Pykett will continue to reflect the Company's growth strategy and be consistent with the collective profile of the Board of Directors. Upon the appointment of Ms. Yanni and Mr. Pykett (the former pursuant to the previous voting item) the Board of Directors will then also continue to meet the applicable Dutch gender diversity targets, as 42% of the Non-Executive Directors will be female.

The Board of Directors proposes to the General Meeting of Shareholders, by way of a binding nomination and in accordance with the recommendation of its Corporate Governance Committee, to reappoint Mr. Pykett as Non-Executive Director for a period of four years, expiring at the closing of the Annual General Meeting to be held in the year 2028.

The Board of Directors has reappointed Mr. Pykett as a member of the Remuneration Committee and the Transaction Committee, subject to his re-appointment as Non-Executive Director by the AGM.

The Works Council submitted a positive point of view with regard to the proposed reappointment of Mr. Pykett. The document summarizing the Works Council's point of view is part of the meeting documents for the AGM.

Agenda item 5: Designation of the Board of Directors as the Company's body, authorized to: (i) issue shares, (ii) grant option rights and (iii) restrict or exclude pre-emptive rights (voting item)

General authorization for general corporate purposes, including (i) share issuances to the Board of Directors in accordance with the remuneration policy and the incentive plans for the CEO as approved by our shareholders, and (ii) issuances of shares and/or stock options to staff members under the applicable staff equity incentive plans, for a period of eighteen months up to 10% of the issued share capital.

The AGM is proposed to designate the Board of Directors, for a period of eighteen months starting on 21 May 2024, as the body authorized:

- (i) to issue shares;
 - (ii) to grant rights to acquire shares; and
 - (iii) to limit or exclude pre-emptive rights;
- limited to 10% of the issued share capital at the date of the AGM.

This authority is intended for general corporate purposes, including the issuances of shares, or rights to

acquire shares, for Pharming's financing purposes and, up to 3% of the issued share capital at the date of the AGM for:

- a. share issuances to members of the Board of Directors, in accordance with the applicable remuneration policy and the incentive arrangements for the CEO as approved by our shareholders;
- b. issuances of shares and/or stock options to staff members (other than the CEO and the other members of the Board of Directors) under the applicable staff equity incentive plans.

The proposed authorization under this agenda item 5 will replace the current authorization for general corporate purposes as granted by the Annual General Meeting on May 17, 2023.

Any issue of or grant of rights to acquire shares in excess of the proposed authorizations under this agenda item 5 will require a resolution or authorization of the General Meeting of Shareholders.

Agenda item 6: Authorization of the Board of Directors to repurchase shares in the Company (voting item)

The AGM is proposed to designate the Board of Directors, for a period of eighteen months starting on May 21, 2024, as the body authorized to repurchase fully paid-up shares in its own capital, up to 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 Euronext Amsterdam N.V. during five consecutive trading days prior to the date of repurchase.

The proposed designation under this agenda item 6 will replace the current authorization as granted by the Annual General Meeting on May 17, 2023.