

Explanatory notes to the agenda for the Extraordinary General Meeting of Shareholders of Pharming Group N.V. on September 25, 2023

Extraordinary General Meeting of shareholders of Pharming Group N.V. (hereafter the “Company” or “Pharming”) to be held on Monday September 25, 2023, at 14:00 CEST (hereafter the “EGM”).

Agenda item 2: Appointment Non-Executive Director (voting item)

Proposal

The Board of Directors proposes to the General Meeting, by way of a binding nomination, to appoint Dr. Richard Peters as Non-Executive Director effective as of the closing of the EGM for a term of four years. Dr. Peters will become the new Chair of the Board of Directors subject to (and therefore effective as of) his appointment as Non-Executive Director by the EGM.

Introduction

During the Annual General Meeting of Shareholders held on May 17, 2023, the term of Mr. Paul Sekhri, the Chair of the Board of Directors, was extended for a period of one year pending the search for a new Chair. Mr. Sekhri was not eligible for re-appointment for a full term of four years due to the maximum term of office for Non-Executive Directors according to the Dutch Corporate Governance Code.

Following an extensive search process, the Board of Directors nominated **Dr. Richard Peters** (60, Belgian national, U.S. citizen) for the appointment as new Chair and Non-Executive Director of the Board of Directors effective as of the closing of the EGM. A press release was issued on July 17, 2023, to announce the nomination.

Mr. Paul Sekhri will resign from the Board as per the moment that the new Chair has been appointed.

Resume Dr. Richard Peters

Dr. Peters is a veteran healthcare executive and entrepreneur, with 30 years of experience in industry and academia. He has served as CEO of both public and private companies, founded several biotechnology companies, and spearheaded successful multimillion and billion-dollar exits such as public offering, company and asset sales, and corporate partnerships. Notably, Dr. Peters served as the Global Head for the Rare Diseases business at Sanofi Genzyme. He also served as CEO of two NASDAQ-listed biotechnology companies: Yumanity Therapeutics and Merrimack Pharmaceuticals. Earlier in his career, Dr. Peters held medical leadership positions at Amgen, Onyx Pharmaceuticals, Genzyme, and Sanofi. He is a founder of X4 Therapeutics (NASDAQ: XFOR) and PIC Therapeutics (private).

Dr. Peters currently serves as Non-Executive Director for Kineta (NASDAQ: KA), as Non-Executive Director for Aprea Therapeutics (NASDAQ: APRE), and as founder and Executive Chairman of TellBio (private). He is also a corporate advisor to Aura Biosciences (NASDAQ: AURA).

Dr. Peters has served on the faculty at the Massachusetts General Hospital, served as editor for the journals SCIENCE and JAMA, and has published over 100 editorial and research articles. He completed Internal Medicine training at the Massachusetts General Hospital and a Howard Hughes post-doctoral fellowship at Harvard Medical School, both in Boston, MA. Dr. Peters holds a M.D. Degree and a PhD. in Pharmacology from the Medical University of South Carolina, Charleston, SC. He commenced his medical studies at the Universite Catholique de Louvain in Belgium prior to immigrating to the US.

Dr. Peters will introduce himself during the EGM.

Considerations Board of Directors for nomination

The Board of Directors concluded that Dr. Peters will complement the current Non-Executive Directors, in view of his strong track record and the wealth of expertise that he will bring to the Board of Directors, in accordance with the profile that had been adopted for the search. Dr. Peters is a highly respected and proven industry leader, who brings extensive medical and commercial acumen for difficult-to-treat and rare diseases, from development stage to large global biopharmaceutical companies.

The diversified composition of the Board of Directors following the appointment of Dr. Peters will continue to reflect and support the Company's strong growth ambitions and be fully consistent with the collective profile of the Board of Directors, while the Board of Directors continues to meet applicable Dutch gender diversity targets as 37.5% of the members of the Board (and 42% of the Non-Executive Directors) will continue to be female after Dr. Peters' appointment.

Dr. Peters is independent, based on the criteria set by the Dutch Corporate Governance Code, and meets the restrictions imposed by Dutch law on the maximum number of outside directorships. Dr. Peters holds no shares in the Company.

Reference is made to agenda item 3 for the annual fees that are proposed to be paid to the new Chair subject to his appointment as Non-Executive Director under this agenda item 2.

The Board of Directors has appointed Dr. Peters as the new Chair of the Board of Directors, as well as a member of the Corporate Governance Committee and the Transaction Committee. These appointments are subject to (and therefore be effective as of) his appointment as Non-Executive Director by the EGM.

The Dutch Works Council submitted a positive opinion with regard to the proposed appointment of Dr. Peters. The document summarizing the Works Council's point of view is part of the published meeting documents for the EGM.

Agenda item 3: Remuneration new Chair (voting item)

Proposal

The Board of Directors proposes to the EGM to approve, by way of a supplement to the current Remuneration Policy for the Board of Directors, the following change to the annual fee payable to the Chair of the Board of Directors:

- i.* an increase of the current cash retainer by EUR 25,000 to EUR 90,000 per annum; and
- ii.* the annual grant of EUR 40,000 in unrestricted ordinary shares (unchanged), subject to the appointment of Dr. Richard Peters as Non-Executive Director under agenda item 2 and the remaining (unchanged) provisions of the current Remuneration Policy.

Rationale

Pursuant to the Remuneration Policy for the Board of Directors, as adopted by the Extraordinary General Meeting of Shareholders held on December 11, 2020, the total annual fee payable to the Chair of the Board of Directors equals EUR 65,000 in cash and EUR 40,000 in unrestricted shares in Pharming (valued annually at the 20 Day VWAP preceding the Annual General Meeting of Shareholders).

In the 2022 Remuneration Report, Pharming already signaled the need to increase the compensation of the new Chair in order to attract the right candidate to lead the Board of Directors. The Board of Directors is of the opinion that the proposed increase is appropriate in view of the Company's growth, its significant and still growing presence in the US market, which today accounts for more than 97% of sales generated, the Company's growth strategy and ambitions and the enhanced tasks and

responsibilities associated with the position of Chair of a one-tier board. The Board also considered the benchmark report of AON Radford, as further described below, to ensure alignment with the market.

Benchmark

As announced in the 2022 Remuneration Report, the Board of Directors engaged AON Radford, as international compensation expert, for a benchmark of the fees payable to, inter alia, the Chair.

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 meets the urgent need to remain competitive in the important US labour market, as the Company has established a significant and still growing presence in the US. The foregoing balance is reflected in the following peer group that has been composed for the benchmark, as it consists of a group of European and US companies active in Life Sciences:

European peers		US peers	
ADC Therapeutics	Galapagos	Anika Therapeutics	Karyopharm Therapeutics
Alliance Pharma Chippenham,	Innate Pharma Marseille	BioCryst Pharmaceuticals	Ligand Pharmaceuticals
Autolus Therapeutics London	Merus Utrecht	Coherus BioSciences	MannKind
Basilea Pharmaceutica Basel	MorphoSys	Collegium Pharmaceutical	Mirum Pharmaceuticals
Bavarian Nordic Hellerup	Oxford Biomedica Oxford	Enanta Pharmaceuticals	Rigel Pharmaceuticals
BioGaia Stockholm	uniQure Amsterdam	Heron Therapeutics San	Supernus Pharmaceuticals
Biotest Dreieich	Valneva Saint-Herblain	ImmunoGen	Travere Therapeutics
Camurus Lund	Zealand Pharma Copenhagen	Intercept Pharmaceuticals	Vanda Pharmaceuticals
Cosmo Pharmaceuticals Dublin		Ironwood Pharmaceuticals	

The results of the benchmark by AON Radford are summarized below:

- Cash retainer

The current cash retainer payable by Pharming to the Chair of the Board of Directors (EUR 65,000 per annum) trails the 25th percentile for both European and US peers. In line with the benchmark results, Pharming wishes to increase the cash retainer to ensure that the compensation of the new Chair will be positioned at the 50th percentile of the European peers.

- Equity

Equity grants to non-executives are common in the US, while 47% of our European peers also have equity programs for non-executives. Pharming's annual equity grants to the Chair are just below the European market 50th percentile and below the US market 25th percentile.

The grant of shares to the Non-Executive Directors, including the Chair, will be retained as part of the fixed annual remuneration of the new Chair, without further changes.

The proposed combination of cash retainer and equity grants equals the 50th percentile of the European and trails the 50th percentile of the US peers.

The Dutch Corporate Governance Code includes a non-binding recommendation against share-based compensation for non-executive board members. As explained to our shareholders in 2020 on the occasion of the adoption of the current Remuneration Policy for the Board of Directors, the shares to be awarded equal a fixed amount, are unrestricted and their grant will not be linked to the performance of Pharming, to safeguard the independence of the non-executive board members consistent with the intentions of the Dutch Corporate Governance Code.