

Remuneration Policy for the Board of Directors

This Remuneration Policy was adopted by the General Meeting of Shareholders of Pharming Group N.V. (hereafter the "Company" or "Pharming") on 11 December 2020 (hereafter the "Remuneration Policy" or "Policy") and outlines the remuneration structure for members of the Board of Directors of the Company. Accordingly, the Policy governs the remuneration of both the executive members (hereafter the "Executive Board Members") and the non-executive members (hereafter the "Non-Executive Board Members") of the Board of Directors.

This Policy refers to an undefined number of Executive Board Members and Non-Executive Board Members and any reference herein to multiple members is each time subject to the actual number of members as fixed from time to time in accordance with the Company's corporate governance practice. The Remuneration Policy is submitted for adoption to the General Meeting of Shareholders every four years.

This Policy supports the continuous efforts of the Company aimed at improving the overall performance, facilitating growth and sustainable success and enhancing the other long-term value and interests of the Company, as it has been designed to provide remuneration packages that are competitive to attract the required executive and non-executive talent and expertise for reaching these objectives in accordance with the Company's long-term strategy. Pharming has a major presence in the complex US market and the majority of Pharming's current and future sales will continue to be generated in the US. Pharming also recently announced that it has begun the process for approval for a secondary listing in the US on Nasdaq (the "Level 2 ADR program"), which will imply that the Company will become a dual EU and US listed entity. As a result of the foregoing, this Policy is aimed to enable the Company to compete in a global market, including the challenging US labor market, for attracting both the required top talent to execute the Company's long-term strategy and the required non-executive board expertise to effectively supervise such execution, creating long-term value and sustainable growth in the best interest of the Company and all of its stakeholders.

For Executive Board Members the variable part of the remuneration is linked to the performance against a set of financial and non-financial targets that is consistent with and supportive of the aforesaid strategy and long-term interests of the Company. Risk alignment is also embedded in the target setting to promote sound and effective risk management. A consistent and competitive remuneration structure, which applies across the workforce, is another core principle 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.

The remuneration of the Non-Executive Board Members is not linked to the performance of the Company to ensure independence in the discharge of their supervisory tasks and responsibilities.

Company strategy

Pharming is focused on improving treatment options for patients with life-altering conditions. The strategy is centred around three pillars of growth:

- Organic growth in treatment for acute HAE attacks
- Organic growth in other indications
- Expansion of the pipeline supplemented by external opportunities

Activities of the Company to execute the growth strategy include:

- Commercialising its own products in the major markets, with RUCONEST® as its lead product at present.
- Where the product is partnered, assisting the partner to obtain the best value for RUCONEST® and patients by pursuing additional regulatory approvals and additional indications for the product.
- Developing leniolisib to FDA and EMA approvals.
- Evaluating external opportunities to enhance the product range and pipeline to enable better value from Pharming's resources.
- Development of RUCONEST® for additional indications: Acute kidney injury and pre-eclampsia.
- Developing new protein replacement treatments for Pompe disease and Fabry disease.
- Development of more convenient dosing forms of RUCONEST® (especially pain free or virtually pain free injection methods).

This Remuneration Policy is consistent with and supports the strategy of the Company. The Policy aims at distributing the strategy of the Company into (inter-)departmental Goals and Objectives, which lead to the personal objectives of Executive Board Members and employees.

The Policy will evolve over time, to align with Pharming's strategy, market practice and the interests of its stakeholders.

Principles remuneration policy

The Policy is based on the following principles:

Executive Board Members

- The total remuneration packages of the Executive Board Members will enable the Company to attract and retain top talent in a competitive and global environment and to focus management and staff on creation of sustainable growth and added value.
- The level of total remuneration of the Executive Board Members (the sum of fixed, short term variable and long-term variable remuneration) is aligned with the position of the Company relative to the benchmark groups that are relevant to the Company (see page 5).
- 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.

- The Policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the Company.
- The remuneration structure ensures a proper balance between variable and fixed remuneration to attract, motivate and keep qualified Executive Board Members both in the EU and the USA.
- All (short-term and long-term) variable remuneration is performance related and never guaranteed. The total amount of remuneration for Executive Board Members is based on a combination of the assessment of the performance of the individual and the overall results of the Company and when assessing individual performance, quantitative (financial) criteria and qualitative (non-financial) criteria are taken into account.
- The metrics used to calculate (pools of) variable remuneration components include (adjustment for) all relevant types of current and future risks.
- The assignment or payment of variable remuneration should not adversely affect the financial situation of the Company (in terms of solvability, liquidity, profitability) in a significant matter.
- Executive Board Members who leave the Company or have given notice to leave the Company before any variable remuneration payment is made, shall forfeit full or pro-rata entitlement to that payment, unless expressly provided otherwise in this Policy.
- Payments related to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure. This does not preclude termination payments in situations such as early termination of the contract due to changes in the strategy of the Company, or in merger and/or takeover situations or when the termination payment is set in a legal (court) proceeding.

Non-Executive Board Members

- The total remuneration packages of the Non-Executive Board Members will enable the Company to attract and retain the required non-executive board expertise in a competitive and global environment, ensuring a solid focus on creating sustainable growth and added value in the best interest of the Company and all of its stakeholders.
- The remuneration is fixed and not linked to the performance of the Company.

Governance

Executive Board Members

The remuneration packages for Executive Board Members are determined by the Board of Directors, without the participation of the Executive Board Members, within the restrictions set by this Policy as adopted by the General Meeting of Shareholders. Arrangements in the form of shares or rights to subscribe for shares are subject to the approval of the General Meeting.

Within the restrictions of this Policy, the Board of Directors may exercise discretion in the execution of the Policy, each time upon proposal by the Remuneration Committee and without the participation of the Executive Board Members, including but not limited to:

- determining and adjusting the fixed salary amounts, for Executive Board Members;
- determining, and if necessary substituting, the companies for the peer group used for an assessment of the remuneration levels or for the Total Shareholder Return (“TSR”) as part of the Long-Term Incentive (“LTI”) program in accordance with the related provisions of this Policy;
- adopting the Company targets;
- adopting the personal targets regarding both the annual (short-term) and the long-term variable remuneration for Executive Board Members;
- the payout of variable remuneration;
- the necessity to take ex ante or ex post measures with regard to the variable remuneration (malus and clawback).

In addition, in case of new appointments of Executive Board Members, both in case of an internal appointment or an external hire, the Board of Directors, without the participation of the Executive Board Members, may also consider applying some of the following items:

- Depending on the date of appointment, (a) for the individual annual target bonus, to set pro-rata targets and amount over the first (partial) year; and (b) for the LTI, to set a pro rata grant size or make the first grant of shares at the first possible moment following appointment;
- In case of internal promotions, to continue to honor commitments made prior to the appointment as Executive Board Member;
- In case of external hires: to award cash or share-based sign-on awards, if and to the extent necessary to cover compensation that the new appointee forfeits by leaving a previous employer, including, inter alia, similar vesting conditions as were applicable with the previous employer, provided that the award is disclosed as part of the proposal for appointment to the General Meeting of Shareholders;
- To offer alternative benefits such as pensions or insurances with an equivalent value in an international context and to compensate any double taxation or social security costs.

The Board of Directors, without the participation of the Executive Board Members, may, upon recommendation of the Remuneration Committee, temporarily derogate from the Remuneration Policy for Executive Board Members in exceptional circumstances, in accordance with principles of reasonableness and fairness.

Any and all deviations of this Policy must be carefully considered and are limited to the remuneration elements of the Policy and may not extend to the described principles. The Board of Directors will disclose in the next Remuneration Report the deviations, if any, applied for Executive Board Members and the reasons therefor.

Non-Executive Board Members

The remuneration of the Non-Executive Board Members is determined by the Board of Directors in accordance with this Policy as adopted by the General Meeting of Shareholders. Arrangements in the form of shares or rights to subscribe for shares are subject to the approval of the General Meeting.

The annual remuneration is based on the position an individual has in the Board of Directors, the Audit Committee, the Remuneration Committee and the Corporate Governance Committee.

Peer Group

The Remuneration Policy is based on the overarching principle that the average level of total remuneration of both the Executive Board Members and the Non-Executive Board Members is consistent with the position of the Company relative to the benchmark groups that are relevant to the Company.

The peer group of the Company will each time consist of a group of European and US integrated and commercial stage listed companies active in Life Sciences. This peer group reflects the Company's operating areas and the markets most relevant in relation to the recruitment and retention of top talent. The Company has established a major and growing presence in the US and therefore the Company's remuneration structure and levels should ensure that it remains competitive both for relevant expertise in the EU and the critical US labor market to support Pharming's efforts to create long term value and to ensure sustainable growth in line with its strategy. The peer group also reflects the pursued US listing on Nasdaq, in addition to the current listing on Euronext Amsterdam. The names of the companies in the peer group are disclosed in the Remuneration Report.

With regards to the 2020 benchmark groups, the Company is positioned in the upper quartile of the EU benchmark group, with regards to revenues and profitability. For the US benchmark, the Company is positioned well into the top 50% in relation to 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 Remuneration Committee periodically checks whether that the choice of peer group is still adequate or if it should be adapted. Every two years, an independent consultant makes a market comparison (remuneration benchmark). The Remuneration Committee reports on the findings and, to the extent applicable, recommends changes to the Board of Directors. Changes to the peer group will be exceptional but are permitted if deemed necessary to continue to facilitate a solid comparison of the remuneration levels, for example for changes in business or the competitive nature of the companies involved. The Board of Directors (i) will ensure that the adjusted peer group remains aligned with the geographical spread, complexity and business characteristics of the Company and (ii) will explain the reason for the change in the next Remuneration Report.

Main features of the remuneration structure for the Executive Board Members

The remuneration packages of the Executive Board Members consist of:

- I) *Fixed remuneration*: annual base salary;
- II) *Variable remuneration*: the variable remuneration components are (a) an annual bonus in cash as a percentage of the fixed component (short-term incentive) and (b) a (share-based) long-term incentive;
- III) *Others*: contribution pension premiums, travel allowance and holiday allowance.

I) Fixed remuneration (Base salary)

The Executive Board Members are entitled to receive an annual base salary (fixed remuneration) not to exceed the following amounts (reference year 2020), subject to the remaining provisions of this Policy:

Position	Fixed remuneration amount
CEO	EUR 538,000
Other Executive Board Members	EUR 400,000

The Board of Directors, without the participation of the Executive Board Members, may upon proposal of the Remuneration Committee decide to increase the base salary of Executive Board Members within the restrictions set by this Remuneration Policy, provided that the amount of the increase does not exceed the average salary increase of the employees of the Company.

Reference is made to page 5 for an explanation of the Peer Group used to ensure that the average level of total remuneration of the Executive Board Members is at the median of the benchmark group that is relevant to the Company.

A recent benchmark analysis by a leading compensation consultant (Radford), based on a peer group comparison of European and US integrated and commercial stage listed companies active in Life Sciences, as further explained at page 5, showed that the base salaries of the Executive Board Members are on average almost 10% below the median of the relevant benchmarks.

This gap is the result of the rapidly changing nature and complexity of the Company 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. Hence, as a one-off catch-up with the changed nature and complexity of the Company, the individual fixed remuneration of the Executive Board Members is permitted to be increased to bridge the gap divided into benchmarked annual stages until the end of 2023, subject to continued (overall) satisfactory performance by the relevant Executive Board Members.

The annual Remuneration Report shows a visualization of the five-year development of the remuneration of the respective Executive Board Members versus company performance and the evolution of the average employee salaries.

II) Variable remuneration

The performance of each Executive Board Member is reviewed annually by the Board of Directors, without the participation of the Executive Board Members, based on a set of financial and non-financial targets that are aligned with the Company's long-term strategy, in accordance with the outline in Attachment I to this Policy (as incorporated herein by reference).

The outcome of this review is used to determine the entitlement to the short-term and long-term incentives, respectively. Additionally, the annual performance management cycle may lead to an

increase of the fixed remuneration, if the higher salary is justified by higher levels of responsibility and/or changes in labour markets.

Short-term incentive: annual bonus (STI)

The Board of Directors, without the participation of the Executive Board Members, may upon proposal of the Remuneration Committee award individual Executive Board Members an annual bonus in cash (the “Short-Term Incentive” or “STI”) based on personal performance and/or the achievement of predetermined objectives for a financial year, aligned with the Company’s long-term strategy.

The individual on-target bonus for the CEO is set at 70% of the gross annual salary and for other Executive Board members at 50% of the gross annual salary. The maximum annual bonus is capped at 140% of the gross annual salary.

80% of the annual bonus is related to company objectives, while the remaining 20% is related to team and individual performance objectives.

Attachment I to this Policy provides an outline of the performance measures and weightings applied for the Short-Term Incentive (such attachment incorporated herein by reference).

Proposals on achievement of milestones and the potential award of a bonus, are made by the Remuneration Committee towards the end of the year and formally approved by the Board of Directors in the first meeting of the next year, but in any case prior to or on the date of approval of the Annual Report.

The Company will provide in the Remuneration Report a retrospective disclosure of actual performance against the thresholds set for the preceding year.

In case of the termination of the membership of the Board as Executive Board Member, good leavers (as determined by the Board of Directors, without the participation of the Executive Board Members, upon proposal of the Remuneration Committee) will remain entitled to the pro-rata annual bonus for time served during the relevant year at the predetermined time (i.e. no accelerated award of bonus) subject to the achievement of the applicable performance measures and targets for the STI. The same arrangement applies in case of retirement and death of the participant. Any other entitlement to the STI shall lapse.

Long-term incentive (LTI)

Executive Board Members will participate in the Company’s Long-Term Incentive program (LTI). Under the LTI, (ordinary) shares are granted as a three-year program, subject to the achievement of predefined performance objectives and targets (applying a defined weighting) that have been set at the start of each three-year performance period, without any intermediate adjustments being permitted.

The on-target value of the shares to be awarded under the LTI is set at 300% of the gross annual salary for the CEO (representing 50% below the lowest quartile of the US benchmark group and just below the top quartile of the EU benchmark group) and 200% for other Executive Board Members (representing between 20 and 30% below the lowest quartile of the US benchmark group and just in the top quartile of the EU benchmark group).

At the end of the three-year performance period, the Board of Directors, without the participation of the Executive Board Members, will determine whether the targets for that performance period have been achieved and consequently the number of shares that will vest.

The maximum value of the shares that can vest under the LTI is set at 450% of the gross annual salary for the CEO and 300% for other Executive Board Members. The defined on-target value of the shares awards are gross of all tax liabilities. In the Netherlands approximately 50% income tax is immediately withheld upon vesting of the shares awards.

Attachment I to this Policy provides an outline of the performance measures, such as Total Shareholder Return and Execution of Strategy, and weightings applied for the LTI (such attachment incorporated by reference).

The peer group used to determine the Total Shareholder Return, as part of the targets applied for the LTI, is composed of the companies included in the AMX (the "AMX Index") and the Nasdaq Biotechnology Index, represented by the IBB (as the most liquid Nasdaq Biotechnology Index ETF), respectively, equally weighted, at the time of determination. More details are provided in Attachment I to this Policy.

The Remuneration Committee periodically checks whether that the choice of peer group is still adequate or if it should be revised. The Remuneration Committee reports on the findings and, to the extent applicable recommends changes, to the Board of Directors. Changes to the peer group are permitted if necessary to continue to facilitate a solid share performance comparison, for example in case of a corporate event (mergers, de-listings etc). The Board of Directors (i) will ensure that the adjusted peer group remains aligned with the geographical spread and business characteristics of the Company and (ii) will explain the reason for the change in the next Remuneration Report.

Proposals on the achievement of performance objectives and the potential award of the shares pursuant to the LTI are made by the Remuneration Committee and formally approved by the Board of Directors, without the participation of the Executive Board Members, in the first meeting of the next year, but in any case prior to or on the date of approval of the Annual Report.

The Company will provide in the Remuneration Report a retrospective disclosure of actual performance against the objectives and targets set for the relevant financial year.

In case of the termination of the membership of the Board as Executive Board Member, good leavers (as determined by the Board of Directors, without the participation of the Executive Board Members upon proposal of the Remuneration Committee) will remain entitled to the pro-rata vesting of shares for time served at the predetermined times (i.e., no accelerated vesting) subject to the achievement of the applicable performance measures and targets. The same arrangement applies in case of retirement and death of the participant. Any other entitlement to shares granted pursuant to the LTI shall lapse.

Executive Board Members are required to retain the shares awarded under the LTI for a minimum of five years from the date of grant (until two years after vesting), notwithstanding the minimum share ownership requirement (*see next paragraph*).

Share ownership

Executive Board Members are required to acquire and hold shares in the Company. For the CEO the value of the shares held in the Company should at least equal 400% of his or her annual base salary.

For other Executive Board Members, the value of the shares held in the Company should at least equal 200% of their respective annual base salaries.

All Executive Board Members are entitled to accrue their required minimum shareholding over time by the vesting of after-tax performance shares from the LTI, without the requirement for own purchases, provided that the minimum shareholding is reached within five years following first appointment.

Change of control

Following a change of control, approved by the General Meeting of Shareholders, becoming unconditional, the Executive Board Members will be entitled to pro-rata vesting of outstanding but unallocated shares for the performance period that has lapsed at that moment, subject to the achievement of the applicable performance measures and targets. The remaining shares will vest in accordance with the predetermined times (i.e., no accelerated vesting) subject to the achievement of the applicable performance measures and targets.

In case of an unsolicited change of control becoming unconditional, share-based incentive plans do not vest automatically as result of the change of control becoming unconditional.

In case of an event resulting in a change of control or in case of the announcement of a proposed formal public offer for the shares in the Company, the Board of Directors, without the participation of the Executive Board Members, can decide to settle the allocated shares for the members of the Board of Directors in cash.

III) Other benefits

Other benefits as listed below may be granted to the Executive Board Members. The monetary value of the other benefits granted to individual Executive Board Members in each year is disclosed in the next Remuneration Report.

Pension

For all Dutch employees, and also for the Executive Board Members, the Company participates in defined contribution pension plans with an independent insurance company. Defined contributions are expensed in the year in which the related employee services are rendered.

For Dutch employees, the pensionable income is capped at €110.111 for 2020: this is the fiscal maximum. For employees based in other EU countries, the fiscal maximum pensionable incomes of their respective home country also apply.

Awarding discretionary pension is not possible at Pharming. A Net Employee Pension Scheme is offered to all employees who have a pensionable income in excess of the specified maximum. Participation is compulsory for staff and also for the Executive Board Members. Pension contributions from the Company and the incumbent are defined by age group.

Lease car scheme

A lease car scheme applies to the Executive Board Members.

Holiday allowance

In the Netherlands, salaries are paid in twelve monthly instalments and one additional monthly instalment, entitled “Holiday allowance”, is paid typically in May or June. The allowance is equal to 8,33% of the base salary and included in the gross annual salary of staff and Executive Board Members.

Short term employee benefits

The Company does not provide to the Executive Board Members any benefits based on financial measurement of the statement of income.

Severance pay

The following conditions apply to severance pay for Executive Board Members, subject to the relevant provisions of the Dutch Corporate Governance Code and prevailing Dutch laws and regulations:

- The maximum severance pay is 100% of the fixed annual remuneration;
- Severance pay is not awarded in the event of failure;
- Severance pay that can be classified as variable is not awarded.

Neither fixed nor variable severance pay may be awarded in the following cases:

- If a relationship is terminated early at the Executive Board Member’s own initiative, except where this is due to serious culpable conduct or neglect on the part of the Company;
- In the event of serious culpable conduct or gross negligence on the part of the Executive Board Member in the performance of his or her role.

Appointment term

Individual Executive Board Members enter into an individual management contract with the Company.

Executive Board Members are normally appointed for a period of four years, such term to end at the closing of the first General Meeting of Shareholders following the expiration of the four year term if the latter would already be prior to that General Meeting, subject to reappointment in accordance with the Company’s Articles of Association and the provisions of the Dutch Corporate Governance Code.

Main features of the remuneration of the Non-Executive Board Members

For 2020 and onwards, the Non-Executive Board Members are entitled to the following remuneration, taking into consideration their responsibilities and time commitment as members of the Company's one tier board and the extended responsibilities as members of the committees:

- *Non-Executive Board Member:*
 - Chair: €65,000 per annum in cash and €40,000 per annum in ordinary shares in Pharming;
 - Other Members: €45,000 per annum in cash and €30,000 per annum in ordinary shares in Pharming;all shares to valued at the 20 Day VWAP preceding the Annual General Meeting of Shareholders, without further restrictions for grant.
- *Audit Committee:* Chair €9,000 and Member €3,000 per annum in cash;
- *Remuneration Committee:* Chair €6,000 and Member €3,000 per annum in cash;
- *Governance Committee:* Chair €6,000 and Member €3,000 per annum in cash; and
- An additional compensation of €1,000 per day in case of extraordinary activities, as determined by the Chair of the Board of Directors.

Share ownership

In accordance with the Dutch Corporate Governance, all shares in the Company held by the Non-Executive Board Members shall be a long-term investment. The grant of ordinary shares in Pharming as part of remuneration, as specified hereinabove, will not be linked to the performance of the Company or other restrictions for the individual grant.

Appointment term

The Non-Executive Board Members are appointed for a period not to exceed four years, such term to end at the closing of the first General Meeting of Shareholders following the expiration of the four year term if the latter would already be prior to that General Meeting, subject to renewal to the extent permitted by the provisions of the Dutch Corporate Governance Code.

Non-Executive Board Members shall resign in accordance with the retirement schedule as adopted by the Board of Directors. No notice period or termination fees are applicable.

Other benefits

The Non-Executive Board Members do not have an individual employment contract with Pharming and are not entitled to participate in any benefits offered to management and staff, including but not

limited to pension plans. No loans or other financial commitments will be made by or on behalf of the Company to any Non-Executive Board Member.

Miscellaneous

New search policy

Pharming complies in full with all privacy and anti-discrimination laws and regulations in force in the EU, UK and USA. When searching new Executive Board Members or Non-Executive Board Members, Pharming actively seeks to promote diversity in the composition of the Board of Directors.

Disclosure of remuneration

The Company shall disclose information regarding remuneration paid to Executive Board Members and Non-Executive Board Members in the Remuneration Report, as part of the Annual Report of the Company, in accordance with the applicable rules and regulations.