

REMUNERATION REPORT

2021

Orphazyme A/S

Company registration no.: 32266355

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Copenhagen N, Denmark

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Introduction

This Remuneration Report provides an overview of the total remuneration received by each member of the Board of Directors (BoD) and of the Executive Management (ExM) of Orphazyme A/S (the Company), CVR no. 32266355, for the financial year ended December 31, 2021, with comparative figures for past financial years where relevant.

This Report has been prepared in accordance with section 139b of the Danish Companies Act.

The information included in this Report has been derived from the audited annual reports of the Company available on the Company's website.

All amounts are presented in DKK unless otherwise stated.

1. The Overall Remuneration Objective

The overall objective of the Remuneration Policy is to align and balance the interests of the Company's Board of Directors, the Executive Management, the Company itself and its shareholders, and to attract, motivate and retain qualified members of the Board of Directors and the Executive Management in order to support the achievement of strategic short-term and long-term goals of the Company as well as to promote value creation for the benefit of the shareholders.

The Board of Directors believes that the composition of remuneration supports both the short-term and long-term goals and sustainability of the Company as well as the interests of the shareholders by ensuring that a part of the remuneration is variable and linked to strategic targets and the development of the Company's share price.

The Remuneration Policy aims to find the appropriate balance between fixed and variable incentive-based remuneration and to reward Executive Management for both company and individual performance.

The remuneration of the Board of Directors and Executive Management during the past financial year is in compliance with the Remuneration Policy of the Company adopted by the annual general meeting on March 25, 2021.

The Remuneration Policy can be found at: <https://orphazyme.gcs-web.com/corporate-governance/governance-documents>.

2. Remuneration Structure

The current remuneration package for the Board of Directors and Executive Management is listed below.

REMUNERATION	BOD	EXM	MAXIMUM ALLOWABLE ACCORDING TO CURRENT REMUNERATION POLICY
Fixed base salary		●	Members of ExM shall receive an annual base salary
Pension contributions		●	Members of ExM may be entitled to pension contributions of up to 20% of the annual base salary
Short-Term Incentive Plan - cash bonus		●	Up to 100% of the fixed base salary against defined objectives and targets
Long-Term Incentive Plan		●	Up to 200% of the fixed base salary measured at the time of grant
Additional benefits		●	Insurance, computer, telephone, internet access, newspaper subscription, etc., comprising up to 15% of the fixed base salary
Severance pay		●	Members of ExM are entitled to receive a severance payment with a value of up to one year's annual fixed base salary if the dismissal is not due to circumstances of the Executive
Extraordinary remuneration		●	On a case by case basis, the Board of Directors may grant a member of the Executive Management a one-off cash- or share-based bonus, which may not exceed 100% of the fixed base salary. The Board of Directors may elect to grant such bonus in the form of sign-on bonus, extraordinary bonus, or as a retention bonus
Fixed board fee	●		Members of the Board of Directors shall receive an annual base fee. The Chairman and Deputy Chairman may receive an additional fee of up to two times the annual base fee
Fee for participation in Board committees	●		Fee for participation in the Audit Committee, Remuneration Committee, Nomination Committee, and Science Committee
Ad hoc task fees	●		If a member of the Board of Directors takes on a specific ad hoc task for the Company outside the scope of ordinary tasks for the Board of Directors, such member may receive a fixed ad-hoc fee for the work carried out of up to 100% of the member's annual fee
Short Term Incentive Plan - RSUs	●		Up to 50% of fixed base fee including additional base fee to Chairman and Deputy Chairman, but excluding fees for committee participation. New board members are eligible to receive an on-boarding grant in connection with their election to the Board of Directors with a value up to 100% of their fixed annual base fee including additional base fee to Chairman and Deputy Chairman, but excluding fees for committee participation
Travel allowance	●		BoD members receive a travel allowance per physical meeting attended

3. Remuneration of the Board of Directors

The remuneration of the Board of Directors consists of fixed annual fees, a share-based incentive program, and a travel allowance.

3.1 Fixed Annual Fees

Each member of the Board of Directors receives a fixed annual base fee. The Chairman and the Deputy Chairman may receive an additional fee of up to two times the fixed annual base fee for their extended duties.

Members of the Audit Committee, the Remuneration Committee, the Nomination Committee, and the Science Committee receive a supplementary fee of up to one quarter of the fixed annual base fee, and the chairman of the Audit Committee, the Remuneration Committee, the Nomination Committee, and the Science Committee, respectively, will receive a supplementary fee of up to one half of the fixed annual base fee.

Remuneration of the Board of Directors is denominated in EUR. The following fixed annual fees were approved for 2021 by the shareholders at the Annual General Meeting on March 25, 2021, with effect from January 1, 2021.

The DKK amounts are presented for convenience, translated from EUR using the year-end rate of EUR 7.4362/DKK:

	Chairman	Deputy Chairman	Member (base fee)	Chairman	Deputy Chairman	Member (base fee)
	(EUR)	(EUR)	(EUR)	(DKK)	(DKK)	(DKK)
Board of Directors	45,555	14,318	36,225	338,756	106,472	269,376
Audit Committee	14,175	N/A	7,035	105,408	N/A	52,314
Remuneration Committee	9,450	N/A	4,935	70,272	N/A	36,698
Nomination Committee	6,825	N/A	3,255	50,752	N/A	24,205
Science Committee ¹	6,825	N/A	3,255	50,752	N/A	24,205

¹ The Science Committee was established in 2021

3.2 Share-based Incentive Program

The Board of Directors may be granted share-based incentives in the form of restricted share units, or RSUs. New board members are eligible to receive an on-boarding grant in connection with their election to the Board of Directors.

Each RSU grants the right to the participants to subscribe for or acquire one share in Orphazyme by payment of an exercise price following a vesting period, as described below.

RSU Incentive Program 2021

In April 2021, an aggregate of 30,450 RSUs (2021 RSUs) were granted to members of the Board of Directors, including a grant of 4,611 RSUs to the Chairman of the Board as part of the consultancy agreement and an on-boarding grant to a new board member in accordance with the Company's Remuneration Policy. The number of RSUs granted was determined by calculating the value of the RSUs and by applying a reference share price calculated on the basis of the volume weighted average share price of Orphazyme's shares as quoted on Nasdaq Copenhagen during the 10 trading days preceding January 1, 2021. The 2021 RSUs vest from the grant date to the date of the next annual general meeting, being April 7, 2022. Upon vesting, RSUs may be exercised within a

period of four weeks from vesting or the date of publication of Orphazyme's interim report for the first six months in 2022 (Exercise Period) at a price equal to the par value of the Company's shares (Exercise Price). The exercise period is automatically extended to the next open trading window if the exercise of the RSUs or delivery of shares underlying vested RSUs would contravene applicable laws, rules or regulations.

In the event of a participant's resignation from the Board of Directors, any unvested RSUs will lapse without any rights of compensation. A decision not to be re-elected is not a resignation from the Board of Directors.

The RSUs are classified as a cash-settled program, as the Board of Directors may choose to settle any vested RSUs in cash. In such event, the cash settlement amount is based on the difference between the Exercise Price and the volume-weighted average share price as quoted on Nasdaq Copenhagen during the ten trading days preceding the first day of the Exercise Period, with a deduction of the Exercise Price.

In general, according to the terms of the Remuneration Policy, the Board of Directors may at the time of grant decide to make the vesting or exercise of the RSUs conditional upon certain criteria, such as continued board membership. In particular, vesting of the RSUs granted in 2021 was made conditional upon the continued membership on the board throughout the vesting period and any unvested RSUs held by a board member will lapse in case of resignation from the board, unless otherwise decided by the Board of Directors. A decision not to be re-elected at the general meeting is not considered resignation. To ensure the Board of Directors' independence and supervisory function, such conditions will not be related to performance criteria.

Board members are eligible to receive one annual grant with a value corresponding to 50% of their fixed annual base fee, such base fee to include additional base fees for the Chairman and Deputy Chairman but excluding any additional fees for committee membership. The value of each RSU on the grant date has been estimated using an intrinsic value model.

RSU Incentive Program 2020

In March 2020, an aggregate of 15,177 Restricted Share Units (2020 RSUs) were granted to members of the Board of Directors. The value is calculated on the basis of the volume weighted average share price of our shares as quoted on Nasdaq Copenhagen during the ten trading days preceding January 1, 2020. The 2020 RSUs vest from the grant date to the date of the next annual general meeting, being March 25, 2021. Upon vesting, RSUs may be exercised within a period of twelve months from vesting (Exercise Period) at a price corresponding to the volume-weighted average share price during the ten trading days preceding January 1, 2020 (Exercise Price). In the event of a participant's resignation from the Board of Directors, any unvested RSUs will lapse without any rights of compensation. A decision not to be re-elected is not a resignation from the Board of Directors.

The RSUs are classified as a cash-settled program, as the Board of Directors may choose to settle any vested RSUs in cash. In such event, the cash settlement amount is based on the difference between the Exercise Price and the volume-weighted average share price as quoted on Nasdaq Copenhagen during the ten trading days preceding the first day of the Exercise Period.

In September 2020, a new RSU incentive program was announced (2020-2 RSU program), which comprised 22,993 RSUs in total, including an on-boarding grant to a new board member in accordance with the Company's Remuneration Policy. The number of RSUs granted was determined by calculating the value of the RSUs and applying a reference share price calculated on the basis of the volume weighted average share price of Orphazyme's shares as quoted on Nasdaq Copenhagen during the 10 trading days preceding January 1, 2020. The 2020-2 RSUs could be exercised at a price equal to the par value of the Company's shares.

The 2020-2 RSU program runs in parallel with the 2020 RSU program and board members can only exercise RSUs under one of the programs.

In December 2020, 4,351 RSUs were granted to the Chairman of the Board as part of a consultancy agreement for providing support to Orphazyme during the interim period until a new CEO was hired, following the resignation of Kim Stratton, our former CEO, in December 2020.

	Number of shares owned Dec 31, 2021	Number of shares owned Dec 31, 2020	Number of unvested RSUs Dec 31, 2021	Number of unvested RSUs Dec 31, 2020
Current members of the Board of Directors				
Georges Gemayel	100,809	100,809	9,222	8,702 ¹
Bo Jesper Hansen	143,234	143,234	2,849	2,689 ¹
Martin Bonde	47,936	47,936	2,042	1,927 ¹
Carrolee Barlow	-	-	2,042	4,391 ¹
Stephanie Okey ²	-	-	6,127	-
Andrew Mercieca ³	-	-	-	-
Former members of the Board of Directors				
Sten Verland ⁴	-	-	-	1,927 ¹
Martijn Kleijwegt ⁵	1,927	-	-	1,927 ¹
Rémi Droller ⁵	-	-	-	1,927 ¹
Anders Hedegaard ⁵	15,677	15,677	-	1,927 ¹
Catherine Moukheibir ⁶	9,907	7,980	-	1,927 ¹

In March 2021, the 2020 and 2020-2 RSUs granted to the Board of Directors fully vested. During 2021 no board members exercised their 2020 or 2020-2 RSUs. The RSUs expire in March 2022 if not exercised or paid out in cash.

Directors's holding of shares

1 Remain unexercised as of December 31, 2021

2 Elected at the annual general meeting on March 25, 2021

3 Elected at the extraordinary general meeting on February 15, 2022

4 Did not seek re-election at the annual general meeting on March 25, 2021

5 Resigned effective as of June 30, 2021

6 Resigned effective as of December 9, 2021

3.3 Travel Allowance and similar expenses

Members of the Board of Directors may receive a fixed travel allowance, as determined by the Board of Directors, per physical meeting attended. For 2020 and 2021, the travel allowance per physical meeting was EUR 2,000 for travels from the USA and EUR 1,500 for travels within Europe. In addition, directors are reimbursed for travel expenses such as transportation and accommodations. Travel allowances may not exceed a total annual value of 25% of the fixed annual base fee. Furthermore, the Company may cover or reimburse social security duties and similar taxes imposed by foreign public authorities in relation to board fees.

3.4 Extraordinary Remuneration

If a member of the Board of Directors takes on a specific ad hoc task for the Company outside the scope of ordinary tasks for the Board of Directors, such member may receive a fixed ad hoc fee for the work carried out. Any ad hoc tasks are subject to the prior or subsequent approval of the Board of Directors. An ad hoc fee may not exceed 100% of the annual fee. For the year ended December 31, 2021, Georges Gemayel received an

ad-hoc fee in connection with a consultancy agreement for support during the interim period until Christophe Bourdon joined as CEO in April 2021.

3.5 Composition of the Board of Directors

All current members of the Board of Directors were elected or re-elected at the Annual General Meeting on March 25, 2021, except for Andrew Mercieca, who was first elected at the Extraordinary General Meeting on February 15, 2022.

As of the date of this report, our Board of Directors is comprised of three members elected at the general meeting, and consists of the Chairman, the Deputy Chairman, and one board member. The following table presents an overview of the current composition of our Board of Directors:

Orphazyme Board of Directors

Name	Position	Independent ⁽¹⁾	Year of first appointment	Expiration of term
Georges Gemayel	Chairman	Independent	2012	2022
Bo Jesper Hansen	Deputy Chairman	Independent	2010	2022
Andrew Mercieca	Member	Independent	2022	2023

Orphazyme Board of Directors – Committee Composition

	Audit Committee	Remuneration Committee	Nomination Committee
Georges Gemayel			
Bo Jesper Hansen			
Andrew Mercieca			

 = Chairperson  = Member

As announced in May 2022, it is the intention of the Board of Directors to propose re-election of the current Deputy Chairman of the Board of Directors, Bo Jesper Hansen, election of the current CEO and CFO, Anders Vadsholt, as a new member of the Board of Directors, and election of the Company's current restructuring administrator, John Sommer Schmidt, as a new member of the Board of Directors at the Annual General Meeting of Orphazyme expected to be held on June 29, 2022. The current Chairman of the Board of Directors, Georges Gemayel, and member of the Board of Directors, Andrew Mercieca, will not be seeking re-election at the Annual General Meeting.

3.6 Total Remuneration of the Board of Directors

The following table shows the total remuneration to the Board of Directors per individual board member for the years ended December 31, 2021, 2020 and 2019:

	Board fee			Committee fee			Share based compensation			Ad-hoc board fees			Travel allowance			Total remuneration			Proportion of fixed/variable remuneration			
	(DKK'000)	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
Current members of the Board of Directors																						
Georges Gemayel	608	515	421	51	50	49	164	161	28	1,312	186	-	30	27	64	2,165	939	562	30 % / 70 %	60 % / 40 %	84 % / 16 %	
Bo Jesper Hansen	376	353	328	71	68	67	68	102	21	-	112	-	97	34	46	612	669	462	73 % / 27 %	63 % / 37 %	85 % / 15 %	
Andrew Mercieca	17	-	-	7	-	-	-	-	-	-	-	-	-	-	-	24	-	-	100 % / 0 %	-	-	
Former members of the Board of Directors																						
Sten Verland	63	252	235	18	75	74	25	73	16	-	-	-	-	1	-	106	401	325	76 % / 24 %	82 % / 18 %	95 % / 5 %	
Martijn Kleijwegt	135	252	235	26	51	50	25	73	16	-	-	-	-	35	46	186	411	347	87 % / 13 %	74 % / 26 %	82 % / 18 %	
Rémi Droller	(722)	252	235	(106)	36	35	(89)	73	16	-	-	-	(90)	25	46	(1,007)	386	332	82 % / 18 %	75 % / 25 %	81 % / 19 %	
Anders Hedegaard	136	252	235	18	36	35	25	73	16	-	-	-	-	14	46	178	375	332	87 % / 14 %	77 % / 23 %	81 % / 19 %	
Martin Bonde	270	252	235	48	24	24	48	73	16	-	-	-	-	-	-	366	349	275	87 % / 13 %	79 % / 21 %	94 % / 6 %	
Carolee Barlow	270	77	-	50	-	-	80	145	-	-	-	-	-	-	-	400	222	-	80 % / 20 %	35 % / 65 %	-	
Stephanie Okey	207	-	-	40	-	-	72	-	-	107	-	-	-	-	-	426	-	-	58 % / 42 %	-	-	
Catherine Moukheibir	254	252	235	99	103	101	25	73	16	-	112	-	-	23	46	378	563	398	93 % / 7 %	63 % / 37 %	84 % / 16 %	
Total	1,614	2,457	2,159	322	443	435	443	847	145	1,419	410	-	37	159	294	3,834	4,315	3,033				

4. Remuneration of the Executive Management

Executive Management consists of Anders Vadsholt, who is the Company's Chief Executive Officer and Chief Financial Officer. Up until March 31, 2022, Christophe Bourdon was the Chief Executive Officer, which is reflected in the schedule below.

The remuneration to the Executive Management aims to attract, motivate, and retain competent members of the Executive Management. The remuneration composition seeks to align the interests of the members of the Executive Management with those of the Company's shareholders by linking a part of the remuneration to the development in the Company's share price and corporate performance. Further seeking to align the long-term development and sustainability of the Company with the interests of the Executive Management, each member of Executive Management is required to build and maintain a shareholding in the Company.

The remuneration to the Executive Management consists of both fixed remuneration, including fixed salaries, pension contributions and benefits, and variable remuneration including short-term and long-term incentives, as determined by the Board of Directors.

4.1 Fixed base salary and pension contributions

Members of the Executive Management receive an annual base salary that was determined based on a benchmark exercise for similar European and U.S.-based biotech and biopharmaceutical companies of comparable size and development stage. In addition, members of the Executive Management may be entitled to pension contributions of up to 20% of the annual base salary.

4.2 Short-term cash incentive program

The members of the Executive Management are eligible to receive an annual performance-based cash bonus subject to certain predefined corporate and individual goals as determined by the Board of Directors on an annual basis. Payment of the cash bonus thus depends on the achievement of objectives related to the achievement of the Company's budgeted results, financial ratios and other measurable personal results of a financial or non-financial nature all of which reflect and support the Company's short-term objectives. The cash bonus received under the short-term incentive program may not exceed 100% of the annual fixed salary of the member of the Executive Management. The members of the Executive Management are also eligible to receive an extraordinary bonus at the discretion of the Board of Directors. For the financial year 2021, a total cash bonus of DKK 1.4 million was paid to the Executive Management, corresponding to 30 % of the maximum pay-out.

KPI for Cash Bonus to Executive Management ¹						
Name and position	Description of KPI	Relative weighting of KPIs	KPI performance thresholds	Minimum and maximum award	Actual KPI performance	Actual award
Christophe Bourdon (CEO)	Secure a path forward	40 %	0 % – 100 %	0 – 1.1 million DKK	30%	0.3 million DKK
	Deliver Arimoclomol to patients	30 %	0 % – 100 %	0 – 0.9 million DKK	30%	0.2 million DKK
	Build the best team	30 %	0 % – 100 %	0 – 0.9 million DKK	30%	0.2 million DKK
Anders Vadsholt (CFO)	Secure a path forward	40 %	0 % – 100 %	0 – 1.0 million DKK	30%	0.3 million DKK
	Deliver Arimoclomol to patients	30 %	0 % – 100 %	0 – 0.7 million DKK	30%	0.2 million DKK
	Build the best team	30 %	0 % – 100 %	0 – 0.7 million DKK	30%	0.2 million DKK

¹ If any discretion has been exercised in respect of the award, a descriptive note of how the discretion was exercised, which factors were taken into account and how the resulting level of award was determined should be included.

FOOT NOTE: Christophe Bourdon was employed on April 1, 2021

4.3 Share-based incentive programs

Incentive Program 2017

In connection with the completion of the Company’s initial public offering (IPO) on Nasdaq Copenhagen in November 2017, the Executive Management and Key Employees were offered to subscribe for Offer Shares (“Investment Shares”) at the Offer Price for a maximum amount corresponding to approximately 15% (CMO) and 20% (former CEO, CFO, and CSO) of their respective current annual base salaries.

The participants in the 2017 LTIP may be allocated a number of shares in Orphazyme (“Performance Shares”) at a price per Performance Share of DKK 1 at the end of a vesting period of four years from Orphazyme’s first day of trading and official listing on Nasdaq Copenhagen. The number of Performance Shares shall be proportional to the potential increase in the price of Orphazyme’s shares at the time of exercise compared to the offer price. The potential increase in the price of Orphazyme’s shares will be calculated as the volume-weighted average share price as quoted on Nasdaq Copenhagen during the 10 trading days preceding the vesting date. The maximum allocation of Performance Shares will be six shares for the former CEO and four shares for the CFO multiplied by the number of Investment Shares subscribed for in connection with the IPO. Performance Shares will be allocated on a linear scale with maximum allocation triggered by an 80% increase in share price, whereas no Performance Shares will be allocated if the price of Orphazyme’s shares has increased 20% or less at the end of the vesting period. Among other things, vesting is also subject to the participants having maintained ownership of their Investment Shares and continued employment. Based on the number of Investment Shares subscribed for, a total maximum of Performance Shares may be issued to the Executive Management at the end of the vesting period. No Performance Shares were allocated in 2021 under the 2017 LTIP as the vesting criteria were not met.

Incentive Program 2019

In July 2019, the Company initiated a 2019 long-term investment program (2019 LTIP) for the Executive Management and certain Key Employees with similar terms and conditions as the 2017 LTIP, i.e. Matching Shares vesting over one year and Performance Shares vesting over four years. In July 2020, 6,250 Matching Shares fully vested for the Executive Management and were issued against a nominal payment of DKK 1 per share. The maximum number of Performance Shares that can vest for the Executive Management in July 2023 as part of the 2019 LTIP is 25,000.

Incentive Program 2020

In December 2020, the Company initiated a 2020 long-term investment program (2020 LTIP) for the Executive Management and certain Key Employees with similar terms and conditions as the 2017 LTIP and the 2019 LTIP. In addition, Executive Management was granted an extraordinary bonus following our US listing, whereby the former CEO was granted 8,192 Matching Shares and the CFO was granted 5,399 Matching Shares, and Performance Shares with a multiplier of 6 and 4, respectively. As a result, an aggregate of 52,865 Matching Shares were granted to the Executive Management under the 2020 LTIP. In January 2021 the Matching Shares fully vested for the Executive Management and were issued against a nominal payment of DKK 1 per share. The maximum number of Performance Shares that can vest for the Executive Management in January 2024 as part of the 2020 LTIP is 123,200.

Incentive Program 2021

In April 2021, the Company initiated a 2021 long-term incentive program (2021 LTIP) for the Executive Management and certain key employees comprising Restricted Share Units (“RSUs”) and Performance Share Units (“PSUs”) which entitle the participants, subject to vesting occurring, to be allocated a number of shares in the Company, equivalent to the number of vested RSUs and/or PSUs, against payment of the par value of each share. The RSUs have a total vesting period of three years calculated from January 1 or July 1 in the grant year and with one third of the granted RSUs vesting on each January 1 or July 1 in the following three financial years. Vesting of RSUs is not conditional upon achieving any financial or non-financial targets. However, vesting is conditional upon the participant remaining employed with a group member throughout the total vesting period for RSUs or the participant becoming a good leaver, and the participant having complied in all respects with the general terms and conditions as determined by the Board of Directors.

The PSUs have a total vesting period of three years calculated from January 1 or July 1 in the grant year and with the granted PSUs vesting, in whole or in part, on January 1 or July 1 in the third year following the date of the grant. Vesting of PSUs is conditional upon the participant remaining employed with a group member throughout the vesting period for PSUs or the participant becoming a good leaver, and the participant having complied in all respects with the general terms and conditions as determined by the Board of Directors. Vesting of the PSUs is also conditional upon an increase in the quoted share price of the Company’s shares of no less than 60% during the vesting period based on the volume-weighted average share price as quoted on Nasdaq Copenhagen during the 10 trading days preceding 1 January in the grant year compared to the volume-weighted average share price as quoted on Nasdaq Copenhagen during the 10 trading days preceding 1 January in the vesting year. Further, during the 3 months preceding 1 January in the calendar year in which the PSUs are vesting, the share price must remain stable, reflecting an increase in the volume weighted average share price of the Company’s shares as quoted on Nasdaq Copenhagen of no less than 60%.

Any vested RSUs and PSUs under the 2021 LTIP can be exercised within four months after the expiration of the total vesting period for RSUs and PSUs, respectively. However, the RSU and PSU delivery period may be extended to the next open trading window in certain circumstances.

In October 2021, the Company initiated a modified 2021 LTIP, which comprised RSUs and PSUs. The terms of the modified 2021 LTIP are the same as the LTIP that was implemented in April 2021, however, the number of RSUs and PSUs and the applicable performance target for the PSUs was reset and calculated based on a share price equal to the volume weighted average share price of the Company’s shares as quoted on Nasdaq Copenhagen during the 10 trading days from September 1, 2021.

The exercise of the RSUs and PSUs granted under the modified 2021 LTIP is conditional upon the participant not exercising the RSUs and PSUs granted in April 2021, which will subsequently lapse and no longer be exercisable.

For the year ended December 31, 2021, DKK 17.1 million (2020: DKK 17.9 million) was recognized as compensation expense related to the LTIP awards. Of the total expense, DKK 6.8 million (2020: DKK 8.2 million) is attributed to the Executive Management.

LTIP Programs of Executive Management

Name and position	Program/Tranche	Performance Period	Grant Date	Vesting date	Value of award at Grant Date	Max no. of shares	Value at time of vesting
Christophe Bourdon, former Chief Executive Officer (until March 31, 2022)*	2021/Restricted Share Units	Oct 2021 – Dec 2023	Oct 2021	Jan 2024			-
	2021/Sign-on Restricted Share Units		Oct 2021	Oct 2021		73,262	
	2021/Performance Share Units	Oct 2021 – Dec 2023	Oct 2021	Jan 2024			-
Anders Fink Vadsholt, Chief Executive Officer and Chief Financial Officer	2017 LTIP/Matching Shares	Nov 2017 - Nov 2018	Nov 2020	Nov 2018	315,973	4,000	462,000**
	2017 LTIP/Performance Shares	Nov 2017 - Nov 2021	Nov 2020	Nov 2021	626,111	16,000	-
	2019 LTIP/Matching Shares	Jul 2019 - Jul 2020	Jul 2019	Jul 2020	384,950	6,250	590,000
	2019 LTIP/Performance Shares	Jul 2019 - Jul 2023	Jul 2019	Jul 2023	857,844	25,000	-
	2020 LTIP/Matching Shares	Jan 2020 - Dec 2020	Aug 2020	Jan 2021	1,465,628	17,561	1,166,050
	2020 LTIP/Performance share	Jan 2020 - Dec 2023	Aug 2020	Jan 2024	3,507,767	70,244	-
	2021/Restricted Share Units	Oct 2021 – Dec 2023	Oct 2021	Jan 2024			-
	2021/Performance Share Units	Oct 2021 – Dec 2023	Oct 2021	Jan 2024			-
Kim Stratton, former Chief Executive Officer	2020 LTIP/Matching Shares	Jan 2020 - Dec 2020	Aug 2020	Jan 2021	3,003,943	35,304	2,344,186
	2020/PerformanceShares	Jan 2020 - Dec 2023	Aug 2020	Jan 2024	10,9073,67	211,824***	-

*Any vested and unvested RSUs and PSUs will lapse as of April 1, 2022

** Value at time of issuance, March 2019

*** Reduced to 52,956 following Ms. Stratton's resignation

4.4 Shareholding requirements

The Executive Management are at all times required to hold a minimum amount of Orphazyme shares with a value equal to 100% of their respective annual fixed salaries at the time of acquisition of the shares. The required shareholding may be built up over a specified period.

Executive Management's holding of shares

	Number of shares owned 2021	Number of shares owned 2020
Christophe Bourdon (former CEO)	-	-
Anders Vadsholt (CEO and CFO)	160,717	143,156

4.5 Extraordinary incentives

In July 2019, Orphazyme announced that the Board of Directors appointed Kim Stratton as the new Chief Executive Officer, succeeding Anders Hinsby on October 1, 2019.

Ms. Stratton received a sign-on bonus in the amount of DKK 675,000 to be invested in the acquisition of shares ("Investment Shares") acquired through the public markets. Pursuant to this grant, Ms. Stratton was eligible to receive up to 58,000 shares, provided that the share price increased to 125 DKK per share within three years from the date of employment, consisting of (i) 6,000 shares, provided that our share price increased to 75 DKK per share, (ii) 12,000 shares, provided that our share price increased to 100 DKK per share, and (iii) 40,000 shares, provided that our share price increased to 125 DKK per share. These targets have been reached and Ms. Stratton received the 58,000 shares subsequent to December 31, 2020.

In March 2021, Orphazyme announced that the Board of Directors appointed Christophe Bourdon as the new Chief Executive Officer, effective as of April 1, 2021.

In April 2021, Mr. Bourdon was granted sign-on RSUs equal to 60% of the fixed annual gross salary. Pursuant to this grant, Mr. Bourdon was eligible to receive 34,941 RSUs. In connection with the modified 2021 LTIP, the sign-on RSUs granted to the Mr. Bourdon in April 2021 was reset after the same principles as the modified 2021 LTIP but with immediate vesting upon grant. Pursuant to this grant, Mr. Bourdon was eligible to receive 73,262 RSUs.

Further, in connection with the modified 2021 LTIP, the members of Executive Management, Christophe Bourdon and Anders Vadsholt, received an extraordinary grant of RSUs and PSUs corresponding to 100% of the grant under the modified 2021 LTIP and otherwise on the same terms as the modified 2021 LTIP.

4.6 Termination and severance payment

In the event Orphazyme terminates the service agreement with the Chief Executive Officer without cause, Orphazyme is obliged to pay the Chief Executive Officer one times the annual fixed salary as severance payment at the time of the last salary payment. In the event Orphazyme terminates the service agreement with the Chief Financial Officer without cause, Orphazyme is obliged to pay the Chief Financial Officer one year's annual fixed salary as severance payment.

In December 2020, Ms. Stratton resigned from her position as CEO. As part of the separation agreement, Ms. Stratton continued to receive her monthly base salary during 2021 and in December 2021 she received severance pay equal to one year's base salary. Subsequent to December 31, 2020, Ms. Stratton received 35,304 Matching Shares as part of the 2020 LTIP program and is in January 2024 eligible to receive a maximum of 52,956 Performance Shares, provided that Orphazyme's share price increases between 20-80% per the terms and conditions of the LTIP program. As of March 31, 2022, Mr. Bourdon resigned from his position as CEO. Mr. Bourdon will not receive any salary or severance pay following his resignation.

4.7 Total Remuneration of the Executive Management

The following table presents remuneration to the Executive Management for the years ended December 31, 2021 and 2020. Remuneration to our Executive Management includes remuneration to Christophe Bourdon for the period from April 1, 2021 to December 31, 2021, and to Anders Vadsholt and Kim Stratton for the period from January 1, 2020 to December 31, 2021.

(DKK'000)	Fixed salary			Other benefits			Cash bonus			Sign-on bonus			Share-based compensation			Total remuneration			Proportion of fixed/variable remuneration		
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
Current members of the Executive Management																					
Christophe Bourdon (former CEO)	2,925	-	-	107	-	-	1,330	-	-	-	-	-	4,967	-	-	9,329	-	-	34 % / 66 %	-	-
Anders Vadsholt (CEO and CFO)	2,376	2,324	1,803	277	983	260	585	2,491	1,250	-	-	-	2,164	2,805	406	5,402	8,603	3,719	42 % / 58 %	27 % / 73 %	48 % / 52 %
Former members of the Executive Management																					
Kim Stratton (former CEO)	-	11,001	962	-	2,541	215	-	3,500	350	-	-	675	-	7,359	-	-	24,402	2,202	-	45 % / 55 %	44 % / 56 %
Anders Hinsby (former CEO)	-	-	2,424	-	-	270	-	-	1,038	-	-	-	-	-	294	-	-	4,026	-	-	60 % / 40 %
Total	5,301	13,325	5,189	384	3,524	745	1,915	5,991	2,638	-	-	675	7,131	10,164	700	14,731	33,005	9,947			

In 2021 the average remuneration for the Company's non-executive employees were TDKK 1,617 (2020: TDKK 1,607, 2019: TDKK 1,072).

5. Executive Management Agreements

Christophe Bourdon (CEO until February 28, 2022)

Christophe Bourdon, CEO, left the Company on February 28, 2022. In the period March 1, to March 31, 2022, Mr. Bourdon assisted the Company and its management as a full time consultant.

In accordance with the Termination Agreement, Mr. Bourdon was entitled to receive remuneration as usual until February 28, 2022 and was not entitled to receive any separate compensation in respect of the consultancy services provided in the period March 1 to March 31, 2022.

To the extent that Mr. Bourdon is entitled to STIP bonus for 2021 and 2022 in accordance with the terms and conditions of the applicable STIP, including that applicable targets are met, any bonus will be calculated and paid out on a pro rata basis in accordance with the terms of the STIP and Mr. Bourdon's service agreement. Mr. Bourdon is not entitled to additional bonus, any further grants or payments under the LTIP and STIP and is not entitled to receive the Extraordinary Retention Bonus (part 2) or the Takeover Bonus. Any granted Restricted Share Units and Performance Share Units as well as any sign-on Restricted Share Units not exercised before February 28, 2022 will lapse without further notice or compensation.

Mr. Bourdon's non-competition clause shall remain in force until and including

November 30, 2022. The non-solicitation clause shall remain in force until and including February 28, 2023. Mr. Bourdon is not entitled to any compensation in this respect.

Anders Vadsholt (CFO) (CEO from March 1, 2022)

We entered into a service agreement with Anders Vadsholt with regard to the appointment as CFO in October 2017 with an effective date of November 1, 2017, which was later amended to adjust for, among other things, annual salary increases. Further, we entered into an addendum to the service agreement regarding the appointment as CEO effective from March 1, 2022. As of March 1, 2022, Mr. Vadsholt will be acting as CEO and moreover continue as CFO.

Pursuant to the service agreement, as amended, Mr. Vadsholt is entitled to (i) an annual base salary of approximately DKK2.3 million, and as of March 1, 2022, Mr. Vadsholt will receive an annual base salary of DKK 3 million for the dual responsibility as both CEO and CFO of the Company, (ii) participate in our incentive schemes and (iii) standard benefits (such as a mileage allowance, insurance coverage and a company-paid computer).

In accordance with the addendum to the service agreement, Mr. Vadsholt received a one-time sign-on bonus of gross DKK 1,266,000 for taking up the dual responsibility as both CEO and CFO of the Company.

Mr. Vadsholt may terminate his employment with us by giving six months' notice and we can terminate his employment with us by giving 12 months' notice.

The service agreement with Mr. Vadsholt provides for the payment of a takeover bonus equaling 12 months' base salary if Mr. Vadsholt is still employed by us and not under notice on the date of completion of a takeover. Mr. Vadsholt will still be entitled to this bonus if he is under notice on the date of completion of a takeover if we terminate his employment without a reasonably justifiable cause or if he gives the notice due to a gross breach by us. In case of a takeover, the service agreement provides for accelerated vesting of any granted

Restricted Share Units and, subject to achievement of the relevant performance target, accelerated vesting of any granted Performance Share Units.

The service agreement with Mr. Vadsholt also provides for the payment of post-employment compensation to his dependents in the event of his death.

Mr. Vadsholt is subject to a non-competition clause and a non-solicitation of customers clause applicable during his employment and for a period of 12 months following expiry of his employment. Mr. Vadsholt is entitled to separate compensation under his non-competition and non-solicitation clauses. Pursuant to mandatory Danish law, Mr. Vadsholt's non-competition clause lapses if his employment is terminated by the Company for a reason that is not attributable to him.

Further, the service agreement provides for an extraordinary retention bonus of DKK 335,000, which was payable in January 2022 and an extraordinary retention bonus of DKK 596,000 payable in April 2022. The extraordinary retention bonuses are, among other things, subject to Mr. Vadsholt being employed and not under notice as of December 31, 2021, and March 31, 2022, respectively.

Kim Stratton (former CEO)

Ms. Stratton received a sign-on bonus in the form of a special CEO share grant. As a prerequisite to such bonus, Ms. Stratton was required to invest DKK 675,000 in shares to be acquired through the public markets. Pursuant to this grant, Ms. Stratton was eligible to receive up to 58,000 shares, provided that our share price increased to 125 DKK per share within three years from the date of employment, consisting of (i) 6,000 shares, provided that our share price increased to 75 DKK per share, (i)12,000 shares, provided that our share price increased to 100 DKK per share, and (ii) 40,000 shares, provided that our share price increased to 125 DKK per share. These targets have been reached and Ms. Stratton received the 58.000 shares in 2021.

As stated above, Ms. Stratton resigned from her position as CEO in December 2020. As part of the separation agreement, Ms. Stratton continued to receive her monthly base salary during 2021 and in December 2021 she received severance pay equal to one year's base salary.

Subsequent to December 31, 2020, Ms. Stratton received 35,304 Matching Shares as part of the 2020 LTIP program and in January 2024 is eligible to receive a maximum of 52,956 Performance Shares, provided that Orphazyme's share price increases between 20-80% per the terms and conditions of the LTIP program.

6. Long-term Incentive

The Orphazyme A/S long-term incentive program, or LTIP, was initially established in connection with our admission to trading and official listing on Nasdaq Copenhagen. The LTIP is a matching share and performance share program under which the Executive Management and certain other key employees may be offered to acquire or subscribe for our shares, or the Investment Shares. Our Board of Directors may decide to offer other of our current or new employees to participate in the LTIP.

Under the LTIP, the participants may be allocated a number of our shares, or the Performance Shares, at a price per Performance Share equal to the par value of our shares at the end of a vesting period covering at least three financial years. The number of Performance Shares shall be proportional to the potential increase in share price at the time of vesting compared to a reference date to be determined by the Board of Directors. The potential increase in share price will be calculated as the volume weighted average share price as quoted on Nasdaq Copenhagen during the 10 trading days preceding the relevant vesting date and a reference date to be determined by the Board of Directors. Performance Shares will be allocated on a linear scale with maximum allocation triggered by an 80% increase in share price at the time of vesting, whereas no Performance Shares will be allocated, if the share price has increased 20% or less at the time of vesting.

Additionally, vesting is inter alia subject to the participants having maintained ownership of their Investment Shares (as outlined in individual grant letters) and continued employment at the time of vesting. The maximum allocation of Performance Shares will be up to six times the number of Investment Shares subscribed for or held by the participants. The value of Performance Shares shall be calculated using a recognized valuation model as determined by the Board of Directors. The value shall not exceed 100% of the member of the Executive Management's annual fixed salary at the time of grant.

In order to also promote a short-term share-based incentive for the participants to retain their employment with the company, they may be allocated a number of company shares, or Matching Shares, at a price per Matching Share of DKK 1 with a vesting period shorter than two years to be determined by the Board of Directors. The number of Matching Shares shall at least be equal to the number of Investment Shares subscribed for or held at the time of grant as determined by the Board of Directors and vesting will be subject to the participants having maintained ownership of their Investment Shares and continued employment at the time of vesting. The value of Matching Shares shall be calculated using a recognized valuation model as determined by our Board of Directors. The value may not exceed 50% of the Executive Management's annual fixed salary at the time of grant.

The Matching Shares and Performance Shares may vest on an accelerated basis in connection with a public takeover bid for our shares (subject to the vesting conditions of the LTIP being satisfied at such time).

Furthermore, our Board of Directors may in its sole discretion decide to accelerate vesting under other special circumstances, e.g. in connection with a merger, demerger or delisting. The number of Matching Shares and Performance Shares may be adjusted in connection with certain changes to our capital structure which may have unintended effects on the value of the Matching Shares or Performance Shares, e.g. capital increases below market value (subject to certain exceptions, including capital increases made in connection with share-based incentive programs).

The Company is under special circumstances entitled to reduce or reclaim, in full or in part, incentives granted or vested under a share-based incentive program if the conditions for vesting are based on fraud, willful misconduct, gross negligence, incorrect or misleading information, or that the conditions have otherwise not been fulfilled.

Our obligation to deliver Matching Shares and Performance Shares under the LTIP may be covered by a variety of means, including shares held in treasury by us accumulated through share buy-backs or directed issues of shares and/or bonus shares.

In April 2021, the Company established a new LTIP comprising Restricted Share Units ("RSUs") and Performance Share Units ("PSUs") which entitle the participants, subject to vesting occurring, to be allocated a number of shares in the Company, equivalent to the number of vested RSUs and/or PSUs, against payment of the par value of each share.

The RSUs have a total vesting period of three years calculated from January 1 or July 1 in the grant year and with one third of the granted RSUs vesting on each January 1 or July 1 in the following three financial years. Vesting of RSUs is not conditional upon achieving any financial or non-financial targets. However, vesting is conditional upon the participant remaining employed with a group member throughout the total vesting period for RSUs or the participant becoming a good leaver, and the participant having complied in all respects with the general terms and conditions as determined by the Board of Directors.

The PSUs have a total vesting period of three years calculated from January 1 or July 1 in the grant year and with the granted PSUs vesting, in whole or in part, on January 1 or July 1 in the third year following the date of the grant. Vesting of PSUs is conditional upon the participant remaining employed with a group member

throughout the vesting period for PSUs or the participant becoming a good leaver, and the participant having complied in all respects with the general terms and conditions as determined by the Board of Directors.

Vesting of the PSUs is also conditional upon an increase in the quoted share price of the Company's shares of no less than 60%

during the vesting period based on the volume-weighted average share price as quoted on Nasdaq Copenhagen during the 10 trading days preceding 1 January in the grant year compared to the volume-weighted average share price as quoted on Nasdaq Copenhagen during the 10 trading days preceding 1 January in the vesting year. Further, during the 3 months preceding 1 January in the calendar year in which the PSUs are vesting, the share price must remain stable, reflecting an increase in the volume weighted average share price of the Company's shares as quoted on Nasdaq Copenhagen of no less than 60%.

Any vested RSUs and PSUs under the 2021 LTIP can be exercised within four months after the expiration of the total vesting period for RSUs and PSUs, respectively. However, the RSU and PSU delivery period may be extended to the next open trading window in certain circumstances.

In October 2021, we initiated a modified 2021 LTIP, which comprised RSUs and PSUs. The terms of the modified 2021 LTIP are the same as the LTIP that was introduced in April 2021, however, the number of RSUs and PSUs and the applicable performance target for the PSUs was reset and calculated based on a share price equal to the volume weighted average share price of the Company's shares as quoted on Nasdaq Copenhagen during the 10 trading days from September 1, 2021.

The exercise of the RSUs and PSUs granted under the modified 2021 LTIP is conditional upon the participant not exercising the RSUs and PSUs granted in April 2021, which will subsequently lapse and no longer be exercisable.

7. Comparative Overview

The development of the financial performance of the Company and the average remuneration of the Company's employees over the past three financial years is summarized in the table below.

Comparison of remuneration and Company performance over the past financial years			
	2021	2020	2019
Financial Performance			
Net result	(627) million DKK	(633) million DKK	(337) million DKK
Average remuneration of Company employees (FTE)			
Company Employees	1.7 million DKK	1.9 million DKK	1.2 million DKK

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