

Company announcement
No. 38/2020

Orphazyme A/S
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Company Registration No. 32266355

New share-based incentive program

Copenhagen, Denmark, July 1, 2020 – Orphazyme A/S (ORPHA.CO) (the “Company”), a biopharmaceutical company pioneering the Heat-Shock Protein response for the treatment of neurodegenerative orphan diseases, today announced that the Company has introduced a new share-based incentive program (the “LTIP”) for 2020. The LTIP has been implemented in accordance with Orphazyme’s Remuneration Policy adopted at Orphazyme’s annual general meeting on March 26, 2020.

Under the LTIP for 2020, the Executive Management as well as certain key employees of Orphazyme in Denmark, the United States, and Switzerland have subscribed for or acquired or will subscribe for or acquire a number of shares (“Investment Shares”). The Board of Directors may decide to offer other current or new employees of Orphazyme to participate in the LTIP. The LTIP for 2020 includes an extraordinary grant to certain participants to compensate for not having been granted share-based incentives in 2018 and 2019.

The participants 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 up to four (4) years calculated from January 1, 2020 (the “Performance Shares Holding Period”). The number of Performance Shares shall be proportional to a potential increase in the price of Orphazyme’s shares at the time of vesting compared to the price at January 1, 2020. 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 date of expiry of the Performance Shares Holding Period and January 1, 2020, respectively. 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 date of expiry of the Performance Shares Holding Period. Among other things, vesting is also subject to the participants having maintained ownership of their Investment Shares and continued employment at the time of vesting.

Based on the current number of Investment Shares held by participants, up to approximately 537,000 Performance Shares, which include Performance Shares granted under the aforementioned extraordinary compensation grant, may be allocated at the time of vesting.

Further, the participants may also be allocated a number of shares in Orphazyme (“Matching Shares”) at a price per Matching Share of DKK 1 after a period of up to one (1) year calculated from January 1, 2020. The number of Matching Shares will be equal to the number of Investment Shares held by the participant and vesting will be subject to the participants having maintained ownership of their Investment Shares and continued employment at the time of vesting.

Based on the current number of Investment Shares held by participants, up to approximately 142,000 Matching Shares, which include Matching Shares granted under the aforementioned extraordinary compensation grant, may be allocated at the time of vesting.

The theoretical market value of the LTIP has been estimated at approximately DKK 42.8 million based on a Monte Carlo simulation with a four-year volatility estimate of 55.9% and an expected dividend yield of 0%. This implies an expected number of Performance Shares to be allocated of approximately 130,000.

For additional information, please contact

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About Orphazyme A/S

Orphazyme is a biopharmaceutical company pioneering the Heat-Shock Protein response for the treatment of neurodegenerative orphan diseases. The company is focused on developing therapies for diseases caused by protein misfolding, protein aggregation, and lysosomal dysfunction. Arimoclomol, the company's lead candidate, is in clinical development for four orphan diseases: Niemann-Pick disease Type C (NPC), Gaucher Disease, sporadic Inclusion Body Myositis (sIBM), and Amyotrophic Lateral Sclerosis (ALS). The Denmark-based company is listed on Nasdaq Copenhagen (ORPHA.CO). For more information, please visit www.orphazyme.com.

Forward-looking statement

This company announcement may contain certain forward-looking statements. Although the Company believes its expectations are based on reasonable assumptions, all statements other than statements of historical fact included in this company announcement about future events, including the clinical development and potential benefits of arimoclomol for Gaucher disease, NPC, sIBM and ALS, are subject to (i) change without notice and (ii) factors beyond the Company's control. These statements may include, without limitation, any statements preceded by, followed by, or including words such as "target," "believe," "expect," "aim," "intend," "may," "anticipate," "estimate," "plan," "project," "will," "can have," "likely," "should," "would," "could", and other words and terms of similar meaning or the negative thereof . Forward-looking statements are subject to inherent risks and uncertainties beyond the Company's control that could cause the Company's actual results, performance, or achievements to be materially different from the expected results, performance, or achievements expressed or implied by such forward-looking statements. Except as required by law, the Company assumes no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.