ANNUAL REPORT
2023

Orphazyme A/S
Company registration no.: 32266355
Lyskær 8A, DK-2730
Herlev, Denmark

Contents

Management Review

State of Business

In February 2022, Orphazyme announced that it had been notified by the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) of a negative trend vote as part of the ongoing review of the Marketing Authorisation Application (MAA) for its investigational product candidate, arimoclomol, for the treatment of Niemann-Pick disease type C (NPC).

In May 2022, the Company announced that it had signed an agreement to sell substantially all of the Company's assets and business activities, including those relating to the development and approval of arimoclomol and the full claw back liability related to the French early access program, to Zevra Denmark A/S, a wholly owned subsidiary of Zevra Inc. now known as Zevra Therapeutics (Zevra) for a total of USD 12.8 million in cash and assumed liabilities estimated to equal approximately USD 5.2 million (the Sale of Assets). Under the terms of the agreement, Zevra agreed to acquire substantially all of Orphazyme's assets and business activities, including those relating to the development and approval of arimoclomol, retain a majority of Orphazyme's remaining Danish employees, continue the early access programs with arimoclomol and pursue the potential approval of arimoclomol as a treatment option for NPC.

Since the Sale of Assets, the focus has been to ensure the smooth transition of assets to Zevra. Further, the Company has also continued to assist its legal representatives with a putative class action lawsuit in the United States.

In 2022, the business operations and activities that were part of the Sale of Assets agreement with Zevra were reclassified as discontinued operations, but in 2023 all activities and financials are considered related to continuing operations.

At the Annual General Meeting in May 2023, the Board of Directors withdraw their positions and was replaced by Michael Hove (Chairman), Jakob Have and Jakob Bendtsen as board members. In May 2023, it was announced that the board of directors and CEO/CFO Anders Fink Vadsholt had entered into a severance agreement pursuant to which Mr. Vadsholt would step down as CEO/CFO of the Company end of September 2023, at which point it was announced that the Company had signed an CEO agreement with Jakob Bendtsen as the new CEO of the company. Jakob Bendtsen is also continuing in his role as board member.

On July 9, 2021, a putative class action lawsuit was filed against the Company and certain of its current and former directors and officers in the United States District Court for the Northern District of Illinois. The lawsuit alleged that certain representations about arimoclomol in the Company's U.S. IPO offering documents and in subsequent public statements were false and misleading, in violations of U.S. securities. While the Management at the time did not believe the class action lawsuit claims had any merit, the Company decided, for cost control reasons and because of the risks inherent in any litigation, to engage in settlement discussions.

In May 2023, Orphazyme agreed with the plaintiffs on the US Security class action case to settle the case by Orphazyme paying a settlement amount. A written settlement document was filed by the parties to the Court which was approved in October 2023. Following the approval there has been a general 100-day objection period, where the consortia behind the class action could object to the settlement amount. The court did not receive any objections and the case was finally closed early February 2024. The settlement amount was USD 2,5 million of which USD 0,5 million was covered by insurance leaving a net amount of USD 2 million which was paid in November 2023.

The Company is in process to liquidate its subsidiaries in US and Switzerland and expect that the liquidation will be finalized in H1 2024. Following these liquidations, the Company will only consist of the Danish parent company.

The final parts of the remaining activities have been handed over to Zevra, however the Company believes it is entitled to receive additional compensation for expenses incurred in the level of DKK 4.5 million. The company is currently investigating options to recover the amount from Zevra.

The Company has carried out a number of initiatives to strengthen the capital structure and liquidity of the Company which includes a reverse stock split and capital reductions during November 2023 until January 2024.

Please see Company Announcement 2/2024 for more information. The Company is still considering further initiatives to strengthen the capital structure including raising new capital.

The Board has evaluated the Company's position, cash holdings and purpose and, as an extension of this, has decided that the primary strategy going forward for the company will be to successively raise capital to become a strategic investor in one or more partnerships and/or enter into a collaboration with either unlisted or listed biotech companies, where the company in partnership with the management will use its skills to develop the values in the companies.

Throughout 2023, the board held meetings with various companies with a view to carrying out investments in biotech activities, including potential to entering into partnerships or collaboration with other companies where the Company could become a strategic co-owner. In February 2024 the Company announced the first investment in the Swedish listed company CombiGene AB via the purchase of 10 % of the shares in the company.

The strategy will continuously require capital, and it may also be possible to issue new shares in Orphazyme as part of the payment that must be invested to become an active co-owner/partner in the selected companies.

It is the board's preliminary assessment that this will best enable us to create value for the company's shareholders.

Key Figures & Ratios

TDKK	**2023**	**2022**	**2021**	**2020**	**2019**
Operating Loss	(27,041)	(41,241)	(83,472)	(608,534)	(335,954)
Net Financial income/expense	993	193	37	(26,627)	(7,043)
Net Loss from continuing operations	(26,048)	(38,312)	(78,495)	-	-
Net result from discontinued operations	-	64,382	(548,044)	-	-
Net result for the period	(26,048)	26,070	(626,539)	(633,246)	(337,497)
Total comprehensive profit/ loss	(26,048)	25,165	(626,841)	(632,641)	(337,430)
Total profit/loss per share, basic (DKK)	(738)	713	(17,934)	(22,187)	(16,884)
Total non-current assets	-	-	14,285	38,829	32,529
Cash	11,269	42,464	102,255	726,929	123,588
Other current assets	8,043	15,658	56,689	56,735	19,137
Total assets	19,312	58,122	173,229	822,493	180,754
Share capital	12,283	35,312	34,952	34,698	19,984
Total equity	14,242	41,667	9,339	620,525	52,969
Total current liabilities	5,070	16,357	129,092	166,627	65,988
Cash flow from operating activities	(23,870)	(117,945)	(602,571)	(539,076)	(326,818)
Cash flow from investing activities	(6,944)	90,347	46	(5,101)	(3,285)
Cash flow from financing activities	(685)	(35,078)	(30,344)	1,159,422	58,939
Net cash flow from discontinued operations	-	32,862	(549,447)	-	-
Share Price (DKK)[1]	1,330	888	17,160	67,100	72,400
Total outstanding shares[1]	35,312	35,312	34,952	28,514	19,985
Market capitalization (MDKK)[2]	47.0	31.1	600	1,913	1,447
Equity ratio[3]	74%	68%	5%	75%	29%
Equity per share (DKK)[4]	403	1,180	267	21,762	2,650
Average number of employees	1	21	130	117	74
Number employees at year end	1	1	62	141	86

(1) Comparison figures for total outstanding shares and share price for 2019-2022 is adjusted for the reverse stock split in November 2023. (2) Market cap is calculated as the share price multiplied with the total outstanding shares as of the balance sheet date; (3) Equity ratio is calculated as the equity divided by the total assets as of the balance sheet date; (4) Equity per share is calculated as the total equity divided by the total outstanding shares as of the balance sheet date.

Key figures & ratios for 2022 and 2021 are presented with a split of continuing and discontinued operations for P&L and cash flow to reflect restructuring and the Zevra transaction. 2020 and 2019 figures have not been restated since they represent a significantly different stage of the business and such presentation is not meaningful to an understanding of Orphazyme's current business.

2023 Financial Review

Income statement

The net result for the full year ended December 31, 2023 was an operating loss of DKK 26.0 million compared to a net operating loss of DKK 38.3 million for the same period in 2022 from continuing operations.

The operational loss for 2023 was realized at DKK 27.0 million which is marginally better than our previously communicated outlook of a loss of DKK 30 – 35 million for the period.

General and administrative (G&A) expenses totaled DKK 27.0 million in 2023, a reduction of approx. DKK 14.2 million compared to the prior year (DKK 41.2 million in 2022). G&A expenses include costs associated with employees and Board of Directors, service providers and external assistance, legal and technology expenses. The difference primarily relates to lower costs in 2023 following the Sale of Assets to Zevra. G&A expenses from discontinued operations were DKK 59.5 million for the year ended December 31, 2022.

Net financial income for the financial period ended December 31, 2023, was DKK 690 thousand compared to DKK 185 thousand for the same period in 2022. Net financial items from discontinued operations were an expense of DKK 5.0 million in 2022.

Income tax was DKK 0 million compared to DKK 2.8 million in the same period in 2022 which included income tax benefits related to tax credits for R&D expenses at the applicable tax rate under the Danish Corporate Income Tax Act, which is no longer relevant for the Company due to the limited activities.

Statement of financial position

As of December 31, 2023, Orphazyme held cash of DKK 11.3 million as compared to DKK 38.9 million as of December 31, 2022. The cash position is marginally better than our previously communicated outlook for cash of DKK 6 – 10 million.

As of December 31, 2023, total equity amounted to DKK 14.2 million compared to DKK 41.0 million as of December 31, 2022.

Cash flows

Net cash flow from operating activities amounted to an outflow of DKK 23.9 million for the full year ended December 31, 2023, compared to an outflow of DKK 102.6 million for the same period in 2022. Net cash flow from discontinued operating activities was an outflow of DKK 43.0 million in 2022.

Net cash flow from investing activities amounted to an outflow of DKK 6.9 million in 2023 (cash inflow of DKK 90.3 million in 2022).

Net cash flow from financing activities amounted to an outflow of DKK 0.7 million in 2023 compared to an outflow of DKK 35.1 million in 2022.

Outlook

For the full-year 2024 we anticipate an operating loss in the range of DKK 3 – 4 million. There are inherent risks and uncertainties in our Outlook for 2024 including the limited nature of our business activities, potential investments and our future prospects.

Shareholder Information

Orphazyme's shares are listed on Nasdaq Copenhagen (since November 16, 2017) under the ticker symbol ORPHA.

We conduct our communications in accordance with the applicable rules and regulations required under Danish, and EU laws, including as set forth by the Danish Financial Supervisory Authority.

As of December 31, 2023, Orphazyme has a total share capital of nominally DKK 12,283,333 divided into 35,312 shares and representing a total of 35,312 voting rights.

At the company's extraordinary general assembly on November 2, 2023, it was decided to implement a reverse share split at a consolidation ratio of 1.000:1. The reverse stock split reduced the number of shares in the company so 1.000 current shares at a nominal value of 1 DKK was consolidated to 1 new share at a nominal value of 1.000 DKK.

At an extraordinary general meeting on 30 November, 2023, it was adopted to lower the nominal value per share from DKK 1,000 to DKK 150. A nominal value per share below the share price after the reverse stock split takes effect will enable the board of directors with various options to optimize the capital structure of the company under its current authorizations.

At the same extraordinary general it was also adopted to reduce the share capital with a total nominal value of DKK 30,015,200, which included a reduction of nominal DKK 23,028,667 for the purpose of covering losses and a reduction of nominal DKK 6,986,533 for the purpose of transfers to a special reserve.

The reduction of DKK 6,986,533 did not take effect before January 9, 2024, after a four week proclamation period.

As of December 31, 2023, the Company had approximately 1,984 registered shareholders. The Company has limited ongoing operational business activities and, as of the date of this annual report, does not expect to make dividend payments within the foreseeable future.

As of the publication of this Annual Report the Company has the below major shareholders:

- MH Investment ApS, Dyrehavevej 47, 2930 Klampenborg owns 5,482 shares representing 15.52% of total share capital.
- Nordic Compound Invest A/S, Annexstræde 6, 2500 Valby owns 5,482 shares representing 15.52% of total share capital.
- Færch B Holding ApS, Stengårds Alle 243, 2860 Søborg owns 3,012 shares representing 8.53% of total share capital.
- LSP V Cooperatieve U.A., Johannes Vermeer, Plein 9, 1071 DV Amsterdam, Netherlands owns 2,426 shares representing 6.87% of total share capital.

Corporate Governance

Orphazyme is committed to ensuring transparent and good corporate governance. As a Danish company listed on Nasdaq Copenhagen, Orphazyme is subject to the Danish Recommendations on Corporate Governance. The Recommendations on Corporate Governance are best practice guidelines for the management of companies admitted to trading on a regulated market.

Orphazyme complies with the Recommendations on Corporate Governance where deemed relevant given Orphazyme's current situation and focus.

Orphazyme's corporate governance statement includes Orphazyme's position on the Recommendation on Corporate Governance as well as a complete list of the Company's comments to recommendations that the Company opted to deviate from.The corporate governance statement is available under "Corporate Governance" in the *Investors & Media* section of our website: investors.orphazyme.com/corporate-governance.

Board of Directors

The Board of Directors is responsible for the overall management and strategic direction of Orphazyme's business and operations and it supervises the Company's activities, management, and organization. The Board of Directors appoints and dismisses the members of the Executive Management, who are responsible for the day-to-day management of the Company.

The Board has chosen that the functions of the Audit Committee are exercised by the entire board of directors with Jakob Have as Chairman of the Audit Committee.

Meetings

The Board of Directors normally holds at least five regular meetings annually, including a strategy review, plus ad-hoc meetings as required. Extraordinary board meetings are convened by the Chairman when necessary or when requested by a member of the Board of Directors, a member of the Executive Management, or by the Company's auditor. There was a high frequency of meetings in 2023 due to the change in management, initiatives to strengthen the capital structure of the Company and US lawsuit. The Board of Directors forms a quorum when more than half of its members are represented, including the Chairman. Resolutions of the Board of Directors are passed by a simple majority of the votes present at the meeting. In the event of equal votes, the Chairman shall have the casting vote.

The members of the Board of Directors elected by the general meeting are elected for a term of one year. Members of the Board of Directors may be re-elected.

Orphazyme Board of Directors

Name	Position	Independent (1)	Year of first appointment	Expiration of term
Michael Hove	Chairman	Independent	2023	2024
Jakob Have	Member	Independent	2023	2024
Jakob Bendtsen	Member	Not Independent	2023	2024

(1) According to the Danish Recommendations on Corporate Governance at least half of the members of the Board of Directors should be independent.

Internal controls and financial reporting procedures

The Board of Directors and the Executive Management are responsible for risk management and internal controls over its financial reporting and approve general policies in that regard. The Board of Directors is overseeing the reporting process and the most important risks involved in this respect. The Executive Management is responsible for the effectiveness of the internal controls and risk management and for the implementation of such controls aimed at mitigating the risk associated with the financial reporting.

The Board of Directors and Executive Management assess risks on an on-going basis, including risks related to financial reporting, and assess measures to manage, reduce, or eliminate identified risks.

Orphazyme has adopted and defined an internal control framework that identifies key processes, inherent risks, and control procedures in order to secure appropriate accounting processes. The control procedures include a variety of processes in order to prevent any misrepresentation, significant errors, omissions, or fraudulent behavior.

Orphazyme's independent auditors are appointed for a term of one year by the shareholders at the Company's annual general meeting. The Board of Directors assesses the independence and competencies and other matters pertaining to the auditors. The framework for the auditors' compensation and duties, including audit and non-audit tasks, is agreed annually between the Board of Directors and the auditors.

At the company's extraordinary general assembly on November 2, 2023, KPMG P/S was elected as new auditors replacing EY Godkendt Revisionspartnerselskab.

Risk Management

Our financial situation and risks are assessed on an ongoing basis and reported to the Board of Directors. The Company has currently only identified currency risks as relevant for the Company due to the limited ongoing business operations of Orphazyme.

Financial risks may arise from changes in exchange rates. The Company are mostly exposed to foreign exchange movements relating to SEK, USD and EUR.

Corporate Social Responsibility

This section constitutes the Company's statutory reporting according to Section 99a of the Danish Financial Statements Act.

In May 2022, substantially all Orphazyme's assets and business activities were sold to Zevra and we now have limited ongoing operational business activities and employees. Our headquarter is in Copenhagen, and we have non-operating subsidiaries in the U.S. and Switzerland which are expected to be liquidated in 2024.

In light of such limited business operations, Orphazyme's Corporate and Social Responsibility (CSR) risks are considered very limited. Our CSR activities for 2023 were commensurate with the size and limited operations of the Company, though we continued to strive to uphold our values and responsibilities towards society, employees, and our stakeholders. For 2024 we will continue, where possible, to fulfill our CSR obligations as we execute our strategy.

CSR reporting areas

Human Rights

Risk: Very Limited: Orphazyme has limited operations, employees and suppliers.

Actions: Continued to respect internationally declared human rights and did not employ child labor.

Policies in place: Orphazyme acknowledges and supports the maintenance of internationally declared human rights and bases its work on the UN Universal Declaration of Human Rights and the interpretation that it is the responsibility of the State to protect, and the companies' responsibility to respect, these rights. Orphazyme interprets human rights to comprise respect for diversity.

- Diversity policy.
- Whistleblower policy.

Results:

- No diversity related incidents or human rights violations reported in 2023.
- Employee composition: Not meaningful given company structure (One employee as of December 31, 2023; male).
- Leadership: Not meaningful given company structure (One employee as of December 31, 2023; male).
- The Company has set a target of increasing the representation of women on the Board of Directors to 40% by 2026 in accordance with the guidelines from the Danish Business Authority. As at year end 2023 the Board of Directors was comprised of three members, none of which were women.

FuturePlans:

- Continue to support and respect internationally declared human rights and will not employ child labor. Aim to improve Board diversity in the future, subject to expansion of current business operations.

Anti-Corruption & Bribery

Risk: Very Limited: We do not tolerate the use of bribery or corruption to achieve business objectives. Given that we have limited operations, employees and suppliers our anti-corruption and bribery risk is very limited.

Actions: The Company is committed to maintaining the highest standards of conduct and will not tolerate the use of bribery or corruption to achieve its business objectives.

- Anti-corruption and bribery training conducted when employees start.
- Legal & Compliance training refreshers, including anti-corruption and bribery

Policies in place: Our policies on bribery and corruption are clearly set out in our anti-corruption policy and our employee handbook.

Results: No bribery and corruption violations identified or reported in 2023.

Future Plans: Continue to maintain the highest standards of conduct and not tolerate the use of bribery or corruption to achieve business objectives.

Environment & Climate

Risk: Very limited: We have a very limited number of employees, minimal physical office presence and use external suppliers for certain activities such as administration, finance and legal activities which we believe have a low potential risk for impact on the environment & climate.

Actions: Followed established procedures both during use and at disposal of hazardous substances.

Policies in place: Considering the business of the Company, and its limited operations and employees, Orphazyme's general potential impact on the environment and climate and the impact of the climate on Orphazyme's business is viewed as minimal. Applicable rules and procedures were followed regarding the use of hazardous substances (no longer relevant due to closure of our laboratory space early in 2022) and we continue to endeavor to protect the environment and climate through mindful business practices such as, e.g. careful use of office materials and energy consumption.

Results:

- Continued to keep records of all accidents in 2023.
- Recorded no records of spill of hazardous substances
- Continued to focus on efficient energy use and management of office materials in 2023.

Future Plans: Orphazyme is no longer active in research and development activities and further with only limited operating activities, employees and suppliers focusing on administration, finance and legal activities, the general potential impact on the environment and climate and the impact of the environment and climate on Orphazyme's business is viewed as minimal. We will continue to endeavor to protect the environment and climate through mindful business practices such as, e.g. careful use of office materials and energy consumption.

Social / Employees

Risk: Very Limited: As of December 31, 2023, Orphazyme had only one employee. The company continues to value diversity in gender, age, ethnicity, nationality, religion, education, sexual orientation, work history, perspectives, opinions, and skills at all levels of our business however given its limited employees it currently does not have a diverse workforce. Further, the Company's limited operations, such as office space and support network, could impact the working conditions of remaining employees.

Actions: The health and safety of our employees is of utmost importance and Orphazyme continually works to ensure that all systems and processes meet strict international standards. Continued to foster an open, trusting and inclusive workplace committed to freedom from discrimination, harassment, and bullying.

Policies in place: Diversity Policy as well as Health and Safety Policies.

Results: Established a resilient culture centered on trust and collaboration.

Future Plans: As of the date of this annual report, the Company has limited ongoing business activities and only one employee. Our future social / employee activities will be commensurate with the size and limited operations of the Company. We will continue to strive to uphold our values and responsibilities and promote a healthy, diverse and inclusive workplace, as we execute our strategy.

Data Ethics

We currently do not have a data ethics policy. Given the Company has limited operational business activities, it is no longer an integrated part of the Company's business strategy or activities to process data or use algorithms for data analysis in connection with clinical trials, etc. However, our practices will be evaluated on an ongoing basis in order to ensure they align with the statutory requirements set forth in Section 99d of the Danish Financial Statements Act.

Diversity in Management Positions

Given the size of our workforce with only one employee, it is not meaningful to set out diversity figures nor is it required in accordance with the Danish Companies Act. This is also the case for the information requirements in section 107 d in the Danish Companies Act.

Due to the evolution of the business, there were only three Board members at the end of 2023, all of which were men. The company remains committed to promoting a diverse and inclusive workplace and has therefore set a target of increasing the representation of women on the Board of Directors to 40% by 2026 in accordance with the guidelines from the Danish Business Authority.

	2023
Board of directors	
Total number of members	3
Underrepresented gender in %	0%
Target figure in % Net result from discontinued operations	40%
Year of target fulfilment	2026
Other Management levels	
Total number of members (all male)	1

Board of Directors

Michael Hove, Chairman of the Board

- Member since: 2023
- Born in: 1971
- Nationality: Danish

Special competencies: Strategy, Capital structure, MA-competences and turn-around of companies.

Michael Hove holds a bachelor at CBS from 1995 and several degrees in management.

Current positions: CEO MH Investment ApS, CEO Scandinavian Investment Company A/S, Chairman Antique 89 Invest A/S. Large investor/advisor in a number of listed companies.

Jakob Have

- Member since: 2023
- Born in: 1981
- Nationality: Danish
- Committees: Audit (Chair)

Special competencies: Capital markets, accounting and financial management, tax and M&A.

Jakob Have has previous experience from positions at various listed companies and holds a cand.merc.aud from 2007.

Current positions: Jakob Have is currently member of the executive management of Nordic Compound Invest A/S, Nordic Compound Management A/S and Nordic Compound A/S and a board member of Scandinavian Medical Solutions A/S, Scandinavian Investment Company A/S, Nordic Compound A/S and Nordic Compound Management A/S.

Jakob Bendtsen

- Member since: 2023
- Born in: 1978
- Nationality: Danish

Special competencies: Compliance, accounting, financial management, tax and M&A.

Jakob Bendtsen has previous experience from positions at various listed companies and as external consultant and advisor and holds a cand.merc.aud from 2004.

Current positions: Jakob Bendtsen is currently member of the executive management of Færch Family Invest and Consulting ApS, Cewijo ApS, Færch B Holding ApS, Færch Ejendomsservice ApS and Accounti ApS. Further, Jakob Færch Bendtsen is a member of the board of directors of Nordic Compound Invest A/S.

Executive Management

Jakob Bendtsen, Chief Executive Officer

Jakob Bendtsen took the position of Chief Executive Officer, in addition to his role as Board Member, October 1, 2023.

Corporate information

Annual Report

This annual report will be available on www.orphazyme.com and printed copies are available upon request.

Annual General Meeting

Information about our Annual General Meeting can be found in the section for Investors & Media at www.orphazyme.com under *Investors* and *General Meetings*.

Financial Statements

2023 Financial Statements

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended December 31

DKK 000, except per share and share data	**Note**	**2023**	**2022**
General and administrative expenses	2.3	(27,041)	(41,241)
Operating loss		**(27,041)**	**(41,241)**
Financial income	2.6	993	185
Financial expenses	2.6	—	—
Loss before tax		**(26,048)**	**(41,056)**
Income tax benefit	2.7	—	2,750
Loss from continuing operations		**(26,048)**	**(38,306)**
Net result from discontinued operations	1.7	—	73,378
Net result for the year		**(26,048)**	**35,072**
Items that will be reclassified subsequently to the Statement of Profit or Loss:			
Exchange difference from translation of foreign operations		-	(141)
Other comprehensive profit/loss		**-**	**(141)**
Total comprehensive profit/loss		**(26,048)**	**34,931**
Weighted-average shares outstanding		35,312	35,269
Weighted-average shares outstanding, dilutive		35,518	35,269
Profit/ loss per share from continuing operations, (DKK)		(738)	(1,086)
Profit/ loss per share from discontinuing operations, (DKK)		—	2,081
Profit/ loss per share, basic (DKK)	4.3	(738)	995
Profit/ loss per share, diluted (DKK)	4.3	(733)	995

STATEMENTS OF FINANCIAL POSITION

As of December 31,

DKK 000 **ASSETS**	**Note**	**2023**	**2022**
Current assets			
Corporation tax receivable	2.8	—	5,500
Trade receivables	3.5	—	4,103
Prepayments and other receivables	3.4	1,099	8,305
Securities	3.7	6,944	—
Cash	3.7	11,269	38,918
Total current assets		**19,312**	**56,826**
Total assets		**19,312**	**56,826**

EQUITY AND LIABILITIES	**Note**	**2023**	**2022**
Equity			
Share capital	4.2	12,283	35,312
Share premium		—	2,087,437
Other reserves		—	(303)
Retained earnings		1,959	(2,081,472)
Total equity		**14,242**	**40,974**
Non-current liabilities			
Other non-current liabilities	3.6	—	98
Total non-current liabilities		**—**	**98**
Current liabilities			
Trade payables and accruals	3.6	5,070	9,206
Discount and rebate liabilities	3.6	—	4,457
Other liabilities	3.6	—	2,090
Total current liabilities		**5,070**	**15,753**
Total equity and liabilities		**19,312**	**56,826**

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

DKK 000	Share capital	Share premium	Foreign currency transla. reserve	Share-based compensation – acquisition of intangible assets	Accumulated Deficit	Total
Balance as of December 31, 2021	**34,952**	**2,082,487**	**(167)**	**2,486**	**(2,120,884)**	**(1,121)**
Net loss for the year	—	—	—	—	35,072	35,072
Other comprehensive income	—	—	(141)	—	—	(141)
Total other comprehensive income (loss)	**—**	**—**	**(141)**	**—**	**35,072**	**34,931**
Transactions with owners:						
Capital increase	360	5,091	—	—	—	5,451
Transaction cost related to capital increase		(141)	—	—	—	(141)
Reserve for bonus shares reversed	—	—	—	(2,486)	2,486	—
Share-based compensation expense	—	—	—	—	1,853	1,853
Total transactions with owners	**360**	**4,950**	**—**	**(2,486)**	**4,339**	**7,163**
Balance as of December 31, 2022	**35,312**	**2,087,437**	**(303)**	—	**(2,081,472)**	**40,974**
Total other comprehensive income (loss)	**—**	—	**—**	—	**(26,048)**	**(26,048)**
Reclassification	—	—	303	—	(303)	—
Transactions with owners:						
Purchase and sale of shares	—	—	—	—	(684)	(684)
Capital reduction	(23,029)	—	—	—	23,029	—
Reclassification	—	(2,087,437)	—	—	2,087,437	—
Total transactions with owners	**(23,029)**	**(2,087,437)**	—	—	**2,109,782**	**(684)**
Balance as of December 31, 2023	**12,283**	—	—	—	**1,959**	**14,242**

STATEMENTS OF CASH FLOWS

For the years ended December 31,

DKK 000	Note	2023	2022
Operating result from continuing operations		(27,041)	(41,241)
Operating result from discontinuing operations		—	(67,278)
Adjustments to reconcile operating result to cash flows from operating activities:			
Equity-settled share-based compensation expense	2.5	—	1,773
Depreciation and amortization	2.2,2.3	—	782
Change in prepayments, deposits, and other receivables	3.4, 3.5	7,125	41,393
Change in trade payables, accruals, and other liabilities	3.6	(10,124)	(37,889)
Change in intercompany receivables		4,183	1,117
Change in intercompany payables		(657)	(7,794)
Corporation taxes received		5,500	5,500
Interest received		993	185
Interest paid		—	(1,064)
Cash flow from operating activities		**(20,021)**	**(117,945)**
Investing activities			
Proceeds from sale of property, plant and equipment		—	1,460
Proceeds from sale of activity	1.7	—	88,887
Purchase of securities		(6,944)	—
Cash flow from investing activities		**(6,944)**	**90,347**
Financing activities			
Repayment of borrowings		—	(39,155)
Repayment of lease obligations	3.2	—	(1,233)
Proceeds from issuance of shares		—	5,451
Purchase of shares in connection with reverse stock split		(3,020)	—
Sale of shares		2,335	—
Transaction cost related to issuance of shares		—	(141)
Cash flow from financing activities		**(685)**	**(35,078)**
Net change in cash and cash equivalents		**(27,650)**	**(47,298)**
Effects of changes in exchange rates		1	523
Cash at the beginning of the year		38,918	85,692
Cash at the end of the year		**11,269**	**38,918**

Notes to Financial Statements

SECTION 1 Basis of preparation and significant accounting policies

1.1 CORPORATE INFORMATION

Orphazyme A/S (the "Company") is headquartered in Copenhagen, Denmark and is publicly traded on Nasdaq Copenhagen.

In April 2018, a wholly-owned subsidiary, Orphazyme U.S., Inc., was incorporated in Delaware, USA and in March 2020, a wholly-owned subsidiary, Orphazyme Schweiz GmbH, was incorporated in Zug, Switzerland (together with Orphazyme A/S, "Orphazyme" or "the Company"). These companies are currently in the process of being dissolved by solvent liquidations.

Orphazyme was previously involved in the research and development of novel therapeutics for the treatment of neurodegenerative rare diseases. In May 2022, Orphazyme sold substantially all of its assets and business activities to Zevra who retained all of Orphazyme's remaining Danish employees. The disposed assets and business activities were presented as discontinued operations in 2022.

As of the date of publication of this annual report, Orphazyme has defined a new strategy and has currently entered into a strategic partnership with the Swedish listed company CombiGene AB.

These financial statements were approved and authorized for issuance by the Board of Directors on March 27, 2024.

1.2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirements of the Danish Financial Statements Act.

The financial statements have been prepared on a going concern basis and are presented in Danish Kroner, or DKK, which is both the functional and presentation currency of the Company. Where indicated, amounts are rounded to the nearest thousand.

The financial statements are prepared based on the concept of materiality, which considers both quantitative and qualitative factors. Items that are considered individually significant or are required under the minimum presentation requirements of IFRS are presented separately. If items are individually immaterial, they are aggregated with other items of similar nature in the financial statements or in the notes.

1.3 SIGNIFICANT ACCOUNTING POLICIES

A detailed description of accounting policies and significant accounting estimates and judgements related to specific financial statement line items is presented in each note to the relevant line item. The financial statements have been prepared on a historical cost basis except for share-based compensation and securities, which is measured at fair value.

Principles of consolidation

The financial statements include the financial statements of the parent company, Orphazyme A/S (the "Parent Company"), Orphazyme US, Inc. and Orphazyme Schweiz GmbH, fully-owned subsidiaries over which the Parent Company has control.

Pursuant to the exemption clause for the Group in section 110 of the Danish Financial Statements Act, the annual report of Orphazyme A/S does not comprise consolidated financial statements.

Management determined that the Group falls into the reporting Class B in the financial year 2023 and 2022 applying the size limits per the Danish Financial Statements Act.

Translation of foreign currencies

On initial recognition, transactions denominated in foreign currencies are recorded using the foreign exchange spot rate at the transaction date. For monetary assets and liabilities, differences arising between the foreign exchange spot rates at the transaction date and the date of settlement or period-end exchange rates are recognized in the Statement of Profit or Loss as financial income or financial expenses.

Statement of cash flows

The statement of cash flows is presented using the indirect method and shows cash flows resulting from operating activities, investing activities, financing activities, and the cash at the beginning and end of the year, including any effects of exchange rate changes.

Cash flows used in operating activities converts items in the Statement of Profit or Loss from the accrual basis of accounting to the cash basis of accounting. Non-cash items such as foreign exchange gains and losses, depreciation, amortization, and changes in working capital are reversed from the net result for the year and actual cash receipts and payments are included.

Cash flows from investing activities shows payments related primarily to the purchase of licenses and property, plant, and equipment and sale of activity.

Cash flows from financing activities shows proceeds from share issuance, borrowings, net of transaction costs, repayment of debt, and lease payments.

Discontinued operations

Discontinued operations in 2022 are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in Note 1.7. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Segment information

The Company is managed and operated as one business unit that is reflected in the internal reporting. No separate lines of business or separate business entities have been identified with respect to any product candidate or geographical market and no segment information is currently disclosed in the internal reporting.

1.4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The use of reasonable estimates and judgements is an essential part of the preparation of the financial statements. Given the uncertainties inherent in the Company's business activities, Management must make certain significant accounting estimates and judgements, which affect the application of accounting policies and therefore the reported amounts of assets, liabilities, expenses, and disclosures in the consolidated financial statements and parent company financial statements. The significant accounting estimates and judgements identified are those that have a significant risk of resulting in a material adjustment to the financial statements.

Management bases its estimates on historical experience, assumptions, and information currently available and deemed to be reasonable at the time the financial statements are prepared. However, actual amounts may differ from the estimated amounts as more detailed information becomes available. Estimates and assumptions are reviewed on an ongoing basis and, if necessary, changes are recognized in the period in which the estimate is revised. Management has made significant accounting estimates and judgements in the following areas, which are further presented in each note to the relevant financial statement line items:

- Estimate of inputs and assumptions used in share-based compensation valuation models (Note 2.5)
- Judgement regarding the recognition of deferred tax assets related to taxable losses to be carried forward (Note 2.7)

Please refer to the specific referenced notes for further information on the significant accounting estimates and judgements as well as assumptions applied.

1.5 NEW IFRS STANDARDS APPLICABLE TO THE COMPANY

The Company has implemented the standards and amendments that are effective for the financial year 2023. The new standards and amendments have not affected the Company's recognition or measurement for 2023, nor are they expected to have significant future impact.

The IASB has issued a number of new standards and updated some existing standards, which are effective for accounting periods beginning January 1, 2024 or later. Therefore, they are not incorporated in these financial statements. There are no standards presently known that are not yet effective and that would be expected to have a material impact on our current or future reporting periods.

1.6 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In May 2023, Orphazyme agreed with the plaintiffs on the US Security class action case to settle the case by Orphazyme paying a settlement amount. A written settlement document was filed by the parties to the Court which was approved in October 2023. Following the approval there has been a general 100-day objection period, where the consortia behind the class action could object to the settlement amount. The court did not receive any objections and the case was finally closed early February 2024. The settlement amount was USD 2,5 million of which USD 0,5 million was covered by insurance leaving a net amount of USD 2 million which was already paid in November 2023.

No other significant events after the reporting period to disclose.

1.7 DISCONTINUED OPERATIONS AND DISPOSALS COMPANY HELD FOR SALE

In May 2022, Orphazyme announced that it had signed an agreement to sell substantially all of the Company's assets and business activities, including those relating to the development and approval of arimoclomol and the full claw back liability related to the French early access program, to Zevra.

The Sale of Assets agreement for a total of USD 12.8 million in cash and assumed liabilities estimated to equal approximately USD 5.2 million (the Sale of Assets). Under the terms of the agreement, Zevra agreed to also retain a majority of Orphazyme's employees.

The business operations and activities that were part of the Sale of Assets agreement with Zevra have been reclassified as discontinued operations in 2022 -, which is presented below-. The net result related to the above-mentioned operations held for sale are therefore presented separately in the income statement and the statement of cash flows.

Judgement regarding management's accounting for discontinued operations

Significant judgment is required to determine the presentation of discontinued operations in profit and loss and cash flow, for both the current and prior year. Management has done the judgement based on the Purchase agreement from the sale of assets to Zevra.

Substantially all of Orphazyme's assets and business activities was sold to Zevra (the "Sale of Assets") on an "as-is" basis and there have not been given any substantial representations or warranties in favor of Zevra. While the management are not aware of any outstanding matters that would reasonably form a basis for a claim related to the Sale of Assets, if the Company become subject to liability based upon our contractual obligations to Zevra or otherwise, it could have a material adverse effect on our financial position.

Net result and net cash flow from operations held for sale and assets and liabilities in disposal Company held for sale are specified below:

For the years ended December 31,

DKK 000	Note	2023	2022
Net revenue	2.1	**-**	**17,867**
Research and development expenses	2.2	-	(36,660)
General and administrative expenses	2.3	-	(48,485)
Operating loss		**-**	**(67,278)**
Financial income	2.6	-	4,106
Financial expenses	2.6	-	(9,116)
Loss before tax		**-**	**(72,288)**
Income tax benefit	2.7	-	—
Net result for the period		**-**	**(72,288)**
Gain from disposal of assets and liabilities held for sale		-	145,666
Net result from discontinued operations		**-**	**73,378**

DKK 000	Note	2023	2022
Cash flow from operating activities		-	(6,973)
Cash flow from investing activities		-	90,347
Cash flow from financing activities		-	(40,388)
Net cash flow from operations held for sale		**-**	**42,986**

Gain on disposal/carrying amount of disposed assets

DKK 000	Note	2023	2022
Carrying values of intangible assets		-	1,603
Carrying values of property, plan and equipment		-	134
Carrying values of liabilities		-	(58,370)
Carrying values of assets and liabilities		**-**	(56,633)
Gain on disposal – net		-	145,520
Gain on disposal		**-**	145,520
Net cash inflow from disposal of business		**-**	88,887

2.1 NET REVENUE

§ ACCOUNTING POLICIES

Orphazyme recognizes revenue when fulfilling its performance obligation by transferring control of promised goods or services to its customer, in an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services.

Due to the sale of activities to Zevra in 2022, the Company did not have any revenue in 2023. Net revenue in 2022 comprises revenue from the sale of arimoclomol for the treatment of NPC under the remunerated early access compassionate use program ("nATU") in France. An early access compassionate use program is a program giving specific patients access to a drug, which is not yet approved for commercial sale. Only drugs targeting serious or rare indications and for which there is currently no appropriate treatment are considered for early access compassionate use programs. Further, to be considered for the early access compassionate use program, the drug must have proven efficacy and safety and must either be undergoing price negotiations or seeking marketing approval.

As of June 2022, the remunerated early access compassionate use program ("nATU") in France, was transferred to Zevra as part of the sale of substantially all of the Company's assets and business activities. All revenue is therefore presented as discontinued operations (Note 1.7).

The following table presents net revenue for the years ended December 31:

DKK 000	2023	2022
Revenue by type		
Revenue from sale of goods	–	17,867
Revenue by partner		
Clinigen Health Limited	–	17,867
Geographical areas		
France	–	17,867

2.2 RESEARCH AND DEVELOPMENT EXPENSES

§ ACCOUNTING POLICIES

Research expenses comprise of costs incurred during the very early stages of the drug development cycle from initial drug discovery until the drug is ready for administration to humans.

Research and development expenses include costs arising from research and clinical development activities including employee costs for research and development personnel (i.e. salaries, bonuses, employer contributions to pension schemes, share-based compensation), legal expenses related to the protection, defense and enforcement of the Company's intellectual property, depreciation of right-of-use assets associated with facilities and equipment used for research and development purposes, as well as close down and restructuring costs for clinical trial close-out costs and employee redundancies. The following table presents research and development expenses recognized for the years ended December 31:

DKK 000	2023	2022
External costs	–	18,385
Employee costs (Note 2.4)	–	17,926
Depreciation, amortization and impairment (Notes 3.1, 3.2, 3.3)	–	349
Total research and development expenses	–	**36,660**

External costs comprise mainly expenses related to third party vendors providing services related to our research and development activities and facility costs. Research and development expenses include costs relating to products sold under the French early access compassionate use program.

As of June 2022, all research and development activity were transferred to Zevra as part of the sale of substantially all of the Company's assets and business activities. All research and development expenses are therefore presented as discontinued operations (Note 1.7) in 2022.

As a result of the Sale of Assets in 2022, there are no research and development expenses in 2023.

2.3 GENERAL AND ADMINISTRATIVE EXPENSES

§ ACCOUNTING POLICIES

General and administrative expenses include salaries for our employees working on pre-launch preparation activities as well as administrative employees and Executive Management; remuneration to the Board of Directors; share-based compensation costs related to such employees and the Board; depreciation of right-of-use assets associated with facilities not used for research and development purposes, investor relations, and accounting and legal fees. In addition, we include costs incurred in pre-launch preparation activities such as market access, marketing, and medical affairs in general and administrative expenses, including the costs associated with the Early Access Program for NPC in the U.S., tradename costs, market and pricing studies and related costs.

The following table presents general and administrative expenses for the years ended December 31:

DKK 000	**2023**	**2022**
Intercompany expense	–	8,944
External costs	5,057	59,650
Employee costs (Note 2.5)	7,827	20,699
Settlement of U.S. lawsuit	14,157	–
Depreciation (Notes 3.2 and 3.3)	–	433
Total general and administrative expenses	**27,041**	**89,726**

As of June 2022, general and administrative activity was partly transferred to Zevra as part of the sale of substantially all of the Company's assets and business activities. General and administrative expenses were therefore in 2022 presented as both continued operations, DKK 41.2 million and discontinued operations (Note 1.7), DKK 59.5 million.

2.4 EMPLOYEE COSTS

§ ACCOUNTING POLICIES

Employee costs primarily comprise salaries, bonuses, social security contributions, share-based compensation, vacation and sick leave as well as the employer portion of pension contributions. In addition, severance payments or termination benefits are also included under Employee Costs. The cost of these benefits is recognized as an expense as services are received. All employee pension plans are defined contribution plans and not defined benefit plans.

Employees are eligible to receive a discretionary bonus subject to certain predefined and individual goals as determined by the Board of Directors. Employees are also eligible to receive an extraordinary bonus at the discretion of the Board of Directors.

The following table presents Employee Costs, including remuneration to the Board of Directors and Executive Management, for the years ended December 31, 2023. Refer to note 4.5 for more discussion on remuneration of Board of Directors and Executive Management.

DKK 000 **Employee costs**	**2023**	**2022**
Salaries	5,623	21,488
Cash bonus	—	9,046
Share-based compensation	(310)	1,853
Pension	400	1,588
Other social security contributions	7	108
Other staff costs	258	1,474
Total employee costs excluding board remuneration	**5,978**	**35,557**
Board remuneration (Note 4.5)	1,724	3,148
Board share-based compensation (Note 4.5)	125	(80)
Total employee costs	**7,827**	**38,625**
Recognized as follows in the statement of Profit or Loss		
Research and development expenses (Note 2.2.)	—	17,926
General and administrative expenses	7,827	20,699
Total employee costs	**7,827**	**38,625**
Average number of full-time employees	1	19
Year-end number of full-time employees	1	1

As of June 2022, substantially all of the Company's assets and business activities were transferred to Zevra as part of the sale. Employee costs were in 2022 therefore presented as both continued operations, DKK 10.5 million and discontinued operations (Note 1.7), DKK 36.0 million.

2.5 SHARE-BASED COMPENSATION COSTS

§ ACCOUNTING POLICIES

Equity-settled awards

Shares awarded under the long-term incentive program ("LTIP") are equity-settled awards. The fair value of these awards is determined at the date of grant, resulting in a fixed fair value at grant date that is not adjusted for future changes in the fair value of the awards that may occur over the service period. The fair value of the LTIP awards has been determined using the Black-Scholes or Monte-Carlo model depending on the terms and conditions of the respective award. Further details of the valuation models are presented below.

The fair value of equity-settled awards with service conditions and non-market performance conditions is recognized as compensation expense pro rata over the service period to the extent such awards are estimated to vest. The compensation expense is recognized together with a corresponding increase in equity over the period in which the performance and/or service conditions are fulfilled. The cumulative expense for the Company's share-based compensation awards recognized at each reporting date until the vesting date reflects the extent to which the vesting period has expired and Management's best estimate of the number of instruments that will ultimately vest. The expense or credit in the Statement of Profit or Loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

In the event that equity instruments are granted conditionally upon an equal number of equity instruments granted in prior periods not being exercised, they are treated as a new grant for the current period and a modification of the equity instruments granted in the prior period.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided that the original terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining fair value of the award is expensed immediately in the Statement of Profit or Loss.

Cash-settled awards

The phantom share-based incentive programs established by the Company are settled in cash and are treated as cash-settled awards. Similarly, as the Restricted Share Units (RSU) awards to the board of directors may be settled in cash or in shares at the choice of the participant, they are also treated as cash-settled awards. If the RSUs are ultimately exercised by the holder and settled in equity, the amount accrued as a liability is settled by reversing it into equity.

A liability is recognized for the fair value of cash-settled awards, measured initially and at each reporting date up to and including the settlement date, with changes recognized through profit or loss at each reporting date. The fair value is expensed over the period until vesting date with recognition of a corresponding liability. The fair value is determined using the Monte-Carlo model, further details of which are presented below. The fair value of the cash-settled awards, which vest subject to obtaining a specified share price (i.e. market condition), is reported as compensation expense regardless of whether the share price condition is met if all other vesting conditions are met. For these awards, fair value is determined taking into account the probability of meeting the share price target. No expense is recognized for awards that do not ultimately vest. If the RSUs are finally exercised, the related liability is reclassified as equity.

Summary of share-based compensation 2023

In October 2023, the Company initiated a new share-based incentive program for the Board of Directors. The program comprised Restricted Share Units ("RSUs") 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, against payment of the nominal value of each share. The RSUs will have a vesting period from the date of grant and until approval of the annual report at the annual general meeting in the following calendar year and is therefore aligned with the one-year election period. Vesting of the RSUs is not conditional on any financial performance criteria, however vesting will be conditional upon the Participant's continued membership of the Board of Directors during the entire Vesting Period. The vested RSUs can only be exercised within twelve months after the expiration of the total vesting period. However, the delivery period may be extended to the next open trading window in certain circumstances. The program comprises up to 825 shares in total.

The program in 2023 has a fair value per unit of 304.56, expected volatility of 115.4%, risk-free interest rate of 2.5% and share price of 979 on the grant date.

The fair value of all RSUs was calculated using a Black-Scholes valuation model with the inputs shown in the following table. As the RSUs may be settled in cash, we have re-valued them as of year-end with updated inputs and recognized a cumulative share-based compensation income in the amount of DKK 0.1 million (2022: 0.3 million) and a corresponding short-term liability as of December 31, 2023. The Exercise Period for all 2023 RSUs is one year following full vesting and for valuation purposes we have assumed exercise three months upon full vesting.

The following amounts were recognized as share-based compensation for the years ended December 31

DKK 000	**2023**	**2022**
Share-based compensation included in R&D	—	—
Share-based compensation included in G&A	126	1,773
Total share-based compensation expense recognized	**126**	**1,773**

All descriptions below in the remaining part of this note (2.5 SHARE-BASED COMPENSATION COSTS) relates to prior years programs, which are all lapsed at December 31, 2023. Part of the programs described below were still valid by the end of the comparison year 2022, and hence we have kept the description.

Estimate of inputs and assumptions used in share-based compensation valuation models

All references to share price relate to the Company's share price on Nasdaq Copenhagen.

a) Long-term incentive program (equity-settled)

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").

Under the post-IPO long-term incentive program (2017 LTIP), the Executive Management as well as certain Key Employees of Orphazyme had subscribed to 14,875 ordinary shares (Investment Shares). In 2018, a Key Employee subscribed to 4,300 Investment Shares.

The participants in the 2017 LTIP had the opportunity to 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 should be proportional to the potential increase in the price of Orphazyme's shares at the time of exercise compared to the offer price. Performance Shares was allocated on a linear scale with maximum allocation triggered by an 80% increase in share price, whereas no Performance Shares would be allocated if the price of Orphazyme's shares has increased 20% or less at the end of the vesting period. The vesting period ended in November 2021 with no performance shares granted as the minimum increase of 20% over the vesting period was not met.

In July 2019, the Company initiated a 2019 long-term investment program (2019 LTIP) for the Executive Management and certain Key Employees with the same terms and conditions as the 2017 LTIP, i.e. Matching Shares vesting over one year and Performance Shares vesting over four years, respectively, and vesting among other things also being subject to the participants having maintained ownership of their Investment Shares and continued employment. The maximum number of Performance Shares that can vest in July 2023 as part of the 2019 LTIP is 125,000. The vesting period ended in July 2023 with no performance shares granted as the minimum increase of 20% over the vesting period was not met.

In July 2020, the Company initiated a 2020 long-term investment program (2020 LTIP) for the Executive Management and certain other employees with the same terms and conditions as the 2017 LTIP and the 2019 LTIP. However, in case of termination of a participant's employment and designation as a Good Leaver, the right to receive Matching Shares and Performance Shares will be prorated and calculated through the date of notice of termination. During 2020, awards were granted on four different grant dates shown in the table below. Matching Shares for all awards granted under the 2020 LTIP was fully vested on January 1, 2021. The maximum number of Performance Shares that can vest in January 2024 as part of the 2020 LTIP is 489,757.

In April 2021, the Company initiated a 2021 new long-term share-based incentive program (original 2021 LTIP) for the Executive Management and other employees. The LTIP grants comprise 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 will have a total vesting period of three years (beginning on January 1 or July 1 in 2021) and with one third of the granted RSUs vesting on each January 1 or July 1 in the following three financial years. The PSUs will have a total vesting period of three years (beginning on January 1 or July 1 in 2021) and with the granted PSUs vesting, in whole or in part, on January 1 or July 1 in the third year. Vesting of RSUs is not conditional upon achieving any financial or non-financial targets, whereas vesting of PSUs is conditional upon an increase in the quoted share price of the Company's shares, while vesting of both RSUs and PSUs is conditional upon the participant remaining employed throughout the total vesting period. However, in case of termination of a participant's employment and designation as a Good Leaver, the right to receive vested RSUs or PSUs will be prorated and calculated through the date of release of the Participant's work obligations. The vested RSUs and PSUs can only be exercised within four months after the expiration of the total vesting period. However, the delivery period may be extended to the next open trading window in certain circumstances. The original LTIP were expected to comprise up to 607,460 shares in total.

In October 2021, the Company initiated a modified 2021 long-term share-based incentive program (modified 2021 LTIP) for the Executive Management and other employees. The terms of the modified 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 were reset, calculated based on a share price equal to DKK 31.94 per share, corresponding to the volume weighted average share price of the Company's shares as quoted on Nasdaq Copenhagen during the ten (10) trading days from September 1, 2021. The exercise of the RSUs and PSUs to be granted under the modified LTIP is conditional upon the participant not exercising his or her RSUs or PSUs granted in April 2021, which will subsequently lapse and no longer be exercisable, and are therefore considered replacement equity instruments for the cancelled equity instruments. The fair value of the originally granted RSUs and PSUs at the date of the modification was determined to be DKK 24.72 and DKK 7.70, respectively. The incremental fair value, calculated based on the number of modified awards granted multiplied with the modified unit fair value less the fair value of the original LTIP granted remeasured at the modification date, will be recognised as an expense over the period from the modification date to the end of the vesting period. The expense for the original LTIP grant will continue to be recognised as if the terms had not been modified. In connection with the modified LTIP, the members of Executive Management received an extraordinary grant of RSUs and PSUs corresponding to 100% of the grant under the modified LTIP and on the same terms as the modified LTIP, and the sign-on RSUs granted to the CEO in April 2021 were also reset after the same principles as the modified LTIP but with immediate vesting upon grant. The modified LTIP including the other share-based retention grants to the Executive Management are expected to comprise up to 595,916 shares in total.

No long-term share-based incentive program was announced in 2022 because of the restructuring of the Company and subsequent sale of substantially all of its assets and business activities.

The fair value of RSU awards was estimated using a Black Scholes option valuation model, whereas all other LTIP awards were estimated using a Monte-Carlo simulation model at the respective grant dates, considering the terms and conditions on which the awards were granted.

The risk-free interest rate has been estimated based on Danish government bonds with similar maturities. Since November 2020, expected volatility has been determined based on the Company's own historical volatility, as the Company has been publicly traded for three years. Before November 2020, expected volatility was determined based on the historical volatility of comparable listed companies. The Company does not plan to pay out dividends in the foreseeable future.

The following table presents the fair value of the shares granted in 2021 under each program and the inputs used in the valuation models at the respective grant dates:

Program **Grant date**	**2021 RSU** **Oct 2021** **(modified)**	**2021 PSU** **Oct 2021** **(modified)**	**2021 RSU** **Apr 2021** **(original)**	**2021 PSU** **Apr 2021** **(original)**
Fair value at the measurement date (DKK 000)	24,720	12,560	58,040	20,020
Dividend yield (%)	-	-	-	-
Expected volatility (%)	98.6%	98.6%	55.6%	55.6%
Risk-free interest rate (%)	(0.61%)	(0.61%)	(0.53%)	(0.53%)
Expected life of awards (years)	0.23-2.23	2.23	0.69-2.69	2.69
Weighted average share price (DKK)	25,700	25,700	59,050	59,050

Matching Shares under all of the LTIP programs were fully vested as of January 1, 2021.

The following table presents the weighted average remaining contractual life in years of the Performance Shares of the LTIP awards outstanding at December 31 for the respective year presented. Matching Shares under all of the LTIP programs were fully vested as of January 1, 2021:

	2023	2022
Program		
2020 LTIP	0	1.0
2019 LTIP	0	0.7

The exercise price for each LTIP award outstanding as of December 31, 2022 was DKK 1,000 (2021: DKK 1,000).

The table below summarizes the activity related to the LTIP awards for the years ended December 31:

DKK 000	Executive Management	Key Employees	Total Awards	Awards exercisable
Outstanding at December 31, 2020	**52,865**	**118,686**	**172,488**	**172,488**
Granted	—	—	—	—
Exercised	(52,865)	(118,686)	(172,488)	
Expired	—	—	—	—
Forfeited	—	—	—	—
Outstanding at December 31, 2021	—	—	—	—
Granted	—	—	—	—
Exercised	—	—	—	—
Expired	—	—	—	—
Forfeited	—	—	—	—
Outstanding at December 31, 2022	—	—	—	—

For the year ended December 31, 2023, DKK 0.0 million (2022: DKK 1.9 million) was recognized as compensation expense related to the LTIP awards. Of the total expense, DKK 0.0 million (2022: DKK 1.4 million) is attributed to the Executive Management.

b) Phantom share-based incentive program (cash-settled)

In June 2018, Orphazyme introduced a four-year phantom share-based incentive program (the "2018 Phantom Shares Program") for all employees other than the Executive Management and Key Employees under the LTIP. Programs with similar terms and conditions were initiated in August 2019 (2019 Phantom Shares Program) and December 2020 (2020 Phantom Shares Program), respectively.

The Phantom Shares Programs are based on the share price of the Company and entitles the participants to a cash bonus if there has been an increase of at least 20% in Orphazyme's share price compared to the entry price at the grant date. The Phantom Shares Programs will not have any dilutive effect on the shareholders of Orphazyme as the phantom shares do not constitute or qualify for actual shares in Orphazyme.

The overall objectives of the Phantom Shares Programs are (i) to retain qualified employees, (ii) to create long-term incentive for the participants, and (iii) to align the interests of the employees with those of Orphazyme's shareholders. Each employee participating in the program earns the right to a certain number of phantom shares per month, depending on the employee's position. Subject to any adjustments to the Phantom Shares Programs made by the Board of Directors due to, for example, changes in Orphazyme's share capital structure or other significant events, each employee will be eligible to receive up to a total of 144 or 288 phantom shares under the program. By the end of each calendar year of the four-year program, the participants will have earned phantom shares free of charge.

The entry price per phantom share for the 2018 and 2019 Phantom Programs was DKK 61,000 and for the 2020 Phantom Program was DKK 71,200. The entry prices were calculated on the basis of the volume-weighted average closing price of Orphazyme's share on Nasdaq Copenhagen during a period of 10 trading days prior to the introduction of the respective Phantom Shares Program. The phantom shares will automatically be settled in cash at the end of January 2023 for the 2018 Phantom Shares Program, at the end of January 2024 for the 2019 Phantom Shares Program and at the end of January 2024 for the 2020 Phantom Shares Program by subtracting the entry price per share from the market price per share and multiplying the change by the total number of granted phantom shares, presuming the market-based condition (share price increase by 20%) is met . The market price per share will be based on the volume-weighted average closing price of Orphazyme's shares on Nasdaq Copenhagen during a period of 10 trading days prior to the settlement of the phantom shares. Leavers are entitled to keep already granted phantom shares and will receive a pro-rata grant compared to the time of employment in the applicable granting year.

None of the programs resulted in a payment to the employees due to a large decrease in the share price. As the Phantom Shares Programs are cash-settled, the fair value of the phantom shares granted as part of the program is estimated at each reporting date. For the year ended December 31, 2023, an aggregate amount of DKK 0.0 million (2022: DKK 0.1 million) was recognized as compensation income related to the Phantom Shares Programs, with a corresponding amount recognized as a non-current liability. As per December 31, 2022, the Company had accrued DKK 0.1 million for liabilities related to the 2018-2020 Phantom Shares Programs. The liability was reversed in 2023 corresponding in a DKK 0.1 million income.

c) Restricted Share Units (cash-settled)

According to the terms and conditions of the Restricted Share Units program (RSU), directors may annually be granted a number of RSUs with a value corresponding to up to 50% of the participant's fixed annual base fee as member of the Board of Directors, not including committee membership fees. The value is calculated on the basis of the volume-weighted average share price of Orphazyme's shares as quoted on Nasdaq Copenhagen during the ten trading days preceding the grant date. The RSUs vest from the grant date to the date of the next annual general meeting. 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 the grant date (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 August 2019, Restricted Share Units (2019 RSUs) were granted to members of the Board of Directors. During 2021 certain board members exercised their RSUs. As these RSUs were not cash-settled, the corresponding liability of DKK 35 thousand was reversed into equity and treated as equity-settled. The remaining 1,927 RSUs expired in March 2021 resulting a positive impact on the Statement of Profit or Loss of DKK 38 thousand.

In March 2020, the 2020 RSU program was announced, granting the Board of Directors an aggregate of 15,177 RSUs under similar terms and conditions as the 2019 RSUs. 13,525 RSUs lapsed in 2021 in connection with the exercise of grants under the new 2020-2 RSU program, while 1,652 RSUs expired in 2022. Neither the lapses in 2021 nor the expiry in 2022 had any impact on the Statement of Profit or Loss as Management had assessed that none of the options under the 2020 RSU program would ultimately vest as the grants under the 2020-2 RSU program were more beneficial to exercise for the participants.

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 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 (2020-3 RSU program) were granted to the Chairman of the Board as part of a consultancy agreement (see Note 4.6). The RSUs fully vested on the date of the general meeting in 2021. All RSUs except for 1,927 were exercised in 2021. The remaining 1,927 RSUs expired in March 2022 resulting a positive impact on the Statement of Profit or Loss of DKK 31 thousand.

In May 2021, the 2021 RSU program was announced, granting the Board of Directors an aggregate of 30,450 RSUs under similar terms and conditions as the 2020-1 RSUs. 10,211 and RSUs 8,168 RSUs lapsed during 2022 and 2021, respectively, as the participants resigned from the Board of Directors forfeiting the vesting condition resulting a positive impact on the Statement of Profit or Loss of DKK 180 thousand and 96 thousand, respectively.

No RSU program was announced in 2022 because of the restructuring of the Company and subsequent sale of substantially all of its assets and business activities.

d) Sign-on bonus shares to previous CEO

As part of the former CEO service agreement, Kim Stratton was granted 58,000 ordinary shares, which would vest if the Company's share price increased to DKK 125,000 per share within three years from the date of employment. The total award consisted of (i) 6,000 shares provided that the share price increased to DKK 75,000 per share, (ii) 12,000 shares provided that the share price increased to DKK 100,000 per share, and (iii) 40,000 shares provided that the share price increased to DKK 125,000 per share. The target prices were achieved and the 58,000 ordinary shares were issued to Ms. Stratton in February 2021 (see Note 4.8). The expense was recognized in 2020 when the target price was achieved.

e) Sign-on bonus shares to former CEO

As part of the CEO service agreement made in 2021 with the former CEO, Christophe Bourdon was granted 34,941 RSUs in connection with the on-boarding, which had a total vesting period of three years (beginning on January 1, 2021) and with one third of the granted RSUs vesting on each January 1 in the following three financial years. Vesting was not conditional upon achieving any financial or non-financial targets. However, in case of termination of employment and designation as a Good Leaver, the right to receive vested RSUs would be prorated and calculated through the date of release of the Participant's work obligations. The vested RSUs could only be exercised after the expiration of the total vesting period. The RSUs were valued at grant date, April 2021, using a Black Scholes option valuation model similar to the original 2021 LTIP. The valuation of the award at grant date was DKK 2.0 million. The share-based compensation expense was classified as administrative and with recognition from January 2021.

In October 2021, the grant of onboarding RSUs to was modified similar to the other long-term incentive programs for 2021. The terms of the modified grant are unchanged except for the immediate vesting upon grant and number of RSUs calculated based on a share price equal to DKK 31,940 per share, corresponding to the volume weighted average share price of the Company's shares as quoted on Nasdaq Copenhagen during the ten (10) trading days from September 1, 2021. The exercise of the RSUs to be granted under the modified LTIP was conditional upon the participant not exercising the RSUs granted in April 2021, which will subsequently lapse and no longer be exercisable, and are therefore considered replacement equity instruments for the cancelled equity instruments. The fair value of the originally granted RSUs at the date of the modification was determined to be DKK 24,720. The incremental fair value, calculated as the number of modified awards granted multiplied with the modified unit fair value less the fair value of the original LTIP granted was remeasured at the modification date. The remaining expenses related to the original LTIP grant were similar recognised at the modification date. The incremental fair value of the modified award was DKK 0.9 million was classified as general and administrative expenses recognised in October 2021.

2.6 FINANCIAL INCOME AND FINANCIAL EXPENSES

§ ACCOUNTING POLICIES

Financial income and expenses include interest income and expense, gains and losses due to changes in foreign exchange rates, interest expense related to the right-of-use assets, interest expense related to the Loan Agreement and other immaterial miscellaneous items.

The following table presents the various items of financial income and expense recognized for the years end December 31:

DKK 000	2023	2022
Interest income on cash balances	786	185
Foreign currency exchange gains	207	4,106
Total financial income	**993**	**4,291**
Interest expense on Loan Agreement (Note 3.7)	—	5,959
Interest expense on lease liabilities (Note 3.2)	—	96
Interest expense on cash balances	—	158
Foreign currency exchange loss	—	2,843
Bank fees and other charges	—	60
Total financial expenses	—	**9,116**

As of June 2022, the Company transferred substantially all of the Company's assets and business activities to Zevra. Financial income and financial expenses are in 2022 therefore presented as both continued operations, net income DKK 0.2 million and discontinued operations (Note 1.7), net expense DKK 2.8 million.

2.7 INCOME TAXES

§ ACCOUNTING POLICIES

Income tax benefit includes the current benefit due from the current period's taxable loss and deferred tax adjustments. The benefit is comprised primarily of refundable tax credits for costs incurred in connection with research and development activities under the Danish Tax Credit Regime.

Corporation tax receivable is recognized in the balance sheet as the tax benefit computed on the taxable loss for the year, adjusted for any changes to the prior year benefit due to changes in the taxable loss of prior years and for any taxes already paid or refunded.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities, with the exception of temporary differences occurring at the time of acquisition and liabilities neither affecting the result of operation nor the taxable income.

As of December 31, 2023 and 2022, there were no tax audits in process nor has management been notified of any pending tax audit.

Judgement regarding the recognition of the deferred tax assets related to taxable losses to be carried forward

Orphazyme is subject to income taxes in Denmark. The Company recognizes deferred income tax assets if it is probable that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilized. Significant judgment is required to determine the amount of deferred tax assets that may be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. This judgment is made periodically after considering current facts and circumstances, budgets and business plans as well as the risks and uncertainty associated with the Company's ability to successfully commercialize and defend its intellectual property. After consideration of these factors, Management has concluded in lack of significant activity in the Company, the deferred income tax assets related to taxable losses carried forward in Denmark do not meet the criteria for being recognized as assets in the Statement of Financial Position.

The Company's tax losses can be carried forward infinitely subject to the general rules on limited deductibility due to ownership changes. In Denmark, the Company's ability to use tax loss carry forwards in any one year is limited to 100% of the first DKK 9.1 million of taxable income plus 60% of taxable income above DKK 9.1 million.

For the years ended December 31, 2023 and 2022, the Company has unrecognized net tax loss carry-forwards in the Danish entity in the amount of DKK 2,212 million and DKK 2,186 million, respectively.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation or uncertainty and establishes provisions, where appropriate. To date, there have not been any provisions established for uncertain tax positions.

The following table presents the total income tax benefit for the years ended December 31:

DKK 000	**2023**	**2022**
Current tax benefit on net result	—	7,111
Tax credit research and development expenses	—	2,750
Change in unrecognized deferred tax before tax credit	—	(25,129)
Permanent differences	—	32,240
Total income tax benefit for the year	**—**	**2,750**

The following table presents the reconciliation of the effective tax rate to the statutory corporate income tax rate in Denmark.

DKK 000	**2023**	**2022**
Net result before tax from continuing operations	(26,048)	(41,056)
Net result before tax from discontinuing operations	—	73,378
Corporate income tax rate in Denmark	22%	22%
Computed income tax benefit	**5,731**	**(7,111)**
Tax effect of:		
Other non-deductible expenses, including US listing-related costs and share-based compensation	—	32,240
Deferred tax asset not recognized after tax credit	(5,731)	(22,379)
Total income tax benefit for the year	—	**2,750**

The following table presents the carrying amount of deferred tax in the Statement of Financial Position:

DKK 000	**2023**	**2022**
Tax deductible losses	488,392	480,554
Deferred tax on intangible assets	—	—
Other temporary differences	—	44
	488,392	480,588
Deferred tax asset not recognized	488,392	480,588
Carrying amount included in the Statement of Financial Position	**—**	**—**

2.8 INVESTMENT IN GROUP COMPANIES

§ ACCOUNTING POLICIES

Investments in subsidiaries are measured at the lower of cost or recoverable amount. Any distributed dividends are recognized in the income statement.

DKK 000	2023	2022
Cost at January 1	3,942	3,942
Cost end of year December 31	**3,942**	**3,942**
Adjustment January 1	(3,942)	(3,942)
Adjustment end of year December 31	**(3,942)**	**(3,942)**
Carrying amount of investment	**-**	**-**

DKK 000	Registered office	Ownership interest (%)	Share capital	Equity	Net result
Orphazyme US, Inc.	Delaware, USA	100 %	USD 1 (USD 000)	1,403	0
Orphazyme GmhH (CH)	Zug, Switzerland	100 %	CHF 20,000 (CHF 000)	355	0

SECTION 3 Assets and liabilities

3.1 INTANGIBLE ASSETS

§ ACCOUNTING POLICIES

Intangible assets comprise software development costs and license rights to develop and commercialize products and are acquired separately and measured on initial recognition at cost. Software assets consist of implementation costs to get cloud computing arrangements ready for use, as long as they meet the requirements of IAS 38, Intangible Assets. These cloud computing arrangements begin to be amortized when they are ready for intended use and are amortized over seven years.

For acquisition of intangible rights involving equity-settled share-based payment transactions, Management measures the fair value of the rights received and the corresponding increase in equity by reference to the fair value of the rights received, unless that fair value cannot be estimated reliably. If Management cannot estimate reliably the fair value of the rights received, it measures the fair value and the corresponding increase in equity by reference to the fair value of the equity instruments granted.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives such as software and license rights to develop and commercialize products are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit or Loss in the expense category that is consistent with the function of the intangible assets.

Assets with finite useful lifetime are assessed for impairment indicators. Each year, the assets are reviewed in order to assess whether there are indications of impairment. If such indications exist, the recoverable amount, determined as the higher amount of the fair value of the asset adjusted for expected costs to sell and the value in use of the asset, is calculated. The impairment expense on intangible assets with finite lives is recognized in the Statement of Profit or Loss in the expense category that is consistent with the function of the intangible assets.

As of June 2022, all software and licenses were transferred to Zevra as part of the sale of substantially all of the Company's assets and business activities.

The following table presents the cost and respective amortization of software and licenses held by Orphazyme. The foreign currency effect is immaterial:

DKK 000	Software	Licenses	Total
Cost at December 31, 2021	981	12,083	13,064
Disposals	(981)	(12,083)	(13,064)
Cost at December 31, 2022	—	—	—
Cost at December 31, 2023	—	—	—
Accumulated amortization at December 31, 2021	433	10,480	10,912
Amortization expense	463	—	463
Disposal accumulated amortization	(896)	(10,480)	(10,912)
Accumulated amortization at December 31, 2022	—	—	—
Accumulated amortization at December 31, 2023	—	—	—
Net carrying value at			
December 31, 2022	—	—	—
December 31, 2023	—	—	—

3.2 LEASES

§ ACCOUNTING POLICIES

On January 1, 2019, Orphazyme adopted IFRS 16, Leases, using the modified retrospective method. At contract inception, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company is party to lease agreements only in which it is a lessee and not a lessor.

As a lessee, the Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the underlying asset. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset, which for the operating equipment under lease is ten years. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Company's non-current lease liabilities are included as a separate line item on the Company's consolidated balance sheet and the current portion of lease liabilities is included in Other current liabilities.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Lease modifications

Lease modifications are accounted for at the effective date of modification, which is the date when both parties agree to the lease modification. Modifications are accounted for either as a separate lease or as a remeasurement of the initial lease. A modification is accounted for as a separate lease if both of the following conditions are met: (a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and (b) the consideration for the lease increases by an amount equivalent to the stand-alone price for the underlying asset. For a modification that is not a separate lease, the lease liability is remeasured using a discount rate determined at the effective date of the modification.

As of June 2022 the lease contracts were transferred to Zevra as part of the sale of substantially all of the Company's assets and business activities.

The following table presents the carrying amounts of right-of-use assets recognized and the movements during the period:

DKK 000	**Office buildings**
At December 31, 2021	**5,726**
Disposals	(2,405)
Depreciation expense	(1,321)
At December 31, 2022	—
At December 31, 2023	—

The following table presents the carrying amounts of lease liabilities and the movements during the period:

DKK 000	**2023**	**2022**
At January 1	—	6,503
Disposals	—	(6,503)
At December 31	—	—

The maturity analysis of lease liabilities is disclosed in Note 3.6. The following amounts are recognized in the Statement of Profit or Loss:

DKK 000	**2023**	**2022**
Depreciation and impairment expense of right-of-use assets (R&D)	—	1,057
Depreciation and impairment expense of right-of-use assets (G&A)	—	264
Interest expense on lease liabilities	—	96
Total amount recognized in the Statement of Profit or Loss within discontinued operations	—	**1,417**

3.3 PROPERTY, PLANT, AND EQUIPMENT

§ ACCOUNTING POLICIES

Property, plant, and equipment includes IT, lab and other equipment, furniture and leasehold improvements that are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time the asset is ready for use. The residual value of equipment is not material. Depreciation is calculated on a straight-line basis over the expected useful life of the asset, being 3-5 for equipment and furniture. Leasehold improvements are depreciated over the shorter of the useful life of the improvement or the remaining lease term. The useful life of assets and method of depreciation are reviewed by management at least each year-end or more often based on changes in facts and circumstances. Changes in useful lives or residual values are adjusted prospectively as changes in accounting estimates. In addition, the Company has fully depreciated equipment still in use.

Property, plant, and equipment is required to be tested for impairment when there are impairment indicators present. Impairment tests are conducted at the individual asset level, or at the lowest level for which separately identifiable cash flows for the groups of assets exist. Impaired assets or asset groups are written down to their recoverable amount, which is the higher of the value in use and the net realizable value of the asset or asset Company, with impairment charges allocated proportionately to the assets within the impaired asset Company.

Gross carrying amount of any fully depreciated property, plant and equipment that is still in use is DKK 0.0 million.

As of June 2022 the all property, plant and equipment was transferred to Zevra as part of the sale of substantially all of the Company's assets and business activities.

The following table presents the Company's Property, plant and equipment as of the years presented:

DKK 000	**Furniture and equipment**	**Lease improvements**	**Total**
Cost at December 31, 2021	6,194	2,066	8,260
Additions	—	—	—
Disposals	(6,194)	(2,066)	(8,260)
Cost at December 31, 2022	—	—	—
Cost at December 31, 2023	—	—	—
Accumulated depreciation at December 31, 2021	5,121	934	6,055
Depreciation expense	266	123	389
Disposals	(5,387)	(1,057)	(6,444)
Accumulated depreciation at December 31, 2022	—	—	—
Accumulated depreciation at December 31, 2023	—	—	—
Net carrying value at			
December 31, 2022	—	—	—
December 31, 2023	—	—	—

There has been no impairment of property, plant and equipment for the years ended December 31, 2023 and 2022. Depreciation expense is included within discontinued operations as follows:

DKK 000	**2023**	**2022**
Research and development expenses	—	143
General and administrative expenses	—	246
Total depreciation expense included within discontinued operations	—	**389**

3.4 PREPAYMENTS AND OTHER RECEIVABLES

§ ACCOUNTING POLICIES

Prepayments

Prepayments include advance payments made to vendors that will be incurred and expensed in subsequent financial reporting periods. When the period for full expense recognition is longer than one year from the balance sheet date, the portion to be expensed subsequent to one year is classified as non-current.

Deposits

Deposits include advance payments made to vendors to be settled upon completion of the underlying contract. When the contract term is longer than one year from the balance sheet date, the deposit is classified as non-current.

Other receivables

Other receivables include current and non-current amounts due to the Company.

Estimate of prepayments related to clinical trial development costs

As explained in Note 2.2, Orphazyme incurs substantial costs associated with clinical trials related to its development programs and there is a high degree of estimation involved in accounting for clinical trial development costs. In particular, certain CROs and vendors are paid upfront in connection with clinical activities and Management is required to estimate the timing of the prepayment release to expense. This expense for the year is estimated by using an expense model, as described in Note 2.2.

Current prepayments and other receivables are specified below:

DKK 000	2023	2022
Receivables from group companies	—	4,183
Prepayments to vendors	—	1,706
VAT receivable, net	216	662
Foreign VAT receivable	—	1,275
Other current receivables	883	479
Total current prepayments and other receivables	**1,099**	**8,305**

Current prepayments to vendors include prepayments made to CROs for clinical trial costs of DKK 0.0 million (2022: DKK 1.7 million).

3.5 TRADE RECEIVABLES

§ ACCOUNTING POLICIES

Trade receivables are recognized and derecognized on a settlement date basis. They are measured at nominal value less expected credit losses based on historical experience. Orphazyme applies the simplified approach for determining expected credit losses.

At December 31, 2023 trade receivables in the amount of DKK 0.0 million (2022: DKK 4.1 million) are recognized in the balance sheet at the total invoiced amount less any expected credit losses. Due to the nature of the revenue transactions, expected credit losses are very limited.

There are no overdue receivables and the write-down for expected credit losses is not material, due to all receivables at December 31, 2023 have been received at the reporting date.

3.6 FINANCIAL ASSETS AND LIABILITIES

§ ACCOUNTING POLICIES

Financial assets

Initial recognition and measurement

Financial assets that meet certain criteria are classified at initial recognition as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), or fair value through profit or loss. The Company does not hold any financial assets meeting these classification criteria except cash and securities valued at fair value and certain types of other receivables, which are valued at amortized cost. Generally, the Company's financial assets are available to support current operations and amounts expected to be realized within the next twelve months are classified in the Statement of Financial Position as current assets.

The Company's financial assets are recognized initially at fair value plus, in the case of financial assets not carried at fair value through profit and loss, transaction costs that are attributable to the acquisition of the financial asset, if any. Financial instruments recognized at fair value are allocated to one of the following valuation hierarchy levels:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Subsequent measurement

Historically, the Company's receivables are due within a twelve-month period and therefore the impact of using the effective interest rate method on the Company's financial statements has been immaterial. Securities are measured using level 1 methods above. In 2023 fair value adjustments of securities was realized at DKK 42 thousand which was included in Financial Income (2022: DKK 0 thousand).

Financial asset impairment

Trade receivables

The Company's receivables are due within twelve months and these do not contain a significant financing component which means that measuring the loss allowance as a lifetime ECLs (expected credit losses) generally does not differ from measuring it as 12-month ECLs. The receivables are measured on initial recognition at the transaction price and do not have a contractual interest rate. This implies that the effective interest rate for these receivables is zero or immaterial. Accordingly, the discounting of cash shortfalls to reflect the time value of money when measuring ECLs is generally not required.

Securities

The securities are measured at fair value through profit or loss and all decreases in value are reflected in the statement of profit or loss, eliminating the need for an impairment assessment.

Financial liabilities

Borrowings

Financial liabilities, including borrowings, are initially measured at fair value less transaction costs incurred. Subsequently, borrowings are measured at amortized cost. Amortized cost is calculated as original cost less instalments plus/less the accumulated amortization of the difference between cost and nominal value, so that the effective interest rate is recognized in the income statement over the loan period. Financial liabilities are derecognized when settled.

The Facilitation Fee in our Loan Agreement, defined below, is accounted for as an embedded derivative. The variability arising from the change in Orphazyme's share price is not closely related to the host debt instrument characterized mainly by interest rate and credit risk. Therefore, the embedded equity-linked amount is separated from the host debt instrument and accounted for as an embedded written call option at fair value through profit and loss.

The portion of the debt maturing after one year is presented as non-current debt and the remainder as current debt.

Trade payables and accruals

Trade payables and accruals relate to the Company's purchase of products and services from various vendors in the normal course of business.

Other liabilities

Other payables are measured at amortized cost. The amount payable to employees for the Phantom Shares Program (Note 2.5) is classified as non-current and is measured at fair value, at Level 2 in the fair value hierarchy.

Discount and rebate liabilities

Discount and rebate liabilities is classified as both current and non-current liabilities based on an existing legal or constructive obligation as a result of events occurring prior to or on the balance sheet date, and it is probable that the utilization of economic resources will be required to settle the obligation and is measured at management's best estimate of the expenses required to settle the obligation.

The Company's financial assets include mainly cash and securities. The Company has no derivative financial assets nor has there been a change in classification of a financial asset after initial recognition and measurements as discussed herein. The Company has not placed any financial assets as security for loans at either December 31, 2023 or 2022.

The Company's financial liabilities comprise the following as of the years ended December 31:

DKK 000	**2023**	**2022**
Trade payables	—	4,357
Accruals	5,070	4,849
Total liabilities measured at amortized cost	**5,070**	**9,206**

Maturities of financial liabilities

The table below presents the Company's financial liabilities by relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities and derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

DKK 000	Less than 12 months	Between 1 and 2 years	Between 2 and 5 years	Total contractual cash flows	Carrying amount
Non-derivatives					
Accruals	5,070	—	—	5,070	5,070
Total non-derivatives	**5,070**	—	—	**5,070**	**5,070**
Total derivatives	**—**	**—**	**—**	**—**	**—**

Liabilities from accrued discount and rebates are calculated based on specific terms in the individual agreements. Please refer to note 2.1 further information on the accrued discount and rebates and managements estimates and judgements.

December 31, 2022 accrued discount and rebates relates to rebates granted to co-financing healthcare authorities for 2021 and 2022.

Total current other liabilities are comprised of the following as of the years ended December 31:

DKK 000	2023	2022
Payables to group entities	—	657
Remuneration to the Board of Directors	—	213
Payroll and employee-related costs	—	1,220
Total current other liabilities	—	**2,090**

In addition, the Company has the following total other non-current liabilities as of the years ended December 31:

DKK 000	2023	2022
Phantom shares liability to employees	—	98
Total non-current other liabilities	—	**98**

3.7 SECURITIES AND CASH

§ ACCOUNTING POLICIES

Securities are recognized and measured on the trading day at fair value on initial recognition.

Subsequently, the company's securities are measured at fair value. The return on the securities is included in the financial income. The fair value of listed securities is calculated on the basis of the stock market price at the time of the balance sheet. Cash includes cash on hand and in banks. Please see Financial Risks discussed in Note 4.4. The Company's cash balance denominated in foreign currencies were as follows as of the years ended December 31:

DKK 000	2023	2022
DKK	3,011	14,794
USD	1,274	10,609
EUR	6,801	13,209
GBP	183	306
Total cash	**11,269**	**38,918**

SECTION 4 Other disclosures

4.1 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximize shareholder value while limiting the financial risk. The Board of Directors' policy is to maintain needed capital base in order to maintain investor, creditor and market confidence.

As of December 31, 2023, the Company held securities and cash significantly exceeding expected costs to be incurred over the following 12 months. Management therefore considers it appropriate to prepare these financial statements on a going concern basis.

4.2 EQUITY

The following table summarizes the Company's share activity:

	Ordinary shares
December 31, 2021	**34,952,241**
Capital increase, U.S. At-the-Market Offering Program	360,000
December 31, 2022	**35,312,241**
Reverse stock split 1:1,000	(35,276,929)
December 31, 2023	**35,312**

At the Company's extraordinary general assembly November 2, 2023 it was decided to implement a reverse share split at a consolidation ratio of 1.000:1. The reverse stock split reduced the number of shares in the company so 1,000 current shares at a nominal value of 1 DKK was consolidated to 1 new share at a nominal value of 1,000 DKK. The above share overview is adjusted to reflect the reverse stock split.

The Company has never declared or paid any cash dividends on its ordinary shares and does not anticipate doing so in the foreseeable future. The Company intends to use all available financial resources as well as revenue, if any, for purposes of the Company's current and future business.

In February 2022, the Company completed a capital increase of 360,000 shares as a result of the utilization of the U.S. At-the-Market Offering Program.

At an extraordinary general meeting on 30 November, 2023, it was adopted to lower the nominal value per share from DKK 1,000 to DKK 150. The reduction to DKK 150 did not take effect before January 9, 2024, after a four-week proclamation period.

At the same extraordinary general meeting it was also adopted to reduce the share capital with a total nominal value of DKK 30,015,200, which included a reduction of nominal DKK 23,028,667 for the purpose of covering losses and a reduction of nominal DKK 6,986,533 for the purpose of transfers to a special reserve.

The reduction of DKK 6,986,533 did not take effect before January 9, 2024, after a four-week proclamation period.

As a result of the above transactions, the total nominal share capital of the Company as of December 31, 2023 was DKK 12,283,333, divided into 35,312 ordinary shares each with a nominal value of DKK 347,85.

4.3 PROFIT/LOSS PER SHARE

Basic profit/loss per share for the year is calculated by dividing the net result for the year by the weighted average number of ordinary shares outstanding during the year. The diluted profit/loss per share is calculated by dividing the net result for the year by the weighted average number of ordinary shares outstanding during the period increased by the dilutive effect of the assumed issuance of outstanding share-based awards. The potential shares issuable related to outstanding share-based awards have been excluded from the calculation of diluted per share amounts, as the effect of such shares is anti-dilutive.

The following reflects the net loss attributable to shareholders and share data used in the basic and diluted earnings/(loss) per share computations for the years ended December 31:

	2023	**2022**
Net result for the year from continuing operations (DKK 000)	(26,048)	(38,306)
Net result for the year from discontinuing operations (DKK 000)	-	73,378
Weighted-average shares outstanding	35,312	35,269
Weighted-average shares outstanding, dilutive	35,518	35,269
Profit/loss per share from continuing operations	(738)	(1,086)
Profit/loss per share from discontinuing operations	-	2,081
Profit/loss per share, basic (DKK)	(738)	995
Profit/loss per share, dilutive (DKK)	(733)	995

4.4 FINANCIAL RISKS

The Company's activities expose it to a number of financial risks whereby future events, which can be outside the control of the Company, could have a material effect on its financial position and results of operations. The known risks include foreign currency, interest and credit risk and there could be other risks currently unknown to Management. The Company has not historically hedged its financial risks.

Liquidity Risk

At December 31, 2023, the Company's liquidity risk was assessed to be low. Management continuously assesses the Company's capital structure in order to evaluate whether its liquidity reserves allow it to achieve its business objectives. At December 31, 2023, the available liquidity reserves, including funded capital in subsequent period, were assessed to be sufficient for the Company to meet its planned operating activities in the normal course of business for at least the next twelve months.

Foreign Currency Risk

The Company's foreign currency risk is assessed to be low. Accordingly, future changes in the exchange rates is only of the DKK against the SEK or USD exposure for the Company to currency gains or losses that will impact the reported amounts of assets, liabilities, income and expenses.

The Company has prepared a sensitivity analysis in order to assess the potential impact on the Company's net loss for possible fluctuations in the SEK, EUR and USD exchange rates against the DKK and the impact for the possible fluctuations in the interest rate on bank deposits in Denmark. The methods and assumptions used are consistent with prior year and consider increases and decreases in the Company's main currencies, as well as reasonable fluctuations in the interest rate on its bank deposits.

Based on the company's positions per 31 December 2023, a change of +/-10% in share prices would result in a gain/loss for the company of DKK 1 million.

A change of +/-10% in the rate of the currencies the company is exposed to would result in the following gains/losses:

SEK +/- DKK 1 million

EUR +/- DKK 1 million

USD +/- DKK 0 million

Interest Rate Risk

The Company's interest rate risk is assessed to be low. The Company has no borrowing of December 31, 2023.

Credit Risk

The Company's credit risk is assessed to be medium. The Company's credit risk is associated with securities and cash held in banks. The Company's cash is held primarily in one Danish bank with Moody's long-term credit ratings exceeding of A1.

4.5 REMUNERATION OF BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Executive Management consists of the Company's Chief Executive Officer, who is also the registered management of the Company.

In February 2022, Orphazyme announced that the Board of Directors appointed Chief Financial Officer Anders Vadsholt as the new Chief Executive Officer in addition to his existing position as Chief Financial Officer, succeeding Christophe Bourdon on March 1, 2022.

In May 2023, it was announced that the board of directors and CEO/CFO Anders Fink Vadsholt had entered into a severance agreement pursuant to which Mr. Vadsholt would step down as CEO/CFO of the Company end of September 2023, at which point it was announced that the Company had signed an CEO agreement with Jakob Bendtsen as the new CEO of the company. Jakob Bendtsen is also continuing in his role as board member.

Mr. Bourdon resigned from his position at Orphazyme on February 28, 2022. The resignation entails a forfeiture of the vesting conditions attached to the RSUs and PSUs under the modified and extraordinary granted in October 2021 except for the modified sign-on bonus shares that immediately vested when granted in March 2021. For any ongoing RSU vesting period, Mr. Bourdon was entitled to receive a pro rata allocation of RSUs until the date of release of his work obligations.

A cash bonus received under the short-term incentive program may not exceed 100% of the annual fixed salary of the participants. The Executive Management is also eligible to receive an extraordinary bonus at the discretion of the Board of Directors.

The following table presents remuneration to the Executive Management for the years ended December 31, 2023 and 2022.

REMUNERATION TO INDIVIDUAL

MEMBERS OF EXECUTIVE MANAGEMENT (DKK 000)	**2023**	**2022**
Jakob Bendtsen (CEO from October 1, 2023)		
Salary	75	—
Total	**75**	**—**
Anders Vadsholt (CEO from March 1, 2022 and CFO since 2016 until September 30, 2023)		
Salary	4,252	2,908
Bonus	—	4,134
Share-based compensation (1)	—	1,657
Other employee benefits (3)	400	294
Total	**4,652**	**8,993**
Christophe Bourdon (CEO from April 1, 2021 until February 2022)		
Salary	—	650
Bonus	—	—
Share-based compensation (1,2)	—	231
Other employee benefits	—	186
Total	—	**1,067**
Total remuneration to the Executive Management	**4,727**	**10,060**

(1) Investing expense on grants in prior years measured at fair value at grant date
(2) includes two times share based compensation. Both sign-on bonus and LTIP 2021 program, both described in note 2.6
(3) Board fee shown of DKK 231 thousand not included

Remuneration paid to members of the Board of Directors is made up of board and committee fees, a travel allowance, ad-hoc fees for additional services provided and share-based compensation related to the Restricted Share Units (RSUs) as described in Note 2.5. Board remuneration is recognized as general and administrative expenses in the Statement of Profit or Loss. The following table lists Board of Directors remuneration for the years ended December 31:

REMUNERATION TO INDIVIDUAL MEMBERS OF THE OF THE BOARD OF DIRECTORS (DKK 000)	2023	2022
Michael Hove (elected in May 2023)		
Board and committee fees	465	—
Share-based compensation	57	—
Total	**522**	—
Jakob Have (elected in May 2023)		
Board and committee fees	278	—
Share-based compensation	34	—
Total	**312**	—
Jakob Bendtsen (elected in May 2023)		
Board and committee fees	278	—
Share-based compensation	34	—
Total	**312**	—
Bo Jesper Hansen (resigned in May 2023)		
Board and committee fees	282	606
Ad hoc board fees	—	—
Travel allowance	83	33
Share-based compensation	—	(50)
Total	**365**	**589**
John Sommer Schmidt (resigned in May 2023)		
Board and committee fees	169	231
Total	**169**	**231**
Anders Fink Vadsholt (resigned in May 2023)		
Board and committee fees	169	231
Total	**169**	**231**
Georges Gemayel (Chairman until June 2022)		
Board and committee fees	—	370
Share-based compensation	—	(161)
Total	—	**209**
Martin Bonde (resigned in May 2022)		
Board and committee fees	—	176
Travel allowance	—	—
Share-based compensation	—	(24)
Total	—	**152**
Carrolee Barlow (resigned in May 2022)		
Board and committee fees	—	176
Travel allowance	—	—
Share-based compensation	—	(24)
Total	—	**152**
Stephanie Okey (resigned in May 2022)		
Board and committee fees	—	176
Ad hoc board fees	—	—
Share-based compensation	—	(72)
Total	—	**104**
Andrew Mercieca (resigned in June 2022)		
Board and committee fees	—	212
Total	—	**212**
Total remuneration to the Board of Directors	**1,849**	**3,834**

4.6 RELATED PARTIES

Orphazyme A/S, incorporated in Denmark, wholly owns Orphazyme US, Inc and Orphazyme Switzerland GmbH. These three entities are considered related parties. Orphazyme A/S is not ultimately controlled by any of its investors.

For the years ended December 31, 2023 and 2022, the following related party transactions were identified:

- Remuneration to Executive Management (Note 4.5)
- Remuneration to the Board of Directors (Note 4.5)
- Participation of the Board members in the RSU programs (Note 2.5)

As of December 31, 2023 and 2022, the Company did not have any amounts receivable from related parties and therefore recorded no related impairment. The Company has not granted any loans, guarantees, or other commitments to or on behalf of any of the members of the Board of Directors or Executive Management.

Executive Management and members of the Board of Directors had the following shareholding in Orphazyme A/S for the year ended December 31, 2023. They had no shares in 2022. All shares owned by the member are owned through controlled companies.

	December 31, 2023	
MEMBERS OF THE BOARD OF DIRECTORS:	**Number of shares owned**	**Number of Unvested RSUs 2023**
Michael Hove	5,482	375
Jakob Have	5,482	225
Jakob Bendtsen	3,012	225

Orphazyme A/S' related parties are the parent company's Board of Directors, Executive Management and close members of the family of these persons.

Transactions with subsidiaries
Orphazyme US, Inc. and Orphazyme GmbH (CH) are 100% owned subsidiaries of Orphazyme A/S and are included in the financial statements. They have not had any activity in 2023 and are in the process of liquidation.

4.7 FEES TO AUDITORS

The following table presents the fees to our independent registered public accounting firms KPMG P/S newly elected in 2023 and EY Godkendt Revisionspartnerselskab for 2022, recognized in general and administrative expenses in the Statement of Profit or Loss for the years ended December 31. This note was prepared in accordance with the requirements of the Danish Financial Statements Act:

KPMG DKK 000	**2023**	**2022**
Audit services	115	—
Audit-related services	—	—
Other assistance	—	—
Total fees to auditors	**115**	—

EY DKK 000	**2023**	**2022**
Audit services	79	692
Audit-related services	—	493
Other assistance	—	—
Total fees to auditors	**79**	**1,185**

Audit services

Audit services consist of fees billed for professional services rendered for the audit of our annual consolidated financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years.

Audit-Related services

Audit-related services consist of assurance and related services performed that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under "Audit services".

Statements by Board of Directors and Executive Management

The Board of Directors and Executive Management have today considered and approved the annual report of Orphazyme A/S for the financial year January 1-December 31, 2023.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in accordance with IFRS as endorsed by the EU as well as additional disclosure requirements under the Danish Financial Statements Act.

In our opinion, Management's Review provides a fair presentation of the development in the operations and financial circumstances, the results of the year, and the overall financial position of the Company as well as a description of the most significant risks and elements of uncertainty facing the Company.

In our opinion, the financial statements provide a fair presentation of the assets, liabilities, and financial position and the results of the operations and cash flows for the financial year. In our opinion, the Annual Report of Ambu A/S for the financial year January 1–December 31, 2023 identified as OZ-2023-12-31-en.zip has been prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend that the annual report be adopted at the Annual General Meeting scheduled to be held on April 18, 2024.

Copenhagen, March 27, 2024

BOARD OF DIRECTORS

Michael Hove
Chairman of the Board

Jakob Have

Jakob Bendtsen

EXECUTIVE MANAGEMENT

Jakob Bendtsen
Chief Executive Officer

Independent Auditors' Report

To the shareholders of Orphazyme A/S

Report on the audit of the Company's Financial Statements

Opinion
In our opinion, the Company's financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2023 in accordance with the IFRS Accounting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Board of Directors and the Audit Committee.

Audited financial statements
Orphazyme A/S' financial statements for the financial year 1 January – 31 December 2023 comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and notes, including summary of material accounting policy information. The financial statements are prepared in accordance with the IFRS Accounting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark.

Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We declare, to the best of our knowledge and belief, that we have not provided any prohibited non-audit services, as referred to in Article 5(1) of the Regulation (EU) 537/2014 and that we remained independent in conducting the audit.

We were appointed auditors of Orphazyme A/S for the first time on November 2, 2023 for the financial year 2023.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the 2023 financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in the forming of our opinion thereon. We do not provide a separate opinion on these matters.

Key audit matters	**How our audit addressed the key audit matter**
Accounting for Settlement of U.S. Lawsuit	
The US class action lawsuit has been closed in early February 2024 and the settlement amount was USD 2,5 million of which USD 0,5 million was covered by insurance leaving a net amount of USD 2 million which was paid in November 2023. Refer to note 2.3 and page 4 of the financial statements for more details.	For the purpose of our audit, the procedures we carried out included the following: • Inquired of management and evaluated their assessment of the recognition of expenses in 2023 when the decision was made by the court. • Obtained payment notification from management to check to whom the payment has been made and the amount is correct per the written settlement document. We noted that the amount had been transferred to an escrow account named after the plaintiffs in November 2023. • Inquired of predecessor auditors to obtain the background of the issue as well as evaluation of the accounting treatment and disclosure thereof in the financial statements. • Checked if the transaction is classified correctly and presented appropriately in the financial statements. • Performed checks of after the year-end bank payments to ensure all expenses related to this settlement had been accrued for in the correct accounting period.

Statement on the Management's review
Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with relevant law and regulations. We did not identify any material misstatement of the Management's review.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the IFRS Accounting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements of Orphazyme A/S we performed procedures to express an opinion on whether the annual report of Orphazyme A/S for the financial year 1 January – 31 December 2023 with the file name OZ-2023-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format of the Financial Statements.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;

In our opinion, the annual report of Orphazyme A/S for the financial year 1 January – 31 December 2023 with the file name OZ-2023-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, March 27, 2024

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Sara Carstensen
State Authorised
Public Accountant
mne34191

Underskrifterne i dette dokument er juridisk bindende. Dokumentet er underskrevet via Penneo™ sikker digital underskrift. Underskrivernes identiteter er blevet registereret, og informationerne er listet herunder.

"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Michael Shlomo Gabriely Hove
Bestyrelsesformand
Serienummer: 7ffe1491-d90a-41bb-98ef-a8e85124a681
IP: 77.241.xxx.xxx
2024-03-27 12:16:54 UTC

Jakob Færch Bendtsen
Direktionsmedlem
Serienummer: da3ae18e-6922-4579-9f69-8a22860ccb41
IP: 87.60.xxx.xxx
2024-03-27 12:26:16 UTC

Jakob Færch Bendtsen
Bestyrelsesmedlem
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IP: 87.60.xxx.xxx
2024-03-27 12:26:16 UTC

Jakob Alsted Have
Bestyrelsesmedlem
Serienummer: 47b9a1b6-dfe6-41f2-b1ba-cf69379f0d86
IP: 217.74.xxx.xxx
2024-03-27 13:25:16 UTC

Sara Carstensen
Statsautoriseret revisor
Serienummer: 523306ef-c818-44dd-be70-237c96bf6c83
IP: 83.151.xxx.xxx
2024-03-27 19:35:16 UTC