Company Announcement
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Zealand announces milestone payment from Helsinn and Phase IIB clinical development program for elsiglutide on track

- ***Time-based milestone payment of EUR 2 (DKK 15) million to be received in accordance with Zealand's financial guidance for 2014***
- ***Patient dosing in Phase IIb study of elsiglutide for the prevention of chemotherapy-induced diarrhea to start at the end of 2014***
- ***Ongoing clinical observational study expected to provide useful information on the incidence of chemotherapy-induced diarrhea***

Copenhagen, 30 September 2014 – Zealand Pharma A/S (Zealand) (NASDAQ OMX Copenhagen: ZEAL) reports a time-based milestone payment of EUR 2 (DKK 15) million from its partner Helsinn. The payment relates to the license agreement between Zealand and Helsinn on elsiglutide as a potential first-in-class therapy to prevent chemotherapy-induced diarrhea in cancer patients.

Elsiglutide is a novel GLP-2 peptide receptor agonist, invented by Zealand and licensed globally to Helsinn for its therapeutic use in Cancer Supportive Care. Helsinn has evaluated elsiglutide in a Phase IIa trial with supportive results for its effect and safety in the prevention of diarrhea in colorectal cancer patients receiving chemotherapy. Based on these results, Helsinn is now in final preparations for a larger Phase IIb dose-finding trial with planned start of patient dosing at the end of 2014.

As part of the elsiglutide development program, Helsinn has also undertaken a large international, multi-center, prospective, cohort observational study in the US and in Europe, to assess the incidence of chemotherapy-induced diarrhea in colorectal and breast cancer patients.

In a comment to the outlook for elsiglutide and the receipt of the milestone payment from Helsinn**, David H. Solomon, President and CEO of Zealand, said:** *"Elsiglutide is a very exciting product in our partnered portfolio, and we are very pleased about Helsinn's strong commitment to the program and the planned start of patient dosing in Phase IIb within the coming months. We believe elsiglutide has the potential to greatly improve the quality of life for cancer patients receiving chemotherapy – and with additional upside potential if this peptide treatment can reduce diarrhea as a serious side effect of chemotherapy to an extent where it may have a beneficial secondary effect in the form of a more optimal cancer treatment."*

Financial Guidance for 2014

For the full year 2014, Zealand expects revenue from milestone payments and from Lyxumia® sales royalties.

With the DKK 15 (EUR 2) million payment from Helsinn, the expected total milestone revenue amounts to DKK 133 (EUR 18) for the year in accordance with previous financial guidance. The Helsinn payment has been booked as revenue in the 3rd quarter for receipt of the cash in the 4th quarter 2014.

Royalty revenue on Lyxumia® amounted to DKK 8.1 (EUR 1.1) million in the 1st half of 2014. No guidance on 2014 royalty revenue can be provided, as Sanofi has given no guidance on sales**.**

Net operating expenses for 2014 are expected at DKK 195-205 (EUR 25-28) million.

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About Zealand

Zealand Pharma A/S ("Zealand") (NASDAQ OMX Copenhagen: ZEAL) is a biotechnology company based in Copenhagen, Denmark. Zealand has leading expertise in the discovery, design and development of novel peptide medicines and a mature portfolio of therapeutic products, both proprietary and partnered. The company's focus lies in the field of cardio-metabolic diseases, diabetes and obesity in particular, and it has its first product, lixisenatide, a once-daily prandial GLP-1 agonist for the treatment of Type 2 diabetes, marketed as Lyxumia® under a license agreement with Sanofi. Lyxumia® is approved in several countries globally, including Europe and Japan. In the US, submission of an NDA is expected in 2015, after completion of a cardiovascular outcome study, ELIXA. A once-daily single injection combination of Lyxumia® and Lantus® (LixiLan) is in Phase III development by Sanofi with planned first regulatory filing as early as at the end of 2015.

Zealand has a partnering strategy to leverage its activities and competences, while ensuring funding and sharing risk. In addition to the license agreement with Sanofi in Type 2 diabetes, the company has two collaborations with Boehringer Ingelheim in diabetes/obesity and cardio-metabolic diseases, one with Lilly in diabetes and obesity, and one with Helsinn Healthcare in chemotherapy induced diarrhea.

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