

Company Announcement

No. 19/2012

Zealand Pharma advances ZP2929 into Phase I development for the treatment of Type 2 diabetes and/or obesity

-- First study participant dosed in a Phase I study with novel dual acting glucagon/GLP-1 peptide agonist in partnership with Boehringer Ingelheim

-- The event triggers a milestone payment to Zealand Pharma

Copenhagen, Denmark – 13 September 2012 – Zealand Pharma A/S (NASDAQ OMX Copenhagen: ZEAL), a Danish biotechnology company dedicated to the discovery and development of innovative peptide drugs, announces that the first participant has been dosed in the first Phase I clinical study of ZP2929.

ZP2929 is a dual acting glucagon/GLP-1 peptide agonists, invented by Zealand Pharma and with global rights out-licensed to Boehringer Ingelheim as part of a global license and research collaboration between the two companies on dual acting glucagon/GLP-1 agonists for the treatment of patients with Type 2 diabetes and/or patients with obesity. Under the terms of the collaboration, Boehringer Ingelheim will finance all clinical development activities of ZP2929, including Phase I. Zealand Pharma will be responsible for conducting the first Phase I study, and Boehringer Ingelheim will be responsible for the clinical development thereafter. The advancement of ZP2929 into clinical development triggers a milestone payment to Zealand Pharma from Boehringer Ingelheim.

In validated pre-clinical models of diabetes (db/db mice) and obesity (Diet Induced Obese (DIO) mice), ZP2929 has been shown to significantly improve glycemic control (HbA1c) and induce a sustained weight loss for at least 6 weeks.

The clinical development of ZP2929 will start with a randomized, double-blind, first in human study to evaluate the safety and tolerability of single ascending daily doses of ZP2929 in healthy subjects. The study will be conducted in the United States under an Investigational New Drug (IND) application with the FDA.

Christian Grøndahl, Chief Scientific Officer at Zealand Pharma, commented:

“ZP2929 is one of Zealand Pharma’s most innovative peptide drug candidates and the most advanced under our collaboration with Boehringer Ingelheim. ZP2929 may turn out to address a large unmet medical need in the field of metabolic diseases, namely better treatment of patients with diabetes and/or patients who are overweight or obese, and we are pleased to have advanced this exciting drug candidate into the clinic. The initiation of clinical studies also marks an important milestone for our R&D efforts jointly with our partner to advance other dual acting glucagon/GLP-1 peptide agonists for the treatment of Type 2 diabetes and/or obesity.”

Financial guidance for 2012

Zealand Pharma retains its guidance for 2012 of revenues of DKK 223 (EUR 30) million as announced in the company's H1 2012 Interim Report (Company Announcement no. 18/12) on 24 August 2012. This includes payments of DKK 37 (EUR 5) million to be received in connection with the advance of ZP2929 into clinical development. No further guidance on revenue is provided for the full year at this point.

Guidance for total net operating expenses of EUR 20-23 (DKK 150-170) million and thus for a positive net result of DKK 37-57 (EUR 5-8) million for the full year also remains unchanged.

The agreement with Boehringer Ingelheim

Under the global license and R&D collaboration with Boehringer Ingelheim, Zealand Pharma in the first two years of the agreement (signed on 2 June 2011) is eligible to receive signature, milestone, and other payments of up to €41 million including cost reimbursements and including research funding of up to €4 million.

Further under the terms of the agreement, Zealand Pharma may receive up to EUR 376 million in total projected milestone payments for ZP2929 and additional potential milestone payments if other products are advanced through development. Zealand Pharma is also entitled to tiered royalties that range from high single to low double digits on global sales of products stemming from the collaboration and retains co-promotion rights in Scandinavia.

For further information, please contact:

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About ZP2929

ZP2929 is a highly potent, dual acting agonist peptide that acts on both GLP-1 and glucagon receptors. The basis for the dual agonist concept that resulted in ZP2929 is the naturally occurring peptide hormone called oxyntomodulin. Oxyntomodulin is produced by the small intestine after meals, and is believed to exert its biological effects by activating both the GLP-1 receptor and the glucagon receptor. In humans, this hormone is believed to have multiple beneficial effects on metabolism and obesity, improving glucose tolerance and causing substantial weight loss.

Acting on both the GLP-1 and glucagon receptors, ZP2929 has shown in preclinical studies the ability to achieve glycaemic control while causing significant and sustained weight loss. ZP2929 is being developed for once-daily subcutaneous administration to improve glycaemic control and induce weight loss in patients with type 2 diabetes and/or patients with obesity.

About Boehringer Ingelheim

The Boehringer Ingelheim group is one of the world's 20 leading pharmaceutical companies. Headquartered in Ingelheim, Germany, it operates globally with 145 affiliates and more than 44,000 employees. Since it was founded in 1885, the family-owned company has been committed to researching, developing, manufacturing and marketing novel medications of high therapeutic value for human and veterinary medicine. As a central element of its culture, Boehringer Ingelheim pledges to act socially responsible. Involvement in social projects, caring for employees and their families, and providing equal opportunities for all employees form the foundation of the global operations. Mutual cooperation and respect, as well as environmental protection and sustainability are intrinsic factors in all of Boehringer Ingelheim's endeavours.

In 2011, Boehringer Ingelheim achieved net sales of about 13.2 billion euro. R&D expenditure in the business area Prescription Medicines corresponds to 23.5% of its net sales. For more information please visit www.boehringer-ingelheim.com

About Zealand Pharma

Zealand Pharma A/S (NASDAQ OMX Copenhagen: ZEAL) is a biotechnology company based in Copenhagen, Denmark. Zealand Pharma specializes in the discovery, optimization and development of novel peptide drugs and has a broad and mature pipeline of drug candidates identified through its own drug discovery activities. The company's focus lies in the field of diabetes/metabolic diseases, and its lead drug invention is lixisenatide (Lyxumia®)¹, a once-daily GLP-1 agonist, which is licensed to Sanofi for the treatment of Type 2 diabetes. In November 2011, Sanofi filed for registration of lixisenatide in Europe and regulatory filing in the United States is expected in December 2012.

Zealand Pharma has a partnering strategy for the development and commercialization of its products and in addition to the collaboration with Sanofi in Type 2 diabetes, the company has partnerships with Boehringer Ingelheim in diabetes/obesity, Abbott in acute kidney injury and Helsinn Healthcare in chemotherapy induced diarrhea. Zealand Pharma focuses its activities in disease areas where existing treatments fail to adequately serve patient needs and where the market potential for improved treatments through the use of peptide drugs is high.

For further information: www.zealandpharma.com.

1. Lyxumia is the proprietary name submitted to the EMA for lixisenatide. The proprietary name for lixisenatide in the United States is under consideration. Lixisenatide is not currently approved or licensed anywhere in the world.