ZEAL&

REVOLUTIONARY HEALTH SOLUTIONS

WE ARE EXCITED ABOUT OUR FUTURE WITH 2015 AS A CATALYST YEAR

AS PIONEERING LEADERS IN THE DESIGN AND DEVELOPMENT OF PEPTIDE MEDICINES

IN 2014, WE SET THE SCENE FOR ACCELERATED VALUE GROWTH

ZEALAND PHARMA A/S ANNUAL REPORT 2014

Front cover features all employees
and Executive Management of Zealand Pharma

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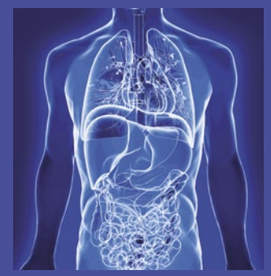

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Product and development portfolio

ZEALAND AT A GLANCE

Peptides are naturally occurring biological molecules. Like proteins, they are made up of chains of amino acids and play important roles in regulating human physiologic functions. Peptides are smaller than proteins and offer advantages as the basis for medicines.

Pioneering leaders in therapeutic peptides

Zealand is a biotechnology company.

Our key strength lies in a unique expertise and a world leading position in the invention, design and development of therapeutic peptides.

Over 16 years, we have built a comprehensive toolbox of peptide technologies and tacit know-how in house.

Our activities are focused in disease areas where peptides have large therapeutic relevance, including cardio-metabolic diseases.

Broad portfolio of novel medicines: One marketed – several in development

We are advancing a broad portfolio of novel medicines, partly wholly-owned, partly under partnership.

Lyxumia® for Type 2 diabetes is marketed globally (ex-US) by Sanofi. US regulatory submission expected in Q3 2015.

Five products in clinical development: LixiLan - Phase III for Type 2 diabetes (Sanofi); danegaptide - Phase II for cardiac injuries; elsiglutide - Phase IIb for chemotherapy induced diarrhea (Helsinn); ZP4207 - Phase I for severe hypoglycemia; and ZP2929 - Phase I for diabetes/ obesity).

Three-pronged strategy: Building on peptide expertise, pipeline growth and partnerships

To achieve our mission of improving patients' lives and grow the value of our business, we will:

1) Focus on retaining our pioneering edge and leading position in the innovative design and development of peptide medicines,

2) Diligently expand and advance our pipeline of wholly owned medicines for accelerated value growth,

3) Engage in partnerships for leverage through the product value chain.

Agile organisation focused on patient-centric innovation

We are driven by innovation and all our ideas for novel medicines have a patient-centric outset. We engage early in the innovation phase with patients, relatives and caregivers to understand key unmet therapeutic needs.

We have an agile organisational set-up with dynamic cross-functional interactions and fast decision making.

We are 103 dedicated employees (end 2014), of which approximately 80% are working in research and development functions.

Strong financials and 2015 as a catalyst year

End 2014 cash position of DKK 538 / EUR 72 million, including proceeds from Lyxumia® stand-alone royalty bond financing of DKK 299 / EUR 40 million in December 2014.

Listed on Nasdaq Copenhagen (ZEAL.CO) with a market value of DKK 2.2 billion / EUR 290 million (as of 9 March 2015).

Several pipeline events are in view for 2015 to significantly advance our company further towards our goal of providing medicines to improve patients' lives and build value for shareholders.

LETTER FROM THE CHAIRMAN

Dear Shareholder,
2014 was a very satisfactory year for the development of Zealand. We firmly set the scene for accelerated value growth with significant advances across our portfolio of both wholly-owned and partnered peptide medicines.

As a key event in 2014, Zealand's licensee Sanofi initiated clinical Phase III development for LixiLan, the fixed-ratio single-injection combination of Lyxumia® and Lantus®, triggering a DKK 81 / USD 15 million payment to Zealand. The full enrolment of patients was achieved already in early 2015 with trial results now anticipated in Q3 2015. For Lyxumia®, Sanofi through 2014 continued the global commercial roll-out outside the US Sales increased 214% compared to 2013, where the product was first launched, resulting in DKK 20 / EUR 3 million in royalty payments to Zealand. In the US results from the cardiovascular safety trial, ELIXA can pave the way for regulatory submission of the product, planned by Sanofi for Q3.

Lyxumia® royalty financing to further grow the proprietary pipeline

The roll-out of Lyxumia® and its commercial potential in the U.S. enabled Zealand to arrange a DKK 299 / EUR 40 million royalty bond financing. The proceeds from this financing allow Zealand to speed up and broaden the development of its pipeline of wholly-owned medicines. For the most advanced, danegaptide for ischemic reperfusion injuries, our Phase II trial has progressed well with 75% of the total 600 patients enrolled and treated by mid-March 2015. In November 2014, we initiated a third non-partnered clinical development program, advancing our stable glucagon analogue ZP4207, into Phase I as a ready-to-use rescue pen for diabetes patients experiencing severe cases of hypoglycemia. Phase I results will be available in Q3 this year, which might open up for an accelerated full development program for this promising product.

Advances for partnered programs – New collaboration with Boehringer Ingelheim

In our partnership with Boehringer Ingelheim, we also made important progress. A second collaboration agreement was signed for the development of novel cardio-metabolic peptide medicines, resulting in payments to Zealand of DKK 54 / EUR 7 million in 2014. Additionally, our partner Helsinn advanced the clinical development of elsiglutide, including the initiation of a large observational study for better understanding of the therapeutic needs of cancer patients with severe chemotherapy-induced diarrhea. This led to the start of a clinical Phase IIb trial in February 2015.

CEO transition reflects a more mature outset

In several ways, 2014 contributed to the establishment of a solid foundation for advancing Zealand into the next phase of its development. This solid foundation consists of a healthy cash position expected to be replenished through milestone and royalty payments from our portfolio of licensed and partnered projects, and a pipeline with several proprietary novel peptide therapeutics in development.

Instrumental in realizing this foundation has been David Solomon, who as a charismatic CEO, inspired the Zealand team under his almost six years of tenure. Herewith, and on behalf of the full Zealand Board of Directors, I wish to thank David for his convincing leadership, which has brought Zealand to the stage where it is now ready to take off into the future.

I am a strong believer that it is all about the people, their dedication and their strengths as a team. With this in mind, I would like to give a warm welcome to Zealand's new CEO, Britt Meelby Jensen. I wish her a lot of success in realizing and further leveraging, together with Zealand's skilled employees, the potential in Zealand's portfolio and building a more mature company.

A significant news flow is in sight for the course of this year, which I am convinced, will catalyze further incremental value for patients and for you, shareholders of Zealand. I want to thank you for your trust in the company.

Daniël Jan Ellens
Chairman,
Board of Directors

LETTER FROM THE CEO

Dear Shareholder,
I look upon 2015 with great confidence as a year with several catalysts. The news flow outlook is convincing and it confirms the strategic direction for our company.

I took over the role as President and CEO for Zealand in January of this year, attracted to the position by the company's strong business outset and promising potential. Now two months into the job, I am even further excited, having found a solid and deep pipeline of wholly-owned and partnered products as well as a dynamic organization of passionate and highly skilled employees. The depth of Zealand's capabilities in the field of peptide medicines is a key strength.

Looking back on 2014 and the years before that, I am impressed by the progress made at Zealand. The dedicated efforts and achievements of Zealand's employees and the expansion of the product and partnership portfolio under the leadership of David Solomon have set the scene for accelerated growth for Zealand with 2015 as a strong news flow year that can mark the entry to a new and more mature era.

Strategic focus on innovative peptide medicines

We take strong pride in our history: Zealand was founded in 1998 as pioneering leader in the design and development of peptide-based medicines, an area which represents large untapped potential. We will retain our focus on innovative therapeutic peptide design and development and continue to grow our competences to retain our edge at the global forefront in this field. Leveraging our expertise, we will advance and expand our portfolio of novel medicines for patients – partly through in-house development of selected wholly-owned products, partly via partnerships with big pharma companies.

Growing a proprietary pipeline to increase value

As Zealand matures, evolution of the proprietary pipeline is a natural step towards building incremental value. With the DKK 299 / EUR 40 million royalty bond financing, anticipated royalty and milestone revenues from Lyxumia® and LixiLan combined with our clinical development capabilities, I am convinced this is an attractive and realistic path forward. The journey will be reinforced by a number of important events in 2015:

- Our Phase II trial with danegaptide is progressing very well and completion is expected in H2 2015,
- The clinical Phase I program for our new stable glucagon analogue, ZP4207, is expected to complete in H1 2015 with results in Q3 2015,
- Planned expansion of our pipeline of wholly-owned products in 2015 with start of additional clinical programs.

While we expect inflow to our pipeline to come mainly from our in-house R&D activities, we also have an open mind for external opportunities where we can add value via application of our skills and expertise.

Greater combined value gains through partnerships

Zealand's first breakthrough partnership was established with Sanofi in 2003 and significant partnerships have followed over the years. Going forward, collaborations across the value chain will continue to be a cornerstone in our strategy, with partners attracted to Zealand by our unique peptide skills, innovative mindset and organizational agility. We are excited by the news flow outlook for our partnered development activities in 2015:

- Continued roll-out of our first marketed invention, Lyxumia® by Sanofi and growing royalty revenues to Zealand,
- Results from the essential Lyxumia® cardiovascular safety trial, ELIXA expected in Q2 2015, and planned subsequent submission of Lyxumia® in the US in Q3 2015,
- Results from the two Phase III trials ongoing on LixiLan, the fixed-ratio combination of Lyxumia® and Lantus® in Q3 2015, with Sanofi expecting US and EU submissions to follow in Q4 2015,
- In both of our collaborations with Boehringer Ingelheim, do we foresee important development milestones in 2015.

Looking into 2015 as a catalyst year

Zealand's strong cash position and outlook to generate a stable income is reassuring and sets the scene for a fresh perspective on our long-term vision. I am convinced that we have the know-how, the dedication and the resources to succeed in our quest to provide medicines to improve patients' lives and build a profitable and successful company. We are serious about our commitment to patients and about creating value also for you as shareholders, and I thank you for your continued support as we take Zealand into its next era.

Britt Meelby Jensen
President and
Chief Executive Officer

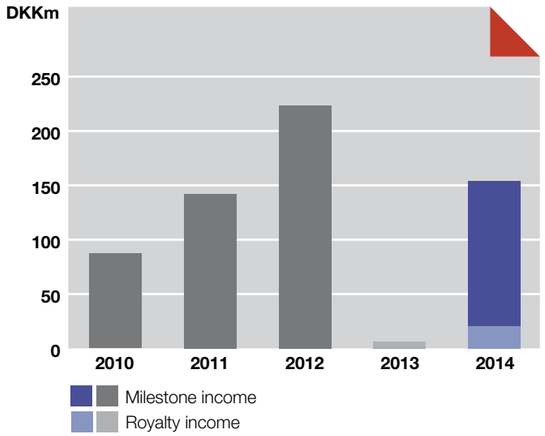
KEY FIGURES

DKK '000	Note	2014	2013	2012	2011	2010
Income statement and comprehensive income						
Revenue		153,773	6,574	223,565	142,284	87,357
Royalty expenses		-13,776	-872	-15,933	-112	-11,203
Gross profit		**139,997**	**5,702**	**207,632**	**142,172**	**76,154**
Research and development expenses		-180,036	-164,467	-182,759	-126,938	-140,075
Administrative expenses		-39,826	-34,155	-27,611	-34,905	-39,732
Initial public offering expenses		0	0	0	0	-5,820
Other operating income		6,328	7,302	35,135	28,435	777
Operating result		**-73,537**	**-185,618**	**32,397**	**8,764**	**-108,696**
Net financial items		1,047	1,942	3,975	4,613	4,062
Result from ordinary activities before tax		**-72,490**	**-183,676**	**36,372**	**13,377**	**-104,634**
Tax on ordinary activities	1	7,500	0	0	0	0
Net result		**-64,990**	**-183,676**	**36,372**	**13,377**	**-104,634**
Comprehensive income		**-64,990**	**-183,676**	**36,372**	**13,377**	**-104,634**
Earnings per share – basic (DKK)		-2.87	-8.10	1.61	0.60	-5.92
Earnings per share – diluted (DKK)		-2.87	-8.10	1.60	0.60	-5.92
Statement of financial position						
Cash and cash equivalents		538,273	286,178	358,922	278,342	383,305
Securities		0	24,383	126,940	149,358	49,673
Total assets		596,756	346,913	520,983	469,481	450,550
Share capital ('000 shares)		23,193	23,193	23,193	23,193	22,871
Shareholder's equity		252,828	316,141	491,015	441,397	407,108
Equity / assets ratio		0.42	0.91	0.94	0.94	0.90
Royalty bond		272,170	0	0	0	0
Cash flow						
Depreciation		5,932	5,911	5,319	4,129	3,334
Change in working capital		16,771	-3,643	13,782	-30,943	15,194
Investments in fixed assets		-4,497	-4,569	-8,849	-11,475	-4,236
Free cash flow	2	-46,680	-174,187	59,688	-13,281	-60,216
Other						
Share price DKK		83.00	59.00	84.00	57.00	70.00
Market capitalization MDKK		1,925,019	1,368,387	1,948,216	1,322,004	1,600,970
Equity per share DKK	3	11.17	13.97	21.70	19.51	18.24
Average number of employees		103	107	104	91	72
Compounds in clinical development (year end)	4	5	6	7	6	6
Products on the market		1	1	0	0	0

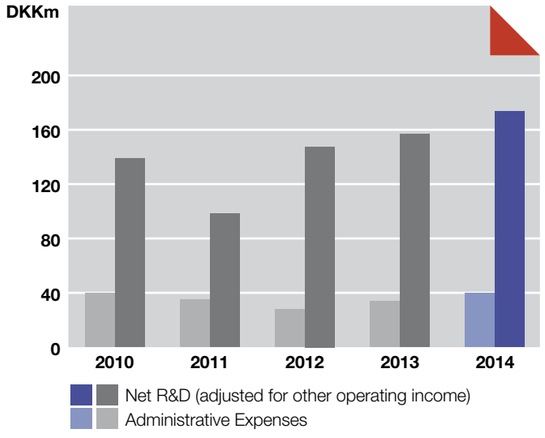
Notes:
(1) According to Danish tax legislation Zealand is eligible to receive DKK 7.5 million in cash relating to the tax loss of 2013 and 2014. DKK 1.2 million is related to the tax loss of 2013, received in November 2014.
(2) Free cash flow is calculated as cash flow from operating activities less purchase of property, plant and equipment
(3) Equity per share is calculated as shareholders equity divided by total number of shares less treasury shares
(4) In September 2014, development of ZP1480 (ABT-719), was discontinued by AbbVie

FINANCIAL HIGHLIGHTS

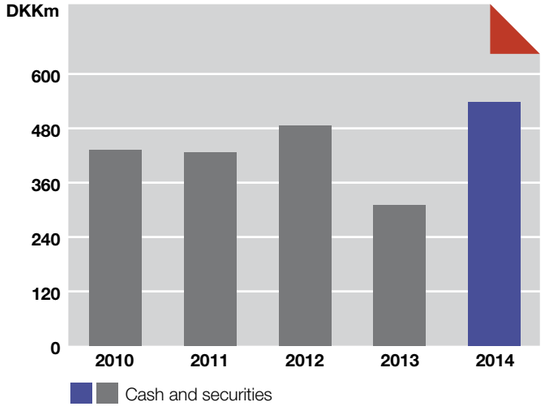
Revenue



Net operational expenses



Cash and securities



Revenue in 2014 increased markedly to

DKKm 154

based on milestone payments and a 214% increase in Lyxumia® royalties.

Operating result

The operating result in 2014 improved significantly compared to 2013. This was mainly due to the marked increase in revenues, while net operating expenses increased 11.5% to DKK 214 million in line with the financial guidance for the year.

Net research and development expenses increased 10.5% as a result of an increased level of in-house development activities, while administrative expenses increased 16.6% maninly due to one-off severance costs.

Royalty financing end 2014

In December 2014, Zealand raised DKK 299 / EUR 40 million in a Lyxumia® royalty-based bond financing. With the net proceeds from this financing, the cash position has been substantially strengthened and as of end 2014, total cash and equivalents amounted to DKK 538 / EUR 72 million, an increase of 88% compared to end 2013.

KEY PERFORMANCE INDICATORS

In 2014, we defined four essential key performance indicators to help evaluate the development of our business. For all four indicators, Zealand's performance in 2014 was very satisfactory.

Advance and grow our portfolio of medicines for the benefit of patients

2014 performance

In 2014, Sanofi continued the roll-out of Lyxumia® globally (ex-US), making this novel Zealand-invented medicine available for an increasing number of patients with Type 2 diabetes. Sanofi also initiated two Phase III trials with LixiLan, the combination of Lyxumia® with Lantus®, with the enrolment of 1,906 patients with Type 2 diabetes completed towards the end of the year.

2015 outlook

In January, Helsinn advanced elsiglutide into Phase IIb development for the treatment of chemotherapy induced diarrhea in colorectal cancer patients. Up to 600 patients will be enrolled and treated in the trial. Looking further into the year, several additional advances are expected for our clinical pipeline of novel medicines, including completion and reporting of late-stage trials. We also expectt new therapeutic products to be added to the pipeline.

Increase the proprietary (wholly-owned) part of the pipeline

2014 performance

In November, we advanced ZP4207, our in-house invented and wholly-owned glucagon analogue, into Phase I development. Further, the enrolment of patients into our Phase II trial with danegaptide progressed satisfactorily with 2/3 of the target patient number enrolled and treated by year end. We also took back the full control and rights to ZP2929 from Boehringer Ingelheim, while advancing other proprietary opportunities.

2015 outlook

This year, we expect further expansion of our proprietary pipeline. This covers both potential successful outcomes of ongoing clinical trials with danegaptide and ZP4209, expected to complete in mid-2015 and Q4 2015, respectively.

We also foresee that newly identified opportunities for wholly-owned products in our pipeline can be advanced into clinical development.

Grow the portfolio of partnerships

2014 performance

An important achievement in 2014 was the closing of the second collaboration agreement with Boehringer Ingelheim on a novel therapeutic peptide project in our preclinical portfolio. The collaboration has further strengthened our relationship with Boehringer Ingelheim and the collaboration is advancing well.

We also engaged in new academic collaborations with the University Hospital of Copenhagen and the Danish Technological University relating to our lead proprietary development programs with danegaptide and the stable glucagon analogue, ZP4207.

2015 outlook

We expect also in 2015 to engage in new partnerships across our R&D activities, in the form of new collaborations with academia and the biotech industry to boost and expand our preclinical pipeline as well as collaborations related to products in clinical development.

Generate growing revenues and retain a solid financial position

2014 performance

With the proceeds from the DKK 299 / EUR 40 million royalty bond financing, we completed in December, Zealand's financial position was significantly strengthened in 2014. Adding to this, the developmental advances under our license collaboration with Sanofi as well as signing of the second collaboration with Boehringer resulted in milestone payments of DKK 133 / EUR 18 million in 2014. Sustainable revenue in the form of Lyxumia® sales royalties increased 214% compared to 2013.

2015 outlook

End 2014, our cash position amounted to DKK 538 / EUR 72 million, which represents a strong financial outset for 2015.

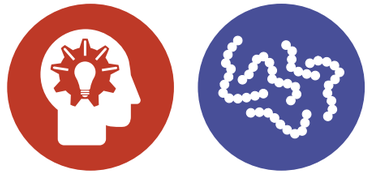
We remain cost conscious in our activities and with the potential for considerable milestone payments and continuing Lyxumia® revenue growth in 2015, we foresee to retain a solid financial position through the year.

STRATEGY

Our strategy is three-pronged: Retain our focus and leading position in the field of peptide medicines, grow our pipeline of wholly-owned medicines and engage in partnerships for know-how leverage, risk sharing and commercial outreach.

Three-pronged strategy: Building on peptide expertise, pipeline growth and partnering

It is Zealand's mission to improve patients' lives. In the quest to fulfil our mission we strive to continuously grow the value of our portfolio of novel medicines for the benefit of all our stakeholders, including our shareholders. As a core element in our strategy, we will focus on retaining our pioneering expertise and leading position in the innovative design and development of novel therapeutic peptides. In 2014, with growing revenue from the sales of Lyxumia® as the first marketed product from our pipeline, we decided to invest more in advancing our wholly-owned pipeline to enhance value growth. In parallel, partnering remains an essential part of our strategy as a means to leverage our expertise and activities, share risk and funding and extend the commercial outreach of our products.



Diligently expand and advance our pipeline of wholly-owned medicines for accelerated value growth

- Invest in taking fully-owned pipeline products longer in development,
- Source pipeline expansion primarily through own peptide R&D activities, but also via selected external opportunities where we can apply our in-house expertise,
- Ensure in-house clinical trial excellence,
- Focus on therapeutic indications, where the development program does not require large clinical trials.

Focus on retaining our pioneering edge and leading position in the innovative design and development of novel peptide medicines

- Invest and collaborate to stay at the pioneering forefront in the design and development of novel peptide therapeutics,
- Sustain an agile and dynamic organizational operating model focused on innovative R&D,
- Base our innovation efforts on defined un-met patient needs in therapeutic areas of high relevance for peptide medicines.

Engage in partnerships for leverage through the product value chain

- Engage in R&D partnerships to; build new knowledge, ensure access to state-of-the-art technologies, mitigate clinical development risk and provide funding,
- Engage in commercial partnerships to; prepare market access and optimize patient and caregiver outreach.

BUSINESS MODEL

Zealand's business model describes how we organize and focus our expertise, capabilities and resources to best possibly meet our corporate goals: Invent and develop novel medicines which can improve patients' lives, while creating value for Zealand's shareholders and other stakeholders.

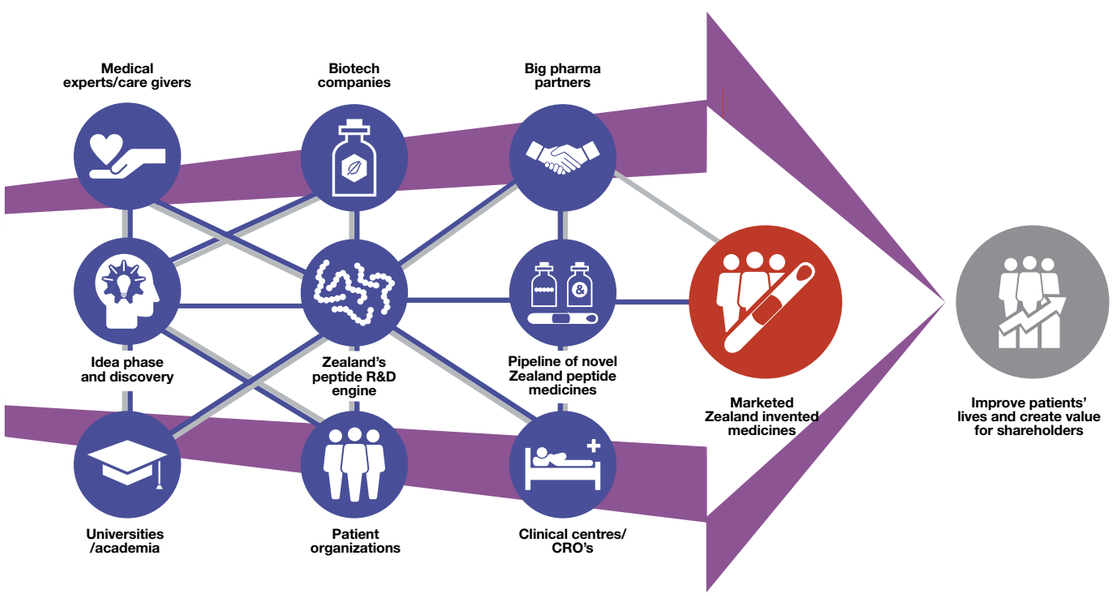


Illustration of Zealand's business model
The illustration above depicts the value chain for our corporate activities from project idea generation to final marketing of Zealand invented peptide medicines. At the center (white arrow) is our in-house capabiilties and proprietary activities, which are leveraged (purple arrow) through dynamic interaction and collaboration in all phases with external partners and stakeholders.

Our foundation: Unique and leading expertise in the therapeutic use of peptides

The fundamental outset for our business is a leading and broad-based understanding and knowledge about peptides and their therapeutic potential and use. From this outset we have built our R&D engine, so it spans over the full development value chain for a new medicinal product. Thus, we possess in-house capabilities in the early idea phase, in chemical synthesisation, lead-optimization over pre-clinical development and through clinical development.

Key to our success is to ensure room for innovation with a patient-centric approach and to retain an agile organizational set-up with fast decision-making. We believe that only via dynamic cross-functional interactions can we ensure a speedy and effective transition of novel medicinal products from preclinical to clinical development. Having a focused R&D organization also helps us to keep a well-controlled cost level.

Build value in the development of novel medicines – partly proprietary, partly partnered

An essential part of the value creation for a novel therapeutic lies in its successful advance into clinical development and through the Phases I to III. This process generates the efficacy and safety patient data set necessary to file for registration and ultimately ensure availability for patients as a new medicine.

In order to optimize the value of our business, we are advancing a growing number of novel therapeutics longer in development ourselves – and for selected products all the way to commercialization. To support this, we have established in-house competences for the design and conduct of clinical trials. We will select products for proprietary development, where the clinical activities are limited in terms of both size, investment and time span. For products targeting larger disease areas and/ or requiring substantial clinical investments we will engage in partnerships with large pharmaceutical partners for funding and risk-sharing.

Our proprietary pipeline is sourced mainly via transition of in-house invented peptide therapeutics but also through acquisitions and in-licensing.

Partnering through the value chain to leverage expertise, ensure funding and get optimal market exposure

Partnering is an essential element in our business model. Through partnerships we leverage our competences, broaden our product pipeline and help ensure funding and risk sharing – while securing the optimal market exposure for new Zealand-invented medicines.

We engage in partnerships at all stages of the value chain

- In the idea phase: with academia to access novel therapeutic targets and with hospitals, medical experts and patient organizations to better understand patient needs,
- In the design & development phase: with biotech companies and academia to ensure access to the newest peptide technologies and formulary techniques,
- In the design and conduct of clinical trials: with Contract Research Organizations, clinical centres and medical experts for trial design input and with pharmaceutical partners to share risk for products targeting large disease areas,
- In the commercialization of Zealand medicines with pharmaceutical companies to ensure the best outreach to patients and caregivers.

Peptides

Peptides are naturally occurring biological molecules which like proteins, are made up of chains of amino acids. There are about 7,000 native peptides in the human body, where they play important roles in many physiological processes. Due to their functional roles, peptides represent a relevant basis as medicines. Key therapeutic advantages lie in a generally very high potency (strong effect at low concentrations) and high selectivity (effect only on the intended target). Peptides are smaller than proteins which can offer advantages in terms of therapeutic administration routes and cost of manufacturing.

FINANCIAL GUIDANCE FOR 2015

For 2015, Zealand expects revenue in the form of growing royalty payments from Sanofi on global sales of Lyxumia®. No specific guidance on the level of royalties can be provided, as Sanofi has given no guidance on 2015 sales of Lyxumia®.

Additional revenue of up to DKK 140 / EUR 19 million may be received as driven milestones from partners.

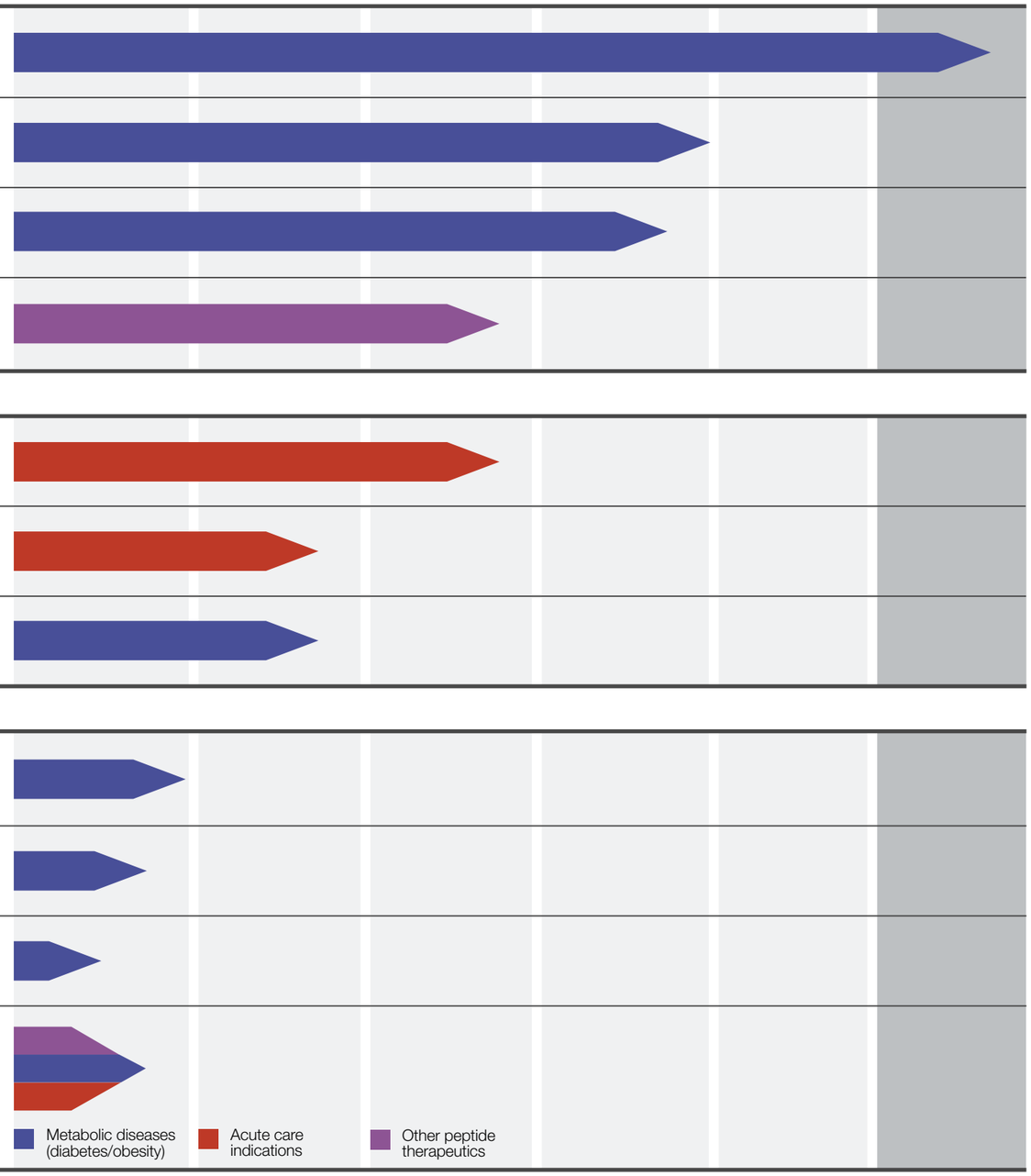
Net operating expenses in 2015 are expected at a range of DKK 225-235 / EUR 30-32 million.

PORTFOLIO OVERVIEW

Zealand has a growing portfolio of novel medicines, which all stem from our profound in-house expertise in peptide therapeutics. One product is on the market, one in clinical Phase III development, four in clinical Phase I-II development and several in preclincal development.

The portfolio balances our pipeline of wholly-owned medicines with partnered products and development programs and has advanced satisfactorily and in accordance with plans in 2014 and into 2015.

	Compound/indication	Description
Partnered products and clinical programs		
SANOFI	**Lyxumia® (Lixisenatide), ex-US** Type 2 diabetes	A once-daily prandial GLP-1 agonist, invented by Zealand and licensed globally to Sanofi. Lyxumia® significantly lowers blood glucose with a pronounced effect on meal-related peaks. Approved as add-on therapyto orals and basal insulin in over 50 countries and so far launched by Sanofi in more than 30 countries worldwide ex-US.
	Lixisenatide US Type 2 diabetes	A once-daily prandial GLP-1 agonist, invented by Zealand and licensed globally to Sanofi. In the US, Sanofi plans to submit for registration of lixisenatide in Q3 2015, pending he completion of the ELIXA cardio-vascular safety trial.
	LixiLan (Lyxumia® / Lantus® combination) Type 2 diabetes	A fixed-ratio single injection combination of Lyxumia® with Lantus®, administered in a disposable pen. Phase IIb clinical results show that LixiLan lowers blood glucose (HbA1c) to 6.3% with weight loss (1.2 kg over 24 weeks). Pending Phase III results expected in Q3 2015, Sanofi plan for US and EU regulatory submissions in Q4 2015.
HELSINN	**Elsiglutide** Chemotherapy induced diarrhea	A novel GLP-2 receptor agonist invented by Zealand and licensed to Helsinn in Cancer Supportive Care. Elsiglutide has shown to stimulate regeneration of damaged intestinal lining and improve bowel function. Following supportive Phase IIa results, Helsinn in January 2015 initiated a Phase IIb dose-finding trial, planned to include 600 patients.
Proprietary clinical programs		
ZEALAND	**Danegaptide** Myocardial ischemic reperfusion injury	A novel gap junction modifying peptide with cardio protective properties. Zealand owns all rights to the product and is currently evaluating its efficacy in a Phase II Clinical Proof-of-Concept trial in 600 patients with a myocardial infarction. The trial is progressing well towards completion in Q4 2015 and results expected in early 2016.
	ZP4207 (stable glucagon) Servere hypoglycemia events	A novel stable glucagon analogue invented by Zealand. ZP4207 has demonstrated a strong stability profile and a good solubility and in preclinical models to have an effect comparable to native glucagon. A Phase I trial with two parts, evaluating safety and PK/PD profilie expected to complete mid-2015 with results available in Q3 2015.
	ZP2929 Diabetes/obesity	A once-daily glucagon/GLP-1 dual agonist. Zealand holds all rights to ZP2929, which in preclinical studies has shown to improve glycemic control (HbA1c) equivalent to that of marketed GLP-1s, while showing a superior and sustained weight loss. Next step in the Phase I development of ZP2929 is under evaluation.
Preclinical projects		
Boehringer Ingelheim	**Glucagon/GLP-1 dual agonists program** Type 2 Diabetes/obesity	Portfolio of novel glucagon/GLP-1 dual agonists for the treatment of Type 2 diabetes and/or obesity, invented by Zealand under a research collaboration with Boehringer Ingelheim (BI). The portfolio was handed over to BI in Q3 2014 and a lead candidate has been selected by Boehringer Ingelheim for advancement into clinical development.
	Undisclosed target Cardio-metabolic	An un-disclosed specific therapeutic peptide program, which in 2014 was the basis for a second collaboration with Boehringer Ingelheim. The aim is to develop novel medicines for improved treatment of patients with cardio-metabolic diseases.
Lilly	**Undisclosed target** Diabetes/obesity	This collaboration agreement with Lilly focuses on the design and development of potentially first-in-class peptide therapeutics for the treatment of Type 2 diabetes and obesity based on a novel approach discovered by Lilly.
ZEALAND	**Several proprietary peptide projects and indications**	Our proprietary preclinical pipeline comprise six novel therapeutic peptides in preclinical development in addition to a number of earlier stage projects. The late-stage preclinical programs include the gastrin-GLP-1 and GLP-1-GLP-2 dual acting peptide therapeutics, both representing novel and potentially more efficacious apporaches for the treatments of diabetes.



2014 ACHIEVEMENTS AND 2015 CATALYSTS

Achievements in 2014

Partnered products and clinical programs

Lyxumia® (lixisenatide) – licensed to Sanofi	• Continued market roll-out country by country with launch in more than 30 countries outside the US. • Initiation of the INTENSE study: large Phase IV observational, real-life study to get further insight into the safety and effectiveness of different approaches to intensifying insulin therapy in diabetes, including add-on of Lyxumia®. • Full year royalty revenues of DKK 20 / EUR 3 million from Sanofi's ex-US sales.
LixiLan (single-injection combination of Lyxumia® and Lantus®) – licensed to Sanofi	• Milestone payment of DKK 81 / USD 15 million from Sanofi. • Initiation of Phase III program in Type 2 diabetes, including two trials: LixiLan-O and LixiLan-L. In total 1,906 patients with Type 2 diabetes. • Supportive clinical Phase IIb data presented at ADA and EASD, showing robust HbA1c reductions to 6.3% with weight loss, no increased hypoglycemia vs Lantus® and very low gastrointestinal adverse events. • Completion of patient recruitment in the Phase III program.
Elsiglutide – In partnership with Helsinn Healthcare	• Initiation by Helsinn of a large international, multi-center observational study in Europe and the US to better understand the incidence and clinical impact of chemotherapy-induced diarrhea in 2,000 colorectal and breast cancer patients. • Receipt of milestone payment of DKK 15 / EUR 2 million. • Phase IIb clinical protocol approval and opening of the first centers.

Proprietary clinical programs

Danegaptide	• Collaboration with the University of Copenhagen to elucidate the full therapeutic potential of danegaptide and receipt of a DKK 1 million grant from the Danish Innovation Fund. • Case story presentation at the Annual Peptide Therapeutics Symposium, US, of danegaptide as an advanced clinical stage peptide therapeutic and a potential first-in-class gap junction modifier. • Solid advancement of Phase II patient recruitment with the 50% target enrolment mark (+300 patients) met in October.
ZP2929	• Rights back to Zealand following decision by Boehringer Ingelheim to proceed with another glucagon/GLP-1 lead candidate with a different therapeutic profile. • Preparation of and interactions with the FDA to discuss the preferred strategy for further Phase I development and design, including results from additional preclinical studies.
ZP4207 (stable glucagon)	• New supportive data on stable glucagon analogue presented at ADA further demonstrating the potential for the product in the treatment of diabetes both as a ready-to-use hypoglycemia rescue pen and as part of an artificial pancreas closed loop system. • Start of clinical Phase I study to evaluate safety and efficacy in first healthy volunteers and then in diabetes patients with insulin induced hypoglycemia.

Preclinical projects

Partnered projects	• Boehringer Ingelheim collaboration on glucagon/GLP-1 dual agonists: New lead candidate selected for development. • Second collaboration agreement with Boehringer Ingelheim signed on Zealand preclinical project in cardio-metabolic diseases and upfront payment of DKK 37 / EUR 5 million.
Proprietary projects	• GLP-1/GLP-2 dual agonist: First ever data presented at ADA on this novel therapeutic approach for better treatment of diabetes and obesity.

Other

Financing	• DKK 299 / USD 50 million raised (DKK 272 / USD 45 million in net proceeds) in non-recourse Lyxumia® royalty bond financing, based on 86.5% of future Lyxumia® only based royalty revenues from Sanofi.

Achievements and further catalysts in 2015

Partnered products and clinical programs

		Timing
Lyxumia® (lixisenatide) – licensed to Sanofi	• Results from the ELIXA cardiovascular outcome study and the GetGoal-Duo-II study. • Interim results from the INTENSE Phase IV observational study on therapeutic approaches to insulin intensification, including add-on of Lyxumia®. • Regulatory submission in the US. • Reports of quarterly royalty revenue from Sanofi's sales and commercial status.	Q2 Q2 Q3 Q2-Q4
LixiLan (single-injection combination of Lyxumia® and Lantus®) – licensed to Sanofi	• Completion and results from the two Phase III trials; LixiLan-O and LixiLan-L (enrolment of 1,906 patients in total completed in early 2015). • Regulatory submissions in the US and the EU.	Q3 Q4
Elsiglutide – In partnership with Helsinn Healthcare	• In February, the first patients were dosed in the Phase IIb dose-finding trial by Helsinn with results expected in H1 2016. • Complete enrolment in the observational study to better access the incidence rate and severity of chemo-therapy induced diarrhea in breast and colorectal cancer patients.	Q1 Q4

Proprietary clinical programs

Danegaptide	• Completion of the Phase II Proof-of-Concept study in up to 600 patients with a myocardial infarction (blood clot in the heart).	Q4
ZP2929	• Decision on next clinical development step based on regulatory dialogue.	Q2
ZP4207 (stable glucagon)	• Initiation of part 2 of the clinical Phase I trial in diabetes patients with insulin induced hypoglycemia. • Completion and results from the full clinical Phase I trial, both part 1 in healthy volunteers and part 2 in diabetes patients.	Q2 Q3

Preclinical projects

Partnered projects	• Boehringer Ingelheim glucagon/GLP-1 dual agonist collaboration: Advancement of new lead development candidate towards clinical development. • Boehringer Ingelheim second collaboration: Start of preclinical development and related milestone payment to Zealand.	Q4 Q4
Proprietary projects	• Presentations of new data on preclinical programs at ADA and EASD. • Advancement of preclinical programs towards clinical development and new partnerships.	Q2-Q3

Other

	• Potential in-licensing and M&A activities.	

PRODUCT AND DEVELOPMENT PORTFOLIO

Torsten Hoffmann
Executive Vice President
and Chief Scientific Officer

Patient needs are the main driver and focus for our activities, and I am truly excited about the therapeutic prospects in Zealand's portfolio of novel medicines.
All our products, with Lyxumia as the first on the market, result from our leading expertise in the innovative design and development of novel therapeutic peptides. While our partnered projects are progressing well, we focus on rigorously advancing also our wholly-owned assets.

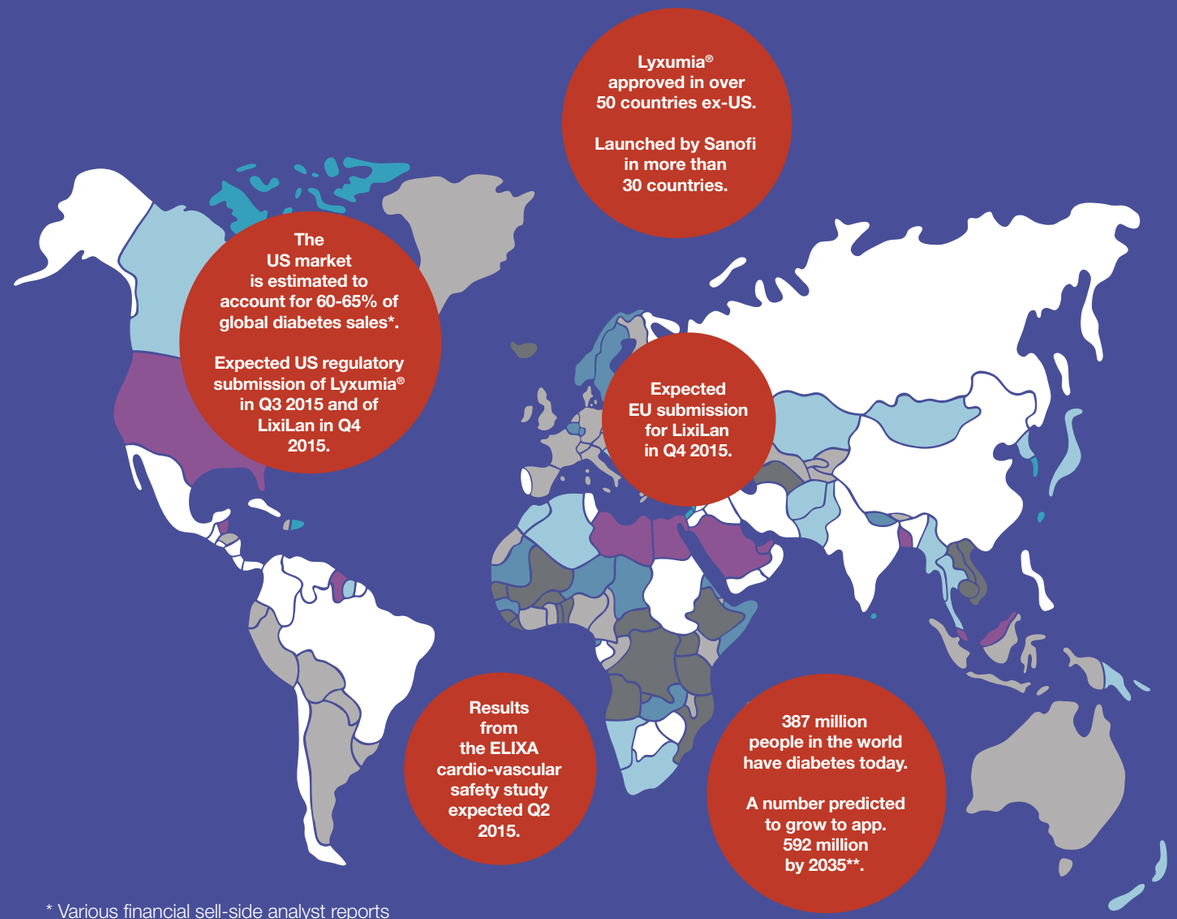
LYXUMIA® AND LIXILAN

Lyxumia® was invented by Zealand for the treatment of Type 2 diabetes and developed and marketed by Sanofi under a global license agreement. Commercial roll-out is ongoing ex-US and regulatory submission in the US is expected by Sanofi in Q3 2015 pending results from the important cardiovascular safety study, ELIXA, expected to report in Q2 2015.

Sanofi is developing a single injection combination of Lyxumia® with Lantus®, their world-wide most prescribed basal insulin in Phase III with trial results expected in Q3 2015. Following these results, Sanofi plans for US and EU regulatory submissions of LixiLan in Q4 2015.

Under the license agreement with Sanofi, Zealand is eligible to remaining milestones of up to USD 160 million and low double-digit royalties on global sales of Lyxumia® and LixiLan.

A look at the diabetes market



* Various financial sell-side analyst reports
** The International Diabetes Federation (IDF)

Lyxumia® (lixisenatide)

A novel treatment for Type 2 diabetes with a pronounced post-prandial effect

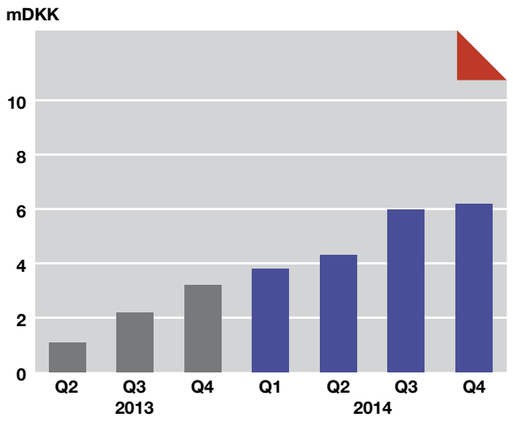
Lyxumia® (lixisenatide), invented by Zealand, is the first once-daily GLP-1 receptor agonist with a pronounced lowering effect on meal-related glucose increase (post-prandial glucose, PPG) in addition to its effect on fasting glucose. Lyxumia® provides significant HbA1c reduction and is associated with a beneficial effect on body weight and a limited risk of hypoglycemia. The PPG-lowering effect of Lyxumia® complements the predominantly fasting plasma glucose (FPG)-lowering effect of basal insulin, making Lyxumia® particularly relevant as an add-on therapy to basal insulin, including Lantus®, helping Type 2 diabetes patients better control their blood sugar levels.

Commercial and regulatory status of Lyxumia®

Lyxumia® has been approved in more than 50 countries and since its first launch in March 2013 it has been rolled out commercially by Sanofi, with the product now available for Type 2 diabetes patients in more than 30 of these countries. Sanofi expects additional launches in 2015 as national price and reimbursement negotiations are completed. In the US, Sanofi plans for regulatory submission of the product in Q3 2015 pending completion of the ongoing cardiovascular safety study, ELIXA.

Under the license agreement with Sanofi, Zealand receives royalties on Sanofi's global sales of Lyxumia®. In 2014, royalty revenue amounted to DKK 20 / EUR 3 million, an increase of 214% compared to 2013.

Lyxumia® royalty revenue



Ongoing ELIXA cardiovascular safety outcome trial – results expected in Q2 2015

Sanofi is conducting a large Cardiovascular Safety Outcome Trial with Lyxumia®, the ELIXA study, where the target enrolment of about 6,000 Type 2 diabetes patients has been completed. The primary objective of the ELIXA study is to demonstrate that lixisenatide can reduce CV morbidity and mortality (composite endpoint of CV death, non fatal myocardial infarction, non-fatal stroke, hospitalization for unstable angina compared to placebo in Type 2 diabetic patients who recently experienced an acute coronary syndrome event.

The patient enrolment target was met in H2 2014 and results of the ELIXA trial are expected to be reported in Q2 2015.

Other clinical activities ongoing: INTENSE observational study and GetGoal Duo II

Sanofi has initiated the INTENSE (Intensifying iNsulin Therapy in Type 2 diabetes: lixisENatide or Standard of carE) trial, a new patient-centric observational study of Lyxumia® and other injectable therapies. including rapid acting insulin, to intensify basal insulin treatement when patients are uncontrolled. INTENSE, which is being initiated in several European countries, has a prospective recruitment of 2,400 adults with Type 2 diabetes, and will assess the safety and efficacy of adding injectable therapies to basal insulin, as well as the factors predicting the effectiveness of this intensification of treatment in a real-world standard of care setting.

In December 2014, Sanofi completed the GetGoal-Duo II study with results expected to be presented at a medical conference later in 2015. The primary objective of the GetGoal-Duo II study is to compare lixisenatide versus insulin glulisine in terms of HbA1c reduction and body weight change at week 26 in Type 2 diabetic patients not adequately controlled on insulin glargine with or without metformin.

Diabetes

Diabetes is a long-term disease that causes high blood sugar levels. It occurs when the pancreas does not produce enough insulin, an essential hormone for the regulation of blood sugar, or because the body's cells do not respond properly to insulin, or both. People with diabetes have to carefully manage their disease mainly by reducing both their post-prandial (meal-related) and fasting (between meals) blood sugar levels. If diabetes is not adequately controlled, the patient has a significantly higher risk of developing complications, including cardio-vascular disease.

Lixisenatide

(ex-US trademark Lyxumia®)

Lixisenatide is a therapeutic peptide developed by Zealand. As a short-acting GLP-1 receptor agonist, lixisenatide has shown significant effect on lowering blood sugar levels with a pronounced effect on post-prandial glucose. Lyxumia® is the trademark approved for lixisenatide outside the US. In the US, no trademark has yet been approved for lixisenatide.

Lyxumia® is the first once-daily GLP-1 recepter agonist with pronounced prandial effect.

The study comprises of three arms:

- Experimental: lixisenatide once a day (injected before breakfast or dinner) on top of insulin glargine with or without metformin. Starting dose will be 10µg, then increased to the 20µg mainte.nance dose after 2 weeks.
- Active Comparator: Insulin glulisine once a day (injected before breakfast or dinner) on top of insulin glargine with or without metformin.
- Active Comparator: Insulin glulisine three times a day (injected before breakfast, lunch and dinner) on top of insulin glargine with or without metformin.
- Read more about the study at: **https://clinicaltrials.gov/ct2/show/NCT01768559**

GLP-1 - An important metabolic peptide hormone

"Glucagon-like-peptide-1" (GLP-1) is a native metabolic peptide hormone produced in the intestine. GLP-1 is released upon food ingestion and works mainly by binding to receptors on pancreatic beta cells, activating insulin release. The important role of GLP-1 extends beyond direct blood glucose control with effect also on gastric emptying and the cardiovascular system.

The GLP-1 agonist drug class is well-established in the treatment of diabetes. According to consensus analyst estimates, sales of GLP-1 based diabetes medicines are expected to reach USD 6 billion in 2018.

LixiLan

LixiLan, single-injection combination of Lyxumia® and Lantus® in Phase III development for Type 2 diabetes

LixiLan is the fixed-ratio combination of Lyxumia® with Sanofi's Lantus® (insulin glargine), the most prescribed basal insulin world-wide, in development for administration as a single daily injection via a disposable pen. In Q1 2014, Sanofi initiated a Phase III development program, comprising two clinical trials – LixiLan-L and LixiLan-O, and up to 1,906 patients with Type 2 diabetes. In early 2015, trial enrolment was completed and results are expected in Q3 2015.

A strong LixiLan therapeutic profile was demonstrated in Phase II

The safety and efficacy of the fixed-ratio combination were evaluated by Sanofi in a Phase II Proof-of-Concept study versus Lantus® alone, in 323 insulin-naïve Type 2 diabetic patients treated with metformin.

The results from the study, which was presented at both the ADA and EASD diabetes congresses in 2014, showed that LixiLan gave a robust reduction in HbA1c (three months blood sugar level) from 8.1% to 6.3% with 84% of the patients on LixiLan having achieved the HbA1c target of <7%. Patients treated with LixiLan also had a beneficial reduction in body weight (-1kg) and experienced less frequent nausea and vomiting compared to what has been reported for the GLP-1 class and a low incidence rate of symptomatic hypoglycemia.

Two LixiLan Phase III trials ongoing – results expected in Q3 2015

The first study protocol for the LixiLan Phase III program was approved in January 2014, which triggered a previously announced milestone payment of DKK 82 / USD 15 million to Zealand from Sanofi.

The Phase III program comprises of two studies:

- LixiLan-O; investigates the efficacy and safety of LixiLan versus treatment with either Lantus® alone or Lyxumia® alone in patients with Type 2 diabetes insufficiently controlled on oral anti-diabetic medication (OAD) (approx. 1,150 patients) and
- LixiLan-L; investigates the efficacy and safety of LixiLan in Type 2 diabetes patients who are not adequately controlled on Lantus® alone (approx. 725 patients).

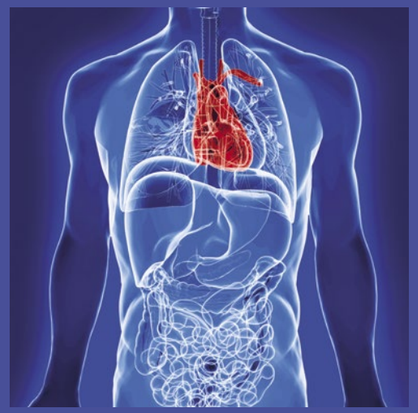
ClinicalTrials.gov identifiers:

LixiLan-L:
https://clinicaltrials.gov/ct2/show/NCT02058160?term=LixiLan&rank=1

LixiLan-O:
https://clinicaltrials.gov/ct2/show/NCT02058147?term=LixiLan&rank=2

DANEGAPTIDE

Danegaptide has shown exciting potential as a possible first-in-class medication to reduce reperfusion injuries and save heart tissue in patients after an acute myocardial infarction (AMI). No effective treatment exists today to prevent ischemic reperfusion injuries.



Ischemic reperfusion injury – A serious medical condition

Ischemic reperfusion injury happens as a consequence of blood flow returning into tissue, which for a period has been without oxygen due to a cut in blood supply. Restoring blood flow to oxygen-deprived cells is critical for their survival but the process in itself causes cellular damage.

Ischemic reperfusion injuries of the heart are most often associated with an acute myocardial infarction (AMI), a sudden blood clot blockage in the heart.

The treatment of acute myocardial infarction has improved hugely. Today, 9 out of 10 patients survive the event, but the heart can be severely damaged – mainly as a result of reperfusion injuries, resulting in disability, reduced physical capabilities and an increased risk of a second cardiac event for patients. Results so far gives us reasons to believe that, when added to standard therapy, danegaptide may protect the heart against these damages.

Adam Steensberg
Chief Medical Officer
Zealand Pharma

~675,000

annual incidents of severe AMI (ST-segment elevation MI)
predicted in the US, EU5 and Japan in 2022*

The acute phase of an AMI is well treated - but cardiac function is often impaired

The standard treatment of an AMI is today, percutaneous coronary intervention (PCI) in the form of a balloon dilatation and stent placing, which effectively helps restore blood flow to the heart.

50-80% of AMI patients undergo timely PCI, which has increased survival to 90% from 40% 20-25 years ago.**

Still, many AMI patients suffer from an impaired cardiac function after their event, and most often a result of ischemic reperfusion injuries.

* Decision Resources (May 2014) Cardium Study - Acute Coronary Syndrome.
** Dr. Thomas Engstrøm, PhD, DMSc, Chief Physician, The Heart Center, Rigshospitalet, Copenhagen University Hospital.

Zealand is currently evaluating danegaptide in a Phase II Proof-of-Concept trial in up to 600 AMI patients in collaboration with a world-leading cardiac center. Patient enrolment is advancing well and trial completion is expected in Q4 2015. Danegaptide is a therapeutic peptide invented and fully owned by Zealand.

Danegaptide – Potential first-in-class medical treatment for reperfusion injuries

Danegaptide is a novel therapeutic peptide, invented by Zealand, with anti-arrhythmic and cell protective properties. In preclinical studies, danegaptide's cell protective properties have been shown to cause a reduction in tissue damage in models of reperfusion injuries. Danegaptide has also been evaluated in a relatively large Phase I program, comprising 153 patients, showing very good safety and tolerability.

Based on these previous results, we believe that danegaptide has promising potential as a first-ever medical treatment to help prevent or reduce ischemic reperfusion injuries in patients with an AMI. The idea is to treat AMI patients with danegaptide as soon as possible after diagnosis and in addition to the current standard therapy of PCI procedures.

Phase II study ongoing – Results expected in Q4 2015
Zealand is conducting a clinical Phase II Proof-of-concept trial with danegaptide to evaluate its efficacy and safety in the protection of heart tissue from reperfusion injuries after an acute myocardial infarction. The trial is conducted in collaboration with the world-leading team at the cardiac center at Rigshospitalet, the University Hospital of Copenhagen. The medical team at Rigshospitalet's cardiac center has been among the pioneers in the field of PCI therapy for AMI patients, performing today up to 1,000 PCIs annually.

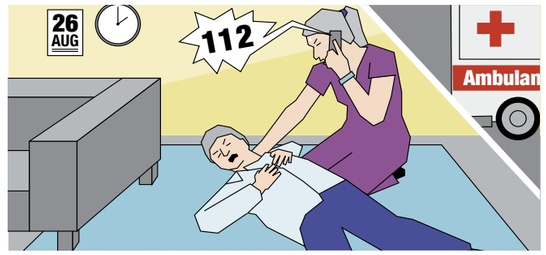
Phase II trial design and set-up:

- Randomized, double-blind, placebo-controlled.
- Enrolment: Up to 600 patients with a severe AMI (STEMI)
- Treatment: High or low dose of danegaptide or placebo in connection with a PCI procedure.
- Primary endpoint: Reduction in infarct size measured via MRI scan and based on the Myocardial Salvage Index, a documented prognostic marker for cardiac outcome (i.e. heart failure and risk of death).
- Secondary endpoints: Clinical events of heart failure, re-hospitalization, pharmacodynamics effects and safety of danegaptide (monitored through the study by a data safety monitoring board (DSMB).

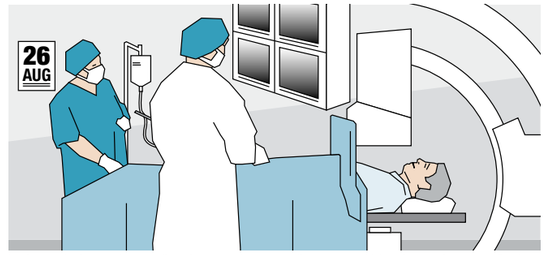
As of 9 March 2015, 450 patients have been enrolled in the trial which is progressing smoothly. Study completion is expected in Q4 2015 with results in early 2016.

Dependent on the results of the trial, it is Zealand's plan to further develop danegaptide in collaboration with a partner.

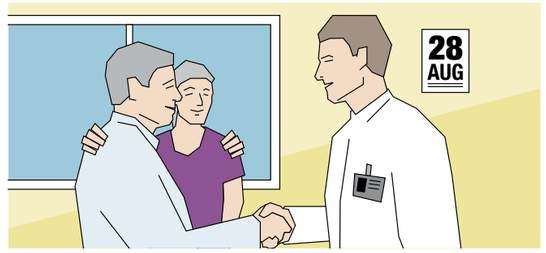
The unmet medical need associated with AMI



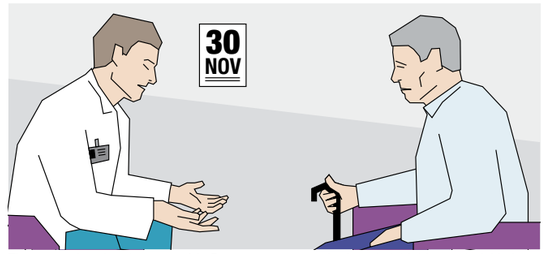
Mr. Brown is 68 years old. One day, he feels a sudden strong chest pain beaming into his left arm. He becomes dizzy and has trouble breathing. He falls to the floor. His wife quickly calls 112 and an ambulance arrives.



In the ambulance the medic takes an electrocardiogram and blood samples – confirming that it is an acute blood clot in the heart. At the hospital, he is immediately undergoing a PCI (balloon dilatation) procedure to remove the clot and quickly restore blood flow.



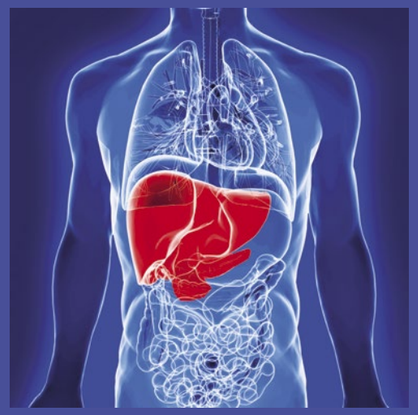
Mr. Brown is extremely happy and relieved, realizing that the doctor has saved his life. He feels very well and looks forward to going home. The doctor tells him to be mindful of his physical condition and to come to see him if he experiences any problems.



Three months after the event, Mr. Brown presents at the hospital, highly worried. He has increasing shortness of breath and difficulties pursuing his daily life activities. The doctor takes an MRI scan and regrettably informs Mr. Brown that an area of his heart has been irreversibly damaged as a result of ischemic reperfusion injuries associated with the AMI.

ZP4207 – STABLE GLUCAGON

ZP4207, invented by Zealand, has unique characteristics, leaving the product with promising potential as a ready-to-use rescue pen for better treatment of severe hypoglycemia events in diabetes patients on insulin therapy.



We are up every night to measure Jesper's blood sugar. This means that Jesper cannot sleep over with friends nor go on school camps without one of us escorting him.

Dorte and Henning Iversen, parents to Jesper 7 years, who has Type 1 diabetes – from the book "Angsten er der jo altid" (The fear is always there)

Severe hypoglycemia – an acute and life threatening condition

Severe hypoglycemia is a life threatening condition resulting from an abnormal drop in blood sugar (glucose) levels associated with insulin therapy in Type 1 and Type 2 diabetes patients. The condition is associated with dizziness, confusion, nausea and eventually unconsciousness. If left untreated for too long, severe hypoglycemia can lead to brain damage.

All patients with Type 1 diabetes are on insulin therapy and in the US approx. 20% of patients with Type 2 diabetes are treated with insulin. *

Hypoglycemia is one of the most feared side effects of insulin therapy

64% of Type 1 diabetes patients and 3% of Type 2 diabetes patients are "very afraid" of insulin shock, i.e. an attack of severe hypoglycemia.**
The American Diabetes Association (ADA) recommends that all Type 1 and Type 2 patients on insulin therapy carry a hypoglycemia rescue kit with them at all times. It is estimated that only about 5% of diabetes patients on insulin therapy have a rescue kit available.***

Current treatment of severe hypoglycemia cases

Severe episodes of hypoglycemia can be effectively treated with glucagon injections. Glucagon is a native peptide with effects opposite to those of insulin - it helps to release stored glucose and increase blood sugar levels. The therapeutic use of native glucagon is made difficult by the peptide's very poor stability and low solubility. Therefore, current glucagon treatments are available only in the form of lyophilized powder which requires reconstitution with sterile water in a multi-step process before use. In the case of an acute and severe hypoglycemia event, this can lead to handling errors, delay administration of glucagon and result in sub-optimal treatment of the diabetes patient.

* Decision Resource, 2012
** Danish Diabetes Association, 2013
*** Center for Disease Control and Prevention, 2011

In November 2014, ZP4207 was advanced into clinical Phase I to evaluate safety and efficacy parameters. Trial results are expected in Q3 2015. If supportive, this could lead to an accelerated development program with regulatory submission potentially as early as 2018. ZP4207 is wholly-owned by Zealand.

ZP4207 – more effective and convenient treatment of severe hypoglycemia

Zealand has invented ZP4207 as a novel analogue of human glucagon. ZP4207 demonstrates a strong stability profile in liquid solution, supporting its potential use as a ready-to-use rescue pen for a more convenient and better treatment of severe hypoglycemia. The therapeutic use of native glucagon is made difficult by the peptide's inherently very poor stability and low solubility.

Importantly, data from preclinical studies with ZP4207 further suggest that the compound is comparable with native glucagon in its effect on releasing glucose stores into the blood stream to restore blood sugar levels. The physical stability profile of ZP4207 so far shows, that it is also suitable for longer term storage at room temperature.

Clinical Phase I trial design

In November 2014, Zealand initiated a clinical Phase I trial with ZP4207, which comprises of two parts both conducted at a selected diabetes center in Germany:

Phase I - Part 1:
- Single ascending dosing in up to 64 healthy volunteers.
- Primary objective is to evaluate safety and tolerability.
- Secondary objectives are to evaluate the pharmacokinetic and pharmacodynamic profile compared to native glucagon.

Phase I - Part 2:
- Selected dose from Part 1 evaluated in 20 Type 1 diabetes patients challenged to hypoglycemic with insulin before treatment. Measure the efficacy of ZP4207 to release glucose stores and increase blood sugar levels compared to native glucagon.

Zealand expects to complete the Phase I trial in H1 2015 and have results available mid-2015. Dependent on the outcome of the Phase I trial, it is our plan to undertake the full clinical development and retain the full value of ZP4207 in-house through to commercialization. These plans are in line with our strategy of building a select pipeline of proprietary and value enhancing new medicines for patients. First regulatory filing of ZP4207 could be as early as at the start of 2018.

The uniqueness of ZP4207 – Potential multiple dose use

In addition to its potential use as a ready-to-use rescue pen, the properties of ZP4207 further indicate its usability in a multiple dose version for a more general treatment of low blood sugar levels or less severe cases of hypoglycemia associated with diabetes. This could be applicable in either a multi-dose pen or as a component in an insulin-glucagon hormone pump.

A new and efficient treatment for severe hypoglycemia

Brian is having fun at his birthday party. He has type 1 diabetes. He has had some beers and even if he is normally very mindful to manage his condition, he has this evening forgotten to measure his blood glucose for several hours.

Brian starts to feel anxious, nauseous, confused and he is cold sweating. Suddenly, he looses consciousness and falls to the floor. His guests are shocked, but Brian's best friend, Tom, realizes it most likely is an event of severe hypoglycemia.

Tom kows where to find Brian's hypoglycemia rescue kit, containing glucagon in powder form, a syringe and a long manual. Tom starts to read the manual, eager to get the delicate handling right. As Brian is still unconscious, Tom gives up and calls 112.

The ambulance arrives and the medic quickly checks Brian's pulse and blood sugar level, before giving him a glucagon rescue injection. Brian quickly regains his consciousness. They are all relieved. Tom thinks how valuable it would have been, if the rescue kit had been in a form immediately ready for use, he could have rescued Brian himself.

ZP2929

ZP2929 is a Zealand invented dual acting glucagon/GLP-1 peptide receptor agonist for the treatment of diabetes and/or obesity. Zealand retains full control of this drug candidate which is currently undergoing strategic review.

ZP2929, a once-daily dual acting glucagon/GLP-1 peptide receptor agonist
ZP2929 is a once-daily dual acting glucagon/GLP-1 peptide receptor agonist, invented by Zealand. ZP2929 is in Phase I clinical development as a potential new treatment for patients with Type 2 diabetes and/or obesity.

ZP2929 acts with high potency on both the glucagon and the GLP-1 (glucagon-like peptide-1) receptors. In preclinical studies, ZP2929 has shown the ability to improve glycemic control while causing a significant and sustained weight loss.

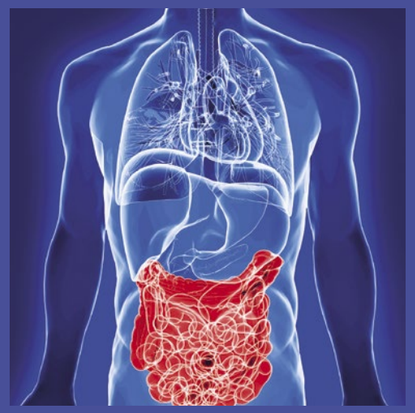
ZP2929 under strategic review
Zealand has ZP2929 in clinical Phase I development to evaluate its safety and tolerability under an Investigational New Drug (IND) application with the FDA.

Until January 2014, ZP2929 was covered under the Zealand/ Boehringer Ingelheim agreement on glucagon/GLP-1 dual agonists for the treatment of Type 2 diabetes and obesity. As part of a then decision by Boehringer Ingelheim to change the development program with the selection of a new glucagon/ GLP-1 lead compound, Zealand retained full control of this drug candidate.

Zealand has revised its development plans for ZP2929 and is in dialogue with the FDA considering next step for the product. A decision in relation to the best way forward is expected later in 2015.

ELSIGLUTIDE

Elsiglutide is a Zealand invented GLP-2 agonist with potential as a first-ever therapy against chemotherapy induced diarrhea, a serious and life-threatening condition in cancer patients. Elsiglutide is in development by Helsinn with results from a Phase IIb trial expected in H1 2016.



Chemotherapy induced diarrhea (CID)
CID is a major challenge in cancer therapy today. Many cancer patients, who receive chemotherapy, in particular 5-fluorouracil (5-FU)-based chemotherapy, and also other cancer therapies, suffer from severe diarrhea, induced by damage to their intestines caused by the therapy. CID can lead to dehydration, malnutrition, hospitalization, markedly reduced quality of life, and in particular sub-optimal cancer treatment. No effective treatments exist today for patients with CID.*

5-FU based chemotherapy regimens can result in up to 50-80% of patients developing CID.**

* Healthways, Chemotherapy Induced Diarrhes, Care Guide Update 2010.
** Alexander Stein, Wieland Voigt and Karin Jordan Ther. Adv. Med. Oncol. (2010) 2 (1) 51_63

Elsiglutide, a novel Zealand invented therapeutic GLP-2 peptide in development by Helsinn
Elsiglutide is a novel, potent and selective GLP-2 peptide receptor agonist invented by Zealand for the prevention of chemotherapy induced diarrhea (CID). GLP-2 is a native peptide, which plays a key role in intestinal growth and formation by promoting regeneration of the epithelial surface of the intestine.

Global development and commercial rights outside the Nordic countries to elsiglutide in Cancer Supportive Care are licensed to Helsinn (**www.helsinn.com**).

Elsiglutide as a potential first-ever treatment for the prevention of chemotherapy induced diarrhea
In pre-clinical studies, elsiglutide has been shown to consistently stimulate growth of the small intestinal mucosa. These results support the potential use of elsiglutide in the treatment of gastro-intestinal disorders, including as a therapy to decrease the incidence and severity of severe diarrhea induced by cancer chemotherapy.

In a Phase IIa clinical trial, elsiglutide has demonstrated promising results in the prevention of diarrhea in colorectal cancer patients receiving 5-FU based chemotherapy and a favorable safety profile.

Phase IIb dose-finding study ongoing – results in H1 2016
In February 2015, Helsinn treated the first cancer patients in a multinational, multi-center Phase IIb clinical dose-finding trial of elsiglutide conducted in Western and Eastern Europe. The objective of the trial is to access the efficacy of three different doses of subcutaneous elsiglutide versus placebo for the prevention of 5-FU based chemotherapy induced diarrhea.

The Phase IIb trial has the following design:

- Setup: randomized, double-blind, parallel group, placebo-controlled, dose-finding trial.
- Primary Endpoint: The proportion of patients experiencing diarrhea of grade 2 or more during the first cycle of 5-FU based chemotherapy.
- Enrolment: Up to 600 colorectal cancer patients receiving 5-FU-based chemotherapy regimens (FOLFOX or FOLFIRI), including an exploratory subgroup of up to 120 patients receiving treatment with an approved antibody.
- Treatment: During the initial two 5-FU cycles, patients will get daily a single subcutaneous dose of 10, 20 or 40 mg elsiglutide or placebo for 4 consecutive days, starting from the first day of 5-FU administration.

The results of the Phase IIb trial are expected in H1 2016.

Large observational study of CID conducted by Helsinn to support the development of elsiglutide
In 2013, Helsinn initiated a large international, multi-center, prospective, cohort observational study involving more than a hundred sites in six European countries and in the US to better assess the incidence and clinical impact of chemotherapy-induced diarrhea in colorectal cancer patients and in breast cancer patients receiving 5-FU based chemotherapy.

Target study enrolment is up to 2,000 patients with final results expected in Q1 2016.

Financial terms under the Helsinn agreement:

Remaining milestones of

EUR 124 mill.

plus high single-digit sales royalties

We are exited to be advancing the development of elsiglutide as a potential first-ever therapy to prevent severe diarrhea as a debilitating side-effect of chemotherapy. Helsinn is committed to supporting patients world-wide with the highest-quality cancer supportive care and we have high expectations for elsiglutide.”

Riccardo Braglia,
Chief Executive Officer of Helsinn

PRECLINICAL PROJECTS

Zealand's preclinical pipeline covers several novel therapeutic peptide projects, which are advancing towards clinical development, in-house or under partnerships.

Boehringer Ingelheim

1st collaboration with Boehringer Ingelheim – New lead glucagon/GLP-1 development candidate selected
The first collaboration agreement between Zealand and Boehringer Ingelheim was signed in 2011 and is progressing very well. It covers the development and commercialisation of novel dual acting glucagon/GLP-1 peptide agonists for the treatment of Type 2 diabetes and/or obesity.

In January 2014, Boehringer Ingelheim decided to change the previous development program under the collaboration and select a new lead compound from the portfolio of novel glucagon/GLP-1 dual agonists and compound designs, which had been invented under a two-year research part of the collaboration and was handed over to Boehringer Ingelheim in Q3 2013.

A final new lead development compound was selected by Boehringer Ingelheim in H2 2014 and is now being progressed for the expected advance into clinical development in early 2016.

Terms of the 1st collaboration agreement
Under the terms of the first collaboration agreement, Boehringer Ingelheim retains global development and commercial rights to all dual-acting glucagon/GLP-1 compounds stemming from the collaboration. Zealand retains co-promotion rights in Scandinavia. Boehringer Ingelheim finances all development, manufacturing and commercial activities.

Zealand is eligible to potential milestone payments related to the achievement of pre-specified development, regulatory and commercial milestones for the first lead candidate. Part of the milestone payment has already been received on a previous development lead. Further, Zealand is entitled to tiered royalties that range from high single to low double digits on global sales of products developed and commercialized under the agreement.

Remaining potential milestone payment of

EUR 365 mill.

plus sales royalties

Boehringer Ingelheim

2nd collaboration with Boehringer Ingelheim - Progressing towards selection of preclinical development candidate
In July 2014, Zealand's signed its second global collaboration agreement with Boehringer on a novel peptide project from Zealand's preclinical pipeline. Under the collaboration, the two companies combine their research expertise for up to four and a half years focusing on the continued discovery, identification and characterization of novel peptide medicine candidates within the selected therapeutic target area of cardio-metabolic disease. The companies will also work together to advance the therapeutic peptides stemming from this research collaboration into preclinical development. Boehringer Ingelheim will be responsible for the conduct of preclinical and clinical development as well as for the commercialization.

The collaboration is progressing very well with the selection of a lead candidate for preclinical development is expected towards the end of 2015.

Terms of the 2nd collaboration agreement
Under the terms if of the second collaboration agreement, Boehringer Ingelheim retains global development and commercial rights to all compounds invented under the collaboration. Zealand retains co-commercialization rights in Scandinavia. Boehringer Ingelheim finances all development, manufacturing and commercial activities.

Zealand is eligible to milestone payments dependent upon the achievement of pre-defined development milestones, with the first at initiation of preclinical development, as well as regulatory and commercial milestones for the lead product under the collaboration. Zealand is also entitled to research funding plus tiered royalties on global sales of products stemming from the collaboration.

Remaining potential milestone payment of

EUR 295 mill.

plus sales royalties

"We treasure our partnership with Zealand as a company with leading competences in the design and development of novel peptide medicines. Both our collaborations are progressing well with important development milestones expected within the coming year."

Michel Pairet, M.D., Senior Corporate Vice President of Research and Non-clinical Development, Boehringer Ingelheim.

Lilly

R&D collaboration with Lilly
Zealand has an ongoing collaborates with Lilly, under which both companies invest resources in the design and development of potentially first-in-class peptide therapeutics for the treatment of Type 2 diabetes and obesity. The collaboration has its outset in a novel therapeutic approach discovered by Lilly. The target is un-disclosed.

The companies share the funding, risk and reward of the program. Future expansion of the collaboration to additional drug targets and disease areas is possible. No financial terms of the agreement have been disclosed.

ZEAL&
REVOLUTIONARY HEALTH SOLUTIONS

Zealand's proprietary preclinical portfolio
The outset for our preclinical activities is the fundamental conviction that peptides offer enormous potential as future medicines for better treatment of unmet medical needs. We focus our activities on cardio-metabolic diseases, expanding step-wise also into the field of inflammation, where peptide-based therapies also represent specific and attractive potential.

We aim to create novel medicines to address unmet medical needs for improved patient lives. Innovation at Zealand is therefore driven by a patient-centric approach and with a fundamental outset in the application of our broad-based understanding of peptide therapeutics and our molecular peptide design capabilities.

Our portfolio of preclinical activities currently comprises six wholly-owned novel development projects and several earlier phase projects. An example of our innovative approach in the cardio-metabolic area are the GLP-1-based dual agonist peptide projects.

While GLP-1 agonists represent an established and acknowledged class of medicines for the treatment of diabetes, still in many cases would diabetes patients benefit from additional therapeutic effects, including protection of the insulin producing cells in the pancreas, substantial body weight loss, and/or improved hepatic status. These needs are not addressed by GLP-1 agonists alone, and to overcome these limitations, we are working with a dual peptide strategy, exemplified by our GLP-1-gastrin, GLP-1-glucagon and GLP-1/GLP-2 dual agonist programs. Overall these programs take advantage of Zealand's ability to design single molecule peptide hybrids and chimeras enabling us to build in additional pharmaceutical effect functionalities beyond a GLP-1 starting point.

RISK MANAGEMENT AND INTERNAL CONTROL

At Zealand, we constantly monitor and assess both the overall risk of doing business in the pharmaceutical biotech industry and the particular risks associated with our current activities and corporate profile, including scientific and development risks, partner interest risks, commercial and financial risks.

Doing business in the pharmaceutical biotech industry involves major financial risk. The development period for novel medicines typically stretches over many years; costs are high and the probability of reaching the market relatively low due to developmental and regulatory hurdles.

Zealand's Management is responsible for implementing adequate systems and policies on risk management and internal control and to assess the overall risks and specific risks associated with Zealand's business and operations and seek to ensure that such risks are managed best possible in a responsible and efficient manner.

Risks of specific/particular importance to Zealand are scientific and development risks, commercial risk, partner interest risks and financial risks. Risk and mitigation plans are monitored by Management and this continuous risk assessment is an integral part of the quarterly reporting to the Board of Directors.

Scientific and development risks

During the course of the research and development process Zealand regularly assesses these risks through a quarterly risk assessment of all the company's research and development projects conducted by Management in collaboration with the department heads and project managers and presented to the Board of Directors. Each project is described and progress is measured based on milestones. An individual risk analysis for each of the projects is conducted and a prioritizing of the project portfolio is performed.

Commercial risks

From early on in the research phase and all the way through development, risks related to patent protection, market size, competition, development time and costs and partner interest are assessed to make sure that final products are potentially commercially viable. Any major changes in the commercial potential for a drug candidate can lead to reduced value prospects and eventually discontinued development.

Risks of specific/particular importance to Zealand are scientific and development risks, partner interest risks and commercial as well as financial risks.

Partner interest risks

Zealand has ongoing discussions with potential industry partners in order to gauge and encourage interest in the research programs. The aim is to ensure that Zealand focuses on programs that are attractive to partners. Entering into collaborations with partners can bring significant benefits but also potentially involve risks. In addition, full control of the products is often given over to the collaborator. In order to mitigate these risks Zealand strives to foster a close and open dialogue with its partners thereby building strong partnerships that work effectively.

Financial risks

Financial risks such as cash and treasury management, liquidity forecasts and financing opportunities are managed in accordance with the Finance Policy and regularly assessed by the company's Management and reported to the audit committee and the Board of Directors. See also page 62; Note 15 – Financial and operational risk.

Risk management and internal control related to financial reporting

Zealand has a number of internal control and risk management systems in place to ensure that its financial statements provide a true and fair view and is in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies. On a yearly basis, an evaluation – with special emphasis on risk management and internal control related to the financial reporting – is done to ensure that risks are managed in a responsible and efficient manner.

Zealand has several policies and procedures in key areas of financial reporting. The internal control and risk management systems are designed to mitigate, detect and correct material misstatements rather than eliminate the risks identified in the financial reporting process.

A review and prioritization of material accounting items is also performed. Items in the financial statements that are based on estimates or that are generated through complex processes carry a relatively higher risk for error. Zealand performs continual risk assessments to identify such items and to assess the scope and related risk.

The policies and procedures are approved by the Board of Directors and on a daily basis the responsibility is of the Executive Management. The Board of Directors has established an audit committee with an advisory role relative to the Board of Directors. Considering Zealand´s legal structure, size and the fact that operations are carried out at one single site, the Board of Directors has concluded that it is not relevant to establish an internal audit function in Zealand.

Description of management reporting systems and internal control systems

Zealand has management reporting and internal control systems in place that enables it to monitor performance, strategy, operations, business environment, organization, procedures, funding, risk and internal control. The company believes that the reporting and internal controls are adequate to avoid misstatements in the financial reporting.

A full description of the risk management and internal control system in relation to financial reporting is included in the statutory report on Corporate Governance, cf. section 107b of the Danish Financial Statements Act, which can be found on the company's website:
www.zealandpharma.com/investors/corporategovernance

An individual risk analysis for each of the projects is conducted and a prioritizing of the project portfolio is performed.

CORPORATE GOVERNANCE

Zealand follows Danish securities law and as a company listed on Nasdaq Copenhagen, we are guided by the Corporate Governance Recommendations designated by Nasdaq Copenhagen.

Zealand regularly reviews its rules, policies and practises related to the overall governance of our company

Nasdaq Copenhagen has incorporated the Recommendations by the Danish Committee of Corporate Governance, and Zealand intends to meet these recommendations in all respects of material relevance to our company. As part of our Corporate Governance policy we apply the "comply or explain" principle as recommended.

Zealand regularly reviews its rules, policies and practices related to the overall governance of our company with the purpose of ensuring that we meet our obligations to shareholders, employees, regulatory authorities and other stakeholders, while serving to maximize long-term value.

It is the view of Management that Zealand complies with the recommendations set forward with one single exception with is highlighted and explained below:

Recommendations section 3.4.8: The remuneration committee will be using the same external advisors as the Executive Management, even if this is against the Corporate Governance recommendations. The reason is that the Board of Directors' is of the conviction that the external advisors will provide professional and unbiased advice in both their capacities as advisers to the Executive Management and to the remuneration committee.

Zealand's statutory report on Corporate Governance, which has been prepared in accordance with the Danish Financial Statements Act, section 107b, is available in full at the company's website:
www.zealandpharma.com/investors/corporategovernance

CORPORATE SOCIAL RESPONSIBILITY

Our statutory report on Corporate Social Responsibility focus on those areas which are unique to Zealand's business as a research and development driven biotechnology company with a diverse range of strategic partnerships. The report is available on our website.

The CSR report puts particular emphasis on those areas which are unique to Zealand's business

Zealand's policies with regards to Corporate Social Responsibility ("CSR") cover many areas of our operations. In 2014 Zealand updated its CSR status report describing the status and activities within the following areas:

1. Labour Practices & Decent Work
2. Occupational Health & Safety
3. Ethics and Quality in relation to Research and Development Activities
4. Environmental Sustainability
5. Anti-corruption & Pharmaceutical ethics

These focus areas are an amalgamation of existing Zealand values and policies together with the principles of the United Nations Global Compact where they apply to the scope of the company's business.

The CSR report puts particular emphasis on those areas which are unique to Zealand's business as a biotechnology and research corporation with a diverse range of strategic partnerships. However, given that we do not directly market or commercialize any medicinal products, there are many issues specific to the pharmaceutical industry which consequently do not fall within the scope of our CSR activities.

Zealand has in accordance with the Danish Financial Statements Act, section 99a, prepared a statutory report on CSR, which can be found on the company's website:
www.zealandpharma.com/investors/csr

The statutory report includes our policy and objectives in relation to diversity in accordance with the Danish Financial Statements Act, section 99b.

BOARD OF DIRECTORS

Left to right

Alain Munoz

MD Cardiology and Anaesthesiology

Born: 1949

Board member since 2005 (resigned 2006), re-elected 2007
Independent

Advisor:
Kurma Biofund

Member of the board:
Valneva
Auris medical AG
Medesis SA

Ownership:
7,000 shares

Christian Thorkildsen

Cand.pharm. PMP

Born: 1968

Board member since 2006
Employee elected
Project director

Ownership:
54,000 warrants
23,329 shares

Michael J. Owen

PhD Biochemestry

Born: 1951

Board member since 2012
Independent

Member of the board:
Blink Biomedical SAS
Ossianix, Inc.

Advisor:
Kymab Ltd
Qure Invest SaRL
CRT Pioneer Fund LP
Sanofi Aventis Oncology Board

Ownership:
None

Daniël Jan Ellens

PhD Molecular Biology M.B.A.

Born: 1948

Chairman of the board since 2013
(Chairman 2007-2012
Board member since 2005)
Independent

Venture Partner:
Life Sciences Partners

President:
Elkerim GmbH

Member of Advisory Board:
mAbxience SA

Ownership:
134,024 warrants
16,500 shares

Jørgen Lindegaard

M.Sc. Engineering (Electronics)

Born: 1948

Vice Chairman of the board since 2013
(Chairman 2012-2013)
Board member since 2011
Independent

Chairman of the board:
AVT Business School A/S
Scania (DK)
Scania (NO)
JL Rungsted Holding
Trifina Holding ApS
K/S Vimmelskaftet 39-41
IT University of Copenhagen
Viking-Danmark A/S

Ownership:
16,285 shares

Helle Størum

M.Sc. Business Administration
Diploma in Basic Pharmaceutical Medicine

Born: 1967

Board member since 2008
Employee elected
Director, Head of Business Development, External Innovation and New Opportunities

Ownership:
15,000 warrants
3,000 shares

Jens Peter Stenvang

Degree in biology

Born: 1954

Board member since 2014
Employee elected
Laboratory technician

Ownership:
10,000 warrants

Peter Benson

MA Economics

Born: 1955

Board member since 2007
Independent

Managing partner:
Sunstone Capital

Member of the board:
Asante Solutions Inc.
Arcoma AB
Alligator Bioscience AB
Opsona Therapeutics

Ownership:
None

EXECUTIVE MANAGEMENT

Left to right

Britt Meelby Jensen

President and Chief Executive Officer

Danish, born 1973

Britt Meelby Jensen joined Zealand as CEO in January 2015. Before joining Zealand, she headed the world leading Agilent-owned Danish diagnostics company, Dako A/S, as the company's CEO.

Britt has extensive experience from a range of managerial positions within the life sciences industry, counting also 11 years of international experience from Novo Nordisk. This includes the position as Corporate Vice President for Global Marketing, Market Access and Commercial Excellence. Prior to this, Britt was Global Marketing Director for Diabetes Lifecycle Management and before this Nordic Marketing Manager for Diabetes.

Previously, Britt has worked for McKinsey and Company and within the EU Institutions in Brussels.

Britt has a M.Sc. in International Marketing Management from Copenhagen Business School, Denmark and an MBA from Solvay Business School in Brussels, Belgium.

Ownership:
None

Mats Blom

Senior Vice President and Chief Financial Officer

Swedish, born 1965

Mats Blom joined Zealand as CFO in March 2010. Prior to joining, Mats served as Chief Financial Officer at Swedish Orphan International, a leading European orphan drug company acquired by BioVitrum of Sweden in 2009 (now Sobi Pharmaceuticals).

Mats has extensive managerial experience and he has held CFO positions at Active Biotech and Anoto, both publicly listed on the Nasdaq Stockholm stock exchange. Previously, Mats worked as a management consultant at Gemini Consulting and in Ernst & Young's Transaction Services division.

Mats graduated with a Bachelor degree in Business Administration and Economics from the University of Lund followed by a Master from IESE University of Navarra, Barcelona.

Mats serves as Chairman of the board Medical Need AB.

Ownership:
129,050 warrants
90,246 shares

Agneta Svedberg

Senior Vice President and Chief Operating Officer

Swedish, born 1963

Agneta Svedberg joined Zealand in February 2013 from Cantargia AB, a Swedish biotech company, where she held the position of CEO.

Agneta has more than 20 years of experience in drug development across numerous leadership functions in both biotech and big pharma companies. This includes more than ten years with Genmab A/S in Copenhagen, where she was part of the Senior Management team as Global Head of Clinical Development and Copenhagen Site Manager with responsibility for 200 people. Before joining Genmab A/S, Agneta was Head of Clinical Development (Europe) at Oxigene Europe AB and prior to this, held managerial positions at Pharmacia & Upjohn AB in Sweden.

Agneta holds a M.Sc. in Radiation Physics from Lund University and an Executive MBA from Lund University School of Economics and Management, Sweden.

Ownership:
67,012 warrants

Torsten Hoffmann

Executive Vice President and Chief Scientific Officer

German, born 1967

Dr. Torsten Hoffmann joined Zealand as CSO in October 2013 from Roche, where he spent 16 years in several managerial positions, including eight years as Head of Discovery Chemistry in the Pharma Research division of the company's headquarters in Basel. Under his leadership, Roche's Discovery Chemistry department authored more than 280 peer-reviewed publications and made 540 patent applications.

Torsten is an inventor of netupitant, a neurokinin 1 receptor antagonist, which is approved in the US and EU and marketed by Helsinn under the name of Akynzeo®. Torsten is also the author of more than 80 research publications, published conference reports and patent applications.

Torsten studied chemistry at the Heinrich-Heine University in Düsseldorf and received his doctorate at the Eidgenössische Technische Hochschule in Zürich. Following this, he held a post-doctoral position at the Scripps Research Institute in California.

Torsten serves on the Advisory Boards of Elsevier Life Sciences, Elsevier SA, Amsterdam, the Department of Chemistry, University of Basel, the Peptide Therapeutics Foundation, US, the Bolder Peptide Symposium, US, and the Center for Biopharmaceuticals, University of Copenhagen.

Ownership:
100,000 warrants

SHAREHOLDER INFORMATION

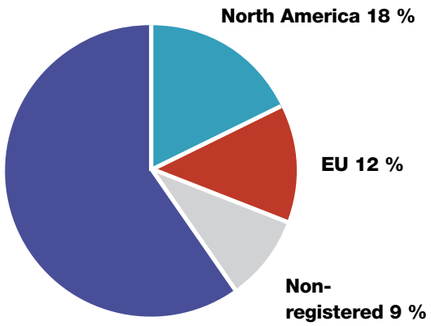
Zealand is listed on the Nasdaq Copenhagen stock exchange (ticker symbol: ZEAL) and form part of the Midcap index. Zealand's share price increased 41% in 2014 and 13% in 2015, resulting in a market capitalization of DKK 2.2 billion (per 9 March).

Per 9 March 2015

5,087

registered shareholders

Geographical distribution of Zealand share ownership



Major shareholders*

25.7 %	**Sunstone BI Funds and Life Science Ventures Fund** Copenhagen, Denmark
11.3 %	**LD Pension (Lonmodtagernes Dyrtidsfond)** Copenhagen, Denmark
11.0 %	**Innovation Capital (former CDC Innovation)** Paris, France (Part of the share holding is registered in the US)
5.0 %	**LSP** Amsterdam, The Netherlands

* The list is per 9 March 2015

Share capital and ownership structure

Zealand's share capital remained unchanged in 2014
Zealand's share capital has a nominal value of DKK 23,193,047 divided into 23,193,047 shares with a nominal value of DKK 1 each. All Zealand shares are ordinary shares belonging to one class.

The share capital has remained unchanged in 2014.

The number of shareholders has increased 12%
On 31 December 2014, Zealand had 4,549 registered shareholders, who held a total of 21,055,753 shares, representing 91% of the total outstanding share capital of the company.

The number of registered shareholders remained almost unchanged through 2014 with 4,507 registered shareholders at the end of 2013. In 2015, the number of Zealand shareholders has increased 12% with 5,087 registered on 10 March 2015. Still, registered holdings represent an unchanged 91% share of the total share capital.

Ownership distribution
Of Zealand's share capital, 61% is held by Danish investors. Hereof, the two largest shareholders, Sunstone Capital and LD, represent a combined 37% and retail investors about 12%. Of Zealand's non-Danish shareholders, 18% are registered in the US and 12% in Europe, with France and the UK representing the largest holdings.

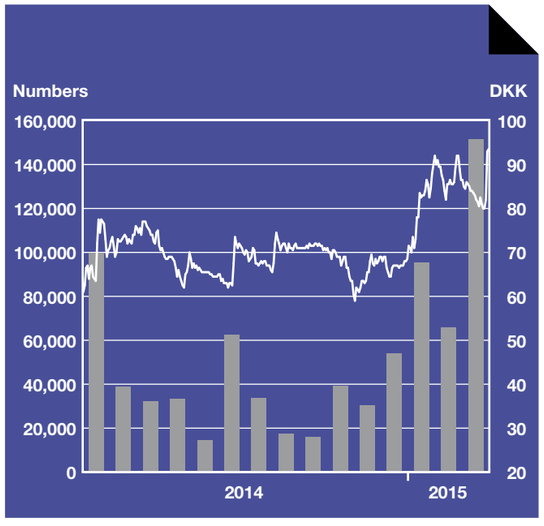
Through 2014 and into 2015, there has been a slight shift in ownership to Denmark (March 2014: 60%) from European holdings (March 2014: 13%).

Total retail investor holdings amount to 15% of the total share capital.

Zealand's share price has increased

41%

in 2014



Note: Average daily volume for March 2015 covers the period from 1 to 9 March 2015

Average daily volume (number of shares traded)
Share price (rhs)

Increase in daily turnover of

125%

in 2015 compared to 2014

Share price performance and liquidity

Significant increase in Zealand's share price in 2014 and 2015 to date
Zealand's share price increased 41% in 2014, closing at DKK 83 on 30 December 2014 compared to a closing price of DKK 59 at the end of 2013. In comparison, the OMX Copenhagen Midcap index increased 5% over the year.

The strong outperformance of Zealand's shares was driven partly by a generally positive news flow showing advances across the portfolio of partnered medicines and development projects and our pipeline of wholly-owned novel medicines in development. In February 2014, the announced start by Sanofi of the LixiLan Phase III program for the single injection combination of Lyxumia® with Lantus and a related milestone payment to Zealand from Sanofi of DKK 82 / USD 15 million has positively impacted the share price. In July, we also signed a second collaboration agreement with Boehringer Ingelheim with related payments in 2014 of DKK 54 / EUR 7 million. Finally in December 2014, we announced the closing of a royalty bond financing, raising DKK 299 / EUR 40 million to strengthen our capital resources and finance accelerated development of our pipeline of wholly-owned novel medicines.

Further, our share price was supported by a generally strong year for the biotech sector in 2014, particularly in the US, but also in Europe.

Since the beginning of 2015, our share price has increased further, closing at DKK 93.5 on 9 March 2015, corresponding to an increase of 13%.

Positive develoment in share liquidity
Liquidity in Zealand's share decreased slightly in 2014 compared to 2013, despite a very positive development in the share price. We ascribe this to a less frequent news flow compared to the year before. Average daily turnover on Nasdaq Copenhagen in 2014 was DKK 1.4 million with an average daily volume of 46,961 shares traded compared to DKK 1.5 million and 46,961 shares traded, respectively in 2013.

In 2015 (until 9 March), liquidity in the Zealand share has more than doubled compared to 2014 with an average daily volume of 89,033 shares traded.

Hanne Leth Hillman
Vice President, Head of IR
& Corporate Communications

Investor Relations in Zealand

In line with the disclosure requirements for companies listed on Nasdaq Copenhagen, Zealand issues company announcements to inform the investor markets of material news relating to the company and its activities and to report interim financial reports. In addition, Zealand issues press releases to inform of business news of non-material character, and Investor News are used to inform of IR news and events.

Direct access to management
Zealand's objective is to be open, accessible and proactive in our interactions with the investor community. Our main IR activities include direct access to the management team via conference calls and webcasts, Capital Market Days, conference attendance and roadshows in both the US and the main cities in Europe.

Coverage by seven banks
Zealand is currently covered by seven sell-side analysts, representing international banks, French specialist banks and Scandinavian banks. A list of names and contact details can be found at **http://zealandpharma.com/investors/stock-information/analyst-coverage**

IR Newsletters
In addition, we issue online IR newsletters on a regular basis to update on recent news flow and the status of our activities. Under the investor section of Zealand's website: **zealandpharma.com/investors** we provide access to relevant information in the form of all our news releases, our IR newsletters. investor slide presentations, our IR event calendar, and recent financial and annual reports. Zealand can also be followed on Twitter and LinkedIn.

Register on our website to get news and IR newsletters directly
Zealand intends in the future to shift more and more to online communication and information provision in order to protect the environment and save money which can be invested into our R&D activities. Therefore, we request all our shareholders to register their email address via our homepage under **zealandpharma.com/investors/shareholder-portal**

Please contact us
We encourage our shareholders, investors, analysts and other stakeholders to contact us with any questions or enquiries relating to Zealand at:

Phone: +45 50 60 36 89
E-mail: investors@zealandpharma.com

We are dedicated to keeping shareholders and other stakeholders updated to the extent possible on the status of our business and the outlook for Zealand. Strong and trustful relations are key to us, and we value direct dialogue.

Event calendar 2015

An overview of where to meet us for investor and scientific events in 2015 as well as Zealand's financial calendar 2015. An updated version of the event calendar is always available on **http://zealandpharma.com/investors/events**

Mar 16-17	**Marcus Evans Discovery Summit 2015** – Lisbon – Chaired by Zealand's CSO, Dr. Torsten Hoffmann
Mar 17-18	**Exane BNP Paribas Healthcare Conference** – Paris
Mar 18	**InvestorDagen** – Copenhagen
Mar 26	**BioCapital Europe** – Amsterdam
Apr 20-21	**2nd Annual Peptide Congress Oxford Global** – London – Presentation by Zealand's CSO, Torsten Hoffmann
Apr 21	**Zealand's Annual General Meeting for 2015**
May 3-6	**Oligonucleotide and Peptide Therapeutics (TIDES) Conference** – From Research Through Commercialization – San Diego – Keynote by Zealand's CSO Torsten Hoffmann
May 22	**Interim report for 1st quarter 2015**
Jun 5-7	**American Diabetes Association (ADA) 75th Scientific Sessions** – Boston – Four presentations by Zealand scientists
Jun 17-18	**Citi European Healthcare Conference** – London
Jun 20-25	**24th American Peptide Society Meeting** – Orlando – Presentation by Zealand's CSO, Torsten Hoffmann
Aug 28	**Interim report for 1st half 2015**
Sep 14-18	**51st EASD Annual Meeting** – Stockholm
Sep 16-18	**BAML Global Healthcare Conference 2015** – London
Sep 21-24	**Boulder Peptide Symposium** – Boulder – Presentation by Zealand's CSO, Torsten Hoffmann
Oct 20-23	**Peptide Therapeutics Foundation** – La Jolla – Presentation by Zealand's CSO, Torsten Hoffmann
Nov 5	**Interim report for the first 9 months of 2015**
Nov 18	**Jefferies Global Healthcare Conference** – London

Financial calendar Investor and scientific event

In addition to the above, Zealand has planned several road shows to meet investor in the main cities in Europe and in the US. Zealand will be hosting a Capital Markets Day in Copenhagen and in the US in September and/or October. Please contact us if you are interested to meet.

FINANCIAL REVIEW

Financial review for the period 1 January – 31 December 2014

(Since there is no significant difference in the development of the Group and the Parent Company, except for the royalty bond, the financial review is based on the Group's consolidated financial information for the year ended December 31, 2014, with comparative figures for 2013 in brackets.)

Income statement
The net result for the year 2014 was a loss of DKK -65.0 million (-183.7). The increase in net result is a consequence mainly of milestone payments received in 2014 by Zealand under the license agreements with Sanofi, Boehringer Ingelheim and Helsinn Healthcare, while no milestone payments were received in 2013. Royalty income from the sale of Lyxumia® also increased significantly compared to last year. The result was in line with expectations.

Revenue
Revenue amounted to DKK 153.8 million (6.6). In January 2014, Sanofi commenced the Phase III clinical development program for LixiLan, the fixed-ratio single injection combination of Lyxumia® with Lantus®, which triggered a milestone payment to Zealand of DKK 81.2 million (USD 15 million). During the third quarter, Zealand entered into a second collaboration agreement with Boehringer Ingelheim with an upfront payment of DKK 37.3 million (EUR 5.0 million). There was also a milestone payment received from Helsinn Healthcare relating to the development of elsiglutide of DKK 14.9 million (EUR 2.0 million).

Royalty revenue from sales of Lyxumia® amounted to DKK 20.3 million (6.5).

Royalty expenses
Royalty expenses for the year amounted to DKK 13.8 million (0.9) and relates to royalty paid to third parties on received milestone payments and royalty income relating to the license agreement with Sanofi.

Research and development expenses
Research and development expenses amounted to DKK 180.0 million (164.5). The increase relates to clinical costs for the ZP1609 danegaptide Phase II trial conducted at Rigshospitalet, Copenhagen, and the ZP4207 Phase I trial conducted in Germany.

Administrative expenses
Administrative expenses amounted to DKK 39.8 million (34.2). The increase in costs is mainly due to the severance payment to the former CEO, David Solomon, partly offset by lower costs for warrant programs in 2014.

Other operating income
Other operating income amounted to DKK 6.3 million (7.3). Other operating income has historically mainly consisted of funding of development costs for ZP2929 and research costs under the glucagon/GLP-1 collaboration with Boehringer Ingelheim. As part of the new collaboration with Boehringer Ingelheim a new research collaboration agreement has been signed and other operating income for the period mainly relates to this new agreement.

Operating result
Operating result for the period was a loss of DKK -73.5 million (-185.6).

Net financial items
Net financial items amounted to DKK 1.0 million (1.9). Net financial items consist of interest income, amortized costs relating to the royalty bond financing, banking fees and changes in exchange rates.

Result from ordinary activities before tax
Result from ordinary activities before tax came to a loss of DKK -72.5 million (-183.7).

Tax on ordinary activities
With a negative result from ordinary activities, no tax has been recorded for the period. However, according to Danish tax legislation Zealand is eligible to receive DKK 7.5 million (0) in cash relating to the tax loss of 2013 and 2014. DKK 1.2 million was received in November 2014 relating to the loss in 2013 and the remaining DKK 6.3 million will be received in 2015.

No deferred tax asset has been recognized in the statement of financial position due to uncertainty as to when tax losses can be utilized.

Net result and comprehensive income
Net result and comprehensive income both amounted to DKK -65.0 million (-183.7) in each case due to the factors described above.

Allocation of result
No dividend has been proposed and the year's net loss of DKK -65.0 million (-183.7) has been transferred to retained earnings.

Equity
Equity amounts to DKK 252.8 million (316.1) at the end of the year, corresponding to an equity ratio of 42% (91). The decrease in equity is a result of the net loss for the year and the decreased equity ratio is an effect of the royalty bond that was issued in December 2014.

Capital expenditure
Investments in plant and equipment for the period amounted to DKK 4.5 million (4.6) mainly related to new laboratory equipment.

Royalty bond
On 12 December 2014, Zealand raised USD 50 million equal to DKK 298.7 million in a non-dilutive and non-recourse bond financing backed by 86.5% of the future annual royalties and other payments which the company is entitled to on lixisenatide as stand-alone product under its license agreement with Sanofi. Repayment of the bond is based solely on lixisenatide stand-alone royalty revenue with no recourse to future royalty revenue on LixiLan. Regulatory milestone payments, to which Zealand is entitled on lixisenatide and LixiLan, will as part of the financing be placed in a collateral reserve account, which can never exceed the remaining principal on the loan, and which will be released to Zealand upon full repayment of the bond.

The bond carries an annual interest rate of 9.375% and upon full repayment of the bond, all further future lixisenatide revenue will be fully retained by Zealand.

The net proceeds to Zealand from the financing amount to DKK 272.2 million.

Cash flow
Cash flow from operating activities amounted to DKK -42.2 million (-169.6), and cash flow from investing activities to DKK 19.8 million (96.8) of which DKK 24.4 million (148.8) relates to disposal of securities. Cash flow from financing activities amounted to DKK 272.2 million (0.0) and relates to net proceeds from the royalty bond financing. The total cash flow for the full year of 2014 amounted to DKK 249.8 million (-72.8).

Cash and cash equivalents
As of 31 December 2014, cash and cash equivalents including securities amounted to DKK 538.3 million (310.6).

Events after the balance sheet date
On 15 January 2015, Britt Meelby Jensen joined as new President and CEO of Zealand.

In February 2015 Zealand's partner Helsinn Healthcare announced the start of a Phase IIb clinical dose-finding trial of elsiglutide for the prevention of chemotherapy-induced diarrhea (CID).

Financial guidance for 2015
For 2015, Zealand expects revenue in the form of growing royalty payments from Sanofi on global sales of Lyxumia®. No specific guidance on the level of royalties can be provided, as Sanofi has given no guidance on 2015 sales of Lyxumia®.

Additional revenue of up to DKK 140 / EUR 19 million may be received from event driven milestones from partners.

Net operating expenses in 2015 are expected at a range of DKK 225-235 / EUR 30-32 million.

STATEMENT OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Today the Board of Directors and Executive Management have discussed and approved the Annual Report of Zealand Pharma A/S for the financial year 1 January – 31 December 2014.

The consolidated financial statements has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

We consider the accounting policies used to be appropriate. In our opinion the financial statements give a true and fair view of the Group and the Parent's financial position as of 31 December 2014 and of the results of the Group and Parents operations and cash flows for the financial year 1 January – 31 December 2014.

In our opinion the Management's review includes a fair review about the development of the Group and Parent's operations and economical conditions, the results for the year and the Group and Parent's financial position as well as a review of the more significant risks and uncertainty the Group and Parent faces, in accordance with the Danish disclosure requirements for listed companies.

We recommend that the Annual Report be approved at the Annual General Meeting.

Glostrup, 13 March 2015

Executive Management

Britt Meelby Jensen
President and Chief Executive Officer

Mats Blom
Senior Vice President and Chief Financial Officer

Board of Directors

Daniël Jan Ellens
Chairman

Jørgen Lindegaard
Vice Chairman

Peter Benson
Board Member

Alain Munoz
Board Member

Michael J. Owen
Board Member

Helle Størum
Board Member
Employee elected

Jens Peter Stenvang
Board Member
Employee elected

Christian Thorkildsen
Board Member
Employee elected

INDEPENDENT AUDITORS REPORT

To the shareholders of Zealand Pharma A/S

Report on the consolidated financial statements and parent financial statements

We have audited the consolidated financial statements and parent financial statements of Zealand Pharma A/S for the financial year 1 January - 31 December 2014, which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, cash flow statement and notes, including the accounting policies, for the Group as well as for the Parent. The consolidated financial statements and parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Management's responsibility for the consolidated financial statements and parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and for such internal control as Management determines is necessary to enable the preparation and fair presentation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and parent financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the consolidated financial statements and parent financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2014, and of the results of their operations and cash flows for the financial year 1 January - 31 December 2014 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the consolidated financial statements and parent financial statements.

Copenhagen, 13 March 2015

Deloitte
Statsautoriseret Revisionspartnerselskab

Martin Faarborg
State Authorised Public Accountant

Flemming Larsen
State Authorised Public Accountant

FINANCIAL STATEMENTS

Mats Blom
Senior Vice President
and Chief Financial Officer

Our strong cash position combined with expected future revenues from milestone and royalty payments constitute together with a diligent cost control a solid basis for further development of our proprietary pipeline of novel peptide medicines.

FINANCIAL STATEMENTS

Income statement

DKK '000	Note	Group 2014	Group 2013	Parent 2014	Parent 2013
Revenue	2	153,773	6,574	141,585	6,574
Royalty expenses	3	-13,776	-872	-12,129	-872
Gross profit		**139,997**	**5,702**	**129,456**	**5,702**
Research and development expenses		-180,036	-164,467	-180,036	-164,467
Administrative expenses		-39,826	-34,155	-39,826	-34,155
Other operating income	4	6,328	7,302	6,328	7,302
Operating result		**-73,537**	**-185,618**	**-84,078**	**-185,618**
Financial income	5	3,064	3,185	3,064	3,185
Financial expenses	6	-2,017	-1,243	-64	-1,243
Result from ordinary activities before tax		**-72,490**	**-183,676**	**-81,078**	**-183,676**
Tax on ordinary activities	7	7,500	0	7,500	0
Net result for the year		**-64,990**	**-183,676**	**-73,578**	**-183,676**
Earnings per share					
Basic	19	-2.87	-8.10	-3.25	-8.10
Diluted	19	-2.87	-8.10	-3.25	-8.10

Statement of comprehensive income

Net result for the year	-64,990	-183,676	-73,578	-183,676
Other comprehensive income	0	0	0	0
Comprehensive income for the year	**-64,990**	**-183,676**	**-73,578**	**-183,676**

FINANCIAL STATEMENTS

Statement of financial position at 31 December

DKK '000	Note	Group 2014	Group 2013	Parent 2014	Parent 2013
Assets					
Plant and machinery	8	15,994	16,014	15,994	16,014
Other fixtures and fittings, tools and equipment	8	1,573	409	1,573	409
Leasehold improvements	8	1,060	1,459	1,060	1,459
Fixed assets under construction	8	0	2,180	0	2,180
Investment in subsidiaries	9	0	0	380	0
Deposits		2,693	2,570	2,693	2,570
Non current assets total		**21,320**	**22,632**	**21,700**	**22,632**
Trade receivables		25,031	11	12,843	11
Receivable from subsidiaries		0	0	11,727	0
Prepaid expenses		2,209	3,642	2,209	3,642
Other receivables		9,923	10,067	8,944	10,067
Securities		0	24,383	0	24,383
Cash and cash equivalents	10	538,273	286,178	255,335	286,178
Current assets total		**575,436**	**324,281**	**291,058**	**324,281**
Total assets		**596,756**	**346,913**	**312,758**	**346,913**
Liabilities and equity					
Share capital		23,193	23,193	23,193	23,193
Retained earnings		229,635	292,948	221,044	292,948
Equity total		**252,828**	**316,141**	**244,237**	**316,141**
Royalty bond		267,170	0	0	0
Non-current liabilities		**267,170**	**0**	**0**	**0**
Trade payables		18,487	13,376	18,487	13,376
Royalty bond		5,000	0	0	0
Prepayments from customers		14,383	2,329	14,383	2,329
Other liabilities	11	38,888	15,067	35,651	15,067
Current liabilities		**76,758**	**30,772**	**68,521**	**30,772**
Total liabilities		**343,928**	**30,772**	**68,521**	**30,772**
Total equity and liabilities		**596,756**	**346,913**	**312,758**	**346,913**

Statement of changes in equity

DKK '000	Group Share capital	Group Retained earnings	Group Total
Equity at 1 January 2013	23,193	467,822	491,015
Warrants compensation expenses	0	8,802	8,802
Comprehensive income for the year	0	-183,676	-183,676
Equity at 31 December 2013	**23,193**	**292,948**	**316,141**
Equity at 1 January 2014	**23,193**	**292,948**	**316,141**
Warrants compensation expenses	0	1,677	1,677
Comprehensive income for the year	0	-64,990	-64,990
Equity at 31 December 2014	**23,193**	**229,635**	**252,828**

DKK '000	Parent Share capital	Parent Retained earnings	Parent Total
Equity at 1 January 2013	23,193	467,822	491,015
Warrants compensation expenses	0	8,802	8,802
Comprehensive income for the year	0	-183,676	-183,676
Equity at 31 December 2013	**23,193**	**292,948**	**316,141**
Equity at 1 January 2014	**23,193**	**292,948**	**316,141**
Warrants compensation expenses	0	1,674	1,674
Comprehensive income for the year	0	-73,578	-73,578
Equity at 31 December 2014	**23,193**	**221,044**	**244,237**

Changes in share capital ('000 shares)

Share capital at 31 December 2008	**17,682**
Capital increase at 23 November 2010	4,337
Capital increase at 9 December 2010	852
Capital increase at 12 December 2011	322
Share capital at 31 December 2013	**23,193**
Share capital at 31 December 2014	**23,193**

The share capital consists of 23,193,047 ordinary shares of DKK 1 each. All shares have been fully paid.

Statement of cash flows

DKK '000	Note	Group 2014	Group 2013	Parent 2014	Parent 2013
Net result for the year		-64,990	-183,676	-73,578	-183,676
Adjustments	17	6,559	12,912	4,606	12,912
Change in working capital	18	16,771	-3,643	14,972	-3,643
Cash flow from operating activities before financing items		**-41,660**	**-174,407**	**-54,000**	**-174,407**
Financial income received		1,494	4,870	1,494	4,870
Financial expenses paid		-2,017	-81	-64	-81
Cash flow from operating activities		**-42,183**	**-169,618**	**-52,570**	**-169,618**
Change in deposit		-123	-17	-123	-17
Net finansing of foreign subsidiaries		0	0	-380	0
Purchase of property, plant and equipment		-4,497	-4,569	-4,497	-4,569
Purchase of securities		0	-47,356	0	-47,356
Disposal of securities		24,383	148,750	24,383	148,750
Cash flow from investing activities		**19,763**	**96,808**	**19,383**	**96,808**
Proceeds from issuance of royalty bond		298,675	0	0	0
Payment for debt issue costs		-26,505	0	0	0
Cash flow from financing activities		**272,170**	**0**	**0**	**0**
Decrease / increase in cash and cash equivalents		**249,750**	**-72,810**	**-33,187**	**-72,810**
Cash and cash equivalents at 1 January		286,178	358,847	286,178	358,847
Exchange rate adjustments		2,345	141	2,344	141
Cash and cash equivalents at 31 December		**538,273**	**286,178**	**255,335**	**286,178**

Note 1
Material accounting policies

The financial statements of Zealand Pharma A/S (Zealand) for 2014 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for listed companies. The Board of Directors considered and approved the 2014 Annual Report of Zealand on 13 March 2015. The Annual Report will be submitted to the shareholders of Zealand for approval at the Annual General Meeting on 21 April 2015.

The consolidated financial statements are presented in Danish kroner (DKK ´000) which is also the functional currency of the parent company.

During 2014 four subsidiaries have been established by Zealand in relation to the royalty bond financing that was concluded in December 2014. The notes comprise both the parent company and the group unless specifically stated otherwise.

Future IFRS changes
At the date of the approval of the consolidated financial statements, a number of new and amended standards and interpretations have not yet entered into force or have not yet been adopted by the EU. Therefore, they are not incorporated in the consolidated financial statements.

IASB has issued IFRS 9 Financial instruments, which awaits EU endorsement. IFRS 9 Financial instruments is part of the IASB's project to replace IAS 39 Financial instruments: Recognition and measurement, and the new standard will change the classification, presentation and measurement of financial instruments and hedging requirements. Zealand is assessing the impact of the standard, but it is not expected to have any material impact on the future consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers was issued in May 2014 and is effective for annual periods beginning on or after 1 January 2017. The standard has not yet been endorsed by the EU. Entities will apply a five-step model to determine when, how and at what amount revenue is to be recognized depending on whether certain criteria are met. Before implementation of the standard, Zealand will assess whether IFRS 15 Revenue from Contracts with Customers has an impact on the current and new significant contracts. The new standards is not expected to have any material impact on the future consolidated financial statements.

The consolidated financial statements
The consolidated financial statements and the financial statements comprise the parent company Zealand Pharma A/S and the group enterprises, for which Zealand is entitled to determine finance and operational policies and which normally applies on ownership interests of more than half of the voting rights. The consolidated financial statements are prepared based on uniform accounting policies in all group entities. Consolidation of group entities is performed after elimination of all intra-group transactions, balances, income and expenses.

Foreign currency translation
Transactions denominated in foreign currencies are translated at the exchange rates at the dates of transaction.

Exchange differences arising between the rate on the date of transaction and the rate on the payment day are recognized in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated by applying the exchange rates at the balance sheet date. Differences arising between the rate at balance sheet date and the rate at the date of the arising of the receivable or payable are recognized in the income statement under financial income and expenses.

Fixed assets purchased in foreign currencies are measured at the rate of the date of transaction.

Exchange rate differences arising on the translation of subsidiaries with a functional currency different from Danish kroner (DKK) are recognized in other comprehensive income.

The income statement

The income statement is classified by function.

Revenue
Revenue comprises royalties, milestone payments and other income from collaboration agreements. These revenues are recognized in accordance with the agreements and is recognized when it is probable that future economic benefits will flow to the company and these economic benefits can be measured reliably.

Royalty income from licenses is based on third-party sales of licensed products and is recognized in accordance with contract terms when third-party results are available and are deemed to be reliable.

The income from agreements with multiple components and where the individual components cannot be separated is recognized over the period of the agreement. In addition, recognition requires that all material risks and benefits related to the ownership of the goods and services included in the transaction are transferred to the purchaser.

If all risks and benefits have not been transferred, the revenue is recognized as deferred income until all components in the transaction have been completed.

Royalty expenses
Royalty expenses comprise royalty paid to third parties on certain milestone payments and royalty income from collaboration agreements.

NOTES

Research and development expenses
Research expenses comprise salaries, contributions to pension schemes and other expenses, including patent expenses, as well as depreciation and amortization attributable to the company's research activities. Research expenses are recognized in the income statement as incurred.

Development expenses comprise salaries, contributions to pension schemes and other expenses, including depreciation and amortization, attributable to the company's development activities.

Capitalization assumes that the development of the technology or the product in the company's opinion has been completed, that all necessary public registrations and marketing approvals have been received, and that expenses can be reliably measured. Furthermore, it has to be established that the technology or the product can be commercialized and that the future income from the product can cover, not only the production, selling and administrative expenses, but also development expenses. Currently Zealand has not capitalized any development expenses.

Overhead expenses have been allocated to research and development based on the number of employees in research and development.

Administrative expenses
Administrative expenses include expenses for administrative personnel, expenses related to company premises, operating leases, investor relation, etc. Overhead expenses have been allocated to administration based on the number of employees in administration.

Other operating income
Other operating income includes income of a secondary nature, including grants related to research and development projects. It also includes funding received from Boehringer Ingelheim International GmbH related to their research collaboration with Zealand and also development expenses for ZP2929 that are funded by Boehringer Ingelheim International GmbH. Other operating income is recognized in the income statement in the period where the service is provided.

Public grants
Public grants are recognized when a final and firm right to the grant has been obtained. Public grants are included in other operating income as the grants are considered to be cost refunds. Grants related to investments are set off against the purchase price. Possible future conditional return obligations regarding the received grants will be disclosed in a note to the financial statements as a contingent liability.

Net financials
Financial income and financial expenses are recognized in the income statement with the amounts related to the financial year. Financial income and financial expenses include interest receivable and payable, as well as realized and unrealized exchange rate adjustments and realized and unrealized gains and losses on marketable securities (designated as fair value through the income statement). Further, expenses related to the royalty financing are amortized over the expected duration of the bond and recognized as financial expenses.

Tax on results for the year
Tax on results for the year which comprises current tax and changes in deferred tax is recognized in the income statement with the portion of taxes related to the taxable income for the year whereas the portion attributable to entries on equity is recognized directly in equity.

Segment reporting
The company is managed by a management team reporting to the chief executive officer. No separate business areas or separate business units have been identified in connection with product candidates or geographical markets. As a consequence of this, no segment reporting is made concerning business areas or geographical areas.

Statement of financial position

Property, plant and equipment
Plant and machinery, other fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation.

Cost comprises acquisition price and costs directly related to acquisition until the time when the company starts using the asset.

The basis for depreciation is cost less estimated residual value after the end of useful life. Assets are depreciated under the straight-line method over the expected useful lives of the assets. The depreciation periods are as follows:

- Leasehold improvements 5 years
- Plant and machinery 5 years
- Other fixtures and fittings, tools and equipment 3–5 years

Profits and losses arising from disposal of plant and equipment are stated as the difference between the selling price less the selling costs and the carrying amount of the asset at the time of the disposal. Profits and losses are recognized in the income statement under research and development expenses and administrative expenses.

Investments in subsidiaries
Investments in subsidiaries are measured at cost in the parent company's financial statements. Where the recoverable amount of the investment is lower than cost, the investments are written down to this low value.

Impairment of non-current assets
The carrying amount of property, plant and equipment as well as non-current asset investments is reviewed for impairment when events or changed conditions indicate that the carrying amount may not be recoverable. If there is such an indication, an impairment test is made. An impairment loss is recognized in the amount with which the carrying amount exceeds the recoverable amount of the asset, which is the higher of the net present value and the net selling price. In order to assess the impairment, the assets are grouped on the least identifiable group of assets that generates cash flows (cash flow generating units). Impairments are recognized in the income statement under the same items as the related depreciation and amortization.

Financial assets
Financial assets include receivables, securities and cash. Financial assets can be divided into the following categories: loans and receivables, financial assets at fair value through the income statement, available-for-sale financial assets and held-to maturity investments. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. All financial assets are recognized on their settlement date. All financial assets that are not classified as fair value through the income statement are initially recognized at fair value, plus transaction costs.

Trade receivables are provided against when objective evidence is received that the company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows.

Leases
Lease agreements are classified as either financial or operating leases based on the criteria in IAS 17. Lease payments under operating leases and other rental agreements are recognized in the income statement over the term of the agreements. The company's total obligation related to operating leases and rental agreements is stated under contingent assets and liabilities etc.

Own shares
Purchase and sales prices as well as dividend from own shares are recognized directly under retained earnings under equity. Capital reductions by cancellation of own shares reduce the share capital by an amount equaling the nominal values of the shares.

Profit from sale of own shares, respectively issue of shares in connection with exercise of warrants is entered directly on equity.

Prepaid expenses
Prepaid expenses comprise incurred expenses related to the following financial year.

Tax payable and deferred tax
Current tax liabilities and current tax receivables are recognized in the statement of financial position as tax calculated on the taxable income for the year adjusted for tax on previous years' taxable income and taxes paid on account/prepaid. Deferred tax is measured according to statement of financial position liability method in respect of temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred tax assets including the tax value of tax losses carry forward, are measured at the expected realizable value, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates in force at the balance sheet date when the deferred tax is expected to crystallize as current tax. Any changes in deferred tax as a consequence of amendments to tax rates are recognized in the income statement.

Prepayments from customers
Prepayments from customers comprise not yet consumed prepayments relating to the research collaboration with Boehringer Ingelheim International GmbH.

Other liabilities
Financial liabilities are recognized initially at fair value less transaction costs. In subsequent periods, financial liabilities are measured at amortized cost corresponding to the capitalized value using the effective interest method; consequently the difference between the proceeds and the nominal value is recognized in the income statement over the maturity period of the loan.

Other payables are measured at amortized cost corresponding to nominal value.

Employee incentive programs (warrant programs)
Share based incentive programs have been established, which have to be settled in the enterprise's equity instruments, and are offered to a number of employees and the executive management. Incentive programs were offered in 2005, 2007, 2009-2014.

The value of services received as consideration for granted warrants is measured at the fair value of the warrant. The fair value is determined at the grant date and is recognized in the income statement as staff costs over the period in which the final right to the warrant is obtained. The contra entry to this is recognized under equity. In connection with the initial recognition of the warrants, an estimate is made of the number of warrants that the employees are expected to obtain rights to. Subsequently, an adjustment is made for changes in the estimate of the number of shares that the employees have obtained rights to so the total recognition is based on the actual number of shares that the employees have obtained rights to.

The fair value of the granted options is estimated by application of the Black and Scholes pricing model.

Statement of cash flows

The statement of cash flows shows the cash flow for the year together with the cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activities
Cash flow from operating activities is presented indirectly and is calculated as the net result adjusted for non-cash operating items, changes in the net working capital, financial items paid and income taxes paid.

Cash flow from investment activities
Cash flow from investment activities includes payments associated with the purchase and sale of fixed assets and investments.

Cash flow from financing activities
Cash flow from financing activities comprises new equity, loan financing and repayment of interest bearing debt.

Cash and cash equivalents
Cash and cash equivalents comprise cash and bank balances.

Accounting estimates and assessments
In the statement of the carrying amounts of certain assets and liabilities estimates are required on how future events will affect the carrying amounts of these assets and liabilities at the balance sheet date.

The used estimates are based on assumptions assessed reasonable by management, however, estimates are inherently uncertain and unpredictable. The assumptions can be incomplete or inaccurate and unexpected events or circumstances might occur. Furthermore, the enterprise is subject to risks and uncertainties that might result in deviations in actual results compared to estimates.

Revenue
Evaluating the criteria for revenue recognition with respect to the company's research and development and collaboration agreements requires Management's judgment to ensure that all criteria have been fulfilled prior to recognizing any amount of revenue. In particular, such judgments are made with respect to determination of the nature of transactions, whether simultaneous transactions shall be considered as one or more revenue-generating transactions, allocation of the contractual price (upfront and milestone payments subscribed in connection with a collaboration agreement) to several elements included in an agreement, and the determination of whether the significant risks and rewards have been transferred to the buyer. Collaboration agreements are reviewed carefully to understand the nature of risks and rewards of the arrangement.

All the company's revenue-generating transactions, including those with Sanofi S.A, Helsinn Healthcare S.A and Boehringer Ingelheim International GmbH have been subject to such evaluation by management.

Employee incentive programs
In accordance with IFRS 2 "Share-based Payment," the fair value of the warrants, classified as equity settled, are measured at grant date and is recognized as an expense in the income statement over the vesting period and the period of delivery of work. Subsequently, the fair value is not re-measured. The fair value of each warrant granted during the year is calculated using the Black Scholes pricing model. This pricing model requires the input of subjective assumptions such as:

- The expected stock price volatility, which is based upon the historical volatility of Zealand's stock price;
- The risk-free interest rate, which is determined as the interest rate on Danish government bonds (bullet issues) with a maturity of five years;
- The expected life of warrants, which is based on vesting terms, expected rate of exercise and life terms in current warrant program.

These assumptions can vary over time and can change the fair value of future warrants granted.

Deferred tax
Zealand recognizes deferred tax assets, including the tax base of tax loss carry-forwards, if Management assesses that these tax assets can be offset against positive taxable income within a foreseeable future.

This judgment is made on an ongoing basis and is based on budgets and business plans for the coming years, including planned commercial initiatives. The creation and development of therapeutic products within the biotechnology and pharmaceutical industry is subject to considerable risks and uncertainties. Zealand has so far reported significant losses, and as a consequence, has unused tax losses. Management has concluded, that deferred tax assets should not be recognized as of 31 December 2014, and a 100% valuation allowance of the deferred tax asset is recognized in accordance with IAS 12, "Income Taxes." The tax assets are currently not deemed to meet the criteria for recognition as Management is not able to provide any convincing positive evidence that deferred tax assets should be recognized.

Research and Development
According to the IAS 38, "Intangible Assets," intangible assets arising from development projects should be recognized in the statement of financial position. The criteria that must be met for capitalization are that:

- the development project is clearly defined and identifiable and the attributable costs can be measured reliably during the development period;
- the technological feasibility, adequate resources to complete and a market for the product or an internal use of the product can be documented; and
- Management has the intent to produce and market the product or to use it internally.

Such an intangible asset should be recognized if sufficient certainty can be documented that the future income from the development project will exceed the aggregate cost of production, development and the sale and administration of the product. A development project involves a single product candidate undergoing a high number of tests to illustrate its safety profile and the effect on human beings prior to obtaining the necessary final approval of the product from the appropriate authorities. The future economic benefits associated with the individual development projects are dependent on obtaining such approval. Considering the significant risk and duration of the development period related to the development of biological products, management has concluded that the future economic benefits associated with the individual projects cannot be estimated with sufficient certainty until the project has been finalized and the necessary regulatory final approval of the product has been obtained. Accordingly, Zealand has not recognized such assets at this time and therefore all research and development costs are recognized in the income statement when incurred. The total research and development costs amounted to DKK 180 million in 2014 compared to DKK 164 million in 2013.

Note 2
Revenue

DKK '000	Group 2014	Group 2013	Parent 2014	Parent 2013
Sanofi S.A.	81,191	0	81,191	0
Boehringer Ingelheim Int. GmbH	37,279	0	37,279	0
Helsinn Healthcare S.A.	15,015	112	15,015	112
Total milestone payments	**133,485**	**112**	**133,485**	**112**
Sanofi S.A.	20,288	6,462	8,100	6,462
Total royalty income	**20,288**	**6,462**	**8,100**	**6,462**
Total revenue	**153,773**	**6,574**	**141,585**	**6,574**

All Zealand revenue can be attributed to foreign countries.

Note 3
Royalty expenses

In 2014, the royalty expenses are related to royalty from sales of Lyxumia received from Sanofi S.A. and milestone payments received from Sanofi S.A. and Helsinn Healthcare S.A.

In 2013, the royalty expenses are related to royalty from sales of Lyxumia received from Sanofi S.A.

NOTES

Note 4
Other operating income

DKK '000	Group 2014	Group 2013	Parent 2014	Parent 2013
Research funding	5,812	6,741	5,812	6,741
Government grants	516	561	516	561
Total other operating income	**6,328**	**7,302**	**6,328**	**7,302**

In 2014 and 2013, Zealand has, in addition to government grants, also received research funding from Boehringer Ingelheim International GmbH.

Note 5
Financial income

DKK '000	Group 2014	Group 2013	Parent 2014	Parent 2013
Interest income	719	3,044	720	3,044
Exchange rate adjustments	2,345	141	2,344	141
Total financial income	**3,064**	**3,185**	**3,064**	**3,185**

Note 6
Financial expenses

DKK '000	Group 2014	Group 2013	Parent 2014	Parent 2013
Other interest expenses	2,017	81	64	81
Fair value adjustments securities	0	1,162	0	1,162
Total financial expenses	**2,017**	**1,243**	**64**	**1,243**

Note 7
Tax expenses

DKK '000	Group 2014	Group 2013	Parent 2014	Parent 2013
Net result for the year before tax	-72,490	-183,676	-81,078	-183,676
Tax rate	24.5%	25%	24.5%	25%
Expected tax expenses	-17,760	-45,919	-19,864	-45,919
Adjustment for non-deductible expenses	69	69	69	69
Reduction of corporate tax rate from 25% to 22%	1,180	23,616	1,131	23,616
Adjustment merger with subsidary	0	-9,071	0	-9,071
Tax effect from subsidiaries	0	0	2,583	0
Prior year adjustments	-1,375	0	-1,375	0
Change in tax assets (not recognized)	10,386	31,305	9,956	31,305
Total tax expenses	**7,500**	**0**	**7,500**	**0**
Breakdown of unrecognized deferred tax assets:				
Tax losses carried forward (available indefinitely)	591,326	355,783	591,326	355,783
Research and development expenses	92,885	295,779	92,885	295,779
Rights	43,019	43,019	43,019	43,019
Non-current assets	51,329	45,396	51,329	45,396
Other	50,856	47,230	48,905	47,230
Total temporary differences	**829,415**	**787,207**	**827,464**	**787,207**
Tax rate	22%	22%	22%	22%
Calculated potential deferred tax asset at local tax rate	182,471	173,186	182,042	173,186
Write-down of deferred tax asset	-182,471	-173,186	-182,042	-173,186
Recognized deferred tax asset	**0**	**0**	**0**	**0**

As a consequence of tax losses from previous years, there are no deferred taxes.

Deferred tax reductions (tax assets) has not been recognized in the statement of financial position due to uncertainty as to whether this can be utilized.

NOTES

Note 8
Property, plant and equipment

DKK '000	Plant and machinery	Other fixtures and fittings	Leasehold improve-ments	Fixed assets under construction
Cost at 1 January 2013	55,672	7,586	10,346	0
Additions	2,135	254	0	2,180
Transfers	0	-639	0	0
Cost at 31 December 2013	**57,807**	**7,201**	**10,346**	**2,180**
Depreciation at 1 January 2013	36,936	7,070	8,194	0
Depreciation for the year	4,857	361	693	0
Transfers	0	-639	0	0
Depreciation at 31 December 2013	**41,793**	**6,792**	**8,887**	**0**
Carrying amount at 31 December 2013	**16,014**	**409**	**1,459**	**2,180**
Depreciation for the financial year has been charged as:				
Research and development expenses	4,857	292	561	0
Administrative expenses	0	69	132	0
Total	**4,857**	**361**	**693**	**0**
Cost at 1 January 2014	57,807	7,201	10,346	2,180
Additions	2,784	1,462	252	0
Transfers	2,180	0	0	-2,180
Cost at 31 December 2014	**62,771**	**8,663**	**10,598**	**0**
Depreciation at 1 January 2014	41,793	6,792	8,887	0
Depreciation for the year	4,984	298	650	0
Depreciation at 31 December 2014	**46,777**	**7,090**	**9,537**	**0**
Carrying amount at 31 December 2014	**15,994**	**1,573**	**1,060**	**0**
Depreciation for the financial year has been charged as:				
Research and development expenses	4,984	235	514	0
Administrative expenses	0	63	136	0
Total	**4,984**	**298**	**650**	**0**

Note 9
Investments in subsidiaries

DKK '000	Parent
Cost at 1 January 2013	116,080
Merger	-116,080
Cost at 31 December 2013	**0**
Revaluation at 1 January 2013	-114,584
Merger	114,584
Revaluation at 31 December 2013	**0**
Carrying amount at 31 December 2013	**0**
Cost at 1 January 2014	0
Additions	380
Cost at 31 December 2014	**380**
Revaluation at 1 January 2014	0
Revaluation at 31 December 2014	**0**
Carrying amount at 31 December 2014	**380**

Subsidiaries:

As a consequence of the royalty bond financing in December 2014 four new subsidiaries were established.

Name	Domicile	Ownership and votes 2014
Zealand Pharma A/S subsidiaries:		
ZP Holding SPV K/S	Denmark	100 %
ZP General Partner 1 ApS	Denmark	100 %
ZP Holding SPV K/S subsidiaries:		
ZP SPV 1 K/S	Denmark	100 %
ZP General Partner 2 ApS	Denmark	100 %

The Management has in accordance with the Danish Financial Statements Act, §5, chosen to submit an exeption declaration ("undtagelseserklæring") in accordance with the Danish Financial Statements Act, 146:1, and has not issued Annual Reports for ZP SPV 1 K/S and ZP Holding SPV K/S.

The accounts of the two companies are fully consolidated in the consolidated financials statements of Zealand.

BetaCure Holding A/S, Glostrup, Denmark merged with Zealand as at 1 January 2013.

NOTES

Note 10
Cash and cash equivalents

DKK '000	2014	2013
DKK	227,922	282,498
USD	301,639	1,061
EURO	8,712	2,619
Total cash and cash equivalents	**538,273**	**286,178**

Part of the cash, DKK 21.4 million, is restricted based on the royalty bond issuance agreement and are, as such, not available for the Group until the royalty bond have been fully repaid.

Note 11
Other liabilities

DKK '000	Group 2014	Group 2013	Parent 2014	Parent 2013
Severance payment	18,802	0	18,802	0
Employee benefits	10,511	10,790	10,511	10,790
Provision for clinical study on ZP1609	4,432	0	4,432	0
Other	5,143	4,277	1,906	4,277
Total other liabilities	**38,888**	**15,067**	**35,651**	**15,067**

Note 12
Treasury shares

At the end of 2014, treasury shares amounted to 564,223 (564,223), equivalent to 2.4% (2.4) of the share capital at 31 December.
The number of treasury shares corresponds to a market value of DKK 46,830,509 (33,289,157) at 31 December.
The full number of treasury shares have been purchased for DKK 1.7 million.

Note 13
Lease commitments

DKK '000	2014	2013
Operating lease agreements:		
Within 1 year	4,376	4,247
2 to 5 years	908	1,377
More than 5 years	0	0
Total	**5,284**	**5,624**

Operating lease agreements include rental agreement of building, company cars and office equipment.
In 2014 DKK 7.8 million (7.2) was recognized in the income statement.

The leases are subject to terms of interminability of between 6 and 60 months.

Note 14
Information on staff and remuneration

DKK '000	2014	2013
The total staff salaries can be specified as follows:		
Salaries	98,740	90,394
Pension schemes	6,560	6,588
Other social security costs	8,763	9,777
Total	**114,063**	**106,759**
The amount is charged as:		
Research and development expenses	85,684	85,379
Administrative expenses	28,379	21,380
Total	**114,063**	**106,759**
Average number of employees	**103**	**107**

Average number of employees has been calculated based on ATP expenses.

DKK '000	Base board fee 2014	Warrant expenses 2014	Other 2014	Total 2014	Base board fee 2013	Warrant expenses 2013	Other 2013	Total 2013
Remuneration included above to the:								
Board of Directors								
Daniel Ellens	450	0	0	450	400	1,532	0	1,932
Jørgen Lindegaard	375	0	0	375	350	0	0	350
Peter Benson	150	0	0	150	150	0	0	150
Alain Munoz	150	0	715	865	150	0	714	864
Michael Owen	150	0	0	150	150	0	0	150
Florian Reinaud	150	0	0	150	150	0	0	150
Jutta af Rosenborg	150	0	0	150	300	0	0	300
Hanne Heidenheim Bak[1]	75	0	0	75	150	0	0	150
Jens Peter Stenvang[1]	75	0	0	75	0	0	0	0
Helle Størum[1]	150	0	0	150	150	0	0	150
Christian Thorkildsen[1]	150	0	0	150	150	0	0	150
Total	**2,025**	**0**	**715**	**2,740**	**2,100**	**1,532**	**714**	**4,346**

[1] The table only includes remuneration related to board work for the employee elected board members.

NOTES

DKK '000	Base salary 2013	Bonus 2013	Pension contri-bution 2013	Other benefits 2013	Warrant compens. expenses 2013	Total 2013
Remuneration included above to the:						
Executive Management						
Directors						
David Solomon	4,195	255	167	240	0	4,857
Mats Blom	1,683	229	137	243	0	2,292
Christian Grøndahl [1]	1,643	215	162	398	0	2,418
Total	**7,521**	**699**	**466**	**881**	**0**	**9,567**
Other members						
Arvind M Hundal	1,314	190	130	93	0	1,727
Agneta Svedberg	1,100	160	110	151	1,708	3,229
Torsten Hoffmann	719	153	72	139	0	1,083
Total	**3,133**	**503**	**312**	**383**	**1,708**	**6,039**
Total	**10,655**	**1,202**	**778**	**1,263**	**1,708**	**15,606**

[1] Christian Grøndahl is included for the period 1 January 2013 - 15 March 2013.

DKK '000	Base salary 2014	Bonus 2014	Pension contri-bution 2014	Other benefits 2014	Severance payment 2014	Warrant compens. expenses 2014	Total 2014
Remuneration included above to the:							
Executive Management							
Directors							
David Solomon	6,079	0	304	238	16,440	0	23,061
Mats Blom	1,735	400	137	242	0	0	2,514
Total	**7,814**	**400**	**441**	**480**	**16,440**	**0**	**25,575**
Other members							
Arvind M Hundal	1,355	335	134	111	2,362	0	4,297
Agneta Svedberg	1,145	263	113	136	0	0	1,657
Torsten Hoffmann	2,882	485	288	293	0	2,105	6,053
Total	**5,382**	**1,083**	**535**	**540**	**2,362**	**2,105**	**12,007**
Total	**13,196**	**1,483**	**976**	**1,020**	**18,802**	**2,105**	**37,582**

DKK '000	Program of 2010 02-Nov-10	Program of 2010 10-Feb-11	Program of 2010 17-Nov-11	Program of 2010 10-Feb-12	Program of 2010 19-Nov-12	Program of 2010 08-Feb-13	Program of 2010 01-Apr-14	Total
Outstanding warrants								
Number of warrants								
Outstanding as per 1 January 2013	595,406	438,000	227,085	240,250	214,883	0	0	1,715,624
Granted during the year	0	0	0	0	0	389,762	0	389,762
Forfeited during the year	0	-15,000	0	-8,750	0	-22,500	0	-46,250
Exercised during the year	0	0	0	0	0	0	0	0
Expired during the year	0	0	0	0	0	0	0	0
Outstanding as per 31 December 2013	**595,406**	**423,000**	**227,085**	**231,500**	**214,883**	**367,262**	**0**	**2,059,136**
Specified as follows:								
Board of Directors	134,024	0	0	0	0	0	0	134,024
Executive Management	327,358	0	165,047	0	152,845	67,012	0	712,262
Other employees	134,024	423,000	62,038	231,500	62,038	300,250	0	1,212,850
Total	**595,406**	**423,000**	**227,085**	**231,500**	**214,883**	**367,262**	**0**	**2,059,136**
Outstanding as per 1 January 2014	595,406	423,000	227,085	231,500	214,883	367,262	0	2,059,136
Granted during the year	0	0	0	0	0	0	100,000	100,000
Forfeited during the year	0	-20,000	0	-11,250	0	-23,750	0	-55,000
Exercised during the year	0	0	0	0	0	0	0	0
Expired during the year	0	0	0	0	0	0	0	0
Outstanding as per 31 December 2014	**595,406**	**403,000**	**227,085**	**220,250**	**214,883**	**343,512**	**100,000**	**2,104,136**
Specified as follows:								
Board of Directors	134,024	0	0	0	0	0	0	134,024
Executive Management	327,358	0	165,047	0	152,845	67,012	100,000	812,262
Other employees	134,024	403,000	62,038	220,250	62,038	276,500	0	1,157,850
Total	**595,406**	**403,000**	**227,085**	**220,250**	**214,883**	**343,512**	**100,000**	**2,104,136**
Exercise period								
From	3/Nov/13	10/Feb/14	17/Nov/14	10/Feb/15	19/Nov/15	10/Feb/16	01/Apr/17	
until	3/Nov/15	10/Feb/16	17/Nov/16	10/Feb/17	19/Nov/17	10/Feb/18	01/Apr/19	
Black & Scholes parameters								
Term (months)	60	60	60	60	60	60	60	
Volatility*	56%	33%	34%	44%	56%	39.3%	37.5%	
Share price	86.0	70.0	45.70	70.0	86.0	79.50	69.0	
Exercise price DKK	94.6	77.0	50.27	77.0	113.3	87.45	75.9	
Dividend	not expected	not expected	not expected	not expected	not expected	not expected	not expected	
Risk free interest rate	2.64%	3.09%	1.02%	0.37%	0.86%	0.66%	0.71%	

*The volatility rate used is based on the actual volatility in the Zealand share price.

Warrants:
Warrants may be exercised in the periods mentioned above, four times a year during a 4-week period starting from the time of the publication of Zealand's Annual Report or quarterly or semi-annual reports.

The 2010 Employee incentive program:
The program was established in 2010 for the Board of Directors, Executive Management, employees and consultants of Zealand.

The Board of Directors is authorized to issue up to 2,750,000 warrants. By 31 December 2014 2,104,136 warrants are outstanding.

At the end of 2014, 1,225,491 warrants can be exercised. During 2015 another 435,133 warrants can be exercised.

No warrants have been exercised before 31 December 2014.

Effect on income statement:
In 2014 the fair value of warrants recognized in the income statement amounts to DKK 1.7 million (8.8) of which DKK 0.0 million (1.5) relates to the Board of Directors and DKK 2.1 million (1.7) relates to the Executive Management. Further, costs for the warrant programs have been down adjusted at the end of the year by DKK 0.4 million due to change in the estimated attrition rate.

DKK '000	2014	2013
The amount is charged as:		
Research and development expenses	1,764	3,866
Administrative expenses	-90	4,936
Total	**1,674**	**8,802**

Note 15
Financial and operational risks

The goal of Zealand's financial policy is to create a set of general guidelines for the financial risk management in order to reduce the company's sensitivity towards fluctuations in exchange rates, interest rates, credit rating and liquidity.

Zealand's financial policy has been endorsed by Zealand's audit committee and ultimately approved by Zealand's Board of Directors.

Zealand is a biopharmaceutical company with revenues consisting of royalties, up-front payments and milestones received as part of Zealand's partnering activities. Zealand receives milestone payments from its current partners in USD and EUR and royalty payments in EUR.

Zealand is mainly exposed to research and development expenditures. In addition Zealand has an USD loan as well as a significant cash position, as such Zealand is exposed to various financial risks, which among other relate to foreign exchange rate risk, interest risk, credit risk and liquidity risk.

Exchange rate risk:
Most of Zealand's financial transactions are made in DKK, USD and EUR.

The EUR/DKK exchange rate has politically been fixed within very narrow limits and Zealand has evaluated that there are no transaction exposure or exchange rate risk regarding transactions in EUR. Although there has been some pressure on the DKK, Zealand does not expect the EUR/DKK exchange rate to be changed.

Zealand's milestone payments have been agreed in foreign currency, USD and EUR. However, as milestone payments are speculative the payments are not included in the basic exchange risk evaluation.

However, as Zealand from time to time conduct toxicology studies and clinical trials in the US, Zealand will be exposed to the exchange rate fluctuation and risks associated with transactions in USD. Zealand's policy has up until now been to manage the transaction and translation risk associated with the USD passively, placing the revenues received from milestone payments in USD on an USD account for future payment of Zealand's expenses denominated in USD, covering payments for the next 12 – 24 months, hereby matching Zealand's assets with its liabilities.

In December 2014 Zealand issued a royalty bond of USD 50 million and created a large exposure against the USD. In order to hedge against this Zealand intend to hold a similar portion of its cash position in USD.

Interest rate risk:
Zealand has the policy to avoid any financial instrument which exposes the company to any unwanted financial risk. Zealand does not speculate in the underlying trends in the basic economy.

The royalty bond has a fixed interest rate of 9.375%.

Zealand invests its free cash in fixed rate, time defined bank deposits.

Credit risks:
Zealand is exposed to credit risks in respect of receivables and bank balances. The maximum credit risk corresponds to the carrying amount. Management believes that credit risk is limited as counter parties to the accounts receivables are large global pharmaceutical companies.

Cash is not deemed to be subject to any credit risks, as the counterparts are banks with investment grade ratings. (i.e BBB- or higher by Standard&Poors).

Cash management:
The purpose of Zealand's cash management is to ensure that the company at all times has sufficient and flexible financial resources at its disposal.

Zealand's short-term liquidity situation is matched with Zealand's quarterly budget revisions to balance the demand for liquidity and maximize Zealand's interest income by matching Zealand's free cash in fixed rate, time defined bank deposits with Zealand's expected future cash burn.

Capital structure:
It is Zealand's aim to have an adequate capital structure in relation to the underlying operating results and R&D projects, so that it is always possible to provide sufficient capital to support operations and its long term growth targets.

The Board of Directors finds that the current capital and share structure is appropriate to the shareholders and to the company.

	2014 Fluctuation	2014 Effect	2013 Fluctuation	2013 Effect
USD	+/- 10%	10,399	+/- 10%	2,196
Interest rate	+/- 1% basis point	3,074	+/- 1% basis point	3,918

The table shows the effect on the profit/loss and equity of probable changes in the financial variables on the statement of financial position.

Liquidity risk:
A breakdown of the company's aggregate liquidity risk on financial assets and liabilities is given below:

DKK '000	<6 months	6<12 months	1-5 years	Total *	Carrying amount / Fair value **
Group					
At amortized cost					
Trade and other creditors	13,376	0	0	13,376	13,376
Other liabilities	15,067	0	0	15,067	15,067
Total financial liabilities at 31 December 2013	**28,443**	**0**	**0**	**28,433**	**28,433**
At amortized cost					
Trade and other creditors	18,487	0	0	18,487	18,487
Royalty bond	0	5,000	267,170	272,170	272,170
Other liabilities	38,888	0	0	38,888	38,888
Total financial liabilities at 31 December 2014	**57,375**	**5,000**	**267,170**	**329,545**	**329,545**

DKK '000	<6 months	6<12 months	1-5 years	Total *	Carrying amount / Fair value **
Parent					
At amortized cost					
Trade and other creditors	13,376	0	0	13,376	13,376
Other liabilities	15,067	0	0	15,067	15,067
Total financial liabilities at 31 December 2013	**30,772**	**0**	**0**	**28,443**	**28,443**
At *amortized* cost					
Trade and other creditors	18,487	0	0	18,487	18,487
Other liabilities	35,651	0	0	35,651	35,651
Total financial liabilities at 31 December 2014	**54,138**	**0**	**0**	**54,138**	**54,138**

* All cash flows are non-discounted and include all liabilities under contracts.

** The fair value of financial liabilities is determined as the discounted cash flows based on the market rates and credit conditions at the balance sheet date.

We expect interest payment next year of DKK 28 million on the royalty bond (interest rate 9.375%).
See the cash flow statement for a specification of capital resources as of 31 December 2014 and 2013.

Fair value measurement of financial instruments:

Financial instruments carried at fair value can be divided into three levels:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data or indirectly.

In 2014 there are no financial instruments carried at fair value.
In 2013 there were securities of DKK 24.4 million at fair value.

DKK '000	Group 2014	Group 2013	Parent 2014	Parent 2013
Categories of financial instruments				
Securities	0	24,383	0	24,383
Financial assets measured at fair value	**0**	**24,383**	**0**	**24,383**
Trade receivables	25,031	11	12,843	11
Receivable from subsidiaries	0	0	11,727	0
Other recivables	9,923	10,067	8,944	10,067
Prepaid expenses	2,209	3,642	2,209	3,642
Cash and cash equivalents	538,273	286,178	255,335	286,178
Other current assets and receivables	**575,436**	**299,898**	**291,058**	**299,898**
Royalty bond	272,170	0	0	0
Trade payables	18,487	13,376	18,487	13,376
Prepayment from customers	14,383	2,329	14,383	2,329
Other liabilities	38,888	15,067	35,651	15,067
Financial liabilities measured at amortized cost	**343,928**	**30,772**	**68,521**	**30,772**

NOTES

Note 16
Related parties

Zealand has no related parties with controlling interest.

Zealand's related parties with significant influence comprise of the companies' board of directors and executive management.

Transactions with related parties:
Compensation to the Board of Directors and Executive Management is described in note 14. Further, the following transactions with related parties were conducted during the year:

Board of Directors: Consultancy fee amounted to DKK 0.7 million (0.7).

Zealand has contributed all IP and rights relating to the agreement with Sanofi to its fully owned subsidiary ZP Holding SPV K/S. ZP Holding SPV K/S has then sold and contributed rights to 86.5% of the future annual royalties relating to Lixisenatide as stand-alone product and certain milestones to a second 100% owned subsidiary, ZP SPV 1 K/S. No gain has been recognized in the separate financial statements of Zealand and costs of the subsidiaries are the carrying amount of the assets contributed to the subsidiaries, i.e. the nominal value of cash contribution and nil with respect of the contribution of the intellectual property as the intellectual property was not recognized in the financial statements of Zealand before the transactions.

ZP SPV 1 K/S has then issued a royalty bond against these assets. The purpose of this structure is to make the royalty bond non-recourse to Zealand and at the same time protect the bond investors from a parent company bankruptcy.

Zealand has receivables from group companies of DKK 11.7 million at year end.

Ownership:
The following shareholders are registered in Zealand's register of shareholders as being the owners of minimum 5% of the voting rights or minimum 5% of the share capital (1 share equals 1 vote):

	2014	2013
Sunstone BI Funds and Life Science Ventures Fund, Copenhagen, Denmark	25.7%	25.7%
LD Pension (Lønmodtagernes Dyrtidsfond), Copenhagen, Denmark	11.3%	11.3%
Innovation Capital, Paris, France	11.0%	11.0%
A/S Dansk Erhvervsinvestering, Copenhagen, Denmark	5.2%	5.2%
LSP, Amsterdam, The Netherlands	5.0%	5.5%

Note 17
Adjustments

DKK '000	Group 2014	Group 2013	Parent 2014	Parent 2013
Depreciation	5,932	5,911	5,932	5,911
Warrants compensation expenses	1,674	8,802	1,674	8,802
Financial income	-3,064	-3,044	-3,064	-3,044
Financial expenses	2,017	1,243	64	1,243
Total adjustments	**6,559**	**12,912**	**4,606**	**12,912**

Note 18
Change in working capital

DKK '000	Group 2014	Group 2013	Parent 2014	Parent 2013
Change in receivables	-24,217	-4,448	-22,777	-4,448
Increase in payables	40,988	805	37,749	805
Change in working capital	**16,771**	**-3,643**	**14,972**	**-3,643**

NOTES

Note 19
Basic and diluted earnings per share

DKK '000	Group 2014	Group 2013	Parent 2014	Parent 2013
Net result for the year	-64,990	-183,676	-73,578	-183,676
Adjusted net profit/loss accruing to the company's ordinary shares	-64,990	-183,676	-73,578	-183,676
Average number of ordinary shares	23,193,047	23,193,047	23,193,047	23,193,047
Average number of treasury shares	-564,223	-564,223	-564,223	-564,223
Adjusted average number of ordinary shares outstanding	**22,628,824**	**22,628,824**	**22,628,824**	**22,628,824**
Basic earnings per share	**-2.87**	**-8.10**	**-3.25**	**-8.10**
Diluted earnings per share	**-2.87**	**-8.10**	**-3.25**	**-8.10**

Basic earnings per share:
Basic earnings per share is calculated as the net result for the period that accrue to the company's ordinary shares divided by the weighted average number of ordinary shares outstanding.

Diluted earnings per share:
Diluted earnings per share is calculated as the net result for the period that accrue to the company's ordinary shares divided by the weighted average number of ordinary shares outstanding adjusted by the assumed dilutive effect of instruments in the form of granted warrants outstanding that can be converted into ordinary shares.

Note 20
Fees to auditors appointed at the Annual General Meeting

DKK '000	2014	2013
Audit	400	174
Other assurance engagements	61	39
Tax advice	818	147
Non-audit services	677	638
Total fees	**1,956**	**998**

COMPANY INFORMATION AND CREDITS

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Statsautoriseret Revisionspartnerselskab

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Trine Bjerre
Meyer & Bukdahl as

Production
Meyer & Bukdahl as

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