

Company announcement – No. 21 / 2020

## **Zealand Pharma grants warrants and restricted stock units under the employee warrant program and management long-term incentive program**

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*Copenhagen, April 15, 2020* – Zealand Pharma A/S (“Zealand”) (NASDAQ: ZEAL) (CVR-no. 20 04 50 78), announces the implementation of an updated long-term incentive program (the “LTIP”) for Zealand’s Executive Management and Corporate Management in accordance with Zealand’s Remuneration policy and Overall guidelines for incentive pay, as adopted at the annual general meeting held on April 2, 2020. In accordance with the LTIP, Zealand has granted 21,602 restricted stock units (RSUs) to Executive and Corporate Management.

Further, Zealand has granted 631,288 warrants to Executive Management, Corporate Management and employees in Denmark and the United States. The warrants are granted under the warrant program covered by the authority pursuant to Section 8.4 of Zealand’s Articles of Association, adopted on Zealand’s general meeting on April 21, 2015. The total cost of the incentive grants is DKK 63,704,268.

### **Long-term incentive program**

Zealand implemented the updated LTIP to align with select European and U.S. biotech peers, and is intended to drive long-term performance, align management’s interests with those of Zealand’s shareholders, and support the attraction, retention and motivation of first-rate executive talent. It is the Board’s assessment that the appropriate measure of Zealand’s long-term performance and sustainability is reflected in the share price instead of selected operational key performance indicators that were used in the performance share units (PSUs). A review of market practice in peer companies confirms that it is challenging to find relevant, meaningful long-term performance targets in a biotech context as was required in the 2019 LTIP program.

Accordingly, members of the Executive Management and Corporate Management are eligible to receive an annual grant of restricted share units (RSUs) free of charge instead of PSUs. The grant cannot exceed 25% of the annual base salary at grant. The 2020 RSU grants have a three-year vesting period from April 15, 2020 to April 14, 2023. Each vested RSU entitles the holder to receive one share in Zealand at no cost, provided the holders continued employment throughout the vesting period.

The first grant of RSUs under the LTIP will have an estimated aggregate theoretical value of DKK 4.0 million, while each RSU has a value of DKK 185.90.

The value of the RSUs is determined as the simple average of the closing price of the Zealand share on Nasdaq Copenhagen A/S for a period of five trading days following the publication of Zealand’s annual report for the preceding financial year.

### **Grant of warrants**

The warrant program is an incentive scheme reflecting Zealand’s objective to attract and retain first-rate employees and to help ensure shared short- and long-term interests for the management and employees with shareholders of Zealand. The lifetime of the warrants has been extended from five to ten years, to align with industry peers and align better with the biotech lifecycle.

The 631,288 warrants give the rights to subscribe for up to 631,288 new Zealand shares with a nominal value of DKK 1 each, corresponding to 1.7% of Zealand’s total outstanding share capital. The exercise price is DKK 224.40, calculated as the closing price of Zealand’s shares on Nasdaq Copenhagen on April 14, 2020.



268,156 warrants granted to U.S. management and employees will vest annually over a three year period, and the exercise of the warrants may take place, in whole or in part, in defined time windows from April 15, 2021 up to and including April 14, 2030. 363,132 warrants granted to Danish management and employees will vest at the three-year anniversary of the grant date, and the exercise of the warrants may take place, in whole or in part after the three-year period, in defined time windows from April 15, 2023 up to and including April 14, 2030.

The exercise time windows for all granted warrants are defined as four times a year during a four-week window following the time of publication of either the Zealand's annual report or quarterly or semi-annual reports (three, six and nine months respectively).

The total new warrants granted have a combined market value of DKK 59,688,553 million calculated on the basis of the Black–Scholes model. The cost of each warrant is 93.40 DKK based on Black-Scholes parameters for U.S. grants based with an average volatility of 45.5%, an average risk-free interest rate of -0.337%, and a share price of DKK 224.40. The grants to Danish employees have a 10 year lifetime and vest over three years. The cost of the warrants issued to Danish employees is DKK 95.40. The Black-Scholes parameters used are a historic volatility of 44.7%, a risk-free interest rate of -0.31% and a share price of DKK 224.40.

### **About Zealand Pharma A/S**

Zealand Pharma A/S (Nasdaq: ZEAL) ("Zealand") is a biotechnology company focused on the discovery, development, and commercialization of next generation peptide-based medicines that change the lives of people living with metabolic and gastrointestinal diseases. More than 10 drug candidates invented by Zealand have advanced into clinical development, of which two have reached the market. Zealand's robust pipeline of investigational medicines includes three candidates in late stage development, and one candidate being reviewed for regulatory approval in the United States. Zealand markets V-Go<sup>®</sup>, an all-in-one basal-bolus insulin delivery option for people with diabetes. License collaborations with Boehringer Ingelheim and Alexion Pharmaceuticals create opportunity for more patients to potentially benefit from Zealand-invented peptide therapeutics.

Zealand was founded in 1998 in Copenhagen, Denmark, and has presence throughout the U.S. that includes key locations in New York, Boston, and Marlborough (MA). For more information about Zealand's business and activities, please visit [www.zealandpharma.com](http://www.zealandpharma.com).

### **Forward-Looking Statement**

The above information contains forward-looking statements that provide Zealand Pharma's expectations or forecasts of future events. Such forward-looking statements are subject to risks, uncertainties and inaccurate assumptions, which may cause actual results to differ materially from expectations set forth herein and may cause any or all of such forward-looking statements to be incorrect. If any or all of such forward-looking statements prove to be incorrect, our actual results could differ materially and adversely from those anticipated or implied by such statements. All such forward-looking statements speak only as of the date of this press release and are based on information available to Zealand Pharma as of the date of this release.

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