Company Announcement
No. 23 / 2015

Zealand Interim Report for Q1 2015 (unaudited)

Increase in royalty revenue and progression of the development pipeline

- **Royalty revenue on Lyxumia® of DKK 6.3 million / EUR 0.8 million, an increase of 67% versus Q1 2014**
- **Total revenues of DKK 6.3 million / EUR 0.8 million compared to DKK 85.0 million / EUR 11.4 million in Q1 2014. The total revenue in Q1 2014 included an event driven milestone payment of DKK 81.2 million / EUR 10.9 million**
- **Net result of DKK -55.5 million / EUR -7.4 million which is in line with expectations**
- **In January, Britt Meelby Jensen became CEO**
- **In February, Helsinn dosed the first patients in the Phase IIb study with elsiglutide**
- **In March, Sanofi reported top-line results from the ELIXA CV outcome study on Lyxumia® supportive of Sanofi's planned US regulatory submission in Q3 2015**
- **Events after the period:**
  - **At the Annual General Meeting in April, Martin Nicklasson, Catherine Moukheibir and Rosemary Crane were elected as new members of Zealand's Board, with Martin Nicklasson as Chairman. Rosemary Crane was named Vice Chairman**
  - **Zealand has started clinical development of a multiple-dose version of its novel stable glucagon analogue, ZP4207. Initial clinical and preclinical activities supported by a DKK 12 million / USD 1.8 million grant from the Helmsley Charitable Trust**
  - **The R&D collaboration with Eli Lilly has ended by mutual agreement. Zealand resources will be re-allocated to internal peptide projects**

Copenhagen, 22 May 2015 – Zealand Pharma A/S ("Zealand") (CVR no. 20 04 50 78) (Nasdaq Copenhagen: ZEAL) today announces its unaudited interim report for the three month period from 1 January to 31 March 2015. Financial results are in line with expectations and important advances for the company's pipeline of proprietary and outlicensed peptide medicines are reported for the period.

Commenting on the interim report, **Britt Meelby Jensen, President and CEO of Zealand**, said: *"We are very content with the advances we have achieved for both our wholly-owned and our out-licensed pipeline*

products since the start of 2015. The continued increase of Lyxumia® royalties is also pleasing to note and we look forward to Sanofi's continued roll-out of the product in further countries through 2015. Top-line results reported from the ELIXA study on cardiovascular safety for Lyxumia® demonstrate non-inferior safety compared to placebo. This is a key milestone supporting Sanofi's planned US regulatory filing of Lyxumia® in Q3 and which has positive implications also for the LixiLan combination product.

"Meanwhile, we have been expanding our proprietary pipeline. We have further progressed patient enrolment in our danegaptide Phase II trial, we have completed the Phase I clinical trial with the ZP4207 stable glucagon rescue pen ahead of time and we have started a new clinical development program for a ZP4207 multiple-dose version supported by a USD 1.8 million grant from Helmsley."

"Zealand remains well-financed, we have a new management team in place and I am confident we are on track to realize further important milestones during the rest of 2015."

Financial highlights for Q1 2015

(Comparative figures for the same period 2014 are shown in brackets)

- Total revenue of DKK 6.3 million / EUR 0.8 million (DKK 85.0 million / EUR 11.4 million, including an event based milestone payment of DKK 81.2 million / EUR 10.9 million).
- Net operating expenses of DKK 55.0 million / EUR 7.4 million (DKK 44.9 million / EUR 6.0 million).
- Net result of DKK -55.5 million / EUR -7.4 million (DKK 28.8 million / EUR 3.9 million).
- Earnings per share of DKK -2.45 / EUR -0.33 (DKK 1.27 / EUR 0.17).
- Cash and securities amounted to DKK 524.0 million / EUR 70.2 million on 31 March 2015 (DKK 349.6 million / EUR 46.8 million).

Highlights and update for Q1 2015 and the period thereafter

Out-licensed and partnered products and pipeline

Lyxumia® for Type 2 diabetes: Marketed globally by Sanofi under a global license agreement

- Royalty revenue to Zealand amounted to DKK 6.3 million / EUR 0.8 million from Sanofi's sales of Lyxumia® ex-US in the reported period, which is a 67% increase over the same period in 2014. Sanofi has launched in more than 35 of the 50 countries, where Lyxumia® is approved (ex-US), and additional launches are planned in 2015.
- In March, top-line results reported from ELIXA, the Phase IIIb cardiovascular outcome trial, including more than 6,000 patients, showed that Lyxumia® was non-inferior to placebo for cardiovascular safety.
- The full results of the ELIXA trial will be presented on Monday, June 8, 2015, at the American Diabetes Association (ADA) 75th Scientific Sessions in Boston. In parallel, Sanofi proceeds towards a planned US regulatory submission in Q3 2015.

LixiLan (fixed-ratio combination of Lyxumia® and Lantus®) for Type 2 diabetes: In clinical Phase III development by Sanofi under a global license agreement

- Sanofi expects to report top-line results from both Phase III trials (LixiLan-O and LixiLan-L) in Q3 2015 and subsequently submit for regulatory approval of LixiLan in the US in Q4 2015 and EU in Q1 2016.

Elsiglutide for chemotherapy-induced diarrhea: In clinical Phase IIb development by Helsinn

- In February 2015, Helsinn initiated dosing in the Phase IIb trial of elsiglutide. The objective of the Phase IIb trial is to evaluate the effect of elsiglutide for the prevention of chemotherapy-induced diarrhea in patients with colorectal cancer. The trial is progressing according to plan, and results are expected in H1 2016.

Progress under collaborations with Boehringer Ingelheim

- Under the first collaboration between Zealand and Boehringer Ingelheim on novel glucagon/GLP-1 dual agonists for the treatment of Type 2 diabetes and/or obesity, a new lead candidate is expected advanced into clinical development in Q1 2016.
- The second collaboration, covering an un-disclosed Zealand peptide project in the cardio-metabolic field, is also progressing well. Selection of a preclinical development candidate is expected in Q4 2015.

Zealand's proprietary pipeline

Danegaptide for cardiac reperfusion injuries: In clinical Phase II development

- Zealand's ongoing Phase II Proof-of-Concept trial to evaluate efficacy and safety of danegaptide as a potential new treatment to prevent cardiac tissue damage in patients after an acute myocardial infarction is advancing well.
- As of 20 May 2015, 510 patients were treated in the trial, representing 85% of the enrolment target. The trial is on track for completion in Q4 2015 with results expected in early 2016.

ZP4207 (stable glucagon analogue) rescue pen for severe hypoglycemia in diabetes: In clinical Phase I development

- In the Phase I clinical trial with ZP4207 as a "ready to use" single dose pen to acute treatment of severe cases of hypoglycemia in diabetes patients, Zealand has completed both Part I in healthy volunteers and Part II in Type 1 diabetes patients earlier than expected. The full trial results are now expected to be available before the end of Q2 2015.

ZP4207 (stable glucagon analogue) multiple-dose version for mild to moderate hypoglycemia in diabetes: In clinical Phase I development

- On 19 May, Zealand advanced a multiple-dose version of ZP4207 into clinical development for the treatment of mild to moderate hypoglycemia, targeting its use also as an essential component of a dual-hormone artificial pancreas system. The first subjects have been dosed in the trial.
- Initial clinical and preclinical activities related to the program are supported by a DKK 12 million / USD 1.8 million grant from the Helmsley Charitable Trust.
- Zealand has dosed the first subjects in the Phase I trial.

Other business

Research and development collaboration with Lilly

- The research and development collaboration between Zealand and Eli Lilly and Company ("Lilly"), initiated in August 2013, has ended. The collaboration was based on a novel approach, discovered by Lilly, aiming to design novel peptides for the treatment of patients with Type 2 diabetes and/or obesity. However, Zealand and Lilly have, in mutual agreement, evaluated that the shared efforts did not support proceeding with further collaboration on this particular therapeutic target. The relationship between Zealand and Lilly remains open and constructive with the potential for future engagement.
- The Zealand R&D resources previously allocated to the collaboration with Lilly will now be used to accelerate internal Zealand peptide projects.

New management and governance in place

- Mid-January 2015, Britt Meelby Jensen took up the position as Chief Executive Officer, coming from a position as CEO of DAKO A/S, an Agilent company, and with more than 11 years of experience, including corporate management positions, from Novo Nordisk A/S. In March, a full new executive management team was put in place at Zealand to take the company forward.
- At Zealand's Annual General Meeting in April 2015, Martin Nicklasson and Catherine Moukheibir, both former board observers, and Rosemary Crane were elected as new independent Board members. Following the AGM, the new Board constituted Martin Nicklasson as Chairman of the Board and Catherine Moukheibir as Chairman of the Audit Committee.
- In May 2015, Rosemary Crane was named Vice Chairman of the Board.

Financial guidance for 2015

Zealand maintains its financial guidance for 2015 as announced in the Full Year announcement and Annual Report for 2014 on 13 March 2015 (Company Announcement No.5/2015).

This includes expectations of growing royalty revenue from Sanofi's global sales of Lyxumia®. No specific guidance on the level of 2015 royalties can be provided, as Sanofi has given no guidance on full-year sales of Lyxumia®.

Additional revenue of up to DKK 140 million / 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 million / EUR 30-32 million.

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About Zealand Pharma

Zealand Pharma A/S ("Zealand") (Nasdaq Copenhagen: ZEAL) is a biotechnology company based in Copenhagen, Denmark. Zealand has leading expertise in the discovery, design and development of novel peptide medicines and possesses in-house competences in clinical trial design and management with a therapeutic focus on metabolic diseases and acute care indications. The company is advancing a pipeline of novel wholly-owned medicines alongside a partnered product and development portfolio.

Zealand's first invented medicine, lixisenatide, a once-daily prandial GLP-1 agonist for the treatment of Type 2 diabetes, is marketed globally (ex-US) as Lyxumia® and in Phase III development as a single-injection combination with Lantus® (LixiLan), both under a global license agreement with Sanofi. US regulatory submission of Lyxumia® is planned for Q3 2015 and US/EU regulatory submissions for LixiLan in Q4 2015.

Zealand's wholly-owned pipeline include danegaptide (prevention of Ischemic Reperfusion Injury) in Phase II and the stable glucagon analogue, ZP4207 in two Phase I trials as a single-use rescue pen (severe hypoglycemia) and a multiple-dose version (mild to moderate hypoglycemia) as well as several preclinical peptide therapeutics. Partnering represents an important component of strategy to leverage in-house expertise, share development risk in large clinical trials, provide funding and commercialize the company's products. Zealand currently has global license agreements and partnerships with Sanofi, Helsinn Healthcare and Boehringer Ingelheim.

For further information: www.zealandpharma.com Follow us on Twitter @ZealandPharma

Key figures for the group

The Board of Directors and Executive Management have approved this interim report containing condensed financial information for the first three months of 2015 ending 31 March 2015. The report is prepared in accordance with IAS 34 as endorsed by the EU and the additional Danish disclosure requirements for listed companies. The accounting principles are unchanged in the three months of 2015 and reference is made to the Annual Report 2014 for a more detailed description of the accounting policies.

DKK thousand INCOME STATEMENT AND COMPREHENSIVE INCOME	Note	2015 1.1 - 31.3 Q1	2014 1.1 - 31.3 Q1	2014 1.1 - 31.12 Full year
Revenue		6,339	84,997	153,773
Royalty expenses		-854	-11,474	-13,776
Gross profit		**5,485**	**73,523**	**139,997**
Research and development expenses		-51,796	-36,926	-180,036
Administrative expenses		-7,490	-7,989	-39,826
Other operating income		4,288	0	6,328
Operating result		**-49,513**	**28,608**	**-73,537**
Net financial items		-6,035	242	1,047
Tax on ordinary activities	1	0	0	7,500
Net result for the period (after tax)		**-55,548**	**28,850**	**-64,990**
Comprehensive income for the period		**-55,548**	**28,850**	**-64,990**
Earnings per share - basic (DKK)		-2.45	1.27	-2.87
Earnings per share - diluted (DKK)		-2.45	1.27	-2.87

STATEMENT OF FINANCIAL POSITION	2015 31 Mar	2014 31 Mar	2014 31 Dec
Cash and cash equivalents	523,978	349,648	538,273
Total assets	569,235	381,662	596,756
Share capital ('000 shares)	23,314	23,193	23,193
Shareholder's equity	209,175	344,991	252,828
Equity / assets ratio	0.37	0.90	0.42
Royalty bond	308,686	0	272,170

CASH FLOW	2014 1.1 - 31.3 Q1	2014 1.1 - 31.3 Q1	2014 1.1 - 31.12 Full year
Depreciation	1,546	1,520	5,932
Change in working capital	341	9,562	16,771
Investments in fixed assets	-455	-1,683	-4,497
Free cash flow	2 -61,514	39,124	-46,680

OTHER	2015 31 Mar	2014 31 Mar	2014 31 Dec
Share price (DKK)	104.00	69.00	83.00
Market capitalization (MDKK)	2,424.7	1,600.3	1,925.0
Equity per share (DKK)	3 9.24	15.25	11.17
Average number of employees	103	90	103
Products in clinical development (end period)	4 5	6	5
Products on the market	1	1	1

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.
(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 Review for the first quarter of 2015

(Comparative figures for the same period 2014 are shown in brackets)

Income statement

The net result for the first three months of 2015 was a loss of DKK 55.5 million compared to a profit of DKK 28.9 million for the same period of 2014. The lower net result is a consequence mainly of a milestone payment received by Zealand in Q1 2014 under the license agreements with Sanofi, while no milestone payments have been received in Q1 2015. Further, net operating expenses were higher during the first three months of 2015 compared to the same period of 2014 due mainly to an increased level of development activities and one-off severance costs.

Revenue

Zealand received DKK 6.3 million (3.8) in royalty revenue on Sanofi's sales of Lyxumia in the first quarter of 2015, representing an increase of 67% versus the same period last year. There have been no milestone payments in the first quarter of 2015 while for the same period 2014 Zealand received a milestone payment of DKK 81.2 million from Sanofi relating to the commencement of the LixiLan Phase III clinical development program.

Royalty expenses

Royalty expenses for the period was DKK 0.9 million (11.5). Royalty expenses are payments by Zealand to third parties on the bases of license payments received for Lyxumia®.

Research and development expenses

Research and development expenses amounted to DKK 51.8 million (36.9) which was in line with expectations. The increase of DKK 14.9 million compared to 2014 is due to severance costs of DKK 6.8 million relating to management changes, increased external development costs of DKK 5.0 million relating to clinical programs and non-cash effect warrant expenses of DKK 3.8 million.

Administrative expenses

Administrative expenses for the period amounted to DKK 7.5 million (8.0). The decrease is mainly a consequence of lower consultancy costs.

Other operating income

Other operating income for the period amounted to DKK 4.3 million (0.0). Other operating income mainly consists of funding of research costs under the collaboration with Boehringer Ingelheim.

Operating result

The operating result for the period was a loss of DKK -49.5 million (28.6).

Net financial items

Net financial items consist of interest expenses on the royalty bond, amortization of costs relating to the royalty bond, interest income, banking fees and regulations based on changes in exchange rates. Net financial items for the first three months of 2015 amounted to DKK -6.0 million (0.2).

Result from ordinary activities before tax

Result from ordinary activities before tax in the period came to DKK -55.5 million (28.9).

Tax on ordinary activities
No tax has been recorded for the period.

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

Net result and comprehensive income
Net result for the first three months of 2015 amounted to DKK -55.5 million (28.9).

Equity
Equity stood at DKK 209.2 million (345.0) at the end of the period, corresponding to an equity ratio of 37% (90).

Capital expenditure
Investments in new laboratory equipment for the period amounted to DKK 0.4 million (1.7).

Cash flow
Cash flow from operating activities amounted to DKK -61.1 million (-40.1), cash flow from investing activities to DKK -0.4 million (22.6) of which DKK 0.0 million (24.4) relates to sale of securities and cash flow from financing activities to DKK 6.9 million (0.0). The total cash flow for the first three months of 2015 amounted to DKK -54.6 million (63.4).

Cash and cash equivalents
As of 31 March 2015, Zealand had cash and cash equivalents including securities of DKK 524.0 million (349.6). The increase is mainly explained by the royalty bond issued in December 2014 adding DKK 272.2 million of cash to the company.

Event after the end of the reporting period
In May 2015, a total of 512,609 new warrants were granted to the Executive Management and all other employees, giving the rights to subscription of up to 512,609 new Zealand shares with a nominal value of DKK 1 each and corresponding to 2.2% of the company's total outstanding share capital. The exercise price is fixed at DKK 101.20 reflecting the closing price of Zealand's shares on Nasdaq Copenhagen on Monday 4 May 2015 plus 10%.

Zealand uses warrant programs as incentive schemes to attract and retain first-rate employees and help ensure common short and long term interests between the management and the shareholders of the company.

Financial guidance for 2015
Zealand maintains its financial guidance for 2015 as announced in the Full Year announcement and Annual Report for 2014 on 13 March 2015 (Company Announcement No.5/2015).

This includes expectations of growing royalty revenue from Sanofi's global sales of Lyxumia®. No specific guidance on the level of 2015 royalties can be provided, as Sanofi has given no guidance on full-year sales of Lyxumia®.

Additional revenue of up to DKK 140 million / 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 million / EUR 30-32 million.

Risk factors

This interim report contains forward-looking statements, including forecasts of future expenses as well as expected business related events. Such statements are subject to risks and uncertainties as various factors, some of which are beyond the control of Zealand, may cause actual results and performance to differ materially from the forecasts made in this interim report. Without being exhaustive, such factors include e.g. general economic and business conditions, including legal issues, scientific and clinical results, fluctuations in currencies etc. A more extensive description of risk factors can be found in the 2014 Annual Report under the section Risk management and internal control.

Management's Statements on the Interim Report

The Board of Directors and the Executive Management have today considered and adopted the interim report of Zealand Pharma A/S for the period 1 January – 31 March 2015. The interim report has not been audited or reviewed by the company's auditor.

The report is prepared in accordance with IAS 34 as endorsed by the EU and the additional Danish disclosure requirements for listed companies. The accounting principles are unchanged in the first three months of 2015 and reference is made to the Annual Report 2014 for a more detailed description of the accounting policies.

In our opinion, the interim report gives a true and fair view of the Group's assets, equity and liabilities and financial position at 31 March 2015 and of the results of the Group's operations and the Group's cash flows for the period 1 January – 31 March 2015.

Moreover, in our opinion, the Management's Review gives a true and fair view of the development in the company's operations and financial conditions, of the net result for the period and the financial position while also describing the most significant risks and uncertainty factors that may affect the Group.

Copenhagen, 22 May 2015

Executive Management

Britt Meelby Jensen	Mats Blom
President and CEO	Senior Vice President and CFO

Board of Directors

Martin Nicklasson Chairman	Rosemary Crane Vice Chairman	Catherine Moukheibir
Peter Benson	Alain Munoz	Michael Owen
Helle Størum	Christian Thorkildsen	Jens Peter Stenvang

CONSOLIDATED INCOME STATEMENT (DKK '000)	2015 Q1	2014 Q1	2014 YTD
Revenue	6,339	84,997	153,773
Royalty expenses	-854	-11,474	-13,776
Gross profit	**5,485**	**73,523**	**139,997**
Research and development expenses	-51,796	-36,926	-180,036
Administrative expenses	-7,490	-7,989	-39,826
Other operating income	4,288	0	6,328
Operating result	**-49,513**	**28,608**	**-73,537**
Financial income	2,460	255	3,064
Financial expenses	-8,495	-13	-2,017
Result from ordinary activities before tax	**-55,548**	**28,850**	**-72,490**
Tax on ordinary activities	0	0	7,500
Net result for the period	**-55,548**	**28,850**	**-64,990**
Comprehensive income for the period	**-55,548**	**28,850**	**-64,990**
Earnings per share - basic (DKK)	-2.45	1.13	-2.87
Earnings per share - diluted (DKK)	-2.45	1.13	-2.87

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (DKK '000)	2015 31 Mar	2014 31 Mar	2014 31 Dec
ASSETS			
Plant and machinery	14,865	18,411	15,994
Other fixtures and fittings, tools and equipment	1,435	370	1,573
Leasehold improvements	893	1,444	1,060
Fixed assets under construction	343	0	0
Deposits	2,633	2,645	2,693
Non current assets total	**20,169**	**22,870**	**21,320**
Trade receivables	3,017	11	25,031
Prepaid expenses	8,787	3,576	2,209
Other receivables	13,284	5,557	9,923
Cash and cash equivalents	523,978	349,648	538,273
Current assets total	**549,066**	**358,792**	**575,436**
Total assets	**569,235**	**381,662**	**596,756**
LIABILITIES AND EQUITY			
Share capital	23,314	23,193	23,193
Retained earnings	185,861	321,798	229,635
Equity total	**209,175**	**344,991**	**252,828**
Royalty bond	303,686	0	267,170
Non-current liability	**303,686**	**0**	**267,170**
Trade payables	16,850	8,276	18,487
Royalty bond	5,000	0	5,000
Prepayment from customers	14,404	2,672	14,383
Other liabilities	20,120	25,723	38,888
Current liabilities	**56,374**	**36,671**	**76,758**
Total liabilities	**360,060**	**36,671**	**343,928**
Total equity and liability	**569,235**	**381,662**	**596,756**

CONSOLIDATED STATEMENT OF CASH FLOWS (DKK '000)	2015 Q1	2014 Q1	2014 Full Year
Net result for the period	-55,548	28,850	-64,990
Adjustments	673	1,316	6,559
Change in working capital	341	9,562	16,771
Cash flow from operating activities before financing items	**-54,534**	**39,728**	**-41,660**
Financial income received	296	1,092	1,494
Financial expenses paid	-6,821	-13	-2,017
Cash flow from operating activities	**-61,059**	**40,807**	**-42,183**
Change in deposit	60	-75	-123
Purchase of property, plant and equipment	-455	-1,683	-4,497
Disposal of securities	0	24,383	24,383
Cash flow from investing activities	**-395**	**22,625**	**19,763**
Proceeds from issuance of royalty bond	0	0	298,675
Payment for debt issue costs	0	0	-26,505
Capital increase	6,877	0	0
Cash flow from financing activities	**6,877**	**0**	**272,170**
Decrease / increase in cash and cash equivalents	-54,577	**63,432**	**249,750**
Cash and cash equivalents at beginning of period	538,273	286,178	286,178
Exchange rate adjustments	40,282	38	2,345
Cash and cash equivalents at end of period	**523,978**	**349,648**	**538,273**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (DKK '000)	Share capital	Retained earnings	Total
Equity at 1 January 2015	**23,193**	**229,635**	**252,828**
Warrants compensation expenses	0	3,778	3,778
Capital increase	121	6,756	6,877
Exchange rate adjustments	0	1,241	1,241
Comprehensive income for the period	0	-55,548	-55,548
Equity at 31 March 2015	**23,314**	**185,862**	**209,176**
Equity at 1 January 2014	**23,193**	**292,948**	**316,141**
Comprehensive income for the period	0	28,850	28,850
Equity at 31 March 2014	**23,193**	**321,798**	**344,991**

Changes in share capital	
Share capital at 31 December 2014	**23,193**
Capital increase at 21 March 2015	121
Share capital at 31 March 2015	**23,314**