Company Announcement
No. 25/2013

Zealand Pharma A/S – Interim report for the first nine months of 2013 (un-audited)

- ***Net result of DKK -139 (EUR -19) million for the first nine months of 2013***
- ***Cash and securities of DKK 358 (EUR 48) million on 30 September 2013***
- ***Financial outlook on net operating expenses for the full year 2013 revised to DKK 195–205 (EUR 26–28) million from DKK 210–240 (EUR 28–32) million. Revenue expectations are unchanged***
- ***Sanofi is continuing the progressive commercial roll-out of Lyxumia®, including in Japan where the product was launched in October providing adult Japanese patients with the first GLP-1 receptor agonist that is approved for use in combination with basal insulin***

Copenhagen, 15 November 2013 – Zealand Pharma A/S (CVR no. 20 04 50 78) (NASDAQ OMX Copenhagen: ZEAL) ("Zealand") today announced its un-audited interim report for the nine-month period from 1 January to 30 September 2013.

Financial highlights for the first nine months of 2013

(Comparative figures for the same period 2012 are shown in brackets)

- Revenue of DKK 3/EUR 0.5 million (*DKK 224/EUR 30 million).*
- Net operating expenses of DKK 143/EUR 19 million (*DKK 120/EUR 16 million*).
- Net result of DKK -139/EUR -19 million (*DKK 89/EUR 12 million*).
- Earnings per share of DKK -6.1/EUR -0.8 (*DKK 3.9/EUR 0.5*).
- End of period cash and securities of DKK 358/EUR 48 million (*DKK 498/EUR 69 million*).

Product and pipeline highlights for the third quarter of 2013 and the period thereafter

Lyxumia® (lixisenatide) – Type 2 diabetes (licensed to Sanofi)

- Sanofi is continuing the progressive commercial roll-out of Lyxumia® globally, including in Japan where the product was launched in October and provides adult Japanese diabetes patients with the first GLP-1 receptor agonist that is approved for use in combination with basal insulin.

- Lyxumia® is now approved in Europe, Japan, Mexico, Australia, Brazil, Colombia, Chile and Euquador and under regulatory review in a number of other countries.
- At the 49th Annual Meeting of EASD in September, a sub-analysis of results from the pivotal GetGoal-L study was presented showing that Lyxumia®, when added to basal insulin, lowered blood sugar (HbA1c) especially when fasting glucose was controlled. These data support the known complementary effects of Lyxumia® as a prandial GLP-1 receptor agonist in combination with basal insulin.
- In September, Sanofi withdrew the New Drug Application (NDA) for lixisenatide in the U.S which included early interim results from the ongoing ELIXA cardiovascular outcome study. The decision was a consequence of discussions with the FDA regarding its proposed process for the review of interim results. Sanofi believes that potential public disclosure of early interim data, even with safeguards, could compromise the integrity of the ongoing ELIXA study. The withdrawal of the NDA was thus not related to safety issues or deficiencies in the NDA and Sanofi will resubmit the NDA for lixisenatide in 2015, after completion on the ELIXA study.

Lantus®/Lyxumia® combination product – Type 2 diabetes (licensed to Sanofi)

- The combination of Lyxumia® and Lantus® (basal insulin), the investigational LixiLan fixed-ratio product, remains on schedule to enter into Phase III in the first half of 2014. The withdrawal of the US NDA for Lyxumia® has not affected these plans.

Danegaptide — Ischemic reperfusion injury

- Zealand has completed preparations for a Phase II Clinical Proof-of-Concept study of danegaptide to evaluate the efficacy and safety of this novel peptide drug as a protective treatment against reperfusion injuries. Dosing of the first patients with a myocardial infarction (heart attack) undergoing percutaneous coronary intervention treatment is expected soon.
- Danegaptide is a Zealand-invented peptide which has the potential to be the first medicinal therapy to protect against tissue damage following reperfusion.

ZP2929 — Type 2 diabetes and/or obesity (partnered with Boehringer Ingelheim)

- Zealand and Boehringer Ingelheim continue to work closely together on the clinical Phase I development of ZP2929, a novel therapeutic approach in diabetes and/or obesity. Current activities include extended preclinical studies to fulfill FDA requirements for additional elucidation of the drug candidate's therapeutic profile.
- Zealand expects to be able to give a further update on the timelines for the ZP2929 Phase I program in the first quarter of 2014.

Elsiglutide – Chemotherapy induced diarrhea (partnered with Helsinn)

- Helsinn continues preparation for the advancement of elsiglutide into a Phase IIb clinical dose finding study to further evaluate the potential of this promising peptide drug in the prevention of chemotherapy induced diarrhea in colorectal cancer patients.
- The start of Phase IIb is expected in 2014.

ZP3022 – a GLP-1-gastrin dual acting receptor agonist

- At EASD in September, Zealand presented new preclinical data on ZP3022, which support the disease modifying potential of this novel dual-acting peptide. The data demonstrate the ability of ZP3022 to significantly increase beta cell proliferation, reduce beta cell death (apoptosis) and enhance glucose-stimulated insulin secretion in preclinical in-vitro models of Type 2 diabetes.
- Zealand continues to explore the properties of GLP-1-gastrin dual acting receptor agonists as a novel approach for the treatment and potential prevention of disease progression in Type 2 diabetes patients.

New collaboration agreement with Lilly in Type 2 diabetes and obesity

- In August, Zealand signed a collaboration agreement with Lilly to jointly design and develop potentially novel peptide drugs against a novel target relevant for the treatment of Type 2 diabetes and obesity.
- Zealand and Lilly will share funding, risk and reward in this potentially multi-target collaboration which may also be expanded into other disease areas.

Other highlights for the third quarter of 2013 and the period thereafter

Appointment of new Chief Scientific Officer

- In October, Dr Torsten Hoffmann joined Zealand as Chief Scientific Officer from a senior role at Roche where he was Head of Medicinal Chemistry. Torsten Hoffmann brings with him almost two decades of experience from the pharmaceutical industry and a broad scientific track record. At Zealand, he is now responsible for the company's research and development activities and his focus is on enhancing peptide innovation and strengthening the pipeline of peptide drug candidates as a base for continuous value building, including partnering activities.

In a comment to this interim report, David Solomon, President and CEO of Zealand, said: *"In this past period, we have met important operational and strategic goals for Zealand, while beginning slowly to also benefit financially from Sanofi's sales of Lyxumia®. Sanofi is continuing the commercial roll-out of the product as a new medicinal option for diabetes patients and has confirmed that preparations to start Phase III development of the Lyxumia®/Lantus® combination product in the first half of 2014 are underway.*

"In our efforts to advance and grow our proprietary pipeline of unique peptide candidates, we also look forward to soon start dosing of patients in a Phase II study of danegaptide, which represents a promising new treatment for the potential prevention of reperfusion injuries. In support of our longer-term value growth, we have entered into a new partnership collaboration with Lilly, a further validation of Zealand's competences in peptide drug design and development.

"We were also delighted to welcome Torsten Hoffmann as our new Chief Scientific Officer. Torsten will be instrumental in further leveraging the strong momentum in our R&D organization going forward. With his broad experience and dedicated focus on innovative peptide discovery and development we will continue to grow our pipeline, targeting our next breakthrough peptide therapies."

Financial outlook for 2013 revised:
Net operating expenses lowered – revenue expectations unchanged

Zealand retains expectation of further revenue from Lyxumia® sales royalties in 2013 beyond what has been reported for the first nine months' period. As Sanofi has given no guidance on expected sales of Lyxumia®, no more specific revenue guidance can be provided at this point in time.

Expectations for net operating expenses in 2013 have been revised to a range of DKK 195-205 (EUR 26-28) million from DKK 210-240 (EUR 28-32) million.

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Conference call

Zealand will host a conference call today, at 2 pm CET/ 8 am EST to present the interim report for the first nine months 2013, which will be followed by a Q&A session. The call will be hosted by David Solomon, President and CEO, Mats Blom, CFO and Hanne Leth Hillman, Vice President for Investor Relations and Corporate Communications.

The call will be conducted in English and the dial-in details to access the call are as follows:

DK: +45 32 72 80 18
US: (FreeCall dial-in) +1 866 682 8490
UK and international: +44 (0) 1452 555131

Conference ID-number: 9974 6033

A live audio cast of the call including an accompanying slide presentation will be available via the following link: http://storm.zoomvisionmamato.com/player/zealand_pharma/objects/8avr91f6/

The audiocast can also be accessed from the investor section of Zealand's website (www.zealandpharma.com) and participants are advised to register approximately 10 minutes

before the call starts. An on-demand version of the audiocast will also be available on the website following the call.

For further information, please contact:

David Solomon, President and Chief Executive Officer
Tel: +45 22 20 63 00

Hanne Leth Hillman, Vice President, Investor Relations & Corporate Communications Tel: +45 50 60 36 89, email: hlh@zealandpharma.com

About Zealand Pharma
Zealand Pharma A/S (NASDAQ OMX Copenhagen: ZEAL) ("Zealand") is a biotechnology company based in Copenhagen, Denmark. Zealand specializes in the discovery, optimization and development of novel peptide drugs and has a broad and mature pipeline of drug candidates identified through its own drug discovery activities. The company's focus lies in the field of cardio-metabolic diseases, diabetes and obesity in particular, and its lead drug invention is lixisenatide, a once-daily prandial GLP-1 agonist, which is licensed to Sanofi for the treatment of Type 2 diabetes. Lixisenatide (marketed by Sanofi as Lyxumia®) is approved in several countries, including Europe and Japan, and under regulatory review in a number of other countries globally. In the U.S., an NDA is planned to be submitted in 2015, after completion of the ELIXA CV outcome study.

Zealand has a partnering strategy for the development and commercialization of its products and in addition to the license agreement with Sanofi in Type 2 diabetes, the company has partnerships with Boehringer Ingelheim in diabetes/obesity, Lilly in diabetes and obesity, Helsinn Healthcare in chemotherapy induced diarrhea and AbbVie in acute kidney injury.

For further information: www.zealandpharma.com. @ZealandPharma

Key figures

The Board of Directors and Executive Management of Zealand have approved this interim report containing condensed financial information for the first nine months of 2013 ending 30 September 2013. The report is prepared in accordance with IAS 34 as endorsed by the EU and the additional Danish disclosure requirements for listed companies. The company's accounting principles are unchanged in the first nine months of 2013 and reference is made to the Annual Report 2012 for a more detailed description of the accounting policies.

DKK thousand INCOME STATEMENT AND COMPREHENSIVE INCOME	Note	2013 1.7 - 30.9 Q3	2012 1.7 - 30.9 Q3	2013 1.1 - 30.9 Q1-Q3	2012 1.1 - 30.9 Q1-Q3	2012 1.1 - 31.12 Full year
Revenue		2,318	37,368	3,398	223,565	223,565
Royalty expenses		-309	0	-455	-15,561	-15,933
Gross profit		**2,009**	**37,368**	**2,943**	**208,004**	**207,632**
Research and development expenses		-30,419	-39,291	-126,186	-131,571	-182,759
Administrative expenses		-7,476	-6,459	-23,494	-17,179	-27,611
Other operating income		890	8,343	6,512	28,503	35,135
Operating result		**-34,996**	**-39**	**-140,225**	**87,757**	**32,397**
Net financial items		408	-544	1,324	1,079	3,975
Net result for the period (after tax)		**-34,588**	**-583**	**-138,901**	**88,836**	**36,372**
Comprehensive income for the period		**-34,588**	**-583**	**-138,901**	**88,836**	**36,372**
Earnings per share - basic (DKK)		-1.53	-0.03	-6.14	3.93	1.61
Earnings per share - diluted (DKK)		-1.53	-0.03	-6.14	3.90	1.60

STATEMENT OF FINANCIAL POSITION	2013 30 Sep	2012 30 Sep	2012 31 Dec
Cash and cash equivalents	332,887	371,673	358,922
Securities	24,944	126,654	126,940
Total assets	385,834	564,085	520,983
Share capital ('000 shares)	23,193	23,193	23,193
Shareholder's equity	361,899	536,664	491,015
Equity / assets ratio	0.94	0.95	0.94

CASH FLOW		2013 1.7 - 30.9 Q3	2012 1.7 - 30.9 Q3	2013 1.1 - 30.9 Q1-Q3	2012 1.1 - 30.9 Q1-Q3	2012 1.1 - 31.12 Full year
Depreciation		1,731	1,301	4,500	3,805	5,319
Change in working capital		-11,061	-28,490	-4,107	-24,542	13,782
Purchase of property, plant and equipment		-114	-165	-1,682	-4,490	-8,849
Free cash flow	1	-45,288	-27,395	-127,136	70,671	59,688

OTHER		2013 30 Sep	2012 30 Sep	2012 31 Dec
Share price (DKK)		57.50	99.00	84.00
Market capitalization (MDKK)		1,333,598	2,296,107	1,948,216
Equity per share (DKK)	2	15.99	23.72	21.70
Avg. number of employees (full-time equivalents)		109	104	104
Compounds in clinical development (end period)		6	7	7
Products on the market		1	0	0

Notes:

(1) Free cash flow is calculated as cash flow from operating activities less purchase of property, plant and equipment

(2) Equity per share is calculated as shareholders equity divided by total number of shares less treasury shares

Financial Review for the first nine months of 2013

(Comparative figures for the same period 2012 are shown in brackets)

Income statement

In line with expectations, the net result for the first nine months of 2013 was a loss of DKK 138.9 million compared to a profit of DKK 88.8 million for the same period of 2012. In 2013, no milestone payments have been received, whereas major milestone payments were received from partners in the first nine months of 2012. Further, net operating expenses in the first nine months of 2013 were slightly higher than in the same period of 2012 due to a decrease in partner funded R&D costs.

Revenue

Revenue for the first nine months of 2013 of DKK 3.4 million (223.6) relates to initial royalty income to Zealand from Sanofi's commercial sales of Lyxumia®. No milestone payments were received during the first nine months of 2013. For the same period in 2012, Zealand received milestone payments of DKK 223.6 million from its partners.

Royalty expenses

Royalty expenses for the period was DKK 0.5 million (15.6). The royalty expenses for the same period in 2012 related to the milestone payments received from partners.

Research and development expenses

Research and development expenses for the period amounted to DKK 126.2 million (131.6). R&D expenses relating to ZP2929 and the research collaboration with Boehringer Ingelheim have been refunded. Refunds are recorded as other operating income, see below. The decrease in R&D expenses relates mainly to lower expenses under the partnership with Boehringer Ingelheim, which have been partly offset by higher personnel costs and an increase in clinical activities.

Administrative expenses

Administrative expenses for the period amounted to DKK 23.5 million (17.2). The increase is mainly related to an increase in legal and personnel costs.

Other operating income

Other operating income for the period amounted to DKK 6.5 million (28.5). Other operating income mainly consists of funding of development costs for ZP2929 and funding of research costs under the two-year research and development collaboration with Boehringer Ingelheim, which has ended in July 2013.

Operating result

The operating result for the period was DKK -140.2 million (87.8).

Net financial items
Net financial items consist of interest income, banking fees and regulations based on changes in exchange rates. Net financial items for the period amounted to DKK 1.3 million (1.1).

Result from ordinary activities before tax
Result from ordinary activities before tax for the period was DKK -138.9 million (88.8).

Tax on ordinary activities
With a negative result from 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 when tax losses can be utilized.

Net result
Net result for the period amounted to DKK -138.9 million (88.8).

Equity
Equity stood at DKK 361.9 million (536.7) at the end of the period, corresponding to an equity ratio of 94 % (95).

Capital expenditure
Investments in new laboratory equipment for the period amounted to DKK 1.7 million (4.5).

Cash flow
The cash flow from operating activities amounted to DKK -125.4 million (76.6). Cash flow from investing activities was DKK 99.3 million (18.1) of which DKK 101.0 million (22.7) relates to net sales of securities. The total cash flow for the first nine months of 2013 amounted to DKK -26.2 million (94.8).

Cash and cash equivalents
As of 30 September 2013, Zealand had cash and cash equivalents including securities of DKK 357.8 million (498.3).

Key financial developments in the third quarter of 2013
Revenue in the third quarter amounted to DKK 2.3 million (37.4) relates to initial royalty income to Zealand from Sanofi's commercial sales of Lyxumia®. Revenue for the same period last year related to payments received in connection with the advance of ZP2929 into clinical development.

Total operating expenses decreased to DKK 37.9 million (45.8) reflecting lower expenses relating to the collaboration agreement with Boehringer Ingelheim. Of the operating expenses in the third quarter of DKK 0.9 million (8.3) have been financed under the Boehringer Ingelheim collaboration.

Net result for the third quarter amounted to DKK -34.6 million (-0.6).

Financial outlook for 2013 revised:
Net operating expenses lowered – revenue expectations unchanged

Zealand retains expectation of further revenue from Lyxumia® sales royalties in 2013 beyond what has been reported for the first nine months' period. As Sanofi has given no guidance on expected sales of Lyxumia®, no more specific revenue guidance can be provided at this point in time.

Expectations for net operating expenses in 2013 have been revised to a range of DKK 195-205 (EUR 26-28) million from DKK 210-240 (EUR 28-32) million.

Subsidiaries

During the period Zealand's fully owned subsidiary Betacure Holding A/S was merged with Zealand Pharma A/S. The effective date for the merger is January 1st 2013. Betacure has for several years had no activities and the reason for the merger is to reduce administration and costs.

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 2012 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 – 30 September 2013. 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 six months of 2013 and reference is made to the Annual Report 2012 for a more detailed description of the accounting policies.

In our opinion, the interim report gives a true and fair view of the company's assets, equity and liabilities and financial position at 30 September 2013 and of the results of the company's operations and the company's cash flows for the period 1 January – 30 September 2013.

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 company.

Copenhagen, 15 November 2013

Executive Management

David H. Solomon	Mats Blom
President and CEO	Senior Vice President and CFO

Board of Directors

Daniël J. Ellens	Jørgen Lindegaard	Peter Benson
Chairman	Vice chairman	
Alain Munoz	Florian Reinaud	Jutta af Rosenborg
Michael Owen	Christian Thorkildsen	Helle Størum
Hanne Heidenheim Bak		

INCOME STATEMENT (DKK '000)	2013 Q3	2012 Q3	2013 Q1-Q3	2012 Q1-Q3	2012 Full year
Revenue	2,318	37,368	3,398	223,565	223,565
Royalty expenses	-309	0	-455	-15,561	-15,933
Gross profit	**2,009**	**37,368**	**2,943**	**208,004**	**207,632**
Research and development expenses	-30,419	-39,291	-126,186	-131,571	-182,759
Administrative expenses	-7,476	-6,459	-23,494	-17,179	-27,611
Other operating income	890	8,343	6,512	28,503	35,135
Operating result	**-34,996**	**-39**	**-140,225**	**87,757**	**32,397**
Financial income	812	211	2,423	2,776	5,627
Financial expenses	-404	-755	-1,099	-1,697	-1,652
Result from ordinary activities before tax	**-34,588**	**-583**	**-138,901**	**88,836**	**36,372**
Tax on ordinary activities	0	0	0	0	0
Net result for the period	**-34,588**	**-583**	**-138,901**	**88,836**	**36,372**
Comprehensive income for the period	**-34,588**	**-583**	**-138,901**	**88,836**	**36,372**
Earnings per share - basic (DKK)	-1.53	-0.03	-6.14	3.93	1.61
Earnings per share - diluted (DKK)	-1.53	-0.03	-6.14	3.90	1.60

STATEMENT OF FINANCIAL POSITION (DKK '000)	2013 30 Sep	2012 30 Sep	2012 31 Dec
ASSETS			
Plant and machinery	16,490	15,814	18,736
Other fixtures and fittings, tools and equipment	473	505	517
Leasehold improvements	1,623	2,235	2,151
Fixed assets under construction	0	4	0
Deposits	2,570	2,538	2,554
Non current assets total	**21,156**	**21,096**	**23,958**
Trade receivables	0	37,257	0
Prepaid expenses	5,557	5,676	3,648
Other receivables	1,290	1,729	7,515
Securities	24,944	126,654	126,940
Cash and cash equivalents	332,887	371,673	358,922
Current assets total	**364,678**	**542,989**	**497,025**
Total assets	**385,834**	**564,085**	**520,983**
LIABILITIES AND EQUITY			
Share capital	23,193	23,193	23,193
Retained earnings	338,706	513,471	467,822
Equity total	**361,899**	**536,664**	**491,015**
Trade payables	7,356	8,288	9,831
Prepayment from customers	2,672	7,522	5,072
Other liabilities	13,907	11,611	15,065
Current liabilities	**23,935**	**27,421**	**29,968**
Total liabilities	**23,935**	**27,421**	**29,968**

Total equity and liability	**385,834**	**564,085**	**520,983**

STATEMENT OF CASH FLOWS (DKK '000)	2013 Q1-Q3	2012 Q1-Q3	2012 Full year
Net result for the period	-138,901	88,836	36,372
Adjustments	13,124	9,157	14,590
Change in working capital	-4,107	-24,542	13,782
Cash flow from operating activities before financing items	**-129,884**	**73,451**	**64,744**
Financial income received	4,489	3,318	3,979
Financial expenses paid	-59	-103	-186
Cash flow from operating activities	**-125,454**	**76,666**	**68,537**
Change in deposit	-17	-45	-60
Purchase of property, plant and equipment	-1,682	-4,490	-8,849
Purchase of securities	-45,936	-85,411	-97,480
Disposal of securities	146,892	108,099	119,837
Cash flow from investing activities	**99,257**	**18,153**	**13,448**
Capital increase	0	0	0
Repurchase of own shares	0	0	0
Cash flow from financing activities	**0**	**0**	**0**
Decrease / increase in cash and cash equivalents	**-26,197**	**94,819**	**81,985**
Cash and cash equivalents at beginning of period	358,922	278,343	278,342
Exchange rate adjustments	162	-1,489	-1,405
Cash and cash equivalents at end of period	**332,887**	**371,673**	**358,922**

STATEMENT OF CHANGES IN EQUITY (DKK '000)	Share capital	Retained earnings	Total
Equity at 1 January 2013	**23,193**	**467,822**	**491,015**
Warrants compensation expenses	0	9,785	9,785
Comprehensive income for the period	0	-138,901	-138,901
Equity at 30 September 2013	**23,193**	**338,706**	**361,899**
Equity at 1 January 2012	**23,193**	**418,204**	**441,397**
Warrants compensation expenses	0	6,431	6,431
Comprehensive income for the period	0	88,836	88,836
Equity at 30 September 2012	**23,193**	**513,471**	**536,664**

Changes in share capital	
Share capital at 31 December 2006	**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 2012	**23,193**
Share capital at 30 September 2013	**23,193**