# Zealand Pharma Announces Financial Results for the First Quarter of 2023.

- *Positive topline data from obesity portfolio*
- *On track for two regulatory submission targeting rare diseases*
- *Strengthened balance sheet with DKK 1.5 billion in April resulting in a runway to mid-2026*

**Copenhagen, Denmark, May 11, 2023** – Zealand Pharma A/S (Nasdaq: ZEAL) (CVR-no. 20045078), a biotechnology company focused on the discovery and development of innovative peptide-based medicines, today announced the interim report for the three months ended March 31, 2023 and provided a corporate update.

## Delivered clinical results and strengthened balance sheet

Adam Steensberg, President and Chief Executive Officer at Zealand Pharma said: "These first months of 2023 were exceptional for Zealand Pharma, with impressive clinical data readouts from our obesity portfolio, continuous progress toward regulatory filings for our rare disease assets and a capital raise of DKK 1.5 billion bringing in new specialist investors.

"We are excited by the outlook for the year which we expect will be catalyst rich, including clinical data presentations at scientific conferences and initiation and reporting of new clinical studies across the obesity pipeline and regulatory submissions for our two rare disease programs."

## Key financial results for Q1 2023

| DKK million | Q1 2023 | Q1 2022 |
|---|---|---|
| Revenue | 13.6 | 11.0 |
| Net operating expenses[1] | -182.3 | -240.0 |
| Net operating result | -168.7 | -229.0 |
| Net financial items | -26.7 | -133.0 |
| Cash position[2] | 1,002 | 1,123 |

Notes:
1. Net operating expenses consist of R&D, S&M, G&A and other operating items.
2. Cash position includes cash, cash equivalents and marketable securities.

- In April 2023, Zealand received gross proceeds of DKK 1.5 billion in connection with a private placement of new shares. Under the current assumptions Zealand projects its existing financial resources will be sufficient to fund operations until mid-2026.

## Highlights in the first quarter 2023

- **Announced positive topline results from Phase 1a single ascending dose (SAD) trial of long-acting amylin analog ZP8396**. Healthy participants with a mean BMI of 25.8 were treated with either subcutaneous ZP8396 or placebo (across 7 dose cohorts). Participants treated with ZP8396 had dose-dependent reductions in mean body weight of up to 4.2% from baseline. Placebo-treated participants had a mean body weight increase of 0.6%. The plasma half-life of ZP8396 was 230 hours, which supports once-weekly dose administration. ZP8396 was well tolerated in this study, with no serious or severe adverse events (AEs) and no withdrawals. Zealand will present the results from the SAD trial at the upcoming American Diabetes Association (ADA) 83rd Scientific Sessions in June 2023.

## Events after the reporting date

- **Announced positive topline results from Phase 2 clinical trial with BI 456906, a glucagon receptor/glucagon-like peptide-1 receptor (GCGR/GLP-1R) dual agonist, in people living with obesity or overweight**. BI 456906 achieved up to 14.9% weight loss from baseline after 46 weeks (including 20 weeks dosing escalation and 26 weeks dose maintenance period). The analysis was based on the planned maintenance dose assigned at randomization regardless of whether the planned dose was reached during the first 20-week dose escalation phase. The safety and tolerability profile of BI 456906 was in line with other incretin-based pharmacotherapies. Full results, including an analysis using the actual maintenance dose administered regardless of assignment at randomization, indicating even greater weight loss, will be presented at the upcoming ADA 83rd Scientific Sessions in June 2023. Boehringer Ingelheim is engaging in parallel with regulatory authorities to discuss plans for Phase 3 trials in people living with obesity or overweight.
- **Opened patient enrollment to DREAM, a Phase 2 investigator-led clinical trial of dapiglutide, a first-in-class GLP-1/GLP-2 receptor dual agonist in people with obesity.**

The DREAM trial aims to evaluate potential for weight loss following 12 weeks and gain key mechanistic insights into the effects of dapiglutide on inflammatory markers. Zealand expects the trial to complete in 2024.

- **Completed the 6-month interim analysis of EASE-2, the long-term safety and efficacy extension trial of glepaglutide in patients with short bowel syndrome (SBS)**. Ninety-six participants continued into the EASE-2 from EASE-1. Participants continued their assigned treatment from EASE-1 with glepaglutide 10 mg once or twice weekly, while patients who received placebo in EASE-1 were re-randomized to treatment with either glepaglutide 10 mg once or twice weekly. At six months, clinical response to glepaglutide across the key efficacy endpoints was generally maintained or showed continued improvement. Data also demonstrated that additional patients on both doses weaned off parenteral support successfully. Glepaglutide appeared to be safe and well-tolerated in EASE-2, with a profile consistent with that observed in EASE-1. Both EASE-2 and EASE-3 long-term extension trials are ongoing. Zealand recently also completed the interim analysis of EASE-4, assessing the long-term effects of glepaglutide on intestinal fluid and energy uptake, and anticipates presenting these results at a future scientific conference.

- **Strengthened balance sheet and extended runway to mid-2026**. In April, Zealand received gross proceeds of DKK 1.5 billion from a directed issue and private placement of 6,578,948 new shares. In May 2023, Zealand repaid the Oberland Capital loan in full. With this final repayment, the loan agreement with Oberland Capital is now terminated. The repayment is refinanced through a new Credit Facility provided by Danske Bank and expected near-term upcoming milestones from existing partners. For further information on the capital increase and repayment of Oberland loan refer to note 11 in the attached financial statement. Zealand's projected financial runway remains until mid-2026.

## Upcoming events

- **Dasiglucagon in congenital hyperinsulinism (CHI)**. In the second quarter of 2023, Zealand expects to submit a new drug application (NDA) to the FDA for dasiglucagon treatment in the management of CHI.

- **Glepaglutide in short bowel syndrome (SBS)**. In the second half of 2023, Zealand anticipates submitting an NDA to the FDA for glepaglutide administered via autoinjector for the treatment of SBS with intestinal failure.

- **ZEGALOGUE® (dasiglucagon) for injection**. Under the global license and development agreement with Novo Nordisk for Zegalogue®, Zealand is responsible for submitting a marketing authorization application (MAA) to the European Medicines Agency (EMA), planned for the second quarter of 2023.

- **ZP8396, long-acting amylin analog**. In the second half of the year, Zealand expects to report topline results from the ongoing 6-week multiple ascending dose (MAD) trial and initiate a 16-week dose titration trial.

- **Dapiglutide, GLP-1/GLP-2 receptor dual agonist**. Zealand expects to initiate a 13-week dose titration trial in people with obesity in the second half of 2023.

- **ZP6590, GIP analog**. Zealand expects to advance this program into first-in-human clinical trials in the second half of 2023.

## Financial guidance for 2023

- Guidance unchanged from March 2, 2023

| DKK million | 2023 Guidance | 2022 Actual |
|---|---|---|
| Revenue anticipated from existing and new license and partnership agreements | No guidance due to uncertain size and timing | 104 |
| Net operating expenses[3] | 800-900 | 941 |

Notes:
3. Financial guidance based on foreign exchange rates as of May 11, 2023.

## Conference call today at 2 PM CET / 8 AM ET

Zealand's management will host a conference call today at 2:00 PM CET / 8:00 AM ET to present results through the first three months of 2023 followed by a Q&A session. Participating in the call will be Chief Executive Officer, Adam Steensberg; Chief Financial Officer, Henriette Wennicke; and Chief Medical Officer, David Kendall. The conference call will be conducted in English.

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Conference ID: 7578501

A live listen-only audio webcast of the call, including an accompanying slide presentation, will be accessible at https://edge.media-server.com/mmc/p/tdxqkqw9. Participants are advised to register for the call or webcast approximately 10 minutes before the start. A recording of the event will be available following the call on the Investor section of Zealand's website at https://www.zealandpharma.com/events/.

## About Zealand Pharma A/S

Zealand Pharma A/S (Nasdaq: ZEAL) ("Zealand") is a biotechnology company focused on the discovery and development of peptide-based medicines. More than 10 drug candidates invented by Zealand have advanced into clinical development, of which two have reached the market and three candidates are in late-stage development. The company has development partnerships with a number of pharma companies as well as commercial partnerships for its marketed products.

Zealand was founded in 1998 and is headquartered in Copenhagen, Denmark, with a presence in the U.S. that includes Boston. For more information about Zealand's business and activities, please visit www.zealandpharma.com.

## Forward-looking Statements

This company announcement and interim report contains "forward-looking statements", as that term is defined in the Private Securities Litigation Reform Act of 1995 in the United States, as amended, even though no longer listed in the United States this is used as a definition to provide Zealand Pharma's expectations or forecasts of future events regarding the research, development and commercialization of pharmaceutical products, the timing of the company's preclinical and clinical trials and the reporting of data therefrom and the company's Upcoming Events and Financial Guidance for 2023. These forward-looking statements may be identified by words such as "aim," "anticipate," "believe," "could," "estimate," "expect," "forecast," "goal," "intend," "may," "plan," "possible," "potential," "will," "would" and other words and terms of similar meaning. You should not place undue reliance on these statements, or the scientific data presented. The reader is cautioned not to rely on these forward-looking statements. 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, and which include, but are not limited to, unexpected costs or delays in clinical trials and other development activities due to adverse safety events or otherwise; unexpected concerns that may arise from additional data, analysis or results obtained during clinical trials; our ability to successfully market both new and existing products; changes in reimbursement rules and governmental laws and related interpretation thereof; government-mandated or market-driven price decreases for our products; introduction of competing products; production problems; unexpected growth in costs and expenses; our ability to effect the strategic reorganization of our businesses in the manner planned; failure to protect and enforce our data, intellectual property and other proprietary rights and uncertainties relating to intellectual property claims and challenges; regulatory authorities may require additional information or further studies, or may reject, fail to approve or may delay approval of our drug candidates or expansion of product labeling; failure to obtain regulatory approvals in other jurisdictions; exposure to product liability and other claims; interest rate and currency exchange rate fluctuations; unexpected contract breaches or terminations; inflationary pressures on the global economy; and political uncertainty, including due to the ongoing military conflict in Ukraine. 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. The foregoing sets forth many, but not all, of the factors that could cause actual results to differ from our expectations in any forward-looking statement. All such forward-looking statements speak only as of the date of this press release/company announcement and are based on information available to Zealand Pharma as of the date of this release/announcement. We do not undertake to update any of these forward-looking statements to reflect events or circumstances that occur after the date hereof. Information concerning pharmaceuticals (including compounds under development) contained within this material is not intended as advertising or medical advice.

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## R&D Pipeline

### Rare diseases

#### Dasiglucagon for congenital hyperinsulinism (CHI)

**Background:**

Dasiglucagon is a glucagon analog that is stable in aqueous solution and is thus suitable for chronic pump use. The Phase 3 program comprises three clinical trials evaluating the potential for chronic dasiglucagon infusion delivered subcutaneously via a pump to prevent hypoglycemia in children with CHI.

The global, 2-part, Phase 3 trial 17103 (ClinicalTrials.gov ID: NCT04172441) evaluated the efficacy of dasiglucagon in reducing glucose requirements in 12 children (ranging in age from 7 days to 12 months) with persistent CHI requiring continuous intravenous glucose administration to prevent or manage hypoglycemia.

In Part 1 of the Phase 3 trial, dasiglucagon significantly reduced the requirement for intravenous (IV) glucose to maintain glycemia in newborns and infants with CHI. Dasiglucagon significantly reduced the mean IV glucose infusion rate (GIR) in the last 12 hours of the 48 hour treatment period by 55% as compared to placebo (4.3 mg/kg/min for dasiglucagon and 9.4 mg/kg/min for placebo with a treatment difference of 5.2 mg/kg/min; p=0.0037). Dasiglucagon also reduced GIR over the entire 48-hour treatment period by 3.5 mg/kg/min compared to placebo (p=0.0107). Dasiglucagon treatment resulted in a reduction of 31 g/day in total carbohydrate intake (IV and gastric) compared to placebo (107 g/day for dasiglucagon vs 138 g/day for placebo; p = 0.024), a 22% reduction in carbohydrate calories. Dasiglucagon was observed to be well tolerated in Part 1 of the trial, with skin reactions and gastrointestinal disturbances as the most frequently reported adverse events (no serious adverse events reported).

In the 21-day open-label Part 2 of the Phase 3 trial, dasiglucagon reduced time in hypoglycemia and enabled discontinuation of intravenous glucose in most infants and limited the need for pancreatectomy. Continuous subcutaneous infusion of dasiglucagon enabled reduction and either periodic or permanent discontinuation of IV glucose infusion in 10 out of 12 infants during the study period. Seven infants, who did not require pancreatectomy, were completely weaned off IV glucose at the completion of the trial. During the 21-day treatment with dasiglucagon, continuous glucose monitoring (CGM) measures of hypoglycemia trended lower with median time <70 mg/dL reduced from 7.0% to 5.2% and <54 mg/dL reduced from 1.9% to 0.88%. There was no increase in hyperglycemia. The safety profile of dasiglucagon in Part 2 was consistent with Part 1, with no adverse event requiring discontinuation of treatment and no serious adverse events reported.

The open-label Phase 3 trial 17109 (ClinicalTrials.gov ID: NCT03777176) evaluated the efficacy of dasiglucagon in reducing hypoglycemia in 32 children (ranging in age from 3 months to 12 years) with CHI with more than three hypoglycemic events per week despite previous near-total pancreatectomy and/or maximum medical therapy. Data reported in December 2020 showed that dasiglucagon on top of standard of care (SOC) did not significantly reduce the rate of hypoglycemia compared to SOC alone when assessed by the primary endpoint, intermittent self-measured plasma glucose. However, dasiglucagon treatment resulted in a 40–50% reduction in hypoglycemia compared to SOC alone, when assessed by blinded continuous glucose monitoring.

The Phase 3 trial 17106 (ClinicalTrials.gov ID: NCT03941236) is evaluating the long-term safety of dasiglucagon in 42 of the 44 children older than 1 month with CHI who completed either of the Phase 3 trials 17103 or 17109.

The company expects safety and efficacy data from the full Phase 3 program to form the basis of an NDA submission to the FDA for dasiglucagon treatment in the management of CHI in the first half of 2023. The FDA and the European Commission have both granted orphan drug designation to dasiglucagon for the treatment of CHI.

#### Glepaglutide (long-acting GLP-2 analog) for short bowel syndrome (SBS)

**First quarter 2023 update:**

- Presented EASE-1 results at the ASPEN 2023 Nutrition Science & Practice Conference in April 2023 and Digestive Diseases Week in May.
- In an interim analysis of the EASE-2 long term extension trial at six months, glepaglutide activity across key efficacy endpoints was generally maintained or showed continued improvement, including additional patients who weaned off parenteral support.

**Background:**

Glepaglutide is a long-acting GLP-2 analog that is stable in aqueous solution and can be administered as a ready-to-use liquid formulation. Zealand is developing glepaglutide as a ready-to-use, fixed dose product designed for subcutaneous delivery via auto-injector for the potential treatment of short bowel syndrome (SBS). The Phase 3 program includes four clinical trials evaluating the potential for glepaglutide to reduce or eliminate the need for parenteral support in patients with SBS.

EASE-1 is a randomized, double-blind Phase 3 trial that enrolled a total of 106 SBS patients with intestinal failure who were dependent on parenteral support (PS) for at least three days per week. Patients were evenly randomized to receive treatment with 10 mg glepaglutide administered either once or twice weekly, or placebo. The primary endpoint in the trial was the absolute change in weekly parenteral support volume from baseline at 24 weeks.

In EASE-1, glepaglutide given twice weekly significantly reduced the total weekly volume of parenteral support at 24 weeks as compared to placebo (p=0.0039). When administered once weekly, glepaglutide treatment also resulted in a numeric reduction in weekly parenteral support, however this did not

achieve statistical significance. At 24 weeks, the average reduction in parenteral support from baseline was 5.13 Liters/week for patients treated with glepaglutide twice weekly and was 3.13 Liters/week for patients treated with glepaglutide once weekly. Placebo treatment resulted in a reduction in parenteral support of 2.85 Liters/week. Clinical response, defined as a patient achieving at least 20% reduction in weekly parenteral support volume from baseline at both 20 and 24 weeks, was significantly higher with twice weekly glepaglutide compared to placebo (p=0.0243). Among patients receiving glepaglutide twice weekly 65.7% achieved a clinical response. While 45.7% and 38.9% of patients achieved a clinical response in the once weekly and placebo treatment groups, respectively.

In the twice weekly dosing group, 14% of patients (n=5) were completely weaned off parenteral support (enteral autonomy). In total 9 patients treated with glepaglutide achieved enteral autonomy, while no placebo treated patients were able to discontinue parenteral support. Glepaglutide appeared to be safe and was well-tolerated in the trial. The most frequently reported adverse events were injection site reactions and gastrointestinal events. These results were presented at the ASPEN 2023 Nutrition Science & Practice Conference in April 2023 and Digestive Diseases Week in May 2023.

In total, 102 of 106 participating patients completed EASE-1, of which 96 continued into the ongoing long-term safety and efficacy extension trials, EASE-2 and EASE-3. EASE-2 is a randomized, double-blind trial in which SBS patients continued their assigned treatment from EASE-1 with glepaglutide 10 mg once or twice weekly. Patients who received placebo in EASE-1 were re-randomized to treatment with either glepaglutide 10 mg once or twice weekly. In an interim analysis conducted at six months, clinical response to glepaglutide across the key efficacy endpoints was generally maintained or showed continued improvement. Data also demonstrated that additional patients on both doses weaned off parenteral support successfully. Glepaglutide appeared to be safe and well-tolerated in EASE-2, with a profile consistent with that observed in EASE-1. Both EASE-2 and EASE-3 long-term extension trials are ongoing.

In addition, EASE-4 is a Phase 3b trial to assess long-term effects of glepaglutide on intestinal fluid and energy uptake. Zealand has completed the interim analysis of the trial and expects to present results from this study at a future scientific conference.

For more information on the EASE trials, please visit ClinicalTrials.gov (IDs: NCT03690206, NCT03905707, NCT04881825, NCT04991311).

The company expects efficacy and safety data from the full EASE Phase 3 program to form the basis of an NDA submission with the FDA in the second half of 2023. FDA has granted orphan drug designation to glepaglutide for the treatment of SBS.

Phase 2 data have shown the potential of glepaglutide to increase intestinal absorption in people with SBS and were published in the journal The Lancet Gastroenterology & Hepatology in 2019.

## Obesity

### ZP8396 (long-acting amylin analog)

**First quarter 2023 update:**

- Announced positive topline results from Phase 1a SAD trial in healthy participants showing dose-dependent reductions in mean body weight of 4.2% from baseline (4.8% placebo adjusted) with ZP8396 treatment.
- SAD results will be presented at ADA 83rd Scientific Sessions in June 2023.

**Background:**

ZP8396 is a long-acting amylin analog designed to improve solubility and allow for co-formulation with other peptides, including GLP-1 analogs. Amylin analogs hold potential as both mono and combination therapies for obesity and type 2 diabetes.

Zealand has completed the subcutaneous dose escalation phase of the Phase 1a, First-in-Human, randomized, single ascending dose (SAD) trial to assess the safety, tolerability, pharmacokinetics, and pharmacodynamics of ZP8396 in healthy volunteers. Healthy participants with a mean BMI of 25.8 were randomized (6:2) within seven dose cohorts and treated with either subcutaneous ZP8396 or placebo. Participants treated with ZP8396 had dose-dependent reductions in mean body weight of up to 4.2% from baseline. Placebo-treated participants had a mean body weight increase of 0.6%. The plasma half-life of ZP8396 was 230 hours, which supports once-weekly dose administration. ZP8396 was well tolerated in this study, with no serious or severe adverse events (AEs) and no withdrawals. Zealand expects to present the results from the SAD trial the upcoming ADA 83rd Scientific Sessions in June 2023.

In the second half of the year, Zealand expects to report topline results from the ongoing 6-week multiple ascending dose (MAD) trial (ClinicalTrials.gov ID: NCT05613387) and initiate a 16-week dose titration trial.

### Dapiglutide (long-acting GLP-1R/GLP-2R dual agonist)

**First quarter 2023 update:**

- A Phase 2 investigator-led DREAM clinical trial in collaboration with Zealand in people with obesity was opened to enrollment.

**Background:**

Dapiglutide is a long-acting dual GLP-1R/GLP-2R agonist for the potential treatment of obesity. Phase 1 results of dapiglutide in healthy volunteers demonstrated dose dependent weight loss of up to 4.3% from baseline body weight after only four weeks of treatment. Dapiglutide also delayed gastric emptying, and

reduced plasma glucose and insulin concentrations, in a dose dependent manner. The pharmacokinetics (PK) showed dose proportionality with a low inter-subject variability and a mean half-life of 123-129 hours across the four dose cohorts and supported that dapiglutide is suitable for once-weekly dosing. No trial participants developed anti-drug antibodies. Multiple weekly doses of dapiglutide were well-tolerated and the safety profile was as expected for GLP-1 and GLP-2 receptor agonists. These results were presented at the ADA 82nd Scientific Sessions in June 2022.

A Phase 2 investigator-led randomized, double-blind, placebo-controlled clinical trial in up to 54 people living with obesity, named DREAM, aims to evaluate the potential for weight loss and gain key mechanistic insights into the effects of dapiglutide on inflammatory markers following a 12-week treatment period. Zealand expects the trial to be complete in 2024. Please visit ClinicalTrials.gov for further information (ID: NCT05788601).

Separately, Zealand expects to initiate a 13-week dose titration trial in people with obesity in the second half of 2023.

### BI 456906 (long-acting dual GCGR/GLP-1R agonist) in collaboration with Boehringer Ingelheim

**First quarter 2023 update:**

- Topline results from the Boehringer Ingelheim-sponsored Phase 2 clinical trial in people living with obesity or overweight, showed dose dependent reductions in body weight of up to 14.9% at Week 46, including 20 weeks dosing escalation and 26 weeks maintenance period.
- Full Phase 2 results will be presented at the ADA 83rd Scientific Sessions in June 2023.

**Background:**

BI 456906 is a long-acting dual GCGR/GLP-1R agonist for once-weekly subcutaneous administration that activates two key gut hormone receptors simultaneously and may offer better efficacy than current single-hormone receptor agonist treatments. BI 456906 is targeting treatment of obesity and associated metabolic diseases.

A Phase 2 randomized, placebo-controlled, double-blind, trial evaluated BI 456906 compared to placebo in people with obesity or overweight. Participants received multiple rising doses of BI 456906 in one of four dose groups or placebo. BI 456906 achieved up to 14.9% weight loss from baseline after 46 weeks (including 20 weeks dosing escalation and 26 weeks dose maintenance period). The analysis was based on the planned maintenance dose assigned at randomization regardless of whether the planned dose was reached during the first 20-week dose escalation phase. The safety and tolerability profile of BI 456906 was in line with other incretin-based pharmacotherapies. Full results, including an analysis using the actual maintenance dose administered regardless of assignment at randomization, indicating even greater weight loss, will be presented at the upcoming ADA 83rd Scientific Sessions in June 2023. Boehringer Ingelheim is engaging in parallel with regulatory authorities to discuss plans for Phase 3 trials in people living with obesity or overweight.

A Phase 2 randomized, placebo-controlled, double-blind trial evaluated BI 456906 in people with T2D on stable metformin background therapy. Participants received multiple rising doses of BI 456906 in one of six dose groups, placebo or open-label weekly semaglutide 1.0 mg for 16 weeks. Different doses of BI 456906 were escalated every 1–2 weeks to ensure that 10 weeks were spent on a maintenance dose.

At the 58th EASD annual meeting in September, Boehringer Ingelheim presented results for the primary endpoint of change from baseline in HbA1c after 16 weeks of treatment. Treatment with BI 456906 led to dose-dependent decreases in HbA1c, with mean reductions of -0.93% to -1.88% at 16 weeks across the six dose groups, compared with -0.25% seen with placebo. Treatment with open-label weekly semaglutide at 1.0 mg led to a decrease in HbA1c of -1.47%.

At Obesity Week in November, Boehringer Ingelheim presented results for the secondary endpoint of change from baseline in bodyweight after 16 weeks of treatment. Treatment with BI 456906 led to dose-dependent decreases in bodyweight, with mean reductions of -1.9% to -9.0% at 16 weeks across the six dose groups, compared with -1.2% seen with placebo. Treatment with open-label weekly semaglutide at 1.0 mg led to a decrease in bodyweight of -5.4%. In addition, dose-dependent decreases in waist circumference were observed following treatment with BI 456906, with mean decreases of -1.80 cm to -12.89 cm at 16 weeks across the six dose groups, compared with -1.95 cm seen with placebo. Treatment with open-label weekly semaglutide at 1.0 mg led to a decrease in bodyweight of -3.63 cm.

In the Phase 2 trial, adverse events were reported in 78% of all participants receiving BI 456906. Drug-related adverse events were reported for 59% of BI 456906-treated participants and 38% of participants treated with open-label semaglutide and were most frequently GI effects such as nausea and vomiting. Drug-related serious adverse events were reported for four participants treated with BI 456906 across dose groups, all of which resolved once treatment was stopped, and for no participants receiving placebo. Adverse events led to treatment discontinuation in 16% of patients receiving BI 456906, 5% receiving placebo and 4% receiving open label semaglutide. Slower dose escalations over a longer duration are expected to mitigate GI adverse events.

A third Phase 2 trial is assessing BI 456906 in non-alcoholic steatohepatitis, or NASH (ClinicalTrials.gov ID: NCT04771273).

The NASH program has received Fast Track Designation from the U.S. FDA.

At Obesity Week in November 2021, results from the Phase 1b trial of BI 456906 (NCT03591718) in people with obesity or who are overweight demonstrated up to 13.7% weight loss and no unexpected safety findings following 16 weeks of dosing.

BI 456906 was co-invented by Boehringer Ingelheim and Zealand. Boehringer Ingelheim is funding all research, development and commercialization activities related to BI 456906. Zealand is eligible to receive up to EUR 345 million in outstanding milestone payments and high-single to low-double digit royalties on global sales.

## Type 1 Diabetes Management

### Dasiglucagon for Bihormonal Artificial Pancreas systems

**Background:**

Zealand is developing a pre-filled dasiglucagon cartridge intended for use in Bihormonal Artificial Pancreas systems, which holds potential to improve the management of type 1 diabetes (T1D). Zealand is collaborating with Beta Bionics, developer of the Bihormonal iLet® Bionic Pancreas (iLet Duo™), a pocket-sized, dual chamber (insulin and glucagon), autonomous, glycemic control system. The iLet Duo™ is an investigational device, limited by federal (or United States) law to investigational use only. The iLet® Bionic Pancreas platform is designed to use adaptive, self-learning, control algorithms, together with continuous glucose monitoring and pump technology, to autonomously compute and administer doses of insulin and/or glucagon and mimic the body's natural ability to maintain tight glycemic control.

Zealand anticipates that Beta Bionics will begin the Phase 3 Bihormonal iLet® Bionic Pancreas Pivotal Program in 2023. The Phase 3 program consists of three planned studies designed to support the marketing applications for the iLet Duo and an NDA for the use of dasiglucagon in Bihormonal Artificial Pancreas systems for the treatment of T1D. The pivotal study plan includes an initial crossover trial of approximately 60 participants to assess safety and efficacy of the bihormonal and insulin-only configurations of the iLet® Bionic Pancreas. Subsequently, the companies plan to initiate full-scale, randomized, controlled pivotal trials in 350 adult and 350 pediatric participants with T1D to assess the efficacy of the iLet Duo™ as compared to the insulin-only system.

### Dasiglucagon mini-dose pen

**Background:**

Zealand is developing a dasiglucagon mini-dose pen for the potential treatment of exercise-induced hypoglycemia in people living with T1D and for people who suffer from meal-induced hypoglycemia following gastric bypass surgery (post bariatric hypoglycemia, or PBH). Four investigator-initiated trials conducted in collaboration with Zealand evaluate mini-dose dasiglucagon to support this development program.

Investigators from the Steno Diabetes Center Copenhagen conducted a Phase 2 trial using the dasiglucagon mini-dose pen in people with T1D in free-living conditions (ClinicalTrials.gov ID: NCT04764968). The trial results were published online in April 2023 in the journal Diabetologia and showed that dasiglucagon administered by pen improved glycemic control and reduced carbohydrate intake among the study participants. These data build on two prior clinical studies conducted in hospital settings with results that show the potential for using low doses of dasiglucagon to correct moderate hypoglycemia: a Phase 2a dose-finding trial in people with T1D (ClinicalTrials.gov ID: NCT04449692) presented at the ADA Scientific Sessions in 2021, and a Phase 2a trial in PBH (ClinicalTrials.gov ID: NCT03984370) published in the journal Diabetes Care in 2022.

A Phase 2 trial in PBH conducted in an out-patient setting (ClinicalTrials.gov ID: NCT04836273) has been completed and met the primary endpoint. Zealand is encouraged by the results and anticipates that the investigator will submit data for presentation at a scientific congress in 2023, at which time Zealand expects to provide an update on plans for the program.

## Inflammation

Zealand is pursuing multiple pre-clinical programs in inflammatory diseases which will be detailed more as they progress through development.

### Complement inhibitors (collaboration with Alexion, AstraZeneca Rare Disease)

Zealand and Alexion are collaborating on the discovery and development of novel peptide therapies for complement-mediated diseases. Under the terms of the agreement, Alexion and Zealand entered into an exclusive collaboration for the discovery and development of subcutaneously delivered peptide therapies directed to up to four complement pathway targets. The lead program, ZP10068, is a long-acting inhibitor of Complement C3 which has the potential to treat a broad range of complement mediated diseases. Zealand will lead the joint discovery and research efforts through the preclinical stage, and Alexion will lead development efforts beginning with Investigational New Drug (IND) filing and Phase 1 trials. In 2023, Zealand expects to complete activities to support advancing ZP10068 into clinical studies. All subsequent regulatory, clinical, and development efforts will be led and conducted by Alexion.

For the lead target, Zealand is eligible to receive up to USD $610 million in development and sales milestone payments, plus royalties on global sales in the high single to low double digits. In addition, Alexion has the option to select up to three additional targets with Zealand eligible for USD $15 million upfront per target plus development/regulatory milestones for each target selected similar to the lead target with slightly reduced commercial milestones and royalties.

# Financial highlights and key figures.

| Financial highlights (DKK thousand) | Note | Q1 2023 | Q1 2022* |
|---|---|---|---|
| **Revenue** | | **13,628** | **10,957** |
| Research and development expenses | | -142,263 | -155,553 |
| Sales and marketing expenses | | -4,616 | -12,008 |
| Administrative expenses | | -42,484 | -52,715 |
| Net other operating items | | 7,061 | -19,728 |
| **Net operating expenses** | | **-182,302** | **-240,004** |
| Net financial items | | -26,650 | 133,034 |
| **Result before tax** | | **-195,323** | **-96,013** |
| Corporate tax | | 1,691 | 974 |
| **Net result for the period from continuing operations** | | **-193,632** | **-95,039** |
| Net result for the period from discontinued operations | | - | -127,806 |
| **Net result for the period** | | **-193,632** | **-222,845** |
| Earnings/loss per share from continuing operations - basic/diluted (DKK) | | -3.76 | -2.20 |
| Earnings/loss per share from discontinued operations - basic/diluted (DKK) | | - | -2.96 |
| Earnings/loss per share - basic/diluted (DKK) | | -3.76 | -5.16 |

| Statement of financial position (DKK thousand) | Note | Q1 2023 | Q1 2022 |
|---|---|---|---|
| Cash and cash equivalents | (1) | 831,078 | 1,123,235 |
| Marketable securities | | 170,441 | - |
| Total assets | | 1,340,507 | 1,837,392 |
| Total shareholders' equity | | 673,239 | 709,697 |

| Cash flow (DKK thousand) | Note | Q1 2023 | Q1 2022 |
|---|---|---|---|
| Cash (used in)/provided by operating activities | | -196,677 | -317,011 |
| Cash (used in)/provided by investing activities | | -64,846 | 294,248 |
| Cash (used in)/provided by financing activities | | 30,158 | -3,461 |
| Purchase of property, plant and equipment | | -1,117 | -3,738 |
| Free cash flow | (2) | -197,794 | -320,749 |

| Other | Note | Q1 2023 | Q1 2022 |
|---|---|---|---|
| Share price (DKK) | | 214.8 | 104.2 |
| Number of shares ('000 shares) | | 52,003 | 43,634 |
| Market capitalization (MDKK) | (2) | 11,121 | 4,503 |
| Equity ratio (%) | (2) | 50% | 39% |
| Equity per share (DKK) | (2) | 13.00 | 16.42 |
| Average number of employees | | 211 | 338 |
| Number of full-time employees at the end of period | | 220 | 345 |

* Comparatives numbers for Q1, 2022 are adjusted to reflect the effect of discontinued operations. For further details refer to note 2.8 in the 2022 Annual Report.
1) In April 2023 gross proceeds of DKK 1.5 billion were received following a private placement of 6,578,948 new shares.
2) For basis of calculation refer to 2022 Annual Report p. 110.

# Financial Review.

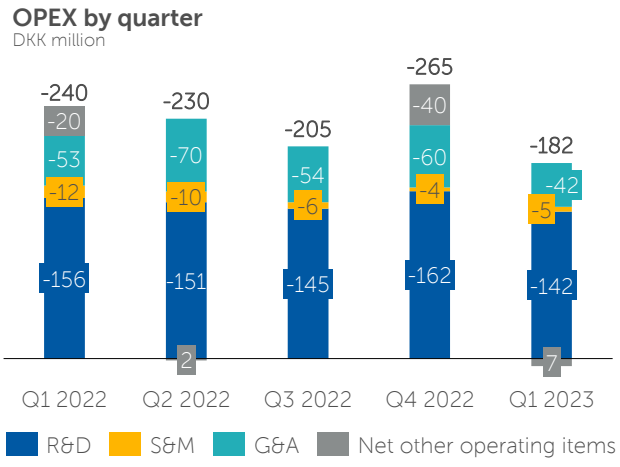
- Net operating expenses in Q1 of DKK -182.3 million is mainly driven by the progression of the late-stage rare disease assets and the obesity pipeline.
- Financial items of DKK -26.7 million mainly comprise interest on Oberland loan agreement and fair value adjustment on investment in Beta Bionics.
- On March 30 Zealand announced completion of a private placement of 6,578,948 new shares raising gross proceeds of DKK 1.5 billion. Including the gross proceeds Zealand's cash position at the end of Q1 amounts to DKK 2.5 billion securing cash runway to mid-2026.

**Revenue**
Revenue is driven by the license and development agreement with Novo Nordisk A/S signed in September 2022.

**Net operating expenses**
Research and Development expenses in Q1 of 142.3 million is mainly driven by the progression of the late-stage rare disease assets and the obesity pipeline. The spend is slightly below Q1, 2022 due to timing of clinical activities.

Selling and marketing expenses in Q1 of DKK 4.6 million and administrative expenses of DKK 42.5 million are significantly below Q1 2022 due to cost reduction efforts following the announced restructuring on March 30, 2022.

Net other operating items of DKK 7.1 million is related to adjustment of Zegalogue inventory fair value.




**Financial items**
Financial items of DKK 26.7 million are driven by the loan agreement with Oberland. The decrease in interest expenses compared to Q1, 2022 is a result of the partial settlement of the Oberland loan with USD 50 million in Q2, 2022. Interest expenses for the quarter was DKK -11.8 million compared to DKK -18.8 million for the same period last year.

In Q1, 2023 the investment in Beta Bionics was subject to a fair value adjustment of DKK -14.7 million.

The decrease in financial income compared to same period last year is the impact of the fair value adjustment of the Oberland prepayment option recognized in Q1, 2022 of DKK 144.4 million.

**Liquidity**
In Q1 2023 equity was DKK 673.2 million reflecting a slight decrease compared to Q1 2022 mainly driven by the loss for the period partly offset by the proceeds from issuance of shares related to exercise of share-based compensation in March 2023.

**Cash position**
Cash position at the end of Q1, 2023 was DKK 1,002 million reflecting a decrease of DKK 176.3 million compared to end of 2022. This is driven by cash spent and net cash flow (purchase/sale) of marketable securities which is partly offset by proceeds from issuance of shares related to exercise of share-based compensation in March 2023.

On March 12, 2023 the company provided a statement on the closure of Silicon Valley Bank (SVB). On closure Zealand's cash deposits in SVB was DKK 162.6 million, however it had no impact as all depositors were granted access to their money from March 13. In the light of that Zealand is seeking to achieve an even higher diversification in its management of funds.

Subsequent to the period end, Zealand announced completion of a private placement of 6,578,948 new ordinary shares raising gross proceeds of DKK 1.5 billion.

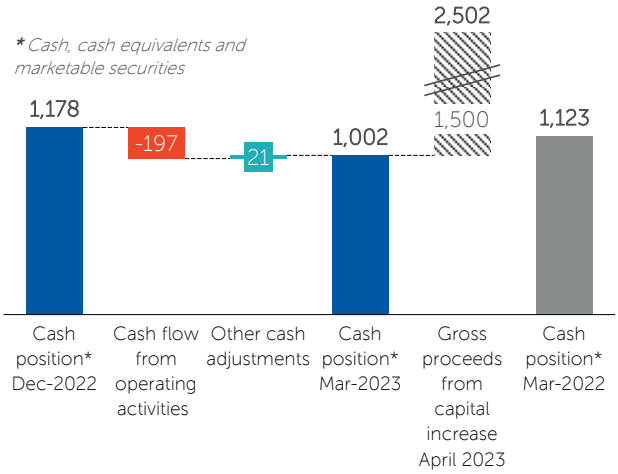
The net proceeds from the offering are (in the following prioritized order) intended to:

- Support the remaining late-stage rare disease assets, and pursue a strong strategic partner for future commercialization
- Advance the clinical-stage candidates, including the obesity/metabolic disease portfolio that

includes the clinical-stage GLP-1/GLP-2 dual agonist (dapiglutide) and amylin analog (ZP8396); and non-clinical stage GIP analog (ZP6590)
- Progress additional peptide candidates from non-clinical development into early clinical development
- Continue its early discovery and research to develop additional peptide candidates
- Strengthen the Zealand's capital base and cash preparedness (general corporate purposes)

Zealand expects the new funds to provide cash runway to mid-2026 and expects to advance the clinical pipeline and as such reach several potential key milestones within this time frame. Following the capital raise in April 2023 Zealand's cash position increased to DKK 2.5 billion.

**Cash position compared to FY22 and Q1, 2022**
DKK million




In May 2023 Zealand repaid the Oberland Capital loan in full. With this final repayment, the loan agreement with Oberland Capital is now terminated. The repayment is refinanced through a new Credit Facility provided by Danske Bank and expected near-term upcoming milestones from existing partners. For further information on the capital increase and repayment of Oberland loan refer to note 11.

**Outlook for the year**
There are no changes to the outlook for the year and guidance is confirmed. Net operating expenses for the year are still expected between DKK 800-900 million. For further information refer to p. 10 in the 2022 Annual Report.

# Interim financial statements.

**Unaudited interim condensed consolidated financial statements Q1 2023:**

# Interim income statement for Q1, 2023.

| DKK thousand | Note | Q1 2023 (reviewed) | Q1 2022 * (reviewed) |
|---|---|---|---|
| **Revenue** | 2 | **13,628** | **10,957** |
| Research and development expenses | | -142,263 | -155,553 |
| Sales and marketing expenses | | -4,616 | -12,008 |
| Administrative expenses | | -42,484 | -52,715 |
| Net other operating items | 3 | 7,061 | -19,728 |
| **Net operating expenses** | | **-182,302** | **-240,004** |
| **Operating result (EBIT)** | | **-168,673** | **-229,047** |
| Financial income | 4 | 7,437 | 153,505 |
| Financial expenses | 4 | -34,086 | -20,471 |
| **Result before tax** | | **-195,323** | **-96,013** |
| Corporate tax | | 1,691 | 974 |
| **Net result for the period from continuing operations** | | **-193,632** | **-95,039** |
| Net result for the period from discontinued operations* | | - | -127,806 |
| **Net result for the period** | | **-193,632** | **-222,845** |
| Earnings/loss per share from continuing operations - basic/diluted (DKK) | | -3.76 | -2.20 |
| Earnings/loss per share from discontinued operations - basic/diluted (DKK) | | - | -2.96 |
| Earnings/loss per share - basic/diluted (DKK) | | -3.76 | -5.16 |

* Comparatives numbers for Q1, 2022 are adjusted to reflect the effect of discontinued operations. For further details refer to note 2.8 in the 2022 Annual Report.

# Interim statement of comprehensive loss for Q1, 2023.

| DKK thousand | Note | Q1 2023 (reviewed) | Q1 2022 (reviewed) |
|---|---|---|---|
| Net result for the period | | -193,632 | -222,845 |
| Other comprehensive income | | | |
| *Items that will be reclassified to income statement when certain conditions are met (net of tax):* | | | |
| Exchange differences on translation of foreign operations | | 3,785 | 2,026 |
| **Total comprehensive result for the period** | | **-189,846** | **-220,819** |

# Interim statements of financial position as of Q1, 2023.

| DKK thousand | Note | Mar-31, 2023 (reviewed) | Dec-31, 2022 (audited) |
|---|---|---|---|
| **Assets** | | | |
| Property, plant and equipment | | 48,426 | 50,528 |
| Right-of-use assets | | 111,811 | 114,960 |
| Other investments | 6 | 16,194 | 30,943 |
| Corporate tax receivable | | 1,375 | - |
| Deferred tax assets | | 1,981 | 2,017 |
| Trade and other receivables | | 20,998 | 18,105 |
| Other financial assets | 6 | 6,951 | 6,901 |
| **Total non-current assets** | | **207,736** | **223,454** |
| Inventory | 5 | 8,452 | 1,286 |
| Trade and other receivables | | 101,321 | 115,622 |
| Corporate tax receivable | | 21,480 | 21,599 |
| Marketable securities | | 170,441 | 108,611 |
| Cash and cash equivalents (including cash subject to certain conditions) | 7 | 831,078 | 1,069,234 |
| **Total current assets** | | **1,132,772** | **1,316,352** |
| **Total assets** | | **1,340,507** | **1,539,806** |
| **Shareholders equity and liabilities** | | | |
| Share capital | 8 | 52,003 | 51,702 |
| Currency translation reserve | | 18,402 | 14,617 |
| Retained earnings | | 602,834 | 749,592 |
| **Total shareholders' equity** | | **673,239** | **815,911** |
| Trade and other payables | | 19,058 | 19,058 |
| Borrowings including embedded derivatives | 6 | 392,668 | 401,346 |
| Lease liabilities | | 105,057 | 108,000 |
| **Total non-current liabilities** | | **516,783** | **528,404** |
| Leasing liabilities | | 14,827 | 14,729 |
| Trade and other payables | | 135,658 | 180,762 |
| **Total current liabilities** | | **150,485** | **195,491** |
| **Total liabilities** | | **667,268** | **723,895** |
| **Total shareholders' equity and liabilities** | | **1,340,507** | **1,539,806** |

# Interim statements of cash flow for Q1, 2023.

| DKK thousand | Note | Q1 2023 (reviewed) | Q1 2022 (reviewed) |
|---|---|---|---|
| Net result for the period | | -193,632 | -222,845 |
| Adjustment for other non-cash items | | 42,677 | -90,890 |
| Changes in working capital | | -39,881 | 8,183 |
| Interest received | | 3,782 | - |
| Interest paid | | -9,680 | -11,642 |
| Income taxes paid/received | | 57 | 183 |
| **Cash flow from/(used in) operating activities** | | **-196,677** | **-317,011** |
| Proceeds from sale of marketable securites | | 107,517 | 297,559 |
| Purchase of marketable securities | | -171,246 | - |
| Purchase of property, plant and equipment | | -1,117 | -3,738 |
| Change in deposits | | - | 427 |
| **Cash flow from/(used in) investing activities** | | **-64,846** | **294,248** |
| Proceeds from issuance of shares related to exercise of share-based compensation | 8 | 33,166 | - |
| Repayment of leasing liabilities | | -3,008 | -3,461 |
| **Cash flow from/(used in) financing activities** | | **30,158** | **-3,461** |
| **(Decrease)/increase in cash and cash equivalents** | | **-231,365** | **-26,224** |
| Cash and cash equivalents at beginning of period | | 1,069,234 | 1,129,103 |
| Exchange rate adjustments | | -6,791 | 20,356 |
| **Cash and cash equivalents at end of period** | | **831,078** | **1,123,235** |

# Interim statements of changes in equity as of Q1, 2023.

| DKK thousand | Share capital | Translation reserve | Other reserves | Total |
|---|---|---|---|---|
| **Shareholder's equity at Jan-1, 2023** | 51,702 | 14,617 | 749,592 | 815,911 |
| *Other comprehensive income for the period* | - | 3,785 | - | 3,785 |
| Net result for the period | - | - | -193,632 | -193,632 |
| Share-based compensation | - | - | 14,009 | 14,009 |
| Capital increase | 301 | - | 32,865 | 33,166 |
| **Shareholder's equity at Mar-31, 2023 (reviewed)** | **52,003** | **18,402** | **602,834** | **673,239** |
| | | | | |
| **Shareholder's equity at Jan-1, 2022** | **43,634** | **14,155** | **870,014** | **927,803** |
| *Other comprehensive income for the period* | - | 2,026 | - | 2,026 |
| Net result for the period | - | - | -222,845 | -222,845 |
| Share-based compensation | - | - | 2,714 | 2,714 |
| **Shareholder's equity at Mar-31, 2022 (reviewed)** | **43,634** | **16,181** | **649,883** | **709,698** |

# Notes to the interim condensed consolidated financial statements.

## 1. Basis of preparation and changes to the Group's accounting policies

**Basis of preparation**
The interim condensed consolidated financial statements of Zealand Pharma A/S (The Group) have been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by EU and additional requirements of the Danish Financial Statements Act. The interim condensed consolidated financial statements are presented in Danish kroner (DKK) which is also the functional currency of the parent company.

The accounting policies used in the interim condensed consolidated financial statements are consistent with those used in the Group's annual financial statement for the year ended December 31, 2022.

**Going concern assessment**
Management's judgement and assessment of the Group's ability to continue as a going concern includes evaluation of the Group's operational cash flow requirements for the forthcoming 12 months from the balance sheet date and future sources and uses of cash. Following the capital increase completed in April 2023 the Group received gross proceeds of DKK 1.5 billion. On this basis the interim condensed consolidated financial statements are prepared using the going concern assumption.

**New standards, interpretations and amendments adopted by the Group**
Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

**Significant accounting estimates and judgements**
The preparation of the interim condensed consolidated financial statements requires Management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. In applying our accounting policies, Management is required to make judgements and estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates used are based on assumptions assessed to be reasonable by Management. However, estimates are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. Furthermore, we are subject to risks and uncertainties that may result in deviations in actual results compared with estimates.

Except for the items listed below, no material changes in significant accounting estimates and judgements have occurred since the Annual Report 2022. Please refer to note 1.4 in the 2022 Annual Report for further information:

- Estimate of net realizable value of Zegalogue raw materials (Inventory). Refer to note 5.
- Estimate of fair value on investment in Beta Bionics (Other investments). Refer to note 6.
- Estimate of fair value of Oberland's call option for repayment of loan (Borrowings including embedded derivatives). Refer to note 6.
- Judgement in assessing operational cash-flow and capital requirements for the forthcoming 12 months from the balance sheet date. Refer to the going concern assessment above.

## 2. Revenue

Revenue can be specified as follows:

| DKK thousand | Q1 2023 (reviewed) | Q1 2022 * (reviewed) |
|---|---|---|
| Alexion Pharmaceuticals Inc. | 1,790 | 10,956 |
| Novo Nordisk A/S | 11,838 | - |
| **Total revenue from license and collaboration agreements** | **13,628** | **10,956** |
| Total sale of goods revenue net | - | 39,830 |
| - Hereof related to discontinued operations | - | -39,830 |
| **Sale of goods revenue net from continuing operations** | **-** | **-** |
| **Total revenue from continuing operations** | **13,628** | **10,956** |
| Total revenue recognized over time | 13,628 | 10,956 |
| Total revenue recognized at a point in time from discontinued operations | - | 39,830 |

* Comparatives numbers for Q1, 2022 are adjusted to reflect the effect of discontinued operations. For further details refer to note 2.8 in the 2022 Annual Report.

## 3. Net other operating items

Net other operating items can be specified as follows:

| DKK thousand | Q1 2023 (reviewed) | Q1 2022 (reviewed) |
|---|---|---|
| Restructuring costs | - | -18,986 |
| Loss on sale of fixed assets | - | -742 |
| Reversal of inventory write-down | 7,061 | - |
| **Net other operating items in total** | **7,061** | **-19,728** |

All restructuring costs in Q1, 2022 were incurred as a result of the March 30, 2022, company announcement on refocused strategy.

As of March 31, 2023 management has estimated the net realizable value of raw materials to be DKK 8.5 million as all materials are expected to be utilized in the production under the supply agreement with Novo Nordisk, and therefore a reversal of inventory write-down of DKK 7.1 million has been made. Reference is made to note 5.

## 4. Net financial items

Financial items include interests, as well as foreign exchange rate adjustments, fair value adjustments of other investments, embedded derivatives and marketable securities and dividends from marketable securities.

| DKK thousand | Q1 2023 (reviewed) | Q1 2022 (reviewed) |
|---|---|---|
| Interest income | 4,710 | - |
| Interest expenses and banking fees | -11,794 | -18,839 |
| Fair value adjustment of lender's call option | 2,289 | - |
| Fair value adjustment of prepayment option | - | 144,359 |
| Fair value adjustment of marketable securities | 389 | -1,633 |
| Fair value adjustment on other investments | -14,749 | - |
| Fair value adjustment on other financial assets | 50 | - |
| Amortization of loan costs | -656 | - |
| Exchange rate adjustments | -6,888 | 9,146 |
| **Financial items in total** | **-26,649** | **133,033** |
| | | |
| **Presentation in income statement:** | | |
| Financial income | 7,437 | 153,506 |
| Financial expenses | -34,086 | -20,473 |

Interest income mainly relates to the USD 50 million from the Oberland loan which is placed on an investment account. Interest expenses and banking fees mainly consists of interest payments due to the loan agreement with Oberland.

Fair value adjustment of lender call option (embedded derivative) relates to the value adjustments of Oberland's option to call for repayment of the loan under certain conditions. Please refer to note 6 for further information.

Fair value adjustment on other investments comprises the accounting impact of the investment in Beta Bionics as described in note 6.

Exchange rate adjustments primarily relates to USD deposits.

## 5. Inventory

In Q1, 2023 a reversal of Zegalogue inventory write-down has been made as the raw materials are expected to be utilized under the license and development agreement with Novo Nordisk. The adjustment affects net other operating item by DKK 7.1 million, see note 3.

For further information regarding significant accounting estimates and judgements, refer to note 1.4 in the 2022 Annual Report.

## 6. Financial instruments

As of March 31, 2023, and December 31, 2022, the following financial instruments are measured at fair value through profit or loss. The fair value of marketable securities is measured using inputs categorized as Level 2 in the fair value hierarchy, whereas the other investments and other financial assets are based on inputs categorized as Level 3 in the fair value hierarchy. Embedded derivatives is measured using inputs categorized as Level 3 in the fair value hierarchy.

No transfers occurred between the levels of the fair value hierarchy in the three months ending 31 March 2023.

| DKK thousand | Mar-31, 2023 (reviewed) | Dec-31, 2022 (audited) |
|---|---|---|
| **Assets measured at fair value:** | | |
| Marketable securities (Level 2) | 170,441 | 108,611 |
| Other investments (Level 3) | 16,194 | 30,943 |
| Other financial assets (Level 3) | 6,951 | 6,901 |
| **Financial assets measured at fair value** | **193,586** | **146,455** |
| | | |
| **Liabilities measured at fair value:** | | |
| Embedded derivatives (Level 3) | 76,933 | 80,603 |
| **Financial liabilities measured at fair value** | **76,933** | **80,603** |

| | Financial assets (Level 3) | Financial liabilities (Level 3) |
|---|---|---|
| **Carrying amount at start of period** | **37,844** | **80,603** |
| Fair value adjustments through profit and loss | -14,699 | -2,289 |
| Exchange rate effect through other comprehensive income | - | -1,381 |
| **Carrying amount at end of period** | **23,145** | **76,933** |

**Fair value measurement of other investments**
Other investments consist of an investment in Beta Bionics, Inc., the developer of iLet™, a fully integrated dual-hormone pump (bionic pancreas) for autonomous diabetes care.

In determining fair value, Zealand is relying on the implied value per share adjusted for a discount for lack of marketability, both determined by third party valuation specialists.

Fair value of the investment amounted to DKK 16.2 million as of 31 March, 2023 (DKK 30.9 million as of December 31, 2022). The fair value adjustment of DKK 14.7 million is included in financial items. The development in fair value reflects a change in valuation method to third party valuation specialists from previously relying on the latest closed financing round.

**Fair value measurement of lender's call option (Oberland loan)**
Fair value of the lender call option is determined as the difference between the present value of the probability weighted contractual cash flow upon the occurrence of a call option trigger event, as described in note 4.6 of the 2022 Annual Report, and the present value of the contractual cash flows without a call option trigger event occurring, discounted at the expected internal rate of return of 14.3%. It is assumed that any call option trigger event will result in full repayment of the loan. In line with the announced company goals for 2023 to engage in strategic partnerships, the likelihood of a lender call option trigger event within the next two years is assessed as realistic. Fair value of the option amounted to DKK 80.6 million as of 31 December, 2022 and DKK 76.9 million as of 31 March 2023. The fair value change, DKK 2.3 million, is included in financial items, while the effect of changes to the exchange rate, DKK 1.4 million, is included in other comprehensive income.

Fair value measurement is to a significant extent based on unobservable input (level 3) being the likelihood and timing of a call option trigger event. A decrease in likelihood of a trigger event occurring and occurrence at a later point in time than anticipated will decrease the negative value. Further, the discount rate will impact the valuation. An increase in the discount rate will increase the negative value and vice versa. The below table summarizes the effect of reasonably possible changes in the assumption applied. Finally, an increase in the USD 3m Libor will decrease the negative value of the option, as it will increase the contractual cash flow of the contract without a trigger event occurring. A decrease in USD 3m Libor will have the opposite effect.

| Change in variable | Change in fair value |
|---|---|
| Trigger event 3 months later | Decrease in negative value of DKK 11.2 million |
| Discount rate +1% | Increase in negative value of DKK 7.6 million |
| Discount rate -1% | Decrease in negative value of DKK 8.1 million |
| USD 3m libor +1% | Decrease in negative value of DKK 11.6 million |
| USD 3m libor -1% | Increase in negative value of DKK 11.6 million |

On April 20, 2023, Oberland Capital exercised an option in the loan agreement to provide an additional loan of USD 12.5 million bringing the total principal amount of all loans to USD 62.5 million. On May 10, 2023 Zealand repaid the Oberland Capital loans in full thus the Oberland loan including the call option (carrying value as at March 31, 2023 of DKK 76.9 million) will be derecognized in Q2 2023. For further description refer to note 11.

**Other fair value measurements**

For information about fair value measurements of other financial assets and marketable securities, please refer to note 3.7 and 4.3 of the 2022 Annual Report.

## 7. Cash and cash equivalents

**Designated deposit account**
Under the Oberland loan agreement the outstanding principal of USD 50 million is to be held in a designated deposit account. As a result the amount is presented as cash and cash equivalents subject to certain conditions. The cash and securities can be released in increments of minimum USD 10.0 million upon request from the group subject to the following conditions are met 1) Zealand has achieved the Qualified Glepaglutide Endpoint, and 2) All counterparties in Material Product agreements have delivered consents.

**Capital increase**
On March 30, 2023 Zealand announced an issue of 6,578,948 new ordinary shares at a subscription price of DKK 228 per new share resulting in gross proceeds of DKK 1.5 billion. The capital increase was completed in April 2023. Please refer to note 11 for further information.

## 8. Share capital

| DKK thousand | Mar-31, (reviewed) | Dec-31, (audited) |
|---|---|---|
| **Share capital at January 1, 2023** | 51,702 | 43,634 |
| Shares issued for cash | - | 7,867 |
| Exercise of warrants | 301 | 201 |
| **Share capital at March 31, 2023** | **52,003** | **51,702** |

New shares in Q1, 2023 were issued at a weighed average subscription price of DKK 110.2. Total proceeds from exercise of share-based compensation amounts to DKK 33.2 million.

On March 30, 2023 Zealand announced an issue of 6,578,948 new ordinary shares at a subscription price of DKK 228 per new share resulting in gross proceeds of DKK 1.5 billion. The capital increase was completed in April 2023. Please refer to note 11 for further information.

Treasury shares
At March 31, 2023, there were 230,063 treasury shares, equivalent to 0.4% of the share capital. The treasury shares are allocated to performance share units (PSUs) and restricted stock units (RSUs). There have been no changes in Q1 2023 in the number of treasury shares.

## 9. Capital Management

The Group's capital management objectives and policies are unchanged from the ones described in the 2022 Annual Report. On March 12 and 13, 2023 the company provided statements on the closure of Silicon Valley Bank (SVB), and in the light of that line of events Zealand is seeking to achieve an even higher diversification in its management of funds. For further information refer to note 4.1 in the 2022 Annual Report.

On March 30, 2023 Zealand announced an issue of 6,578,948 new ordinary shares at a subscription price of DKK 228 per new share resulting in gross proceeds of DKK 1.5 billion. The capital increase was completed in April 2023. Please refer to note 11 for further information.

## 10. Contingent assets and liabilities

Zealand is entitled to potential milestone payments and royalties on successful commercialization of products developed under license and collaboration agreements with partners. Since the size and timing of such payments are uncertain until the milestones are reached or sales are generated, the agreements may qualify as contingent assets. However, it is impossible to measure the value of contingent assets, and as such, no assets have been recognized.

As part of the license and collaboration agreements that Zealand has entered into, once a product is developed and commercialized, Zealand may be required to make milestone and royalty payments. It is not possible to measure the value of such future payments, but Zealand expects to generate future income from such products which will exceed any milestone and royalty payments due, and as such, no liabilities have been recognized. Refer to note 6.4 and 6.8 in the Annual Report 2022.

The Group has provided floating charge collateral covering with all assets in the company which can be collateralized, including shares in subsidiaries, as collateral for the debt to Oberland.

## 11. Significant events after the reporting period

### Capital increase

As announced on March 30, the Board of Directors exercised an authorization granted by Zealand's annual general meeting held on 29 March 2023, to increase the Group's share capital by issue of 6,578,948 new ordinary shares at a subscription price of DKK 228 per new share.
The issuance of the new shares follows an offering at market price in a private placement directed at institutional and professional investors. The aggregate gross proceeds from the issue will amount to DKK 1.5 billion and Zealand intends to use the net proceeds to help fund continued development of Zealand's proprietary pipeline of investigational peptide-based therapeutics, support pre-commercial activities, and general corporate purposes.

The new shares were issued on April 4, 2023 where Zealand also received the proceeds.

### Repayment of Oberland loan

On April 20, 2023, Oberland Capital exercised an option in the loan agreement to provide an additional loan of USD 12.5 million bringing the total principal amount of all loans to USD 62.5 million. On May 10, 2023 Zealand repaid the Oberland Capital loans in full with a one-time payment of USD 89.8 million. With this final repayment, the Group's loan agreement with Oberland Capital is now terminated and Zealand will recognize an expected net loss of approximately USD 20 million (DKK 137.0 million) under financial items in Q2 2023, including derecognition of Oberland Capital's call option (carrying value as of March 31, 2023 of DKK 76.9 million). The Q2 2023 cash effect of the final repayment is expected to be a net outflow of USD 77.3 million (DKK 529.4 million). As a part of the final repayment, Oberland has released all rights to collateral provided for under the loan agreement.

The repayment of the obligation to Oberland will be refinanced through a new DKK 350 million Revolving Credit Facility provided by Danske Bank and expected near-term upcoming milestones from existing partners. The newly established facility has a maturity date in 2 years and carried an interest of CIBOR + fixed margin.

Estimated financial impacts in Q2 2023 have been calculated with the March 31, 2023 exchange rate between USD and DKK.

# Statement by the Executive Management and the Board of Directors

The Board of Directors and the Management have considered and adopted the interim report of Zealand Pharma A/S for the three-months period ended March 31, 2023.

The interim condensed consolidated financial statements are prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU, and additional requirements of the Danish Financial Statements Act. In our opinion, the interim condensed consolidated financial statements give a true and fair view of the Group's assets, equity and liabilities and financial position as of March 31, 2023 as well as of the results of the Group's operations and cash flow for the three-months period ended March 31, 2023.

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

*Copenhagen, 11 May 2023*

**Management**

**Adam Sinding Steensberg**
President and
Chief Executive Officer

**Henriette Wennicke**
Executive Vice President and
Chief Financial Officer

**Board of Directors**

**Alf Gunnar Martin Nicklasson**
Chairman

**Kirsten Aarup Drejer**
Vice Chairman

**Jeffrey Berkowitz**
Board member

**Bernadette Mary Connaughton**
Board member

**Leonard Kruimer**
Board member

**Alain Munoz**
Board member

**Michael John Owen**
Board member

**Anneline Nansen**
Board member
Employee elected

**Iben Louise Gjelstrup**
Board member
Employee elected

**Jens Peter Stenvang**
Board member
Employee elected

**Frederik Barfoed Beck**
Board member
Employee elected

# Independent auditor's report

**To the shareholders of Zealand Pharma A/S**
We have reviewed the interim condensed consolidated financial statements of Zealand Pharma A/S for the three-month period ended 31 March 2023, which comprise income statement and statement of comprehensive loss for the three-month period ended 31 March 2023, statement of financial position as of 31 March 2023, statement of cash flow and statement of changes in equity for the three-month period ended 31 March 2023, and notes, including accounting policies. The interim condensed consolidated financial statements are prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU, and additional requirements of the Danish Financial Statements Act.

**Management's responsibilities for the interim condensed consolidated financial statements**
Management is responsible for the preparation of interim condensed consolidated financial statements in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU, and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of interim condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibilities**
Our responsibility is to express a conclusion on the interim condensed consolidated financial statements. We conducted our review in accordance with the International Standard on Review of Interim Financial Information Performed by the Independent Auditor of the Entity and additional requirements applicable in Denmark.

This requires us to conclude whether anything has come to our attention that causes us to believe that the interim condensed consolidated financial statements, taken as a whole, are not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU, and additional requirements of the Danish Financial Statements Act. This standard also requires us to comply with relevant ethical requirements.

A review of the interim condensed consolidated financial statements in accordance with the International Standard on Review of Interim Financial Information Performed by the Independent Auditor of the Entity is a limited assurance engagement. The auditor performs procedures primarily consisting of making enquiries of Management and others within the company, as appropriate, applying analytical procedures and evaluate the evidence obtained.

The procedures performed in a review are substantially less that those performed in an audit conducted in accordance with the International Standards on Auditing. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

**Conclusion**
Based on our review, nothing has come to our attention that causes us to believe that these interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU, and additional requirements of the Danish Financial Statements Act.

*Copenhagen, 11 May 2023*
EY Godkendt Revisionspartnerselskab

Christian Schwenn Johansen
State Authorized Public Accountant
mne33234

Rasmus Bloch Jespersen
State Authorized Public Accountant
mne35503