Zealand enters a new era.

Dear Zealand stakeholders,
2016 was an outstanding year for Zealand Pharma. We took major steps toward significant value creation and evolved Zealand into a more sustainable biotech company.

Two products based on Zealand's invention lixisenatide were approved in the U.S. and made available to patients with type 2 diabetes by Sanofi. These important milestones will reward Zealand with a steadily growing revenue stream in the form of milestone payments and royalties.

Within the scope of our new strategy of bringing selected medicines all the way to market ourselves, we successfully progressed the development of our clinical programs: glepaglutide for patients with short bowel syndrome (SBS) and dasiglucagon for insulin shock and in combination with insulin for use in a dual-chamber pump.

Two products approved and launched in the U.S.

Zealand entered into a partnership with Sanofi more than a decade ago. 2016 was a determining year for our partnership, with both Adlyxin® and Soliqua™ 100/33 being approved in the U.S. We are reassured by the strong commitment of our partner Sanofi, which is responsible for development and commercialization, in making Soliqua™ 100/33 a success in the U.S.

Soliqua™ 100/33 was made available in U.S. pharmacies in the first week of 2017. The U.S. healthcare market was in the spotlight in 2016 due to the focus on price pressure, particularly in the insulin market. We are pleased by Sanofi's pragmatic approach to ensuring that Soliqua™ 100/33 is accessible to a large number of patients. Diabetes is, unfortunately, a growing disease with a continued need for better treatment. In fact, 50% of people with diabetes do not achieve their target blood sugar levels.

Finally, we are excited about the EU approval of Suliqua™ in early 2017, with launches expected from Q2 2017 by Sanofi.

Solid progress on our Phase 2 gastrointestinal and metabolic programs

In 2015, we launched a strategy based on the ambition to become a fully integrated biotechnology company. In 2016, we continued to strengthen the organization to successfully develop and make new and better medicines available to patients in the years to come. We build on our strong R&D platform, taking greater ownership of product candidates through late-stage clinical development and registration, and play an active part in bringing products to market. This will give us increased control and enable us to retain and significantly increase the future value for patients, Zealand and our shareholders.

Glepaglutide, a GLP-2 analogue, targets patients with short bowel syndrome (SBS). This is a severe disease affecting more than 40,000 patients globally. In 2016, we initiated a Phase 2 trial, working with one of the leading specialists in this field, and we expect the results in mid-2017. We are committed to helping patients suffering from SBS and are working with patients, physicians and payers to understand how to best address their needs. In addition to this program, our R&D organization is working on other projects to improve the lives of patients suffering from gastrointestinal diseases.

In the field of diabetes, we reported positive Phase 2 results with dasiglucagon, which is a user-friendly treatment solution for insulin shock, an underappreciated life-threatening condition and one of the greatest fears of insulin-dependent patients and their relatives. In 2016, Zealand entered into a collaboration with Beta Bionics, a Boston-based company, whereby dasiglucagon will be delivered in combination with insulin in a pump, thereby mimicking a healthy pancreas as this pump releases both

insulin and glucagon for optimal blood sugar control. We believe that this dual-hormone artificial pancreas has the potential to transform the treatment of diabetes and are dedicated to advancing dasiglucagon, since we believe it is the best glucagon for this application.

In 2016, we had to discontinue a clinical project program. Danegaptide, a gap junction modifier to address reperfusion injuries in connection with heart attacks, unfortunately did not show the intended effect in a 600-patient Phase 2 trial. Based on this result, we decided to discontinue the program.

Building success through partnerships and maturing the organization

We build for success by maintaining a lean and agile organization and by establishing partnerships with the best in their fields, leading to greater efficiency and better results. We have a history of successful outlicensing partnerships and will continue to rely on external partnerships across all stages of the business. In 2016, we partnered with high-quality device and drug manufacturers and leading centers and hospitals to run our clinical development.

Our partnership with Boehringer Ingelheim (BI) achieved significant project milestones in 2016, and the two programs currently in development are scheduled to enter Phase 1 in 2017.

Elsiglutide, run by our partner Helsinn, failed to meet the primary endpoint in reducing chemotherapy-induced diarrhea, but Helsinn will continue the development of this treatment to hopefully find a way to help the many patients who suffer from diarrhea after chemotherapy.

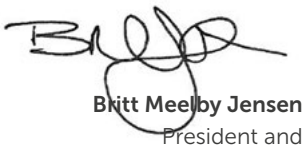
Strong financial outlook and the beginning of a new era

2015 saw us embark on a diligent growth strategy. 2016 showed that we are evolving into a sustainable biotech company that can deliver. In 2017, we aim to create more value through increased revenues from marketed products, moving our own medicines toward Phase 3 development and expanding our portfolio of new medicines addressing specialty gastrointestinal and metabolic diseases with significant unmet needs.

We are well positioned financially, with a solid cash base. This means that we can pursue increased investment in our own pipeline programs over the next few years to advance products that will benefit patients.

Our employees are fundamental to our success, and we continue to be able to attract and retain people with vast experience and talent. We have a unique culture, characterized by excellent teamwork and strong engagement across the organization. I am therefore confident that we will successfully take the transformational step to the next level and deliver on our ambitions.

I would like to thank all our shareholders for their support and confidence in us. We ended 2016 in excellent shape, both financially and operationally. In 2017, we will move into a new era. Together with my colleagues, I look forward to making a difference to patients' lives and creating value for all stakeholders.



Britt Meelby Jensen
President and
Chief Executive Officer

We intend to be a world leader in medicines focusing on specialty gastrointestinal and metabolic diseases. We will further exploit our peptide platform to deliver innovation and life-changing impact for people suffering from these diseases.