

Annual report for the period

1 January 2018 – 31 December 2018

ZP General Partner 2 ApS

Smedeland 36
DK-2600 Glostrup

Central Business Registration No. 36407344

The Annual General Meeting adopted the annual report on 29 May 2019.

Chairman of the General Meeting

Hans-Christian Lund

Legal Counsel

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Entity details

Entity

ZP General Partner 2 ApS

Smedeland 36

DK-2600 Glostrup

Central Business Registration No. 36407344

Phone: +45 88 77 36 00

Fax: +45 88 77 38 98

Internet: www.zealandpharma.com

E-mail: info@zealandpharma.com

Executive Board

Emmanuel Dulac, President and Chief Executive Officer

Ivan Møller, Interim Chief Financial Officer

Company auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Central Business Registration No. 33963556

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of ZP General Partner 2 ApS for the financial period 1 January 2018 to 31 December 2018.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31 December 2018 and of its financial performance for the financial period 1 January 2018 to 31 December 2018.


We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Glostrup, 29. May 2019

Executive Board


Emmanuel Dulac
President and Chief Executive Officer


Ivan M Møller
Interim Chief Financial Officer

Independent auditor's report

To the shareholder of ZP General Partner 2 ApS

Opinion

We have audited the financial statements of ZP General Partner 2 ApS ("Entity") for the financial year 1 January 2018– 31 December 2018, which comprise the income statement, balance sheet and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31 December 2018 and of the results of its operations for the financial year 1 January 2018 – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the financial statements* section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

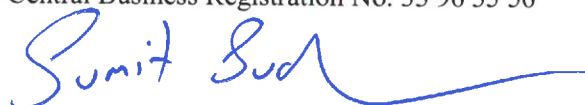
ZP General Partner 2 ApS

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 29 May 2019

Deloitte

Statsautoriseret Revisionspartnerselskab,
Central Business Registration No. 33 96 35 56



Sumit Sudan

State-Authorized Public Accountant

MNE no. mne33716

Management commentary

Primary activities

The objective of the Company is to act as General Partner in ZP SPV 1 K/S. There are no activities in the Company.

Development in activities and finances

Expenses in 2018 and 2017 are related to fee to auditor.

Capital Losses

The company is subject to capital loss rules in section 119 of the Danish Companies Act. The Management expects to re-establish the capital through a capital injection in 2019 from the Shareholder.

Events after the balance sheet date

No significant events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Accounting policies

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises.

The functional currency for the Company is Danish Kroner. The financial statements are presented in US dollar (USD). The exchange rate at 31 December 2018 was DKK/USD 6.5194 (31 December 2017: DKK/USD 6.2077).

There has been no changes in the accounting policies compared to prior year.

Recognition and measurement

Assets are recognized in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is affected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognized in the income statement when earned, whereas costs are recognized by the amounts attributable to this financial year.

Accounting policies

Income statement

Administrative expenses

Administrative expenses are recognized in the income statement in the period in which they are incurred. Administrative expenses consist of fee to auditor.

Balance sheet

Cash and cash equivalents

Cash is measured at initial recognition at fair value and subsequently at amortized cost, usually equal to the nominal value.

Other payables

Other payables are measured at amortized cost which usually corresponds to nominal value.

Income statement

	<u>Notes</u>	<u>1 Jan 2018 - 31 Dec 2018 USD '000</u>	<u>1 Jan 2017 - 31 Dec 2017 USD '000</u>
Administrative expenses	1	<u>-1</u>	<u>-2</u>
Operating profit/loss		<u>-1</u>	<u>-2</u>
Profit/loss before tax		<u>-1</u>	<u>-2</u>
Profit/loss for the year		<u><u>-1</u></u>	<u><u>-2</u></u>

Balance sheet

Assets	Notes	Per 31 Dec 2018 USD '000	Per 31 Dec 2017 USD '000
Cash and cash equivalents		3	6
Total current assets		3	6
Total assets		3	6

Equity and liabilities	Notes	Per 31 Dec 2018 USD '000	Per 31 Dec 2017 USD '000
Contributed capital	2	13	13
Retained earnings		-11	-10
Total equity		2	3
Other payables		1	3
Total short-term liabilities		1	3
Total liabilities		1	3
Total equity and liabilities		3	6

Notes

1. Administrative expenses

There have been no employees during the financial year and there have been no payments or wages or remuneration to the Executive Board.

2. Contributed capital

Contributed capital consist of 80,000 shares at DKK 1.00. The shares have not been divided into classes.

There have been no changes in contributed capital since the incorporation of the company in 2014.

3. Contingent liabilities

The company is general partner in ZP SPV 1 K/S.

The company participates in a Danish joint taxation arrangement in which Zealand Pharma A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the company is therefore liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

4. Ownership

The company is owned 100% by ZP Holding SPV K/S (Central Business Registration No. 36403594), which is owned 100% by Zealand Pharma A/S (Central Business Registration No. 20045078).