Injecto A/S

c/o Hellerup Finans, Philip Heymans Allé 3, 4., 2900 Hellerup, Denmark

CVR no. 35 80 65 55

Annual report
1 September 2016 - 31 August 2017

Approved at the Company's annual general meeting on 13 December 2017

Chairman:

.... (DIRIGENT)

Building a better working world

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Injecto A/S for the financial year 2016/17.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 August 2017 and of the results of the Group's and the Company's operations and cash flows for the financial year 1 September 2016 – 31 August 2017.

In our opinion, the Management commentary includes a fair review of the development in the Group's and the Company's operations and financial conditions, their results of operations for the year, cash flows and financial position as well as a description of the most significant risks and uncertainties facing the Group and Company.

We recommend that the annual report be approved at the annual general meeting.

Hellerup, the 27 November 2017

Executive Board:

Mikael Hans Andranik Hetting

Board of Directors:

Marie Foegh Chairman	Thomas Sonne-Schmidt	Emil Bue Bredel

Independent auditor's report

To the shareholders of Injecto A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Injecto A/S for the financial year 1 September 2016 - 31 August 2017, which comprise an income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group as well as for the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 August 2017 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 September 2016 - 31 August 2017 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of 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 consolidated financial statements and the parent company financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements or the parent company financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatements of the Management's review.

Management's responsibilities for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 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 consolidated financial statements and parent company financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company 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 Group's and the Parent Company'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 consolidated financial statements and the parent company 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 Group's and the Parent Company'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 consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the note disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent auditor's report

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.

Reporting obligations according to section 7(2) of the Danish Executive Order on Statements Made by State-Authorised and Registered Public Accountants

Violation of the provisions of the Danish Withholding Tax Act on PAYE tax

In the salary payments for August 2017, the Company did not withhold the required amount of PAYE tax. This is a violation of tax legislation, and Management may incur liability in this respect.

Copenhagen, the 27 November 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jesper Jørn Pedersen
State Authorised
Public Accountant

Management commentary

Company details

Name	Injecto A/S
Address, zip code, city	c/o Hellerup Finans Philip Heymans Allé 3, 4. DK-2900 Hellerup
CVR no.	35 80 65 55
Established	16 March 2014
Registered office	Gentofte, Denmark
First financial year	1 September 2016 - 31 August 2017
Financial year	1 September - 31 August
Website	www.injecto.eu
E-mail	info@injecto.eu
Telephone	+45 27 85 10 00
Board of Directors	Dr Marie Foegh, Chairman Thomas Sonne-Schmidt Emil Bue Bredel
Executive Board	Mikael Hans Andranik Hetting
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management commentary

IP rights

Injecto A/S has a strong focus on patent protection in its capacity as an innovative technology-driven company.

On the basis of PCT-Patent Application WO 2014/194918 A1 ("the Cornerstone Invention(s)") Injecto A/S is the sole beneficial owner of the following:

(i) DK Patent 178284 from 3 November 2015 granted by the Danish Patent and Trademark Office.

(ii) US Patent No. 9,675,764 B2 from 13 June 2017 granted by United States Patent and Trademark.

(iii) Filed patent applications in the following areas (representing 122 countries and around 5.9 billion of the world's population):

   a) Remaining part of Europe (apart from Montenegro)

   b) USA (diverted application after the granted patent in item (ii))

   c) ARIPO and OAPI (Africa)

   d) EAPO (Euro Asia – Russia etc.)

   e) Algeria, Australia, Brazil, Canada, Chile, China, Colombia, Costa Rica, Cuba, Dominican Republic, Egypt, India, Indonesia, Iran, Israel, Japan, Libya, Malaysia, Mexico, New Zealand, Nicaragua, Nigeria, Oman, Panama, Peru, Philippines, Qatar, Saudi Arabia, Singapore, South Africa, South Korea, Syria, Thailand, Tunisia, Ukraine, United Arab Emirates, Uzbekistan and Vietnam.

Additionally Injecto A/S has access to the following patent applications:

I) Patent Application PA 2016 70589 on 8 August 2016 on the Self Compensating Stopper in order to lower the break-loose force in addition to the PCT-Patent Application WO 2014/194918 A1 on the Cornerstone Invention(s).

II) Patent Application PCT/DK2016/050 164 published under No. WO2016192739 A2 "An injector for preventing accidental needle sticks".

Injecto A/S considers to pursue a slightly narrower patent protection on the additional patent applications in order to lower the costs by omitting some of the 122 countries mentioned above.

Injecto A/S relies on the Patent Prosecution Highway (PPH), which is a set of initiatives for providing accelerated patent procedures by sharing information between specific national patent offices. PPH also permits each participating patent office to benefit from the work previously done by the other patent offices and hence the Danish Patent and Trademark Office's work in connection with Injecto's DK Patent 178284 from 3 November 2015.

Despite Injecto A/S has substantial insight in patenting and patent law the company's patent work is handled by external European Patent Attorneys from Awapatent A/S as the leading co-operation partner. Awapatent was founded back in 1897 and is one of Europe's leading advisory companies in patents. For more information about Awapatent reference is made to the following webpage: www.awapatent.com.

Main activities in the accounting period

Injecto A/S' position as a knowledge-based company within the medical device industry with main focus on injection devices for prefilling with liquid pharmaceutical and biologics for humans, and components for such devices, was strengthened and enhanced by the following course of events in the accounting period:

Management commentary

Main activities in the accounting period (continued)

(i) Granted US Patent No. 9,675,764 B2 on 13 June 2017 by the United States Patent and Trademark Office on the basic invention in PCT-application WO 2014/194918 A1 and compliance with the planned patent application process in 120 other countries with expected continuously grants of patents.

(ii) Filing of Patent Application PA 2016 70589 from 8 August 2016 concerning a self-compensating piston with the capability to lower the Break Loose Force in addition to the advantages of Injecto A/S' stopper protected by PCT-application WO 2014/194918 A1.

(iii) Gained and reviewed supplementary disclosures and experiences contributing to further technical enhancement of the easyject syringe and the stopper protected by PCT-application WO 2014/194918 A1.

(iv) Established contact with and initiated negotiations with licensees to the easyject syringe where Injecto A/S has benefitted from the award at Pharmapack in Paris in February 2016, the 2020 target of the WHO, the Falsified Medicines Directive (Directive 2011/62/EU) and the new delegated act on safety features (Commission Delegated Regulation (EU) 2016/161- "the Delegated Regulation").

(v) Established contact with and initiated discussions of a co-operation in a strategic alliance of the production of COC/COP syringes partly based on the easyject syringe concept.

(vi) Development of a new independent business area for the patent applied stopper (lubrigone) in different versions and measurements that ensures silicone free PFS-systems and Auto Injector systems, where some of the global leading manufacturers have tested the lubrigone stopper successfully in their existing PFS-systems.

(vii) Intensified contacts and dialogue with global leading pharmaceutical and biologic companies, which companies are looking into the easyject syringe and/or stoppers and doing some testing and review.

(viii) Established contacts and initiated talks with potential strategic partners, including potential distributors, in certain geographical areas.

(ix) Preparation of a validated production of lubrigone stoppers.

(x) Formation of a fully owned subsidiary Lubrigone A/S, which company based on a license from Injecto A/S will carry out all business activities, including production and sales and marketing of lubrigone stoppers.

The list of activities is not exhaustive.

During the accounting period we decided after various reviews and analyses not to enter into a license contract based on an LOI from the end of 2015 since the licensee in our opinion put up too many demands in comparison with the payments and commitments from the licensee under the contract. Our decision of not pursuing this business opportunity affected the expected operating profit predicted in our Management Report in the annual report from the foregoing accounting period.

In the accounting period Injecto A/S had a loss before depreciation in the amount of 2,783,438 DKK and loss before tax in the amount of 2,964,677 DKK leading to a total loss of 2,330,898 DKK. Apart from the effects of the aforementioned decision of not entering into the license contract on the projected operating profit it should be noted that the operating expenses were 0.5m DKK below the budget due to cost awareness.

Notwithstanding the foregoing this has not affected the financial position of Injecto A/S since the company's four major shareholders supported the company by exercise of warrants granted back in 2015, which gave us time to secure additional funding for the company's operation by a new investor's subscription to shares on satisfactory terms and conditions, cf. the more detailed information below under the description of events after the accounting period.

Management commentary

We believe that Injecto A/S' activation of development cost and amortization of patents over 20 years are realistic since the costs have contributed to the core patent and patent applications and will be related to our future expected revenues and profits where we expect to receive a full repayment of these costs. Injecto A/S' signing of LOI/MOU with leading companies and pending negotiations about commercial license contracts exhibit that our IP rights have the expected maximum lifespan in which connection should be mentioned that pre-fillable syringes as parenteral packaging in the pharmaceutical and biologic industry normally will be chosen as a long-term solution.

The Management is still very focused on results under due consideration to economical awareness and responsibility. It is important for the company to create the most value-adding initiative over time by sound investments and value building.

Based on the aforementioned management philosophy we have in the accounting period kept a lean organization with a limited number of employees and relied on external consultants. In order to maintain focus on the core activities and ensure the strategy and further development of the company structure, e.g. the new subsidiary, Lubrigone A/S, we have not attracted new board members, but intend to pursue this option later on.

Injecto A/S' main customers are still pharmaceutical and/or biologic companies, contractual filling companies for the pharmaceutical companies and medical device companies and combinations thereof. The pharmaceutical/biologic companies who select the easyject syringe or the lubrigone stopper for one or more of their products are responsible for all approvals since the syringe as parenteral packaging legally speaking is an integrated part of their product(s).

Events after the accounting period

After the accounting period Injecto A/S has attracted a capital injection in the amount of 7.8 mDKK based on a combination of a new investor's subscription to shares and the four major shareholders' exercise of all of their remaining warrants 4 years before the end of the warrants period.

No events that could have a material adverse effect on Injecto A/S' position have taken place after the end of the accounting period.

Coming activities, expectations and risk factors

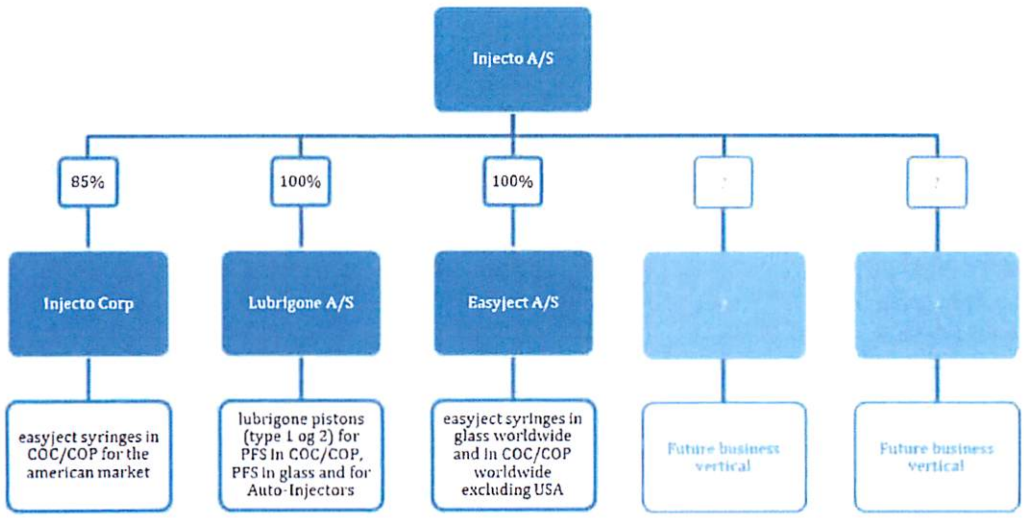
Injecto A/S still intends to generate revenue through a combination of license sales and own production and sales of easyject syringes and lubrigone stoppers and will rely on an outsourced production at one or more reputable contract manufacturers.

In order to exploit the full potential of Injecto A/S' IP rights and implement the company's business strategy Injecto A/S is undergoing a structural transformation from one company with a subsidiary in the USA to a group of companies, where Injecto A/S as the parent company and holder of all IP rights will carry out its business activities in separate business units formed as subsidiaries. Hence in addition to the recently established subsidiary, Lubrigone A/S and Injecto Inc in the USA, Injecto A/S will shortly establish a subsidiary (Easyject A/S) in order to carry out all business activities related to the easyject syringe.

Management commentary

Coming activities, expectations and risk factors (continued)

The coming structure of the Injecto Group is illustrated by the following organizational chart:



The planned structure does not only contribute to business focus and risk adverseness but offers the opportunity over time to invite strategic partners in special areas to become a shareholder in one or more specific business units and furthermore creates flexibility with respect to sales of one or more business units wholly or partly.

It is the intention to strengthen Injecto A/S' nominal share capital and financial position by a non-cash contribution from one of its shareholders and a supplementary investment from third parties by subscription to new issued shares in an additional finance round under due consideration to the right timing with respect to the latest Post Money Valuation, the subsequent developments in the company and grants from public authorities and NGOs. The Management has maintained its previously expressed conservative approach in order to ensure the right timing and sufficient liquidity at all times.

Notwithstanding the foregoing intention of a further capitalization Injecto A/S is sufficiently capitalized to carry out its business activities in the next two accounting periods with main focus on the lubrigone stopper, and the Management has positive expectations about the company's business activities in the coming accounting period where we believe that we will enter the commercial revenue and profit-generating phase.

However, our expressed expectations for the future should be viewed under due consideration to the following risk factors listed in order of priority:

(i) Protection of IP rights.

(ii) Protection against legal disputes about IP rights.

(iii) Identification of and entering into one or more agreement(s) with the right strategic partner(s).

(iv) Penetration of the market under due consideration to pharmaceutical companies' obligation to obtain permission from various public authorities in the relevant countries.

(v) Timing and time to market.

(vi) Timing and supplementary capitalization of the company.

(vii) Sufficient resources and timing with respect to the build-up of the right organization.

Consolidated financial statements for the period 1 September 2016 – 31 August 2017

Income statement

Note	DKK	2016/17	2015/16
3	Revenue	100,000	566,667
	Other external expenses	-1,399,644	-2,128,216
	Gross margin	-1,299,644	-1,561,549
4	Staff costs	-1,483,794	-1,030,785
	Loss before depreciation	-2,783,438	-2,592,334
5, 6	Depreciation	-171,250	-72,152
	Operating loss	-2,954,688	-2,664,486
8	Finance income, etc.	0	0
9	Finance costs, etc.	-9,989	-306
	Loss before tax	-2,964,677	-2,664,792
10	Tax for the year	633,779	623,358
	Loss for the year	-2,330,898	-2,041,434
	Proposed distribution of loss		
	Retained earnings	-2,327,968	-2,044,044
	Non-controlling interests' share of the subsidiary's results of operations	-2,930	2,610
		-2,330,898	-2,041,434

Consolidated financial statements for the period 1 September 2016 – 31 August 2017

Statement of comprehensive income

Note	DKK	2016/17	2015/16
	Loss for the year	-2,330,898	-2,041,434
	Other comprehensive income after tax	-2,330,898	-2,041,434
	Total comprehensive income	-2,330,898	-2,041,434
	Proposed distribution of comprehensive income		
	Retained earnings	-2,327,968	-2,044,044
	Non-controlling interests' share of the subsidiary's results of operations	-2,930	2,610
		-2,330,898	-2,041,434

Consolidated financial statements for the period 1 September 2016 – 31 August 2017

Balance sheet

Note	DKK	2016/17	2015/16
	ASSETS		
	Non-current assets		
5	Development projects in progress	2,624,158	2,443,406
6	Fixtures and fittings, plant and equipment	121,444	92,920
		2,745,602	2,536,326
	Other non-current assets		
11	Deferred tax	1,986,118	1,347,540
		1,986,118	1,347,540
	Total non-current assets	4,731,720	3,883,866
	Current assets		
	Trade receivables	209,100	191,667
12	Other receivables	122,783	200,312
	Prepayments	115,000	20,521
		446,883	412,500
	Cash	63,096	2,286,397
	Total current assets	509,979	2,698,897
	TOTAL ASSETS	5,241,699	6,582,763

Note	DKK	2016/17	2015/16
	EQUITY AND LIABILITIES		
13	Equity		
	Share capital	11,489,426	10,889,992
	Share-based payments	46,312	66,789
	Retained earnings	-6,785,254	-4,924,642
	Shareholders' share of equity	4,750,484	6,032,139
	Non-controlling interests' share of the subsidiary's results of operations	-5,427	-2,497
	Total equity	4,745,057	6,029,642
	Liabilities		
	Current liabilities		
	Payables to shareholders and Management	1,848	349
	Trade payables	330,140	331,292
14	Other payables	164,654	221,480
		496,642	553,121
	Total liabilities	496,642	553,121
	TOTAL EQUITY AND LIABILITIES	5,241,699	6,582,763

Consolidated financial statements for the period 1 September 2016 – 31 August 2017

Statement of changes in equity

DKK	Share capital	Share premium account	Retained comprehen-sive income	Share-based payments	Total	Non-controlling interests' share of the subsidiary's results of operations	Total equity
Equity at 1 September 2015	10,889,992	0	-2,880,598	81,206	8,090,600	-5,107	8,085,493
Total comprehensive income in 2015/16							
Profit/loss for the year	0	0	-2,044,044		-2,044,044	2,610	-2,041,434
Share-based payments	0	0	0	-14,417	-14,417	0	-14,417
Equity at 31 August 2016	10,889,992	0	-4,924,642	66,789	6,032,139	-2,497	6,029,642
Cash capital increase 30 May 2017	391,940	420,210	66,789	-66,789	812,150	0	812,150
Cash capital increase 19 June 2017	76,053	111,798	0	0	187,851	0	187,851
Cash capital increase 15 August 2017	202,428	297,572	0	0	500,000	0	500,000
Transfer	0	-829,580	829,580	0	0	0	0
Total comprehensive income in 2016/17							
Profit/loss for the year	0	0	-2,327,968	0	-2,327,968	-2,930	-2,330,898
Share-based payments	0	0		46,312	46,312	0	46,312
Own shares	-70,987	0	-429,013	0	-500,000	0	-500,000
Equity at 31 August 2017	11,489,426	0	-6,785,254	46,312	4,750,484	-5,427	4,745,057

Consolidated financial statements for the period 1 September 2016 – 31 August 2017

Cash flow statement

Note	DKK	2016/17	2015/16
	Loss before tax	-2,964,677	-2,664,792
5, 6	Adjustment for non-cash operating items, etc.:		
	Depreciation, amortisation and impairment losses as well as loss from disposal of assets	171,250	72,152
	Finance income and costs	9,989	306
	Cash generated from operations (operating activities) before changes in working capital	-2,783,438	-2,592,334
	Changes in working capital	-49,350	10,783
	Cash generated from operations (operating activities)	-2,832,788	-2,581,551
	Finance income and costs paid/received	-9,989	-306
	Income taxes paid	0	0
	Cash flows from operating activities	-2,842,777	-2,581,857
	Development projects in progress	-304,776	-1,575,316
6	Acquisition of property, plant and equipment	-75,750	-108,000
6	Disposal of property, plant and equipment	0	0
	Cash flows from investing activities	-380,526	1,683,316
	Capital increase	1,000,002	0
	Change in bank loans and borrowings	0	-395,233
	Cash flows from financing activities	1,000,002	-395,233
	Net cash flows from operating, investing and financing activities	-2,223,301	-4,660,406
	Cash and cash equivalents at 1 September 2016	2,286,397	6,946,803
	Cash and cash equivalents at 31 August 2017	63,096	2,286,397

Certain cash flow statement items cannot be directly deduced from the income statement or the balance sheet.

Consolidated financial statements for the period 1 September 2016 – 31 August 2017

Overview of notes

Consolidated financial statements for the period 1 September 2016 – 31 August 2017

Notes to the financial statements

1 Accounting policies

Injecto A/S is a privately owned company based in Denmark. The annual report of Injecto A/S for 2016/17 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements in the Danish Financial Statements Act.

On 7 December 2017, the Board of Directors and the Executive Board discussed and approved the annual report of Injecto A/S for 2016/17. The annual report is presented to the shareholders of Injecto A/S for approval at the annual general meeting.

Basis of preparation

The annual report is presented in DKK.

The annual report has been prepared on the historical cost basis. The Company has no derivative financial instruments, financial instruments in the trading portfolio or financial instruments classified as available for sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of the carrying amount before the changed classification and fair value less costs to sell.

The accounting policies set out below have been used consistently in respect of the financial reporting period and the comparative figures.

Changes in accounting policies

The changes within the IFRS requirements have not resulted in changes in the accounting policies, including the accounting presentation.

Consequently, the accounting policies used in the preparation of the annual report are consistent with those of last year.

Consolidated financial statements

The consolidated financial statements comprise the parent company, Injecto A/S, and subsidiaries controlled by Injecto A/S.

Subsidiaries are all entities controlled by the Group. The Group controls an entity when the group is exposed to, or entitled to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

Subsidiaries are deconsolidated from the date when such control ceases.

Intercompany transactions, balances and unrealized gains from intra-group transactions are eliminated. The accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognized in the income statement as finance income or costs.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognized in the latest financial statements is recognized in the income statement as finance income or costs.

Consolidated financial statements for the period 1 September 2016 – 31 August 2017

Notes to the financial statements

1 Accounting policies (continued)

Revenue

Revenue from the sale of licences is recognized in the income statement provided that transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received.

Revenue is measured at the fair value of the agreed consideration excl. VAT and taxes charged on behalf of third parties. All discounts granted are recognized in revenue.

Income statement

Other external expenses

Other external expenses comprise expenses relating to advertising, office premises, office expenses, bookkeeping, legal advisers, IT, etc.

Staff costs

Staff costs comprise direct costs for wages and salaries, social security, share-based payments and other staff-related costs, including education, lunch, etc.

Finance income and costs

Finance income and costs comprise interest income and expense, realized and unrealized gains and losses regarding receivables, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax for the year

Tax for the year comprises current tax and deferred tax adjustments in the year. The tax expense relating to the profit/loss for the year is recognized in the income statement, and the tax expense relating to amounts taken directly to equity is recognized directly in equity.

Balance sheet

Development projects and patents

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognized as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings or net selling price can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognized in the income statement as research and development costs when incurred.

Development costs that are recognized in the balance sheet are measured at cost less accumulated amortisation and impairment losses. Cost comprises costs directly attributable to the development of development projects.

Following the completion of the development work, development costs are amortized on a straight-line basis over the estimated useful life from the date when the asset is ready for use. The amortization period is usually 3-20 years. The basis of amortization is reduced by write-downs, if any. Amortization charges are included in production costs.

Consolidated financial statements for the period 1 September 2016 – 31 August 2017

Notes to the financial statements

1 Accounting policies (continued)

Fixtures and fittings, plant and equipment

Fixtures and fittings, plant and equipment are measured at cost less accumulated depreciation.

The depreciation base is cost less the expected residual value after ended use.

The cost comprises the acquisition cost and costs directly related to the cost until the time where the asset is ready for use.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Fixtures and fittings, plant and equipment: 2-5 years

Fixtures and fittings, plant and equipment are written down to the lower of the recoverable amount and the carrying amount.

Gains and losses on the disposal of fixtures and fittings, plant and equipment are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. The gains and losses are recognized in the income statement as depreciation.

Impairment of non-current assets

The carrying amount of other non-current assets is tested annually for evidence of impairment. When there is evidence that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs.

An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognized in the income statement as depreciation.

Impairment of long-term assets is reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation. Impairment is only reversed to the extent that the asset's new carrying amount does not exceed the carrying amount of the asset after amortisation had the asset not been impaired.

Deferred tax assets are assessed annually and are only recognized when it is probable that they will be utilized.

Receivables and prepayments

Receivables are measured at amortized cost. Write-down is made for bad debt losses after individual assessment.

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Dividend

Dividends are recognized as a liability at the date when they are adopted at the annual general meeting (declaration date). The proposed dividend payment for the year is disclosed as a separate item under equity. Interim dividends are recognized as a liability at the date when the decision to pay interim dividends is made.

Consolidated financial statements for the period 1 September 2016 – 31 August 2017

Notes to the financial statements

1 Accounting policies (continued)

Share premium

Share premium comprises amounts in addition to the nominal share capital that have been paid by the shareholders in connection with capital increases and gains from the disposal of treasury shares. The reserve is part of the Company's distributable reserves.

Corporate income tax and deferred tax

Current tax payable and receivable is recognized in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. In cases, where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognized at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction. Deferred tax assets, if any, are measured at net realisable value.

Deferred tax assets are subject to annual impairment tests and are recognized only to the extent that it is probable that the assets will be utilized.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognized in the income statement.

Financial liabilities

Amounts owed to banks are recognized at the date of borrowing at the net proceeds received less transaction costs paid.

In subsequent periods, the financial liabilities are measured at amortized cost, corresponding to the capitalized value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognized in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated after the indirect method as the profit/loss before tax adjusted for non-cash operating items, changes in working capital, interest, dividends and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and other non-current assets as well as acquisition and disposal of securities not recognized as cash and cash equivalents.

Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, acquisition and disposal of treasury shares and payment of dividends to shareholders.

Consolidated financial statements for the period 1 September 2016 – 31 August 2017

Notes to the financial statements

1 Accounting policies (continued)

Cash and cash equivalents comprise bank deposits and cash.

Cash flows in other currencies than the functional currency are translated using average exchange rates unless these deviate significantly from the rate at the transaction date.

2 Accounting estimates and judgements

Estimation uncertainty

Determining the carrying amount of certain assets and liabilities requires estimates, assessments and judgements over future events.

The estimates used are based on assumptions which Management assesses to be reliable, but which by nature are associated with uncertainty. The assumptions may be incomplete or incorrect, and unexpected events or circumstances may arise. Furthermore, the Company is subject to risks and uncertainties, which may result in the fact that actual results may differ from these estimates.

It might be necessary to change previous years' estimates and assumptions as a result of changes in matters affecting previous estimates and assumptions or because of new knowledge or subsequent events.

The method and assumptions for assessments are unchanged compared to last year.

Development projects and patents

Injecto A/S has capitalized a total of DKK 2,624 thousand DDK with respect to development projects and patent costs at 31 August 2017.

These costs derive from the development activity of "the easyject syringe", which is an injection device for pre-filling with liquid pharmaceuticals or biologics and protected against reuse. Furthermore, the costs have contributed to the further development of the stopper and created a supplementary business area.

Management of Injecto A/S conducted very thorough negotiations with major key players in the market during the last financial year. Based on the current level of negotiations, Injecto A/S is expected to enter into one contract with a customer or a strategic partnership in the next financial year. A Memorandum of Understanding has been signed, backing up the value of the development projects and patents.

Injecto A/S is therefore not foreseeing any concerns regarding the assured recoup ability of the capitalized total development and patented costs of DKK 2,624 thousand DDK.

Deferred tax assets

The Company realized a loss in the financial year 2016/17. The recognition of deferred tax assets is associated with uncertainty linked to the underlying estimates of future revenue and profits. The recognition is based on the expectations as to the budget year 2017/18 and realistic projections for the coming years. The estimate is based on expectations that in the financial year 2017/18 the Company will start selling its products to the medical industry. Management considers the expectations realistic.

At 31 August 2017 Management estimates that loss before tax totalling DKK 2,952 thousand can be set off against tax on future income over the next five years.

Consolidated financial statements for the period 1 September 2016 – 31 August 2017

Notes to the financial statements

	DKK	2016/17	2015/16
3	Revenue		
	Licenses	100,000	566,667

4	Staff costs		
	Wages and salaries	1,369,110	916,253
	Social security, etc.	7,388	2,873
	Other staff costs	60,984	126,076
	Share-based payments	46,312	-14,417
		1,483,794	1,030,785

Staff costs include remuneration to the Board of Directors and Executive Board in the amount of DKK 900,000.

Over the financial year, the Company had one employee on average.

The Chairman of the Board of Directors was eligible for a warrants programme, which was exercised in May 2017. For further information about Injecto A/S' warrants programme, please see note 18.

	DKK	2016/17
5	Development projects in progress	
	Cost at 1 September 2016	2,489,095
	Additions during the year	304,776
	Disposals during the year	0
		2,793,871
	Depreciation at 1 September 2016	-45,689
	Depreciation of disposals	0
	Depreciation for the year	-124,024
		-169,714
	Carrying amount at 31 August 2017	2,624,157
	Depreciation, development projects in progress	124,024
	Depreciation period	3-20 years

Consolidated financial statements for the period 1 September 2016 – 31 August 2017

Notes to the financial statements

	DKK	2016/17
6	Fixtures and fittings, plant and equipment	
	Cost at 1 September 2016	140,483
	Additions during the year	75,750
	Disposals during the year	0
		216,232
	Depreciation at 1 September 2016	-47,563
	Depreciation of disposed assets	0
	Depreciation for the year	-47,226
		-94,789
	Carrying amount at 31 August 2017	121,443
	Depreciation, fixtures and fittings, plant and equipment	47,226
	Depreciation period	2-5 years

7 Investments in subsidiaries

Name	Registered office	Voting rights	Ownership
Injecto Corp.	Cresskill, USA	85%	85%
Lubrigone A/S	Hellerup, DK	100%	100%

	DKK	2016/17	2015/16
8	Finance income, etc.		
	Other interest income	0	0
	Foreign currency translation adjustment	0	0
		0	0
9	Finance costs, etc.		
	Interest expense to credit institutions	6,931	83
	Other interest expenses	3,058	223
	Foreign currency translation adjustment	0	0
		9,989	306

Consolidated financial statements for the period 1 September 2016 – 31 August 2017

Notes to the financial statements

	DKK	2016/17	2015/16
10	Tax for the year		
	Deferred tax adjustment	-638,578	-589,309
	Tax - Injecto Corp.	4,799	-34,049
		-633,779	-623,358
	Analysis of tax for the year:		
	Computed 22.0%/23.5% of the profit/loss before tax	-649,347	-586,254
	Non-deductible expenses	10,769	-3,055
		-638,578	-589,309
	Current tax rate	21.6%	22.1%
11	Deferred tax		
	Deferred tax at 1 September 2016	1,347,540	758,231
	Deferred tax for the year	638,578	589,309
	Deferred tax at 31 August 2017	1,986,118	1347,540
	Deferred tax is recognized as follows in the balance sheet:		
	Deferred tax (asset)	1,986,118	1,347,540
	Deferred tax at 31 August 2017, net	1,986,118	1,347,540
	Deferred tax relates to:		
	Development projects and patents	-132,531	10,052
	Fixture and fittings, plant and equipment	11,861	1,397
	Write-down on investments	3,797	3,797
	Tax loss carry-forwards	2,102,991	1,332,294
		1,986,118	1,347,540
12	Other receivables		
	VAT, etc.	109,903	182,881
	Other	12,880	17,431
		122,783	200,312

Consolidated financial statements for the period 1 September 2016 – 31 August 2017

Notes to the financial statements

13 Equity

The share capital consists of 11,560,413 fully paid-in shares of nominally DKK 1 each. No shares are given special rights. There are no limitations in the negotiability or the right to vote.

Currently, no particular dividend or solvency policy has been established for the Company. The Company's objective is to be self-financing and thus not obtain external financing. In the short-term, 1-2 years, the dividend policy is determined in consideration of the Company's financial development in general.

The Company's budgeted operating expenses for the coming year, which exceed our current cash funds on a full-year basis, are expected to be financed through licence income. If, against expectations, such licence income is delayed or not generated at all, the liquidity requirement will be financed by way of the shareholders'/Management's supplementary capital contributions through exercise of some of their warrants.

	DKK	2016/17	2015/16
14	Other payables		
	Staff-related debt	164,654	221,480
	Other	0	0
		164,654	221,480

15 Financial risks and financial instruments

No standalone department regarding the Company's risk management has yet been established. This is maintained in the Management Team in the Company. The Board of Directors has not yet provided written principles for overall risk management, including, but not limited to, specific areas such as foreign exchange risk, interest rate risk, credit risk and cash flow management.

Currency risks

The Company's sales and profits will be connected to the international exploitation in various global markets. This does naturally carry a currency fluctuation exposure, as the payments will be made in international currencies. The market risk relating to foreign exchange stems from the aforementioned future commercial transactions included in the global exploitation. As we are not expecting payments to be denominated in one single currency, we will aim for foreign exchange contracts or other instruments available in the market, minimising the currency exposure.

Interest rate risks

The Company is not expecting any imminent long-term borrowings with floating rates and is, as such, not exposed to any interest rate fluctuations.

Liquidity risks

Careful, responsible liquidity risk management includes the controlled and secured cash sufficiency and the availability of necessary funding of the operational strategy, laid down by the Board of Directors of Injecto A/S.

At 31 August 2017, Injecto A/S was holding app. DKK 63 thousand in cash, and no bank overdraft facilities or long-term loans are applicable. After 31 August 2017 Injecto A/S has attracted a capital injection in the amount of 7.8 mDKK based on a combination of a new investor's subscription to shares and the four major shareholders exercise of all of their remaining warrants 4 years before the end of the warrants period.

Consolidated financial statements for the period 1 September 2016 – 31 August 2017

Notes to the financial statements

15 Financial risks and financial instruments (continued)

Cash after the before mentioned capital increase after 31 August 2017 is expected to be sufficient, driving Injecto A/S onwards according to the ordinary strategy of obtaining a sales or licence agreement with any of the identified partners with whom negotiations are currently being conducted.

Management monitors month-end reports with cash flow forecasts for Injecto A/S' liquidity reserve. It will call for another investment financing plan should the Executive Board and the Board of Directors decide to consider further investment into actual scaled-up production lines and also the necessity of investing into further patent protection. This increased cash demand will possibly lead to a further capitalization of the Company or be carried by an advance carrying licence deal.

Credit risks

Credit risks could potentially derive from deposits with banks and other financial institutions, as well as credit exposures to licensed third parties, obtaining the possible territorial or global licensed right to Injecto A/S' products.

Credit risk is managed at company management level.

There is no risk exposure foreseen towards wholesale or retail, as Injecto A/S has not entered into any contracts relating to this. Should this become applicable, Injecto A/S will obtain independent rating for the relevant wholesale client.

If there is no independent rating of a potential client, being either a licensed third party, a wholesale client or a retail client, the risk control at top level management will assess the credit quality of the customer, taking into account its financial position, past experience and other available factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. Compliance with credit limits is regularly monitored by Management.

Financial instruments

The carrying amount of financial instruments corresponds to the fair value.

The Company does not make use of derivate financial instruments.

16 Contingent liabilities

The Company has no contingent liabilities.

17 Related parties/shareholder information

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

- Tina Hetting Holding ApS, Mosehøjvej 21, DK-2920 Charlottenlund
- ASYRINGE LIMITED, Flat/Rm A 7/F China Overseas Bldg., 139 Hennessy Rd, Wanchai, Hong Kong
- Sprøjtefabrikken ApS, c/o Bluefish ApS, Bygmestervej 6, DK-2400 Copenhagen NV
- Hellerup Finans A/S, Philip Heymans Allé 3, 4., DK-2900 Hellerup
- Holmsvanen AB, Skogsslingan 6, SE-182 30 Danderyd,

None of Injecto A/S' related parties has a controlling interest.

Consolidated financial statements for the period 1 September 2016 – 31 August 2017

Notes to the financial statements

17 Related parties/shareholder information (continued)

The Board of Directors and the Executive Board
Injecto A/S' related parties with significant influence comprise the Company's Board of Directors and Executive Board. Management's remuneration is mentioned in note 3.

Related party transactions

The Company has paid legal and consultancy fees to persons associated to shareholders in the Company and the CEO.

Except from this, the Company did not carry through any related party transactions during 2016/17. It is the Executive Board's opinion that all related party transactions are carried through on an arm's length basis.

18 Incentive plans

Outstanding warrants at 31 August 2016:

DKK	Outstanding at 1 September 2015	Additions during the period	Canellations during the period	Options exercised	Outstanding at 31 August 2016
Chairman	149,796	0	-6,730	0	143,066
Shareholders	1,878,453	0	0	0	1,878,453
Total	2,028,249	0	-6,730	0	2,021,519
Weighted average exercise price	2.41	0	0	0	2.39
Numbers of warrants which can be exercised at 31 August 2017					2,028,249
at a weighted average exercise price of DKK					4,845,272

The total recognized cost of the warrant programmes for the Board of Directors was DKK 14,417 in the financial year 2015/16.

Specification of parameters for the Black-Scholes model:

DKK	March 2015
Average share price	1.38
Average exercise price at grant	2.39
Expected volatility rate	60 %
Expected life (years)	2.5-6.0
Expected dividend per share	0
Risk-free interest rate p.a.	0.15

The expected volatility is based on the risk assessed by Management.

Consolidated financial statements for the period 1 September 2016 – 31 August 2017

Notes to the financial statements

18 Incentive plans (continued)

Outstanding warrants at 31 August 2017:

DKK	Outstanding at 1 September 2016	Additions during the period	Cancellations during the period	Options exercised	Outstanding at 31 August 2017
Board of Directors	143,066	0	0	143,066	0
Management	0	19,800	0	0	19,800
Shareholders	1,878,453	0	0	527,355	1,351,098
Total	2,021,519	19,800	0	670,421	1,370,898
Weighted average exercise price	2.41	5.00	0	2.24	2.51
Numbers of warrants which can be exercised at 31 August 2017					1,370,098
at a weighted average exercise price of DKK					3,436,212

The total recognized cost of the warrant programme for the Management was DKK 46,312 in the financial year 2016/17, due to cancellations during the period.

Specification of parameters for the Black-Scholes model:

DKK	December 2016 – August 2017
Average share price	5.00
Average exercise price at grant	4.87
Expected volatility rate	60 %
Expected life (years)	4.3-5.0
Expected dividend per share	0
Risk-free interest rate p.a.	0.30

The warrant program for the shareholders is not recognized in the income statement, as it is a matter between the Company and its shareholders.

The expected volatility is based on the risk assessed by Management.

19 Events after the reporting period

No events have occurred after 31 August 2017 which could change the presentation and view of the annual report for 2016/17.

20 New financial reporting regulation

A series of new standards and interpretations, which are not compulsory for Injecto A/S for purposes of the preparation of the annual report for 2016/17, have been issued. None of these is expected to significantly affect the preparation of the annual report for 2017/18.

Parent company financial statements for the period 1 September 2016 – 31 August 2017

Income statement

Note	DKK	2016/17	2015/16
3	Revenue	100,000	566,667
	Other external expenses	-1,387,891	-2,110,958
	Gross margin	-1,287,891	-1,544,291
4	Staff costs	-1,483,794	-1,030,785
	Loss before depreciation	-2,771,685	-2,575,076
5, 6	Depreciation	-171,250	-72,152
	Operating loss	-2,942,935	-2,647,228
8	Finance income, etc.	0	0
	Write-down on investments	0	-17,258
9	Finance costs, etc.	-8,643	-306
	Loss before tax	-2,951,578	-2,664,792
10	Tax for the year	638,578	589,309
	Loss for the year	-2,313,000	-2,075,483

Proposed distribution of loss		
Retained earnings	-2,313,000	-2,075,483

Parent company financial statements for the period 1 September 2016 – 31 August 2017

Statement of comprehensive income

Note	DKK	2016/17	2015/16
	Loss for the year	-2,313,000	-2,075,483
	Other comprehensive income after tax	0	0
	Total comprehensive income	-2,313,000	-2,075,843
	Proposed distribution of comprehensive income		
	Retained earnings	-2,313,000	-2,075,483

Parent company financial statements for the period 1 September 2016 – 31 August 2017

Balance sheet

Note	DKK	2016/17	2015/16
	ASSETS		
	Non-current assets		
5	Development projects in progress	2,624,158	2,443,406
6	Fixtures and fittings, plant and equipment	121,444	92,920
		2,745,602	2,536,326
	Other non-current assets		
7	Investments in subsidiaries	2,000,000	0
11	Deferred tax	1,986,118	1,347,540
		3,986,118	1,347,540
	Total non-current assets	6,731,720	3,883,866
	Current assets		
	Trade receivables	209,098	191,667
	Intercompany receivables	0	11,345
12	Other receivables	122,783	200,312
	Prepayments	115,000	20,521
		446,881	423,845
	Cash	63,103	2,275,052
	Total current assets	509,984	2,698,897
	TOTAL ASSETS	7,241,704	6,582,763

Note	DKK	2016/17	2015/16
	EQUITY AND LIABILITIES		
13	Equity		
	Share capital	11,560,413	10,889,992
	Share-based payments	46,312	66,789
	Retained earnings	-6,343,770	-4,927,139
	Total equity	5,262,955	6,029,642
	Liabilities		
	Current liabilities		
	Payables to shareholders and Management	1,848	349
	Trade payables	312,247	331,292
	Payables to group entities	1,500,000	0
14	Other payables	164,654	221,480
		1,978,749	553,121
	Total liabilities	1,978,749	553,121
	TOTAL EQUITY AND LIABILITIES	7,241,704	6,582,763

Parent company financial statements for the period 1 September 2016 – 31 August 2017

Statement of changes in equity

DKK	Share capital	Share premium account	Retained comprehensive income	Share-based payments	Total
Equity at 1 September 2015	10,889,992	0	-2,851,656	81,206	8,119,542
Total comprehensive income in 2014/15					
Profit/loss for the year	0	0	-2,075,483	0	-2,075,483
Share-based payments	0	0	0	-14,417	-14,417
Equity at 31 August 2016	10,889,992	0	-4,927,139	66,789	6,029,642
Cash capital increase 30 May 2017	391,940	420,210	66,789	-66,789	812,150
Cash capital increase 19 June 2017	76,053	111,798	0	0	187,851
Cash capital increase 15 August 2017	202,428	297,572	0	0	500,000
Transfer	0	-829,580	829,580	0	0
Total comprehensive income in 2016/17					
Profit/loss for the year	0	0	-2,313,000	0	-2,313,000
Share-based payments	0	0	0	46,312	46,312
Equity at 31 August 2017	11,560,413	0	-6,343,770	46,312	5,262,955

Parent company financial statements for the period 1 September 2016 – 31 August 2017

Overview of notes

Parent company financial statements for the period 1 September 2016 – 31 August 2017

Notes to the financial statements

1 Accounting policies

Separate financial statements for the parent company are included in the annual report, as the Danish Financial Statements Act requires separate parent company financial statements for IFRS entities.

The parent company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements in the Danish Financial Statements Act.

The accounting policies applied in the preparation of the parent company financial statements differ from the accounting policies applied in the preparation of the consolidated financial statements (see note 1 to the consolidated financial statements) as follows:

Investments in subsidiaries

In the parent company financial statements, investments in subsidiaries are measured at cost. Cost comprises the purchase price at fair value and any costs directly attributable to the acquisition.

If there is evidence of impairment, impairment tests are conducted as described in the accounting policies for the consolidated financial statements. Write-down is made to the lower of the recoverable amount and the carrying amount.

2 Accounting estimates and judgements

Estimation uncertainty

Determining the carrying amount of certain assets and liabilities requires estimates, assessments and judgements over future events.

The estimates used are based on assumptions which Management assesses to be reliable, but which by nature are associated with uncertainty. The assumptions may be incomplete or incorrect, and unexpected events or circumstances may arise. Furthermore, the Company is subject to risks and uncertainties which may result in the fact that actual results may differ from these estimates.

It might be necessary to change previous years' estimates and assumptions as a result of changes in matters affecting previous estimates and assumptions or because of new knowledge or subsequent events.

The method and assumptions for assessments are unchanged compared to last year.

Development projects in progress

Injecto A/S has capitalized a total of DKK 2,624 thousand with respect to development projects and patent costs at 31 August 2017.

These costs derive from the development activity of "the Injecto Syringe", which is a safe injection device for prefilling with pharmaceutical drugs and vaccines.

Management of Injecto A/S conducted very thorough negotiations with major key players in the market during the last financial year. Based on the current level of negotiations, Injecto A/S is expected to enter into one contract with a customer or a strategic partnership in the next financial year. A Letter of Intent has been signed, backing up the value of the development projects and patents.

Injecto A/S is therefore not foreseeing any concerns regarding the assured recoup ability of the capitalized total development and patented costs of DKK 2,624thousand.

Parent company financial statements for the period 1 September 2016 – 31 August 2017

Notes to the financial statements

Deferred tax assets

The Company realized a loss for the financial year 2016/17. The recognition of deferred tax assets is associated with uncertainty linked to the underlying estimates of future revenue and profits. The recognition is based on the expectations as to the budget year 2017/18 and realistic projections for the coming years. The estimate is based on expectations that in the financial year 2017/18 the Company will start selling the AD injection devises to the medical industry. Management considers the expectations realistic.

At 31 August 2017, Management estimates that the loss before tax totalling DKK 2,952 thousand can be set off against tax on future income over the next five years.

	DKK	2016/17	2015/16
3	Revenue		
	Licenses	100,000	566,667
4	Staff costs		
	Wages and salaries	1,369,110	916,253
	Social security, etc.	7,388	2,873
	Other staff costs	60,984	126,076
	Share-based payments	46,312	-14,417
		1,483,794	1,030,785

Staff costs include remuneration to the Board of Directors and Executive Board in the amount of DKK 900,000

Over the financial year, the Company had two employees on average.

Some members of the Board of Directors are eligible for a warrant programme. For further information about the warrant programme, please see note 18.

	DKK	2016/17
5	Development projects and patents	
	Cost at 1 September 2016	2,489,095
	Additions during the year	304,776
	Disposals during the year	0
		2,793,871
	Depreciation at 1 September 2016	-45,689
	Depreciation of disposals	0
	Depreciation for the year	-124,024
		-169,714
	Carrying amount at 31 August 2017	2,624,157
	Depreciation, development projects and patents	124,224
	Depreciation period	3-20 years

Parent company financial statements for the period 1 September 2016 – 31 August 2017

Notes to the financial statements

	DKK	2016/17
6	Fixtures and fittings, plant and equipment	
	Cost at 1 September 2016	140,482
	Additions during the year	75,750
	Disposals during the year	0
		216,232
	Depreciation at 1 September 2016	-47,563
	Depreciation of disposals	0
	Depreciation for the year	-47,226
		-94,789
	Carrying amount at 31 August 2017	121,443
	Depreciation, fixtures and fittings, plant and equipment	47,226
	Depreciation period	2-5 years

7 Investments in subsidiaries

Name	Registered office	Voting rights	Ownership	Profit	Equity
Injecto Corp.	Cresskill, USA	85%	85%	-17.896	-33.829
Lubrigone A/S	Copenhagen, DK	100%	100%	0	2,000,000

	DKK	2016/17	2015/16
8	Finance income, etc.		
	Other interest income	0	0
	Foreign currency translation adjustment	0	0
		0	0
9	Finance costs, etc.		
	Interest expense to credit institutions	6,931	83
	Other interest expenses	1,712	223
		8,643	306

Parent company financial statements for the period 1 September 2016 – 31 August 2017

Notes to the financial statements

	DKK	2016/17	2015/16
10	Tax for the year		
	Deferred tax adjustment	0	-589.309
		0	-589.309
	Analysis of profit/loss for the year:		
	Computed 22%/23.5% of the profit/loss before tax	649,347	-586,254
	Non-deductible expenses etc.	-10,769	-3,055
	Value adjustment of deferred tax	0	0
		638,578	-589,309
	Current tax rate	21.6%	22.1%
11	Deferred tax		
	Deferred tax at 1 September 2016	1,347,540	758,231
	Deferred tax for the year	638,578	589,309
	Deferred tax at 31 August 2017	1,986,118	1,347,540
	Deferred tax is recognized as follows in the balance sheet:		
	Deferred tax (asset)	1,986,118	1,347,540
	Deferred tax at 31 August 2017	1,986,118	1,347,540
	Deferred tax relates to:		
	Development projects and patents	-132,531	10,052
	Fixture and fittings, plant and equipment	11,861	1,397
	Write-down on investments	3,797	3,797
	Tax loss carry-forwards	2,102,991	1,332,294
		1,986,118	1,347,540
12	Other receivables		
	VAT, etc.	109,903	182,881
	Other	12,880	17,431
		122,783	200,312

Parent company financial statements for the period 1 September 2016 – 31 August 2017

Notes to the financial statements

13 Equity

The share capital consists of 11,560,413 fully paid-in shares of nominally DKK 1 each. No shares are given special rights. There are no limitations in the negotiability or the right to vote.

Currently, no particular dividend or solvency policy has been established for the Company. The Company's objective is to be self-financing and thus not obtain external financing. In the short-term, 1-2 years, the dividend policy is determined in consideration of the Company's financial development in general.

The Company's budgeted operating expenses for the coming year, which exceed our current cash funds on a full-year basis, are expected to be financed through licence income. If, against expectations, such licence income is delayed or not generated at all, the liquidity requirement will be financed by way of the shareholders'/Management's supplementary capital contributions through exercise of some of their warrants.

	DKK	2016/17	2015/16
14	Other payables		
	Staff-related debt	164,654	221,480

15 Financial risks and financial instruments

No standalone department regarding the Company's risk management has yet been established. This is maintained in the Management Team in the Company. The Board of Directors has not yet provided written principles for overall risk management, including, but not limited to, specific areas such as foreign exchange risk, interest rate risk, credit risk and cash flow management.

Currency risks

The Company's sales and profits will be connected to the international exploitation in various global markets. This does naturally carry a currency fluctuation exposure, as payments will be made in international currencies. The market risk relating to foreign exchange stems from the aforementioned future commercial transactions included in the global exploitation. As we are not expecting payments to be denominated in one single currency, we will aim for foreign exchange contracts or other instruments available in the market, minimising the currency exposure.

Interest rate risks

The Company is not expecting any imminent long-term borrowings with floating rates and is, as such, not exposed to any interest rate deviation.

Liquidity risks

Careful, responsible liquidity risk management includes the controlled and secured cash sufficiency and the availability of necessary funding of the operational strategy, laid out by the Board of Directors of Injecto A/S.

At 31 August 2017, Injecto A/S was holding app. DKK 63 thousand in cash, and no bank overdraft facilities or long-term loans are applicable. After 31 August 2017 Injecto A/S has attracted a capital injection in the amount of 7,8 mDKK based on a combination of a new investor's subscription to shares and the four major shareholders exercise of all of their remaining warrants 4 years before the end of the warrants period.

Parent company financial statements for the period 1 September 2016 – 31 August 2017

Notes to the financial statements

15 Financial risks and financial instruments (continued)

Cash after the before mentioned capital increase after 31 August 2017 is expected to be sufficient, driving Injecto A/S onwards according to the ordinary strategy of obtaining a sales or licence agreement with any of the identified partners with whom negotiations are currently being conducted.

Management monitors month-end reports with cash flow forecasts for Injecto A/S' liquidity reserve. It will call for another investment financing plan should Management and the Board of Directors decide to consider further investment into actual scaled-up production lines and also the necessity of investing into further patent protection. This increased cash demand will possibly lead to a further capitalisation of the Company or be carried through as an advance carrying licence deal.

Credit risks

Credit risks could potentially derive from deposits with banks and other financial institutions, as well as credit exposures to licensed third parties, obtaining the possible territorial or global licensed right to Injecto A/S' products.

Credit risk is managed at company management level.

There is no risk exposure foreseen towards wholesale or retail, as Injecto A/S has not entered into any contracts relating to this. Should this become applicable, Injecto A/S will obtain an independent rating for the relevant wholesale client.

If there is no independent rating of a potential client, being either a licensed third party, a wholesale client or a retail client, the risk control at top level management will assess the credit quality of the customer, taking into account its financial position, past experience and other available factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. Compliance with credit limits is regularly monitored by Management.

Financial instruments

The carrying amount of financial instruments corresponds to the fair value.

The Company does not make use of derivate financial instruments.

16 Contingent liabilities

The Company has no contingent liabilities.

17 Related parties/shareholder information

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

- Tina Hetting Holding ApS, Mosehøjvej 21, DK-2920 Charlottenlund
- ASYRINGE LIMITED, Flat/Rm A 7/F China Overseas Bldg., 139 Hennessy Rd, Wanchai, Hong Kong
- Sprøjtefabrikken ApS, c/o Bluefish ApS, Bygmestervej 6, DK-2400 Copenhagen NV
- Hellerup Finans A/S, Philip Heymans Allé 3, 4., DK-2900 Hellerup
- Holmsvanen AB, Skogsslingan 6, SE-182 30 Danderyd,

None of Injecto A/S' related parties has a controlling interest.

Parent company financial statements for the period 1 September 2016 – 31 August 2017

Notes to the financial statements

17 Related parties/shareholder information (continued)

The Board of Directors and the Executive Board

Injecto A/S' related parties with significant influence comprise the Company's Board of Directors and Executive Board. Management's remuneration is mentioned in note 3.

Related party transactions

The Company has paid legal and consultancy fees to shareholders in the Company as well as remuneration to the Board of Directors and Executive Board.

Except from this, the Company did not carry through any related party transactions during 2016/17. It is the Executive Board's opinion that all related party transactions are carried through on an arm's length basis.

18 Incentive plans

Outstanding warrants at 31 August 2016:

DKK	Outstanding at 1 September 2015	Additions during the period	Cancellations during the period	Options exercised	Outstanding at 31 August 2016
Board of Directors	149,796	0	-6,730	0	143,066
Shareholders	1,878,453	0	0	0	1,878,453
Total	2,028,249	0	-6,730	0	2,021,519
Weighted average exercise price	2.41	0	0	0	2.39
Numbers of warrants which can be exercised at 31 August 2017					2,028,249
at a weighted average exercise price of DKK					4,845,272

The total recognized cost of the warrant programmes for the Board of Directors was DKK 14,417 in the financial year 2015/16.

Specification of parameters for the Black-Scholes model:

DKK	March 2015
Average share price	1.38
Average exercise price at grant	2.39
Expected volatility rate	60 %
Expected life (years)	2.5-6.0
Expected dividend per share	0
Risk-free interest rate p.a.	0.15

The expected volatility is based on the risk assessed by Management.

Parent company financial statements for the period 1 September 2016 – 31 August 2017

Notes to the financial statements

18 Incentive plans (continued)

Outstanding warrants at 31 August 2017:

DKK	Outstanding at 1 September 2016	Additions during the period	Cancellations during the period	Options exercised	Outstanding at 31 August 2017
Board of Directors	143,066	0	0	143,066	0
Management	0	19,800	0	0	19,800
Shareholders	1,878,453	0	0	527,355	1,351,098
Total	2,021,519	19,800	0	670,421	1,370,898
Weighted average exercise price	2.39	5.00	0	2.24	2.51
Numbers of warrants which can be exercised at 31 August 2017					1,370,098
at a weighted average exercise price of DKK					3,436,212

The total recognized cost of the warrant programme for the Management was DKK 46,312 in the financial year 2016/17, due to cancellations during the period.

Specification of parameters for the Black-Scholes model:

DKK	December 2016 – August 2017
Average share price	5.00
Average exercise price at grant	4.87
Expected volatility rate	60 %
Expected life (years)	4.3-5.0
Expected dividend per share	0
Risk-free interest rate p.a.	0.30

The warrant program for the shareholders is not recognized in the income statement, as it is a matter between the Company and its shareholders.

The expected volatility is based on the risk assessed by Management.

19 Events after the reporting period

No events have occurred after 31 August 2017 which could change the presentation and view of the annual report for 2016/17.

20 New financial reporting regulation

A series of new standards and interpretations, which are not compulsory for Injecto A/S for purposes of the preparation of the annual report for 2016/17, have been issued. None of these is expected to significantly affect the preparation of the annual report for 2017/18.