Injecto A/S

Strandvejen 60, 2900 Hellerup, Denmark CVR no. 35 80 65 55

Annual report
1 September 2017 - 31 August 2018

Approved at the Company's annual general meeting on 31 January 2019

Chairman:





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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 2017/18.

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 2018 and of the results of the Group's and the Company's operations and cash flows for the financial year 1 September 2017 – 31 August 2018.

In our opinion, the Management's review 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, 15 January 2019

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 2017 - 31 August 2018, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and 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 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 2018 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 September 2017 - 31 August 2018 in accordance with International Financial Reporting Standards as adopted by the EU and additional 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" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the 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 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 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 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's review.



Independent auditor's report

Management's responsibilities for the 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 requirements of 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 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 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 financial statements

Our objectives are to obtain reasonable assurance as to 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 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 the 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 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 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 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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.



Independent auditor's report

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.

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 September 2017, the Company did not withhold the required amount of PAYE tax. This is a violation of the Danish tax legislation, and Management may incur liability in this respect.

Copenhagen, 15 January 2019 ERNST & YOUNG

Godkendt Revisionspartnerselskab CVR no. 30 70 02 28

Jesper Jørn Pedersen State Authorised Public Accountant mne21326

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Management's review

Company details

Name Injecto A/S Address, zip code, city Strandvejen 60

DK-2900 Hellerup

CVR no. 35 80 65 55 Established 16 March 2014 Registered office Gentofte, Denmark

16 March 2014 - 31 August 2015 1 September - 31 August First financial year

Financial year

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's review

Brief description of Injecto A/S and the Company's main activities in the accounting period

We maintain our position as a knowledge-based company with strong patent-families for the protection of our two proprietary product categories: lubrigone and the award-winning easyject syringe for pre-filling.

The lubrigone stopper, which is supplied as a part of the easyject syringe, can also be supplied to other pre-fillable syringe systems in different volumes, and provides the world's first completely lubrication and coating free injection system. This eliminates all adverse effects that external lubricants have on active pharmaceutical ingredients contained in the injection device. The Company's innovative line of stoppers presents a clear and compelling value-proposition in the parenteral administration market, particularly in light of the increasing rate of approvals for biologic formulations which are much more sensitive to lubricants as compared to traditional pharmaceutical compounds.

Elimination of lubrication and coating results in a greatly reduced risk of protein aggregation and other related adverse effects. The target market for *lubrigone* is in the biologic and biosimilar space where more than 2,200 injectable product candidates are undergoing clinical trials. Selected commercial, traditional products would also benefit from *lubrigone*, since this product ensures a clean system and less particles.

The main customers for both products are the pharmaceutical companies who would like to offer their customers an injection device as an integrated part of the primary packaging of their products. Additionally, companies specialized in the pharmaceutical contract packaging service industry are also potential customers. Finally, major providers of pre-fillable injection systems (PFS) will subcontract lubrigone stoppers for use in their injection systems.

After one of the global leading providers of PFS' approval of our lubrigone stopper based on their extensive testing, we decided to establish industrial production by outsourcing rather than pursuing an in-house production:

- (i) Our constant and continued focusing on core business with development and enhancement of technology, IP rights and knowhow without having to build up, run and maintain a demanding production under a strict regulation and certification
- (ii) Time and cost savings in relying on existing production facilities that meet all requirements with respect to strict regulation, documentation and certification
- (iii) Flexibility with respect to the capability to scale up the production and change or add supplementary business models to Injecto's business strategy
- (iv) Efficiency
- (v) Market presence with the opportunity to market the products on the manufacturer's good reputation and long experience in production of medical devices.

We have chosen the reputable Danish company SP Medical A/S ("SP Medical") (www.sp-medical.com), part of the SP Group listed on the Nasdaq OMX, as our OEM manufacturer, and the first production line for lubrigone stoppers are under establishment with an expected industrial production in June 2019. We have ensured that the production at SP Medical can be extended in both production capacity and with other variants of the lubrigone stopper, in order to meet the demand of supply from some of the pharmaceutical companies, who are testing our lubrigone stoppers and where we have received a very positive feedback meeting our expectation with respect to the aforementioned description of the competitive edge.

In the accounting period, we had a loss before depreciation in the amount of 4,801,446 DKK and loss before tax in the amount of 5,234,429 DKK leading to a total loss of 5,234,429 DKK. The Management suggests that the total loss is transferred to the next financial year.



This has not affected the financial position of Injecto A/S, since our Company was fully financed by its equity from the last capitalization. In this respect, it should be noted that Injecto A/S' current activities, including the establishment of the aforementioned production, will also be fully funded by an additional loan facility from some of the major shareholders in the pending financial year from 1 September 2018 to 31 August 2019 by some of its leading shareholders. Furthermore, we have received offers from investors, who would like to subscribe to new issued shares. Rather than one or more stepwise small capitalizations we decided to pursue substantial capitalization with support from a leading investment bank in the US, cf. the description below in order to ensure the establishment of the easyject syringe, the coming scale-up of the lubrigone stopper capacity and our organization and make the best out of our IP rights and timing towards our already established contacts in the pharma industry.

There is a great market opportunity for Injecto A/S with a global market for pre-fillable syringes, including stoppers, that is estimated at 4.4 billion EUR annually and a CAGR of around 20% over the next 10 years. The growth in big molecules, which are administered as injectables as well as increased self-administration and immunization in non-medical settings such as private homes, pharmacies, offices and schools, are major contributors to the demand for pre-fillable syringes. With the right capitalization and timing, we believe that, based on our lubrigone stopper, we can get around 5% of the stopper market and which with sales of the easyject syringe will generate a three digit million US\$-revenue within 10 years from now.

We believe that our activation of development costs 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. The ongoing and steadily increasing interest from leading pharma companies exhibits that our IP rights have the expected maximum lifespan, in which connection it should be mentioned that our products as parenteral packaging in the pharmaceutical industry normally will be chosen as a long-term solution.

Despite our intention to increase our organization and investments, we are, as responsible Management, still 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. However, we have also reached the time, where we are moving into the next phase of the creation of a competitive new player in primary packaging.

IP rights

Injecto A/S maintains its strong focus on patent protection in its capacity as an innovative technology-driven company with good support from AWA (www.awapatent.com).

The company's strong IP rights were further enhanced by one of the founder's company's transfer of ownership to two patent applied inventions (i.e. PA 2016 70589 and PCT DK 2016/050 164 (published No. WO 2016/192739 A2) with a retention to the title until payment from Injecto A/S for the transferred IP rights has taken place and the company's filing of one additional patent application with the capability to achieve patent protection on this new invention in up to 150 countries. The payment for the transferred ownership to the patent applied inventions is expected to be made by warrants as replacement for the originally planned non-cash contribution) and will not affect the liquidity of the company.

Events after the accounting period

Based on a substantial review, Injecto A/S has decided to sign an engagement letter with JMP Securities (www.jmp.com) as our chosen investment bank for the coming private placement in 2019 after a selection among other investment banks.

Injecto A/S has been notified that it will be granted patent in Australia on the lubrigone stopper, where it should be noted that Australia is among the five big patent countries/destinations and opens for the possibility of pursuing the Patent Prosecution Highway on the lubrigone stopper.

Furthermore, Injecto A/S has been notified that the examining division has decided to grant a European patent on PCT/DK2016/050164 (WO 2016/192739) NSP, which is one of the inventions transferred from the founder.

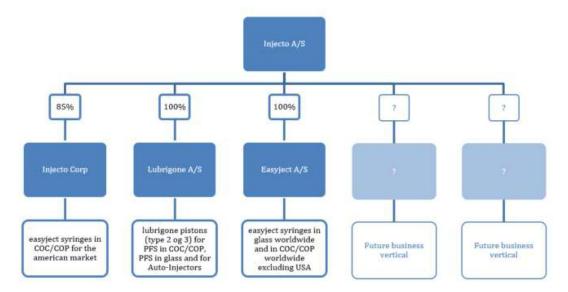
No events that could have a material adverse effect on Injecto A/S' position have taken place after the end of the accounting period.



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 starting with SP Medical A/S.

In order to exploit the full potential of Injecto A/S' IP rights and implement our business strategy, Injecto A/S is preparing for 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, where the Danish subsidiary, Lubrigone A/S, will act as the production and sales company of lubrigone stoppers, while the coming easyject company ("Easyject A/S") will manufacture easyject syringes, cf. 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 the planned private placement in the US through JMP Securities, which private placement shall ensure the company's commercialization.

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

- (i) Successful private placement in the US
- (ii) Protection of IP rights.
- (iii) Identification of 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) Sufficient resources and timing with respect to the build-up of the right organization.

The priority of the successful private placement in the US is a controlled risk factor, since Injecto A/S at all times will be able to replace this placement by alternative but less funding, which however could affect the right timing for building up the most competitive company and would demand a redefined strategy in comparison with the chosen strategy and timing.



Income statement

Note	DKK	2017/18	2016/17
3	Revenue Other external expenses	100,000 -2,035,178	100,000 -1,399,644
4	Gross margin Staff costs	-1,935,178 -2,866,268	-1,299,644 -1,483,794
5, 6	Loss before depreciation Depreciation	-4,801,446 -404,068	-2,783,438 -171,250
8 9	Operating loss Finance income, etc. Finance costs, etc.	-5,205,514 5,156 -34,071	-2,954,688 0 -9,989
10	Loss before tax Tax for the year	-5,234,429 0	-2,964,677 633,779
	Loss for the year	-5,234,429	-2,330,898
	Proposed distribution of loss Retained earnings Non-controlling interests' share of the subsidiary's	-5,234,429	-2,327,968
	results of operations	0	-2,930
		-5,234,429	-2,330,898



Statement of comprehensive income

Note DKK	2017/18	2016/17
Loss for the year	-5,234,429	-2,330,898
Other comprehensive income after ta	x 0	0
Total comprehensive income	-5,234,429	-2,330,898
Proposed distribution of comprehensive		2 227 040
Retained earnings Non-controlling interests' share of the	-5,234,429 subsidiary's	-2,327,968
results of operations		-2,930
	-5,234,429	-2,330,898



Balance sheet

Note	DKK	2017/18	2016/17
	ASSETS		
-	Non-current assets	2 005 420	2 624 150
	Development projects in progress Fixtures and fittings, plant and equipment	3,805,430 942,128	2,624,158 121,444
		4,747,558	2,745,602
	Other non-current assets		
11	Deferred tax Deposits	1,986,118 21,906	1,986,118 0
		2,008,024	1,986,118
	Total non-current assets	6,755,582	4,731,720
	Current assets		
	Trade receivables	317,669	209,100
12	Other receivables Prepayments	81,585 10,953	122,783 115,000
	rrepayments	410,207	446,883
	Cash	1,900,819	63,096
	Total current assets	2,311,026	509,979
	TOTAL ASSETS	9,066,608	5,241,699
13	EQUITY AND LIABILITIES Equity Share capital Share-based payments	19,360,394 1,335,413	11,489,426 46,312
	Retained earnings	-13,086,812	-6,785,254
	Shareholders' share of equity Non-controlling interests' share of the subsidiary's results of	7,608,995	4,750,484
	operations	-5,427	-5,427
	Total equity	7,603,568	4,745,057
	Liabilities Non-current liabilities		
14	Interest bearing loan and borrowings	500,000	0
		500,000	0
15	Current liabilities Payables to shareholders and Management Trade payables Other payables	751,396 211,644 963,040	1,848 330,140 164,654 496,642
	Total liabilities	1,463,040	496,642
	TOTAL EQUITY AND LIABILITIES	9,066,608	5,241,699
	TOTAL ENGITT AND ENDIETTIES		



Statement of changes in equity

						Non- controlling interests' share of the	
		Share	Retained	Share-		subsidiary's	
	Share	premium	comprehen-	based		results of	Total
DKK	capital	account	sive income	payments	Total	operations	equity
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	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 Cash capital increase	11,489,426	0	-6,785,254	46,312	4,750,484	-5,427	4,745,057
10 October 2017	1,351,098	1,986,114	0	0	3,337,212	0	3,337,212
Cash capital increase	1,551,070	1,500,114	O	O	3,337,212	O	3,331,212
11 October 2017	384,142	4,078,646	0	0	4,462,788	0	4,462,788
Cost related to capital increase	0	-1,690,414	0	0	-1,690,414	0	-1,690,414
Capital increase	o o	1,000,414	O	· ·	1,000,414	· ·	1,000,414
26 March 2018							
Bonus shares	6,064,741	-6,064,741	0	0	0	0	0
Transfer	0,004,141	1,690,395	-1,690,395	0	0	0	0
Total comprehensive income in 2017/18	v	1,0,0,0,0	1,000,000	· ·	J	v	Ü
Profit/loss for the year	0	0	-5,234,429	0	-5,234,429	0	-5,234,429
Share-based payments	0	0	0	1,289,101	1,289,101	0	1,289,101
Own shares	70,987	0	623,266	0	694,253	0	694,253
Equity at 31 August 2018	19,360,394	0	-13,086,812	1,335,413	7,608,995	-5,427	7,603,568



Cash flow statement

Note	DKK	2017/18	2016/17
	Loss before tax Adjustment for non-cash operating items, etc.:	-5,234,429	-2,964,677
5, 6	Staff cost (warrants) Depreciation, amortisation and impairment losses as	1,289,101	46,312
·	well as loss from disposal of assets Finance income and costs	404,068 28,915	171,250 9,989
	Cash generated from operations (operating activities)		
	before changes in working capital Changes in working capital	-3,512,345 470,752	-2,737,126 -95,662
	Cash generated from operations (operating activities) Finance income and costs paid/received Income taxes paid	-3,041,593 -18,498 0	-2,832,788 -9,989 0
	Cash flows from operating activities	-3,060,091	-2,842,777
6 6	Development projects in progress Acquisition of property, plant and equipment Disposal of property, plant and equipment	-1,533,397 -880,878 8,250	-304,776 -75,750 0
	Cash flows from investing activities	-2,406,025	-380,526
	Capital increase Change in bank loans and borrowings	6,803,839 500,000	1,000,002
	Cash flows from financing activities	7,303,839	1,000,002
	Net cash flows from operating, investing and financing activities Cash and cash equivalents at 1 September 2017	1,837,723 63,096	-2,223,301 2,286,397
	Cash and cash equivalents at 31 August 2018	1,900,819	63,096

 ${\it Certain \ cash \ flow \ statement \ items \ cannot \ be \ directly \ deduced \ from \ the \ income \ statement \ or \ the \ balance \ sheet.}$



Overview of notes

Note

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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 2017/18 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 15 January 2019, the Board of Directors and the Executive Board discussed and approved the annual report of Injecto A/S for 2017/18. 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 unrealised 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 recognised in the income statement as finance income or costs.

Receivables, 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 recognised in the latest financial statements is recognised in the income statement as finance income or costs.



Notes to the financial statements

1 Accounting policies (continued)

Revenue

Revenue from the sale of licences is recognised 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 recognised 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, realised and unrealised 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 recognised in the income statement, and the tax expense relating to amounts taken directly to equity is recognised 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 recognised 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 recognised in the income statement as research and development costs when incurred.

Development costs that are recognised 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 amortised on a straight-line basis over the estimated useful life from the date when the asset is ready for use. The amortisation period is usually 3-20 years. The basis of amortisation is reduced by write-downs, if any. Amortisation charges are included in production costs.



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 recognised 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 recognised 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 recognised 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 recognised when it is probable that they will be utilised.

Receivables and prepayments

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

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Dividend

Dividends are recognised 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 recognised as a liability at the date when the decision to pay interim dividends is made.



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 recognised 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 recognised 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 recognised only to the extent that it is probable that the assets will be utilised.

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 recognised in the income statement.

Financial liabilities

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

In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised 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 recognised 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.



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 capitalised a total of DKK 3,805 thousand DDK with respect to development projects and patent costs at 31 August 2018.

These costs derive from the development activity and patenting of "the easyject syringe" and "lubrigone stopper".

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. Agreements with pharma companies on further testing of the company's products have been entered into.

Injecto A/S is therefore not foreseeing any concerns regarding the assured recoup ability of the capitalized total development and patented costs of DKK 3,805 thousand DDK.

Deferred tax assets

The Company realised a loss in the financial year 2017/18. 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 2018/19 and realistic projections for the coming years. The estimate is based on expectations that in the financial year 2018/19, the Company will start selling its products to the medical industry. Management considers the expectations realistic.

At 31 August 2018, Management estimates that loss before tax totalling DKK 5,234 thousand should not be set off against tax on future income.



Notes to the financial statements

	DKK	2017/18	2016/17
3	Revenue Licenses	100,000	100,000
4	Staff costs Wages and salaries Social security, etc. Other staff costs Share-based payments	1,521,292 13,749 42,126 1,289,101	1,369,110 7,388 60,984 46,312
		2,866,268	1,483,794

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 three employees on average.

DKK	2017/18
5 Development projects in progress Cost at 1 September 2017 Additions during the year Disposals during the year	2,793,871 1,533,397 -8,250
	4,319,018
Depreciation at 1 September 2017 Depreciation of disposals Depreciation for the year Impairment	-169,714 0 -205,724 -138,150
	-513,588
Carrying amount at 31 August 2018	3,805,430
Depreciation, development projects in progress	343,875
Depreciation period	3-20 years

One of the founder's company has formally transferred ownership to two patent applied inventions with a retention to the title until payment from Injecto A/S for the transferred IP rights has taken place. The payment for the transferred ownership to the patent applied inventions is expected to be made by warrants in 2018/19.



Notes to the financial statements

	DKK			2017/18
6	Fixtures and fittings, plant and equipment Cost at 1 September 2017 Additions during the year Disposals during the year			216,232 880,878 0
			-	1,097,110
	Depreciation at 1 September 2017 Depreciation of disposed assets			-94,789 0
	Depreciation for the year		-	- 60,193
			-	-154,982
	Carrying amount at 31 August 2018		=	942,128
	Depreciation, fixtures and fittings, plant and e	quipment	-	60,193
	Depreciation period		=	2-5 years
7	Investments in subsidiaries			
	Name	Registered office	Voting rights	Ownership
	Injecto Corp. Lubrigone A/S	Cresskill, USA Hellerup, DK	85% 100%	85% 100%
	DKK		2017/18	2016/17
8	Finance income, etc. Other interest income Foreign currency translation adjustment		5,156 0	0
			5,156	0
9	Finance costs, etc.			
	Interest expense to credit institutions Other interest expenses		17,088 16,983	6,931 3,058
			0	0
	Foreign currency translation adjustment			



Notes to the financial statements

	DKK	2017/18	2016/17
10	Tax for the year Deferred tax adjustment Tax - Injecto Corp.	0	-638,578 4,799
		0	-633,779
	Analysis of tax for the year: Computed 22.0% of the loss before tax Non-deductible expenses Value adjustment of deferred tax	-1,151,575 286,377 865,198	-649,347 10,769 0 -638,578
	Constant to the section		
	Current tax rate	0.0%	21.6%
11	Deferred tax Deferred tax at 1 September 2017 Deferred tax for the year	1,986,118 865,198	1,347,540 638,578
	Deferred tax at 31 August 2018	2,851,316	1,986,118
	Deferred tax is recognised as follows in the balance sheet:	1 004 110	1.004.110
	Deferred tax (asset)	1,986,118	1,986,118
	Deferred tax at 31 August 2018, net	1,986,118	1,986,118
	Deferred tax relates to:		
	Development projects and patents Fixture and fittings, plant and equipment	-188,787 25,029	-132,531 11,861
	Write-down on investments	3,797	3,797
	Tax loss carry-forwards	3,011,277	2,102,991
		2,851,316	1,986,118
12	Other receivables VAT, etc.	70,240	109,903
	Other	11,345	12,880
		81,585	122,783



Notes to the financial statements

13 Equity

1

The share capital consists of 19,360,394 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' supplementary capital contributions.

14 Interest bearing loans and borrowings

	DKK	Interest rate %	Maturity	2017/18	2016/17
	Total	5.0	1 Oct 2024	500,000	0
	DKK			2017/18	2016/17
	DKK			2017/10	2010/11
15	Other pavables				

Staff-related debt 201,227 164,654 Other 10,417 0 211,644 164,654

16 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.



Notes to the financial statements

16 Financial risks and financial instruments (continued)

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 2018, Injecto A/S was holding app. DKK 1,901 thousand in cash, and no bank overdraft facilities or long-term loans are applicable and will rely on support from its major shareholders.

Cash at 31 August 2018 combined with the support from the major shareholders will ensure the company's business activities until the planned substantial capitalization in 2019. Furthermore, potential contributions from funding programmes for innovative business activities can also contribute.

Management monitors month-end reports with cash flow forecasts for Injecto A/S' liquidity reserve in order to ensure the best position for the company and its existing shareholders. This could lead to an alternative capitalization than the planned substantial capitalization in 2019 if the terms and conditions for this capitalization is not fully satisfactory for the company and its existing shareholders.

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 no independent rating of a potential client exists, 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. Management regularly monitors compliance with credit limits.

Financial instruments

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

The Company does not make use of derivate financial instruments.

17 Contingent liabilities

The Company has no contingent liabilities.



Notes to the financial statements

18 Related parties/shareholder information (continued)

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, Strandvejen 251 B, 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
- ► Holmsvanen AB, Skogsslingan 6, SE-182 30 Danderyd,

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

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 4.

Related party transactions

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

Further, the Company has in the financial year bought 101,857 shares from two existing shareholders at a total amount of DKK 996,161.

Except from this, the Company did not carry through any related party transactions during 2017/18. It is the Executive Board's opinion that all related party transactions are carried through on an arm's length basis.

19 Incentive plans

Outstanding warrants at 31 August 2017:

	Outstanding at	Additions	Cancellations		Outstanding at
	1 September	during the	during the	Options	31 August
DKK	2016	period	period	exercised	2017
Board of Directors	143,066	0	0	143,066	0
Management and employees	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
exercised at 31 August 2017					1,510,070
at a total exercise price of DKK					3,436,212

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



Notes to the financial statements

19 Incentive plans (continued)

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 programme for the shareholders is not recognised 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.

Outstanding warrants at 31 August 2018:

	Outstanding at	Adjustment	Additions		Outstanding at
	1 September	due to bonus	during the	Options	31 August
DKK	2017	shares	period	exercised	2018
Management and employees	19,800	9,036	460,746	0	489,582
Shareholders	1,351,098	0	0	1,351,098	0
Total	1,370,898	9,036	460,746	1,351,098	489,582
Weighted average exercise price	2.51		6.07	2.47	5.92
Numbers of warrants which can be exercised at 31 August 2018					489,582
at a total exercise price of DKK					2,899,000

Due to cancellations during the period, the total recognised cost of the warrant programme for the Management and employees was DKK 1,289,101 in the financial year 2017/18.

Specification of parameters for the Black-Scholes model:

DKK	December 2016 - August 2018
Average share price	5.92
Average exercise price at grant	5.10
Expected volatility rate	60 %
Expected life (years)	2.3-3.3
Expected dividend per share	0
Risk-free interest rate p.a.	0.46

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

The warrant programme for the shareholders was fully exercised in the financial year.



20 Events after the reporting period

No events have occurred after 31 August 2018 that could change the presentation and view of the annual report for 2017/18.

21 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 2017/18, have been issued. None of these is expected to significantly affect the preparation of the annual report for 2018/19.



Income statement

Note	DKK	2017/18	2016/17
3	Revenue Other external expenses	100,000 -2,019,978	100,000 -1,387,891
4	Gross margin Staff costs	-1,919,978 -2,866,268	-1,287,891 -1,483,794
5, 6	Loss before depreciation Depreciation	-4,786,246 -404,068	-2,771,685 -171,250
8 9	Operating loss Finance income, etc. Finance costs, etc.	-5,190,314 5,156 -34,038	-2,942,935 0 -8,643
10	Loss before tax Tax for the year	-5,219,196 0	-2,951,578 638,578
	Loss for the year	-5,219,196	-2,313,000
	Proposed distribution of loss		
	Retained earnings	-5,219,196	-2,313,000



Statement of comprehensive income

Note	DKK	2017/18	2016/17
	Loss for the year	-5,219,196	-2,313,000
	Other comprehensive income after tax	0	0
	Total comprehensive income	-5,219,196	-2,313,000
	Proposed distribution of comprehensive income Retained earnings	-5,219,196	-2,313,000



Balance sheet

Note	DKK	2017/18	2016/17
note		2017/18	2016/17
	ASSETS Non-current assets		
5	Development projects in progress	3,805,430	2,624,158
6	Fixtures and fittings, plant and equipment	61,250	121,444
		3,866,680	2,745,602
	Other non-current assets		
7	Investments in subsidiaries	2,000,000	2,000,000
11		1,986,118	1,986,118
	Deposits	21,906	0
		4,008,024	3,986,118
	Total non-current assets	7,874,704	6,731,720
	Current assets	217.667	200.000
	Trade receivables Intercompany receivables	317,667 275,435	209,098 0
12	Other receivables	81,585	122,783
	Prepayments	10,953	115,000
		685,640	446,881
	Cash	1,500,104	63,103
	Total current assets	2,185,744	509,984
	TOTAL ASSETS	10,060,448	7,241,704
	EQUITY AND LIABILITIES		
13			
	Share capital	19,360,394	11,560,413
	Share-based payments	1,335,413	46,312
	Retained earnings	-13,253,361	-6,343,770
	Total equity	7,442,446	5,262,955
	Liabilities		
14	Non-current liabilities Interest bearing loans and borrowings	500,000	0
- '		500,000	
	Current liabilities		
	Payables to shareholders and Management	0	1,848
	Trade payables	406,358	312,247
	Payables to group entities	1,500,000	1,500,000
15	Other payables	211,644	164,654
		2,118,002	1,978,749
	Total liabilities	2,618,002	1,978,749
	TOTAL EQUITY AND LIABILITIES	10,060,448	7,241,704



Statement of changes in equity

DKK	Share capital	Share premium account	Retained comprehensive income	Share-based payments	Total
Equity at 31 August 2016 Cash capital increase	10,889,992	0	-4,927,139	66,789	6,029,642
30 May 2017 Cash capital increase	391,940	420,210	66,789	-66,789	812,150
19 June 2017 Cash capital increase	76,053	111,798	0	0	187,851
15 August 2017	202,428	297,572	0	0	500,000
Transfer Total comprehensive income in 2016/17	0	-829,580	829,580	0	0
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 Cash capital increase	11,560,413	0	-6,343,770	46,312	5,262,955
10 October 2017 Cash capital increase	1,351,098	1,986,114	0	0	3,337,212
11 October 2017 Cost related to capital	384,142	4,078,646	0	0	4,462,788
increase Capital increase	0	-1,690,414	0	0	-1,690,414
26 March 2018				0	
Bonus shares	6,064,741	-6,064,741	0		0
Transfer	0	1,690,395	-1,690,395	0	0
Total comprehensive income in 2017/18					
Profit/loss for the year	0	0	-5,219,196	0	-5,219,196
Share-based payments	0	0	0	1,289,101	1,289,101
Equity at 31 August 2018	19,360,394	0	-13,253,361	1,335,413	7,442,446



Overview of notes

Note

- 1 Accounting policies
- 2 Accounting estimates and judgements
- 3 Revenue
- 4 Staff costs
- 5 Development projects in progress
- 6 Fixtures and fittings, plant and equipment
- 7 Investment in subsidiaries
- 8 Finance income, etc.
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- 10 Tax for the year
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- 13 Equity
- 14 Interest bearing loans and borrowings
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- 17 Contingent liabilities
- 18 Related parties disclosures/Shareholder information
- 19 Incentive plans
- 20 Events after the reporting period
- 21 New financial reporting regulation



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 that 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 capitalised a total of DKK 3,805 thousand with respect to development projects and patent costs at 31 August 2018.

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 capitalised total development and patented costs of DKK 3,805 thousand.



Notes to the financial statements

Deferred tax assets

The Company realised a loss for the financial year 2017/18. 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 2018/19 and realistic projections for the coming years. The estimate is based on expectations that in the financial year 2018/19 the Company will start selling the AD injection devises to the medical industry. Management considers the expectations realistic.

At 31 August 2018, Management estimates that the loss before tax totalling DKK 5,219 thousand should not be set off against tax on future income.

	DKK	2017/18	2016/17
3	Revenue Licenses	100,000	100,000
4	Staff costs		
	Wages and salaries	1,521,292	1,369,110
	Social security, etc.	13,749	7,388
	Other staff costs	42,126	60,984
	Share-based payments	1,289,101	46,312
		2,866,268	1,483,794

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 three employees on average.

	DKK	2017/18
5	Development projects and patents Cost at 1 September 2017 Additions during the year Disposals during the year	2,793,871 1,533,397 -8,250
		4,319,018
	Depreciation at 1 September 2017 Depreciation of disposals Depreciation for the year Impairment	-169,714 0 -205,724 -138,150
		- 513,588
	Carrying amount at 31 August 2018	3,805,430
	Depreciation, development projects and patents	343,875
	Depreciation period	3-20 years



Notes to the financial statements

5 Development projects and patents (continued)

One of the founder's company has formally transferred ownership to two patent applied inventions with a retention to the title until payment from Injecto A/S for the transferred IP rights has taken place. The payment for the transferred ownership to the patent applied inventions is expected to be made by warrants in 2018/19.

	DKK					2017/18
6	Fixtures and fire Cost at 1 Septe Additions durin Disposals durin	g the year	ipment			216,232 0 0
						216,232
		1 September 2017				-94,789
	Depreciation of Depreciation fo					0 -60,193
						-154,982
	Carrying amou	nt at 31 August 201	8			61,250
	Depreciation, fi	ixtures and fittings, p	lant and equipmen	t		60,193
	Depreciation pe	eriod				2-5 years
7	Investments in	subsidiarios				
,		Registered		0 11	5 (1)	,
	Name Injecto Corp.	Office Cresskill, USA	Voting rights 85%	Ownership 85%	Profit 0	-33.829
	Lubrigone A/S	Copenhagen, DK	100%	100%	179,020	2,179,020
	DKK				2017/18	2016/17
8	Finance income	e, etc.				<u> </u>
	Other interest i	ncome cy translation adjustr	nent		5,156 0	0
	1 or eight current	cy translation adjusti	nene		5,156	
9	Finance costs,	etc. se to credit institution	16		17,088	6,931
	Other interest				16,950	1,712
					34,038	8,643



Notes to the financial statements

	DKK	2017/18	2016/17
10	Tax for the year Deferred tax adjustment	0	-638,578
	Deferred tax adjustment	0	-638,578
			-030,570
	Analysis of profit/loss for the year: Computed 22% of the loss before tax Non-deductible expenses etc. Value adjustment of deferred tax	1,148,223 -286.377 -861,846	-649,347 10,769 0
		0	- 638,578
	Current tax rate	0.0%	21.6%
11	Deferred tax	1 004 110	4 2 47 5 40
	Deferred tax at 1 September 2017 Deferred tax for the year	1,986,118 861,846	1,347,540 638,578
	Deferred tax at 31 August 2018	2,847,964	1,986,118
	Deferred tax is recognised as follows in the balance sheet:		
	Deferred tax (asset)	1,986,118	1,986,118
	Deferred tax at 31 August 2018	1,986,118	1,986,118
	Deferred tax relates to:		
	Development projects and patents Fixture and fittings, plant and equipment Write-down on investments Tax loss carry-forwards	-188,787 25,029 3,797 3,007,925 2,847,964	-132,531 11,861 3,797 2,102,991 1,986,118
12	Other receivables VAT, etc. Other	70,240 11,345	109,903 12,880
		81,585 	122,783



Notes to the financial statements

13 Equity

The share capital consists of 19,360,394 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.

14 Interest bearing loans and borrowings

	DKK	Interest rate %	Maturity	2017/18	2016/18
	Total	5.0	1 Oct 2024	500,000	0
	DKK			2017/18	2016/17
15	Other payables Staff-related debt Other			201,227 10,417	164,654 0
				211,644	164,654

16 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.



Notes to the financial statements

16 Financial risks and financial instruments (continued)

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 2018, Injecto A/S was holding app. DKK 1,901 thousand in cash, and no bank overdraft facilities or long-term loans are applicable and will rely on support from its major shareholders.

Cash at 31 August 2018 combined with the support from the major shareholders will ensure the Company's business activities until the planned substantial capitalisation in 2019. Furthermore, potential contributions from funding programmes for innovative business activities can also contribute.

Management monitors month-end reports with cash flow forecasts for Injecto A/S' liquidity reserve, in order to ensure the best position for the Company and its existing shareholders. This could lead to an alternative capitalisation than the planned substantial capitalisation in 2019 if the terms and conditions for this capitalisation is not fully satisfactory for the Company and its existing shareholders.

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 no independent rating of a potential client exists, 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. Management regularly monitors compliance with credit limits.

Financial instruments

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

The Company does not make use of derivative financial instruments.

17 Contingent liabilities

The Company has no contingent liabilities.



Notes to the financial statements

18 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, Strandvejen 251 B, 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
- ► Holmsvanen AB, Skogsslingan 6, SE-182 30 Danderyd,

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

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 4.

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.

Further the Company has in the financial year bought 101,857 shares from two existing shareholders for an amount totalling DKK 996,161, and 70,987 shares from the fully owned subsidiary Lubrigone A/S for an amount totalling DKK 694,253.

Except from this, the Company did not carry through any related party transactions during 2017/18. It is the Executive Board's opinion that all related party transactions are carried through on an arm's length basis.

19 Incentive plans

Outstanding warrants at 31 August 2017:

	Outstanding at	Additions	Cancellations	0-4:	Outstanding at
DKK	1 September 2016	during the period	during the period	Options exercised	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 total exercise price of DKK					3,436,212



Notes to the financial statements

19 Incentive plans (continued)

The total recognised 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:

ркк	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 programme for the shareholders is not recognised 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.

Outstanding warrants at 31 August 2018:

DKK	Outstanding at 1 September 2017	Adjustment due to bonus shares	Additions during the period	Options exercised	Outstanding at 31 August 2018
Management and employees Shareholders	19,800 1,351,098	9,036 0	460,746 0	0 1,351,098	489,582 0
Total	1,370,898	9,036	460,746	1,351,098	489,582
Weighted average exercise price	2.51		6.07	2.47	5.92
Numbers of warrants which can be exercised at 31 August 2018					489,582
at a total exercise price of DKK					2,899,000

The total recognised cost of the warrant programme for the Management and employees was DKK 1,289,101 in the financial year 2017/18, due to cancellations during the period.

Specification of parameters for the Black-Scholes model:

DKK	December 2016 - August 2018
Average share price	5.92
Average exercise price at grant	5.10
Expected volatility rate	60 %
Expected life (years)	2.3-3.3
Expected dividend per share	0
Risk-free interest rate p.a.	0.46

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

The warrant programme for the shareholders was fully exercised in the financial year.



Notes to the financial statements

20 Events after the reporting period

No events have occurred after 31 August 2018 which could change the presentation and view of the annual report for 2017/18.

21 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 2017/18, have been issued. None of these is expected to significantly affect the preparation of the annual report for 2018/19.