Injecto Group A/S

Strandvejen 60, 2900 Hellerup, Denmark

CVR no. 35 80 65 55

Annual report
1 September 2018 - 31 August 2019

Approved at the Company's annual general meeting on 31 January 2020

Chairman:

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Building a better working world

Contents

Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of Injecto Group A/S for 2018/19.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 financial position of the Group and the Parent Company at 31 August 2019 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 September 2018 - 31 August 2019.

Furthermore, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, results of operations, cash flows and financial position as well as a description of material risks and uncertainties that the Group and the Parent Company may be exposed to.

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

Hellerup, 16 January 2020

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 Group A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Injecto Group A/S for the financial year 1 September 2018 - 31 August 2019, 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 2019 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 September 2018 - 31 August 2019 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 and 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.

Copenhagen,16 January 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jesper Jørn Pedersen
State Authorised
Public Accountant
mne21326

Management's review

Company details

Name	Injecto Group 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
First financial year	16 March 2014 - 31 August 2015
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 Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Brief description of Injecto Group 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.

Our main focus the last year has been on lubrigone stoppers, where we have successfully established our first industrial production line at the reputable Danish OEM manufacturer, SP Medical A/S (www.sp-medical.com) (part of the SP Group listed on the Nasdaq OMX), in order to meet requests from pharma companies, where our solution compatible with Pre-fillable Syringe Systems (PFS) with containers of glass and COP/COC in ISO measurements ensures a clean system, which eliminates all lubricants, including liquid and baked-on silicone, and all kinds of coating of the stopper. This removes all adverse effects from external lubricants on active pharmaceutical ingredients contained in the injection device and reduces the risk of protein aggregation and other related adverse effects significantly.

Based on the very positive response from global leading pharmaceutical companies and their testing, we have been confirmed in our belief that our line of stoppers represents 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. The primary target market for lubrigone is still the steadily increasing biotech market, where more than 2,200 injectable product candidates are undergoing clinical trials. The fact that the stopper is very well suited for the rapidly changing and substantially increasing monoclonal antibody (mAb) market dominated by human molecules sensitive to lubrication is one of several important drivers indicating a bright future for lubrigone. Moreover, many traditional products, e.g. pharma products for ophthalmics (eye injections), will also benefit from lubrigone, since this product offers a clean system without silicone oil and far less particles, known to cause serious complications for patients receiving such injections.

In addition to our lubrigone stoppers' pure technical advantages with respect to meeting requirements from the pharmaceutical industry, our establishment of the first production line has also reaffirmed our belief in the significant advantages related to the production of our lubrigone stoppers based on injection moulding with a far bigger flexibility and less production steps, shorter cycle time and savings in energy consumption. In comparison with stoppers made of rubber, the mentioned advantages are significant and enable a substantial increase of the production capacity and meets potential requests for supplying tailor fitted solutions to the pharma industry within a much shorter ramp-up time.

The main customers for 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, major providers of PFS who will offer our lubrigone stoppers for use in their injection systems are also among our cooperative partners and customers, where we have established good and constructive non-exclusive relationships. Finally, we have attracted interest for our stopper solution for empty syringes where all kinds of lubrication should be eliminated in order to optimize the use of these kinds of syringes, e.g. for blood samples and eye injections.

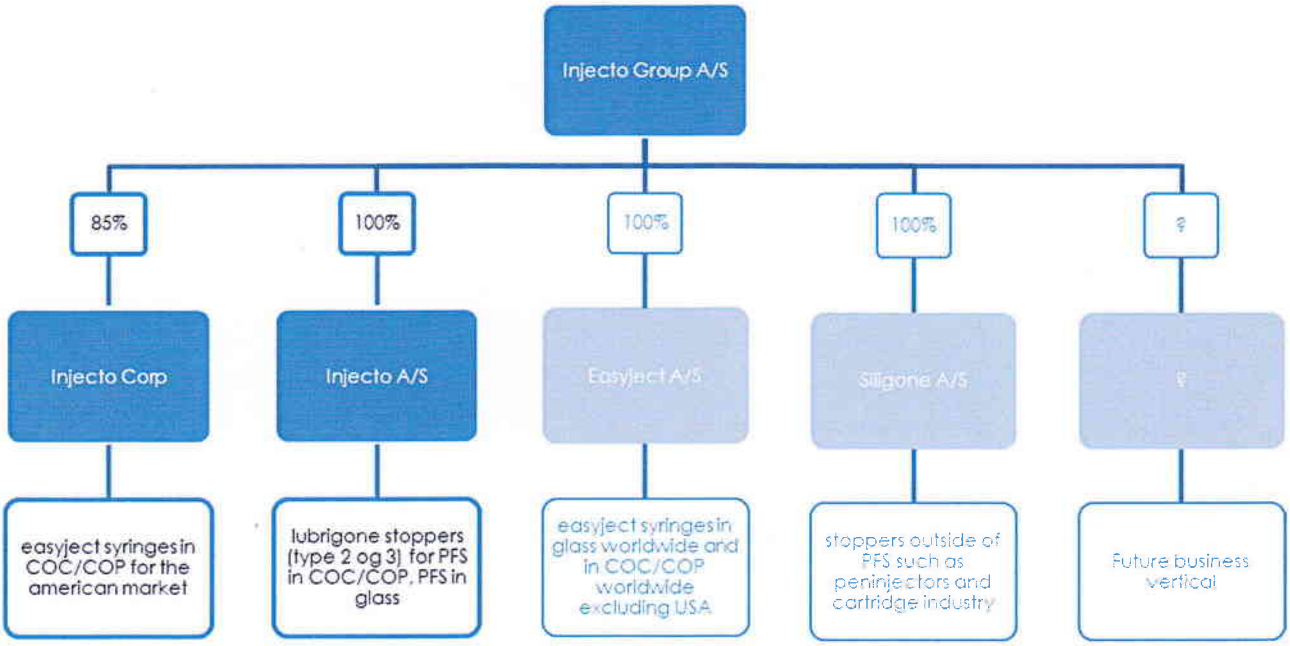
In the accounting period, we had a loss before depreciation in the amount of DKK 4,137 thousand and loss before tax in the amount of DKK 4,430 thousand leading to a total loss of DKK 17,517 thousand. Management suggests that the total loss is transferred to the next financial year.

The total loss has not affected the financial position of Injecto Group A/S, since our company was fully financed by its equity from the last capitalization and granted loan facilities from our leading shareholders, who have a strong belief in our company. We have been reluctant to accept an offer from a strategic investor, who was pursuing a take-over rather than our preferred minority investment. We prefer to meet our current shareholders' intention of building our company stronger by entering the commercial phase successfully and ensuring that these shareholders will yield a satisfactory profit from their investment in our company in the early stages before our products had been fully developed, our patent position had been secured, and our first production line had been built and run in. In order to maintain control of our business at the present stage, we have decided to pursue a more balanced approach to the capitalization and leverage of the company than the previously announced bigger capitalization and are hence focusing on attracting grants and further stepwise funding from one or more of our shareholders.

Management's review

Our strategic view and planning have in the last year been strengthened by advice from a leading US investment bank and a feasibility study regarding our lubrigone$_3$ stopper carried out from August to December2019, which study was completed with a report in the first half of December 2019 and was funded by our Phase1 Application under Horizon 2020.

The aforementioned advice from the US investment bank and the feasibility report have reaffirmed us in the strategy previously announced in our annual report 2017/18 regarding a structural transformation from one company with a subsidiary in the USA to a group of companies with Injecto Group A/S (previously named Injecto A/S) as the parent company, and consequently, this transformation will move forward. In this connection the subsidiary Injecto A/S (previously named Lubrigone A/S) will carry out business activities re. lubrigone stoppers, Easyject A/S (under formation) will carry out business activities regarding our award-winning easyject, and Siligone A/S (under formation) will carry out all business activities related to stoppers outside PFS, pen injectors and cartridge industry, cf. the following illustration:



We believe that this structure and organization will contribute to best practice for the focus and risk adverseness with the best possible exploitation of our strong IP rights in diversified industries within primary packaging and medical devices. The IP rights will still belong to Injecto Group A/S, but each of the subsidiaries will be granted a production and sales license to carry out the focused business activities.

There is a great market opportunity for our wholly-owned subsidiary, Injecto A/S, focusing on production and sales of lubrigone stoppers within the global market for pre-fillable syringes estimated to more than EUR 4.6 billion annually and a CAGR of around 10% over the next 10 years. The growth in large 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, combined with the significant need for silicone free eye injections. With the right capitalization and timing, we believe that we based on our lubrigone stopper can obtain around 5% of the stopper market, which together with sales of the easyject syringe will generate a three-digit million EUR revenue within 10 years from now.

Management's review

In addition, there is a huge but different market for our easyject syringe and our stoppers for the empty syringe, where we are working on a separate business strategy for each product to be carried out in two separate wholly-owned subsidiaries. The fact that the easyject syringe in 2019 was mentioned as one out of only three options for a pre-fillable injection device protected against reuse in a technical note from the VIPS Alliance Partners (WHO, PATH, The Bill and Melinda Gates Foundation, UNICEF and Gavi) with the aim to drive vaccine product innovation in addition to our award on this product at Pharmapack in 2016 by a jury with members from GSK, Novartis and Sanofi and our ongoing talks with leading global companies, exhibits the great potential of the easyject syringe. The fact that we have been asked to give quotations on substantial volumes on lubrication free stoppers for medical devices, including empty syringes, in order to avoid silicone oil, makes it obvious that there is a substantial business potential in this area.

We believe that our capitalisation of development costs and the amortisation 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 shows that our IP rights have the expected maximum lifespan. In this connection, it should be noted that our products, such as parenteral packaging, for the pharmaceutical industry will normally be chosen as a long-term solution, exceeding the term of the patent protection period.

Despite our intention of extending our organization and increase our equity through investments if we fail to attract the grants in 2020, 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 under due consideration to CapEx to meet the market's request with respect to product variety and scale-up.

IP rights

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

The company's strong IP rights were further enhanced by one of the founder's transfer of ownership to two patent applied inventions 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 has been considered carefully and is expected to take place before the end of Q1 2020 by payment in shares in connection with a planned merger with another company holding these additional IP Rights.

Events after the accounting period

As mentioned in section 1, the company's name was changed from Injecto A/S to Injecto Group A/S on 22 November 2019 in order to implement the previously announced strategy and company structure with Injecto Group A/S as the parent company and owner of all IP rights. As a consequence of a planned merger as mentioned above, the company will lose its deferred tax asset regarding tax loss carry-forward, as recognised in the balance sheet at 31 August 2019 at DKK 1,986 thousand. The effect will be adjusted in a merger balance.

Rather than primarily pursuing the previously considered and also announced larger funding through a US investment bank, we are currently based on funding by grants and supplementary loans in September 2019 from some of our major shareholders giving priority to the possibility of attracting grants as an important source of funding. In this respect, we have succeeded with grants from the EU SME instrument, Phase1, under the Horizon 2020 Programme and a grant from an SME-instrument under the Danish Agency for Science and Higher Education. Furthermore, we have on 24 December 2019 received a confirmation from IPA4SME that our application has been selected for support under the Intellectual Property Audit for SMEs initiative. We have filed our Phase2 application under the Horizon 2020 Accelerator programme for SMEs 8 January 2020.

By a Notice of Allowance dated 7 November 2019, Injecto Group A/S has been notified that our basic patent application on lubrigone$_2$ will be granted in the US.

Management's review

In connection with the completion of our feasibility study, we have formed an alliance with a prime scientist and established contacts with new pharma companies, who would like to test our lubrigone stoppers as their preferred solution in the PFS as primary packaging for one or more of their products.

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

Coming activities, expectations and risk factors

Injecto Group 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.

The ongoing implementation of the company structure described in section 1 does not only contribute to business focus and risk adverseness but also offers the opportunity to invite strategic partners to become shareholders in one or more specific business units and furthermore creates flexibility with respect to sales of one or more business units wholly or partly.

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

- Successful attraction of grants and ongoing support from shareholders
- Protection of IP rights.
- Identification of one or more agreement(s) with the right strategic partner(s).
- Penetration of the market under due consideration to pharmaceutical companies' obligation to obtain permission from various public authorities in the relevant countries.
- Timing and time to market.
- Sufficient resources and timing with respect to the build-up of the right organization.

Consolidated financial statements for the period 1 September 2018 – 31 August 2019

Income statement

Note	DKK	2018/19	2017/18
3	Revenue	100,000	100,000
	Other external expenses	-2,633,742	-2,035,178
	Gross margin	-2,533,742	-1,935,178
4	Other operating income	130,445	0
5, 6	Staff costs	-1,733,515	-2,866,268
	Loss before depreciation	-4,136,812	-4,801,446
7, 8	Depreciation	-297,658	-404,068
	Operating loss	-4,434,470	-5,205,514
10	Finance income, etc.	210,076	5,156
11	Finance costs, etc.	-205,498	-34,071
	Loss before tax	-4,429,892	-5,234,429
12	Tax for the year	0	0
	Loss for the year	-4,429,892	-5,234,429

Proposed distribution of loss		
Retained earnings	-4,429,892	-5,234,429
Non-controlling interests' share of the subsidiary's results of operations	0	0
	-4,429,892	-5,234,429

Consolidated financial statements for the period 1 September 2018 - 31 August 2019

Statement of comprehensive income

Note	DKK	2018/19	2017/18
	Loss for the year	-4,429,892	-5,234,429
	Other comprehensive income after tax	0	0
	Total comprehensive income	-4,429,892	-5,234,429
	Proposed distribution of comprehensive income		
	Retained earnings	-4,429,892	-5,234,429
	Non-controlling interests' share of the subsidiary's results of operations	0	0
		-4,429,892	-5,234,429

Consolidated financial statements for the period 1 September 2018 – 31 August 2019

Balance sheet

Note	DKK	2018/19	2017/18
	ASSETS		
	Non-current assets		
7	Development projects in progress	4,996,160	3,805,430
8	Fixtures and fittings, plant and equipment	1,208,565	942,128
		6,204,725	4,747,558
	Other non-current assets		
13	Deferred tax	1,986,118	1,986,118
	Deposits	21,906	21,906
		2,008,024	2,008,024
	Total non-current assets	8,212,749	6,755,582
	Current assets		
	Trade receivables	450,000	317,669
14	Other receivables	134,957	81,585
	Prepayments	11,117	10,953
		596,074	410,207
	Cash	824,089	1,900,819
	Total current assets	1,420,163	2,311,026
	TOTAL ASSETS	9,632,912	9,066,608
	EQUITY AND LIABILITIES		
15	**Equity**		
	Share capital	19,360,394	19,360,394
	Share-based payments	1,488,232	1,335,413
	Retained earnings	-17,516,704	-13,086,812
	Shareholders' share of equity	3,331,922	7,608,995
	Non-controlling interests' share of the subsidiary's results of operations	-5,427	-5,427
	Total equity	3,326,495	7,603,568
	Liabilities		
	Non-current liabilities		
16	Interest bearing loan and borrowings	450,000	500,000
		450,000	500,000
	Current liabilities		
16	Interest bearing loans and borrowings	4,820,710	0
	Trade payables	619,680	751,396
17	Other payables	416,027	211,644
		5,856,417	963,040
	Total liabilities	6,306,417	1,463,040
	TOTAL EQUITY AND LIABILITIES	9,632,912	9,066,608

Consolidated financial statements for the period 1 September 2018- 31 August 2019

Statement of changes in equity

DKK	Share capital	Share premium account	Retained comprehensive income	Share-based payments	Total	Non-controlling interests' share of the subsidiary's results of operations	Total equity
Equity at 31 August 2017	11,489,426	0	-6,785,254	46,312	4,750,484	-5,427	4,745,057
Cash capital increase 10 October 2017	1,351,098	1,986,114	0	0	3,337,212	0	3,337,212
Cash capital increase 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 26 March 2018							
Bonus shares	6,064,741	-6,064,741	0	0	0	0	0
Transfer	0	1,690,395	-1,690,395	0	0	0	0
Total comprehensive income in 2017/18							
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
Total comprehensive income in 2018/19							
Profit/loss for the year	0	0	-4,429,892	0	-4,429,892	0	-4,429,892
Share-based payments	0	0	0	152,819	152,819	0	152,819
Equity at 31 August 2019	19,360,394	0	-17,516,704	1,488,232	3,331,922	-5,427	3,326,495

Consolidated financial statements for the period 1 September 2018 – 31 August 2019

Cash flow statement

Note	DKK	2018/19	2017/18
	Loss before tax	-4,429,892	-5,234,429
	Adjustment for non-cash operating items, etc.:		
	Staff cost (warrants)	152,819	1,289,101
7, 8	Depreciation, amortisation and impairment losses as well as loss from disposal of assets	297,658	404,068
	Finance income and costs	-4,577	28,915
	Cash generated from operations (operating activities) before changes in working capital	-3,983,992	-3,512,345
	Changes in working capital	-198,370	470,752
	Cash generated from operations (operating activities)	-4,182,362	-3,041,593
	Finance income and costs paid/received	4,577	-18,498
	Income taxes paid	0	0
	Cash flows from operating activities	-4,177,785	-3,060,091
	Development projects in progress	-1,441,163	-1,533,397
8	Acquisition of property, plant and equipment	-313,662	-880,878
8	Disposal of property, plant and equipment	0	8,250
	Cash flows from investing activities	-1,754,825	-2,406,025
	Capital increase	0	6,803,839
	Change in bank loans and borrowings	4,855,880	500,000
	Cash flows from financing activities	4,855,880	7,303,839
	Net cash flows from operating, investing and financing activities	-1,076,730	1,837,723
	Cash and cash equivalents at 1 September 2018	1,900,819	63,096
	Cash and cash equivalents at 31 August 2019	824,089	1,900,819

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 2018 - 31 August 2019

Overview of notes

Consolidated financial statements for the period 1 September 2018 – 31 August 2019

Notes to the financial statements

1 Accounting policies

Injecto Group A/S is a privately-owned company based in Denmark. The financial statements for 1 September 2018 – 31 August 2019 comprise group financial statements of Injecto Group A/S and its subsidiaries (the group) as well as separate parent company financial statements.

The annual report of Injecto Group A/S for 2018/19 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 16 January 2020, the Board of Directors and the Executive Board discussed and approved the annual report of Injecto Group A/S for 2018/19. The annual report is presented to the shareholders of Injecto Group 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 Group 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.

Statement on going concern

On the basis of the combination of loan facilities from some of the major shareholders and license fees, the company has ensured its financial position until it is expected to come into commercial profit-making operation. The company will consider attracting supplementary capital by grants and/or issuance of new shares in addition or as an alternative to the aforementioned loan facilities.

Consolidated financial statements

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

Consolidated financial statements for the period 1 September 2018 – 31 August 2019

Notes to the financial statements

1 **Accounting policies (continued)**

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.

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.

Government grants

Government grants include grants and funding for R&D activities, investment grants, etc. Government grants are not recognised until there is reasonable assurance that the grants will be received.

Grants for research and development costs, which are recognised directly in the income statement, are recognised under other operating income as the expenses to which the grants relate are incurred.

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.

Other operating income and expenses

Other operating income and expenses comprise items secondary to the principal activities of the entities, including government grants.

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.

Consolidated financial statements for the period 1 September 2018 - 31 August 2019

Notes to the financial statements

1 **Accounting policies (continued)**

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 Group 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 the 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.

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.

Consolidated financial statements for the period 1 September 2018 - 31 August 2019

Notes to the financial statements

1 Accounting policies (continued)

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 for bad and doubtful debts is made in accordance with the simplified expected credit loss model according to which the total loss is recognised immediately in the income statement at the same time as the receivable is recognised in the balance sheet based on the expected loss in the useful life of the receivable. Write-down is made for bad debt losses after individual assessment.

Prepayments

Prepayments are measured at cost. 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

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.

Consolidated financial statements for the period 1 September 2018 - 31 August 2019

Notes to the financial statements

1 Accounting policies (continued)

Employee obligations

Share option programmes

The value of services rendered by employees received in exchange for granted options is measured at the fair value of the options granted.

For equity-settled programmes, the share options are measured at the fair value at the grant date and recognised in the income statement under staff costs over the vesting period. The counter entry is recognised directly in equity as an owner transaction.

The fair value of granted options is estimated using an option pricing model. The calculation takes into account the terms and conditions related to the granted options.

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.

Consolidated financial statements for the period 1 September 2018 - 31 August 2019

Notes to the financial statements

1 Accounting policies (continued)

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.

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 Group A/S has capitalised a total of DKK 4,996 thousand with respect to development projects and patent costs at 31 August 2019.

These costs derive from the development activity of "the easyject Syringe" and the line of "lubrigone stoppers". The syringe is an award-winning safe injection device for prefilling with pharmaceutical drugs and vaccines, while the lubrigone stopper is a ground-breaking product that can eliminate the use of silicone oil in all injection systems. The elimination of silicone oil is highly relevant for a lot of the new biologics.

Management of Injecto Group A/S conducted very thorough negotiations with major key players in the market during the last financial year and has chosen to give priority to the lubrigone stopper, where we have established the first industrial production line at SP Medical ready for supply of 1.0 ml lubrigone$_3$ stoppers for 1.0 ml PFS.

Consolidated financial statements for the period 1 September 2018 - 31 August 2019

Notes to the financial statements

2 **Accounting estimates and judgements (continued)**

Based on the current level of negotiations, Injecto Group A/S' operational subsidiary, Injecto A/S responsible for production and sales of lubrigone stoppers, is expected to enter into one contract with a customer or a strategic partnership in the next financial year regarding the lubrigone stoppers, where Injecto has established contact with 10 out of the worlds Top20 pharmaceutical companies, where five companies are testing the product and one company has stated that it intends to give the first commercial orders in 2020.

An MoU has been signed, backing up the value of the development projects and patents related to the easyject syringe.

Injecto Group A/S does therefore not foresee any concerns regarding the assured recoupability of the capitalised total development and patented costs of DKK 4,996 thousand

Deferred tax assets

The Company realised a loss for the financial year 2018/19. 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 2019/20 and realistic projections for the coming years. The estimate is based on expectations that in the financial year 2019/20 the Company will start selling lubrigone stoppers to the pharmaceutical industry with a later ramp-up.

Pharmaceutical companies are testing their pharmaceutical drugs in pre-fillable syringes, where the lubrigone product is used as stopper solution.

At 31 August 2019, Management estimates that the loss before tax totalling DKK 4,430 thousand should not be set off against tax on future income.

A planned merger is considered a non-adjusting event after the reporting period. As a consequence, deferred tax assets regarding tax loss carry-forward, as recognised in the balance sheet at 31 August 2019 at DKK 1,986 thousand will be lost. The effect will be adjusted in a merger balance.

	DKK	2018/19	2017/18
3	**Revenue**		
	Licenses	100,000	100,000
4	**Other operating income**		
	Government grants	130,445	0
5	**Staff costs**		
	Wages and salaries	1,518,675	1,521,292
	Social security, etc.	13,014	13,749
	Other staff costs	49,007	42,126
	Share-based payments	152,819	1,289,101
		1,733,515	2,866,268

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.

Consolidated financial statements for the period 1 September 2018 - 31 August 2019

Notes to the financial statements

6 **Incentive plans**

Outstanding warrants at 31 August 2018:

DKK	Outstanding at 1 September 2017	Adjustments due to bonus shares	Additions during the period	Options exercised	Outstanding at 31 August 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

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 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 2019:

DKK	Outstanding at 1 September 2018	Additions during the period	Outstanding at 31 August 2019
Management and employees	489,582	38,448	528,030
Total	489,582	38,448	528,030
Weighted average exercise price	5.92	3.43	5.74
Numbers of warrants which can be exercised at 31 August 2019			528,030
at a total exercise price of DKK			3,031,000

The total recognised cost of the warrant programme for Management and employees amounted to DKK 152,819 in the financial year 2018/19.

Consolidated financial statements for the period 1 September 2018 – 31 August 2019

Notes to the financial statements

6 **Incentive plans (continued)**

Specification of parameters for the Black-Scholes model:

DKK	December 2016 - August 2019
Average share price	6.51
Average exercise price at grant	5.74
Expected volatility rate	60 %
Expected life (years)	1.3-2.3
Expected dividend per share	0
Risk-free interest rate p.a.	0.40

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

DKK	2018/19
7 **Development projects in progress**	
Cost at 1 September 2018	4,319,018
Additions during the year	1,441,163
Disposals during the year	0
	5,760,181
Amortisation at 1 September 2018	-513,588
Amortisation of disposals	0
Amortisation for the year	-250,433
Impairment	0
	-764,021
Carrying amount at 31 August 2019	4,996,160
Amortisation, development projects in progress	250,433
Amortisation period	3-20 years

One of the founder's companies has formally transferred ownership to two patent applied inventions with a retention to the title until payment from Injecto Group 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 shares in 2019/20.

Consolidated financial statements for the period 1 September 2018 – 31 August 2019

Notes to the financial statements

	DKK	2018/19
8	**Fixtures and fittings, plant and equipment**	
	Cost at 1 September 2018	1,097,110
	Additions during the year	313,662
	Disposals during the year	0
		1,410,772
	Depreciation at 1 September 2018	-154,982
	Depreciation of disposed assets	0
	Depreciation for the year	-47,225
		-202,207
	Carrying amount at 31 August 2019	1,208,565
	Depreciation, fixtures and fittings, plant and equipment	47,225
	Depreciation period	2-5 years

Fixtures and fittings, plant and equipment are primarily comprised of plant and equipment currently under construction in the subsidiary Injecto A/S.

9 **Investments in subsidiaries**

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

	DKK	2018/19	2017/18
10	**Finance income, etc.**		
	Other interest income	74,906	5,156
	Foreign currency translation adjustment	135,170	0
		210,076	5,156
11	**Finance costs, etc.**		
	Interest expense to credit institutions	5,503	17,088
	Other interest expenses	199,995	16,983
	Foreign currency translation adjustment	0	0
		205,498	34,071

Consolidated financial statements for the period 1 September 2018 – 31 August 2019

Notes to the financial statements

	DKK	2018/19	2017/18
12	**Tax for the year**		
	Deferred tax adjustment	0	0
	Tax – Injecto Corp.	0	0
		0	0
	Analysis of tax for the year:		
	Computed 22.0% of the loss before tax	-974,576	-1,151,575
	Non-deductible expenses	34,677	286,377
	Value adjustment of deferred tax	939,899	865,198
		0	0
	Current tax rate	0.0%	0.0%

13	**Deferred tax**		
	Deferred tax at 1 September 2018	2,851,316	1,986,118
	Deferred tax for the year	939,899	865,198
	Deferred tax at 31 August 2019	3,791,215	2,851,316
	Deferred tax is recognised as follows in the balance sheet:		
	Deferred tax (asset)	1,986,118	1,986,118
	Deferred tax at 31 August 2019, net	1,986,118	1,986,118
	Deferred tax relates to:		
	Development projects and patents	-314,640	-188,787
	Fixture and fittings, plant and equipment	35,419	25,029
	Write-down on investments	3,797	3,797
	Tax loss carry-forwards	4,066,639	3,011,277
		3,791,215	2,851,316

14	**Other receivables**		
	VAT, etc.	123,612	70,240
	Other	11,345	11,345
		134,957	81,585

Consolidated financial statements for the period 1 September 2018 - 31 August 2019

Notes to the financial statements

15 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' supplementary capital contributions.

16 Interest bearing loans and borrowings

DKK	Interest rate %	Maturity	2018/19	2017/18
E. R. Rasmussens Fond	5.0	1 Oct 2024	500,000	500,000
Holmsvanen AB I	7.0	10 Dec 2019	963,060	0
Holmsvanen AB II	7.0	10 Dec 2019	2,407,650	0
Asyringe Limited I	7.0	29 Nov 2019	1,000,000	0
Asyringe Limited II	7.0	10 Dec 2019	400,000	0
Total			5,270,710	500,000

Of the interest-bearing loans and borrowings DKK 4,820,710 are due within 1 year of the date of the financial statement.

After the reporting period the interest-bearing loans Holmsvanen AB I & II have been extended to 1 November 2020 and the interest-bearing loans Asyringe I & II have been extended to 31 December 2020.

Holmsvanen AB has the right but not the obligation to convert the loan amount with or without accrued interest wholly or partly to share capital at same terms and conditions as new investors.

DKK	2018/19	2017/18
17 Other payables		
Staff-related debt	231,301	201,227
Other	184,726	10,417
	416,027	211,644

18 Financial risks and financial instruments

No standalone department regarding the Group's risk management has yet been established because of the size of the company and its lean organization. This is maintained in the Management Team in the Group. 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.

Consolidated financial statements for the period 1 September 2018 – 31 August 2019

Notes to the financial statements

18 **Financial risks and financial instruments (continued)**

Currency risks

The Group'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, in which respect should be noted that the majority of contracts and payments under contracts are expected to be in USD or EUR.

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 Group A/S.

At 31 August 2019, Injecto Group A/S was holding app. DKK 824 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 2019 combined with the support from the major shareholders will ensure the company's business activities until the planned additional capitalization in 2020. Furthermore, potential contributions from funding programmes for innovative business activities can also contribute.

Management monitors month-end reports with cash flow forecasts for Injecto Group 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 capitalization if the terms and conditions for this capitalization is not fully satisfactory for the company and its existing shareholders. The fact that we now have the first industrial production line at SP Medical with a capacity representing a significant initial revenue with a satisfactory gross margin will also have an impact on the need to attract additional funding.

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 Group A/S' products. However, necessary precautions with respect to potential licenses will be addressed in the contracts.

Credit risk is managed at company management level.

There is no risk exposure foreseen towards wholesale or retail, as Injecto Group A/S has not entered into any contracts relating to this. Should this become applicable, Injecto Group A/S will obtain independent rating for the relevant wholesale to each customer. Furthermore, supplies will take part in instalments and we intend to build in protection gates in the contracts. Finally, the majority of our products can be used for more than just one customer and are in general compliant with ISO measurements making it possible for us to sell a production lot to one customer to another customer, if the first customer does not meet its obligations under the contract to receive certain production volumes.

Consolidated financial statements for the period 1 September 2018 - 31 August 2019

Notes to the financial statements

18 Financial risks and financial instruments (continued)

If no independent rating of a potential customer exists, being either a licensed third party, a wholesale customer or a customer in the pharmaceutical industry, 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. In this respect, it should be noted that a lot of our customers in the pharmaceutical industry and among the global leading companies with a very strong economy. 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.

19 Contingent liabilities

The company has a contingent liability in the form of a short-term lease agreement, totalling DKK 60 thousand.

20 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 Group A/S' related parties has a controlling interest.

The Board of Directors and the Executive Board

Injecto Group A/S' related parties with significant influence comprise the Company's Board of Directors and the Executive Board. Management's remuneration is mentioned in note 5.

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 2018/19. It is the Executive Board's opinion that all related party transactions are carried through on an arm's length basis.

Consolidated financial statements for the period 1 September 2018 - 31 August 2019

Notes to the financial statements

21 Events after the reporting period

No events have occurred after 31 August 2019 that could change the presentation and view of the annual report for 2018/19.

22 Adoption of new and revised standards

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new IFRS Standards and interpretations that have been issued but are not yet effective and, in some cases, had not yet been adopted by the EU:

IFRS 16	Leases
IFRS 17	Insurance Contracts
IFRS 3	Business Combination - Amendments to IFRS 3: Definition of a business
IAS 1 and IAS 8	Presentation of Financial Statements / Accounting Policies, Changes in Accounting Estimates and Errors - Amendments to IAS 1 and IAS 8: Definition of material
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards

None of the above new IFRS Standards and interpretations has been adopted by the EU, except IFRS 16 Leases that will be effective for financial statements starting 1 January 2019 or later.

Injecto Group A/S will apply IFRS 16 in the financial statements for 2019/20. Other standards will be applied as they will be adopted by the EU and will be effective.

Management does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

Parent company financial statements for the period 1 September 2018 - 31 August 2019

Income statement

Note	DKK	2018/19	2017/18
3	Revenue	100,000	100,000
	Other external expenses	-2,615,162	-2,019,978
	Gross margin	-2,515,162	-1,919,978
4	Other operating income	130,445	0
5, 6	Staff costs	-1,733,515	-2,866,268
	Loss before depreciation	-4,118,232	-4,786,246
7, 8	Depreciation	-297,658	-404,068
	Operating loss	-4,415,890	-5,190,314
10	Finance income, etc.	221,911	5,156
11	Finance costs, etc.	-205,111	-34,038
	Loss before tax	-4,399,090	-5,219,196
12	Tax for the year	0	0
	Loss for the year	-4,399,090	-5,219,196

	Proposed distribution of loss		
	Retained earnings	-4,399,090	-5,219,196

Parent company financial statements for the period 1 September 2018 - 31 August 2019

Statement of comprehensive income

Note	DKK	2018/19	2017/18
	Loss for the year	-4,399,090	-5,219,196
	Other comprehensive income after tax	0	0
	Total comprehensive income	-4,399,090	-5,219,196
	Proposed distribution of comprehensive income		
	Retained earnings	-4,399,090	-5,219,196

Parent company financial statements for the period 1 September 2018 - 31 August 2019

Balance sheet

Note	DKK	2018/19	2017/18
	ASSETS		
	Non-current assets		
7	Development projects in progress	4,996,160	3,805,430
8	Fixtures and fittings, plant and equipment	14,025	61,250
		5,010,185	3,866,680
	Other non-current assets		
9	Investments in subsidiaries	2,000,000	2,000,000
13	Deferred tax	1,986,118	1,986,118
	Deposits	21,906	21,906
		4,008,024	4,008,024
	Total non-current assets	9,018,209	7,874,704
	Current assets		
	Trade receivables	450,000	317,667
	Intercompany receivables	662,270	275,435
14	Other receivables	82,374	81,585
	Prepayments	11,117	10,953
		1,205,761	685,640
	Cash	550,224	1,500,104
	Total current assets	1,755,985	2,185,744
	TOTAL ASSETS	10,774,194	10,060,448
	EQUITY AND LIABILITIES		
15	**Equity**		
	Share capital	19,360,394	19,360,394
	Share-based payments	1,488,232	1,335,413
	Retained earnings	-17,652,451	-13,253,361
	Total equity	3,196,175	7,442,446
	Liabilities		
	Non-current liabilities		
16	Interest bearing loans and borrowings	450,000	500,000
		450,000	500,000
	Current liabilities		
16	Interest bearing loans and borrowings	4,820,710	0
	Trade payables	391,282	406,358
	Payables to group entities	1,500,000	1,500,000
17	Other payables	416,027	211,644
		7,128,019	2,118,002
	Total liabilities	7,578,019	2,618,002
	TOTAL EQUITY AND LIABILITIES	10,774,194	10,060,448

Parent company financial statements for the period 1 September 2018 - 31 August 2019

Statement of changes in equity

DKK	Share capital	Share premium account	Retained comprehensive income	Share-based payments	Total
Equity at 31 August 2017	11,560,413	0	-6,343,770	46,312	5,262,955
Cash capital increase 10 October 2017	1,351,098	1,986,114	0	0	3,337,212
Cash capital increase 11 October 2017	384,142	4,078,646	0	0	4,462,788
Cost related to capital increase	0	-1,690,414	0	0	-1,690,414
Capital increase 26 March 2018 Bonus shares	6,064,741	-6,064,741	0	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
Total comprehensive income in 2018/19					
Profit/loss for the year	0	0	-4,399,090	0	-4,399,090
Share-based payments	0	0	0	152,819	152,819
Equity at 31 August 2019	19,360,394	0	-17,652,451	1,488,232	3,196,175

Parent company financial statements for the period 1 September 2018 - 31 August 2019

Overview of notes

Parent company financial statements for the period 1 September 2018 - 31 August 2019

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 Group A/S has capitalised a total of DKK 4,996 thousand with respect to development projects and patent costs at 31 August 2019.

These costs derive from the development activity of "the easyject syringe" and the line of "lubrigone stoppers". The syringe is an award-winning safe injection device for prefilling with pharmaceutical drugs and vaccines, while the lubrigone stopper is a ground-breaking product that can eliminate the use of silicone oil in all injection systems. The elimination of silicone oil is highly relevant for a lot of the new biologics.

Management of Injecto Group A/S conducted very thorough negotiations with major key players in the market during the last financial year and has chosen to give priority to the lubrigone stopper, where we have established the first industrial production line at SP Medical ready for supply of 1.0 ml lubrigone3 stoppers for 1.0 ml PFS. Based on the current level of negotiations, Injecto Group A/S is expected to enter into one contract with a customer or a strategic partnership in the next financial year regarding the lubrigone stoppers, where Injecto has established contact with 10 out of the worlds Top20

Parent company financial statements for the period 1 September 2018 – 31 August 2019

Notes to the financial statements

2 **Accounting estimates and judgements (continued)**

Pharmaceutical companies, where five Top20 companies are testing the product and one company has stated that it intends to give the first commercial orders in 2020.

An MoU has been signed, backing up the value of the development projects and patents related to the easyject syringe.

Injecto Group A/S does therefore not foresee any concerns regarding the assured recoupability of the capitalised total development and patent costs of DKK 4,996 thousand

Deferred tax assets

The Company realised a loss for the financial year 2018/19. 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 2019/20 and realistic projections for the coming years. The estimate is based on expectations that in the financial year 2019/20 the Company will start selling lubrigone stoppers to the pharmaceutical industry. Management considers the expectations realistic and emphasises that commercial sales will start already when the pharmaceutical companies are testing their pharmaceutical drugs in pre-fillable syringes, where the lubrigone product is used as stopper solution.

At 31 August 2019, Management estimates that the loss before tax totalling DKK 4,399 thousand should not be set off against tax on future income.

A planned merger is considered a non-adjusting event after the reporting period. As a consequence, deferred tax assets regarding tax loss carry-forward, as recognised in the balance sheet at 31 August 2019 at DKK 1,986 thousand will be lost. The effect will be adjusted in a merger balance.

	DKK	2018/19	2017/18
3	**Revenue**		
	Licenses	100,000	100,000
4	**Other operating income**		
	Government grants	130,445	0
5	**Staff costs**		
	Wages and salaries	1,518,675	1,521,292
	Social security, etc.	13,014	13,749
	Other staff costs	49,007	42,126
	Share-based payments	152,819	1,289,101
		1,733,515	2,866,268

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.

Parent company financial statements for the period 1 September 2018 - 31 August 2019

Notes to the financial statements

6 Incentive plans

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	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

The total recognised cost of the warrant programme for Management amounted to 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 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.

Parent company financial statements for the period 1 September 2018 - 31 August 2019

Notes to the financial statements

6 Incentive plans (continued)

Outstanding warrants at 31 August 2019:

DKK	Outstanding at 1 September 2018	Additions during the period	Outstanding at 31 August 2019
Management and employees	489,582	38,448	528,030
Total	489,582	38,448	528,030
Weighted average exercise price	5.92	3.43	5.74
Numbers of warrants which can be exercised at 31 August 2019			528,030
at a total exercise price of DKK			3,031,000

The total recognised cost of the warrant programme for Management and employees amounted to DKK 152,819 in the financial year 2018/19.

Specification of parameters for the Black-Scholes model:

DKK	December 2016 - August 2019
Average share price	6.51
Average exercise price at grant	5.74
Expected volatility rate	60 %
Expected life (years)	1.3-2.3
Expected dividend per share	0
Risk-free interest rate p.a.	0.40

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

Parent company financial statements for the period 1 September 2018 – 31 August 2019

Notes to the financial statements

	DKK	2018/19
7	**Development projects in progress**	
	Cost at 1 September 2018	4,319,018
	Additions during the year	1,441,163
	Disposals during the year	0
		5,760,181
	Amortisation at 1 September 2018	-513,588
	Amortisation of disposals	0
	Amortisation for the year	-250,433
	Impairment	0
		-764,021
	Carrying amount at 31 August 2019	4,996,160
	Amortisation, development projects and patents	250,433
	Amortisation period	3-20 years

One of the founder's companies has formally transferred ownership to two patent applied inventions with a retention to the title until payment from Injecto Group 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 shares in Q1 2020.

	DKK	2018/19
8	**Fixtures and fittings, plant and equipment**	
	Cost at 1 September 2018	216,232
	Additions during the year	0
	Disposals during the year	0
		216,232
	Depreciation at 1 September 2018	-154,982
	Depreciation of disposals	0
	Depreciation for the year	-47,225
		-202,207
	Carrying amount at 31 August 2019	14,025
	Depreciation, fixtures and fittings, plant and equipment	47,225
	Depreciation period	2-5 years

Parent company financial statements for the period 1 September 2018 - 31 August 2019

Notes to the financial statements

9 **Investments in subsidiaries**

Name	Registered office	Voting rights	Ownership	Profit	Equity
Injecto Corp.	Cresskill, USA	85%	85%	0	-33.829
Injecto A/S	Copenhagen, DK	100%	100%	-18,967	2,160,053

	DKK	2018/19	2017/18
10	**Finance income, etc.**		
	Other interest income	86,741	5,156
	Foreign currency translation adjustment	135,170	0
		221,911	5,156
11	**Finance costs, etc.**		
	Interest expense to credit institutions	5,116	17,088
	Other interest expenses	199,995	16,950
		205,111	34,038
12	**Tax for the year**		
	Deferred tax adjustment	0	0
		0	0
	Analysis of profit/loss for the year:		
	Computed 22% of the loss before tax	967,800	1,148,223
	Non-deductible expenses, etc.	-34,677	-286,377
	Value adjustment of deferred tax	-933,123	-861,846
		0	0
	Current tax rate	0.0%	0.0%

Parent company financial statements for the period 1 September 2018 - 31 August 2019

Notes to the financial statements

	DKK	2018/19	2017/18
13	**Deferred tax**		
	Deferred tax at 1 September 2018	2,847,964	1,986,118
	Deferred tax for the year	933,123	861,846
	Deferred tax at 31 August 2019	3,781,087	2,847,964
	Deferred tax is recognised as follows in the balance sheet:		
	Deferred tax (asset)	1,986,118	1,986,118
	Deferred tax at 31 August 2019	1,986,118	1,986,118
	Deferred tax relates to:		
	Development projects and patents	-314,640	-188,787
	Fixture and fittings, plant and equipment	35,419	25,029
	Write-down on investments	3,797	3,797
	Tax loss carry-forwards	4,056,511	3,007,925
		3,781,087	2,847,964
14	**Other receivables**		
	VAT, etc.	71,029	70,240
	Other	11,345	11,345
		82,374	81,585

15 **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 a combination of licence income and leading shareholders'/Management's supplementary funding alternatively by new equity investors.

Parent company financial statements for the period 1 September 2018 - 31 August 2019

Notes to the financial statements

16 Interest bearing loans and borrowings

DKK	Interest rate %	Maturity	2018/19	2017/18
E. R. Rasmussens Fond	5.0	1 Oct 2024	500,000	500,000
Holmsvanen AB I	7.0	10 Dec 2019	963,060	0
Holmsvanen AB II	7.0	10 Dec 2019	2,407,650	0
Asyringe Limited I	7.0	29 Nov 2019	1,000,000	0
Asyringe Limited II	7.0	10 Dec 2019	400,000	0
Total			5,270,710	500,000

Of the interest-bearing loans and borrowings DKK 4,820,710 are due within 1 year of the date of the financial statement.

After the reporting period the interest-bearing loans Holmsvanen AB I & II have been extended to the 1 November 2020 and the interest-bearing loans Asyringe I & II have been extended to 31 December 2020.

Holmsvanen AB has the right but not the obligation to convert the loan amount with or without accrued interest wholly or partly to share capital at same terms and conditions as new investors.

DKK	2018/19	2017/18
17 Other payables		
Staff-related debt	231,301	201,227
Other	184,726	10,417
	416,027	211,644

18 Financial risks and financial instruments

No standalone department regarding the Company's risk management has yet been established because of the size of the company and its lean organization. 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, in which respect should be noted that the majority of contracts and payments under contracts are expected to be in USD or EUR.

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.

Parent company financial statements for the period 1 September 2018 - 31 August 2019

Notes to the financial statements

18 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 Group A/S.

At 31 August 2019, Injecto Group A/S was holding app. DKK 550 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 2019 combined with the support from the major shareholders will ensure the company's business activities until the planned additional capitalization in 2020. Furthermore, potential contributions from funding programmes for innovative business activities can also contribute.

Management monitors month-end reports with cash flow forecasts for Injecto Group 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 capitalization if the terms and conditions for this capitalization is not fully satisfactory for the company and its existing shareholders. The fact that we now have the first industrial production line at SP Medical with a capacity representing a significant initial revenue with a satisfactory gross margin will also have an impact on the need to attract additional funding.

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 Group A/S' products. However, necessary precautions with respect to potential licenses will be addressed in the contracts.

Credit risk is managed at company management level.

There is no risk exposure foreseen towards wholesale or retail, as Injecto Group A/S has not entered into any contracts relating to this. Should this become applicable, Injecto Group A/S will obtain independent rating for the relevant wholesale to each customer. Furthermore, supplies will take part in instalments and we intend to build in protection gates in the contracts. Finally, some of our products can be used for more than just one customer and are in general not tailor fitted making it possible for us to sell a production lot to one customer to another customer, if the first customer does not meet its obligations under the contract to receive certain production volumes.

If no independent rating of a potential customer exists, being either a licensed third party, a wholesale customer or a customer in the pharmaceutical industry, 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. In this respect, it should be noted that a lot of our customers in the pharmaceutical industry are among the global leading companies with a very strong economy. 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.

Parent company financial statements for the period 1 September 2018 - 31 August 2019

Notes to the financial statements

18 Financial risks and financial instruments (continued)

Financial instruments

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

The Company does not make use of derivate financial instruments.

19 Contingent liabilities

The company has a contingent liability in the form of a short-term lease agreement, totalling DKK 60 thousand.

20 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 Group A/S' related parties has a controlling interest.

The Board of Directors and the Executive Board

Injecto Group A/S' related parties with significant influence comprise the Company's Board of Directors and the Executive Board. Management's remuneration is mentioned in note 5.

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 the Executive Board.

Except from this, the Company did not carry through any related party transactions during 2018/19. It is the Executive Board's opinion that all related party transactions are carried through on an arm's length basis.

21 Events after the reporting period

No events have occurred after 31 August 2019 which could change the presentation and view of the annual report for 2018/19.

Parent company financial statements for the period 1 September 2018 – 31 August 2019

Notes to the financial statements

22 Adoption of new and revised standards

New IFRS Standards and interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new IFRS Standards and interpretations that have been issues but are not yet effective and, in some cases, had not yet been adopted by the EU:

IFRS 16	Leases
IFRS 17	Insurance Contracts
IFRS 3	Business Combination - Amendments to IFRS 3: Definition of a business
IAS 1 and IAS 8	Presentation of Financial Statements / Accounting Policies, Changes in Accounting Estimates and Errors – Amendments to IAS 1 and IAS 8: Definition of material
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards

None of the above new IFRS Standards and interpretations has been adopted by the EU, except IFRS 16 Leases that will be effective for financial statements starting 1 January 2019 or later.

Injecto Group A/S will apply IFRS 16 in the financial statements for 2019/20. Other standards will be applied as they will be adopted by the EU and will be effective.

Management does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.