Injecto Group A/S

Strandvejen 60, 2900 Hellerup, Denmark

CVR no. 35 80 65 55

Annual report

1 September 2021 – 31 August 2022

Approved at the Company's annual general meeting on 26 January 2023

Chairman:

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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 2021/22.

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 2022 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 September 2021 –31 August 2022.

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, 11 January 2023
Executive Board:

Mikael Hans Andranik Hetting

Board of Directors:

Marie Foegh Chair	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 2021 – 31 August 2022, 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 2022 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 September 2021 – 31 August 2022 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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, 11 January 2023
EY 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, Chair Thomas Sonne-Schmidt Emil Bue Bredel
Executive Board	Mikael Hans Andranik Hetting
Auditor	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

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 proprietary product categories: lubrigone plunger stoppers and our award-winning easyject syringe for pre-filling.

Position and commercial activities

Due to our ongoing build-up of our technology the Company have in the accounting period had a loss before depreciation in the amount of DKK 8,019 thousand and loss before tax in the amount of DKK 11,825 thousand leading to a total loss of DKK 44,439 thousand.

Our financial results are within our budgets, despite the fact that two development contracts related to our lubrigone plunger stopper concept outside ISO measurements and outside our primary focus on large and midsize pharma companies did not materialise in a commercial contract. Each contract would have brought the company into commercial profit giving operation.

The strengthening of our patent position and industrial production capacity of lubrigone plunger stoppers has resulted in increased interest from new pharma companies, other primary packaging companies, strategic alliance partners and international organizations and donators for our lubrigone plunger stoppers and our easyject syringe. We therefore believe that the incurred loss is an investment in the future. We should bear in mind that our main business activity of primary packaging for injectable pharma and vaccines is a patient industry based on long-time testing and longer lead times. The long lead times are matched by long-term and lucrative contracts, where we are ready to meet the demands by our established industrial production capacity.

In the foregoing respect should be noted that we have made all necessary initial investments to supply our pharma customers for test purposes with lubrigone stoppers from an industrial production. Due to our industrial production we are capable of offering the pharma companies instant supply in industrial scales. Therefore, our investments have built up a reserve for substantial revenue streams and profits for Injecto Group A/S. Furthermore, the investments have ensured our capability to increase our current two digit million units yearly production capacity of lubrigone stoppers to three digit million units in a short time.

The total loss has not affected the financial position of Injecto Group A/S, since our company was fully financed by loan facilities granted by our leading shareholders, who have a strong belief in our company. After the balance sheet date the loans were converted to share capital in connection with the increase of the share capital as mentioned below, where a major part of our shareholders subscribed to new issued shares.

During the year we have in addition to the two aforementioned development projects mainly focused on the following:

IP rights

- Strengthened our IP Rights by ongoing grants of patents in the national phase.
- Obtained formal patent protection on all Injecto Group A/S' product categories and products since we have been granted patent in all major jurisdictions, where we can rely on the Patent Prosecution Highway (PHP).
- Filed an additional patent application of importance for our sales and marketing of our lubrigone stopper portfolio, where the patent application can also form the base of an additional and separate new business area. This patent application has after the end of the financial year been further substantiated by a PCT-application.
- Established contact with more pharma companies re. our lubrigone stoppers both from our industrial production in ISO measurements and customers who are looking for tailor fitted solutions.
- Strengthened our network of strategic co-operation partners, which we expect will lead to one or more strategic alliances.

Management's review

- Successful testing of our easyject syringe with PATH and intensified the dialogue with PATH and some of its donators regarding the production and co-operation of the easyject syringe in the future.

Lubrigone plunger stoppers

- Expanded our contacts with leading pharma companies to provide a clear and compelling value-proposition for plungers in ISO measurements for silicone-free Pre-fillable Syringe Systems (PFS) in 0.5 ml, 1.0 ml (long) and 1-3 ml (2.25 ml) in the parenteral administration market. In addition to the increasing rate of approvals for biologic formulations, which are much more sensitive to lubricants as compared to traditional pharmaceutical compounds, the awareness of silicone oil as having material adverse effects in the following two areas: 1) Ophthalmic injections by ocular inflammation and myodesopsia (floaters) problems with silicone oil have been noted in connection with skin granuloma (skin inflammation), 2) Autoimmune diseases, embolism (blocked arteries) and sclerotic lipogranuloma (inflammatory reaction in subcutaneous fat) is strengthening the competitive edge of our lubrigone stopper selection. The adverse effects are substantiated by patient therapies requiring multiple injections for a given therapy. Furthermore, our portfolio of lubrigone stoppers is highly relevant for other privileged organs than ophthalmics.
- Expanded our contacts with global leading pharma companies and parenteral and medical device companies in addition to Gerresheimer, including but not limited to pharma companies specialized in injectable pharma for ophthalmics.
- Enquiries from China
- Enquiries from India
- Decision of establishing a production line of plunger stoppers for 1-3 ml (2.25 ml) PFS at SP Medical, where we expect this production line to be in full operation before the end of the financial year ending 31 August 2023. This additional production line will give us a full "palette for production" of lubrigone plunger stoppers for the three basic ISO measurement of PFS in 0.5 ml, 1.0 ml (long) and 1-3 ml. The full palette will not just ensure additional customers, who had been looking for a stopper solution to ensure a lubrication free 2.25 ml PFS, but will furthermore enable us to supply our lubrigone stopper to pharma companies as a "platform product" for their primary packaging with a yearly production capacity in two-digit millions units. The production is easily upscaled to a yearly production capacity in three digit million units as mentioned previously – even in each of the ISO measurements of the plunger stoppers.
- Enquiries from pharma companies on tailor fitted lubrigone stoppers for their primary packaging in individual measurements outside the traditional ISO measurements.
- Enquiries from suppliers of traditional disposable syringes filled from a vial in order to ensure the complete elimination of silicone-oil, which is a high priority for injectable pharma for ophthalmics.
- The fact that the lubrigone plunger stoppers made of a chemically inert material without any coating has contributed to an even stronger position in the market since the lubrigone stopper in contradiction to the high-end stoppers does not contain PFAS, including fluoropolymers. The use of PFAS is currently undergoing a restriction by the European Chemical Agency due to environmental and health concerns.
- Enquiries from and contact with three out the five largest manufacturers of PFS and approached by one of the two remaining manufacturers.

easyject syringe

- Our co-operation with PATH (www.path.org) about our easyject syringe as the only cPAD (compact Pre-Fillable Auto Disable Syringe) has intensified further and all tests and reviews in the financial year have been successful and strengthened our belief in a future co-operation with PATH and key stakeholders, where a major funding for the first production line of up to 50 million easyject syringes is still an option.

Management's review

- The intended use of the easyject syringe has been extended from the use of the pre-fillable device as a combined packaging and injection platform device for vaccines to contraceptive injections and hence the potential future sales have increased. Our easyject syringe has also been tested with good results by a European pharmaceutical company.
- Since some of PATH's donators in addition to vaccines as mentioned in the last financial report were interested in finding the right cPAD for contraceptive injections PATH - with financial support from one of its major contributors - planned tests of easyject with a contraceptive injectable, including a leachable study that was expected to be completed in Q3 2022. However, this test was delayed, and we expect the results in first half of 2023.
- If the easyject syringe is chosen by PATH and its stakeholders as the preferred cPAD we expect our initial production to have a yearly capacity of at least 50 million units also considering that the potential demand is considerably higher and up to 500 million units annually just for vaccines. The estimated number only corresponds to 1/6 of the 3 billion AD syringes secured by unicef in 2022, cf the following link. https://www.unicef.org/supply/stories/transporting-syringes-world
- It should be noted that the number of syringes from unicef does only cover parts of the global need and furthermore not the need for syringes for adults, but only children and their mothers.

Supplementary activities

We are still in dialogue with potential co-operation partners regarding additional business activities, including but not limited to servapac (high-volume low-cost market plungers for PFS) where we in addition to Servapac currently are considering the following business areas:

- Volume-based plunger stopper market where we due to our significant advantages in production of plungers are an appealing alternative to rubber plungers.
- Complimentary products to plunger stoppers for the volume-based market.
- Special requirements for custom plunger stoppers for PFS in special measurements typically for the low-volume high-cost market segment, where we as mentioned above have entered into a development project with a pharma company.

The main customers for our lubrigone plunger stoppers are the pharma companies who would like to offer their customers a lubricant free injection device as an integrated part of the parenteral packaging of their products. Additionally, major providers (manufacturers) of pre-fillable syringes who will offer our lubrigone plungers for use in their injection systems are also among our co-operation partners and customers, where we have established good and constructive non-exclusive relationships.

The main customers for our easyject syringe are pharma companies specialized in vaccines or contraceptives, where the NGOs, PATH, and key stakeholders are important co-operation partners due to their substantial influence on pharma companies, especially in connection with supplies to low- and middle-income countries (LMIC). The market for easyject is highly dependable on volumes and pricing where it appears from review in connection with PATH's test of easyject that it is even price wise in comparison with the combined use of empty injection syringes and vaccine in vials when the vaccine in question is one of the slightly more expensive vaccines and not the cheapest solution. This will be the case for a lot of new vaccines but also for some of the existing vaccines, especially some of the multivalent vaccines, where each vaccine contains protection against two or more infectious diseases. Furthermore, easyject has competitive advantages related to user friendliness, less wastage and dosage precision.

It should be noted that the Immunization Agenda 2030 (IA2030) from the WHO, UNICEF and GAVI, which new programme was introduced in 2021 with focus on a so-called bottom-up approach with the introduction of booster doses for lifelong protection and reach of unvaccinated children and resolve geographical inequalities, is expected to increase the global need for and use of easyject. This Agenda was updated on 27 September 2022.

It is expected that international organizations will do a lot to try to regain the acknowledged protection related to immunization and that easyject in connection with the coming efforts will have a great opportunity to become the preferred combined injection device- and primary packaging for vaccines, especially for multivalent vaccines.

Management's review

Fortunately, we have not been impacted substantially by COVID-19 apart from the derived effect mentioned in Injecto's annual report from last year, where a couple of our customers who due to their focus on the provision of COVID-19 vaccines decided to postpone remaining testing of our lubrigone plunger stoppers, which tests have not been completed yet and we assume that the completion of this pharma product has been postponed. Our dialogue with the pharma companies has now been reassumed.

The COVID-19 pandemic's material adverse effects globally have further strengthened the awareness of the coming years' fights against zoonotic diseases where especially our easyject syringe could turn out to be one of the world's preferred products.

In order to summarize the comments above and give a schematic overview of the current business opportunities with respect to lubrigone plunger stoppers and the easyject syringes reference is made to the following, where the first photo shows the easyject syringes, while the three remaining photos show the lubrione stopper for respectively 0.5 ml, 1.0 ml (long) and 1-3 ml (2.25 ml) PFS in Iso measurements:

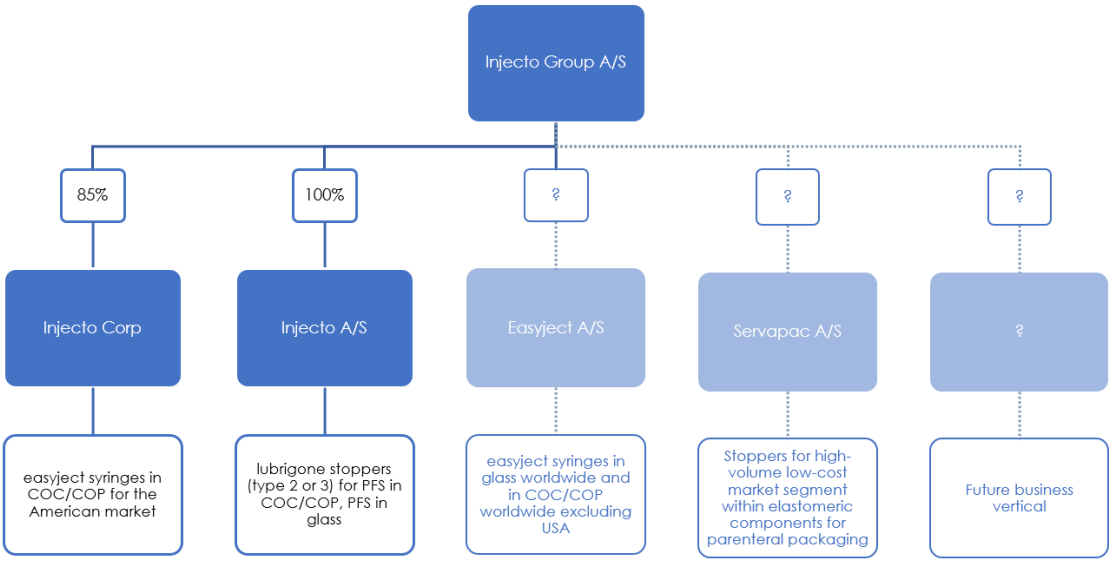
We have been reluctant to increase the share capital based on investments from new major investors despite we have been approached by serious investors, since we would like to maintain the control and follow the established path. We prefer to meet our current shareholders' intention of building our company stronger by entering the commercial phase successfully and ensure that these shareholders will yield a satisfactory profit from their investment in our company in the early stages, our patent position had been secured and our first production line had been built and run in. This was also the reason all of the minor shareholders in the company in November 2022 were offered the opportunity to subscribe to new issued shares in the new share class at the same valuation as the loans were converted into share capital as described below in the section "Events after the accounting period".

In order to maintain control of our business at the present stage we have maintained our decision of pursuing 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. Notwithstanding the foregoing and dependable of the outcome and/or timing of the previously mentioned donation for the first easyject production and substantial investments from one or more right strategic investors could be considered as a nice to have but not a need to have.

Management's review

Organisation with description of company structure

We maintain our strategy with a parent company with subsidiaries to carry out the business activities in the chosen areas, cf. the following illustration (where the companies in light blue colours have not been established yet:



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 parenteral packaging, related components 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. Furthermore, this structure and organization also contribute to the possibility of entering into strategic co-operations and invite strategic partners to invest directly into subsidiaries as their preferred investment and business area without losing focus and control of the other areas.

We believe that there is a great market opportunity for our 100 %owned subsidiary, Injecto A/S, focusing on production and sales of lubrigone plungers in ISO measurements and now also for custom plungers in individual measurements within the global market for pre-fillable syringes estimated to USD 7.5 billion in 2022 (EUR 7.0 billion) annually with a CAGR of around 10.6%until 2029 where the market is predicted to represent a value of USD 15.2 billion (EUR 14.2 billion), cf. Report from Fortune Business Insight.

https://www.fortunebusinessinsights.com/industry-reports/prefilled-syringes-market-101946

As it will appear from the report there is a growing demand for biologics and innovations in pre-fillable syringe technologies to fulfil unmet needs for diseases around the globe and especially chronic diseases. Therefore, the growth in big molecules and awareness of the importance of a completely silicone oil free PFS as mentioned above, with the substantial benefits of PFS over the combined used of empty syringes filled with pharma from a vial are major contributors to the demand for our lubrigone plungers.

With the right capitalization and timing, we believe conservatively that we based on our lubrigone plunger stopper can obtain around 5 %of the plunger stopper market for PFS, in which respect should be noted that our product is suited for a lot of new biotech products, where the ratio between emerging and established biopharma has increased from 33%67%in 2010 to 47%53%in 2018, cf. survey from McKinsey (https://www.mckinsey.com/industries/life-sciences/our-insights/a-new-portfolio-model-for-biotech) and our product in addition to capturing minor market shares from existing pharma will gain the biggest market shares from new biotech. In this respect should be noted that we have a strong position with respect to scalability in our existing production, which can take part and hence be increased with a relatively short notice since we as mentioned earlier have far fewer production steps than plunger stoppers made of rubber. This estimate does not include the potential impact by the coming restrictions on PFAS, which restrictions could increase the estimate substantially.

Management's review

The constructive co-operation with PATH with successful testing and further testing of our easyject syringe where a substantial market for contraceptive injections have opened in addition to the steadily growing vaccine market have strengthened the competitive edge of easyject and we believe that the ongoing tests that unfortunately were postponed from Q3 2022 to first half of 2023 will improve Injecto Group A/S' potential opportunity to initiate the establishment of the first industrial production line of easyject with a yearly capacity of 50 million.

We believe that the previous briefly mentioned supplementary business areas to our lubrigone plunger and easyject syringe will contribute further to the building-up of Injecto Group A/S and the coming years' turnover and EBITDA. Moreover, we have substantial expectations for our license on our rights to a company with focus on parenteral packaging for animal injectables where we yield a profit on license fees. The fact that 75%of new infectious diseases are related to zoonoses makes the combined effort in the human and veterinarian market of significant interest.

We believe that our activation of development costs and the depreciation of patents over 20 years are realistic since the costs have contributed to the core patents 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 should be mentioned that our products as parenteral packaging in the pharmaceutical industry normally will be chosen as a long-term solution, exceeding the term of the patent protection period.

We are still following a strategy of creating the most value-adding initiative over time by sound investments and value building under due consideration to CapEx in order to meet the market's request with respect to product variety and scale-up and we intend to lower the risks by carrying out our business activities in subsidiaries. It should be noted that we in our capacity as supplier of parenteral packaging to the pharma industry will benefit from the substantial projected growth from approximately EUR 1,100 billion (USD 1,180 billion) in 2021 to approximately EUR 1,900 billion (USD 2,037 billion) in 2027 with a CAGR of 7%, cf. Report from 21 March 2021 from GlobeNewswire (ResearchandMarkets) (https://www.globenewswire.com/news-release/2021/03/31/2202135/28124/en/Global-Pharmaceuticals-Market-Report-2021-Market-is-Expected-to-Grow-from-1228-45-Billion-in-2020-to-1250-24-Billion-in-2021-Long-term-Forecast-to-2025-2030.html).

Events after the accounting period

Injecto Group A/S' financial position was strengthened by two major shareholders' conversion of loans of DKK 1,621 thousand and a private placement of DKK 5,467 thousand limited to existing shareholders in Injecto Group A/S on 28 November 2022, who subscribed to shares in a new share class, in which respect Injecto Group A/S' equity was increased by DKK 7,088 thousand.

The company's board of directors and the major shareholders wanted to ensure that all of the other existing shareholders could subscribe to new issued shares on the same terms and conditions and hence had the opportunity to avoid dilution. By this transaction the sufficient liquidity for the company to pursue its strategy in the current phase where the company is entering into the phase with expected profit giving operation, was secured. Despite that transaction was planned in the financial year ending 31 August 2022 the transaction did not take place until 28 November 2022. The later implementation of the transaction was reasoned by the company's board of giving all shareholders full information about the new share class and their position. The deliberate postponement of the transaction was decided under due consideration to risks, despite the transaction's positive impact.

The fresh capital injections mentioned above together with the company's existing liquidity ensures Injecto Group A/S' budgeted liquidity need in the current accounting year and will be extended further by a firm credit control and a supplementary placement, where many shareholders have asked of the possibility of subscribing to additional shares in the new share class, where the board has been granted the right to offer subscription to new issued shares that will represent an additional equity of DKK 2,912 thousand.

Management's review

Despite we succeeded in developing a fully feasible lubrication free lubrigone plunger solution for an American company in diagnostics, where we had entered into a development project and they paid for the design mould and our services with prospects of a contract of up to 36 million stoppers per year, where we had agreed to the basic principles concerning unit price and a 5-year term of the contract, it has turned out that this solution cannot be implemented in the high speed production due to a fragility in another eminent component in their product.

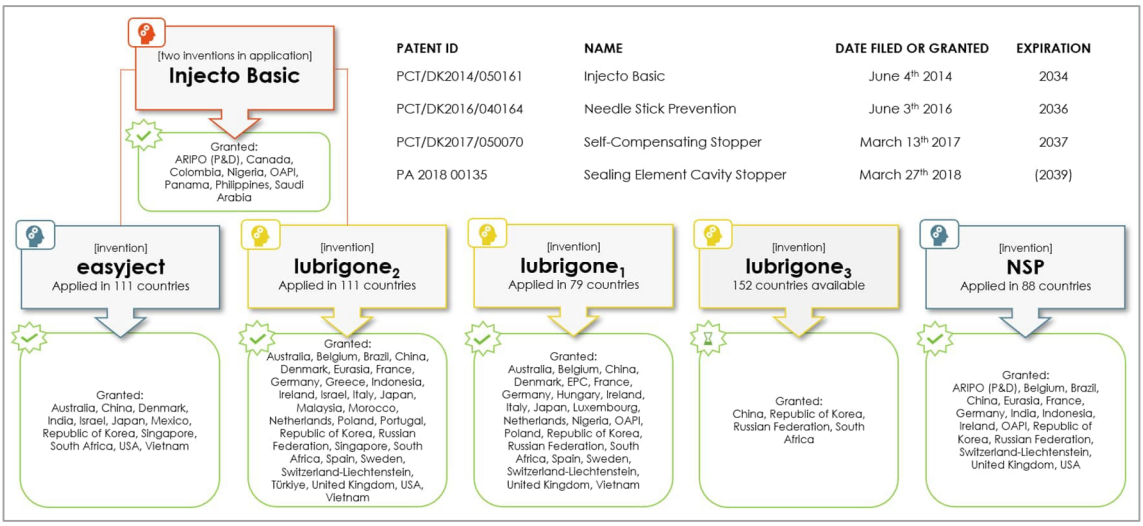
We also had to realize that our development project with a European pharma company for a supply of a set of three lubrigone plungers in individual measurements for this company's pre-fillable injection device of lyophilized pharma did not materialize in a commercial contract due to problems in the interfaces. However, this company has recently approached us about their intended use of the plunger solution we developed.

Recently and shortly before the end of 2022 we were approached by a reputable Scandinavian company, who has asked Injecto Group A/S to enter into a development contract re. an individual lubrication free plunger stopper solution.

IP rights – Current overview of patents granted

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).

As per 3 January 2023 the status of patents granted is:



PATENT ID	NAME	DATE FILED OR GRANTED	EXPIRATION
PCT/DK2014/050161	Injecto Basic	June 4th 2014	2034
PCT/DK2016/040164	Needle Stick Prevention	June 3th 2016	2036
PCT/DK2017/050070	Self-Compensating Stopper	March 13th 2017	2037
PA 2018 00135	Sealing Element Cavity Stopper	March 27th 2018	(2039)

Coming activities, expectations and risk factors

We still intend to generate revenue through a combination of license sales and revenue from our subsidiaries' production and sales of lubrigone plungers, other plungers and easyject syringes 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 above does not only contribute to business focus and risk aversion 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 the sale of one or more business units wholly or partly.

Management's review

Notwithstanding and despite the draw backs related to the potential contracts with the American diagnostic company and the pharma company with the lyophilized pharma based on two development contracts we are currently still aiming at bringing Injecto Group A/S into profitable commercial operation with effect before 31 December 2023. However, this could be postponed dependable of the lead times and the fact that the pharma companies are decision makers. We still believe that our existing shareholders, and especially the majority shareholders, will support the company if needed until it is in commercial operation. This support will also ensure a satisfactory valuation reflected by the substantial value of the company's IP Rights, competitive product lines, alliances, pending development projects and commercial opportunities. It should be noted that we consider that the expected establishment of the easyject and strategic alliance with PATH and key stakeholders will increase the valuation significantly, just like an expected coming strategic alliance with one or more of the leading manufacturers in primary packaging will contribute further. In this respect should be noted that we have been approached by a major global pharma company regarding the development and provision of lubrigone vial stoppers. This could develop a new business area in addition to our primary focus on plunger stoppers for PFS.

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

- 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 and parent financial statements for the period 1 September 2021 – 31 August 2022

Income statement

		Group		Parent company	
Note	DKK	2021/22	2020/21	2021/22	2020/21
3	Revenue	718,471	706,694	136,191	224,264
	Other external expenses	-5,011,091	-4,169,678	-3,162,319	-3,233,019
	Gross profit/loss	-4,292,620	-3,462,984	-3,026,128	-3,008,755
4	Other operating income	0	0	1,665,000	1,530,000
5, 6	Staff costs	-3,726,860	-1,563,108	-3,726,860	-1,563,108
	Profit/loss before depreciation	-8,019,480	-5,026,092	-5,087,988	-3,041,863
7	Depreciation	-3,619,357	-2,997,990	-2,760,004	-2,609,598
	Operating loss	-11,638,837	-8,024,082	-7,847,992	-5,651,461
9	Finance income, etc.	34,721	28,681	327,815	198,384
10	Finance costs, etc.	-221,205	-1,462,004	-6,423,101	-4,671,554
	Profit/loss before tax	-11,825,321	-9,457,405	-13,943,278	-10,124,631
11	Tax for the year	-1,290,757	0	-1,290,757	0
	Profit/loss for the year	-13,116,078	-9,457,405	-15,234,035	-10,124,631
	Attributable to:				
	Equity holders of the parent	-13,116,078	-9,457,405	-15,234,035	-10,124,631
	Non-controlling interests	0	0	0	0
		-13,116,078	-9,457,405	-15,234,035	-10,124,631
	Earnings per share:				
13	Basic, profit for the year attributable to ordinary equity holders of the parent company (EPS Basic)	-0.20	-0.17		
13	Diluted, profit for the year attributable to ordinary equity holders of the parent company (EPS-D)	-0.20	-0.17		

Statement of comprehensive income

Profit/loss for the year	-13,116,078	-9,457,405	-15,234,035	-10,124,631
Other comprehensive income after tax	0	0	0	0
Total comprehensive income	-13,116,078	-9,457,405	-15,234,035	-10,124,631
Attributable to:				
Equityholders of the parent	-13,116,078	-9,457,405	-15,234,035	-10,124,631
Non-controlling interests	0	0	0	0
	-13,116,078	-9,457,405	-15,234,035	-10,124,631
Total comprehensive income				
Retained earnings	-13,116,078	-9,457,405	-15,234,035	-10,124,631

Consolidated and parent financial statements for the period 1 September 2021 – 31 August 2022

Balance sheet

Note	DKK	Group 2021/22	Group 2020/21	Parent company 2021/22	Parent company 2020/21
	ASSETS				
	Non-current assets				
14	Development projects and patents	38,271,858	39,509,670	38,271,858	39,509,670
15	Fixtures and fittings, plant and equipment under construction	1,065,750	1,175,925	0	0
15	Fixtures and fittings, plant and equipment	769,444	842,778	73,425	0
16	Right-of-use assets	54,450	185,130	54,450	185,130
		40,161,502	41,713,503	38,399,733	39,694,800
	Other non-current assets				
12	Deferred tax	0	1,290,756	0	1,290,756
	Deposits	21,906	21,906	21,906	21,906
		21,906	1,312,662	21,906	1,312,662
	Total non-current assets	40,183,408	43,026,165	38,421,639	41,007,462
	Current assets				
	Trade receivables	945,188	710,070	847,651	710,070
	Intercompany receivables	0	0	0	2,000,000
17	Other receivables	160,934	190,053	11,345	79,938
		1,106,122	900,123	858,996	2,790,008
	Cash	906,020	2,161,615	801,999	2,066,531
	Total current assets	2,012,142	3,061,738	1,660,995	4,856,539
	TOTAL ASSETS	42,195,550	46,087,903	40,082,634	45,864,001

Consolidated and parent financial statements for the period 1 September 2021 – 31 August 2022

Balance sheet

Note	DKK	Group 2021/22	Group 2020/21	Parent company 2021/22	Parent company 2020/21
	EQUITY AND LIABILITIES				
18	**Equity**				
	Share capital	84,864,200	58,748,394	84,864,200	58,748,394
	Share premium	244,894	0	244,894	0
	Other reserves	4,778,995	5,618,413	4,778,995	5,618,413
	Retained comprehensive earnings	-49,217,602	-38,958,523	-51,429,865	-39,052,829
	Shareholders' share of equity	40,670,487	25,408,284	38,458,224	25,313,978
	Non-controlling interests	-5,427	-5,427	0	0
	Total equity	40,665,060	25,402,857	38,458,224	25,313,978
	Liabilities				
	Non-current liabilities				
19	Interest bearing loans and borrowings	150,000	19,403,681	150,000	19,403,681
		150,000	19,403,681	150,000	19,403,681
	Current liabilities				
19	Interest bearing loans and borrowings	159,658	230,680	159,658	230,680
	Trade payables	982,051	670,914	792,676	535,891
20	Other payables	238,781	379,771	522,076	379,771
		1,380,490	1,281,365	1,474,410	1,146,342
	Total liabilities	1,530,490	20,685,046	1,624,410	20,550,023
	TOTAL EQUITY AND LIABILITIES	42,195,550	46,087,903	40,082,634	45,864,001

Consolidated financial statements for the period 1 September 2021–31 August 2022

Statement of changes in equity

	Group							
DKK	Share capital	Share premium account	Reserve for develop-ment	Reserve for own shares	Retained comprehen-sive income	Total	Non-controlling interests	Total equity
Equity at 31 August 2020	56,080,394	0	4,836,931	-2,403,102	-30,104,774	28,409,449	-5,427	28,404,022
Comprehensive income in 2020/21								
Loss for the year	0	0	781,482	0	-10,238,887	-9,457,405	0	-9,457,405
Total comprehensive income in 2020/21	0	0	781,482	0	-10,238,887	-9,457,405	0	-9,457,405
Transactions with shareholders in 2020/21								
Own shares	0	0	0	2,403,102	1,385,138	3,788,240	0	3,788,240
Exercise of options	831,836	1,836,164	0	0	0	2,668,000	0	2,668,000
Premium shares	1,836,164	-1,836,164	0	0	0	0	0	0
Total transactions with shareholders 2020/21	2,668,000	0	0	2,403,102	1,385,138	6,456,240	0	6,456,240
Equity at 31 August 2021	58,748,394	0	5,618,413	0	-38,958,523	25,408,284	-5,427	25,402,857
Comprehensive income in 2021/22								
Loss for the year	0	0	-839,418	0	-12,276,660	-13,116,078	0	-13,528,449
Total comprehensive income in 2021/22	0	0	-839,418	0	-12,276,660	-13,116,078	0	-13,528,449
Transactions with shareholders in 2021/22								
Issue of share capital	4,778,420	21,208,280	0	0	0	25,986,700	0	25,986,700
Exercise of options	221,544	152,456	0	0	0	374,000	0	374,000
Premium shares	21,115,842	-21,115,842	0	0	0	0	0	0
Share-based payments	0	0	0	0	2,017,581	2,017,581	0	2,017,581
Total transactions with shareholders 2021/22	26,115,806	244,894	0	0	2,017,581	28,378,281	0	28,378,281
Equity at 31 August 2022	84,864,200	244,894	4,778,995	0	-49,217,602	40,670,487	-5,427	40,665,060

Parent company financial statements for the period 1 September 2021 – 31 August 2022

Statement of changes in equity

	Parent Company					
DKK	Share capital	Share premium account	Reserve for development	Reserve for own shares	Retained comprehend-sive income	Total
Equity at 31 August 2020	56,080,394	0	4,836,931	-2,403,102	-29,531,854	28,982,369
Comprehensive income in 2020/21						
Loss for the year	0	0	781,482	0	-10,906,113	-10,124,631
Total comprehensive income in 2020/21	0	0	781,482	0	-10,906,113	-10,124,631
Transactions with shareholders in 2020/21						
Own shares	0	0	0	2,403,102	1,385,138	3,788,240
Exercise of options	831,836	1,836,164	0	0	0	2,668,000
Premium shares	1,836,164	-1,836,164	0	0	0	0
Total transactions with shareholders 2020/21	2,668,000	0	0	2,403,102	1,385,138	6,456,240
Equity at 31 August 2021	58,748,394	0	5,618,413	0	-39,052,829	25,313,978
Comprehensive income in 2021/22						
Loss for the year	0	0	-839,418	0	-14,394,617	-15,234,035
Total comprehensive income in 2021/22	0	0	0	0	-14,394,617	-15,234,035
Transactions with shareholders in 2021/22						
Issue of share capital	4,778,420	21,208,280	0	0	0	25,986,700
Exercise of options	221,544	152,456	0	0	0	374,000
Premium shares	21,115,842	-21,115,842	0	0	0	0
Share-based payments	0	0	0	0	2,017,581	2,017,581
Total transactions with shareholders 2021/22	26,115,806	244,894	0	0	2,017,581	28,378,281
Equity at 31 August 2022	84,864,200	244,894	4,778,995	0	-51,429,865	38,458,224

Consolidated and parent financial statements for the period 1 September 2021 – 31 August 2022

Cash flow statement

		Group		Parent company	
Note	**DKK**	**2021/22**	**2020/21**	**2021/22**	**2020/21**
	Profit/loss before tax	-11,825,321	-9,457,405	-13,943,278	-10,124,631
	Adjustment for non-cash operating items, etc.:				
5	Staff cost (warrants)	2,017,581	0	2,017,581	0
7	Depreciation, amortisation and impairment losses as well as loss from disposal of assets	3,619,357	2,997,990	2,760,004	2,609,598
9, 10	Finance income and costs	186,484	1,433,323	6,095,286	4,473,170
	Cash generated from operations (operating activities) before changes in working capital	-6,001,899	-5,026,092	-3,070,407	-3,041,863
	Changes in working capital	-35,853	-281,361	2,330,101	827,285
	Cash generated from operations (operating activities)	-6,037,752	-5,307,453	-740,306	-2,214,578
	Finance income and costs paid/received	-186,484	-1,433,323	-6,095,286	-4,273,170
	Cash flows from operating activities	-6,224,236	-6,740,776	-6,835,592	-6,487,748
14	Development projects and patents	-1,391,512	-1,432,694	-1,391,512	-1,432,694
15	Acquisition of fixture and fittings, plant and equipment	-675,844	-1,212,555	-73,425	0
16	Addition Right-of-use assets	0	-261,360	0	-261,360
	Paid in share capital in Injecto A/S	0		0	-1,500,000
	Cash flows from investing activities	-2,067,356	-2,906,609	-1,464,937	-3,194,054
	Disposal of own shares	0	3,788,240	0	3,788,240
	Issue of sharecapital	26,360,700	2,668,000	26,360,700	2,668,000
	Change in bank loans and borrowings	-19,324,703	4,083,026	-19,324,703	4,083,026
	Cash flows from financing activities	7,035,997	10,539,266	7,035,997	10,539,266
	Net cash flows from operating, investing and financing activities	-1,255,595	891,881	-1,264,532	857,464
	Cash and cash equivalents at 1 September 2021	2,161,615	1,269,734	2,066,531	1,209,067
	Cash and cash equivalents at 31 August 2022	906,020	2,161,615	801,999	2,066,531

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

Consolidated and parent financial statements for the period 1 September 2021 – 31 August 2022

Overview of notes

Consolidated and parent financial statements for the period 1 September 2021 – 31 August 2022

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 2021 –31 August 2022 comprise the consolidated 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 2021/22 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 applying to reporting class B.

On 11 January 2023, the Board of Directors and the Executive Board discussed and approved the annual report of Injecto Group A/S for 2021/22. 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.

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

In connection with the financial reporting, the Board of Directors and the Executive Board have assessed the group's ability to continue as going concern, and whether the going concern assumption is appropriate. In assessing whether the going concern assumption is appropriate The Board of Directors and the Executive Board have concluded there are no factors that can cast doubt about the Group's ability to continue as going concern.

The conclusion has been made on the basis of knowledge of the Group's combination of current financial position as well as after examination of budgets, including expectations for the development of liquidity; support from shareholders and the development of the capital base, etc. The Group will consider attracting supplementary capital by grants and/or issuance of new shares in addition or as an alternative to the aforementioned loan facilities.

It is therefore considered reasonable and justified to base the going concern assumptions on the presentation of accounts.

Consolidated financial statements

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

Consolidated and parent financial statements for the period 1 September 2021 – 31 August 2022

Notes to the financial statements

1 Accounting policies (continued)

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.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interest

Injecto Group A/S decides whether it will measure the non-controlling interest at fair value or at the proportionate share of the acquiree's identifiable assets and liabilities. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date.

Goodwill is recognised when measuring the non-controlling interest at fair value. Goodwill will not be recognised measuring the non-controlling interest as the proportionate share method.

Non-controlling interest is measured transaction-by-transaction and disclosed in the notes with a description of the acquired companies.

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.

Income statement

Revenue from contracts with customers

The Group is in the business of production and sales of primary packaging with main focus on PFS and component for PFS. Further the Group perform tailored development projects for customers and has licensed its technology to primary packaging and injection devices for animals to a third party.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services.

Consolidated and parent financial statements for the period 1 September 2021 – 31 August 2022

Notes to the financial statements

1 Accounting policies (continued)

Sale of PFS and/or components for PFS

Revenue from sale of PFS or components for PFS is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment at the customer's location. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sales, the Group considers the effects of variable consideration, existence of a significant financing component, noncash consideration, and consideration payable to the customer (if any).

Sale of licenses and development projects

Revenue from licenses and development projects is recognised over time because the customer simultaneously receives and consumes the benefits provided to them. The Group uses an input method in measuring progress of the installation services because there is a direct relationship between the Group's effort and the transfer of service to the customer.

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.

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.

Consolidated and parent financial statements for the period 1 September 2021 – 31 August 2022

Notes to the financial statements

1 Accounting policies (continued)

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.

Following initial recognition of the development cost as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Development 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 for development project is usually 3 years. The basis of amortisation is reduced by write-downs, if any. Amortisation charges are included in production costs.

The Group made upfront payments to acquire patents. The patents have been granted for a period of up to 20 years by the relevant government agency with the option of renewal at the end of this period. The patents are amortised on a straight-line basis over the period of the patent. The amortisation period for patents is a maximum of 20 years from international filing date. The basis of amortisation is reduced by write-downs, if any.

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 acquisition 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.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Consolidated and parent financial statements for the period 1 September 2021 – 31 August 2022

Notes to the financial statements

1 Accounting policies (continued)

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of non-current assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Consolidated and parent financial statements for the period 1 September 2021 – 31 August 2022

Notes to the financial statements

1 Accounting policies (continued)

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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.

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

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.

Consolidated and parent financial statements for the period 1 September 2021 – 31 August 2022

Notes to the financial statements

1 Accounting policies (continued)

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.

Other reserves

Other reserves comprise reserve for own shares and reserves for capitalised patents developed internally.

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.

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.

Consolidated and parent financial statements for the period 1 September 2021 – 31 August 2022

Notes to the financial statements

1 Accounting policies (continued)

Financial liabilities

Amounts owed to banks and lenders 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 ofA 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 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. Finally the company's commercial activities are dependent on pharma companies' decision making categorized by many tests and steps. However, longer lead times are offset by long-term contracts. In step with the company's commercialization the estimates will be more precise.

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 38,272 thousand with respect to development projects and patent costs at 31 August 2022.

Consolidated and parent financial statements for the period 1 September 2021 – 31 August 2022

Notes to the financial statements

2 Accounting estimates and judgements (continued)

These costs derive from the development activity of "the easyject syringe" and the line of "lubrigone plunger stoppers" and the acquisition of two IP rights protected by patents (some already granted) in connection with a merger, where one patent concerns a plunger stopper with reduced forces (lubrigone$_1$), and the other patent concerns an injector with an integrated needle stick protection mechanism (NSP). Especially the growing market for vaccines, where the easyject syringe is a globally tailor fitted combined injection device and primary packaging, with demand for supplies of hundreds of millions of pre-fillable syringes, has been taken into consideration in connection with the valuation of the IP rights acquired through the merger, and we believe that the valuation is conservative in comparison with the expected market growth in vaccines in order to fight COVID-19 and other zoonotic diseases in this decade and the next decade. 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. Furthermore, the lubrigone stopper is coating free and is not exposed to risks related to the expected stricter regulation within the EU and other parts of the world related to PFAS.

The elimination of silicone oil is highly relevant for a lot of the new biologics and pharma for certain use e.g. ophthalmics, where silicone oil needs to be eliminated or minimised to protect against damages to the eye. Furthermore, silicone free injections are relevant for other privileged organs than the eye and will also contribute to a better primary packaging to many new biologics where the molecules are sensitive to impact from silicone oil and exposed to protein aggregation.

Despite Injecto Group A/S' commercial priority to the lubrigone stopper and the establishment of two industrial production lines at SP Medical ready for supply of lubrigone$_3$ stoppers for 1.0 ml (long) and 0.5 ml PFS, we have through the ongoing contact and cooperation with PATH (www.path.org) also had focus on the easyject syringe. In this respect, it should be noted that one of the stopper solutions protected by our patent portfolio is also highly relevant due to Injecto Group A/S' establishment of contact with PATH. As a result of the contact with this organisation, our easyject syringe will undergo further tests in the current financial year in the Neogrant Program as a global combined injection device and primary packaging. Based on the current level of negotiations, Injecto Group A/S is expected to enter into a contract with a customer or a strategic partnership in the next financial year regarding our products, where Injecto Group A/S has established contact with 10 out of the world's Top-20 pharmaceutical companies regarding the lubrigone plunger stopper and established contact with some of the leading sources in the vaccine industry regarding the easyject syringe.

We believe that the reference to our established contacts where some of the customers for plunger stoppers represent realistic production and sales of between 30-50 million plunger stoppers. Therefore, we have also decided to establish an industrial production of lubrigone$_3$ stoppers for 1-3 ml (2.25 ml). Due to the substantial and increasing market for the easyject syringe tailor fitted as the preferred combination of an injection device and primary packaging for various vaccines in the steadily increasing vaccine market, where the products are protected by our patent portfolio fully supports that our depreciation of the IP rights are conservative and there in our opinion is no need for further or any extraordinary depreciations. On the contrary some of the patents developed internally, which hence means that they have not been obtained to a fair market price in the current market makes it even more obvious that our IP rights is not below the disclosed value in our annual report.

Injecto Group A/S does therefore not foresee concerns regarding the assured recuperability of the capitalised total development and patent costs apart from the timelines related to pharma companies' internal testing and regulatory issues.

Consolidated and parent financial statements for the period 1 September 2021 – 31 August 2022

Notes to the financial statements

2 Accounting estimates and judgements (continued)

Deferred tax assets

The Group realised a loss for the financial year 2021/22. The recognition of deferred tax assets is associated with uncertainty linked to the underlying estimates of future revenue and profits. The estimate is based on expectations that, in the financial year 2022/23, the Company will enter into profitable commercial operation or enter into one or more strategic alliances or contracts that will determine the time when the company will be in commercial operation. Management considers the expectations realistic and emphasises that commercial sales will start as soon as the pharmaceutical companies are testing their pharmaceutical drugs in pre-fillable syringes, where the lubrigone product is used as plunger stopper solution.

Management estimates, that due to the inherent uncertainty in timing of profitable commercial operation, no taxable loss should be set off against future income, until the Company enter into profitable commercial operation.

	Group		Parent Company	
DKK	2021/22	2020/21	2021/22	2020/21
3 Revenue				
Type of goods and service				
Licenses	100,000	100,000	100,000	100,000
Projects	571,907	606,694	25,623	124,264
Samples	46,564	0	10,568	0
	718,471	706,694	136,191	224,264
Geographical market				
Denmark	100,000	100,000	100,000	100,000
Other Europe	284,398	606,694	25,623	124,264
United states	334,073	0	10,568	0
	718,471	706,694	136,191	224,264
Timing of revenue recognition				
Goods and services transferred at a point in time	46,564	0	10,568	0
Goods and services transferred over time	671,907	706,694	125,623	224,264
	718,471	706,694	136,191	224,264
4 Other operating income				
Management fee	0	0	1,665,000	1,530,000
	0	0	1,665,000	1,530,000

Consolidated and parent financial statements for the period 1 September 2021 – 31 August 2022

Notes to the financial statements

DKK	Group 2021/22	Group 2020/21	Parent Company 2021/22	Parent Company 2020/21
5 Staff costs				
Wages and salaries	1,651,306	1,511,581	1,651,306	1,511,581
Social security, etc.	14,407	13,833	14,407	13,833
Other staff costs	43,567	37,694	43,567	37,694
Share-based payments	2,017,581	0	2,017,581	0
	3,726,861	1,563,108	3,726,861	1,563,108
Average number of employees	2	2	2	2
Remuneration to Executive Board				
Wages and salaries	900,000	900,000	900,000	900,000
Share-based payments	479,196	0	479,196	0
	1,379,196	900,000	1,379,196	900,000
Remuneration to Board of Directors				
Wages and salaries	0	0	0	0
Share-based payments	348,443	0	348,443	0
	348,443	0	348,443	0

6 Share-based payments

DKK	Group- and Parent Company: Board of Directors and Executive Board	Employee and consultants	Total number of warrants	Average exercise price	Average expense per warrant	Expense arising from equity-settled share-based payment transactions
Outstanding 31 August 2020	0	1,046,385	1,046,385	2.91		
Addition (due to premium shares)	0	6,995	6,995			
Exercised	0	-831,836	-831,836	3.21		
Outstanding 31 August 2021	0	221,544	221,544	1.69		
Addition	465,796	674,292	1,140,088	4.13	1.77	2,017,581
Exercised	0	-221,544	-221,544	1.69		
Outstanding 31 August 2022	465,796	674,292	1,140,088	4.13		
Numbers of warrants which can be exercised at 31 August 2021	0	221,544	221,544			
Numbers of warrants which can be exercised at 31 August 2022	465,796	674,292	1,140,088			

Consolidated and parent financial statements for the period 1 September 2021 – 31 August 2022

Notes to the financial statements

DKK	Group- and Parent Company 2021/22	2020/21
6 Share-based payments (continued)		
Specification of parameters for the Black-Scholes model:		
Average share price	4.13	3.31
Average exercise price at grant	4.13	2.91
Expected volatility rate	65%	60%
Expected life (years)	2.7	0.3-1.3
Expected dividend per share	0	0
Risk-free interest rate p.a.	0.50	0.39

DKK	Group 2021/22	Group 2020/21	Parent Company 2021/22	Parent Company 2020/21
7 Depreciation and amortisation				
Amortisation of development projects and patents	2,629,324	2,533,368	2,629,324	2,533,368
Depreciation on fixtures and fittings, plant and equipment	859,353	388,392	0	0
Depreciation on right-of-use assets	130,680	76,230	130,680	76,230
	3,619,357	2,997,990	2,760,004	2,609,598

8 Investments in subsidiaries

Name	Registered office	Voting rights	Ownership	Profit	Equity
Injecto Corp.	Cresskill, USA	85%	85%	0	-33.829
Injecto A/S	Hellerup, DK	100%	100%	-4,086,418	-6,991,649

DKK	2021/22
Cost at 1 September 2021	2,000,000
Additions during the year	0
Cost at 31 August 2022	2,000,000
Impairment losses at 1 September 2021	-2,000,000
Impairment losses for the year	0
Impairment losses at 31 August 2022	-2,000,000
Carrying amount at 31 August 2022	0

The impairment losses relate to Injecto A/S. The Company is in the process of building up production facilities. During the year, the Company has realised a loss, whereby the cost of the shares exceeds the net value of the assets of the Company.

Consolidated and parent financial statements for the period 1 September 2021 – 31 August 2022

Notes to the financial statements

		Group		Parent Company	
	DKK	2021/22	2020/21	2021/22	2020/21
9	**Finance income, etc.**				
	Interest income, subsidiaries	0	0	293,094	169,703
	Other interest income	34,721	28,681	34,721	28,681
		34,721	28,681	327,815	198,384
10	**Finance costs, etc.**				
	Impairment losses, subsidiaries	0	0	0	200,000
	Impairment losses, intercompany receivables	0	0	6,204,375	3,012,008
	Interest expense to credit institutions	31,898	15,849	31,898	15,849
	Other interest expenses	189,307	1,138,017	186,657	1,135,559
	Foreign currency translation adjustment	0	308,138	0	308,138
		221,205	1,462,004	6,422,930	4,671,554
11	**Tax for the year**				
	Deferred tax adjustment	1,290,757	0	1,290,757	0
	Tax – Injecto Corp.	0	0	0	0
		1,290,757	0	1,290,757	0
	Analysis of tax for the year:				
	Computed 22.0%of the profit/loss before tax	-2,601,571	-2,080,629	-3,067,521	-2,227,419
	Non-deductible expenses, etc.	1,161	485	1,366,123	707,127
	Value adjustment of deferred tax	2,600,410	2,080,144	1,701,398	1,520,292
		0	0	0	0
	Current tax rate	-	-	-	-

Consolidated and parent financial statements for the period 1 September 2021 – 31 August 2022

Notes to the financial statements

DKK	Group 2021/22	Group 2020/21	Parent Company 2021/22	Parent Company 2020/21
12 Deferred tax				
Deferred tax at 1 September	3,932,935	1,852,791	2,811,048	1,290,756
Deferred tax for the year	2,600,410	2,080,144	1,701,398	1,520,292
Deferred tax at 31 August	6,533,345	3,932,935	4,512,446	2,811,048
Deferred tax is recognised as follows in the balance sheet:				
Deferred tax (asset)	0	1,290,756	0	1,290,756
Deferred tax at 31 August, net	0	1,290,756	0	1,290,756
Deferred tax relates to:				
Development projects and patents	1,536,079	957,627	1,536,079	957,627
Fixture and fittings, plant and equipment	308,971	123,951	34,467	38,505
Write-down of investments	0	0	0	0
Tax loss carryforwards	4,688,295	2,851,357	2,941,900	1,814,916
	6,533,345	3,932,935	4,512,446	2,811,048

Deferred tax not recognised in the consolidated financial statements amounts to DKK 0.

Deferred tax assets not recognised in the consolidated financial statements relates to temporary difference related to fixed assets and tax loss carry forward. Deferred tax assets have not been recognised in the consolidated financial statements, due to the inherent uncertainty in timing of profitable commercial operation.

DKK	Group 2021/22	Group 2020/21
13 Earnings per share		
Profit attributable to ordinary equityholders of the parent for basic earnings	-13,116,078	-9,457,405
Weighted average number of shares	66,155,219	56,426,992
Weighted average number of own shares	0	-236,526
Weighted average number of issued shares	66,155,219	56,190,466
Effect of dilution from share options	680,816	459,567
Weighted average number of shares adjusted for the effect of dilution	66,836,035	56,650,033
Earnings per share		
Basic, loss for the year attributable to ordinary equity holders of the parent company (EPS Basic)	-0.20	-0.17
Diluted, loss for the year attributable to ordinary equity holders of the parent company (EPS Basic)	-0.20	-0.17

Consolidated and parent financial statements for the period 1 September 2021 – 31 August 2022

Notes to the financial statements

DKK	Group 2021/22	Parent Company 2020/21
14 Development projects and patents		
Cost at 1 September 2021	45,234,232	45,234,232
Additions during the year	1,391,512	1,391,512
Disposals during the year	0	0
Cost at 31 August 2022	46,625,744	46,625,744
Amortisation at 1 September 2021	-5,724,562	-5,724,562
Amortisation of disposals	0	0
Amortisation for the year	-2,629,324	-2,629,324
Impairment	0	0
Amortisation at 31 August 2022	-8,353,886	-8,353,886
Carrying amount at 31 August 2022	38,271,858	38,271,858
Amortisation, development projects and patents	2,629,324	2,629,324
Amortisation period	3-20 years	3-20 years

Development projects and patens relates to development and patents.

The Group performed its annual impairment test in August 2022. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. It was concluded that the fair value less costs of disposal did not exceed the value in use.

DKK	Group 2021/22	Parent Company 2020/21
15 Fixtures and fittings, plant and equipment		
Cost at 1 September 2021	2,623,327	216,232
Additions during the year	675,844	73,425
Disposals during the year	0	0
Cost at 31 August 2022	3,299,171	289,657
Depreciation at 1 September 2021	-604,624	-216,232
Impairment losses	-390,150	0
Depreciation of disposed assets	0	0
Depreciation for the year	-469,203	0
Depreciation at 31 August 2022	-1,463,977	-216,232
Carrying amount at 31 August 2022	1,835,194	73,425
Depreciation and impairment losses, fixtures and fittings, plant and equipment	859,353	0
Depreciation period	2-5 years	2-5 years

Of fixtures and fittings, plant and equipment DKK 1,066 thousand are currently under construction in the subsidiary Injecto A/S, hence no depreciation has been made in the current year.

Consolidated and parent financial statements for the period 1 September 2021 – 31 August 2022

Notes to the financial statements

		Group	Parent Company
	DKK	**2021/22**	**2020/21**
16	**Right-of-use assets**		
	Cost at 1 September 2021	261,360	261,360
	Additions during the year	0	0
	Disposals during the year	0	0
	Cost at 31 August 2022	261,360	261,360
	Depreciation at 1 September 2021	-76,230	-76,230
	Depreciation of disposals	0	0
	Depreciation for the year	-130,680	-130,680
	Depreciation at 31 August 2022	-206,910	-206,910
	Carrying amount at 31 August 2022	54,450	54,450
	Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:		
	Lease liability at 1 September 2021	185,130	185,130
	Additions during the year	0	0
	Payments	-130,680	-130,680
	Lease liability at 31 August 2022	54,450	54,450
	Due within 1 year	54,450	54,450
	Due between 1-3 years	0	0
		54,450	54,450
	Current liability at 31 August 2022	54,450	54,450
	Non-current liability at 31 August 2022	0	0
		54,450	54,450
	Short term lease liability	372,600	0
	Low value lease liability	0	0
	The following are the amounts recognised in profit or loss:		
	Depreciation expense of right-of-use assets	130,680	130,680
	Expense relating to short-term and low-value leases (included in other external expenses)	745,200	0

Consolidated and parent financial statements for the period 1 September 2021 – 31 August 2022

Notes to the financial statements

DKK	Group 2021/22	Group 2020/21	Parent Company 2021/22	Parent Company 2020/21
17 Other receivables				
VAT, etc.	149,589	178,708	0	68,593
Other	11,345	11,345	11,345	11,345
	160,934	190,053	11,345	79,938

18 Equity

The share capital consists of 84,864,200 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 existing shareholders'/Management's supplementary funding by B-shares (new share class planned for introduction in October 2022), alternatively by new equity investors.

19 Interest bearing loans and borrowings

DKK	Interest rate %	Maturity	2021/22	2020/21
E. R. Rasmussens Fond	5.0	1 Oct 2024	255,208	357,292
Holmsvanen AB - convertible	7.0	31 Dec 2022	0	14,147,405
Asyringe Limited	7.0	31 Dec 2023	0	1,204,562
Asyringe Limited – convertible	7.0	31 Dec 2023	0	118,629
Tina Hetting Holding I ApS	7.0	31 Dec 2023	0	3,019,521
Tina Hetting Holding I ApS – convertible	7.0	31 Dec 2023	0	484,293
Sprøjtefabrikken ApS – convertible	7.0	31 Dec 2023	0	117,529
Liability related to right-of-use assets	0.0	31 Jan 2023	54,450	185,130
Total			309,658	19,634,361

Of the interest-bearing loans and borrowings, DKK 160 thousand falls due within 1 year of the date of the financial statements.

DKK	Group 2021/22	Group 2020/21	Parent Company 2021/22	Parent Company 2020/21
20 Other payables				
Staff-related debt	191,881	379,771	191,881	379,771
VAT	0	0	330,195	0
Other	46,900	0	0	0
	238,781	379,771	522,076	379,771

Consolidated and parent financial statements for the period 1 September 2021 – 31 August 2022

Notes to the financial statements

21 Financial risks and financial instruments

No stand-alone department regarding the Group's risk management has yet been established because of the size of the Company and its lean organisation. 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.

Currency risks

The Group's sales and profits will be connected to the international exploitation in various global markets. This naturally implies 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, and in this respect, it 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. In this respect should be noted that the company's loan facilities from leading shareholders were converted to share capital shortly after 31 August 2022.

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 2022, Injecto Group A/S was holding approx. DKK 906 thousand in cash. No bank overdraft facilities or external long-term loans are applicable, and the Company will rely on support from its major shareholders if needed after the company was capitalized in a minor private placement among existing shareholders where additional cash is also expected on the basis of further subscription to new issued class-B shares by existing shareholders.

Cash at 31 August 2022, the capitalization of the company in November 2022 and ongoing projects generating income combined with the support from the major shareholders will ensure the sufficient liquidity to continue all operations of the company.

Management will consider attracting supplementary capital by grants and/or issuance of new shares. Finally, potential contributions from donators 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 capitalisation than the planned capitalisation if the terms and conditions for this capitalisation are not fully satisfactory for the Company and its existing shareholders. The fact that we now have the second industrial production line at SP Medical with a capacity representing a supplementary significant initial revenue with a satisfactory gross margin will also have an impact on the need to attract additional funding.

Consolidated and parent financial statements for the period 1 September 2021 – 31 August 2022

Notes to the financial statements

21 Financial risks and financial instruments (continued)

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 licences 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 generally compliant with ISO measurements, making it possible for us to sell a production lot made for 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.

Financial instruments

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

The Company does not make use of derivate financial instruments.

22 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 I ApS, Strandvejen 251 B, DK-2920 Charlottenlund.
- Tina Hetting Holding II 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, Sweden.

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.

Consolidated and parent financial statements for the period 1 September 2021 – 31 August 2022

Notes to the financial statements

22 Related parties/shareholder information (continued)

Related party transactions

The Company has carried through the following related party transactions during 2021/22.

	Group	Parent Company
Legal- and consultancy fee	601,080	601,152
Remuneration for Board of directors and Executive Board	1,379,196	1,379,196
Management fee – Injecto A/S		1,665,000
Financial income – intercompany receivables		293,094
Intercompany receivables		9,216,383

23 Events after the reporting period

Injecto Group A/S' financial position was strengthened by two major shareholders' conversion of loans of DKK 1,621 thousand and a private placement of DKK 5,467 thousand limited to existing shareholders in Injecto Group A/S on 28 November 2022, who subscribed to shares in a new share class, in which respect Injecto Group A/S' equity was increased by DKK 7,088 thousand.

The fresh capital injections mentioned above together with the company's existing liquidity ensures Injecto Group A/S' budgeted liquidity need in the current accounting year and will be extended further by a firm credit control and a supplementary placement, where many shareholders have asked of the possibility of subscribing to additional shares in the new share class, where the board has been granted the right to offer subscription to new issued shares that will represent an additional equity of DKK 2,912 thousand.

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.

24 Collateral

The parent Company has provided an unconditional letter of comfort to Injecto A/S, a wholly-owned subsidiary. The letter of comfort can be terminated within 12 months.

The Group has no collaterals against external parties.

Consolidated and parent financial statements for the period 1 September 2021 – 31 August 2022

Notes to the financial statements

25 Adoption of new and revised standards

New IFRS standards and interpretations issued but not yet effective

At the date of approval 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:

IAS 1	Presentation of Financial Statements – Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
IAS 1	Presentation of Financial Statements – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
IAS 8	Accounting policies, Changes in Accounting Estimates and Errors – Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
IAS 12	IAS 12 Income taxes – Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IFRS 17	Insurance Contracts
IFRS 17	Insurance Contracts – Amendtments to IFRS 17: Initial Application of IFRS 17 and IFRS 9 Financial Instruments – Comparative Information
	Annual Improvements 2018-2020 Cycle

Injecto Group A/S will apply the new standards and interpretations as they are adopted by the EU and become 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.

PENNEO

Underskrifterne i dette dokument er juridisk bindende. Dokumentet er underskrevet via Penneo™ sikker digital underskrift. Underskrivernes identiteter er blevet registereret, og informationerne er listet herunder.

"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Mikael Hans Andranik Hetting
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Serienummer: f078c5c2-ed2a-4fab-824c-c2863588dc8f
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Jesper Jørn Pedersen
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