Injecto Group A/S

Strandvejen 60, 2900 Hellerup, Denmark

CVR no. 35 80 65 55

Annual report

1 September 2019 - 31 August 2020

Approved at the Company's annual general meeting on 29 January 2021

Chairman:

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Building a better working world

Contents

Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of Injecto Group A/S for 2019/20.

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 2020 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 September 2019 - 31 August 2020.

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, 14 January 2021

Executive Board:

Mikael Hans Andranik Hetting

Board of Directors:

Marie Foegh Chairman	Thomas Sonne-Schmidt	Emil Bue Bredel

Independent auditor's report

To the shareholders of Injecto Group A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Injecto Group A/S for the financial year 1 September 2019 – 31 August 2020, 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 2020 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 September 2019 – 31 August 2020 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Independent auditor's report

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent auditor's report

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Copenhagen,14 January 2021
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

Position and commercial activities

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

During the year, we have mainly focused on the following:

IP rights

- Enhanced our IP rights by a merger with another company; the merger is described in detail below.

Increased equity

- Through the merger described below, Injecto Group A/S' equity was increased by DKK 37,000 thousand.

Lubrigone stoppers

- Completion of the establishment of the first validated production line regarding lubrigone stoppers at SP Medical A/S.
- Tested our lubrigone stoppers from our industrial production at SP Medical A/S (www.sp-medical.com) (part of the SP Group listed on the Nasdaq OMX) extensively in co-operation with Gerresheimer (www.gerresheimer.com) and proved that our solution compatible with Pre-fillable Syringe Systems (PFS) with containers of glass and COP/COC in ISO measurements eliminates all lubricants, including liquid and baked-on silicone, and all kinds of coating of the stopper without compromising the forces and user-friendliness of PFS.
- Expanded our contacts with leading pharma companies to provide a clear and compelling value-proposition in the parenteral administration market, particularly in light of the increasing rate of approvals for biologic formulations, which are much more sensitive to lubricants as compared to traditional pharmaceutical compounds.
- Expanded our contacts with leading pharma companies specialised in ophthalmics where the elimination of silicone oil is a condition precedent for the use of PFS as primary packaging instead of vials.
- Ongoing testing of our lubrigone stoppers by leading pharma companies as their preferred stopper solution for silicone-oil free PFS and Auto Injectors needed for their products where especially the market for monoclonal antibodies (mAb) and the market for ophthalmics has turned out to be of significant interest.
- Conducted tests successfully with other leading companies in the industry affirming the competitive advantages of the lubrigone stopper.
- Initiated an increase of our production capacity of lubrigone stoppers at SP Medical in order to meet the requirements from our customers, where our next production is expected to be completed and operational from July 2021.
- Earned Seal of Excellence from the EU on the basis of our lubrigone stopper.

Management's review

easyject syringe

- Due to its competitive advantages and the currently one and only cPAD apart from Uniject, which make this product ideal for primary packaging for vaccines, we have received many enquiries and have prepared for the establishment of an initial production at SP Medical with leading co-operation partners, including but not limited to suppliers of production equipment subsequent to the testing of our easyject syringe in 2021, with a verification of a very competitive pricing based on volumes.
- Strengthened our relation to international organisations, e.g. PATH, with the intention of pursuing strategic alliances and co-operations on the basis of the coming testing of our easyject syringe in 2021 under the cPAD-neo grant funded by the Bill & Melinda Gates Foundation, including stability testing of the parenteral packaging for IPV.
- Preparation of testing our easyject syringe as parenteral packaging for another pharma product outside vaccines.

Supplementary activities

- Made research and initiated talks with potential co-operation partners of additional business activities, including but not limited to servapac (high-volume low-cost market PFS) where we in addition to servapac are currently considering the following business areas:
  - Volume-based stopper market where we, due to our significant advantages in the production of stoppers, are an appealing alternative to rubber stoppers.
  - Complimentary products to stoppers for the volume-based market.
  - Special requirements for custom stoppers for PFS in special measurements typically for the low-volume high-cost market segment.

The main customers for our products are pharmaceutical 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 stoppers 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.

Fortunately, we have not been significantly adversely impacted by COVID-19. However, a couple of our customers decided to postpone the remaining testing of our lubrigone stoppers due to their primary focus on the provision of a COVID-19 vaccine. Since this additional testing is a condition precedent for a contract with the customers, the postponement has caused a delay in the negotiation and signing of a contract which one of the companies had promised. We are still optimistic that the testing and joint efforts will be re-established in 2021 and hopefully be reflected in the annual report for the financial year 2020/21.

The material adverse effects of the COVID-19 pandemic globally have strengthened the awareness of the coming years' fights against zoonotic diseases where especially our easyject syringe tailor fitted as combined parenteral packaging and injection device for vaccines could turn out to be one of the world's preferred products.

Financial performance

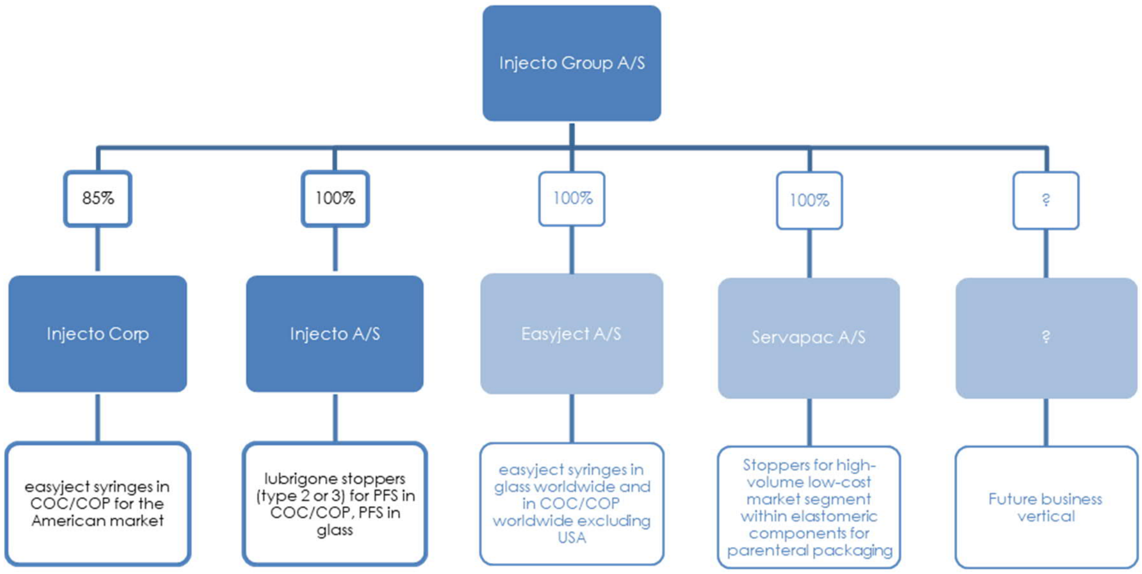
Due to our ongoing build-up of our technology and company, we realised a loss before depreciation of DKK 5,299 thousand, a loss before tax of DKK 8,836 thousand and loss for the year of DKK 9,532 thousand in the accounting period. Equity at 31 August 2020 amounts to DKK 28,404 thousand.

Management's review

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. We have been reluctant to increase the share capital based on new investments from major investors, since we would like to maintain 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 before our products had been fully developed, our patent position had been secured and our first production line had been built and run in. In order to maintain control of our business at the present stage, we have decided to pursue a more balanced approach to the capitalisation and leverage of the Company than the previously announced bigger capitalisation and are therefore focusing on attracting grants and further stepwise funding from one or more of our shareholders.

Organisation with description of company structure

We maintain to pursue our strategy with a parent company with subsidiaries to carry out the business activities in the chosen areas; see the below illustration (where the companies in light blue colour have not been established yet but where it is the intention to establish these companies at the right time):



We believe that this structure and organisation 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 licence to carry out the focused business activities. Furthermore, this structure and organisation also contribute to the possibility of entering into strategic co-operations and invite strategic partners to invest directly in subsidiaries as their preferred investment and business area without losing focus and control of the other areas.

We still believe that there is a great market opportunity for our 100%-owned subsidiary, Injecto A/S, focusing on production and sales of lubrigone stoppers within the global market for pre-fillable syringes estimated at EUR 6 billion annually and a CAGR of around 10% over the next 10 years. The growth in big molecules and ophthalmics, which are administered as injectables, as well as increased self-administration and immunisation in non-medical settings such as private homes, pharmacies, offices and schools are major contributors to the demand for pre-fillable syringes. With the right capitalisation and timing, we believe that, based on our lubrigone stopper, we can obtain around 5% of the stopper market.

Management's review

The COVID-19 pandemic has made the interest in the easyject syringe, which is tailor-fitted as a combined parenteral packaging and injection device for vaccines, even bigger, and the perceived value of our product has now materialised in a closer relation to PATH with coming tests in 2021 as mentioned above. A successful outcome of these tests will strengthen our position in the market and could contribute to making the easyject syringe one of the preferred PFS for vaccines in the world, where we expect an increasing market based on the serious threat from zoonotic diseases like COVID-19. In this respect, it should be noted that nearly 6 out of 10 infectious diseases are transmitted by animals, and a staggering 75% of new and emerging diseases are zoonotic in nature, cf. the WHO (https://insideclimatenews.org/news/13082020/zoonotic-diseases-coronavirus-climate-change-video/).

We believe that the previously briefly mentioned supplementary business areas to our lubrigone stopper 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 licence on our rights to a company with focus on parenteral packaging for animal injectables where we yield a profit on licence fees.

We believe that our activation of development costs and the amortisation of patents over 20 years are realistic since the costs have contributed to the core patent and patent applications and will be related to our future expected revenues and profits where we expect to receive a full repayment of these costs. The ongoing and steadily increasing interest from leading pharma companies 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 of CapEx 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.

Description of merger

In February 2020, Injecto Group A/S merged with H-Patent ApS subsequent to a thorough preparation with the intention of enhancing the IP rights and product portfolio, where the Merger Plan and Merger Statement were based on a structure suggested by our external tax advisers with sufficient approvals from the tax authorities.

In connection with the merger, the owner of H-Patent ApS received shares in Injecto Group A/S by a transfer of patent protected IP rights to a needle stick prevention (NSP) that can be implemented in the easyject syringe and a special stopper solution that can and will add value to Injecto Group A/S' selection of stopper products, respectively. The exchange of shares in Injecto Group A/S and IP rights was determined in due co-operation with advisers on the basis of financial projections.

Through the merger, equity was increased by the valuation of H-Patent ApS' IP rights and thus byDKK 37,000 thousand. In this respect, it should be noted that Injecto Group A/S' Board of Directors and Management believe it was a conservative valuation, and since the transaction took place in the early stages of the COVID-19 pandemic and the global awareness of future pandemics caused by zoonoses, it is our opinion that the significant potential of the conservative valuation of the IP rights will turn out to be an even higher value.

Injecto Group A/S' establishment of contact with significant and reputable players in the vaccine market regarding the potential production and supply of easyject syringes as a preferred combined injection device and primary packaging ensures an optimistic view on the future and makes the Company and its shareholders believe that the merger will be a major benefit for the Company.

IP rights

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

Management's review

The Company's strong IP rights were further enhanced by the merger with H-Patent ApS in 2020 as already mentioned effective for accounting purposes as from 1 September 2019.

Events after the accounting period

No material events have occurred from 31 August 2020 up to today that will require adjustment of or supplementary information in the financial statements.

In this respect, it should, however, be mentioned that exercise of warrants in January 2021 will increase the share capital from DKK 56,080,394 to DKK 56,912,230 at ratio 320.7363 (subscription price of DKK 3.207363 per nominal share of DKK 1.00), which will strengthen the financial position of the Company.

Even though we have fortunately not been impacted adversely by COVID-19, Injecto Group A/S' Board of Directors and Management are following the development carefully, and we are trying to plan for and mitigate potential risks to our business activities that could occur in connection with mutations, further financial impacts and extension of lockdowns in countries across the world.

At the same time, we focus on making it possible to turn the COVID-19 situation into an opportunity by meeting the threats from COVID-19 with increased focus on vaccines to lower the risks from COVID-19 and new zoonoses, and in this respect, we believe that some of our products, and especially the easyject syringe, will contribute to the fight against pandemics.

Since only a few of our customers are located in England and our co-operation partners are mainly located in Europe, and especially in Germany, Switzerland and France, Brexit is not expected to cause problems. In connection with new potential customers and strategic co-operation partners, we are, however, aware of the uncertainty with respect to Brexit in the years to come.

We are working on further strengthening the capital of the Company and its subsidiaries where we always take our current and loyal shareholders' interests into account in connection with the development and expansion of our company when we move into the commercial stage. In this connection, attraction of capital in order to move the Company forward under due consideration of timing and seizing opportunities in the growing market and ensuring a strong position with our competitive products is significant and therefore also a time-consuming activity.

Coming activities, expectations and risk factors

We still intend to generate revenue through a combination of licence sales and revenue from our subsidiaries' production and sales of lubrigone stoppers, other stoppers 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 adverseness but also offers the opportunity to invite strategic partners to become shareholders in one or more specific business units and furthermore creates flexibility with respect to sales of one or more business units wholly or partly.

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

- Successful attraction of grants and ongoing support from shareholders.
- Protection of IP rights.
- Identification of one or more agreements with the right strategic partner(s).
- Penetration of the market in due consideration of 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 organisation.

Management's review

We have prepared a 10-year financial projection based on the exploitation of both the stopper and the syringe potential. However, we have an alternative projection with a more conservative approach if we do not attract the sufficient funds for the required CapEx for the easyject syringe and thus a postponement of this business activity until our stopper production generates sufficient profit to make this investment without attracting supplementary funds from investors. In this respect, monetary contributions from interested strategic partners have been discussed and could be a good opportunity for Injecto Group A/S.

Consolidated financial statements for the period 1 September 2019 – 31 August 2020

Income statement

Note	DKK	2019/20	2018/19
3	Revenue	100,000	100,000
	Other external expenses	-4,079,521	-2,633,742
	Gross profit/loss	-3,979,521	-2,533,742
4	Other operating income	292,350	130,445
5, 6	Staff costs	-1,611,645	-1,733,515
	Profit/loss before depreciation	-5,298,816	-4,136,812
7	Depreciation	-2,441,198	-297,658
	Operating loss	-7,740,014	-4,434,470
9	Finance income, etc.	19,583	210,076
8, 10	Finance costs, etc.	-1,115,744	-205,498
	Profit/loss before tax	-8,836,175	-4,429,892
11	Tax for the year	-695,362	0
	Profit/lossfor the year	-9,531,537	-4,429,892

	Proposed distribution of profit/loss		
	Retained earnings	-9,531,537	-4,429,892
	Non-controlling interests' share of the subsidiary's results of operations	0	0
		-9,531,537	-4,429,892

Consolidated financial statements for the period 1 September 2019 – 31 August 2020

Statement of comprehensive income

Note	DKK	2019/20	2018/19
	Profit/loss for the year	-9,531,537	-4,429,892
	Other comprehensive income after tax	0	0
	Total comprehensive income	-9,531,537	-4,429,892
	Proposed distribution of comprehensive income		
	Retained earnings	-9,531,537	-4,429,892
	Non-controlling interests' share of the subsidiary's results of operations	0	0
		-9,531,537	-4,429,892

Consolidated financial statements for the period 1 September 2019 – 31 August 2020

Balance sheet

Note	DKK	2019/20	2018/19
	ASSETS		
	Non-current assets		
13	Development projects and patents	40,610,344	4,996,160
14	Fixtures and fittings, plant and equipment	1,194,540	1,208,565
		41,804,884	6,204,725
	Other non-current assets		
12	Deferred tax	1,290,756	1,986,118
	Deposits	21,906	21,906
		1,312,662	2,008,024
	Total non-current assets	43,117,546	8,212,749
	Current assets		
	Trade receivables	570,000	450,000
15	Other receivables	112,280	134,957
	Prepayments	0	11,117
		682,280	596,074
	Cash	1,269,734	824,089
	Total current assets	1,952,014	1,420,163
	TOTAL ASSETS	45,069,560	9,632,912

Note	DKK	2019/20	2018/19
	EQUITY AND LIABILITIES		
16	Equity		
	Share capital	55,607,342	19,360,394
	Share-based payments	1,500,398	1,488,232
	Retained earnings	-28,698,291	-17,516,704
	Shareholders' share of equity	28,409,449	3,331,922
	Non-controlling interests' share of the subsidiary's results of operations	-5,427	-5,427
	Total equity	28,404,022	3,326,495
	Liabilities		
	Non-current liabilities		
17	Interest bearing loans and borrowings	5,952,323	450,000
		5,952,323	450,000
	Current liabilities		
17	Interest bearing loans and borrowings	9,599,012	4,820,710
	Trade payables	687,257	619,680
18	Other payables	426,946	416,027
		10,713,215	5,856,417
	Total liabilities	16,665,538	6,306,417
	TOTAL EQUITY AND LIABILITIES	45,069,560	9,632,912

Consolidated financial statements for the period 1 September 2019– 31 August 2020

Statement of changes in equity

DKK	Share capital	Share premium account	Retained comprehensive income	Share-based payments	Total	Non-controlling interests' share of the subsidiary's results of operations	Total equity
Equity at 31 August 2019	19,360,394	0	-13,086,812	1,335,413	7,608,995	-5,427	7,603,568
Total comprehensive income in 2018/19							
Profit/loss for the year	0	0	-4,429,892	0	-4,429,892	0	-4,429,892
Share-based payments	0	0	0	152,819	152,819	0	152,819
Equity at 31 August 2019	19,360,394	0	-17,516,704	1,488,232	3,331,922	-5,427	3,326,495
Capital increase arising from merger	9,110,774	27,889,226	0	0	37,000,000	0	37,000,000
Premium shares	27,609,226	-27,609,226	0	0	0	0	0
Transfer	0	-280,000	280,000	0	0	0	0
Own shares	-473,052	0	-1,930,050	0	-2,403,102	0	-2,403,102
Total comprehensive income in 2018/19							
Profit/loss for the year	0	0	-9,531,537	0	-9,531,537	0	-9,531,537
Share-based payments	0	0	0	12,166	12,166	0	12,166
Equity at 31 August 2020	55,607,342	0	-28,698,291	1,500,398	28,409,449	-5,427	28,404,022

Consolidated financial statements for the period 1 September 2019 – 31 August 2020

Cash flow statement

Note	DKK	2019/20	2018/19
	Profit/loss before tax	-8,836,175	-4,429,892
	Adjustment for non-cash operating items, etc.:		
	Staff cost (warrants)	12,166	152,819
7	Depreciation, amortisation and impairment losses as well as loss from disposal of assets	2,441,198	297,658
	Finance income and costs	1,096,161	-4,577
	Cash generated from operations (operating activities) before changes in working capital	-5,286,650	-3,983,992
	Changes in working capital	-7,710	-198,370
	Cash generated from operations (operating activities)	-5,294,360	-4,182,362
	Finance income and costs paid/received	-1,096,161	4,577
	Income taxes paid	0	0
	Cash flows from operating activities	-6,390,521	-4,177,785
	Development projects and patents	-1,041,357	-1,441,163
14	Acquisition of fixture and fittings, plant and equipment	0	-313,662
14	Disposal of fixture and fittings, plant and equipment	0	0
	Cash flows from investing activities	-1,041,357	-1,754,825
	Acquisition of own shares	-2,403,102	0
	Change in bank loans and borrowings	10,280,625	4,855,880
	Cash flows from financing activities	7,877,523	4,855,880
	Net cash flows from operating, investing and financing activities	445,645	-1,076,730
	Cash and cash equivalents at 1 September 2019	824,089	1,900,819
	Cash and cash equivalents at 31 August 2020	1,269,734	824,089

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

Consolidated financial statements for the period 1 September 2019 – 31 August 2020

Overview of notes

Consolidated financial statements for the period 1 September 2019 – 31 August 2020

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 2019 – 31 August 2020 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 2019/20 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements in the Danish Financial Statements Act.

On 14 January 2021, the Board of Directors and the Executive Board discussed and approved the annual report of Injecto Group A/S for 2019/20. 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

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

Consolidated financial statements

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

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

Subsidiaries are deconsolidated from the date when such control ceases.

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

Consolidated financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

1 Accounting policies (continued)

Foreign currency translation

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

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

Merger

The merger with H-Patent ApS is accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration for transferred assets, which is measured at the fair value at the acquisition date, and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred and included in other external costs.

When the Company acquires assets, it assesses the financial assets assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Income statement

Revenue

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

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

Government grants

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

Other external expenses

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

Consolidated financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

1 Accounting policies (continued)

Staff costs

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

Other operating income and expenses

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

Finance income and costs

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

Tax for the year

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

Balance sheet

Development projects and patents

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

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

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

Consolidated financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

1 Accounting policies (continued)

Fixtures and fittings, plant and equipment

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

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

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

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

Fixtures and fittings, plant and equipment	2-5 years

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

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

Impairment of non-current assets

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

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

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

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

Receivables and prepayments

Receivables are measured at amortised cost. Write-down 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 financial statements for the period 1 September 2019 – 31 August 2020

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.

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 financial statements for the period 1 September 2019 – 31 August 2020

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 of the year.

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

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

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

Cash and cash equivalents comprise bank deposits and cash.

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

2 Accounting estimates and judgements

Estimation uncertainty

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

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

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

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

Consolidated financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

2 Accounting estimates and judgements (continued)

Development projects and patents

Injecto Group A/S has capitalised a total of DKK 40,610 thousand with respect to development projects and patent costs at 31 August 2020.

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

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.

The Management of Injecto Group A/S conducted very thorough negotiations with major key players in the market during the last financial year. Despite its decision last year to give priority to the lubrigone stopper and the establishment of the first industrial production line at SP Medical ready for supply of 1.0 ml lubrigone$_3$ stoppers for 1.0 ml PFS, we have through the contact with PATH (www.path.org) now restored 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 be tested in the current financial year in the Neogrant Program as a global combined injection device and primary packaging. Furthermore, the easyject syringe has been introduced as a preferred solution by a reputable pharma company, where we are currently negotiating a feasibility agreement. 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 Top20 pharmaceutical companies regarding the lubrigone stopper and established contact with some of the leading sources in the vaccine industry regarding the easyject syringe.

Pharmaceutical companies, where five Top20 companies are testing the product and the company that stated that it intended to give the first commercial order in 2020 due to focus on COVID-19, have postponed the supplementary needed testing on the lubrigone stopper to 2021, where we are hoping to get the order.

A MoU still in force is furthermore backing up the value of the development projects and patents related to the easyject syringe.

Injecto Group A/S does therefore not foresee any concerns regarding the assured recoupability of the capitalised total development and patent costs of DKK 40,610 thousand.

Consolidated financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

2 Accounting estimates and judgements (continued)

Deferred tax assets

The Company realised a loss for the financial year 2019/20. The recognition of deferred tax assets is associated with uncertainty linked to the underlying estimates of future revenue and profits. The recognition is based on the expectations as to the budget year 2020/21 and realistic projections for the coming years. The estimate is based on expectations that, in the financial year 2020/21, the Company will start selling lubrigone stoppers to the pharmaceutical industry. 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 stopper solution.

At 31 August 2020, Management estimates that the taxable loss should be set off against future income.

As a consequence of the merger, deferred tax assets regarding tax loss carryforwards prior to the date of the merger were lost.

	DKK	2019/20	2018/19
3	Revenue		
	Licenses	100,000	100,000
4	Other operating income		
	Government grants	292,350	130,445
5	Staff costs		
	Wages and salaries	1,544,600	1,518,675
	Social security, etc.	12,582	13,014
	Other staff costs	42,297	49,007
	Share-based payments	12,166	152,819
		1,611,645	1,733,515

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

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

Consolidated financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

6 Incentive plans

Outstanding warrants at 31 August 2019:

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

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

Specification of parameters for the Black-Scholes model:

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

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

Consolidated financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

6 Incentive plans (continued)

Outstanding warrants at 31 August 2020:

DKK	Outstanding at 1 September 2019	Additions during the period	Addition due to premium shares	Outstanding at 31 August 2020
Management and employees	528,030	3,204	515,151	1,046,385
Total	528,030	3,204	515,151	1,046,385
Weighted average exercise price	5.74	3.43		2.91
Numbers of warrants which can be exercised at 31 August 2020				1,046,385
at a total exercise price of DKK				3,042,000

The total recognised cost of the warrant programme for Management and employees amounted to DKK 12,166 in the financial year 2019/20.

Specification of parameters for the Black-Scholes model:

DKK	December 2016 – August 2020
Average share price	3.31
Average exercise price at grant	2.91
Expected volatility rate	60%
Expected life (years)	0.3–1.3
Expected dividend per share	0
Risk-free interest rate p.a.	0.39

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

	DKK	2019/20	2018/19
7	Depreciation and amortisation		
	Amortisation of development projects and patents	2,427,173	250,433
	Depreciation on fixtures and fittings, plant and equipment	14,025	47,225
		2,441,198	297,658

Consolidated financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

8 Investments in subsidiaries

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

	DKK	2019/20	2018/19
9	Finance income, etc.		
	Other interest income	19,583	74,906
	Foreign currency translation adjustment	0	135,170
		19,583	210,076
10	Finance costs, etc.		
	Interest expense to credit institutions	12,255	5,503
	Other interest expenses	847,682	199,995
	Foreign currency translation adjustment	255,807	0
		1,115,744	205,498
11	Tax for the year		
	Deferred tax adjustment	695,362	0
	Tax – Injecto Corp.	0	0
		695,362	0
	Analysis of tax for the year:		
	Computed 22.0% of the profit/loss before tax	-1,943,959	-974,576
	Non-deductible expenses	3,023	34,677
	Value adjustment of deferred tax	2,636,298	939,899
		695,362	0
	Current tax rate	-	-

Consolidated financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

	DKK	2019/20	2018/19
12	Deferred tax		
	Deferred tax at 1 September 2019	3,791,215	2,851,316
	Adjustment due to merger	-3,875,563	0
	Deferred tax for the year	1,937,139	939,899
	Deferred tax at 31 August 2020	1,852,791	3,791,215
	Deferred tax is recognised as follows in the balance sheet:		
	Deferred tax (asset)	1,290,756	1,986,118
	Deferred tax at 31 August 2020, net	1,290,756	1,986,118
	Deferred tax relates to:		
	Development projects and patents	400,286	-314,640
	Fixture and fittings, plant and equipment	38,505	35,419
	Write-down of investments	0	3,797
	Tax loss carryforwards	1,414,000	4,066,639
		1,852,791	3,791,215

	DKK	2019/20
13	Development projects and patents	
	Cost at 1 September 2019	5,760,181
	Addition arising from merger	37,000,000
	Additions during the year	1,041,357
	Disposals during the year	0
	Cost at 31 August 2020	43,801,538
	Amortisation at 1 September 2019	-764,021
	Amortisation of disposals	0
	Amortisation for the year	-2,427,173
	Impairment	0
	Amortisation at 31 August 2020	-3,191,194
	Carrying amount at 31 August 2020	40,610,344
	Amortisation, development projects in progress	2,427,173
	Amortisation period	3-20 years

Consolidated financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

14	Fixtures and fittings, plant and equipment	
	Cost at 1 September 2019	1,410,772
	Additions during the year	0
	Disposals during the year	0
	Cost at 31 August 2020	1,410,772
	Depreciation at 1 September 2019	-202,207
	Depreciation of disposed assets	0
	Depreciation for the year	-14,025
	Depreciation at 31 August 2020	-216,232
	Carrying amount at 31 August 2020	1,194,540
	Depreciation, fixtures and fittings, plant and equipment	14,025
	Depreciation period	2-5 years

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

	DKK	2019/20	2018/19
15	Other receivables		
	VAT, etc.	100,935	123,612
	Other	11,345	11,345
		112,280	134,957

16 Equity

The share capital consists of 56,080,394 fully paid-in shares of nominally DKK 1 each, where of 473,052 shares are owned by the Company itself. No shares are given special rights. There are no limitations in the negotiability or the right to vote.

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

The Company's budgeted operating expenses for the coming year, which exceed our current cash funds on a full-year basis, are expected to be financed through a combination of licence income and leading shareholders'/Management's supplementary funding alternatively by new equity investors.

Consolidated financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

17 Interest bearing loans and borrowings

DKK	Interest rate %	Maturity	2019/20	2018/19
E. R. Rasmussens Fond	5.0	1 Oct 2024	459,375	500,000
Holmsvanen AB - convertible	7.0	1 Nov 2020	9,489,637	3,370,710
Asyringe Limited	7.0	31 Dec 2023	1,827,767	1,400,000
Asyringe Limited – convertible	7.0	31 Dec 2023	1,754,087	0
Tina Hetting Holding I ApS	7.0	31 Dec 2023	266,382	0
Tina Hetting Holding I ApS – convertible	7.0	31 Dec 2023	1,754,087	0
Total			15,551,335	5,270,710

Of the interest-bearing loans and borrowings, DKK 9,599,012 falls due within 1 year of the date of the financial statements.

After the reporting period, the interest-bearing loans from Holmsvanen AB have been extended to 31 December 2021.

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

Asyringe Limited and Tina Hetting Holding I ApS have undertaken the obligation to convert their convertible loans with accrued interest, totalling DKK 3,508,174, wholly or partly at the sole discretion of Injecto Group A/S in connection with a listing on a stock exchange at the same terms and conditions as shares in connection with the listing are offered to the public. However, the share price cannot be less that DKK 5.08 per share (equivalent to a minimum valuation of Injecto Group A/S of DKK 284,888 thousand).

DKK	2019/20	2018/19
18 Other payables		
Staff-related debt	426,946	231,301
Other	0	184,726
	426,946	416,027

Consolidated financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

19 Merger

In February 2020, Injecto Group A/S merged with H-Patent ApS subsequent to a thorough preparation with the intention of enhancing the IP rights and product portfolio, where the Merger Plan and Merger Statement were based on a structure suggested by our external tax advisers with sufficient approvals from the tax authorities.

In connection with the merger, the owner of H-Patent ApS received shares in Injecto Group A/S by a transfer of patent protected IP rights to a needle stick prevention (NSP) that can be implemented in the easyject syringe and a special stopper solution that can and will add value to Injecto Group A/S' selection of stopper products, respectively. The exchange of shares in Injecto Group A/S and IP rights was determined in due co-operation with advisers on the basis of financial projections.

Through the merger, equity was increased by the valuation of H-Patent ApS' IP rights and thus byDKK 37,000 thousand. In this respect, it should be noted that Injecto Group A/S' Board of Directors and Management believe it was a conservative valuation, and since the transaction took place in the early stages of the COVID-19 pandemic and the global awareness of future pandemics caused by zoonoses, it is our opinion that the significant potential of the conservative valuation of the IP rights will turn out to be an even higher value.

Injecto Group A/S' establishment of contact with significant and reputable players in the vaccine market regarding the potential production and supply of easyject syringes as a preferred combined injection device and primary packaging ensures an optimistic view on the future and makes the Company and its shareholders believe that the merger will be a major benefit for the Company.

Specification of recognised assets and liability at the merger date:

DKK	2019/20
Patents	37,000,000
Total identifiable net assets at fair value	37,000,000
Shares issued, at fair value	-37,000,000
Net cash flow on merger	0

The Company has incurred transaction costs associated with the merger totalling DKK 280 thousand related to advisers. The cost is recognised as other external expenses in the income statement.

No goodwill has been identified.

Fair value consideration

As part of the merger, the Company identified all identifiable assets and liabilities in H-Patent ApS, which only comprised the patents mentioned above. The fair value of the patents is based on a DCF-model.

The Company issued 9,110,774 ordinary shares as consideration for a 100% interest in H-Patent ApS. The fair value of the shares is calculated with reference to the quoted price of the shares of the Company at the date of the merger, which was DKK 4.06 per share. The fair value of the consideration given was therefore DKK 37,000 thousand.

Consolidated financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

20 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.

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 2020, Injecto Group A/S was holding approx. DKK 1,270 thousand in cash. No bank overdraft facilities or long-term loans are applicable, and the Company will rely on support from its major shareholders.

Cash at 31 August 2020 combined with the support from the major shareholders will ensure the Company’s business activities. Further, Management will consider attracting supplementary capital by grants and/or issuance of new shares in addition or as an alternative to the aforementioned loan facilities. Furthermore, potential contributions from funding programmes for innovative business activities can also contribute.

Management monitors month-end reports with cash flow forecasts for Injecto Group A/S' liquidity reserve in order to ensure the best position for the Company and its existing shareholders. This could lead to an alternative 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 first industrial production line at SP Medical with a capacity representing a significant initial revenue with a satisfactory gross margin will also have an impact on the need to attract additional funding.

Credit risks

Credit risks could potentially derive from deposits with banks and other financial institutions, as well as credit exposures to licensed third parties, obtaining the possible territorial or global licensed right to Injecto Group A/S' products. However, necessary precautions with respect to potential licences will be addressed in the contracts.

Credit risk is managed at company management level.

Consolidated financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

20 Financial risks and financial instruments (continued)

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 and among the global leading companies with a very strong economy. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. Management regularly monitors compliance with credit limits.

Financial instruments

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

The Company does not make use of derivate financial instruments.

21 Contingent liabilities

The Company has a contingent liability in the form of a short-term lease, totalling DKK 433 thousand.

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 financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

22 Related parties/shareholder information (continued)

Related party transactions

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

The merger with H-Patent ApS is considered a related party transaction as H-Patent ApS was controlled by Tina Hetting Holding II ApS. Tina Hetting Holding II ApS' beneficial owners were considered related parties before the merger.

Apart from this, the Company did not carry through any related party transactions during 2019/20. It is the Executive Board's opinion that all related party transactions are carried through on an arm's length basis.

23 Events after the reporting period

No material events have occurred from 31 August 2020 up to today that will require adjustment of or supplementary information in the financial statements.

In this respect, it should, however, be mentioned that exercise of warrants in January 2021 will increase the share capital from DKK 56,080,394 to DKK 56,912,230 at ratio 320.7363 (subscription price of DKK 3.207363 per nominal share of DKK 1.00), which will strengthen the financial position of the Company.

Even though we have fortunately not been impacted adversely by COVID-19, Injecto Group A/S' Board of Directors and Management are following the development carefully, and we are trying to plan for and mitigate potential risks to our business activities that could occur in connection with mutations, further financial impacts and extension of lockdowns in countries across the world.

At the same time, we focus on making it possible to turn the COVID-19 situation into an opportunity by meeting the threats from COVID-19 with increased focus on vaccines to lower the risks from COVID-19 and new zoonoses, and in this respect, we believe that some of our products, and especially the easyject syringe, will contribute to the fight against pandemics.

Since only a few of our customers are located in England and our co-operation partners are mainly located in Europe, and especially in Germany, Switzerland and France, Brexit is not expected to cause problems. In connection with new potential customers and strategic co-operation partners, we are, however, aware of the uncertainty with respect to Brexit in the years to come.

We are working on further strengthening the capital of the Company and its subsidiaries where we always take our current and loyal shareholders' interests into account in connection with the development and expansion of our company when we move into the commercial stage. In this connection, attraction of capital in order to move the Company forward under due consideration of timing and seizing opportunities in the growing market and ensuring a strong position with our competitive products is significant and therefore also a time-consuming activity.

Consolidated financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

24 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:

IFRS 17	Insurance Contracts
IAS 1	Presentation of Financial Statements – Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
IFRS 3	Business Combination - Amendments to IFRS 3: Definition of a business
IAS 16	Property, Plant and Equipment – Amendment to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use
IAS 37	Provisions, Contingent Liabilities and Contingent Assets – Amendment to IAS 37 Provision, Contingent Liabilities and Contingent Assets: Onerous Contracts – cost of fulfilling a Contract
General	Annual improvements to IFRSs 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.

Parent company financial statements for the period 1 September 2019 – 31 August 2020

Income statement

Note	DKK	2019/20	2018/19
3	Revenue	100,000	100,000
	Other external expenses	-3,061,624	-2,615,162
	Gross profit/loss	-2,961,624	-2,515,162
4	Other operating income	1,732,350	130,445
5, 6	Staff costs	-1,611,645	-1,733,515
	Profit/loss before depreciation	-2,840,919	-4,118,232
7	Depreciation	-2,441,198	-297,658
	Operating loss	-5,282,117	-4,415,890
9	Finance income, etc.	69,618	221,911
8,10	Finance costs, etc.	-2,915,009	-205,111
	Profit/loss before tax	-8,127,508	-4,399,090
11	Tax for the year	-695,362	0
	Profit/loss for the year	-8,822,870	-4,399,090

	Proposed distribution of profit/loss		
	Retained earnings	-8,822,870	-4,399,090

Parent company financial statements for the period 1 September 2019 – 31 August 2020

Statement of comprehensive income

Note	DKK	2019/20	2018/19
	Profit/loss for the year	-8,822,870	-4,399,090
	Other comprehensive income after tax	0	0
	Total comprehensive income	-8,822,870	-4,399,090
	Proposed distribution of comprehensive income		
	Retained earnings	-8,822,870	-4,399,090

Parent company financial statements for the period 1 September 2019 – 31 August 2020

Balance sheet

Note	DKK	2019/20	2018/19
	ASSETS		
	Non-current assets		
13	Development of projects and patents	40,610,344	4,996,160
14	Fixtures and fittings, plant and equipment	0	14,025
		40,610,344	5,010,185
	Other non-current assets		
8	Investments in subsidiaries	200,000	2,000,000
12	Deferred tax	1,290,756	1,986,118
	Deposits	21,906	21,906
		1,512,662	4,008,024
	Total non-current assets	42,123,006	9,018,209
	Current assets		
	Trade receivables	570,000	450,000
	Intercompany receivables	3,052,305	662,270
15	Other receivables	81,106	82,374
	Prepayments	0	11,117
		3,703,411	1,205,761
	Cash	1,209,067	550,224
	Total current assets	4,912,478	1,755,985
	TOTAL ASSETS	47,035,484	10,774,194

Note	DKK	2019/20	2018/19
	EQUITY AND LIABILITIES		
16	Equity		
	Share capital	55,607,342	19,360,394
	Share-based payments	1,500,398	1,488,232
	Retained earnings	-28,125,371	-17,652,451
	Total equity	28,982,369	3,196,175
	Liabilities		
	Non-current liabilities		
17	Interest bearing loans and borrowings	5,952,323	450,000
		5,952,323	450,000
	Current liabilities		
17	Interest bearing loans and borrowings	9,599,012	4,820,710
	Trade payables	574,834	391,282
	Payables to group entities	1,500,000	1,500,000
18	Other payables	426,946	416,027
		12,100,792	7,128,019
	Total liabilities	18,053,115	7,578,019
	TOTAL EQUITY AND LIABILITIES	47,035,484	10,774,194

Parent company financial statements for the period 1 September 2019 – 31 August 2020

Statement of changes in equity

DKK	Share capital	Share premium account	Retained comprehensive income	Share-based payments	Total
Equity at 31 August 2018	19,360,394	0	-13,253,361	1,335,413	7,442,446
Total comprehensive income in 2018/19					
Profit/loss for the year	0	0	-4,399,090	0	-4,399,090
Share-based payments	0	0	0	152,819	152,819
Equity at 31 August 2019	19,360,394	0	-17,652,451	1,488,232	3,196,175
Capital increase arising from merger	9,110,774	27,889,226	0	0	37,000,000
Premium shares	27,609,226	-27,609,226	0	0	0
Transfer	0	-280,000	280,000	0	0
Own shares	-473,052	0	-1,930,050	0	-2,403,102
Total comprehensive income in 2019/20					
Profit/loss for the year	0	0	-8,822,870	0	-8,822,870
Share-based payments	0	0	0	12,166	12,166
Equity at 31 August 2020	55,607,342	0	-28,125,371	1,500,398	28,982,369

Parent company financial statements for the period 1 September 2019 – 31 August 2020

Overview of notes

Parent company financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

1 Accounting policies

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

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

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

Investments in subsidiaries

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

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

2 Accounting estimates and judgements

Estimation uncertainty

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

The estimates used are based on assumptions that Management assesses to be reliable, but which in 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 entail that actual results may differ from these estimates.

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

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

Development projects and patents

Injecto Group A/S has capitalised a total of DKK 40,610 thousand with respect to development projects and patent costs at 31 August 2020.

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

Parent company financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

2 Accounting estimates and judgements (continued)

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.

The Management of Injecto Group A/S conducted very thorough negotiations with major key players in the market during the last financial year. Despite its decision last year to give priority to the lubrigone stopper and the establishment of the first industrial production line at SP Medical ready for supply of 1.0 ml lubrigone3 stoppers for 1.0 ml PFS, we have through the contact with PATH (www.path.org) now restored 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 be tested in the current financial year in the Neogrant Program as a global combined injection device and primary packaging. Furthermore, the easyject syringe has been introduced as a preferred solution by a reputable pharma company, where we are currently negotiating a feasibility agreement. 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 Top20 pharmaceutical companies regarding the lubrigone stopper and established contact with some of the leading sources in the vaccine industry regarding the easyject syringe.

Pharmaceutical companies, where five Top20 companies are testing the product and the company that stated that it intended to give the first commercial order in 2020 due to focus on COVID-19, have postponed the supplementary needed testing on the lubrigone stopper to 2021, where we are hoping to get the order.

A MoU still in force is furthermore backing up the value of the development projects and patents related to the easyject syringe.

Injecto Group A/S does therefore not foresee any concerns regarding the assured recoupability of the capitalised total development and patent costs of DKK 40,610 thousand.

Deferred tax assets

The Company realised a loss for the financial year 2019/20. The recognition of deferred tax assets is associated with uncertainty linked to the underlying estimates of future revenue and profits. The recognition is based on the expectations as to the budget year 2020/21 and realistic projections for the coming years. The estimate is based on expectations that, in the financial year 2020/21, the Company will start selling lubrigone stoppers to the pharmaceutical industry. 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 stopper solution.

At 31 August 2020, Management estimates that the taxable loss should be set off against future income.

As a consequence of the merger, deferred tax assets regarding tax loss carryforwards prior to the date of the merger were lost.

Parent company financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

	DKK	2019/20	2018/19
3	Revenue		
	Licences	100,000	100,000
4	Other operating income		
	Government grants	292,350	130,445
	Management fee	1,440,000	0
		1,732,350	130,445
5	Staff costs		
	Wages and salaries	1,544,600	1,518,675
	Social security, etc.	12,582	13,014
	Other staff costs	42,297	49,007
	Share-based payments	12,166	152,819
		1,611,645	1,733,515

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

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

Parent company financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

6 Incentive plans

Outstanding warrants at 31 August 2019:

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

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

Specification of parameters for the Black-Scholes model:

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

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

Outstanding warrants at 31 August 2020:

DKK	Outstanding at 1 Septem-ber 2019	Additions during the period	Addition due to premium shares	Outstanding at 31 August 2020
Management and employees	528,030	3,204	515,151	1,046,385
Total	528,030	3,204	515,151	1,046,385
Weighted average exercise price	5.74	3.43		2.91
Numbers of warrants which can be exercised at 31 August 2020				1,046,385
at a total exercise price of DKK				3,042,000

The total recognised cost of the warrant programme for Management and employees amounted to DKK 12,166 in the financial year 2019/20.

Parent company financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

6 Incentive plans (continued)

Specification of parameters for the Black-Scholes model:

DKK	December 2016 – August 2020
Average share price	3.31
Average exercise price at grant	2.91
Expected volatility rate	60%
Expected life (years)	0.3–1.3
Expected dividend per share	0
Risk-free interest rate p.a.	0.39

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

	DKK	2019/20	2018/19
7	Depreciation and amortisation		
	Amortisation of development projects and patents	2,427,173	250,433
	Depreciation on fixtures and fittings, plant and equipment	14,025	47,225
		2,441,198	297,658

8 Investments in subsidiaries

Name	Registered office	Voting rights	Ownership	Profit	Equity
Injecto Corp.	Cresskill, USA	85%	85%	0	-33.829
Injecto A/S	Copenhagen, DK	100%	100%	-2,508,667	-360,449

DKK	2019/20
Cost at 1 September 2019	2,000,000
Additions during the year	0
Cost at 31 August 2020	2,000,000
Impairment losses at 1 September 2019	0
Impairment losses for the year	-1,800,000
Impairment losses at 31 August 2020	-1,800,000
Carrying amount at 31 August 2020	200,000

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.

Parent company financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

	DKK	2019/20	2018/19
9	Finance income, etc.		
	Interest income, subsidiaries	50,035	11,835
	Other interest income	19,583	74,906
	Foreign currency translation adjustment	0	135,170
		69,618	221,911
10	Finance costs, etc.		
	Impairment losses, subsidiaries	1,800,000	0
	Interest expense to credit institutions	11,520	5,116
	Other interest expenses	847,682	199,995
	Foreign currency translation adjustment	255,807	0
		2,915,009	205,111
11	Tax for the year		
	Deferred tax adjustment	695,362	0
		695,362	0
	Analysis of profit/loss for the year:		
	Computed 22% of the profit/loss before tax	-1,788,052	-967,800
	Non-deductible expenses, etc.	399,023	34,677
	Value adjustment of deferred tax	2,084,391	933,123
		695,362	0
	Current tax rate	-	-

Parent company financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

	DKK	2019/20	2018/19
12	Deferred tax asset		
	Deferred tax at 1 September	3,781,087	2,851,316
	Adjustment due to merger	-3,875,563	0
	Deferred tax for the year	1,385,232	929,771
	Deferred tax at 31 August	1,290,756	3,781,087
	Deferred tax is recognised as follows in the balance sheet:		
	Deferred tax (asset)	1,290,756	1,986,118
	Deferred tax at 31 August	1,290,756	1,986,118
	Deferred tax relates to:		
	Development projects and patents	400,286	-133,692
	Fixture and fittings, plant and equipment	38,505	35,419
	Write-down of investments	0	3,797
	Tax loss carryforwards	851,865	3,875,563
		1,290,656	3,781,087

	DKK	2019/20
13	Development projects and patents	
	Cost at 1 September 2019	5,760,181
	Additions arising from merger	37,000,000
	Additions during the year	1,041,357
	Disposals during the year	0
		43,801,538
	Amortisation at 1 September 2019	-764,021
	Amortisation of disposals	0
	Amortisation for the year	-2,427,173
	Impairment	0
		-3,191,194
	Carrying amount at 31 August 2020	40,610,344
	Amortisation, development projects and patents	2,427,173
	Amortisation period	3-20 years

Parent company financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

	DKK	2019/20
14	Fixtures and fittings, plant and equipment	
	Cost at 1 September 2019	216,232
	Additions during the year	0
	Disposals during the year	0
		216,232
	Depreciation at 1 September 2019	-202,207
	Depreciation of disposals	0
	Depreciation for the year	-14,025
		-216,232
	Carrying amount at 31 August 2020	0
	Depreciation, fixtures and fittings, plant and equipment	14,025
	Depreciation period	2-5 years

15	Other receivables		
	VAT, etc.	69,761	71,029
	Other	11,345	11,345
		81,106	82,374

16 Equity

The share capital consists of 56,080,394 fully paid-in shares of nominally DKK 1 each, where of 473,052 shares are owned by the Company itself. No shares are given special rights. There are no limitations in the negotiability or the right to vote.

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

The Company's budgeted operating expenses for the coming year, which exceed our current cash funds on a full-year basis, are expected to be financed through a combination of licence income and leading shareholders'/Management's supplementary funding alternatively by new equity investors.

Parent company financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

17 Interest bearing loans and borrowings

DKK	Interest rate %	Maturity	2019/20	2018/19
E. R. Rasmussens Fond	5.0	1 Oct 2024	459,375	500,000
Holmsvanen AB - convertible	7.0	1 Nov 2020	9,489,637	3,370,710
Asyringe Limited	7.0	31 Dec 2023	1,827,767	1,400,000
Asyringe Limited – convertible	7.0	31 Dec 2023	1,754,087	0
Tina Hetting Holding I ApS	7.0	31 Dec 2023	266,382	0
Tina Hetting Holding I ApS – convertible	7.0	31 Dec 2023	1,754,087	0
Total			15,551,335	5,270,710

Of the interest-bearing loans and borrowings, DKK 9,599,012 falls due within 1 year of the date of the financial statements.

After the reporting period, the interest-bearing loans from Holmsvanen AB have been extended to 31 December 2021.

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

Asyringe Limited and Tina Hetting Holding I ApS have undertaken the obligation to convert their convertible loans with accrued interest, totalling DKK 3,508,174, wholly or partly at the sole discretion of Injecto Group A/S in connection with a listing on a stock exchange at the same terms and conditions as shares in connection with the listing are offered to the public. However, the share price cannot be less that DKK 5.08 per share (equivalent to a minimum valuation of Injecto Group A/S of DKK 284,888 thousand).

DKK	2019/20	2018/19
18 Other payables		
Staff-related debt	426,946	231,301
Other	0	184,726
	426,946	416,027

Parent company financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

19 Merger

In February 2020, Injecto Group A/S merged with H-Patent ApS subsequent to a thorough preparation with the intention of enhancing the IP rights and product portfolio, where the Merger Plan and Merger Statement were based on a structure suggested by our external tax advisers with sufficient approvals from the tax authorities.

In connection with the merger, the owner of H-Patent ApS received shares in Injecto Group A/S by a transfer of patent protected IP rights to a needle stick prevention (NSP) that can be implemented in the easyject syringe and a special stopper solution that can and will add value to Injecto Group A/S' selection of stopper products, respectively. The exchange of shares in Injecto Group A/S and IP rights was determined in due co-operation with advisers on the basis of financial projections.

Through the merger, equity was increased by the valuation of H-Patent ApS' IP rights and thus byDKK 37,000 thousand. In this respect, it should be noted that Injecto Group A/S' Board of Directors and Management believe it was a conservative valuation, and since the transaction took place in the early stages of the COVID-19 pandemic and the global awareness of future pandemics caused by zoonoses, it is our opinion that the significant potential of the conservative valuation of the IP rights will turn out to be an even higher value.

Injecto Group A/S' establishment of contact with significant and reputable players in the vaccine market regarding the potential production and supply of easyject syringes as a preferred combined injection device and primary packaging ensures an optimistic view on the future and makes the company and its shareholders believe that the merger will be a major benefit for the company.

Specification of recognised assets and liability at the merger date:

DKK	2019/20
Patents	37,000,000
Total identifiable net assets at fair value	37,000,000
Shares issued, at fair value	-37,000,000
Net cash flow on merger	0

The Company has incurred transaction costs associated with the merger totalling DKK 280 thousand related to advisers. The cost is recognised as other external expenses in the income statement.

No goodwill has been identified.

Fair value consideration

As part of the merger, the Company identified all identifiable assets and liabilities in H-Patent ApS, which only comprised the patents mentioned above. The fair value of the patents is based on a DCF-model.

The Company issued 9,110,774 ordinary shares as consideration for a 100% interest in H-Patent ApS. The fair value of the shares is calculated with reference to the quoted price of the shares of the Company at the date of the merger, which was DKK 4.06 per share. The fair value of the consideration given was therefore DKK 37,000 thousand.

Parent company financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

20 Financial risks and financial instruments

No stand-alone department regarding the Company'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 Company. The Board of Directors has not yet provided written principles for overall risk management, including, but not limited to, specific areas such as foreign exchange risk, interest rate risk, credit risk and cash flow management.

Currency risks

The Company's sales and profits will be connected to the international exploitation in various global markets. This 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.

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 2020, Injecto Group A/S was holding approx. DKK 1,209 thousand in cash. No bank overdraft facilities or long-term loans are applicable, and the Company will rely on support from its major shareholders.

Cash at 31 August 2020 combined with the support from the major shareholders will ensure the Company's business activities. Further, Management will consider attracting supplementary capital by grants and/or issuance of new shares in addition or as an alternative to the aforementioned loan facilities. Furthermore, potential contributions from funding programmes for innovative business activities can also contribute.

Management monitors month-end reports with cash flow forecasts for Injecto Group A/S' liquidity reserve in order to ensure the best position for the Company and its existing shareholders. This could lead to an alternative 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 first industrial production line at SP Medical with a capacity representing a significant initial revenue with a satisfactory gross margin will also have an impact on the need to attract additional funding.

Parent company financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

20 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, some of our products can be used for more than just one customer and are generally not customised, 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.

21 Contingent liabilities

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

22 Collateral

The 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.

Parent company financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

23 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.

Related party transactions

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

The merger with H-Patent ApS is considered a related party transaction as H-Patent ApS was controlled by Tina Hetting Holding II ApS. Tina Hetting Holding II ApS' beneficial owners were considered related parties before the merger.

Apart from this, the Company did not carry through any related party transactions during 2019/20. It is the Executive Board's opinion that all related party transactions are carried through on an arm's length basis.

24 Events after the reporting period

No material events have occurred from 31 August 2020 up to today that will require adjustment of or supplementary information in the financial statements.

In this respect, it should, however, be mentioned that exercise of warrants in January 2021 will increase the share capital from DKK 56,080,394 to DKK 56,912,230 at ratio 320.7363 (subscription price of DKK 3.207363 per nominal share of DKK 1.00), which will strengthen the financial position of the Company.

Even though we have fortunately not been impacted adversely by COVID-19, Injecto Group A/S' Board of Directors and Management are following the development carefully, and we are trying to plan for and mitigate potential risks to our business activities that could occur in connection with mutations, further financial impacts and extension of lockdowns in countries across the world.

At the same time, we focus on making it possible to turn the COVID-19 situation into an opportunity by meeting the threats from COVID-19 with increased focus on vaccines to lower the risks from COVID-19 and new zoonoses, and in this respect, we believe that some of our products, and especially the easyject syringe, will contribute to the fight against pandemics.

Parent company financial statements for the period 1 September 2019 – 31 August 2020

Notes to the financial statements

24 Events after the reporting period (continued)

Since only a few of our customers are located in England and our co-operation partners are mainly located in Europe, and especially in Germany, Switzerland and France, Brexit is not expected to cause problems. In connection with new potential customers and strategic co-operation partners, we are, however, aware of the uncertainty with respect to Brexit in the years to come.

We are working on further strengthening the capital of the company and its subsidiaries where we always take our current and loyal shareholders' interests into account in connection with the development and expansion of our company when we move into the commercial stage. In this connection, attraction of capital in order to move the company forward under due consideration of timing and seizing opportunities in the growing market and ensuring a strong position with our competitive products is significant and therefore also a time-consuming activity.

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:

IFRS 17	Insurance Contracts
IAS 1	Presentation of Financial Statements – Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
IFRS 3	Business Combination - Amendments to IFRS 3: Definition of a business
IAS 16	Property, Plant and Equipment – Amendment to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use
IAS 37	Provisions, Contingent Liabilities and Contingent Assets – Amendment to IAS 37 Provision, Contingent Liabilities and Contingent Assets: Onerous Contracts – cost of fulfilling a Contract
General	Annual improvements to IFRSs 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.