

ExpreS2ion Biotechnologies ApS

Agern Allé 1, 2970 Hørsholm

CVR no. 32 77 04 87

Annual report for 2023

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 05.06.24

Bent Frandsen
Dirigent

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The company

Expres2ion Biotechnologies ApS
Agern Allé 1
2970 Hørsholm
Website: www.expres2ionbio.com
Registered office: Rudersdal
CVR no.: 32 77 04 87
Financial year: 01.01 - 31.12

Executive Board

Bent Ulrich Frandsen

Board of Directors

Martin Roland Jensen
Karin Garre
Sara Sande
Jakob Ole Knudsen

Auditors

EY Godkendt Revisionspartnerselskab

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.23 - 31.12.23 for ExpreS2ion Biotechnologies ApS.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.23 and of the results of the company's activities for the financial year 01.01.23 - 31.12.23.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Hørsholm, May 8, 2024

Executive Board

Bent Ulrich Frandsen

Board of Directors

Martin Roland Jensen
Chairman

Karin Garre

Sara Sande

Jakob Ole Knudsen

To the shareholder of ExpreS2ion Biotechnologies ApS**Opinion**

We have audited the financial statements of ExpreS2ion Biotechnologies ApS for the financial year 1 January – 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023 in accordance with 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 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 Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with 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 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 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.

Auditor's responsibilities for the audit of the financial statements

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment 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 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 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 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.

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.

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 form of 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 the work we have performed, 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.

Aalborg, May 8, 2024

EY Godkendt Revisionspartnerselskab

CVR no. 30700228

Hans B. Vistisen
State Authorized Public Accountant
MNE-no. mne23254

Mads Obel Knøsgaard
State Authorized Public Accountant
MNE-no. mne49041

Primary activities

The company's activities are within contract based as well as own research & development of biotechnological products within diagnostics, vaccines and immunotherapy.

For more information see the company's website www.expres2ionbio.com

Development in activities and financial affairs

The income statement for the period 01.01.23 - 31.12.23 shows a profit/loss of DKK -55,629,460 against DKK -79,149k for the period 01.01.22 - 31.12.22. The balance sheet shows equity of DKK 41,931,324.

Financial Position and liquidity resources

The Company has received confirmation from the parent company to continue the financial support of the company in 2024 according to the approved budget. Refer to note 2 as basis for the assessment that the Board of Directors and the Executive Management have prepared the financial statements based on a going concern assumption.

Unusual matters having affected the financial statements

During the year, the Company has reversed impairment losses of equity investments in participating interests. The reversal has impacted the income statement with DKK 2,980 thousand.

Other than the event mentioned above, the Company's financial position at 31 December 2023 and the results of its operation for the financial year ended 31 December 2023 are not affected by unusual matters.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note	2023 DKK	2022 DKK '000
	-38,920,365	-57,918
Gross loss		
3 Staff costs	-24,961,817	-25,887
	-63,882,182	-83,805
Loss before depreciation, amortisation, write-downs and impairment losses		
Depreciation and impairments losses of property, plant and equipment	-728,399	-539
	-64,610,581	-84,344
Operating loss		
Financial income	1,219,323	1,327
Impairment losses on financial assets	2,979,980	0
4 Financial expenses	-718,989	-1,632
	-61,130,267	-84,649
Loss before tax		
Tax on loss for the year	5,500,807	5,500
	-55,629,460	-79,149
Loss for the year		
Proposed appropriation account		
Retained earnings	-55,629,460	-79,149
	-55,629,460	-79,149
Total		

ASSETS		31.12.23	31.12.22
		DKK	DKK '000
Note			
	Other fixtures and fittings, tools and equipment	1,188,196	608
5	Total property, plant and equipment	1,188,196	608
6	Equity investments in participating interests	2,996,980	17
7	Deposits	887,337	1,024
	Total investments	3,884,317	1,041
	Total non-current assets	5,072,513	1,649
8	Work in progress for third parties	49,101	132
	Trade receivables	640,061	556
	Receivables from group enterprises	1,395,508	763
	Income tax receivable	5,500,000	5,503
	Other receivables	660,458	1,408
	Prepayments	490,095	6,732
	Total receivables	8,735,223	15,094
	Cash	36,402,465	74,274
	Total current assets	45,137,688	89,368
	Total assets	50,210,201	91,017

EQUITY AND LIABILITIES		31.12.23	31.12.22
Note		DKK	DKK '000
9	Share capital	530,835	531
	Retained earnings	41,400,489	68,001
	Total equity	41,931,324	68,532
10	Lease commitments	964,681	58
10	Other payables	0	1,279
	Total long-term payables	964,681	1,337
10	Short-term part of long-term payables	184,423	1,179
	Payables to other credit institutions	44,449	20
8	Prepayments received from work in progress for third parties	108,222	1,718
	Trade payables	2,939,695	14,806
	Other payables	4,037,407	3,425
	Total short-term payables	7,314,196	21,148
	Total payables	8,278,877	22,485
	Total equity and liabilities	50,210,201	91,017
11	Contingent assets		
12	Contingent liabilities		
13	Charges and security		
14	Related parties		

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings	Total equity
Statement of changes in equity for 01.01.23 - 31.12.23			
Balance as at 01.01.23	530,835	68,001,075	68,531,910
Debt conversion	0	27,811,419	27,811,419
Group contribution	0	1,217,455	1,217,455
Net profit/loss for the year	0	-55,629,460	-55,629,460
Balance as at 31.12.23	530,835	41,400,489	41,931,324

1. Special items

Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:

Special items:	Recognised in the income statement in:	2023 DKK	2022 DKK '000
Reversal of impairment losses of equity investments in participating interests	Impairment losses on financial assets	2,979,980	0
Total		2,979,980	0

2. Financial position and liquidity resources

Expres2ion Biotechnologies ApS (the Company) monitors its liquidity position and forecasts rolling twelve-month cash requirements on a continuous basis to identify liquidity risks and enable the Board of Directors of Expres2ion Biotech Holding AB (the parent company), to prepare for new financing transactions and/or enable the Executive Management to take relevant tactical or strategic actions to allow the Group and the Company to continue its research and development activities as planned as a going concern.

Expres2ion, considering its net current assets, forecasted cash requirements and dividend from investment in participating interests to be received, has sound liquidity to fund its operations as planned through 2024.

In addition, the parent company plans to obtain additional long-term sources of funding in 2024. This will be in the form of the parent company's issuance of new shares. Additional potential sources of long-term funding include grants, entering license and research and development collaboration agreements, expense management activities, and some combination of those sources. The Board of Directors and Executive Management believe it is probable that liquidity resources can be obtained to enable the Group and the Company to continue its activities as planned beyond 2024.

The Company has received confirmation from the parent company to continue the financial support of the company in 2024 according to the approved budget. Based on these assumptions, the Board of Directors and the Executive Management have prepared the Financial Statements based on a going concern assumption.

	2023	2022
	DKK	DKK '000

3. Staff costs

Wages and salaries	22,205,516	24,125
Pensions	1,730,733	910
Other social security costs	58,253	60
Other staff costs	967,315	792
Total	24,961,817	25,887

Average number of employees during the year	26	27
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The item "Wages and salaries" includes costs of share-based payment, which in 2023 amount to DKK 1,217k and in 2022 DKK 5,491k.

	2023	2022
	DKK	DKK '000

4. Financial expenses

Interest, group enterprises	493,395	1,047
Other interest expenses	225,594	585
Other financial expenses total	225,594	585
Total	718,989	1,632

The item "Other interest expenses" includes, in addition to interest to banks, interest on lease commitments which in 2023 amount to DKK 63k and in 2022 DKK 31k as well as interest on debt certificates which in 2023 amounts to DKK 162k and in 2022 DKK 184k.

5. Property, plant and equipment

Figures in DKK	Other fixtures and fittings, tools and equipment
Cost as at 01.01.23	4,167,326
Additions during the year	1,308,589
Cost as at 31.12.23	5,475,915
Depreciation and impairment losses as at 01.01.23	-3,559,320
Depreciation during the year	-728,399
Depreciation and impairment losses as at 31.12.23	-4,287,719
Carrying amount as at 31.12.23	1,188,196
Carrying amount of assets held under finance leases as at 31.12.23	914,180

6. Equity investments in participating interests

Figures in DKK	Equity investments in participating interests
Cost as at 01.01.23	2,996,980
Cost as at 31.12.23	2,996,980
Depreciation and impairment losses as at 01.01.23	-2,979,980
Reversal of impairment losses in respect of previous years	2,979,980
Depreciation and impairment losses as at 31.12.23	0
Carrying amount as at 31.12.23	2,996,980

7. Other non-current financial assets

Figures in DKK	Deposits	
Cost as at 01.01.23		1,023,796
Additions during the year		105,340
Disposals during the year		-241,799
Cost as at 31.12.23		887,337
Carrying amount as at 31.12.23		887,337
	31.12.23	31.12.22
	DKK	DKK '000

8. Work in progress for third parties

Work in progress for third parties	2,702,072	3,804
On-account invoicing	-2,761,193	-5,390
Total work in progress for third parties	-59,121	-1,586
Work in progress for third parties	49,101	132
Prepayments received from work in progress for third parties, short-term payables	-108,222	-1,718
Total	-59,121	-1,586

9. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK
Share class A	260,000	260,000
Share class B	270,835	270,835
Total		530,835

10. Long-term payables

	Repayment first year DKK	Outstanding debt after 5 years DKK	Total payables at 31.12.23 DKK	Total payables at 31.12.22 DKK '000
Lease commitments	184,423	0	1,149,104	135
Other payables	0	0	0	2,381
Total	184,423	0	1,149,104	2,516

11. Contingent assets

The company has tax losses to offset against future taxable income of DKK 161,937k. The potential tax asset is not recognized because of the uncertainty about their use.

12. Contingent liabilities

Lease commitments

The company has concluded operating lease agreements with terms to maturity of 6 months and total lease payments of DKK 867k.

13. Charges and security

As security for debt to credit institutions of DKK 0k, a company charge has been provided comprising goodwill, intellectual property rights, motor vehicles, other plant, fixtures and fittings, tools and equipment, inventories and agricultural stock, trade receivables as well as fuels and other ancillary materials. The total carrying amount of the comprised assets is DKK 1,828k.

As of 2nd January 2024 the company charge has been canceled.

14. Related parties

The company is included in the consolidated financial statements of the parent Expres2ion Biotech Holding AB, Sweden.

The consolidated financial statements of Expres2ion Biotech Holding AB may be obtained from the Company on the website <https://investor.expres2ionbio.com/reports/>.

15. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

15. Accounting policies - continued -**LEASES**

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases relating to assets where the company has substantially all the risks and benefits incidental to the ownership of the asset (finance leases) are recognised in the balance sheet. On initial recognition, assets held under finance leases and related lease commitments are measured at the lower of the fair value of the leased asset and the present value of future lease payments. Subsequently, assets held under finance leases are treated like other similar assets.

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as payables. Subsequent to initial recognition, lease commitments are measured at amortised cost according to which the interest element of the lease payment is recognised in the income statement over the lease term.

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

The Company's total liabilities relating to operating leases and other leases are disclosed under contingencies.

INCOME STATEMENT**Gross loss**

Gross loss comprises revenue and raw materials and consumables and other external expenses.

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

15. Accounting policies - continued -

Income from the sale of services is recognised in the income statement as delivery takes place (delivery method). Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Other operating income**Costs of raw materials and consumables**

Costs of raw materials and consumables comprise raw materials and consumables used for the year.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries, share based payment arrangements as well as other staff-related costs.

Share-based incentive plans in which Management and employees can only buy shares in the parent company (equity-based plans) are measured at the value to be paid to the parent company, equal to the equity instruments' fair value at the grant date and recognized in the income statement over the vesting period on a graded or a straight-line basis, as determined by the agreement terms. The balancing item is recognized directly in equity. The fair value of the equity instruments is determined using the Black & Scholes model.

Depreciation and impairment losses

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. Assets are depreciated according to the straight-line method based on the following expected useful lives and residual values:

15. Accounting policies - continued -

	Useful life, year	Residual value DKK '000
Other plant, fixtures and fittings, tools and equipment	3	0

The basis of depreciation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Impairment losses on financial assets

Impairment losses on financial assets comprise impairment of investments at a lower recoverable amount and write-downs of financial current assets at a lower net realisable value.

Other net financials

Interest income and interest expenses, the interest element of finance lease payments, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The Company is part of the tax credit scheme (in Danish: skattekreditordningen).

15. Accounting policies - continued -**BALANCE SHEET****Property, plant and equipment**

Property, plant and equipment comprise other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in participating interests

Participating interests are measured in the balance sheet at cost less any impairment losses. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

15. Accounting policies - continued -

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

If dividends are distributed on equity investments in participating interests exceeding the year earnings from the enterprise in question, this is considered an indication of impairment.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Other receivables mainly consists of VAT and other items.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Work in progress for third parties

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the

15. Accounting policies - continued -

resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

Grants received from the parent are recognised directly in equity under retained earnings, as the grants are treated as capital contributions.

15. Accounting policies - continued -**Current and deferred tax**

The Company is part of the tax credit scheme in Denmark.

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

The Company has chosen IAS 39 as interpretation for recognition and measurement of liabilities.

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.