Cbio A/S

ANNUAL REPORT
2023

CBio A/S

Transformervej 8, 2860 Søborg
CVR no. 40 21 66 42

Annual report for 2023

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 09.04.24

Ulrik Cordes
Dirigent

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Company information etc.

The company

CBio A/S
Transformervej 8
2860 Søborg
CVR no.: 40 21 66 42
Financial year: 01.01 - 31.12

Executive Board

Ulrik Cordes

Board of Directors

Else Beth Trautner
Christian Henri Leroy
Karin Cecilia Hultén
Ulrik Cordes
Lars Rabe Tønnesen

Auditors

Beierholm
Statsautoriseret 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 CBio A/S.

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.

Soeborg, Copenhagen, April 9, 2024

Executive Board

Ulrik Cordes
CEO

Board of Directors

Else Beth Trautner Chairman	Christian Henri Leroy	Karin Cecilia Hultén
Ulrik Cordes CEO	Lars Rabe Tønnesen	

To the Shareholder of CBio A/S

Opinion

We have audited the financial statements of CBio A/S for the financial year 01.01.23 - 31.12.23, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including significant 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 company's financial position at 31.12.23 and of the results of the company's operations for the financial year 01.01.23 - 31.12.23 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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, it is our responsibility is to read management's review and, in doing so, consider whether 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 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.

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 about 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 the 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 these 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 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.

Soeborg, Copenhagen, April 9, 2024

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Anders Ladegaard
State Authorized Public Accountant
MNE-no. mne18830

Primary activities

The company's purpose is to conduct research, development and manufacturing of cell-based therapies for its partners and for own-sponsored programs for the benefit of cancer and other seriousley ill patients.

Development in activities and financial affairs

The income statement for the period 01.01.23 - 31.12.23 shows a loss of DKK -621,556 against DKK -8,975,691 for the period 01.01.22 - 31.12.22. The balance sheet shows equity of DKK 5,743,164.

2023 was another excellent year for Cbio. The main focus was preparing for the upcoming clinical trial, which included finalizing the preclinical development of our lead asset, novoleucel, in cervical cancer. The Cbio team did a remarkable job transferring the product from R&D to manufacturing. This demonstrated that we have a very robust and scalable production process for our first T-cell therapy product. Especially noteworthy is the evidence demonstrating our consistent ability to produce a high-dose product, achieving a dosage of 100 billion T-cells.

On the R&D side, we strengthened our base by in-licensing an important T-cell therapy technology from Karolinska. This therapy arms T-cells against oxidative stress, which is recognized as an essential way for cancer to evade the immune system, especially in gynaecological cancers, such as cervical cancer. The in-licensed IP fits well with our in-house developed T-cell therapy, creating a solid platform technology that we refer to as Revita™. This platform is the basis for our first product, novoleucel, which we can apply to numerous other indications and applications. From our IP-protected platform, Cbio can out-license to other industry players. We have already noted an interest from relevant parties.

Importantly, for the Revita™ technology platform and possible out-licensing opportunities, we received an 'Intention-to-Grant' letter from the European Patent Office late 2023 for our base T-cell technology. Protecting our inventions has been a priority for Cbio since its inception. With this first patent granted, we will have IP protection beyond 2040, a significant milestone for Cbio.

We also made excellent progress preparing for the upcoming phase I/II clinical trial with our collaborators at Karolinska, where we will treat 20 cervical cancer patients with novoleucel. The Karolinska team is undoubtedly very competent and knowledgeable, and we are very fortunate to have them as our partners. There are many patients each year in the Stockholm region that have no other therapeutic options available and could benefit from our novoleucel T-cell therapy.

In the general T-cell therapy field, more clinical evidence has been published throughout the last year demonstrating its efficacy in targeting advanced stages of cancer. Even simple approaches where the patient's T-cells are transfected with just a single T-cell receptor targeting one cancer epitope show clinical benefits in various solid tumor indications. T-cells are potent in fighting cancers and in settings where all other therapeutic approaches fail.

However, these singular approaches have only shown partial responses as opposed to the broad-spectrum TIL therapy approach on which we base our technology. In TIL therapy, we also see a proportion of the patients becoming cancer-free – or clinically speaking complete responders. On a high level, it seems like cancer will get harmed by even a single-targeted T-cell clone – but the cancer, in such cases, has time enough to evade the immune system. However, in the case of a multi-targeted T-cell therapy approach, there are much fewer options for the cancer to escape, allowing the immune system, in some cases, to completely eradicate the cancer.

Also, on the regulatory side, the industry made progress. The FDA recently approved the first T-cell therapy targeting a solid tumor indication (advanced melanoma), derisking the whole industry from a regulatory perspective. The path for this first approval was not without obstacles, and doubts regarding regulating potency assays led to significant delays. However, as the path to approval for T-cell therapy is much more straightforward, we and other T-cell therapy developers can move much faster to the market.

From a financing perspective, the T-cell therapy space has caught significant attention from the investment community. More than 1 billion dollars was raised during 2023 despite biotech's general bear market condition. What is particularly interesting is that Big Pharma has started moving into the scene. Significant investments have been made by companies such as AstraZeneca and BMS providing a seal of approval for T-cell therapies also from this angle.

With increasing clinical evidence, recent FDA approval, and heightened interest from Big Pharma, the outlook for the T-cell therapy sector has significantly improved. Within this industry, Cbio holds a solid position. By finalizing the preclinical development, proving robustness and scalability in manufacturing, strengthening our technology base further by in-licensing, securing IP protection, and preparing for the clinic, we are ready for the next major value inflection point to become a clinical-stage company.

Using so-called 'living drugs' will undoubtedly be the key component in fighting late-stage cancer. It will dramatically increase the life expectancy of late-stage cancer patients and completely change the way that cancer is treated. At Cbio, we remain committed to advancing T-cell therapies for patients' benefit. As a technology leader, we are dedicated to driving the industry towards our mission of enabling cancer cure.

We are immensely grateful to have secured non-dilutive funding of DKK26.9 million from the Innovation Fund in 2023 in addition to the equity raised in June 2023, DKK7,075 million, and February 2024, DKK4,5 million, totalling DKK11,575 million. This funding ensures we can conclude our first clinical trial and continue advancing our mission until 2026.

I extend heartfelt thanks to all those who have contributed to this achievement. From our dedicated team and investors to our board of directors, collaborators, financial partners, and stakeholders, your unwavering support has been instrumental in our success. Thank you for standing by us.

Ulrik Cordes
Founder, CEO

Income statement

Note		2023 DKK	2022 DKK
	Gross result	**5,482,703**	**-1,104,139**
1	Staff costs	-6,923,724	-8,212,934
	Loss before depreciation, amortisation, write-downs and impairment losses	**-1,441,021**	**-9,317,073**
	Depreciation and impairments losses of property, plant and equipment	0	-1,868,021
	Operating loss	**-1,441,021**	**-11,185,094**
	Financial income	4,592	129
	Financial expenses	-741,353	-592,583
	Loss before tax	**-2,177,782**	**-11,777,548**
	Tax on loss for the year	1,556,226	2,801,857
	Loss for the year	**-621,556**	**-8,975,691**

Proposed appropriation account

	2023 DKK	2022 DKK
Retained earnings	-621,556	-8,975,691
Total	**-621,556**	**-8,975,691**

Balance sheet

ASSETS

Note		31.12.23 DKK	31.12.22 DKK
	Development projects in progress	11,118,042	0
2	**Total intangible assets**	**11,118,042**	**0**
	Leasehold improvements	1,752,905	2,531,973
	Other fixtures and fittings, tools and equipment	3,094,090	4,483,326
3	**Total property, plant and equipment**	**4,846,995**	**7,015,299**
4	Deposits	791,681	780,827
	Total investments	**791,681**	**780,827**
	Total non-current assets	**16,756,718**	**7,796,126**
	Receivables from group enterprises	26,341	0
	Income tax receivable	1,530,124	5,803,663
	Other receivables	2,306,455	259,473
	Prepayments	61,466	190,283
	Total receivables	**3,924,386**	**6,253,419**
	Cash	**2,068,322**	**700,587**
	Total current assets	**5,992,708**	**6,954,006**
	Total assets	**22,749,426**	**14,750,132**

Balance sheet

EQUITY AND LIABILITIES

Note		31.12.23 DKK	31.12.22 DKK
	Share capital	1,771,253	1,583,797
	Share premium	6,887,544	0
	Reserve for development costs	11,118,042	0
	Retained earnings	-14,033,675	-2,294,077
	Total equity	**5,743,164**	**-710,280**
5	Subordinate loan capital	7,146,419	6,727,200
5	Lease commitments	1,691,435	2,306,762
5	Other payables	21,236	18,956
	Total long-term payables	**8,859,090**	**9,052,918**
5	Short-term part of long-term payables	592,541	599,855
	Payables to other credit institutions	543	343
	Trade payables	1,097,628	600,155
	Other payables	441,718	4,871,195
	Deferred income	6,014,742	335,946
	Total short-term payables	**8,147,172**	**6,407,494**
	Total payables	**17,006,262**	**15,460,412**
	Total equity and liabilities	**22,749,426**	**14,750,132**

6 Contingent liabilities

Statement of changes in equity

Figures in DKK	Share capital	Share premium	Reserve for development costs	Retained earnings	Total equity
Statement of changes in equity for 01.01.23 - 31.12.23					
Balance as at 01.01.23	1,583,797	0	0	-2,294,077	-710,280
Capital increase	187,456	6,887,544	0	0	7,075,000
Transfers to/from other reserves	0	0	11,118,042	-11,118,042	0
Net profit/loss for the year	0	0	0	-621,556	-621,556
Balance as at 31.12.23	1,771,253	6,887,544	11,118,042	-14,033,675	5,743,164

	2023 DKK	2022 DKK

1. Staff costs

	2023 DKK	2022 DKK
Wages and salaries	6,399,648	7,781,288
Other social security costs	86,699	67,608
Other staff costs	437,377	364,038
Total	6,923,724	8,212,934
Average number of employees during the year	9	11

2. Intangible assets

Figures in DKK	Development projects in progress
Additions during the year	11,118,042
Cost as at 31.12.23	11,118,042
Carrying amount as at 31.12.23	11,118,042
Carrying amount of assets held under finance leases as at 31.12.23	0

3. Property, plant and equipment

Figures in DKK	Leasehold improvements	Other fixtures and fittings, tools and equipment
Cost as at 01.01.23	4,252,108	6,518,202
Cost as at 31.12.23	4,252,108	6,518,202
Depreciation and impairment losses as at 01.01.23	-1,720,135	-2,034,876
Depreciation during the year	-779,068	-1,389,236
Depreciation and impairment losses as at 31.12.23	-2,499,203	-3,424,112
Carrying amount as at 31.12.23	1,752,905	3,094,090
Carrying amount of assets held under finance leases as at 31.12.23	0	2,139,757

4. Non-current financial assets

Figures in DKK	Deposits
Cost as at 01.01.23	780,827
Additions during the year	10,854
Cost as at 31.12.23	791,681
Carrying amount as at 31.12.23	791,681

5. Long-term payables

Figures in DKK	Repayment first year	Total payables at 31.12.23	Total payables at 31.12.22
Subordinate loan capital	0	7,146,419	6,727,200
Lease commitments	592,541	2,283,976	2,906,617
Other payables	0	21,236	18,956
Total	592,541	9,451,631	9,652,773

6. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 36-60 months and average lease payments of t.DKK 29, a total of t.DKK 802. The Company has a residual obligation of t.DKK 486.

The company has consluded lease agreements for rental of premises. The company has a rent obligation of t.DKK 1.853.

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and is liable for income taxes on a pro rata basis and must comply with any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The maximum liability totals an amount corresponding to the share of the capital in the company which is owned directly or indirectly by the ultimate parent. The maximum liability is stated in the parent company's annual repport for 2023. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

7. 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.

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.

7. Accounting policies - continued -

GRANTS

Grants are recognised when there is reasonable certainty that the grant conditions have been met and that the grant will be received.

Grants to cover expenses incurred are recognised on a proportionate basis in the income statement over the period in which the expenses eligible for grants are expensed. Grants are recognised under other operating income.

INCOME STATEMENT

Gross result

Gross result comprises revenue and other operating income and other external expenses.

Revenue

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

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

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 as well as other staff-related costs.

7. Accounting policies - continued -

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:

	Useful lives, years	Residual value DKK
Leasehold improvements	5	0
Other plant, fixtures and fittings, tools and equipment	5	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.

Other net financials

Interest income and interest expenses, the interest element of finance lease payments 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 jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

7. Accounting policies - continued -

BALANCE SHEET

Intangible assets

Development projects in progress

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

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

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements as well as 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

7. Accounting policies - continued -

difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

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.

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

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

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.

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

Prepayments

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

7. Accounting policies - continued -

Cash

Cash includes deposits in bank account.

Equity

An amount equivalent to internally generated development costs in the balance sheet is recognised in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

Current and deferred tax

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.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

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. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. 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

With subordinate loan capital, the creditor has subordinated its claim to those of all other

7. Accounting policies - continued -

creditors of the company.

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.

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.