



ROSE POULTRY A/S

CVR No. 25 17 75 09

Annual Report for 01.01.2024 – 31.12.2024

*Tværmosevej 10
DK-7830 Vinderup*

The Annual Report was presented and adopted at
the Annual General Meeting of the Company on
23/4 - 2025


Chairman

Contents

Management's Statement and Auditor's Report

Management's Statement	1
Independent Auditor's Report	2

Management's Review

Company Information	5
Group Chart	6
Financial Highlights	7
Management's review	8

Financial Statements

Income statement 1 January – 31 December	16
Balance Sheet on 31 December	17
Statement of Changes in Equity	19
Notes to the Annual Report	20

Management's Statement and Auditor's Report

Management's Statement

The Board of Directors and the Executive Board have today discussed and approved the annual report of ROSE Poultry A/S for the financial year 1 January – 31 December 2024.

The annual report has been 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 2024 and of the results of its operations for the financial year 1 January – 31 December 2024.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, the results for the year and the Company's financial position.

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

Vinderup, 23/4 2025

Executive Board



Morten Cederberg
Administrerende direktør, ROSE Poultry A/S

Board of Directors



Cornelis Kraijenoord
Chairman



Cornelius van Gestel



Michael Juhl Jørgensen



Birthe Juul



Ditlev Baunsgaard
Employee representative



Ellen Marie Moeskjær
Employee representative

Independent Auditor's Report

To the shareholders of ROSE Poultry A/S

Opinion

We have audited the financial statements of ROSE Poultry A/S for the financial year 1 January – 31 December 2024, 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 2024 and of the results of the Company's operations for the financial year 1 January – 31 December 2024 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.

Independent Auditor's Report

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 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.

Independent Auditor's Report

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 Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 23/4 - 2025

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Morten Friis
State Authorised
Public Accountant
mne32732



Kim R. Mortensen
State Authorised
Public Accountant
mne18513

Company Information

Company information

The Company

ROSE POULTRY A/S (*formerly HKScan Denmark A/S*)
Tværmosevej 10
DK-7830 Vinderup
Denmark

Telephone: + 45 99 95 95 95

Facsimile: + 45 99 95 95 40

Website: www.rosekylling.dk

Board of Directors

Cornelis Kraijenoord (*Chairman*)
Cornelius van Gestel
Michael Juhl Jørgensen
Birthe Juul
Ditlev Baunsgaard (*employee elected representative*)
Ellen Marie Moeskjær (*employee elected representative*)

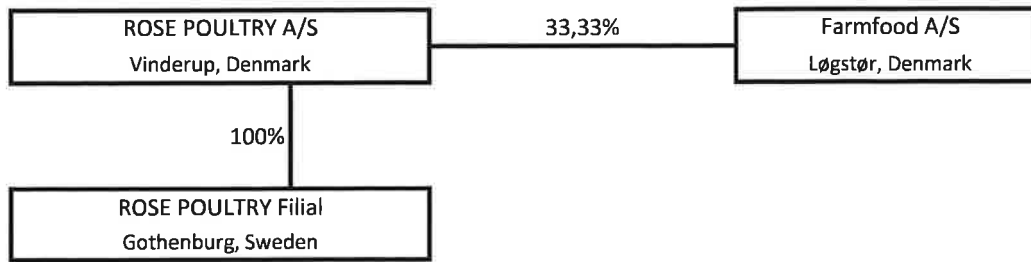
Executive Board

Morten Cederberg

Auditors

EY Godkendt Revisionspartnerselskab
Værkmestergade 25
DK-8000 Aarhus C
Denmark

Group Chart



Financial Highlights of ROSE POULTRY A/S

Seen over a five-year period, the development of the Company is described by the following financial highlights:

Key figures	2024	2023	2022	2021	2020
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Profit/loss					
Revenue	1.703.157	1.717.497	1.642.768	1.285.070	1.278.676
Gross profit/loss	160.748	84.692	125.066	96.638	102.427
EBITDA	58.384	50.864	33.346	13.236	26.150
Profit/loss before financial income and expenses	31.330	-46.863	394	-11.625	-7.805
Net profit/loss for the year	1.342	-83.831	-19.296	-32.048	-27.693
Balance sheet					
Investment in property, plant and equipment	32.399	42.063	27.752	31.688	54.716
Balance sheet total	541.424	455.699	569.907	481.527	492.600
Equity	286.006	-69.146	30.721	35.201	-36.514
Average number of employees	619	602	617	620	579
Ratios					
Gross margin	9,4%	4,9%	7,6%	7,5%	8,0%
Profit margin	1,8%	-2,7%	0,0%	-0,9%	-0,6%
Return on net assets	6,3%	-10,3%	0,1%	-2,4%	-1,6%
Solvency ratio	52,8%	-15,2%	5,4%	7,3%	-7,4%
Return on equity	0,8%	436,3%	-58,5%	4881,6%	75,8%

For definition of ratios, see under accounting policies.

IFRS 15 and 16 has been implemented by using the modified retrospective method, with date of initial application as of January 1st 2022. The figures for 2020 - 2021 in the financial highlights are therefore not adjusted for the effect of implementation of IFRS 15 and 16 and hence not comparable to 2022-2024.

The accounting policy for investments in subsidiaries and associated companies has been changed from the equity method to cost price. The figures for 2020 have not been restated.

The changes in accounting policies have no significant effect on the profit for the year.

Management's review

Business review

As in previous years the company's main activity has comprised slaughtering, processing, and sale of poultry products both in Denmark, Sweden and to other export markets.

On May 27th, 2024, the name of the company was changed to ROSE Poultry A/S and as per October 31st, 2024, Plukon Food Group B.V (registered in Holland) bought the shares from HKFoods Oyj.

Further, ROSE Poultry A/S has on April 10th, 2024, established a branch office in Gothenburg, Sweden which is fully included in this annual report of ROSE Poultry A/S.

Development in the year

The past year and follow-up on development expectations from last year

The result for the year shows a profit before tax of DKK 1,3 million (2023: DKK -83,8 million, comparable DKK -19,6 million), as 2023 carries a negative impairment result of DKK -64,2 million. Hence a comparable improvement of DKK 20,9 million.

Our strategy has progressed as planned, with continued focus on strengthening our market position in Denmark and Sweden with fresh and ready-to-eat poultry products. Overall Gross Profit increased with DKK 11,9 million to DKK 106,7 million, following a year with strong price awareness among consumers, valuing lower priced cuts. The entry in 2023 to the Danish market with slower growing birds have developed according to plan and contributes to a more favourable mix, combined with higher sales of ready-to-eat poultry.

Sales prices has been changed throughout the year, hand in hand with changes in feed prices, energy, and packaging material as well as for other production inputs, both on farm level and in ROSE Poultry's own operations.

EBIT stemming from the running business is reported with DKK 31,3 million, which is an improvement of DKK 78,2 million (comparable an improvement of DKK 13,9 million). The comparable improvement in gross margin and EBIT is considered satisfactory given the market development with consumers trading towards cheaper products. Net Result for 2024 of DKK 1,3 million is DKK 85,2 million better than 2023 (comparable DKK 21 million), which is considered satisfactory.

The revenue is in line with last year's announcement (DKK 1,7 billion), whereas EBIT and Net result are significantly (DKK ~20 million) better.

Capital resources

Current loans and credit facilities are considered adequate to cover the Company's operations and planned investments. Plukon Food Group BV, which is 100 % owned by parent company Bankiva BV, will support the Company's activities and has issued a Letter of Financial Support covering until 31 May 2026 to enable ROSE Poultry A/S to meet its ongoing financial obligations as and when they fall due for the foreseeable future and in any event.

Subsequent events

No further events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Management's review

Special risks

Operating and market risks

The Company's most material operating risks relate to the development in market prices on the global market, including fluctuations in exchange rates, and incidents of poultry disease both in Denmark and abroad, which also constitutes a general business risk.

The supply of raw materials, which is in all material respects based on multiannual contracts with producers is sensitive to the market-oriented settlement price.

Energy prices, especially electricity and gas has changed in relatively small scale during 2024. Our production uses primarily electricity, hence continuous changes in prices constitutes a general business risk.

Foreign exchange risks

A material export share implies that results, cash flows and equity are affected by the development of the exchange rate of especially SEK, USD, and GBP. The Company does not enter foreign exchange positions for speculative purposes. Hedging mainly takes place by means of forward exchange contracts.

Credit risks

The Company's credit risks relate primarily to financial assets recognised in the balance sheet. The Company does not have any material risks relating to a single customer or business partner. According to the Company's policy for assuming credit risks, all customers are credit rated regularly.

Statutory statement of Corporate Social Responsibility and environmental responsibility

Sustainability work is a natural part of our strategy. It focuses on the business needs and the expectations and requirements of our stakeholders. We promote responsibility and sustainability throughout our long value chain in collaboration with our contract farmers and partners.

Management's review



The themes of our responsibility work are based on our stakeholder analysis and materiality assessment. Our responsibility program sets targets and indicators for the promotion of the wellbeing of nature and people. Other key responsibility themes include animal welfare, safe food, a competitive farmer community and good governance. We manage these in accordance with local legislation and requirements.



Human Rights and Anti-Corruption

We believe upholding human rights is fundamental. We draw our understanding of these rights from the Universal Declaration of Human Rights, its related treaties and declarations, and the broader ethical reasoning behind their development. Our Code of Conduct includes a focus on Human Rights as well as anti-bribery and is available on <https://www.rosekylling.dk/globalassets/rose-kylling-ny/adfardskodeks-for-rose-poultry.pdf>

ROSE Poultry maintain zero tolerance against any form of corruption including bribery, extortion, kickbacks, and facilitation payments, and prohibit engagement in such activities by employees or associates. During 2024, no instances or allegations of corruption, bribery, or unethical behaviour were reported or identified within our organization, indicating the effectiveness of our anti-corruption measures.

Management's review

The most material risk is connected to our suppliers, with whom we actively engage to ensure compliance with both our Code of Conduct as well as national legislation and international recognized conventions. During 2024 we have continued our follow-up activities with suppliers as well as promoted the ethical standards of our Code of conduct among both suppliers and employees. No breaches to the Code of Conduct have been reported in 2024.

We will continue to have this as a focus point for the coming years and aim to strengthen our compliance measures.

Social responsibility

In ROSE Poultry we are dedicated to taking care of our people – our employees, workers in our value chain and people in the communities we operate in. We aim to build positive relationships with people and organizations. Mutual respect and understanding are at the core of all interactions, regardless of their nature. This aligns with our fundamental goals of respecting human rights, promoting diversity and inclusion and maintaining high health and safety standards.

ROSE Poultry are proud to be part of several collaborations that support good causes. Through our brand, ROSE Chicken, we donate money every year to the Danish Cancer Society's fight against breast cancer. Together with the organization Plant a Tree, we plant trees for the benefit of the environment and climate, and in addition, we deliver surplus goods to JunkFood, which produces and delivers warm, nutritious evening meals every day to the homeless in Copenhagen.

Goal	KPI	2024	2023	Target	Year for achievement
Keeping our employees engaged, safe and healthy	Employee engagement index	Only measured every second year	78,1	>75	2027
	People Power index		76,5	>75	2027
	Lost Time Injury (LTI)	9,28	5,83	<8,0	2027
	Absence due to sickness	5,64%	5,68%	<6,0%	2027
	Number of Whistleblower police breaches	0	0	0	2023
	Number of breaches on employee Code of Conduct	0	0	0	2023
Provide local, healthy, safe and affordable proteins	Reduce number of critical complaints from customer and end-user	135	179	129	2026

Management's review

The Safety and well-being of our employees are paramount. We maintain strict health and safety standards to provide a secure working environment, free from hazards, and promote a culture of proactive safety practices. We are driving actions to ensure a diverse workforce and an inclusive culture, where all employees can thrive. During 2023 we launched "Poultry Academy" for all white collars – a programme to enhance full supply chain knowledge and build relations with colleagues across sites. By end 2023 45% of all white collars had finalised the programme, and the rest has completed the program in 2024.

The main risk to our employees is potential accidents when dealing with heavy machinery. To mitigate this risk, we actively work on safeguarding our employees by promoting "Safety first" and wellbeing, as well as rolling out initiatives aimed at ensuring fewer accidents. All employees are continuously reminded and debriefed regarding our Safety first policy and all new employees must undertake basic safety trainings. In the fiscal year, we have run several "better together initiatives" to increase safety and well-being and lower sickness absence. We will continue to have this as our focus for the coming years.

We will continue to have this as a focus point for the coming years and aim to strengthen our compliance measures.

Report on gender composition of Management

The members elected at the Annual General Meeting are mainly recruited among the Company's Management and the Executive Board of the Parent Company. The gender representation thus depends on the gender representation in the relevant positions from time to time. The Board of Directors consists of 6 members, whereof 2 are employee elected representatives. Employee representatives in the Board of Directors are elected among all employees.

The representation of female members in the Board of Directors excl. the employee elected representatives is currently 25% (2023: 25%). There has been changes during 2024, following the change in ownership, however no change in the gender composition of the Board of Directors.

In the long run, ROSE Poultry A/S intends to achieve a more equal gender representation in the Board of Directors. ROSE POULTRY A/S' goal is that the underrepresented gender in the Board of Directors is at least 33% latest in 2025.

Level two management is defined as positions reporting to a level one manager. In total there is 10 level two managerial positions, meaning 16 managerial positions in total, whereof 6 or 38% (2023: 28%) is filled with a female manager. Our target figure is 50% in 2027.

ROSE Poultry A/S will continue to strive for an equal gender representation among management through recruitment internally and externally attempting to balance the representation of both genders in the management.

To increase the representation of the underrepresented gender, we have implemented targeted recruitment strategies in the financial year, ensuring diverse candidate pools for managerial positions through proactive sourcing and partnerships with gender-focused professional networks.

Management's review

		2024	2023
Top managerial position (Board of Directors)	Total number of members	4	4
	Underrepresented gender in %.	25	25
	Target figure in pct.	33	33
	Year for fulfilment of target	2025	2025
Other Managerial positions (level 1 and 2)	Total number of positions	16	32
	Underrepresented gender in number	6	9
	Underrepresented gender in %.	38%	28%
	Target figure in pct.	50	50
	Year for fulfilment of target	2027	2027

Currently the ratio of female executives in the management team (level one) is 33% (2023: 33%).

Efforts has been made to source diverse candidates, including those of the underrepresented gender, for managerial roles. Despite these initiatives, there were limited applications or suitable candidates from the underrepresented gender for the available management positions.

Environmental and climate responsibility

ROSE Poultry assumes responsibility for the environment throughout the value chain and continuously decreases the environmental impacts of its processes. ROSE Poultry manages its operations so that guidelines, regulations, and requirements for environmental permits are fulfilled. ROSE Poultry's aim is for its environmental work to align also with the goals of society. This is ensured, e.g., through collaboration with authorities. The company sets environment-related requirements also for its suppliers as part of our Supplier Guidelines.

ROSE Poultry A/S most material risks related to negative impacts on environmental and climate issues are within water & energy consumption and waste.

Scope 1 relates to activities to which ROSE Poultry has full control, whereas scope 2 relates to purchase of energy, hence activities with indirect control. Food production has high usage of water to secure high hygiene and safe food, and electricity is our source of energy to production. To reduce climate impact, the first and foremost action is to use less, which during several years have been our focus area, with several activities and investments to support this. Secondly, a focal point is to secure that the usage come from green sources, and since 2023 all our electricity has been supply 100% from green sources.

Management's review

Goal	KPI	2024	2023	Target	Year for achievement
Using less plastic when designing our packaging	- Reduction in kilo re-cyclable plastic used	1420	1347	10% vs 2023	2027
	- Reduction in kilo non-recyclable plastic used	77	61	-10% vs 2023	2027
Produce chicken with lower climate impact (scope 1 & 2)	Water Usage				
	- Vinderup Liter /kg live weight	4,24 L/kg	4,09 L/kg	3,5 L/kg	2027
	- Skovsgaard: Liter /kg meat	4,72 L/kg	4,65 L/kg	4,0 L/kg	2027
	Electricity usage				
	- Vinderup kWh /kg live weight	0,20	0,21	0,20	2026
	- Skovsgaard kWh /kg live weight	0,54	0,54	0,50	2026
	Electricity from green source	100%	100%	100%	2023
	Use "class 3" Trucks for transporting live birds	0%	0%	100%	2026
	Food waste reduction (% food waste to live-weight kg)				
- Vinderup	1,97%	2,22%	10%	2026	
- Skovsgaard	1,46%	1,48%	5%	2026	
Produce chicken with lower climate impact at Farm level (scope 3)	All farmers calculate carbon footprint using SEGES ESG-tool	0%	0%	100%	2026
	Share of energy production via solar panels and windmills on farms	5%	0%	25%	2026
	Share of manure used for biogas	40%	40%	95%	2026
	Use of responsible soy	80%	60%	100%	2025
Preserving and developing our animal welfare practices	Use of antibiotic at Farms	3,7%	4,4%	< 1%	2026
	Foot pad sore	8,80	10,10	< 9	2026
	Transport mortality (DOA)	0,21%	0,18%	< 0,15%	2026
	Wing damage	1,8%	2,0%	< 1,5%	2026

Management's review

Data ethics

The use of data across ROSE Poultry for fact-based decisions is a prerequisite to deliver an attractive product to customers and running an efficient operation. Data is considered an asset in running ROSE Poultry, and consequently we work with data in a data-ethically sound way in terms of confidentiality and accessibility, described on our Data Privacy Policy, which reaches beyond the laws and regulation in this area. The policy is available at the company's homepage <https://www.rosepoultry.com/privacy-policy/>

ROSE Poultry A/S policy for Data privacy and governance centres around 7 principles:

- Lawfulness, fairness, and transparency – all data are processed in a lawful, fair, and transparent manner.
- Purpose limitation - clearly specified and documented purposes
- Data minimization - Process Personal Data in accordance with the principle of data minimization
- Accuracy of Personal data – ensure that Personal Data Processed by ROSE Poultry is accurate complete.
- Storage limitation - Personal Data shall not be stored for a longer period than is necessary.
- Integrity and confidentiality (i.e., security of Personal Data)
- Accountability - when acting as a Data Controller, ROSE Poultry shall always be able to demonstrate its compliance with the principles for Processing Personal Data

The Board of Directors conduct minimum once a year a follow up and make necessary adjustments to the policy.

Suppliers and other business partners who, in the performance of their services, come into contact or hold our internal data, have all entered a Data Processing Agreement, complying with above.

Expectations for the year ahead

During 2024 an update of the strategy plan has taken place, outlining direction and ambition for the coming years. A continuous lift in the financial performance is planned, and with new ownership of the company plans are expected to be accelerated.

Investments into cooking and frying capacity and ability in Skovsgaard during 2020 and 2021, have already contributed positively to the financial performance, and together with the investment in the contact frying line in 2023 this development is expected to continue. Furthermore, an investment in late 2024 in leg deboning with both increase capacity and improve efficiency.

In 2025 Net sales are expected at slightly higher level than in 2024 (+2-3%), whereas Net result is expected to develop more positively to a positive level around DKK 35million.

Income statement

Income statement 1 January – 31 December	Note	2024 DKK '000	2023 DKK '000
Revenue	3	1.703.157	1.717.497
Production costs	4, 9	-1.543.709	-1.568.828
Impairment	2	0	-64.205
Other operating income		1.300	228
Gross profit/loss		160.748	84.692
Distribution costs	4	-83.060	-83.318
Administrative expenses	4, 8, 9	-46.358	-48.237
Profit/loss before financial income and expenses		31.330	-46.863
Financial income	5	3.799	6.196
Financial expenses	6	-33.787	-43.164
Profit/loss before tax		1.342	-83.831
Corporation tax	7	0	0
Net profit/loss for the year	19	1.342	-83.831

Balance sheet

Assets 1 January – 31 December	Note	2024 DKK '000	2023 DKK '000
Software and licenses		1.809	1.064
Completed development projects		1.610	1.935
Intangible assets	8	3.419	2.999
Land and buildings		51.480	49.789
Plant and machinery		113.720	84.373
Other fixtures and fittings, tools, and equipment		325	340
Property, plant, and equipment in progress		9.300	23.724
Right of use assets		25.696	24.714
Property, plant, and equipment	9	200.520	182.940
Investments in equity interest		16.805	16.805
Other securities		522	769
Fixed asset investments	10	17.327	17.574
Fixed assets total		221.267	203.513
Inventories	11	106.004	108.583
Trade receivables		130.861	120.024
Receivables from affiliates		0	13
Receivables from associates		7.597	8.624
Receivables from group enterprises		0	0
Other receivables		8.802	14.647
Receivables		147.261	143.308
Cash at bank and in hand		66.893	295
Current assets total		320.157	252.186
Total assets		541.424	455.699

Balance sheet

Liabilities and equity 1 January – 31 December	Note	2024 DKK '000	2023 DKK '000
Share capital	12	10.250	10.250
Reserve for fair value adjustment re. financial contracts		205	4.260
Reserve for development costs		1.610	1.936
Retained earnings		273.941	-85.592
Total equity		286.006	-69.146
Payables to group enterprises		0	313.086
Other payables		26.850	26.579
Lease obligations		16.665	16.886
Non-current liabilities other than provisions	14	43.515	356.551
Short term part of non-current liabilities	14	10.190	8.585
Trade payables		120.897	105.501
Payables to group enterprises		40.717	11.694
Other payables		40.098	42.514
Current liabilities		211.902	168.294
Total liabilities		255.418	524.845
Total liabilities and equity		541.424	455.699
Financial resources	1		
Special items	2		
Staff	4		
Provision for deferred tax	13		
Contingent assets, liabilities, and other financial obligations	15		
Fee to auditors appointed at the general meeting	16		
Derivative instruments	17		
Related parties	18		
Distribution of Profit/loss	19		
Subsequent events	20		
Accounting Policies	21		

Statement of Changes in Equity

	Share capital	Reserve for fair value adjust-ment re. financial contracts	Reserve for develop- ment cost	Retained earnings	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Equity on 1 January 2023	10.250	20.296	2.358	-2.183	30.721
Net profit/loss for the year	0	0	-422	-83.409	-83.831
Value adjustment for the year	0	-16.036	0	0	-16.036
Equity on 31 December 2023	10.250	4.260	1.936	-85.592	-69.146
Equity on 1 January 2024	10.250	4.260	1.936	-85.592	-69.146
Net profit/loss for the year	0	0	-326	1.668	1.342
Value adjustment for the year	0	-4.055	0	0	-4.055
Grant from parent company (tax free)	0	0	0	357.865	357.865
Equity on 31 December 2024	10.250	205	1.610	273.941	286.006

Notes to the annual report

1 Financial resources

The company is dependent on ongoing financial support from the parent company Plukon Food Group BV, which again is 100 % owned by parent company Bankiva BV. Plukon Food Group BV has provided a support letter covering until 31 May 2026 to enable ROSE POULTRY A/S to meet its ongoing financial obligations as and when they fall due.

2 Special items

2024: No special items in 2024.

2023: Share of Tican Rose has been sold and the profit is reported with DKK 3,6 million as part of financial income. Impairment loss of DKK -64,2 million is reported as part of Gross margin.

	2024	2023
	DKK '000	DKK '000
3 Revenue		
Geographical segments		
Domestic market	1.049.047	1.020.446
EU	555.988	636.351
Other countries	98.122	60.700
	1.703.157	1.717.497
 4 Staff		
Wages and salaries	310.470	288.922
Pensions	28.928	24.433
Other social security expenses	11.006	8.443
	350.404	321.798
Which have been expensed as follows:		
Production costs	316.379	284.853
Distribution costs	17.407	19.989
Administrative costs	16.618	16.956
	350.404	321.798
 Including remuneration to the Executive Board and the Board of Directors:		
Executive Board	6.196	4.740
Board of Directors	0	0
Average number of employees	619	602

Notes to the annual report

	2024	2023
	DKK '000	DKK '000
5 Financial income		
Exchange adjustments	3.482	2.586
Other financial income	317	3.610
	3.799	6.196
6 Financial expenses		
Interest paid to group enterprises	22.983	33.776
Exchange adjustments	3.183	3.710
Interest expense on lease liabilities	2.013	1.352
Other financial expenses	5.608	4.326
	33.787	43.164
7 Corporation tax		
Deferred tax for the year	0	0
Corporation tax	0	0
	0	0
8 Intangible assets		
	Software and licenses	Completed development projects
Cost on 1 January 2024	1.509	5.963
Additions of the year	0	405
Disposals of the year	0	0
Transfers for the year	1.177	0
Cost on 31 December 2024	2.686	6.368
Depreciation and impairment losses on 1 January 2024	445	4.028
Reclassification	0	0
Depreciation and impairment losses for the year	432	730
Depreciation and impairment losses on 31 January 2024	877	4.758
Carrying amount on 31 December 2024	1.809	1.610
Depreciated over	5-6 years	5-6 years

The R&D costs amounted to DKK 405K and represent the Danish part of IT projects developed together with HKFoods Oyj Group.

Notes to the annual report

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools, and equipment	Property, plant, and equipment in progress
	DKK '000	DKK '000	DKK '000	DKK '000
9 Property, plant, and equipment				
Cost on 1 January 2024	352.836	820.659	18.598	23.724
Reclassification	0	0	0	0
Additions for the year	2.114	60	90	30.135
Decreases for the year	0	-17.873	-4.279	0
Transfers for the year	4.373	39.009	0	-44.559
Cost on 31 December 2024	<u>359.323</u>	<u>841.854</u>	<u>14.409</u>	<u>9.300</u>
Depreciation and impairment losses on 1 January 2024	303.047	736.286	18.258	0
Reclassification	0	0	0	0
Impairment losses for the year	0	0	0	0
Reversal of depreciation and impairment of sold assets	0	-17.873	-4.279	0
Depreciation for the year	4.796	9.722	106	0
Depreciation and impairment losses on 31 December 2024	<u>307.843</u>	<u>728.135</u>	<u>14.085</u>	<u>0</u>
Carrying amount on 31 December 2024	<u>51.480</u>	<u>113.720</u>	<u>325</u>	<u>9.300</u>
Depreciated over	20-30 years	3-18 years	3-10 years	
Finance leases		Land and buildings	Plant and machinery	Total
Cost on 1 January 2024		5.279	40.791	46.070
Additions for the year		3.024	9.226	12.250
Disposals for the year		68	-11.259	-11.191
Cost on 31 December 2024		<u>8.371</u>	<u>38.758</u>	<u>47.129</u>
Depreciation on 1 January 2024		1.646	19.710	21.356
Depreciation for the year		2.018	9.250	11.268
Depreciation on disposal		68	-11.259	-11.191
Depreciation on 31 December 2024		<u>3.732</u>	<u>17.701</u>	<u>21.433</u>
Carrying amount on 31 December 2024		<u>4.639</u>	<u>21.057</u>	<u>25.696</u>
		1-2 years	3-8 years	

Notes to the annual report

9 Property, plant, and equipment (continued)

The calculation of the carrying amount of some assets and liabilities requires estimation of the way in which future events will affect the value of such assets and liabilities at the balance sheet date. Such an estimate which is material to the financial reporting is made by i.e., performing an impairment test of the Company's assets.

Fixed assets are measured at acquisition cost deducted with depreciations and additional impairment to fair value has been made based on a quote from external party.

The estimates made are based on assumptions that Management considers reasonable, but which are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and contingencies or unexpected circumstances may arise. The Company is moreover exposed to risks and uncertainties that may result in the actual performance deviating from these estimates.

Impairment test

In the financial year 2024 an impairment test has been carried out on fixed assets to assess possible reversal of previous write-downs. The test did not indicate any need for write-downs.

Fixed assets are measured at acquisition cost deducted with depreciations and additional impairment to fair value has been made based on a quote from external party.

Sensitivity analysis

In the context of the impairment test, expected cash flows must be estimated for many years into the future, which naturally leads to some uncertainty. The uncertainty is reflected in the selected discount rate. A downward adjustment of expected cash flows has led the Company to consider that a reasonable likely change in key assumptions in the calculation of the recoverable value could lead to write-down of fixed assets.

Notes to the annual report

	2024	2023
	DKK '000	DKK '000
10 Fixed asset investments		
Investments in equity interest (associates)		
Cost on 1 January	16.805	19.540
Disposals for the year	0	-2.735
Cost on 31 December	16.805	16.805
Other securities and investments		
Cost on 1 January	769	769
Transfers of the year	-246	0
Cost on 31 December	522	769

Investments in associates are specified as follows:

<i>Name</i>	<i>Place of registered office</i>	<i>Share Capital (DKK '000)</i>	<i>Votes and ownership</i>	<i>Equity (DKK '000)</i>	<i>Result of 2024 (DKK '000)</i>
Farmfood A/S	Løgstør, Denmark	30.000	33%	70.014	0

11 Inventories

Raw materials and consumables	23.368	22.729
Work in progress	5.627	12.504
Finished goods and goods for resale	77.010	73.350
	106.004	108.583

12 Equity

The share capital consists of 10,000 shares of a nominal value of DKK 1,000 each, 2,500 shares of a nominal value of DKK 100 each and one share of DKK 200. No shares carry any special rights.

Development in share capital:

2012: The share capital was increased by a nominal amount of DKK 50.000

2011: The share capital was increased by a nominal amount of DKK 100.000

Notes to the annual report

	2024	2023
	DKK '000	DKK '000
13 Provision for deferred tax		
Property, plant, and equipment	-101.835	-102.545
Other	-11.374	-10.597
Tax loss	-24.433	-27.209
Write-down	137.642	140.351
	0	0
Tax asset	0	0

14 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Payables to group enterprises (1-5 years)

Long-term part	0	313.086
Within 1 year	0	0
	0	313.086

Other payables (1-5 years)

Long-term part	26.850	26.579
Within 1 year	0	0
	26.850	26.579

Lease obligations (1-5 years)

Long-term part	16.665	16.886
Within 1 year	10.190	8.585
	26.856	25.471

Long-term part in total

Within 1 year in total	43.515	356.551
	10.190	8.585
	53.705	365.136

The total cash outflow for leases in 2024 was DKK 12.802k, which includes redemption of principal and interest payments.

Notes to the annual report

	2024	2023
	DKK '000	DKK '000
15 Contingent assets, liabilities, and other financial obligations		
Lease commitments under operating leases. Total future lease payments:		
Within 1 year	256	242
Between 1 and 5 years	256	485
After 5 years	0	0
	<u>512</u>	<u>727</u>

The total cash outflow for leases in 2024 was DKK 255k, which includes redemption of principal and interest payments.

Securities with a carrying amount of DKK 200k have been provided as security for restoration towards the Danish Coastal Authority. The Amount is placed on separate account in Danske Bank.

Contingent liabilities

The Company has provided a bank guarantee of DKK 30,000k as a producer guarantee, running until 30.06.2025.

The Company is under a contractual obligation to supply waste and by-products from the poultry production to the associate Farmfood A/S for the next two years.

The Danish tax authorities have conducted an audit of energy taxes covering the period 2011-2020. The Danish tax authorities have on 23rd December 2020 issued their decision, according to which the company should repay past refunds of energy taxes in the pending matter (amounts to DKK 24,7 million). In 2024 ROSE Poultry A/S received DKK 875k back from SKAT related to the period 2017-2020. It cannot be excluded that in addition to the currently pending matter, the company could separately be imposed penal sanctions because of the tax audit. ROSE Poultry A/S has appealed the decision issued in March 2021 and paid the amount in question to the Danish tax authorities. The case is still pending. ROSE Poultry A/S are not expecting penal sanctions.

In connection with the company's supply chain financing agreement with SEB, the company has committed to not pledge its receivables from sales of goods and services pursuant to Tinglysningslovens §§ 47c, stk. 3, nr. 1 and 47d without consent from SEB.

Notes to the annual report

16 Fee to auditors appointed at the general meeting

	2024	2023
	DKK '000	DKK '000
Audit of the financial statements	513	600
Other opinions	0	20
Tax advisory services	238	5
Other non-audit services	149	103
	900	728

17 Derivative instruments

The Company uses hedging instruments to hedge recognized and non-recognized transactions.

As of 31 December 2024, the Company entered the following forward contracts to electricity hedge:

	Contract Value (DKK '000)	Market Value (DKK '000)
Currency (2024)		
Electricity	207	205
	207	205

As of 31 December 2023, the Company entered the following forward contracts to hedge sales invoiced in SEK and electricity:

	Contract Value (DKK '000)	Market Value (DKK '000)
Currency (2023)		
SEK/DKK	44.000	797
Electricity	4.391	4.260
	48.391	5.057

The market value of forward contracts is included under other receivables.

Notes to the annual report

18 Related parties

Members of the Executive Board and the Board of Directors of ROSE Poultry A/S are considered related parties. Bankiva BV (The Ultimate Parent) owns 100% of the shares in Plukon Food Group BV. Plukon Food Group BV owns 100% of the shares in Rose Poultry A/S.

The Group's subsidiaries and associates are considered related parties.

The Consolidates Financial Statement from Bankiva BV includes Plukon Food Group BV, may be obtained by contacting Plukon Food Group BV.

We have had the following transactions with related parties:	DKK '000
Sale to Group Company	728
Sales to associates	1.068
Purchase from Group Company	30.112
Management fee to Parent Company	18.049
Interest to Parent Company	22.983
Purchase of immaterial assets (software)	405
Receivables from associates	7.597
Payables to Parent company	40.717

	2024	2023
	DKK '000	DKK '000
19 Distribution of Profit/loss		
Reserve for development cost	-326	-422
Retained earnings	1.668	-83.409
	1.342	-83.831

20 Subsequent events

No further events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the annual report

21 Accounting Policies

Basis of Preparation

The Annual Report of ROSE Poultry A/S ("Company") for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The financial statements have been prepared under the same accounting policies as last year.

According to section 86.4 of the Danish Financial Statements Act, no cash flow statement is prepared for ROSE Poultry A/S as ROSE Poultry A/S is included in the Financial Statements of Bankiva BV's Group report which include a consolidated cash flow statement.

The Consolidated Financial Statements may be obtained at the Parent Company.

The Annual Report for 2024 is presented in DKK thousands.

Translation policies

Transactions in foreign currencies are translated during the year at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables, and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Exchange adjustments arising on the translation of the opening equity of separate foreign legal entities and exchange adjustments arising from the translation at average exchange rates of the income statements of separate foreign legal entities are recognised directly in equity. Exchange adjustments arising on the translation of income statements and balance sheets of integrated foreign entities are recognised in financial income and expenses in the income statement.

Exchange adjustments of loans in foreign currencies contracted for the hedging of investments in foreign subsidiaries or loans considered to be derived from the investment are recognised directly in equity. If the hedge is not effective, the ineffective portion is reported immediately in net profit or loss.

Notes to the annual report

21 Accounting Policies (continued)

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are included as prepayments and deferred income, respectively.

Changes in the fair values of derivative financial instruments that are designated and qualify as fair value hedges of a recognised asset, or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions relating to purchases and sales in foreign currencies are recognised in prepayments/deferred income or in retained earnings under equity, respectively. If the expected future transaction results in the recognition of assets or liabilities, amounts deferred in equity are transferred from equity and recognised in the cost of the asset or the liability, respectively. Amounts deferred in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Changes in the fair values of derivative financial instruments applied for the purpose of hedging net investments in separate foreign legal subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is reported immediately in net profit or loss.

Segment reporting

Segment information is presented in respect of the breakdown of revenue on geographical segments. The Company's main activity comprises slaughtering, processing, and sale of poultry, which is considered as one segment.

Income Statement

Revenue

The Company has chosen IFRS 15 as interpretation for revenue recognition.

Revenue from contracts with customers comprises sales of products:

Revenue from the sale of products is recognized at the point in time when the control of products is transferred to the customer, which is generally upon delivery.

Notes to the annual report

21 Accounting Policies (continued)

Revenue from contracts with customers is measured at an amount that reflects the consideration to which the company expects to be entitled in exchange for those products. Amounts disclosed as net revenue exclude discounts, VAT, and other duties.

Production costs

Production costs comprise costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration, and management of factories.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising, and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc

Other operating income and expenses

Other operating income and expenses comprise items of a secondary nature to the core activities of the Company.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Result from investment in subsidiaries and equity interest

Dividend from investment in subsidiaries and equity interest (associates) is recognised in the financial year in which the dividend is declared.

Notes to the annual report

21 Accounting Policies (continued)

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Balance Sheet

Intangible assets

Intangible assets comprise acquired intellectual property rights and completed development projects.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. The amortisation periods used are 3 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement. The amortisation periods used are 3-7 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant, and equipment

Land is measured at cost. Land is not depreciated. Other property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use, including setup costs.

Notes to the annual report

21 Accounting Policies (continued)

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

<i>Buildings</i>	<i>20 - 30 years</i>
<i>Plant and machinery</i>	<i>3 - 18 years</i>
<i>Other fixtures and fittings, tools, and equipment</i>	<i>3 - 10 years</i>

Gains and losses on sale of fixed assets are recognised in the income statement in production costs, distribution expenses and administrative expenses, respectively.

Leases

Lease assets are "right-of-use-assets" arising from lease agreements. Lease assets are initially measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received.
- any initial direct costs
- restorations costs.

The lease assets are depreciated on a straight-line basis over the shorter period of the asset's useful life and the lease term in the contract. The lease assets can be adjusted due to modifications to the lease agreement or reassessment of the lease term.

The depreciation periods are as follows:

<i>Property</i>	<i>1-2 years</i>
<i>Cars and trucks</i>	<i>3-8 years</i>

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a term of 12 month or less, while low value assets comprise assets with a value below TEUR 30.

On initial recognition, lease commitments are measured at the present value of the future lease payments discounted by an incremental borrowing rate.

The lease commitment is measured at amortised cost according to the effective interest method. The lease commitment is recalculated when the underlying contractual cash flows change due to changes in an index or an interest rate if the company's estimate of a residual value guarantee changes or if the company changes its assessment of whether call options, extension options or termination options can reasonably be expected to be exercised.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

Notes to the annual report

21 Accounting Policies (continued)

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Impairment of fixed assets

The carrying amounts of both intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by ordinary amortisation and depreciation. If so, the asset is written down to its lower recoverable amount. The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a recoverable amount can be determined.

Head office buildings and other assets for which a value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Investments in subsidiaries and equity interest (associates)

Investments in subsidiaries and associates are recognised and measured at cost. If the recoverable amount is lower than the cost price, it shall be written down for impairment to the lower value.

Asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Listed securities are measured at market value. Unlisted securities are measured at the selling price based on calculated value in use.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value. The net realisable value of inventories is calculated as the total of future sales revenues expected, at the balance sheet date, to be generated by inventories in the process of normal operations and determined allowing for marketability, obsolescence, and development in expected sales sum less the estimated expenses necessary to make the sale.

The cost of goods for resale, raw materials and consumables equals landed cost.

Notes to the annual report

21 Accounting Policies (continued)

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Any borrowing expenses in the period of production are not recognised.

Receivables

Receivables are recognised in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined based on an individual assessment of each receivable. Receivables include fair value adjustments of derivative financial instruments with a positive fair value.

Prepayments

Prepayments include expenses incurred in respect of subsequent financial years. Such expenses are typically prepaid expenses concerning rent, insurance premiums, subscriptions, and interest.

Equity

Dividend

Dividend is recognised as a liability at the time of adoption at the Annual General Meeting. Dividend expected to be distributed for the year is disclosed as a separate equity item.

Reserves

Reserve for development projects

The reserve for development projects comprises recognized development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognized development projects are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

If the recognized development projects are written down, part of the reserve for development projects must be reversed. The reversed portion corresponds to the write-down of the development projects. If a write-down of the development projects is subsequently reversed, the reserve for development projects must be re-established. The reserve for development projects is also reduced by amortization charges. In doing so, the equity reserve will not exceed the amount recognized in the statement of financial position as development projects.

Notes to the annual report

21 Accounting Policies (continued)

Reserve for fair value adjustment of derivative financial instruments

The reserve for fair value adjustment of derivative financial instruments comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The hedging reserve does not represent a limitation under company law and may therefore be negative.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation, and it is probable that economic benefits must be given up settling the obligation.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax is measured based on the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured based on the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated based on the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Liabilities

Fixed-interest loans, such as mortgage loans and loans from credit institutions, intended held to maturity are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost equal to the capitalised value using the effective interest method; the difference between the proceeds and the nominal value (the capital loss) is recognised in the income statement over the loan period.

Notes to the annual report

21 Accounting Policies (continued)

Other debts are measured at amortised cost, substantially corresponding to net realisable value.

Explanation of ratios

Gross margin	=	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	=	$\frac{\text{Profit/loss before financials} \times 100}{\text{Revenue}}$
Return on net assets	=	$\frac{\text{Profit/loss before financials} \times 100}{\text{Total assets}}$
Solvency ratio	=	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	=	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$