



ROSE POULTRY A/S

CVR No. 25 17 75 09

Annual Report for 01.01.2025 – 31.12.2025

Tværmosevej 10

DK-7830 Vinderup

The Annual Report was presented and adopted at
the Annual General Meeting of the Company on
10/4 - 2026

Chairman

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Management's Statement

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 2025.

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 Company's assets, liabilities and financial position at 31 December and of the results of its operations for the financial year 1 January – 31 December 2025.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters of 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, 10/4 - 2026

Executive Board

Morten Cederberg
Managing Director, ROSE Poultry A/S

Board of Directors

Cornelis Kraijenoord
Chairman

Cornelius van Gestel

Michael Juhl Jørgensen

Birthe Juul

Ditlev Baunsgaard
Employee representative

Claus Bengtsson
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 2025, comprising 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 Company's assets, liabilities and financial position at 31 December 2025 and of the results of the Company's operations for the financial year 1 January – 31 December 2025 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.

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, that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Independent Auditor's Report

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 may 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 financial statement users made 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 company 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.

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.

Independent Auditor's Report

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, 10/4 - 2026

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Mikkel Trabjerg Knudsen

State Authorised

Public Accountant

mne34459

Dennis Valdeck Hansen

State Authorised

Public Accountant

mne49092

Company Information

Company information

The Company

ROSE POULTRY 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 representative*)
Claus Bengtsson (*employee representative*)

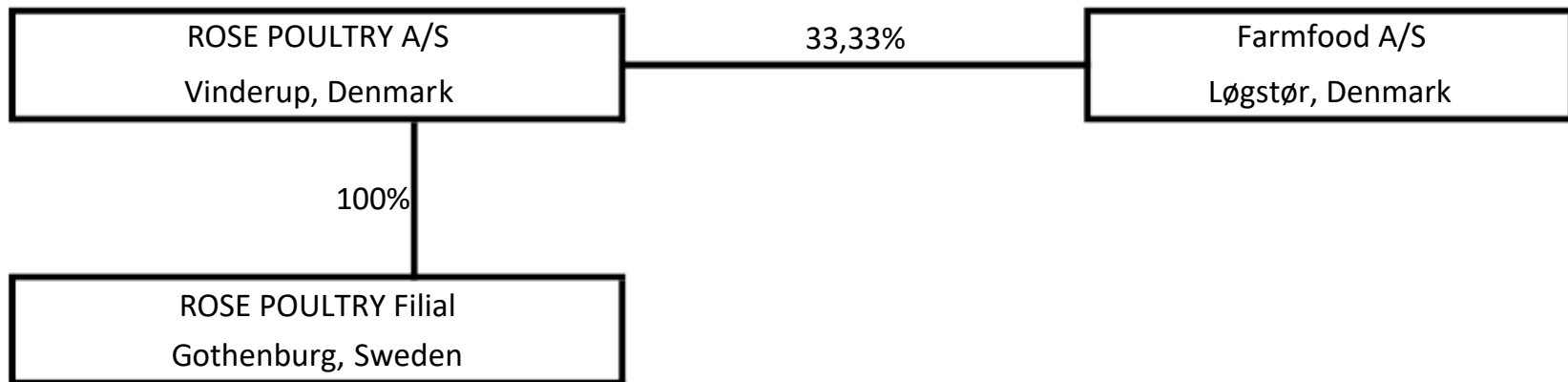
Executive Board

Morten Cederberg

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Frederiks plads 42
DK-8000 Aarhus C
Denmark
CVR no.: 25 57 81 98

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	2025	2024	2023	2022	2021
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Profit/loss					
Revenue	1.867.817	1.703.157	1.717.497	1.642.768	1.285.070
Gross profit/loss	230.298	160.156	84.692	125.066	96.638
EBITDA	128.460	47.975	50.864	33.346	13.236
Profit/loss before financial income and expenses	105.260	30.437	-46.863	394	-11.625
Profit/loss from financial income and expenses	-6.123	-28.500	-36.968	-19.690	-20.423
Net profit/loss for the year	159.926	1.937	-83.831	-19.296	-32.048
Balance sheet					
Investment in property, plant and equipment	64.277	32.399	42.063	27.752	31.688
Balance sheet total	687.132	522.480	455.699	569.907	481.527
Equity	447.607	286.623	-69.146	30.721	35.201
Average number of employees	636	619	602	617	620
Ratios					
Gross margin	12,3%	9,4%	4,9%	7,6%	7,5%
Profit margin	5,6%	1,8%	-2,7%	0,0%	-0,9%
Return on net assets	17,4%	6,2%	-10,3%	0,1%	-2,4%
Solvency ratio	65,1%	54,9%	-15,2%	5,4%	7,3%
Return on equity	43,6%	1,8%	436,3%	-58,5%	-91,0%

For definition of ratios, see under accounting policies.

In 2025 there have been changes in accounting policies from IFRS16 to IAS17 regarding leases and from IFRS15 to IAS18 regarding revenue, with date of initial application as of January 1st 2025. The figures for 2024 have been adjusted for the effect of the implementation. The figures for 2021-2023 have not been adjusted and are not comparable with 2024 and 2025. Refer to account policy for overview of changes in note 19.

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

Management's review

Principal activities

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.

Development in the year

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

The Net result for 2025 shows a profit of DKK 159,9 million and includes two special (one-time) items amounting to DKK 103,2 million, hence the 2025 comparable Net result is DKK 56,8 million (2024: DKK 1,9 million), giving an operational improvement of DKK 54,8 million. This improvement stems from a strengthened operations as well as decreased interest payment (DKK 22,4 million as the Group loan has been paid back). The special items (one-time) items of 2025 relate to a positive impairment result of DKK 42,4 million (reversal of impairment from 2023) related to property, plant and equipment. The reversal of previous impairment goes hand in hand with the improved operational performance as well as a positive outlook for the future, partly stemming from an acceleration in the investments in the company. Further, deferred tax has been recorded as an asset with an amount of DKK 60,4 million.

Summarized special items related to 2025 refer to disclosure 1.

Our strategy has progressed as planned, with continued focus on strengthening our market position in Denmark and European market with fresh and ready-to-eat poultry products. Overall Gross Profit increased with DKK 70,1 million (comparable 27,8 million) to DKK 230,3 million, following a year with strong demand for chicken among consumers, as well as a positive development in our product mix, i.e. slower growing birds and ready-to-eat poultry.

Sales prices has been changed throughout the year, hand in hand with changes in the price paid for the live-bird, energy, and packaging material as well as for other production inputs, both on farm level and in ROSE Poultry's own operations. Following the change in ownership in late 2024, investment plans for the slaughterhouse have been accelerated to fuel further competitive position.

EBIT is reported with DKK 105,3 million, which is an improvement of DKK 74,8 million (comparable an improvement of DKK 32,4 million). The comparable improvement in gross margin and EBIT is considered satisfactory. Net Result for 2025 of DKK 159.9 million is DKK 158 million better than 2024 (comparable DKK 54,8 million), which is considered satisfactory.

Revenue is at a higher level than last year's announcement (expected DKK 1,7 billion) following price increases and improved product mix, and Net result is significantly better (expected DKK ~35 million) following the reversal of impairment and recorded deferred tax (in total DKK 103,2 million), hence the comparable Net result is better than last year announcement with DKK ~55million).

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. The office has been closed as per December 31st, 2025.

Management's review

Capital resources

Current loans and credit facilities are considered adequate to cover the Company's operations and planned investments.

Subsequent events

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

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 have changed in relatively small scale during 2025. 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.

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 2025, 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 2025 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 2025.

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 and for 2026 expanding to other towns across Denmark.

Goal	KPI	2025	2024	2023	Target	Year for achievement
Keeping our employees engaged, safe and healthy	Employee engagement index	Survey not conducted in 2025	78,1	78,1	>75	2027
	People Power index		76,5	76,5	>75	2027
	Lost Time Injury (LTI)	11,74	9,28	5,83	<8,0	2027
	Absence due to sickness	5,30%	5,64%	5,68%	<6,0%	2027
	Number of Whistleblower police breaches	0	0	0	0	2023
	Number of breaches on employee Code of Conduct	0	0	0	0	2023
Provide local, healthy, safe and affordable proteins	Reduce number of critical complaints from customer and end-user	200	135	179	129	2026

Management's review

The survey around Employee engagement index and People power index has not been conducted during 2025 following the change in ownership of the company per 31-10-2024. As of 2026 we will start a new survey in line with Plukon Food Group and Danish regulation, focusing on employer engagement and well-being. Expectation is to run the survey every second year going forward.

Lost Time Injury (LTI) refers to incidents that result in an employee being absent from work due to an injury. LTI is calculated by dividing the total number of absence hours (lost time) due to injuries by the multiplied by 1 million, hence the LTI shows the number of hours absent due to an injury per million hours worked.

Absence due to sickness is calculated by dividing the total number of absence hours due to sickness by the total number of hours worked, multiplied by 100. The source for the information is the payroll system.

Environmental and climate responsibility

ROSE Poultry assumes responsibility for the environment throughout the value chain and aims to continuously decrease 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 for 2023 and 2024 all our electricity has been supply 100% from green sources. For 2025 we have stopped paying extra to the electricity company for this guarantee, hence the reported number is the electricity company's delivery share stemming from green sources.

Management's review

Goal	KPI	2025	2024	2023	Target	Year for achievement
Using less plastic when designing our packaging	- Reduction in kilo re-cyclable plastic used	1.515	1.420	1.347	10% vs 2023	2027
	- Reduction in kilo non-recyclable plastic used	119	77	61	-10% vs 2023	2027
Produce chicken with lower climate impact (scope 1 & 2)	Water Usage					
	- Vinderup Liter /kg live weight	4,12 L/kg	4,24 L/kg	4,09 L/kg	3,5 L/kg	2027
	- Skovsgaard: Liter /kg meat	0,58 L/kg	0,49 L/kg	0,49 L/kg	0,42 L/kg	2027
	Electricity usage					
	- Vinderup kWh /kg live weight	0,19	0,20	0,21	0,20	2026
	- Skovsgaard kWh /kg live weight	0,54	0,54	0,54	0,50	2026
	Electricity from green source	24%	100%	100%	100%	2023
	Use "class 3" Trucks for transporting live birds	90%	0%	0%	100%	2026
	Food waste reduction (% food waste to live-weight kg)					
	- Vinderup	1,96%	1,97%	2,22%	10% (T 2,00%)	2026
- Skovsgaard	1,45%	1,46%	1,48%	5% (T 1,41%)	2026	
Produce chicken with lower climate impact at Farm level (scope 3)	All farmers calculate carbon footprint using SEGES ESG-tool	100%	0%	0%	100%	2026
	Share of energy production via solar panels and windmills on farms	5%	5%	0%	25%	2026
	Share of manure used for biogas	75%	40%	40%	95%	2026
	Use of responsible soy	100%	80%	60%	100%	2025
Preserving and developing our animal welfare practices	Use of antibiotic at Farms	3,0%	3,7%	4,4%	< 1%	2026
	Foot pad sore	5,00	8,80	10,10	< 9	2026
	Transport mortality (DOA)	0,20%	0,21%	0,18%	< 0,15%	2026
	Wing damage	1,6%	1,8%	2,0%	< 1,5%	2026

Management's review

We have an overarching ambition of creating value by closing loops and advancing a circular business model. By investing in energy efficiency, renewable energy, and reducing water withdrawal, we aim to minimize residual waste, lower our carbon footprint and enhance our overall environmental impact. As a food producing company, we use different types of packaging material for chicken products and packaging plays a crucial role in food-safety as it preserves freshness and protects the product from contamination. During 2025 we have packed more products in re-cyclable and hence taken steps to reduce the consumption of plastic.

For usage of water per kg slaughtered (live weight) the consumption level is stable, but we have slaughtered more kg of chicken in Vinderup, hence then lower consumption per kg. Same development is expected for 2026. In Skovsgaard the development is reverse with lower production volume, and despite efforts the targets seem unrealistic to achieve.

Regarding electricity per kg slaughtered (live weight) the target is reached in Vinderup one year ahead of plan, whereas Skovsgaard is maintaining last year's level. Same development is expected for 2026.

As we replace trucks for catching the live birds, we change to trucks with lower emissions. We will replace the remaining trucks during 2026 and hence reach our target.

Around food waste the target has been a reduction of 10% from 2023. This have been achieved in Vinderup one year ahead of time and the progress is made in Skovsgaard.

In cooperation with SEGES a tool have been developed to track the carbon footprint at farm-level, and we are happy to see that during the first year all our farmers have taken this tool in use to lower their footprint.

We will continue to encourage our farmers to reduce their climate impact and are pleased to see a strong development in using the manure for biogas as well as responsible soy in the feed, where the outlined target has been reached.

Preserving and developing our animal welfare practices is vital for us and acknowledge the work being done already by our Producers and encourage them to continue to the good development with support in all aspects.

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

Management's review

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.

Outlook

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 have been accelerated, specially on the investment side. This will continue in 2026 fuelling our competitive position.

The consumer demand for chicken has been growing during recent years – a growth that is expected to continue – and hence a supply / demand equilibrium requires more chicken to slaughter.

In 2026 Net sales are expected at higher level than in 2025 (+5-6%), whereas comparable Net result is expected at a positive level around DKK 85 million.

Income statement

Income statement 1 January – 31 December	Note	2025 DKK '000	2024 DKK '000
Revenue	1	1.867.817	1.703.157
Production costs	3, 9	-1.682.920	-1.544.301
Reversal of prior years impairment ogf property, plant and equipment	2	42.371	0
Other operating income		3.030	1.300
Gross profit		230.298	160.156
Distribution costs	3	-67.712	-82.817
Administrative expenses	3, 8, 9	-57.326	-46.902
Profit before financial income and expenses		105.260	30.437
Financial income	4	2.057	3.799
Financial expenses	5	-8.180	-32.299
Profit before tax		99.137	1.937
Tax on profit	6	60.789	0
Net profit for the year	7	159.926	1.937

Balance sheet

Assets 1 January – 31 December	Note	2025 DKK '000	2024 DKK '000
Software and licenses		1.318	1.809
Completed development projects		7.298	1.610
Development projects in progress		12.485	1.579
Intangible assets	8	21.101	4.998
Land and buildings		71.503	51.480
Plant and machinery		177.117	120.472
Other fixtures and fittings, tools, and equipment		1.438	325
Property, plant, and equipment in progress		13.436	7.722
Property, plant, and equipment	9	263.494	179.999
Investments in equity interest		16.805	16.805
Other securities and investments		176	522
Fixed asset investments	10	16.981	17.327
Fixed assets total		301.576	202.324
Inventories	11	119.568	106.004
Trade receivables		136.883	130.861
Receivables from group entities		1.434	0
Receivables from associates		6.951	7.597
Other receivables		18.327	8.802
Deferred tax assets	12	60.432	0
Receivables		224.028	147.260
Cash at bank and in hand		41.959	66.893
Current assets total		385.555	320.156
Total assets		687.132	522.480

Balance sheet

Liabilities and equity 1 January – 31 December	Note	2025 DKK '000	2024 DKK '000
Share capital	13	10.250	10.250
Reserve for fair value adjustment re. financial contracts		1.264	205
Reserve for development costs		15.430	1.610
Retained earnings		420.663	274.558
Total equity		447.607	286.623
Other payables		27.344	26.850
Lease obligations		3.458	5.403
Non-current liabilities other than provisions	14	30.802	32.253
Lease obligations	14	1.945	1.892
Trade payables		125.628	120.897
Payables to group enterprises		36.893	40.717
Other payables	14	44.257	40.098
Current liabilities		208.723	203.604
Total liabilities		239.525	235.857
Total liabilities and equity		687.132	522.480
Special items	2		
Staff	3		
Distribution of Profit/loss	7		
Contingent assets, liabilities, and other financial obligations	15		
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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 2024	10.250	4.260	1.936	-85.592	-69.146
Change in accounting policy	0	0	0	22	22
Adjusted equity on 1 January 2024	10.250	4.260	1.936	-85.571	-69.125
Net profit/loss for the year	0	0	-326	2.263	1.937
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	274.558	286.623
Equity on 1 January 2025	10.250	205	1.610	274.558	286.623
Net profit/loss for the year	0	0	13.820	146.105	159.926
Value adjustment for the year	0	1.059	0	0	1.059
Equity on 31 December 2025	10.250	1.264	15.430	420.663	447.607

Notes to the annual report

	2025	2024
	DKK '000	DKK '000
1 Segment information		
Geographical segments		
Domestic market	1.293.452	1.049.047
EU	520.921	555.988
Other countries	53.444	98.122
	1.867.817	1.703.157
Which relates to following activity segments:		
Ready to cook	1.444.012	1.283.743
Ready to eat	210.936	193.830
Others	212.869	225.584
	1.867.817	1.703.157

2 Special items

Special items relates to the reversal of the 2023 impairment write-down (land, building, plant and machinery), which has been recognised within Gross Margin, contributing positively in the amount of DKK 42,4 million (Refer to note 8). In addition, recognition of deferred tax assets relating to prior years have been recognised in the reporting period, resulting in a change in deferred tax of DKK 60,8 million. (Refer to note 12).

3 Staff

Wages and salaries	321.265	310.470
Pensions	32.450	28.928
Other social security expenses	10.840	11.006
	364.555	350.404
Which have been expensed as follows:		
Production costs	332.578	316.379
Distribution costs	15.986	17.407
Administrative costs	15.991	16.618
	364.555	350.404

In accordance with section 98b(3)(II) of the Danish Financial Statements Act, remuneration of the Executive Board has not been presented, as the Board of Directors did not receive any emoluments.

Average number of employees	636	619
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4 Financial income

Exchange adjustments	1.437	3.482
Other financial income	621	317
	2.057	3.799

Notes to the annual report

	2025	2024
	DKK '000	DKK '000
5 Financial expenses		
Interest paid to group enterprises	219	22.983
Exchange adjustments	3.234	3.183
Interest expense on lease liabilities	590	524
Other financial expenses	4.138	5.608
	8.180	32.299

6 Tax on profit for the year

Change in deferred tax for the year	60.789	0
	60.789	0

7 Distribution of Profit/loss

Reserve for development cost	13.820	-326
Retained earnings	146.105	2.263
	159.926	1.937

8 Intangible assets

	Software and licenses	Completed development projects	Development projects in progress
	DKK '000	DKK '000	DKK '000
Cost on 1 January 2025	2.686	6.368	1.579
Additions of the year	0	0	18.338
Transfers for the year	0	7.432	-7.432
Cost on 31 December 2025	2.686	13.800	12.485
Depreciation and impairment losses on 1 January 2025	877	4.758	0
Depreciation and impairment losses for the year	491	1.744	0
Depreciation and impairment losses on 31 January 2025	1.368	6.502	0
Carrying amount on 31 December 2025	1.318	7.298	12.485
Depreciated over	3-6 years	3-6 years	

Intangible assets in progress include costs that are directly or indirectly attributable to development activities.

Following Plukon Food Groups acquisition of the Company as per 31.10.2024 many activities have been initiated.

Notes to the annual report

8 Intangible assets (continued)

Development projects in progress

The development projects in progress concerns building IT infrastructure and developing/installing IT platforms/software to enable an exchange of information with the new owner and to close down relations with the previous owner. These projects are expected to bring financial benefits to the Company. Projects have been initiated in 2025 and are expected to be completed in first half of 2026, whereafter the capitalized costs are amortized on a straight-line basis over a period of 3-6 years.

Completed development projects

During 2025 the Company have finalized project Basware (vendor invoice workflow separated from previous owner) and project Optimity (production planning tool system), where the capitalized costs have started to be amortized on a straight-line basis over a period of 3-6 years. Further, a project focusing on process description and outlining optimization opportunities has been finalized as preparation for a Plukon Food Group group wide ERP project targeting replacement of current ERP system (Navision) and amortization over 5 years has begun. The completed development projects are expected to bring financial benefits through efficiency improvements and thus less administration expenses.

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools, and equipment	Property, plant, and equipment in progress
9 Property, plant, and equipment	DKK '000	DKK '000	DKK '000	DKK '000
Cost on 1 January 2025	359.323	854.456	14.409	7.722
Additions for the year	0	75	475	63.726
Decreases for the year	-1.128	-86.814	-476	0
Transfers for the year	3.492	53.719	802	-58.012
Cost on 31 December 2025	<u>361.686</u>	<u>821.436</u>	<u>15.211</u>	<u>13.436</u>
Depreciation and impairment losses on 1 January 2025	307.843	733.985	14.085	0
Reversed depreciation and impairment losses	-20.518	-21.853	0	0
Reversal of depreciation and impairment of sold assets	-1.128	-84.628	-476	0
Depreciation for the year	3.986	16.816	163	0
Depreciation and impairment losses on 31 January 2025	290.183	644.319	13.773	0
Carrying amount on 31 December 2025	<u>71.503</u>	<u>177.117</u>	<u>1.438</u>	<u>13.436</u>
Hereof financial leases	<u>0</u>	<u>4.856</u>	<u>0</u>	<u>0</u>
Depreciated over	20-30 years	3-18 years	3-10 years	

Notes to the annual report

9 Property, plant, and equipment (continued)

Impairment test

In the financial year 2025 an impairment test has been carried out on fixed assets to assess reversal of previous write-downs in 2023.

The recoverable value is based in the capital value as determined using expected net cash flows based on the budget and forecasts for the years 2026-2030 and terminal value approved by management and with a WACC of 10%. EBITDA for 2026 is expected to be DKK 137.8 million.

The Gross margin for the budgeting period is expected to improve every year following benefits from Capex and improved product mix (welfare as well as value-add). Development in fixed costs is expected with ~2% point per year. The impairment test is based on continued operation – value in use method.

The recoverable value exceeds the carrying amount, resulting in the reversal of previous year (2023) write-down by a corresponding amount of DKK 42,4 million.

	2025	2024
	DKK '000	DKK '000
10 Fixed asset investments		
Investments in equity interest (associates)		
Cost on 1 January	16.805	16.805
Disposals for the year	0	0
Cost on 31 December	16.805	16.805
Other securities and investments		
Cost on 1 January	522	769
Transfers of the year	-346	-246
Cost on 31 December	176	522

Investments in associates are specified as follows:

<i>Name of associate</i>	Place of registered office	Share Capital DKK '000	Votes and ownership	Equity DKK '000	Result of 2025 DKK '000
Farmfood A/S	Løgstør (DK)	30.000	33%	66.224	0

11 Inventories

Raw materials and consumables	21.747	23.368
Work in progress	3.987	5.627
Finished goods and goods for resale	93.834	77.010
	119.568	106.004

Notes to the annual report

	2025	2024
12 Deferred tax assets	DKK '000	DKK '000
Deferred tax at 1 January	0	0
Deferred tax asset for the year in income statement:	60.789	0
Deferred tax for the year on equity transactions	-357	0
Deferred tax at 31 December	60.432	0
Deferred tax for the year in the income statement specified as below:		
Property, plant, and equipment	92.078	101.835
Other	3.298	11.374
Tax loss	19.850	24.433
Write-down	-54.794	-137.642
	60.432	0

Given the history of being loss making and without expectations to change that, the deferred tax has not previously been recognized as a deferred tax asset. However, the Company made profit in 2024 and the result for 2025 is also positive, hence circumstances have changed as well as the expected future income for 2026 and going forward of the Company.

At year end 2024 the deferred tax (whereof majority is related to temporary difference between accounting and tax values), amounts to DKK 625,6 million with a tax value of DKK 137,6 million at a 22% tax rate. A three-year forecast has been established to substantiate future taxable results. To embrace the futures uncertainties when valuing deferred tax assets, the Company included various cautious considerations in estimation, ending up with valuing deferred tax assets of both tax losses and book-to-tax differences to DKK 60,4 million.

13 Contributed capital

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

	2025	2024
14 Long-term debt	DKK '000	DKK '000
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:		
Other payables:		
Within 1 year	44.611	40.670
Between 1 and 5 years	2.369	2.118
After 5 years	24.621	24.160
	71.601	66.948
Lease obligations:		
Within 1 year	1.945	1.892
Between 1 and 5 years	3.458	5.126
After 5 years	0	277
	5.403	7.295
Other payables and lease obligations in total:		
Within 1 year	46.556	42.562
Between 1 and 5 years	5.827	7.244
After 5 years	24.621	24.437
	77.004	74.243

The total cash outflow for leases in 2025 was DKK 2.363 thousand, which includes redemption of principal and interest payments.

15 Contingent assets, liabilities, and other financial obligations

Lease commitments under operating leases. Total future lease payments:

Within 1 year	1.868	2.448
Between 1 and 5 years	2.161	3.157
After 5 years	0	0
	4.029	5.605

Rental commitments. Total future lease payments:

Within 1 year	10.315	6.628
Between 1 and 5 years	23.936	17.865
After 5 years	1.923	4.126
	36.174	28.619

Other financial commitments. Total future lease payments:

Within 1 year	3.829	3.744
Between 1 and 5 years	6.235	9.172
After 5 years	0	0
	10.064	12.916

Liabilities and other financial obligations in total:

Within 1 year	16.012	12.820
Between 1 and 5 years	32.332	30.194
After 5 years	1.923	4.126
	50.267	47.140

Notes to the annual report

15 Contingent assets, liabilities, and other financial obligations (continued)

Other commitments

The Company is contractually obligated to purchase poultry from all its poultry suppliers under two-year framework agreements.

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.

Guarantee commitments

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 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.

16 Derivative instruments

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

As of 31 December 2025, the Company have entered into forward contracts related to electricity hedging for the period 2026-2028, covering 44,3 million kWh:

	Contract Value	Market Value	Net Value
Currency (2025)	DKK '000	DKK '000	DKK '000
Electricity	26.874	28.495	1.621
	26.874	28.495	1.621

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

Notes to the annual report

17 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 Parent Company, subsidiaries and associates are considered related parties.

The Consolidated 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 Parent Company and its subsidiaries	9.487
Sales to associates	3.807
Purchase from Parent Company and its subsidiaries	2.165
Management fee to Parent Company	5.108
Interest to Parent Company	219
Purchase of immaterial assets (software)	4.310
Receivables from associates	6.951
Payables to Parent company	36.893

18 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

19 Accounting Policies

Basis of Preparation

The Annual Report of ROSE Poultry A/S ("Company") for 2025 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

Except for the below mentioned changes in accounting policies the financial statements have been prepared under the same accounting policies as last year.

The Annual Report for 2025 is presented in DKK thousands.

Omission of disclosure of fees to auditor appointed at the general meeting

Fee to the auditor appointed at the general meeting has not been disclosed in accordance with section 96(3) of the Danish Financial Statements Act. Reference is made to the consolidated financial statements of Plukon Food Group BV.

Omission of cash flow statement

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.

Changes in accounting policies

In 2025 the Company changed accounting principles from IFRS15 to IAS18 regarding revenue recognition and IFRS16 to IAS17 regarding leases to align the Company's accounting policies with Group accounting policies.

Leases

With effect from 1 January 2025, the Company has implemented IAS17 regarding leases to align the Company's policy with Group policy.

Upon implementation of IAS 17 as interpretation as of 1 January 2025, the Company has recognized an equity effect of DKK 22k, net profit effect of DKK 595k in 2024. Lease assets and liabilities have been adjusted in the balance sheet as of 1 January 2025. The effected figures have been adjusted in the income statement and balances figures regarding 2024 as comparison to 2025 figures. Total assets has been decreased with DKK 18,9 million.

Profit/loss for the year remains substantially unchanged. This is due to the depreciation of the right-of-use assets and interest costs from the lease liabilities being almost equal to the operating lease expense.

Notes to the annual report

19 Accounting Policies (continued)

Revenue

The Company has chosen IAS18 as interpretation for revenue recognition to align the Company's policy with Group Policy. The change in accounting policy has not impacted profit before tax, tax for the year, profit after tax, total assets or equity.

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.

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 other receivables and other payables, 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.

Notes to the annual report

19 Accounting Policies (continued)

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 provided on business segments and geographical markets. The segment information is in line with the Company's accounting policies, risks and internal financial management.

Income Statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognized in the income statement provided that the general criteria have been met, including that delivery and transfer of risk have been made to the buyer by year end and the amount can be reliably measured and is expected to be received. Revenue is recognized exclusively of VAT and duties and net of discounts relating to sales.

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

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

Notes to the annual report

19 Accounting Policies (continued)

Other operating cost

Other operating cost comprise items secondary to the activities of the Company, including losses on the disposal of intangible assets and property, plant and equipment.

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.

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 software and licenses, completed development projects and development projects in progress.

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 3-6 years.

Software and licenses 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 3-6 years.

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

Notes to the annual report

19 Accounting Policies (continued)

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.

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>

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

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

Leases

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognized in the balance sheet at the lower of fair value and the net present value of future lease payments. When the net present value is calculated, the interest rate is implicit in the lease, or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other fixed assets.

The capitalized lease obligation is recognized in the balance sheet as a liability at amortized cost, allowing the interest element of the lease payment to be recognized in the income statement over the term of the lease.

All other leases are accounted for as operating leases. Payments relating to operating leases and other leases are recognized in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

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.

Notes to the annual report

19 Accounting Policies (continued)

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 equity interest (associates)

Investments in 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.

Other securities and investments

Other securities and investments included in investment comprise unlisted shares that Management considers investment securities. The equity investments are measured at cost.

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.

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.

Notes to the annual report

19 Accounting Policies (continued)

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.

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.

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.

Notes to the annual report

20 Accounting Policies (continued)

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.

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	=	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$