



# Second quarter report 2020

## Continued strong operating performance

26 August 2020

- Net sales decreased by 1 percent to MSEK 2,448 (2,472) in the second quarter 2020. Net sales increased in Ireland and Finland but decreased in Sweden, Denmark and Norway.
- Adjusted operating income<sup>1)</sup> increased to MSEK 122 (115), corresponding to a margin of 5.0 (4.6) percent.
- Income for the period increased to MSEK 73 (50). Earnings per share increased to SEK 1.19 (0.78). The change compared to previous year was positively impacted by higher operating income despite non-comparables related to Covid-19 pandemic, as well as by an improved financial net driven by positive currency effects, as the Swedish krona has strengthened.
- Operating cash flow<sup>2)</sup> was MSEK 167 (115). The increase was driven by lower capital expenditure as well as improved working capital.
- Net interest-bearing debt decreased by MSEK 76 from 31 March 2020 to MSEK 2,058.

MSEK	Q2 2020	Q2 2019	Change	H1 2020	H1 2019	Change	LTM	2019
Net sales	2,448	2,472	-1%	4,926	4,930	0%	9,887	9,891
Adjusted EBITDA <sup>1)</sup>	200	194	3%	400	384	4%	792	776
Adjusted operating income (EBIT) <sup>1)</sup>	122	115	7%	239	225	6%	468	454
Non-comparable items <sup>1)</sup>	-17	-13	30%	-60	-13	346%	-76	-30
Operating income (EBIT)	105	101	4%	179	212	-15%	392	424
Finance net	-19	-38	-49%	-53	-59	-11%	-106	-113
Income after finance net	85	64	34%	127	153	-17%	286	312
Income tax expense	-12	-14	-13%	-18	-31	-41%	-62	-75
Income for the period	73	50	48%	108	122	-11%	223	237
Adjusted EBITDA margin <sup>1)</sup>	8.2%	7.8%	-	8.1%	7.8%	-	8.0%	7.8%
Adjusted operating margin (EBIT) <sup>1)</sup>	5.0%	4.6%	-	4.9%	4.6%	-	4.7%	4.6%
Earnings per share, SEK	1.19	0.78	53%	1.70	1.88	-10%	3.42	3.60
Adjusted return on capital employed <sup>1)</sup>	11.1%	10.4%	-	11.1%	10.4%	-	11.1%	11.0%
Return on equity	12.8%	15.6%	-	12.8%	15.6%	-	12.8%	14.2%
Operating cash flow <sup>2)</sup>	167	115	44%	260	159	64%	637	536
Net interest-bearing debt	-2,058	-2,451	-16%	-2,058	-2,451	-16%	-2,058	-2,200

<sup>1)</sup> Adjusted for non-comparable items. see page 11.

<sup>2)</sup> Reclassification of cash flow effect for leasing assets has been made during the second quarter and for comparative figures.

### About Scandi Standard

Scandi Standard is the leading producer of chicken-based food products in the Nordic region and Ireland. The company produces, markets and sells ready to eat, chilled and frozen products under the well-known brands Kronfågel, Danpo, Den Stolte Hane, Manor Farm and Naapurin Maalaiskana. Eggs are also produced and sold in Norway. We are approximately 3,000 employees with annual sales over SEK 9 billion. For more information, please visit [www.scandistandard.com](http://www.scandistandard.com).

## CEO statement

Scandi Standard delivers strong results for the second quarter of 2020. With stable net sales compared to the same quarter last year, adjusted EBIT increased by 7 percent to MSEK 122, equating to an adjusted EBIT margin of 5.0 percent, a five year record quarterly margin.

The flat development in Net sales is partly attributed to downward price adjustments implemented in late 2019 to pass through decreased raw material prices for feed. Reduced Foodservice sales due to the effects of the Covid-19 pandemic, have been offset by the spike in Retail sales as consumers are spending more time at home, which in turn is driving the margins up.

Our solid business model of supplying safe, sustainable, and domestic products to our end consumers is paying off. In all of our markets consumers are focused on locally produced products adhering to the strictest animal welfare and food safety standard, and marginal use of antibiotics.

Scandi Standard is posting Covid-19 related non-comparable items in the second quarter of MSEK 17 of which the majority relates to the temporary close during April and May of some production lines focused on Foodservice.

I am proud of the way our organisation has rapidly been able to adapt to the current environment. I am also confident that the robust adjustments and mitigating actions implemented will allow us to optimise our operating performance and secure timely deliveries of high-quality products to the customers in the prevailing environment.

During the initial stages of the Covid-19 pandemic we saw a significant drop in Foodservice sales. Although we expect volatile demand in this sales channel, it was encouraging to see positive traction during the end of the second quarter that has continued into the third quarter. Interestingly, this has happened with a continued solid momentum in Retail sales.

As we have proven over several years there is great growth potential within chicken-based products as consumers strive to live more healthy and climate smart in addition to loving the taste. In the last five years we have demonstrated an annual organic growth of more than 8 percent, which exceeds the market growth in our main markets. This has been made possible by a solid understanding of the consumers needs and how to meet them. In order to complement our product offering further, we are in the process of assessing plant based concepts.

Scandi Standard has a strong balance sheet, solid financing and a significant available liquidity. Compared to the same time last year, net interest-bearing debt was reduced by about MSEK 400 to MSEK 2 058 compared to the end of the same quarter previous year. The capital investments for 2020 are targeted to be MSEK 300. In the absence

of a negative turn of events we will consider selectively phasing in further investments later this year.

Despite the turbulence around us, we continue to carefully monitor the structural changes and opportunities within our sector. Following our recent strategic review, I am confident that we are even better suited as an acquisition vehicle in the poultry market. Acquisitions can generate significant benefits for the Group through sharing of best practice with improved efficiency and sustainable operations as well as contribute to increased stability in earnings.

I am pleased to report a good quarter with continued strong operativ performance and resilience to the ongoing Covid-19 pandemic. Being a key producer of the most affordable main protein source with sales predominantly through the growing Retail channel coupled with increased activity in the Food service puts us in a good position going forward. Based on the positive start of the third quarter I am confident that we can continue the trend of strong and gradually improved results.

Leif Bergvall Hansen

*Managing Director and CEO*



## Net sales and income

MSEK	Q2 2020	Q2 2019	Change	H1 2020	H1 2019	Change	LTM	2019
Net sales	2,448	2,472	-1%	4,926	4,930	0%	9,887	9,891
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Finance net	-19	-38	-49%	-53	-59	-11%	-106	-113
Income after finance net	85	64	34%	127	153	-17%	286	312
Income tax expense	-12	-14	-13%	-18	-31	-41%	-62	-75
Income for the period	73	50	48%	108	122	-11%	223	237
Adjusted EBITDA-margin <sup>1)</sup>	8.2%	7.8%	-	8.1%	7.8%	-	8.0%	7.8%
Adjusted operating margin (EBIT) <sup>1)</sup>	5.0%	4.6%	-	4.9%	4.6%	-	4.7%	4.6%
Earnings per share. SEK	1.19	0.78	53%	1.70	1.88	-10%	3.42	3.60

<sup>1)</sup> Adjusted for non-comparable items. see page 11.

### Second quarter 2020

#### Net sales

Net sales for the Group in the second quarter 2020 decreased by 1 percent to MSEK 2,448 compared to MSEK 2,472 in the second quarter 2019. The decrease was 0 percent at constant exchange rates. The months of the second quarter showed a positive growth trend with an increase in net sales of 7 percent in June.

All countries except Denmark have seen a positive development in the Retail channel, while Foodservice and Industry customers have been negatively impacted by Covid-19 pandemic. We note that the trend in Foodservice is normalizing with a decline in net sales limited to only 7 percent in June.

Net sales in Sweden decreased by 3 percent. Net sales decreased in the product categories Ready-to-cook Frozen and Ready-to-eat while net sales increased in Ready-to-cook Chilled and Ready-to-cook Export which contributed to a positive sales mix. Net sales also impacted by lower prices after adopting to lower feed prices but also less discount campaigns.

Net sales in Denmark decreased by 3 percent, corresponding to 4 percent in local currency. The decrease in net sales was driven mainly by Ready-to-eat due to changes in sales patterns related to Covid-19 pandemic and also impacted by changes in private label contracts in Retail channel during April.

Net Sales in Norway decreased by 6 percent. The change in local currency however was an increase of 6 percent. The increase in net sales was mainly driven by the product category Ready-to-cook Chilled and the Retail channel continued to have a positive market development.

Net Sales in Ireland increased by 6 percent, corresponding to 6 percent in local currency. The increase was driven by Ready-to-cook Chilled and the Retail channel continued to have a positive market development.

Net sales in Finland increased by 12 percent corresponding to 11 percent in local currency. The increase in net sales was mainly driven by the category Ready-to-cook Chilled.

#### Income

Adjusted operating income for the Group in the second quarter 2020 was MSEK 122 compared to MSEK 115 the second quarter 2019, corresponding to an adjusted operating margin of 5.0 (4.6) percent.

Adjusted operating income and adjusted operating margin improved in all countries except Denmark. Adjusted operating income was positively affected by higher sales volumes in Norway and Ireland and mix effect in Sweden, and slightly lower operating costs but negatively affected by currency.

Operating income increased by 4 percent to MSEK 105 (101), corresponding to an operating margin of 4.3 (4.1) percent. Non-comparable items amounted to MSEK -17 (-13) and consisted of cost related to Covid-19 pandemic.

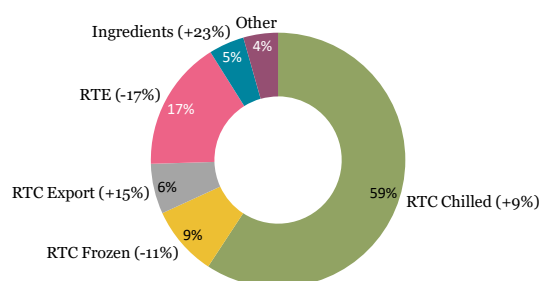
Finance net for the Group in the second quarter 2020 was MSEK -19 (-38). The change in the finance net is caused by positive foreign exchange effects, where the Swedish krona has strengthened.

Tax expense for the Group in the second quarter 2020 amounted to MSEK -12 (-14), corresponding to an effective tax rate of approximately 15 (22) percent. The lower tax rate was explained by Ireland which stood for a bigger share of the Groups income for the period compared to the same period last year.

Income for the period for the Group in the second quarter was MSEK 73 (50). Earnings per share increased to SEK 1.19 (0.78).

## Net sales by product category and by sales channel for the second quarter 2020

Net sales by product category as percentage of total net sales (change from same period last year in parenthesis)

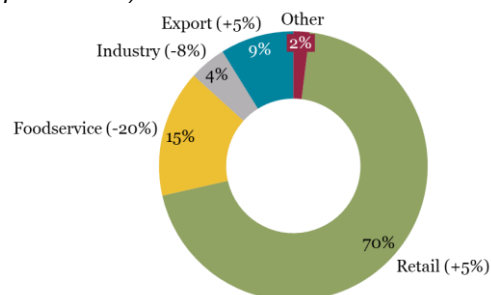


Net sales for the Group for the second quarter 2020 increased by 9 percent for the product category Ready-to-cook (RTC) Chilled compared to same quarter last year. The increase in net sales was driven by the changed sales patterns with Retail channel growing.

Net sales declined by 17 percent for the Ready-to-eat (RTE) product category, driven by the Covid-19 pandemic. Net sales improved during the months of the quarter with a decline limited to 7 percent in June.

Net sales decreased by 11 percent for the Ready-to-cook (RTC) Frozen product category. Net sales increased by 15 percent in the Ready-to-cook (RTC) Export product category.

Net sales by sales channel as percentage of total net sales (change from same period last year in parenthesis)



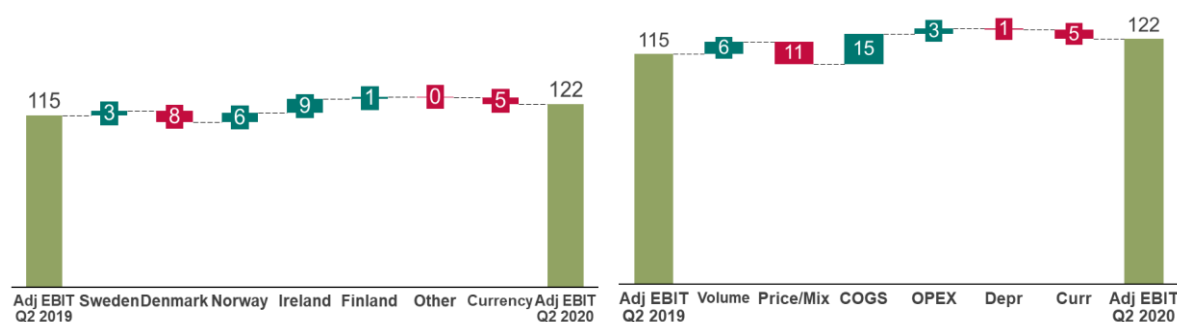
Net sales for the Group for the second quarter 2020 increased by 5 percent for the Retail channel compared to same quarter last year.

Net sales decreased by 20 percent for the sales channel Foodservice. The shift between Retail channel and Foodservice was driven by Covid-19 pandemic, since consumers are spending more time home.

Net sales in the Industry channel decreased by 8 percent.

Net sales in the Export channel increased by 5 percent.

## Change in adjusted operating income (EBIT) for the second quarter 2020 compared to the second quarter 2019



Adjusted operating income for the Group in the second quarter 2020 increased with 7 percent, to MSEK 122 (115) compared to same quarter last year. Adjusted operating income increased in all countries except Denmark.

The increase in the adjusted operating income is mainly explained by a positive volume sales effect

and slightly lower operating costs. The decrease in price/mix effect is more than offset by lowered COGS, which is partly the effect of downward product price adjustments implemented during the latter part of 2019 to pass through the decreased raw material prices for feed. The adjusted operating income has been negatively impacted by the currency effects.

## Cash Flow and investments

Operating cash flow in the second quarter 2020 amounted to MSEK 167 (115). Cash flow was positively affected by improved EBITDA, improved working capital and lower capital expenditure.

Working capital as of 30 June 2020 amounted to MSEK 97 (498), corresponding to 1.0 (5.3) percent of net sales. The decrease compared to the same

quarter previous year was mainly driven by higher trade payables but also higher other operating liabilities due to permission to postpone taxpayment to the local authorities in some countries due to Covid-19 pandemic.

Net capital expenditure in the second quarter 2020 was MSEK 78 (102).

MSEK	Q2 2020	Q2 2019	H1 2020	H1 2019	LTM	2019
<b>Opening balance net interest-bearing debt</b>	<b>-2,134</b>	<b>-2,411</b>	<b>-2,200</b>	<b>-2,370</b>	<b>-2,451</b>	<b>-2,370</b>
EBITDA	192	183	351	373	727	748
Adjustments for non-cash items	4	2	9	6	33	29
Change working capital	69	66	122	-3	389	264
Net capital expenditure	-78	-102	-181	-174	-426	-419
Cash payment leasing assets/liabilities <sup>1)</sup>	-21	-33	-41	-43	-85	-87
<b>Operating cash flow</b>	<b>167</b>	<b>115</b>	<b>260</b>	<b>159</b>	<b>637</b>	<b>536</b>
Paid finance items, net	-22	-9	-42	-31	-83	-72
Paid tax	-7	-26	-23	-49	-23	-49
Dividend	-	-131	-	-131	-	-131
Business combinations	-	-	-	-	-133	-133
Other items <sup>2)</sup>	-61	10	-52	-29	-6	18
<b>Net cash flow</b>	<b>76</b>	<b>-40</b>	<b>142</b>	<b>-81</b>	<b>393</b>	<b>170</b>
<b>Closing balance net interest-bearing debt</b>	<b>-2,058</b>	<b>-2,451</b>	<b>-2,058</b>	<b>-2,451</b>	<b>-2,058</b>	<b>-2,200</b>

<sup>1)</sup> Reclassification of cash flow effect for leasing assets has been made during the second quarter and for comparative figures.

<sup>2)</sup> Other items mainly consist of effects from changes in foreign exchange rates and netchange of leasing assets.

## Financial position

Total equity attributable to the owners of the parent company as of 30 June 2020 amounted to MSEK 1,837 (1,655). The equity to assets ratio improved to 28.1 (26.7) percent. Return on equity was 12.8 (15.6) percent driven by higher average equity compared to same period last year.

Net interest-bearing debt as of 30 June 2020 amounted to MSEK 2,058 (2,451). The decrease compared to 31 March 2020 was MSEK 76.

Cash and cash equivalents as of 30 June 2020 amounted to MSEK 366 (58). Committed but not utilized credit facilities as of 30 June 2020 amounted to MSEK 812 (449).

## Segment information

### Sweden

MSEK	Q2 2020	Q2 2019	Change	H1 2020	H1 2019	Change	LTM	2019
Net sales	687	711	-3%	1,419	1,407	1%	2,876	2,864
Adjusted EBITDA <sup>1)</sup>	66	62	8%	133	122	10%	268	257
Adjusted operating income (EBIT) <sup>1)</sup>	46	43	7%	95	85	12%	192	182
Non-comparable items <sup>1)</sup>	-	-	-	-4	-	-	-4	-
Operating income (EBIT)	46	43	7%	91	85	7%	188	182
Adjusted EBITDA-margin <sup>1)</sup>	9.6%	8.7%	-	9.4%	8.7%	-	9.3%	9.0%
Adjusted operating margin (EBIT) <sup>1)</sup>	6.8%	6.1%	-	6.7%	6.0%	-	6.7%	6.3%

<sup>1)</sup> Adjusted for non-comparable items. see page 11.

Net sales in Sweden in the second quarter 2020 decreased by 3 percent to MSEK 687 compared to MSEK 711 in the second quarter 2019.

Net sales decreased in the product categories Ready-to-cook Frozen and Ready-to-eat while net sales increased in Ready-to-cook Chilled and Ready-to-cook Export which contributed to a positive sales mix. Net sales also impacted by

lower prices after adopting to lower feed prices and, also less discount campaigns.

Adjusted operating income increased by 7 percent to MSEK 46 (43), corresponding to an adjusted operating margin of 6.8 (6.1) percent. Adjusted operating income and adjusted operating margin improved through positive mix effects, less discount campaigns and improved operational efficiency

### Denmark

MSEK	Q2 2020	Q2 2019	Change	H1 2020	H1 2019	Change	LTM	2019
Net sales	797	826	-3%	1,581	1,686	-6%	3,322	3,426
Adjusted EBITDA <sup>1)</sup>	34	45	-26%	76	99	-23%	163	186
Adjusted operating income (EBIT) <sup>1)</sup>	18	25	-30%	37	57	-35%	81	101
Non-comparable items <sup>1)</sup>	-25	-6	300%	-37	-6	478%	-50	-20
Operating income (EBIT)	-8	19	-141%	1	51	-99%	30	80
Adjusted EBITDA-margin <sup>1)</sup>	4.2%	5.5%	-	4.8%	5.9%	-	4.9%	5.4%
Adjusted operating margin (EBIT) <sup>1)</sup>	2.2%	3.0%	-	2.4%	3.4%	-	2.4%	2.9%

<sup>1)</sup> Adjusted for non-comparable items. see page 11.

Net sales in Denmark in the second quarter 2020 decreased by 3 percent to MSEK 797 compared to MSEK 826 in the second quarter 2019.

The decrease in local currency was 4 percent.

Net sales decreased mainly in the product category Ready-to-eat, driven by changes in sales patterns related to Covid-19 pandemic and by changes in private label contracts in Retail channel during April.

Adjusted operating income decreased by 30 percent to MSEK 18 (25), corresponding to a margin of 2.2 (3.0) percent. Adjusted operating income and adjusted operating margin were mainly affected by the decrease in net sales and operational inefficiencies.

The operating income and the operating margin were affected by non-comparable items related to Covid-19 pandemic of MSEK 25. MSEK 13 was related to costs for the temporarily closing of production lines focused on Foodservice and the rest MSEK 12 was related to provision mainly for inventory write-down but also bad debts.

**Norway**

MSEK	Q2 2020	Q2 2019	Change	H1 2020	H1 2019	Change	LTM	2019
Net sales	395	419	-6%	813	819	-1%	1,613	1,619
Adjusted EBITDA <sup>1)</sup>	59	60	-2%	110	115	-4%	218	223
Adjusted operating income (EBIT) <sup>1)</sup>	42	41	3%	76	78	-2%	148	150
Non-comparable items <sup>1)</sup>	3	-	-	-	-	-	-	-
Operating income (EBIT)	45	41	9%	76	78	-2%	148	150
Adjusted EBITDA-margin <sup>1)</sup>	14.9%	14.3%	-	13.5%	14.0%	-	13.5%	13.8%
Adjusted operating margin (EBIT) <sup>1)</sup>	10.7%	9.8%	-	9.4%	9.5%	-	9.2%	9.2%

<sup>1)</sup> Adjusted for non-comparable items. see page 11.

Net sales in Norway in the second quarter 2020 decreased by 6 percent to MSEK 395 compared to MSEK 419 in the second quarter 2019. In local currency there was an increase of 6 percent. The increase in net sales was mainly driven by the product category Ready-to-cook Chilled and the Retail channel continued to have a positive market development.

Adjusted operating income increased by 3 percent to MSEK 42 (41), corresponding to an adjusted operating margin of 10.7 (9.8) percent. Adjusted operating income and adjusted operating margin were negatively affected by a weaker currency rate in relation to the Swedish krona.

**Ireland**

MSEK	Q2 2020	Q2 2019	Change	H1 2020	H1 2019	Change	LTM	2019
Net sales	532	501	6%	1,069	997	7%	2,044	1,972
Adjusted EBITDA <sup>1)</sup>	59	47	25%	113	80	42%	203	169
Adjusted operating income (EBIT) <sup>1)</sup>	41	32	30%	77	49	59%	136	107
Non-comparable items <sup>1)</sup>	5	-	-	-4	-	-	-4	-
Operating income (EBIT)	46	32	47%	74	49	51%	132	107
Adjusted EBITDA-margin <sup>1)</sup>	11.1%	9.4%	-	10.6%	8.0%	-	9.9%	8.6%
Adjusted operating margin (EBIT) <sup>1)</sup>	7.7%	6.3%	-	7.2%	4.9%	-	6.6%	5.4%

<sup>1)</sup> Adjusted for non-comparable items. see page 11.

Net sales in Ireland in the second quarter 2020 increased by 6 percent to MSEK 532 compared to MSEK 501 in the second quarter 2019. The increase in local currency was 6 percent. The increase in net sales was mainly driven by the product category Ready-to-cook Chilled and the Retail channel continued to have a positive market development.

Adjusted operating income increased with 30 percent to MSEK 41 (32), corresponding to an adjusted operating margin of 7.7 (6.3) percent. The improvement in adjusted operating income and adjusted operating margin was driven by strong sales mix and improved productivity.

**Finland**

MSEK	Q2 2020	Q2 2019	Change	H1 2020	H1 2019	Change	LTM	2019
Net sales	145	129	12%	278	242	15%	528	491
Adjusted EBITDA <sup>1)</sup>	8	6	36%	14	12	19%	23	20
Adjusted operating income (EBIT) <sup>1)</sup>	2	1	274%	3	1	169%	-	-2
Non-comparable items <sup>1)</sup>	-	-7	-100%	-	-7	-100%	-2	-9
Operating income (EBIT)	2	-7	131%	3	-6	151%	-1	-10
Adjusted EBITDA-margin <sup>1)</sup>	5.3%	4.4%	-	5.1%	5.0%	-	4.3%	4.1%
Adjusted operating margin (EBIT) <sup>1)</sup>	1.4%	0.4%	-	1.1%	0.5%	-	0.1%	-0.3%

<sup>1)</sup> Adjusted for non-comparable items. see page 11.

Net sales in Finland in the second quarter 2020 increased by 12 percent to MSEK 145 compared to MSEK 129 in the second quarter 2019. The increase in local currency was 11 percent. The increase in net sales was mainly driven by the category Ready-to-cook Chilled.

Adjusted operating income amounted to MSEK 2 (1), corresponding to a margin of 1.4 (0.4) percent, driven by sales growth and improved operational results.

## Personnel

The average number of fulltime employees in the second quarter 2020 was 3,254 (3,124) and 3,271 (3,067) in the first half of the year.

## Other

During the quarter has a limited amount of governmental support been recognised in profit which partly offset the increased costs we had for Covid-19 pandemic. The received government support refers to compensation for short-term layoffs, compensation for the increased sickness-related absences through sick pay compensation and reduced payroll taxes.

## The Group's sustainability work

### Sustainability and Covid-19 pandemic Prevention Remains A High Priority within Scandi Standard

As the global Covid-19 pandemic continues, sustainability has come into focus more than ever before. During the first half of 2020, Scandi Standard has taken several important structural steps to strengthen and secure the overall sustainability governance making it a priority from the Group Management down through the whole organisation. Continuing and improving safety measures preventing the spread of Covid-19 remains a high priority.

The fear of future pandemics has prompted a concern over food production, specifically antibiotic resistance, animal welfare and food safety. As previously communicated, these are all highly prioritized areas for Scandi Standard, and several steps to further strengthen the governance and control has been taken from an already strong position.

The Group has decided to integrate sustainability targets into its overall business planning framework. Previously a separate, groupwide plan with aggregated targets, sustainability will now be divided into country specific targets and activities ensuring ownership and execution within the entire organisation. In addition, sustainability KPIs such as CO2 emissions, employee engagement and antibiotics usage are now included in the incentive program for the Group Management and other managers in key roles. The addition to the incentive program was added early in 2020 and its KPIs account for 10 percent of the program. The Board of Directors have also adopted a Clean Label Policy<sup>1)</sup>, meeting a growing consumer demand of transparency in product content and labelling. The new policy will govern the groupwide approach to new product development and provide transparency for both customers and consumers.

### Covid-19 pandemic: Continued focus on health and safety measures

Health and safety measures for our employees continues to hold the attention of top-level management. All safety and hygiene protocols instated at our sites during the early days of the pandemic remains in place. In some cases, even further measures have been enforced. Our strategies and safety measures have so far been successful, but we continue to monitor and evaluate the situation closely.

### Celebrating the second World Food Safety Day



World Food Safety Day was founded in 2019 by the WHO, World Health Organization, in collaboration with the UN and the 17 global goals for sustainable development. It was celebrated June 7<sup>th</sup> and Scandi Standard participated at all production sites with various activities. At the Danish site Rokkedahl, a representative from the Danish Food Authority participated as well, giving its praise for the level of commitment shown by Scandi Standard.

– Food safety is a very important part of our quality and sustainability work. Though it's a focus area in the every-day operations and we work with the issue continuously, a special day like this allows us to highlight the topic and emphasize its importance. It creates both unity and engagement around an important issue, which we all need to be involved in, says Heidi Rosenbjerg Bretthauer, Group Quality Director.

All sites considered the current Covid-19 pandemic situation and managed the celebrations according to region-specific recommendations and guidelines.

<sup>1)</sup>Clean Label means making a product contains as few ingredients as possible, ensuring the ingredients are items consumers recognize and consider healthy.



## Events after the end of the quarter

To address an identified efficiency potential across the entire value chain a new senior position will be established as Group Supply Chain Director. The role will be filled by Michael Budtz Berthelsen starting 1 September 2020.

The third quarter has started well with a growth in net sales of about 4 percent compared to the same period last year, driven by continued strong growth in the Retail channel and a volatile development in the Foodservice channel.

## Risks and uncertainties

Scandi Standards' risks and uncertainties are described on pages 49 – 53 and pages 81 – 84 in the Annual Report 2019, which is available at [www.scandistandard.com](http://www.scandistandard.com). This description includes a section on Covid-19 pandemic under the heading "Viruspandemic", which is also stated here.

The ongoing outbreak of the new Corona virus affects our operations in several ways. The Groups sales to Foodservice is negatively affected since the hospitality industry is suffering consequences of the virus outbreak. Our ability to produce may also be affected by high levels of sick leave, if employees for other reasons can not be at work or by government directives that may affect the ability to maintain the production. If the outbreak has major impact on the Groups result, it may affect the liquidity and financial position of the Group. The Group has crisis plans that are updated and put into action during prevailing circumstance and production capacity is adapted to demand. A detailed analysis of the expected liquidity and financial position is made and updated continuously. Crisis package from governments may be applicable in some cases.

## Board of Director's assurance

This interim report for the second quarter and first half of 2020 provides a fair overview of the operations, position and results of the Parent Company and the Group, and describes material risks and uncertainties faced by the Parent Company and the companies that are included in the Group.

Stockholm 26 August 2020

Per Harkjær

*Chairman of the Board*

Heléne Vibbleus  
*Board member*

Vincent Carton  
*Board member*

Øystein Engebretsen  
*Board member*

Michael Parker  
*Board member*

Karsten Slotte  
*Board member*

Henrik Hjalmarsson  
*Board member*

Leif Bergvall Hansen  
*Managing Director and CEO*

The interim report has not been subject to review by the Company's auditors.  
This is a translation of the original Swedish version published on [www.scandistandard.com](http://www.scandistandard.com).

## Segment information

### Net sales by country

MSEK	Q2 2020	Q2 2019	Change	H1 2020	H1 2019	Change	LTM	2019
Sweden	687	711	-3%	1,419	1,407	1%	2,876	2,864
of which internal sales	58	58	-1%	121	116	4%	253	248
Denmark	797	826	-3%	1,581	1,686	-6%	3,322	3,426
of which internal sales	48	54	-11%	109	100	9%	233	225
Norway	395	419	-6%	813	819	-1%	1,613	1,619
of which internal sales	1	1	46%	2	1	71%	3	2
Ireland	532	501	6%	1,069	997	7%	2,044	1,972
of which internal sales	-	-	-	-	-	-	-	-
Finland	145	129	12%	278	242	15%	528	491
of which internal sales	2	1	22%	3	3	9%	6	6
Intra-group eliminations	-108	-114	-6%	-235	-220	7%	-495	-481
<b>Total net sales</b>	<b>2,448</b>	<b>2,472</b>	<b>-1%</b>	<b>4,926</b>	<b>4,930</b>	<b>0%</b>	<b>9,887</b>	<b>9,891</b>

### Net sales per product category

MSEK	Q2 2020	Q2 2019 <sup>2)</sup>	Change	H1 2020	H1 2019 <sup>2)</sup>	Change	LTM	2019 <sup>2)</sup>
Ready-to-cook Chilled	1,450	1,335	9%	2,777	2,654	5%	5,321	5,197
Ready-to-cook Frozen	218	244	-11%	493	517	-5%	1,037	1,061
Ready-to-cook Export	156	136	15%	303	266	14%	612	574
Ready-to-eat	405	487	-17%	879	960	-8%	1,930	2,011
Ingredients	109	89	23%	207	180	15%	407	379
Other <sup>1)</sup>	109	181	-40%	267	353	-24%	582	668
<b>Total net sales</b>	<b>2,448</b>	<b>2,472</b>	<b>-1%</b>	<b>4,926</b>	<b>4,930</b>	<b>0%</b>	<b>9,887</b>	<b>9,891</b>

<sup>1)</sup> Other relates mainly to the sales of consumer eggs, pet food and sales of day-old chicks and hatching eggs.

<sup>2)</sup> Comparable figures have been reclassified between product category.

### Net sales in local currency

Millions in local currency	Q2 2020	Q2 2019	Change	H1 2020	H1 2019	Change	LTM	2019
Sweden	687	711	-3%	1,419	1,407	1%	2,876	2,864
Denmark	558	581	-4%	1,107	1,197	-7%	2,326	2,416
Norway	408	384	6%	818	758	8%	1,565	1,506
Ireland	50	47	6%	100	95	6%	192	186
Finland	14	12	11%	26	23	14%	50	46

### Average exchange rates

	H1 2020	H1 2019	2019
DKK/SEK	1.43	1.41	1.42
NOK/SEK	0.99	1.08	1.07
EUR/SEK	10.66	10.51	10.59

**Adjusted operating income (EBIT)**

MSEK	Q2 2020	Q2 2019	H1 2020	H1 2019	LTM	2019
Sweden	46	43	95	85	192	182
Denmark	18	25	37	57	81	101
Norway	42	41	76	78	148	150
Ireland	41	32	77	49	136	107
Finland	2	1	3	1	0	-2
Group	-27	-27	-50	-45	-88	-83
<b>Total</b>	<b>122</b>	<b>115</b>	<b>239</b>	<b>225</b>	<b>468</b>	<b>454</b>

**Non-comparable items in operating income**

MSEK	Q2 2020	Q2 2019	H1 2020	H1 2019	LTM	2019
Covid-19 pandemic <sup>1)</sup>	-17	-	-44	-	-44	-
Strategyproject <sup>2)</sup>	-	-	-16	-	-16	-
Staff reduction costs <sup>3)</sup>	-	-6	-	-6	-5	-12
Restructuring of production <sup>4)</sup>	-	-7	-	-7	-0	-7
Transaction costs <sup>5)</sup>	-	-	-	-	-1	-1
Costs for incorrect inserts goods <sup>6)</sup>	-	-	-	-	-6	-6
Other	-	-	-	-	-4	-4
<b>Total</b>	<b>-17</b>	<b>-13</b>	<b>-60</b>	<b>-13</b>	<b>-76</b>	<b>-30</b>

**Non-comparable items in operating income by segment**

MSEK	Q2 2020	Q2 2019	H1 2020	H1 2019	LTM	2019
Sweden	-	-	-4	-	-4	-
Denmark	-25	-6	-37	-6	-50	-20
Norway	3	-	-	-	-	-
Ireland	5	-	-4	-	-4	-
Finland	-	-7	-	-7	-2	-9
Group	-	-	-16	-	-16	-1
<b>Total</b>	<b>-17</b>	<b>-13</b>	<b>-60</b>	<b>-13</b>	<b>-76</b>	<b>-30</b>

**Operating income (EBIT)**

MSEK	Q2 2020	Q2 2019	H1 2020	H1 2019	LTM	2019
Sweden	46	43	91	85	188	182
Denmark	-8	19	1	51	30	80
Norway	45	41	76	78	148	150
Ireland	46	32	74	49	132	107
Finland	2	-7	3	-6	-1	-10
Group	-27	-27	-65	-45	-105	-84
<b>Total operating income (EBIT)</b>	<b>105</b>	<b>101</b>	<b>179</b>	<b>212</b>	<b>392</b>	<b>424</b>
Finance net	-19	-38	-53	-59	-106	-113
Income tax expense	-12	-14	-18	-31	-62	-75
<b>Income for the period</b>	<b>73</b>	<b>50</b>	<b>108</b>	<b>122</b>	<b>223</b>	<b>237</b>

<sup>1)</sup> Cost related to Covid-19 pandemic - Temporarily closing of production lines focused on Foodservice in Denmark of MSEK 13 and adjustment to previous provision for bad debt of MSEK -8 and inventory write-down, net effect of 13 MSEK.

<sup>2)</sup> Comprehensive strategy project in the Group aimed to review the business has resulted in a common Group strategy on medium-and long-term path.

<sup>3)</sup> Restructuring costs in Denmark in 2019.

<sup>4)</sup> Closing of hatchery in Finland in the second quarter 2019.

<sup>5)</sup> Deal fees mainly related to the acquisitions of Rokkedahl Food ApS in Denmark in 2018.

<sup>6)</sup> Costs incurred due to quality issues in purchased raw material that have not been covered by insurance.

**Consolidated income statement**

MSEK	Q2 2020	Q2 2019	H1 2020	H1 2019	LTM	2019
Net sales	2,448	2,472	4,926	4,930	9,887	9,891
Other operating revenues	2	3	7	9	22	24
Changes in inventories of finished goods and work in progress	5	4	16	27	59	69
Raw materials and consumables	-1,438	-1,474	-2,906	-2,999	-5,957	-6,049
Cost of personnel	-526	-526	-1,031	-992	-2,011	-1,972
Depreciation, amortisation and impairment	-87	-83	-172	-163	-334	-325
Other operating expenses	-300	-295	-661	-602	-1,273	-1,215
Share of income of associates	0	1	0	1	0	1
<b>Operating income</b>	<b>105</b>	<b>101</b>	<b>179</b>	<b>212</b>	<b>392</b>	<b>424</b>
Finance income	0	0	0	0	1	1
Finance expenses	-19	-38	-53	-59	-107	-113
<b>Income after finance net</b>	<b>85</b>	<b>64</b>	<b>127</b>	<b>153</b>	<b>286</b>	<b>312</b>
Income tax expense	-12	-14	-18	-31	-62	-75
<b>Income for the period</b>	<b>73</b>	<b>50</b>	<b>108</b>	<b>122</b>	<b>223</b>	<b>237</b>
Whereof attributable to:						
Shareholders of the Parent Company	78	51	111	123	224	235
Non-controlling interests	-5	-1	-3	-1	-1	1
Average number of shares	65,438,187	65,345,665	65,414,794	65,332,140	65,399,198	65,358,083
Earnings per share before dilution, SEK	1.19	0.78	1.70	1.88	3.42	3.60
Earnings per share after dilution, SEK	1.19	0.78	1.70	1.88	3.42	3.60
Number of shares at the end of the period	66,060,890	66,060,890	66,060,890	66,060,890	66,060,890	66,060,890

**Consolidated statement of comprehensive income**

MSEK	Q2 2020	Q2 2019	H1 2020	H1 2019	LTM	2019
Income for the period	73	50	108	122	223	237
<b>Other comprehensive income</b>						
<i>Items that will not be reclassified to the income statement</i>						
Actuarial gains and losses in defined benefit pension plans	-2	-4	-2	-13	-1	-11
Tax on actuarial gains and losses	0	1	1	3	0	2
<b>Total</b>	<b>-2</b>	<b>-3</b>	<b>-2</b>	<b>-10</b>	<b>-1</b>	<b>-9</b>
<i>Items that will or may be reclassified to the income statement</i>						
Cash flow hedges	3	1	-1	-5	1	-4
Currency effects from conversion of foreign operations	-120	31	-27	75	-62	40
Income from currency hedging of foreign operations	-1	11	11	6	8	3
Tax attributable to items that will be reclassified to the income statement	-1	0	0	1	0	1
<b>Total</b>	<b>-119</b>	<b>44</b>	<b>-16</b>	<b>78</b>	<b>-54</b>	<b>40</b>
Other comprehensive income for the period, net of tax	-121	40	-18	67	-55	31
<b>Total comprehensive income for the period</b>	<b>-47</b>	<b>90</b>	<b>90</b>	<b>190</b>	<b>168</b>	<b>267</b>
Whereof attributable to:						
Shareholders of the Parent Company	-43	91	93	191	168	266
Non-controlling interests	-5	-1	-3	-1	-1	1

**Consolidated statement of financial position**

MSEK	Note	June 30, 2020	June 30, 2019	December 31, 2019
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		909	957	940
Other intangible assets		924	997	957
Property plant and equipment		1,810	1,655	1,748
Right-of-use assets		487	425	427
Non-current leasing receivables	3	7	10	9
Participations in associated companies		42	44	43
Financial assets	3	4	5	4
Deferred tax assets		39	58	40
<b>Total non-current assets</b>		<b>4,222</b>	<b>4,151</b>	<b>4,167</b>
<b>Current assets</b>				
Biological assets	3	102	104	99
Inventory		733	687	727
Trade receivables	3	905	926	901
Other short-term receivables		79	107	93
Prepaid expenses and accrued income		117	156	89
Current leasing receivables		3	2	2
Derivative instruments		2	-	-
Cash and cash equivalents	3	366	58	194
<b>Total current assets</b>		<b>2,306</b>	<b>2,040</b>	<b>2,105</b>
<b>TOTAL ASSETS</b>		<b>6,528</b>	<b>6,191</b>	<b>6,272</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholder's equity</b>				
Share capital		1	1	1
Other contributed equity		727	727	727
Reserves		149	212	166
Retained earnings		961	716	845
<b>Capital and reserves attributable to owners</b>		<b>1,837</b>	<b>1,655</b>	<b>1,738</b>
Non-controlling interests		-2	0	3
<b>Total equity</b>		<b>1,835</b>	<b>1,655</b>	<b>1,741</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Non-current interest-bearing liabilities	3	1,893	1,997	1,925
Non-current leasing liabilities	3	446	418	381
Derivative instruments	3	19	18	11
Provisions for pensions		27	29	26
Other provisions		6	4	5
Deferred tax liabilities		145	153	174
Other non-current liabilities	4	174	228	137
<b>Total non-current liabilities</b>		<b>2,709</b>	<b>2,849</b>	<b>2,659</b>
<b>Current liabilities</b>				
Current leasing liabilities	3	66	75	73
Derivative instruments	3	-	-0	4
Trade payables		1,195	973	1,117
Tax payables		34	20	12
Other current liabilities	4	320	251	254
Accrued expenses and prepaid income		369	368	412
<b>Total current liabilities</b>		<b>1,984</b>	<b>1,687</b>	<b>1,872</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,528</b>	<b>6,191</b>	<b>6,272</b>

**Consolidated statement of changes in equity****Equity attributable to shareholders of the Parent Company**

MSEK	Note	Share capital	Other contributed equity	Reserves	Retained earnings	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
<b>Opening balance January 1, 2019</b>		<b>1</b>	<b>857</b>	<b>134</b>	<b>594</b>	<b>1,586</b>	<b>1</b>	<b>1,587</b>
Income for the year					235	235	1	237
Other comprehensive income for the year, net after tax				40	-9	31	-	31
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>40</b>	<b>226</b>	<b>266</b>	<b>1</b>	<b>267</b>
Dividend			-131			-131		-131
Long term incentive programme (LTIP)					17	17	-	17
<b>Total transactions with the owners</b>		<b>-</b>	<b>-131</b>	<b>-</b>	<b>17</b>	<b>-114</b>	<b>-</b>	<b>-114</b>
Other changes				-8	8			-
<b>Closing balance December 31, 2019</b>		<b>1</b>	<b>727</b>	<b>166</b>	<b>845</b>	<b>1,738</b>	<b>3</b>	<b>1,741</b>
<b>Opening balance January 1, 2020</b>		<b>1</b>	<b>727</b>	<b>166</b>	<b>845</b>	<b>1,738</b>	<b>3</b>	<b>1,741</b>
Income for the period					111	111	-3	108
Other comprehensive income, net after tax				-17	-2	-19	-	-19
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-17</b>	<b>109</b>	<b>93</b>	<b>-3</b>	<b>90</b>
Dividend						-	-2	-2
Long term incentive programme (LTIP)					6	6	-	6
<b>Total transactions with the owners</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>6</b>	<b>-2</b>	<b>4</b>
<b>Closing balance June 30, 2020</b>		<b>1</b>	<b>727</b>	<b>149</b>	<b>961</b>	<b>1,837</b>	<b>-2</b>	<b>1,835</b>

**Consolidated statement of cash flows**

MSEK	Q2 2020	Q2 2019	H1 2020	H1 2019	LTM	2019
<b>OPERATING ACTIVITIES</b>						
Operating income	105	101	179	212	392	424
Adjustment for non-cash items	92	83	181	167	367	353
Paid finance items, net	-22	-9	-42	-31	-83	-72
Paid current income tax	-7	-26	-23	-49	-23	-49
<b>Cash flow from operating activities before changes in operating capital</b>	<b>168</b>	<b>150</b>	<b>295</b>	<b>298</b>	<b>653</b>	<b>656</b>
Changes in inventories and biological assets	-8	-4	-15	-27	-57	-69
Changes in operating receivables	2	68	-21	-42	58	37
Changes in operating payables	75	2	157	66	388	296
<b>Changes in working capital</b>	<b>69</b>	<b>66</b>	<b>122</b>	<b>-3</b>	<b>389</b>	<b>264</b>
<b>Cash flow from operating activities</b>	<b>237</b>	<b>216</b>	<b>417</b>	<b>295</b>	<b>1,042</b>	<b>920</b>
<b>INVESTING ACTIVITIES</b>						
Business combinations	-	-	-	-	-133	-133
Investments in rights of use assets	-1	-0	-1	-0	-2	-1
Investment in property, plant and equipment	-78	-110	-181	-182	-431	-432
Sale of property, plant and equipment	-	8	-	8	5	12
<b>Cash flows used in investing activities</b>	<b>-80</b>	<b>-102</b>	<b>-182</b>	<b>-174</b>	<b>-561</b>	<b>-553</b>
<b>FINANCING ACTIVITIES</b>						
New loan	60	-	60	-	60	-
Repayment loan	-53	-8	-53	-8	-57	-12
Change in overdraft facility	-	-1	-	14	-55	-41
Payments for amortization of leasing liabilities	-20	-22	-40	-43	-81	-84
Dividend	-	-131	-	-131	-	-131
Other	-18	10	-24	13	-32	5
<b>Cash flows in financing activities</b>	<b>-31</b>	<b>-151</b>	<b>-57</b>	<b>-154</b>	<b>-166</b>	<b>-262</b>
<b>Cash flows for the period</b>	<b>126</b>	<b>-38</b>	<b>176</b>	<b>-33</b>	<b>314</b>	<b>105</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>250</b>	<b>92</b>	<b>194</b>	<b>89</b>	<b>58</b>	<b>89</b>
Currency effect in cash and cash equivalents	-11	3	-5	2	-7	0
Cash flow for the period	127	-38	177	-33	314	105
<b>Cash and cash equivalents at the end of the period</b>	<b>366</b>	<b>58</b>	<b>366</b>	<b>58</b>	<b>366</b>	<b>194</b>

**Parent Company income statement**

MSEK	Q2 2020	Q2 2019	H1 2020	H1 2019	LTM	2019
Net sales	-	-	-	-	-	-
Operating expenses	0	0	0	0	0	0
<b>Operating income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Finance net	7	6	13	16	28	31
<b>Income after finance net</b>	<b>7</b>	<b>6</b>	<b>13</b>	<b>16</b>	<b>28</b>	<b>31</b>
Group contribution	-	-	-	-	-14	-14
Tax expenses	-1	-1	-1	-2	0	-
<b>Income for the period</b>	<b>6</b>	<b>6</b>	<b>12</b>	<b>15</b>	<b>14</b>	<b>17</b>

**Parent Company statement of comprehensive income**

MSEK	Q2 2020	Q2 2019	H1 2020	H1 2019	LTM	2019
Income for the period	6	6	12	15	14	17
Other comprehensive income for the period, net of tax	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>6</b>	<b>6</b>	<b>12</b>	<b>15</b>	<b>14</b>	<b>17</b>



**Parent Company Statement of financial position**

MSEK	Note	June 30, 2020	June 30, 2019	December 31, 2019
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investments in subsidiaries		533	533	533
Receivables from Group entities		405	405	405
<b>Total non-current assets</b>		<b>938</b>	<b>938</b>	<b>938</b>
<b>Current assets</b>				
Receivables from Group entities		30	21	24
Cash and cash equivalents		0	-	-
<b>Total current assets</b>		<b>30</b>	<b>21</b>	<b>24</b>
<b>TOTAL ASSETS</b>		<b>968</b>	<b>959</b>	<b>962</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
<b>Restricted equity</b>				
Share capital		1	1	1
<b>Non-restricted equity</b>				
Share premium account		727	727	727
Retained earnings		-20	-37	-37
Income for the period		12	15	17
<b>Total equity</b>		<b>719</b>	<b>705</b>	<b>707</b>
<b>Current liabilities</b>				
Tax payables		1	2	-
Liabilities to Group companies	4	248	252	255
Accrued expenses and prepaid income		0	0	0
<b>Total current liabilities</b>		<b>249</b>	<b>253</b>	<b>255</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>968</b>	<b>959</b>	<b>962</b>

**Parent Company statement of changes in equity****MSEK**

<b>Opening balance 1 January, 2019</b>	<b>821</b>
Income for the year	17
Other comprehensive income for the year, net after tax	-
<b>Total comprehensive income</b>	<b>17</b>
Dividend	-131
<b>Total transactions with the owners</b>	<b>-131</b>
<b>Closing balance December 31, 2019</b>	<b>707</b>
<b>Opening balance 1 January, 2020</b>	<b>707</b>
Income for the period	12
Other comprehensive income for the period, net after tax	-
<b>Total comprehensive income</b>	<b>12</b>
<b>Closing balance 30 June, 2020</b>	<b>719</b>

# Notes to the condensed consolidated financial information

## Note 1. Accounting policies

Scandi Standard applies International Financial Reporting Standards (IFRS) as adopted by the European Union. This report has been prepared in accordance with IAS 34, Interim Financial Reporting, the Swedish Annual Accounts Act and recommendation RFR 1, Supplementary accounting principles for Groups, issued by the Swedish Financial Reporting Board. The Parent Company's accounts have been prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2, Accounting for legal entities, issued by the Swedish Financial Reporting Board.

No changes have been made in the Group's accounting and valuation principles compared with the accounting and valuation principles described in Note 1 of the Annual Report 2019.

### Amount and dates

Unless otherwise stated, amounts are indicated in millions of Swedish kronor (MSEK). All comparative figures in this report refer to the corresponding period of the previous year. Rounding errors may occur.

### Long-term incentive programs

The Annual General Meeting 2020 decided on a long-term incentive programme (LTIP 2020) for key employees which is designed to promote the long-term value growth of the company and the Group and increase alignment between the interests of the participating individual in the program and the company's shareholders. The programme is of the same type as LTIP 2019 and comply partly with the program LTIP 2015-2018. The programmes are equity-settled, share based compensation plans accounted for in accordance with IFRS 2, Share based payments. The programmes are expensed over the vesting period (3 years). At the end of each reporting period, the Group considers changes in the anticipated number of vested shares. Social charges related to the programmes are recognized as a cash-settled instrument. For more information about the Group's long-term incentive programmes, see Notes 1 and 5 in the Annual Report 2019.

## Note 2. Segment information

Scandi Standard's business is operationally divided into the countries of Sweden, Denmark, Norway, Ireland and Finland.

Internal reporting to Group Management and the Board of Directors corresponds with the Group's operational structure. The division is based on the

Group's operations from a geographical perspective. Those countries where business is operated equals the Group segments. The segments are managed on the basis of sales and operating results. The responsibility for the Group's financial assets and liabilities, provisions for taxes and pensions, gains and losses on the re-measurement of financial instruments (according to IFRS 9) and pension obligations (according to IAS 19) are dealt with by the corporate functions and are not allocated to the segments. All capital expenditure on property, plant and equipment and intangible assets, apart from expendable equipment, is included in the segments' investments.

**Segment Sweden** comprises the companies Kronfågel AB, SweHatch AB, AB Skånefågel and Bosarpskyckling AB, Kronfågel AB is the segment's largest business engaged in slaughtering, production, development, processing and sale of fresh and frozen chicken products mainly for the Swedish market. SweHatch AB engages in the rearing, production and hatching of day-old chickens for Kronfågel AB's breeders and other players in the Swedish market.

**Segment Denmark** comprises Danpo A/S, Rokkedahl Food ApS and the associate Farmfood A/S, Danpo A/S and Rokkedahl Food ApS slaughter, produce, develop, process and sale of fresh and frozen chicken products for both the Danish market and exports within Europe and to Asia. Farmfood A/S processes slaughterhouse by-products from the Group's different segments, mainly for use in pet food sold in the international markets.

**Segment Norway** comprises Den Stolte Hane AS and Scandi Standard Norway AS. In addition, there is an associate, Naerbo Kyllingslakt AS. The segment consists of two parts - the production, development, processing and sale of fresh and frozen chicken products and the packing of eggs in the segment's own egg packing facility. Both types of products are sold in the Norwegian market.

**Segment Ireland** comprises Carton Bros ULC, which includes the operations of Manor Farm Ireland. Operations include slaughtering, production, development and sale of chilled chicken products for the Irish market. The segment also produces feed for its contracted farmers.

**Segment Finland** comprises Naapurin Maalaiskana Oy. Operations include slaughtering, production, development and sale of chilled and frozen chicken products for the Finnish market.

**Net sales per segment and product category**

MSEK	Sweden		Denmark		Norway		Ireland		Finland		Group items		Total	
	Q2	Q2*	Q2	Q2*	Q2	Q2*	Q2	Q2*	Q2	Q2*	Q2	Q2*	Q2	Q2*
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
RTC Chilled	313	303	276	286	272	197	471	446	117	103	-	-	1,450	1,335
RTC Frozen	144	164	27	32	32	35	8	6	7	8	-	-	218	244
RTC Export	16	4	108	101	0	0	30	31	2	0	-	-	156	136
RTE	84	94	261	317	59	73	0	0	2	2	-	-	405	487
Ingredients	17	16	59	44	4	5	23	17	7	6	-	-	109	89
Other	112	130	67	45	28	109	-1	1	10	10	-108	-114	109	181
<b>Total</b>	<b>687</b>	<b>711</b>	<b>797</b>	<b>826</b>	<b>395</b>	<b>419</b>	<b>532</b>	<b>501</b>	<b>145</b>	<b>129</b>	<b>-108</b>	<b>-114</b>	<b>2,448</b>	<b>2,472</b>

\* Comparable figures have been reclassified.

**Note 3. Accounting and valuation of financial instruments**

Scandi Standard's financial instruments, by classification and by level in the fair value hierarchy as per 30 June 2020 and for the comparison period, are shown in the tables below.

June 30 2020, MSEK	Valued at amortized cost	Valued at fair value through profit and loss <sup>1</sup>	Valued at fair value through other comprehensive income <sup>1</sup>
<b>Assets</b>			
Other non-current financial assets	4	-	-
Leasing receivables	10	-	-
Biological assets	-	102	-
Trade receivables	905	-	-
Derivatives instruments	-	-	2
Cash and cash equivalents	366	-	-
<b>Total financial assets</b>	<b>1,285</b>	<b>102</b>	<b>2</b>
<b>Liabilities</b>			
Non-current interest-bearing liabilities	1,893	-	-
Other non-current liabilities	-	119	-
Leasing liabilities	512	-	-
Derivatives instruments	-	-	19
Current interest-bearing liabilities	-	-	-
Other current liabilities	-	118	-
Trade and other payables	1,195	-	-
<b>Total financial liabilities</b>	<b>3,599</b>	<b>237</b>	<b>19</b>

June 30 2019, MSEK	Valued at amortized cost	Valued at fair value through profit and loss <sup>1</sup>	Valued at fair value through other comprehensive income <sup>1</sup>
<b>Assets</b>			
Other non-current financial assets	5	-	-
Leasing receivables	11	-	-
Biological assets	-	104	-
Trade and other receivables	926	-	-
Derivatives instruments	-	-	-
Cash and cash equivalents	58	-	-
<b>Total financial assets</b>	<b>1,001</b>	<b>104</b>	<b>-</b>
<b>Liabilities</b>			
Non-current interest-bearing liabilities	1,997	-	-
Other non-current liabilities	-	228	-
Leasing liabilities	494	-	-
Derivatives instruments	-	-	18
Current interest-bearing liabilities	-	132	-
Other current liabilities	-	-	-
Trade and other payables	973	-	-
<b>Total financial liabilities</b>	<b>3,464</b>	<b>360</b>	<b>18</b>

<sup>1)</sup> The valuation of the Groups financial assets and liabilities is performed in accordance with the fair-value hierarchy:

Level 1. Quoted prices (unadjusted) in active markets for identical instruments.

Level 2. Data other than quoted prices included within level 1 that are observable for the asset or liability either directly as prices or indirectly as derived from prices.

Level 3. Non-observable data for the asset or liability.

As of 30 June 2020, and at the end of the comparison period the Group had financial derivatives (level 2) and biological assets (level 3) measured at fair value on the balance sheet. The fair value of forward exchange contracts is estimated based on current forward rates at the reporting date, while interest rate swaps are valued using estimates of future discounted cash flows. As of 30 June 2020, the derivatives amounted to MSEK -17 (-18).

The biological assets (parent animals in the rearing of day-old chicks) are measured in accordance with IAS 41 at fair value less selling costs and as of 30 June 2020 those amounted to MSEK 102 (104).

For the Group's long-term borrowing, which as of 30 June 2020 amounted to MSEK 1,893 (1,997), fair value is considered to be equal to the amortized cost as the borrowings are held at floating market rates and hence the booked value will be approximated as the fair value.

For other financial instruments, fair value is estimated at cost adjusted for any impairment. Other non-current liabilities and other current liabilities (level 3) refers to the additional purchase price related to the acquisition of Carton Bros ULC. The liability is valued at estimated fair value based on historic and future expected EBITDA.

#### Note 4. Other liabilities

The part in other non-current liabilities and other current liabilities for the Group as per 30 June amounting to MSEK 119 (228) and MSEK 118 (132) respectively, refers to the additional purchase price related to performed acquisitions.

The current liabilities to Group entities in the Parent Company as per 30 June 2020 amounted to MSEK 248 (252).

## Note 5. Alternative KPIs

The Scandi Standard Group uses the below alternative KPIs. The Group believes that the presented alternative KPIs are useful when reading the financial statements in order to understand the Group's ability to generate results before investments, assess the Group's opportunities to dividends and strategic investments and to assess the Group's ability to fulfil its financial obligations.

From Income Statement, MSEK		Q2 2020	Q2 2019	H1 2020	H1 2019	LTM	2019
Net sales	<b>A</b>	2,448	2,472	4,926	4,930	9,887	9,891
Income for the period	<b>B</b>	73	50	108	122	223	237
+ Reversal of tax on income for the year		12	14	18	31	62	75
<b>Income after finance net</b>	<b>C</b>	<b>85</b>	<b>64</b>	<b>127</b>	<b>153</b>	<b>286</b>	<b>312</b>
+ Reversal of financial expenses		19	38	53	59	107	113
+ Reversal of financial income		0	0	0	0	-1	-1
<b>Operating income (EBIT)</b>	<b>D</b>	<b>105</b>	<b>101</b>	<b>179</b>	<b>212</b>	<b>392</b>	<b>424</b>
+ Reversal of depreciation, amortization and impairment		87	83	172	163	334	325
+ Reversal of share of income of associates		0	-1	0	-1	0	-1
<b>EBITDA</b>	<b>E</b>	<b>192</b>	<b>183</b>	<b>351</b>	<b>373</b>	<b>727</b>	<b>748</b>
Non-comparable items in income for the period (EBIT)	<b>F</b>	17	13	60	13	76	30
<b>Adjusted income for the period (EBIT)</b>	<b>D+F</b>	<b>122</b>	<b>115</b>	<b>239</b>	<b>225</b>	<b>468</b>	<b>454</b>
<i>Adjusted operating margin (EBIT)</i>	<i>(D+F)/A</i>	<i>5.0%</i>	<i>4.6%</i>	<i>4.9%</i>	<i>4.6%</i>	<i>4.7%</i>	<i>4.6%</i>
Non-comparable items in EBITDA	<b>G</b>	8	11	49	11	65	27
<b>Adjusted EBITDA</b>	<b>E+G</b>	<b>200</b>	<b>194</b>	<b>400</b>	<b>384</b>	<b>792</b>	<b>776</b>
<i>Adjusted EBITDA-margin %</i>	<i>(E+G)/A</i>	<i>8.2%</i>	<i>7.8%</i>	<i>8.1%</i>	<i>7.8%</i>	<i>8.0%</i>	<i>7.8%</i>

From Statement of Cash Flow, MSEK		Q2 2020	Q2 2019	H1 2020	H1 2019	LTM	2019
<b>Operating activities</b>							
Operating income (EBIT)		105	101	179	212	392	424
Adjustment for non-cash items							
+ Depreciation, amortization and impairment		87	83	172	163	334	325
- Share of income of associates		0	-1	0	-1	0	-1
<b>EBITDA</b>		<b>192</b>	<b>183</b>	<b>351</b>	<b>373</b>	<b>727</b>	<b>748</b>
Non-comparable items in EBITDA	<b>G</b>	8	11	49	11	65	27
<b>Adjusted EBITDA</b>		<b>200</b>	<b>194</b>	<b>400</b>	<b>384</b>	<b>792</b>	<b>776</b>

From Balance Sheet. MSEK		June 30, 2020	June 30, 2019	December 31, 2019
<b>Total assets</b>		<b>6,528</b>	<b>6,191</b>	<b>6,272</b>
<b>Non-current non-interest-bearing liabilities</b>				
- Deferred tax liabilities		-145	-153	-174
- Other non-current liabilities		-174	-228	-137
<b>Total non-current non-interest-bearing liabilities</b>		<b>-319</b>	<b>-381</b>	<b>-311</b>
<b>Current non-interest-bearing liabilities</b>				
Trade payables		-1,195	-973	-1,117
Tax payables		-34	-20	-12
Other current liabilities		-320	-251	-254
Accrued expenses and prepaid income		-369	-368	-412
<b>Total current non-interest-bearing liabilities</b>		<b>-1,918</b>	<b>-1,612</b>	<b>-1,795</b>
<b>Capital employed</b>		<b>4,291</b>	<b>4,198</b>	<b>4,166</b>
Less: Cash and cash equivalents		-366	-58	-194
<b>Operating capital</b>		<b>3,926</b>	<b>4,140</b>	<b>3,972</b>
<b>Average capital employed</b>	<b>H</b>	<b>4,244</b>	<b>4,166</b>	<b>4,118</b>
<b>Average operating capital</b>	<b>I</b>	<b>4,033</b>	<b>4,095</b>	<b>3,977</b>
Operating income, LTM		392	392	424
Adjusted operating income, LTM	<b>J</b>	468	431	454
Financial income	<b>K</b>	1	0	1
<b>Adjusted return on capital employed</b>	<b>(J+K)/H</b>	<b>11.1%</b>	<b>10.4%</b>	<b>11.0%</b>
<b>Adjusted return on operating capital</b>	<b>J/I</b>	<b>11.6%</b>	<b>10.5%</b>	<b>11.4%</b>
<b>Interest bearing liabilities</b>				
Non-current interest-bearing liabilities		1,893	1,997	1,925
Non-current leasing liabilities		446	418	381
Derivates		19	18	16
Current leasing liabilities		66	75	73
<b>Total interest-bearing liabilities</b>		<b>2,424</b>	<b>2,508</b>	<b>2,394</b>
Less: Cash and cash equivalents		-366	-58	-194
<b>Net interest-bearing debt</b>		<b>2,058</b>	<b>2,451</b>	<b>2,200</b>

## Definitions

### EBIT

Operating income.

### Adjusted operating income

Operating income (EBIT) adjusted for non-comparable items.

### Operating margin

Operating income (EBIT) as a percentage of net sales.

### Adjusted operating margin

Adjusted operating income (adjusted EBIT) as a percentage of net sales.

### EBITDA

Operating income before depreciation, amortization and impairment and share of income of associates.

### Adjusted EBITDA

Operating income before depreciation, amortization and impairment and share of income of associates, adjusted for non-comparable items.

### EBITDA margin

EBITDA as a percentage of net sales.

### Adjusted EBITDA margin

Adjusted EBITDA as a percentage of net sales.

### Adjusted return on operating capital (ROC)

Adjusted operating income last twelve months (LTM) divided by average operating capital.

### Adjusted return on capital employed (ROCE)

Adjusted operating income last twelve months (LTM) plus interest income divided by average capital employed.

### Return on equity

Income for the period last twelve months (LTM) divided by average total equity.

### Operating cash flow

Cash flow from operating activities excluding paid finance items net and paid current income tax, with the addition of net capital expenditure and net increase in leasing assets.

### Adjusted operating cash flow

Cash flow adjusted for non-comparable items.

### Adjusted income for the period

Income for the period adjusted for non-comparable items.

### Earnings per share (EPS)

Income for the period, attributable to the shareholders, divided by the average number of shares.

### Adjusted earnings per share (EPS)

Adjusted income for the period, attributable to the shareholders, divided by the average number of shares.

### Net interest-bearing debt

Interest-bearing debt excluding arrangement fees less cash and cash equivalents.

### Working capital

Total inventory and operating receivables less non-interest-bearing current liabilities.

### Operating capital

Total assets less cash and cash equivalents and non-interest-bearing liabilities, including deferred tax liabilities.

### Capital employed

Total assets less non-interest-bearing liabilities, including deferred tax liabilities.

### Net sales

Net sales is gross sales less sales discounts and joint marketing allowances.

### Other operating revenues

Other operating revenue is revenue not related to sales of chicken, instead such as rent of excess land/buildings to other users and payment by non-employees for use of the Company's canteens.

### COGS

Cost of goods sold.

### Raw materials and consumables

Costs of raw materials and other consumables include the purchase costs of live chicken and other raw materials such as packaging etc.

### Production costs

Production costs include direct and indirect personnel costs related to production and other production related costs.

### Other operating expenses

Other operating expenses include marketing, Group personnel and other administrative costs.

### Non-comparable items

Items that rarely occur or are unusual in day-to-day business operations, and hence unlikely to occur again.

### RTC

Ready-to-cook. Products that requires cooking.

### RTE

Ready-to-eat. Products that are cooked and may be consumed directly or after heating-up.

### LTM

Last twelve months.



## Conference call

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A conference call for investors, analysts and media will be held on 26 August 2020 at 8.30 AM CET.

### Dial-in numbers:

UK: 020 3936 2999

Sweden: 010 884 80 16

US: +1 646 664 1960

Other countries: +44 20 3936 2999

Slides used in the conference call can be downloaded at [www.scandistandard.com](http://www.scandistandard.com) under Investor Relations. A replay of the conference call will be available on [www.scandistandard.com](http://www.scandistandard.com) afterwards.

## Further information

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## Financial calendar

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|--|-------------------|
| • Interim report for the third quarter 2020  | November 4, 2020  |
| • Interim report for the fourth quarter 2020 | February 11, 2021 |
| • Interim report for the first quarter 2021  | May 7, 2021       |

This interim report comprises information which Scandi Standard is required to disclose pursuant to EU market abuse regulation and the Securities Markets Act. It was released for publication at 07:30 AM CET on 26 August 2020.

### Forward looking statement

This report contains forward-looking statements and the actual outcome could be materially different. Factors that could have a material effect on the actual outcome include, but are not limited to, general business conditions, fluctuations in exchange rates and interest rates, political developments, the impact of competing products and their pricing, product development, commercialization and technological difficulties, products quality and safety, interruptions in supply, increased raw material costs, disease outbreaks, loss of major customer contracts, major customer credit losses and Covid-19 pandemic.

The forward-looking statements reflect the Board of Directors' and management's current views with respect to certain future events and potential financial performance. Although the Board of Directors and the management believe that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. This report does not imply that the Company has undertaken to revise these forward-looking statements, beyond what is required under the company's registration contract with Nasdaq Stockholm, if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

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