

PRESS RELEASE

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Update on Bird Flu Detection

Reference is made to the releases issued by Swedish and Danish authorities regarding the detection of H5N8 bird flu (bird flu) in commercial flocks. Bird flu is not considered to affect humans but is contagious between birds and has recently spread in certain parts of Europe. There is no reason for concern for the consumer, chicken products are safe to eat. Due to strict biosecurity measures Scandi Standard deems the probability of being directly affected as limited.

However, because of the detections, several Asian countries are expected to implement restrictions on import of poultry products from the relevant geographies. Geographies being subject to such restrictions can be areas within a country or a country. Bird flu has not been detected in the regions within Sweden and Denmark in which Scandi Standard, or its contract farmers, carries out its main operations. Restrictions are typically imposed for a duration of 3-9 months following a detection.

Following the last bird flu incident in 2016/2017 Scandi Standard imposed several measures to reduce its exposure to the associated consequences, of which the most significant being a more diversified export client network, a reduced export share and an increased share of cooked products, which are largely exempt from trade restrictions. Further Scandi Standard has worked closely with relevant authorities to adopt a regionalised approach for restrictions and a reduced time horizon for the same. Because of the preparedness, we expect the financial consequences to be far lower this time.

Assuming restrictions should be imposed on Sweden and Denmark as a whole, Scandi Standard estimates a negative earnings effect around MSEK 15-30 as a consequence of the bird flu. The estimate assumes a portion of the overall effect being carried by Scandi Standard's contracted farmers.

Scandi Standard is monitoring the situation closely and will update the market in case of further material developments.

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