



# Fourth quarter and year-end report 2020

## Resilient in a challenging environment

11 February 2021

- Net sales decreased by 1 percent to MSEK 2,393 (2,420) in the fourth quarter 2020. At constant exchange rates net sales increased by 3 percent.
- Adjusted operating income<sup>1)</sup> increased by 10 percent to MSEK 115 (104), corresponding to a margin of 4.8 (4.3) percent.
- Income for the period decreased to MSEK 21 (42). Earnings per share decreased to SEK 0.32 (0.60). The decrease is mainly driven by higher non-comparable items in the quarter.
- Operating cash flow was MSEK -23 (304). The decrease is mainly due to higher working capital. The operating cashflow amounted to MSEK 476 (536) for the full year.
- Net interest-bearing debt of MSEK 1,933 was at the same level compared to 30 September 2020 and decreased by MSEK 267 compared with the end of the same quarter last year.
- The Board anticipates to propose a total dividend for the financial year 2020 of SEK 2,50 per share, corresponding to MSEK 164 (0). The Board proposes a dividend of SEK 1,25 (0,00) per share, corresponding to MSEK 82 (0) to the Annual General Meeting 2021. The Board intends to summon an Extraordinary General Meeting during the second half of 2021 to propose a second dividend of 1.25 SEK per share.

MSEK	Q4 2020	Q4 2019	Change	2020	2019	Change
Net sales	2,393	2,420	-1%	9,940	9,891	0%
Adjusted EBITDA <sup>1)</sup>	204	185	10%	835	776	8%
Adjusted operating income (EBIT) <sup>1)</sup>	115	104	10%	500	454	10%
Non-comparable items <sup>1)</sup>	-59	-16	260%	-150	-30	401%
Operating income (EBIT)	56	87	-36%	351	424	-17%
Finance net	-23	-20	12%	-90	-113	-20%
Income after finance net	33	67	-51%	260	312	-16%
Income tax expense	-12	-25	-53%	-52	-75	-30%
Income for the period	21	42	-49%	208	237	-12%
Adjusted EBITDA margin <sup>1)</sup>	8.5%	7.6%	-	8.4%	7.8%	-
Adjusted operating margin (EBIT) <sup>1)</sup>	4.8%	4.3%	-	5.0%	4.6%	-
Earnings per share, SEK	0.32	0.60	-46%	3.16	3.60	-12%
Adjusted return on capital employed <sup>1)</sup>	11.9%	11.0%	-	11.9%	11.0%	-
Return on equity	11.5%	14.2%	-	11.5%	14.2%	-
Operating cash flow <sup>2)</sup>	-23	304	-108%	476	536	-11%
Net interest-bearing debt	-1,933	-2,200	-12%	-1,933	-2,200	-12%

<sup>1)</sup> Adjusted for non-comparable items. see page 15 and page 26.

<sup>2)</sup> Reclassification of cash flow effect for leasing assets has been made for the year 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 of more than SEK 9 billion. For more information, please visit [www.scandistandard.com](http://www.scandistandard.com).

## CEO statement

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Scandi Standard reports another quarter of underlying growth and a strong operating result. Compared to the fourth quarter last year, our top line increased by 3 percent in local currency. When including currency movement net sales declined by 1 percent, to MSEK 2,393 (2,420), and our adjusted EBIT increased by 10 percent to MSEK 115 (104), implying a margin of 4.8 (4.3) percent.

The strong operating result has been made possible thanks to 2/3 of our revenues arising from Retail chains in our five markets, which has proven resilient to negative Covid-19 effects. Retail demand has remained strong both for our Ready-to-cook and Ready-to-eat products.

Consumers in our five domestic markets are more focused than ever on locally produced products adhering to the strictest animal welfare, food safety and ESG ((Environmental Social and Governance), standards. We are spending considerable resources on continual improvements within a broad range of ESG KPI's. Based on a platform of good experiences within these areas in the Nordic countries we have made substantial progress also in Ireland, which operated at a European average prior to the 2017 acquisitions. For example, we have reduced the average use of antibiotics from 70 to 25 percent and the lead indicator for animal welfare (foot pad lesions) by 14 percent.

The second wave of Covid-19 pandemic has led to another sudden dive in Foodservice demand and in turn significant oversupply in global export markets. Our export business has been further challenged by prevalence of bird flu in Denmark, Sweden and Ireland causing temporary import bans in some of our most profitable export markets in Asia. Consequently, we experienced a low-price realisation in the export markets and an increase of our inventory. In turn this has led to non-comparable cost of MSEK 16, related to the Covid-19 pandemic with temporarily closing of production lines, and inventory write-downs, and MSEK 15 was related to bird flu with an inventory write-down to current market prices. Following the sudden change in demand, production adjustments have been implemented to adapt to reduced demand in Foodservice and the export market.

I am pleased to report the effects of bird flu are expected to be more than halved compared to what we experienced in 2016/2017. The exposure is reduced significantly as our export share has dropped from 15 percent in 2016 to 8 percent in 2020 of the total net sales. Further, forceful mitigating actions have been implemented such as diversifying the export client network, close cooperation with authorities to secure more targeted import restrictions, and increased capacity to ready-to-cook products. All in all, bird flu is no longer regarded as the challenge it used to be to Scandi Standard.

I remain proud of the way our organisation has rapidly been able to adapt to the sudden and significant changes caused by Covid-19 pandemic in the last year. As the Covid-19 pandemic has recently taken a turn to the worse, taking care of our employees remains top priority. Further, we are focused on mitigating actions to avoid production stops due to quarantined staff and also to adapt production to prevailing demand within different segments. The latter is being managed through tight biosecurity measures, cohorts, comprehensive testing schemes, and contingency plans for maintaining production volume with reduced product spectre. We hope the sum of these efforts will allow us to maintain a high operating performance and secure timely deliveries of high-quality products to the customers in the prevailing environment.

Scandi Standard has decided to embark on a strategy to include plant-based products as a profitable growth avenue for the future. The combination of strong internal skills in areas such as product development, processing and food safety combined with existing infrastructure and a unique customer network in five domestic markets and export markets in Europe provide a great platform to execute such strategy. Plant-based and poultry products are both subject to very strong secular growth trends. Early in Q2 2021 we are launching a small scale of product lines produced in existing plants. Simultaneously we are investing in proprietary IP and considering alternative processing models for the future.

ESG is at the core of what we are doing in Scandi Standard. There is full alignment between success in meeting the strictest ESG targets and our operational and financial success for the group. Poultry stand out in the protein industry and Scandi Standard stand out in the poultry industry. We in the process of enhancing our ESG approach and look forward to hosting an ESG day later this year.

Scandi Standard has a strong balance sheet, a solid financing, and a significant available liquidity. Compared to the end of the fourth quarter last year, net interest-bearing debt has been reduced by about MSEK 267 to MSEK 1,933 (2,200). Our capital investment amounted to MSEK 355 for 2020, of which MSEK 94 was spent in the fourth quarter. We expect to spend approximately MSEK 400 during 2021, with flexibility to adjust if required. The 2021 investments are a combination of efficiency, capacity and ESG investments.

To this end the Board anticipates to propose a total dividend for the financial year 2020 of SEK 2.50 per share. The Board proposes a dividend of SEK 1.25 (0.00) per share to the Annual General Meeting 2021. The Board intends to summon an Extraordinary General Meeting during the second half of 2021 to propose a second dividend of 1.25 SEK per share.

Despite the turbulence around us, we continue to carefully monitor the structural changes and opportunities within our sector. We have a proven track record of adding significant value through acquisitions, most notably in product development, processing efficiency, live animal production and improved animal welfare/ESG performance.

Scandi Standard's business model has proven resilient during 2020. The long-term pattern of strong growth and solid margins in the Retail channel has not been impaired by Covid-19 pandemic and we expect this trend to continue. The high share of retail sales has to a large extent absorbed the sudden and dramatic changes in Foodservice and Export. Due to Covid-19 pandemic we expect poor demand and high volatility to sustain in the Foodservice and export channels for some time. However, we are confident in observing a boost in sales and better profitability from these segments once consumers are more free to move around.



*Leif Bergvall Hansen*  
*Managing Director and CEO*

## Net Sales and income

MSEK	Q4 2020	Q4 2019	Change	2020	2019	Change
Net sales	2,393	2,420	-1%	9,940	9,891	0%
Adjusted EBITDA <sup>1)</sup>	204	185	10%	835	776	8%
Adjusted operating income (EBIT) <sup>1)</sup>	115	104	10%	500	454	10%
Non-comparable items <sup>1)</sup>	-59	-16	260%	-150	-30	401%
Operating income (EBIT)	56	87	-36%	351	424	-17%
Finance net	-23	-20	12%	-90	-113	-20%
Income after finance net	33	67	-51%	260	312	-16%
Income tax expense	-12	-25	-53%	-52	-75	-30%
Income for the period	21	42	-49%	208	237	-12%
Adjusted EBITDA-margin <sup>1)</sup>	8.5%	7.6%	-	8.4%	7.8%	-
Adjusted operating margin (EBIT) <sup>1)</sup>	4.8%	4.3%	-	5.0%	4.6%	-
Earnings per share. SEK	0.32	0.60	-46%	3.16	3.60	-12%

<sup>1)</sup>Adjusted for non-comparable items, see page 15 and page 26.

### Fourth quarter 2020

#### Net sales

Net sales for the Group in the fourth quarter 2020 decreased by 1 percent to MSEK 2,393 compared to MSEK 2,420 in the fourth quarter 2019. At constant exchange rates net sales increased by 3 percent.

Net sales in Sweden decreased by 2 percent mainly driven by product category Ready-to-cook Frozen.

Net sales in Denmark decreased by 10 percent corresponding to 7 percent in local currency. The decrease was driven by product category Ready-to-eat within the sales channel Foodservice and by Ready-to-cook Export.

Net Sales in Norway increased by 6 percent corresponding to 17 percent in local currency, mainly driven by the product category Ready-to-cook within the sales channel Retail.

Net Sales in Ireland increased by 10 percent, corresponding to 14 percent in local currency. The growth was mainly driven by the product category Ready-to-cook Chilled within the sales channel Retail.

Net sales in Finland increased by 11 percent corresponding to 15 percent in local currency.

#### Income

Adjusted operating income for the Group in the fourth quarter 2020 increased by 10 percent to MSEK 115 compared to MSEK 104 the fourth quarter 2019, corresponding to an operating margin of 4.8 (4.3) percent.

Adjusted operating income and adjusted operating margin improved in all segments except in Denmark. In addition, increased expenses were reported on Group level, in the form of product- and marketing expenses and other project related cost.

Operating income decreased by 36 percent to MSEK 56 (87), corresponding to an operating margin of 2.3 (3.6) percent. Operating income and operating margin were negatively affected by non-

comparable items in the quarter amounted to MSEK 59 (16). These items consisted of MSEK 21 related to increased earn-out debt attributable to the acquisition of Manor Farm, mainly due to a strong development of earnings in Manor Farm compared to the assumptions at the time of the transaction and of MSEK 7 attributable to restructuring of a subsidiary in Sweden. In addition, the post consisted of cost related to the Covid-19 pandemic of MSEK 16, bird flu of MSEK 15.

Governmental support related to Covid-19 pandemic of approx. MSEK 3 has been recognised in the quarter, offsetting part of the increased costs due to Covid-19 pandemic.

Finance net for the Group in the fourth quarter 2020 was MSEK -23 (-20).

Tax expenses for the Group in the fourth quarter 2020 amounted to MSEK 12 (25) corresponding to an effective tax rate of approximately 35 (37) percent. The tax rate was affected by adjustment to deferred tax asset related to losses carried forward and by changes in local tax regulations.

Income for the period for the Group in the fourth quarter was MSEK 21 (42). Earnings per share decreased to SEK 0.32 (0.60).

### Full year 2020

#### Net sales

Net sales for the Group for the full year 2020 increased to MSEK 9,940 compared to MSEK 9,891 for the full year 2019. The increase was 3 percent at constant exchange rates.

Net sales increased in all segments except Denmark and mainly in the largest product category, Ready-to-cook Chilled that increased 6 percent while Ready-to-Eat decreased by 8 percent as a result of changed consumer behavior during the Covid-19 pandemic.

#### Income

Adjusted operating income for the Group for the full year 2020 increased by 10 percent to MSEK 500 compared to MSEK 454 for the full year 2019,

corresponding to an adjusted operating margin of 5.0 (4.6) percent.

Adjusted operating income and adjusted operating margin improved in in four out of five segments.

Operating income decreased by 17 percent to MSEK 351 (424) corresponding to an operating margin of 3.5 (4.3) percent. Operating income and operating margin were negatively affected by non-comparable items of MSEK 150 (30). These items consisted of MSEK 52 related to increased earn-out debt attributable to the acquisition of Manor Farm, mainly due to a strong development of earnings in Manor Farm compared to the assumptions at the time of the transaction, MSEK 16 related to a comprehensive strategy project and of MSEK 7 attributable to restructuring of a subsidiary in Sweden. In addition, the post consisted of cost related to Covid-19 pandemic of MSEK 60 partly in the form of costs for temporarily closing of production lines focused on Foodservice

and of provision for bad debt and inventory write-down and also inventory write-down related to the bird flu of MSEK 15.

Finance net for the Group for the full year 2020 was MSEK -90 (-113). The changes in the finance net are mainly caused by currency fluctuations and lower interest expenses.

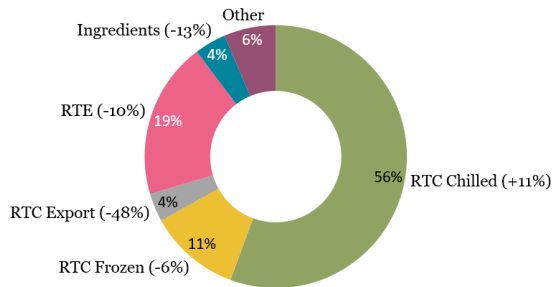
Tax expenses for the Group for the full year 2020 amounted to MSEK 52 (75) corresponding to an effective tax rate of approximately 20 (24) percent. The tax rate was affected by adjustment to deferred tax asset related to losses carried forward and by changes in local tax regulations and by changed country mix.

Income for the period for the Group in 2020 was MSEK 208 (237). Earnings per share decreased to SEK 3.16 (3.60).

## Net sales by product category as percentage of total net sales

(change from same period last year in parenthesis)

### Fourth quarter 2020

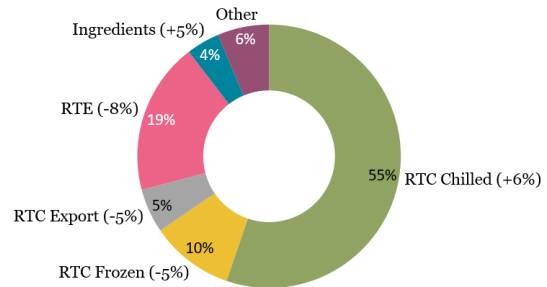


Net sales for the Group increased during the fourth quarter 2020 with 11 percent in the Ready-to-cook (RTC) Chilled product category compared to the same quarter last year. Net sales increased due to growth in Retail driven by changed consumer behaviour.

Net sales decreased by 10 percent for the Ready-to-eat (RTE) product category due to large decrease in sales within Foodservice.

Net sales decreased by 48 percent in the Ready-to-cook (RTC) Export product category due to reduced export market demand/prices related to Covid-19 pandemic and bird flu outbreak.

### Full year 2020



Net sales for the Group increased for the full year 2020 by 6 percent for the Ready-to-cook (RTC) Chilled product category compared to last year while the lower margin product category Ready-to-cook (RTC) Frozen decreased by 5 percent resulting in a positive sales mix.

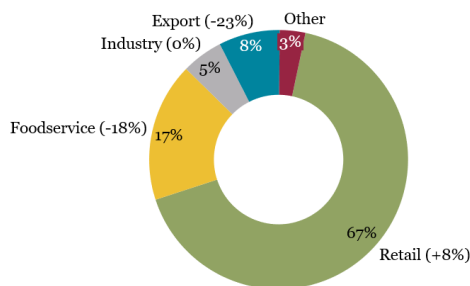
Net sales decreased by 8 percent for the Ready-to-eat (RTE) product category mainly driven by a decrease in sales within the sales channel Foodservice.

Net sales decreased by 5 percent in the Ready-to-cook (RTC) Export product category.

## Net sales by sales channel

(change from same period last year in parenthesis)

### Fourth quarter 2020

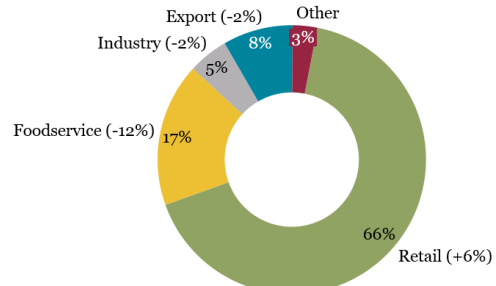


Net sales for the Group in the fourth quarter in 2020 increased with 8 percent within the sales channel Retail compared to the same quarter last year. Mainly driven by strong market growth, showing a strong resilience towards Covid-19 pandemic.

Net Sales within the Foodservice sales channel decreased by 18 percent. The volume shift between the sales channels Retail and Foodservice continues to be driven by the Covid-19 pandemic and is reinforced by the pandemic's second wave in the fourth quarter.

Net sales within the sales channel Export decreased by 23 percent due to negative affects by the Covid-19 pandemic and bird flu.

### Full year 2020

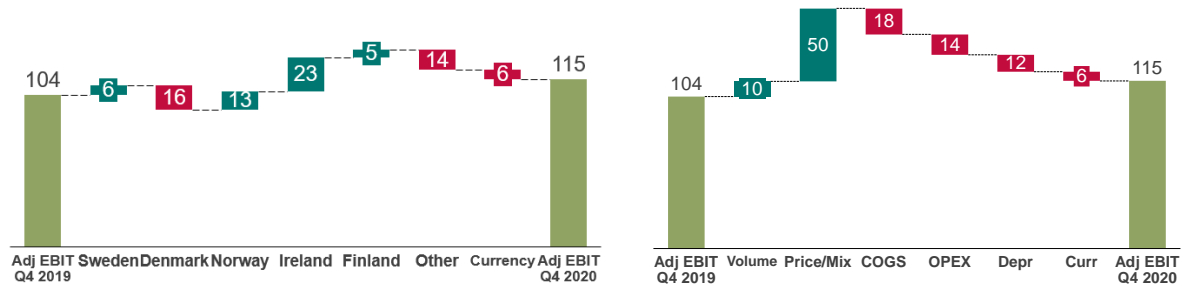


Net sales for the Group increased for the full year in the Retail channel by 6 percent compared to last year, mainly driven by strong market growth while net sales to the Foodservice sales channel decreased by 12 percent.

The volume shift from the sales channels Foodservice to Retail started with the Covid-19 pandemic in the year's first quarter and has continued throughout the year.

Net sales to the Industry sales channel and the Export sales channel decreased by 2 percent each.

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

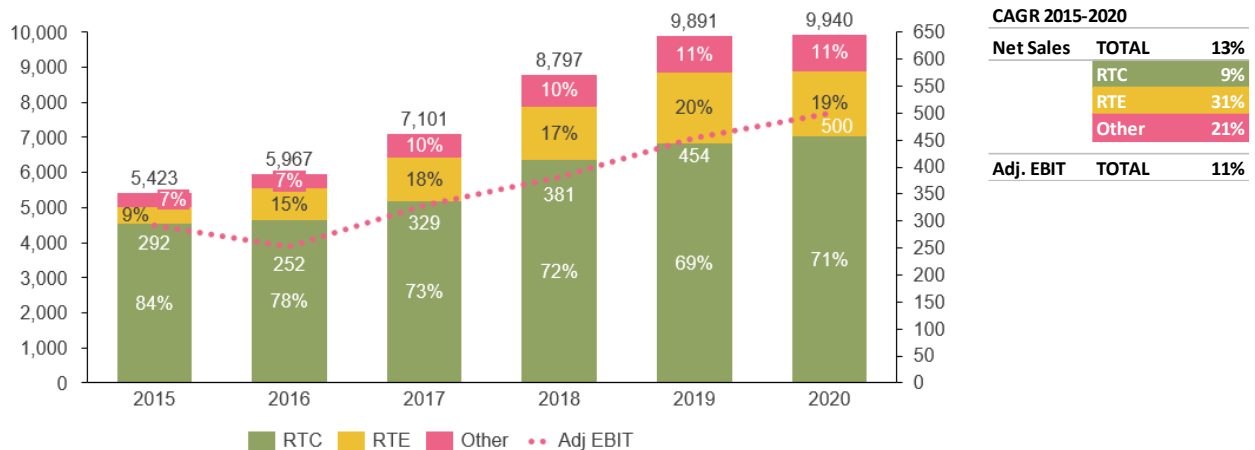


Adjusted operating income for the Group increased during the fourth quarter 2020 by 10 percent compared to the fourth quarter last year, to MSEK 115 (104). Adjusted operating income improved in four out of five countries (currency adjusted). In addition, the Group cost increased during the quarter compared to low level in the same quarter last year.

The increase of adjusted operating income is mainly driven by an improved sales mix but also by an increase in sales volume.

The positive effects are partly offset by increased operating expenses and depreciation, in addition to negative currency effect.

### Net sales by product category 2015-2020



During 2020, the company continued the positive trend of growing sales and adj EBIT. The product category Ready-to-eat (RTE) is declining in 2020 vs. 2019 but still represents 19 percent of net sales, compared to around 9 percent in 2015. Adjusted operating income during the same period increased from MSEK 292 in 2015 to MSEK 500 in 2020.



## Cash Flow and investments

Operating cash flow in the fourth quarter 2020 amounted to MSEK -23 (304). Cash flow was negatively affected by a lower EBITDA and worsened working capital, driven by partial repayment of postponed tax liabilities to local authorities in some countries due to Covid-19 pandemic and positively by lower net capital expenditures.

Working capital as of 31 December 2020 amounted to MSEK 64 (211), corresponding to 0.6 (2.1) percent of net sales for the full year 2020. The improvement compared with previous year is mainly driven by decreased receivables.

Net capital expenditure decreased in the fourth quarter 2020 with MSEK 77 and was MSEK 94 (171). Net capital expenditures amounted for full year 2020 to MSEK 355 (419).

MSEK	Q4 2020	Q4 2019	2020	2019
<b>Opening balance net debt</b>	<b>-1,929</b>	<b>-2,535</b>	<b>-2,200</b>	<b>-2,370</b>
EBITDA	147	169	699	748
Adjustments for non-cash items	30	21	74	29
Change working capital	-85	305	143	264
Net capital expenditure	-94	-171	-355	-419
Net increase in leasing assets <sup>1)</sup>	-21	-21	-84	-87
<b>Operating cash flow</b>	<b>-23</b>	<b>304</b>	<b>476</b>	<b>536</b>
Paid finance items, net	-16	-24	-76	-72
Paid tax	-1	8	-41	-49
Dividend	-	-	-	-131
Business combinations	-	-	-104	-133
Other items <sup>2)</sup>	35	47	11	18
<b>Net cash flow</b>	<b>-5</b>	<b>335</b>	<b>267</b>	<b>170</b>
<b>Closing balance net debt</b>	<b>-1,933</b>	<b>-2,200</b>	<b>-1,933</b>	<b>-2,200</b>

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

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

## Financial position

Total equity attributable to the owners of the parent company as of 31 December 2020 amounted to MSEK 1,876 (1,738). The equity to assets ratio improved to 29.4 (27.7) percent. Return on equity was 11.5 (14.2) percent. The decrease was mainly related to higher capital tied up in working capital.

Net interest-bearing debt as of 31 December 2020 amounted to MSEK 1,933 (2,200). The increase compared to 30 September 2020 was MSEK 4.

Cash and cash equivalents as of 31 December 2020 amounted to MSEK 413 (194). Committed but not utilized credit facilities as of 31 December 2020 amounted to MSEK 723 (461).



## Segment information

### Sweden

MSEK	Q4 2020	Q4 2019	Change	2020	2019	Change
Net sales	679	692	-2%	2,884	2,864	1%
Adjusted EBITDA <sup>1)</sup>	79	68	16%	298	257	16%
Adjusted operating income (EBIT) <sup>1)</sup>	56	49	13%	216	182	19%
Non-comparable items <sup>1)</sup>	-9	-	-	-13	-	-
Operating income (EBIT)	47	49	-5%	203	182	12%
Adjusted EBITDA-margin <sup>1)</sup>	11.6%	9.8%	-	10.3%	9.0%	-
Adjusted operating margin (EBIT) <sup>1)</sup>	8.2%	7.1%	-	7.5%	6.3%	-

<sup>1)</sup> Adjusted for non-comparable items. see page 15 and page 26.

Net sales in Sweden in the fourth quarter 2020 decreased by 2 percent to MSEK 679 compared to MSEK 692 in the fourth quarter 2019.

Net sales decreased mainly in the product category Ready-to-cook Frozen due to lower campaign activity, while net sales within the product category Ready-to-cook Chilled increased which contributed to a positive sales mix.

Adjusted operating income increased by 13 percent to MSEK 56 (49), corresponding to an adjusted op-

erating margin of 8.2 (7.1) percent. Adjusted operating income and adjusted operating margin improved through production efficiency and lower operating costs.

Operating income and operating margin were negatively affected by non-comparable items due to the restructuring of a subsidiary of MSEK 7 and to bird flu, mainly due to inventory write-down of MSEK 2.

### Denmark

MSEK	Q4 2020	Q4 2019	Change	2020	2019	Change
Net sales	777	868	-10%	3,251	3,426	-5%
Adjusted EBITDA <sup>1)</sup>	22	37	-42%	141	186	-24%
Adjusted operating income (EBIT) <sup>1)</sup>	-1	16	-108%	57	101	-43%
Non-comparable items <sup>1)</sup>	-29	-14	112%	-66	-20	224%
Operating income (EBIT)	-31	2	-1742%	-8	80	-111%
Adjusted EBITDA-margin <sup>1)</sup>	2.8%	4.3%	-	4.3%	5.4%	-
Adjusted operating margin (EBIT) <sup>1)</sup>	-0.2%	1.8%	-	1.8%	2.9%	-

<sup>1)</sup> Adjusted for non-comparable items. see page 15 and page 26.

Net sales in Denmark in the fourth quarter 2020 decreased by 10 percent to MSEK 777 compared to MSEK 868 in the fourth quarter 2019. The decrease in local currency was 7 percent.

Net sales decreased mainly in the product category Ready-to-eat within the sales channel Foodservice due to consumer behavioural changes related to the Covid-19 pandemic. Sales in the product category Ready-to-cook Export decreased due to change in demand and prices driven by bird flu and the Covid-19 pandemic. The sales channel for Foodservice and Export represents 57 percent of the net sales for Denmark compared to 25 percent for the Group.

Adjusted operating income decreased by 108 percent to MSEK -1 (16), corresponding to an adjusted operating margin of -0.2 (1.8) percent. Adjusted operating income and adjusted operating margin decreased mainly due to lower export prices and worsening mix with less sales to the sales channel Foodservice, impacted by Covid-19 pandemic and bird flu.

Operating income and operating margin were negatively affected by non-comparable items. These items related partly to the Covid-19 pandemic of MSEK 16, due to costs for temporary closure of production lines focused on Foodservice and of provision for bad debt and inventory write-down and partly was related to the bird flu due to inventory write-down of MSEK 13.

## Norway

MSEK	Q4 2020	Q4 2019	Change	2020	2019	Change
Net sales	406	385	6%	1,648	1,619	2%
Adjusted EBITDA <sup>1)</sup>	56	50	12%	228	223	2%
Adjusted operating income (EBIT) <sup>1)</sup>	40	32	28%	162	150	8%
Non-comparable items <sup>1)</sup>	-	-	-	-	-	-
Operating income (EBIT)	40	32	28%	162	150	8%
Adjusted EBITDA-margin <sup>1)</sup>	13.8%	13.0%	-	13.8%	13.8%	-
Adjusted operating margin (EBIT) <sup>1)</sup>	9.9%	8.2%	-	9.8%	9.2%	-

<sup>1)</sup> Adjusted for non-comparable items. see page 15 and page 26.

Net sales in Norway in the fourth quarter 2020 increased by 6 percent to MSEK 406 compared to MSEK 385 in the fourth quarter 2019. The increase in local currency was 17 percent. The increase in net sales was mainly driven by the product category Ready-to-cook Chilled and the sales channel Retail which continued to display a very positive market development.

Adjusted operating income increased by 28 percent to MSEK 40 (32), corresponding to an adjusted operating margin of 9.9 (8.2) percent. Adjusted operating income and adjusted operating margin were positively affected by increased net sales coupled with good operational performance, but negatively affected by a weaker local currency rate in relation to the Swedish krona.

## Ireland

MSEK	Q4 2020	Q4 2019	Change	2020	2019	Change
Net sales	526	479	10%	2,104	1,972	7%
Adjusted EBITDA <sup>1)</sup>	68	44	56%	237	169	40%
Adjusted operating income (EBIT) <sup>1)</sup>	50	28	76%	166	107	55%
Non-comparable items <sup>1)</sup>	-	-	-	-4	-	-
Operating income (EBIT)	50	28	76%	162	107	51%
Adjusted EBITDA-margin <sup>1)</sup>	13.0%	9.2%	-	11.3%	8.6%	-
Adjusted operating margin (EBIT) <sup>1)</sup>	9.4%	5.9%	-	7.9%	5.4%	-

<sup>1)</sup> Adjusted for non-comparable items. see page 15 and page 26.

Net sales in Ireland in the fourth quarter 2020 increased by 10 percent to MSEK 526 compared to MSEK 479 in the fourth quarter 2019. The increase in local currency was 14 percent.

compared to the same quarter last year while Retail was growing.

The increase in net sales was mainly driven by increased sales in the product category Ready-to-cook Chilled but also increase in the product category Ready-to-cook Frozen. The growth was negative in the sales channel Foodservice

Adjusted operating income increased with 76 percent to MSEK 50 (28), corresponding to an adjusted operating margin of 9.4 (5.9) percent. The improvement in adjusted operating income and adjusted operating margin was mainly driven by increase in sales and improved efficiency in the production.

## Finland

MSEK	Q4 2020	Q4 2019	Change	2020	2019	Change
Net sales	131	118	11%	555	491	13%
Adjusted EBITDA <sup>1)</sup>	6	1	441%	29	20	41%
Adjusted operating income (EBIT) <sup>1)</sup>	1	-4	-112%	6	-2	-480%
Non-comparable items <sup>1)</sup>	-	-2	-100%	-	-9	-100%
Operating income (EBIT)	1	-6	-109%	6	-10	159%
Adjusted EBITDA-margin <sup>1)</sup>	4.8%	1.0%	-	5.2%	4.1%	-
Adjusted operating margin (EBIT) <sup>1)</sup>	0.4%	-3.7%	-	1.1%	-0.3%	-

<sup>1)</sup> Adjusted for non-comparable items. see page 15 and page 26.

Net sales in Finland in the fourth quarter 2020 increased by 11 percent to MSEK 131 compared to MSEK 118 in the fourth quarter 2019. The increase in local currency was 15 percent.

Adjusted operating income increased to MSEK 1 (-4) with an adjusted operating margin of 0.4 (-3.7) percent. The improvement was mainly driven by increased net sales and improved efficiency.

## Personnel

The average number of employees in the fourth quarter 2020 was 3,250 (3,148) and 3,220 (3,266) for the full year of 2020.

## Other

During the fourth quarter 2020 an amount of MSEK 3 of governmental support has been recognized in profit in line with levels of the third quarter 2020 but substantially below the levels received in the second quarter 2020. The received government support refers to compensation for increased sickness-related absences through sick pay compensation and lower pension fees, but in total substantially lower than the overall increased costs related to the Covid-19 pandemic.

## Dividend

The Board anticipates to propose a total dividend for the financial year 2020 of SEK 2,50 per share corresponding to MSEK 164 (0) based on the number of outstanding shares at year-end 2020/2021. The Board proposes a dividend of SEK 1,25 (0,00) per share, corresponding to MSEK 82 (0) to the Annual General Meeting 2021 based on the number of outstanding shares at year-end 2020/2021. The Board intends to summon an Extraordinary General Meeting during the second half of 2021 to propose a second dividend of 1.25 SEK per share. The proposed dividend corresponds to approximately 47 (0) percent of income for the period adjusted for non-comparable items. Scandi Standard's dividend policy is to distribute a dividend of approximately 60 percent of income for the year adjusted for non-comparable items on average over time.

## Annual General Meeting 2021

The Annual General Meeting (AGM) 2021 will be held on 7 May. More information about the AGM will be available on: <http://investors.scandistandard.com/en/agm>.

## The Group's sustainability work

### 2020 in review: focus areas and progress

Scandi Standard defines sustainable development as promoting responsible value creation over time for our consumers, customers, owners and other stakeholders. Our sustainability promise is the same as our mission: The Scandi Way – how we work every day to promote the health and well-being for the people, the chickens and the planet. Together with our vision, A Better Chicken for a Better Life, we aim to be the industry leader within animal welfare, healthy products, and environmental and social responsibility.

The pandemic has brought the importance of sustainability even further into the light. Overall, 2020 was defined by a higher ambition and more focused efforts on sustainability within the company. A new roadmap for becoming the industry leader and one of the highest-ranking food companies in various ESG indexes is under development.

The main global topics of conversation has been focused on health and safety, as well as the intensified discussions on a green restart post the pandemic. Both topics are integral parts of our sustainability platform, and we have taken several steps and made progress within each of focus areas over the year. Below is a short summary of the most important steps taken within each focus area of The Scandi Way.

### People

As a direct consequence of the global pandemic, we have had a large focus on the health and safety of our employees. Our main goal has been to ensure a safe working environment, minimizing the

overall spread of the virus, and to keep our production fully operational. We implemented several restrictions and safety measures early in the pandemic, such as extra hygiene protocols, travel bans and visitor restrictions, distancing between employees where possible and work from home recommendations for office employees. All measures were taken in line with local authorities' recommendations and current local situations and have been updated as the recommendations have changed. In Denmark, where the local infrastructure permitted it, we also deployed large scale testing on all our employees on several occasions and in Ireland, we participated fully in the national testing program through local authority HSE.

Our strategies and measures have proven to be successful with only a small number of detected cases, relative to the overall community infection rate, by the end of the year. All health and safety measures will remain in place until otherwise is recommended by local authorities.



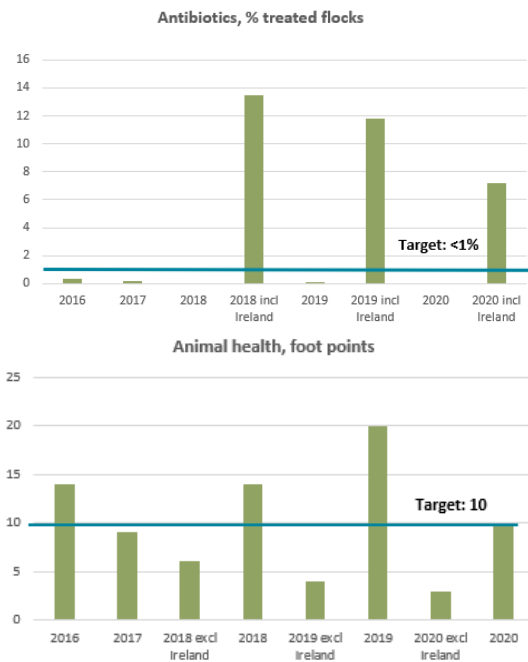
▪ During 2020 we also performed our biannual employee satisfaction survey Scandi Pulse. One of our main sustainability KPIs is employee engagement. The result was index 72, exceeding the target of 71 and an improvement from index 69 in 2018. We are very pleased with this result given the circumstances as it also reflects how well we have succeeded in managing the difficult corona situation.

Safe and healthy products are a cornerstone within our operations. During 2020 we have worked continuously with improving our processes and control systems, as well as a focused effort to establish a food safety culture through both certification and training programs. We have also adopted a new Clean Label Policy regulating all new product development under our own labels regarding the usage of additives and other ingredients. The overall ambition is to have as few and close to store cupboard ingredients in our products as possible.

**Chicken**

The company has during the year updated and developed the group policies governing the Chicken focus area. The Animal Welfare Policy define, align and govern our systematic approach to improving animal welfare over Scandi Standard operations in all countries as well as our contract farmers. The Antibiotics Usage Policy define and govern when and how antibiotics should be used. Together, both policies form a solid framework for improving the health and well-being for the chickens in our value chain.

During 2020, we have focused on the continuous improvements for better animal welfare. Our main KPIs indicating animal welfare, antibiotics usage and foot pad lesion score, have both improved by several points. The antibiotics usage in our operations in Ireland have steadily declined and reached a milestone of below 10 percent share of flocks treated for the first time in March. The overall average is 25 percent - a drastic improvement since 2017 when approximately 70 percent of the flocks were treated. The overall goal is to reach the Nordic levels of <1 percent. The foot pad lesion scores have also improved significantly, and the Irish figures scores are now almost in line with the Nordic levels.



**Planet**

Climate and resource efficient production is at the heart of Scandi Standard. During 2020, the company has made progress within lowering the emissions from our transports and logistics. A pilot project with CO2 neutral cooling trailers have run in Denmark with successful results which are now being evaluated for potential next steps. In Sweden and Denmark, new agreements with suppliers for a fossil free cold storage in Denmark and a new logistics partner with a more strategic geographic position ensuring less transported kilometres has been made. Both agreements contribute significantly to lowering the CO2 emissions and will be activated in early 2021.

## Risks and uncertainties

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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 "Virus pandemic", 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 cannot 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.

## Events after the end of the quarter

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Further cases of avian influenza have been detected in Sweden and Denmark. The impact its currently expected to be managed within the range of previous communicated press release.

Stockholm, 11 February 2021

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	Q4 2020	Q4 2019	Change	2020	2019	Change
Sweden	679	692	-2%	2,884	2,864	1%
of which internal sales	62	62	1%	262	248	6%
Denmark	777	868	-10%	3,251	3,426	-5%
of which internal sales	61	57	8%	230	225	2%
Norway	406	385	6%	1,648	1,619	2%
of which internal sales	0	1	47%	3	2	78%
Ireland	526	479	10%	2,104	1,972	7%
of which internal sales	1	-	-	1	-	-
Finland	131	118	11%	555	491	13%
of which internal sales	2	2	12%	6	6	-4%
Intra-group eliminations	-127	-121	5%	-501	-481	4%
<b>Total net sales</b>	<b>2,393</b>	<b>2,420</b>	<b>-1%</b>	<b>9,940</b>	<b>9,891</b>	<b>0%</b>

### Net sales per product category

MSEK	Q4 2020	Q4 2019	Change	2020	2019	Change
Ready-to-cook Chilled	1,331	1,197	11%	5,491	5,160	6%
Ready-to-cook Frozen	270	287	-6%	1,016	1,064	-5%
Ready-to-cook Export	84	160	-48%	541	568	-5%
Ready-to-eat	462	512	-10%	1,857	2,011	-8%
Ingredients	93	106	-13%	405	385	5%
Other <sup>1) 2)</sup>	153	158	-3%	630	703	-10%
<b>Total net sales</b>	<b>2,393</b>	<b>2,420</b>	<b>-1%</b>	<b>9,940</b>	<b>9,891</b>	<b>0%</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	Q4 2020	Q4 2019	Change	2020	2019	Change
Sweden	679	692	-2%	2,884	2,864	1%
Denmark	563	608	-7%	2,311	2,416	-4%
Norway	425	365	17%	1,684	1,506	12%
Ireland	51	45	14%	201	186	8%
Finland	13	11	15%	53	46	14%

### Exchange rates<sup>3)</sup>

	2020	2019
DKK/SEK	1.41	1.42
NOK/SEK	0.98	1.07
EUR/SEK	10.49	10.59

<sup>3)</sup>Average exchange rates

**Adjusted operating income (EBIT)**

MSEK	Q4 2020	Q4 2019	2020	2019
Sweden	56	49	216	182
Denmark	-1	16	57	101
Norway	40	32	162	150
Ireland	50	28	166	107
Finland	1	-4	6	-2
Group	-30	-16	-106	-83
<b>Total</b>	<b>115</b>	<b>104</b>	<b>500</b>	<b>454</b>

**Non-comparable items in operating income**

MSEK	Q4 2020	Q4 2019	2020	2019
Bird flu <sup>1)</sup>	-15	-	-15	-
Earn-out Debt adjustment <sup>2)</sup>	-21	-	-52	-
Covid-19 pandemic <sup>3)</sup>	-16	-	-60	-
Strategy project <sup>4)</sup>	-	-	-16	-
Restructuring <sup>5)</sup>	-7	-5	-7	-12
Restructuring of production <sup>6)</sup>	-	0	-	-7
Transaction costs <sup>7)</sup>	-	-1	-	-1
Costs for incorrect inserts goods <sup>8)</sup>	-	-6	-	-6
Other <sup>9)</sup>	-	-4	-	-4
<b>Total</b>	<b>-59</b>	<b>-16</b>	<b>-150</b>	<b>-30</b>

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

MSEK	Q4 2020	Q4 2019	2020	2019
Sweden	-9	-	-13	-
Denmark	-29	-14	-66	-20
Norway	-	-	-	-
Ireland	-	-	-4	-
Finland	-	-2	-	-9
Group	-21	-1	-67	-1
<b>Total</b>	<b>-59</b>	<b>-16</b>	<b>-150</b>	<b>-30</b>

**Operating income (EBIT)**

MSEK	Q4 2020	Q4 2019	2020	2019
Sweden	47	49	203	182
Denmark	-31	2	-8	80
Norway	40	32	162	150
Ireland	50	28	162	107
Finland	1	-6	6	-10
Group	-51	-17	-173	-84
<b>Total operating income (EBIT)</b>	<b>56</b>	<b>87</b>	<b>351</b>	<b>424</b>
Finance net	-23	-20	-90	-113
Income tax expense	-12	-25	-52	-75
<b>Income for the period</b>	<b>21</b>	<b>42</b>	<b>208</b>	<b>237</b>

<sup>1)</sup> Cost related to bird flu - mainly inventory write-down.

<sup>2)</sup> Cost related to increased earn-out debt attributable to the acquisition of Manor Farm, mainly driven by the strong result development in Manor Farm in 2020 compared with the assessment made at the acquisition time.

<sup>3)</sup> Cost related to Covid-19 pandemic - Temporarily closing of production lines on products within Foodservice in Denmark (for the quarter and full year), provision for bad debt (for the quarter) and inventory write-down (for the quarter and full year).

<sup>4)</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>5)</sup> For 2020, costs due to restructuring of a Swedish subsidiary during the fourth quarter 2020, with terminating a long-term contract and write-downs of assets of MSEK 7. For 2019 restructuring costs in Denmark of MSEK 5.

<sup>6)</sup> Closing of hatchery in Finland in the second quarter 2019.

<sup>7)</sup> Deal fees mainly related to the acquisitions of Rokkedahl Food ApS in Denmark in 2018.

<sup>8)</sup> Costs incurred due to quality issues in purchased raw material that have not been covered by insurance.



**Consolidated income statement**

MSEK	Q4 2020	Q4 2019	2020	2019
Net sales	2,393	2,420	9,940	9,891
Other operating revenues	2	9	21	24
Changes in inventories of finished goods and work in progress	70	-18	30	69
Raw materials and consumables	-1,484	-1,479	-5,898	-6,049
Cost of personnel	-522	-468	-2,067	-1,979
Depreciation, amortisation and impairment	-93	-81	-350	-325
Other operating expenses	-312	-296	-1,327	-1,215
Share of income of associates	2	0	2	1
<b>Operating income</b>	<b>56</b>	<b>87</b>	<b>351</b>	<b>424</b>
Finance income	0	0	0	1
Finance expenses	-23	-21	-91	-113
<b>Income after finance net</b>	<b>33</b>	<b>67</b>	<b>260</b>	<b>312</b>
Tax on income for the period	-12	-25	-52	-75
<b>Income for the period</b>	<b>21</b>	<b>42</b>	<b>208</b>	<b>237</b>
Whereof attributable to:				
Shareholders of the Parent Company	21	39	207	235
Non-controlling interests	0	3	1	1
Average number of shares	65,602,978	65,383,603	65,501,968	65,358,083
Earnings per share, SEK	0.32	0.60	3.16	3.60
Earnings per share after dilution, SEK	0.32	0.60	3.16	3.60
Number of shares at the end of the period	66,060,890	66,060,890	66,060,890	66,060,890

**Consolidated statement of comprehensive income**

MSEK	Q4 2020	Q4 2019	2020	2019
<b>Income for the period</b>	<b>21</b>	<b>42</b>	<b>208</b>	<b>237</b>
<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	21	6	12	-11
Tax on actuarial gains and losses	-4	-1	-3	2
<b>Total</b>	<b>16</b>	<b>5</b>	<b>10</b>	<b>-9</b>
<i>Items that will or may be reclassified to the income statement</i>				
Cash flow hedges	6	7	6	-4
Currency effects from conversion of foreign operations	-97	-68	-115	40
Income from currency hedging of foreign operations	3	-3	16	3
Tax attributable to items that will be reclassified to the income statement	-1	-2	-1	1
<b>Total</b>	<b>-90</b>	<b>-65</b>	<b>-95</b>	<b>40</b>
Other comprehensive income for the period, net of tax	-74	-60	-85	31
<b>Total comprehensive income for the period</b>	<b>-52</b>	<b>-18</b>	<b>123</b>	<b>267</b>
Whereof attributable to:				
Shareholders of the Parent Company	-53	-21	122	266
Non-controlling interests	0	3	1	1

**Consolidated statement of financial position**

MSEK	Note	December 31, 2020	December 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill		888	940
Other intangible assets		878	957
Property plant and equipment		1,817	1,748
Right-of-use assets		455	427
Non-current leasing receivables		0	9
Participations in associated companies		43	43
Financial assets	3	1	4
Deferred tax assets		41	40
<b>Total non-current assets</b>		<b>4,123</b>	<b>4,167</b>
<b>Current assets</b>			
Biological assets		103	99
Inventory		713	727
Trade receivables	3	818	901
Other short-term receivables		78	93
Prepaid expenses and accrued income		131	89
Current leasing receivables		0	2
Derivative instruments	3	5	-
Cash and cash equivalents	3	413	194
<b>Total current assets</b>		<b>2,262</b>	<b>2,105</b>
<b>TOTAL ASSETS</b>		<b>6,385</b>	<b>6,272</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's equity</b>			
Share capital		1	1
Other contributed equity		727	727
Reserves		70	166
Retained earnings		1,077	845
<b>Capital and reserves attributable to owners</b>		<b>1,875</b>	<b>1,738</b>
Non-controlling interests		1	3
<b>Total equity</b>		<b>1,876</b>	<b>1,741</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	3	1,863	1,925
Non-current leasing liabilities		401	381
Derivative instruments	3	15	11
Provisions for pensions		8	26
Other provisions		7	5
Deferred tax liabilities		166	174
Other non-current liabilities	4	64	137
<b>Total non-current liabilities</b>		<b>2,524</b>	<b>2,659</b>
<b>Current liabilities</b>			
Current leasing liabilities		73	73
Derivative instruments	3	0	4
Trade payables	3	1,163	1,117
Tax payables		29	12
Other current liabilities	4	342	254
Accrued expenses and prepaid income		378	412
<b>Total current liabilities</b>		<b>1,985</b>	<b>1,872</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,385</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					207	207	1	208
Other comprehensive income, net after tax				-95	10	-85	-	-86
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-95</b>	<b>217</b>	<b>121</b>	<b>1</b>	<b>122</b>
Dividend							-2	-2
Long term incentive programme (LTIP)					15	15	-	15
<b>Total transactions with the owners</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>15</b>	<b>-2</b>	<b>13</b>
<b>Closing balance December 31, 2020</b>		<b>1</b>	<b>727</b>	<b>70</b>	<b>1,077</b>	<b>1,875</b>	<b>1</b>	<b>1,876</b>

**Consolidated statement of cash flows**

MSEK	Q4 2020	Q4 2019	2020	2019
<b>OPERATING ACTIVITIES</b>				
Operating income	56	87	351	424
Adjustment for non-cash items	123	102	424	353
Paid finance items net	-16	-24	-76	-72
Paid current income tax	-1	8	-41	-49
<b>Cash flow from operating activities before changes in operating capital</b>	<b>162</b>	<b>173</b>	<b>658</b>	<b>656</b>
Changes in inventories and biological assets	-62	18	-16	-69
Changes in operating receivables	145	69	13	37
Changes in operating payables	-168	219	146	296
<b>Changes in working capital</b>	<b>-85</b>	<b>305</b>	<b>143</b>	<b>264</b>
<b>Cash flow from operating activities</b>	<b>77</b>	<b>479</b>	<b>801</b>	<b>920</b>
<b>INVESTING ACTIVITIES</b>				
Business combinations	-	-	-104	-133
Investments in rights of use assets	0	0	-2	-1
Investment in property, plant and equipment	-94	-175	-355	-432
Sale of property, plant and equipment	-	4	-	12
<b>Cash flows used in investing activities</b>	<b>-94</b>	<b>-171</b>	<b>-461</b>	<b>-553</b>
<b>FINANCING ACTIVITIES</b>				
New loan	-	-	60	-
Repayment loan	-1	-3	-55	-12
Change in overdraft facility	-	-131	-	-41
Payments for amortization of leasing liabilities	-20	-20	-82	-84
Dividend	-	-	-	-131
Other	-5	-9	-25	5
<b>Cash flows in financing activities</b>	<b>-26</b>	<b>-164</b>	<b>-102</b>	<b>-262</b>
<b>Cash flows for the period</b>	<b>-43</b>	<b>144</b>	<b>237</b>	<b>105</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>472</b>	<b>51</b>	<b>194</b>	<b>89</b>
Currency effect in cash and cash equivalents	-17	-2	-19	0
Cash flow for the period	-43	144	238	105
<b>Cash and cash equivalents at the end of the period</b>	<b>413</b>	<b>194</b>	<b>413</b>	<b>194</b>

**Parent Company income statement**

MSEK	Q4 2020	Q4 2019	2020	2019
Net sales	-	-	-	-
Operating expenses	0	0	0	0
<b>Operating income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Finance net	7	7	29	31
<b>Income after finance net</b>	<b>7</b>	<b>7</b>	<b>29</b>	<b>31</b>
Group contribution	-4	-14	-4	-14
Tax on income for the period	2	2	-0	-
<b>Income for the period</b>	<b>5</b>	<b>-4</b>	<b>25</b>	<b>17</b>

**Parent Company statement of comprehensive income**

MSEK	Q4 2020	Q4 2019	2020	2019
Income for the period	5	-4	25	17
Other comprehensive income for the period, net of tax	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>5</b>	<b>-4</b>	<b>25</b>	<b>17</b>

**Parent Company Statement of financial position**

MSEK	Note	December 31, 2020	December 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries		533	533
Receivables from Group entities		405	405
<b>Total non-current assets</b>		<b>938</b>	<b>938</b>
<b>Current assets</b>			
Receivables from Group entities		27	24
Cash and cash equivalents		0	0
<b>Total current assets</b>		<b>27</b>	<b>24</b>
<b>TOTAL ASSETS</b>		<b>965</b>	<b>962</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital		1	1
<b>Non-restricted equity</b>			
Share premium account		727	727
Retained earnings		-20	-37
Income for the period		25	17
<b>Total equity</b>		<b>732</b>	<b>707</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities		-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Current liabilities</b>			
Tax payables		-	-
Liabilities to Group companies	4	233	255
Accrued expenses and prepaid income		0	0
<b>Total current liabilities</b>		<b>233</b>	<b>255</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>965</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	25
Other comprehensive income for the period, net after tax	-
<b>Total comprehensive income</b>	<b>25</b>
<b>Closing balance 31 December, 2020</b>	<b>732</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	
	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
RTC Chilled	286	268	270	224	205	184	459	431	111	90			1,331	1,197
RTC Frozen	148	184	60	55	35	34	17	4	9	10			270	287
RTC Export	14	7	37	127	-	-	33	25	-	-			84	160
RTE	92	89	300	350	66	69	-	-	3	4			462	512
Ingredients	18	24	45	57	3	4	20	16	6	5			93	106
Other	120	119	64	54	96	94	-3	2	3	9	-127	-121	153	158
<b>Total</b>	<b>679</b>	<b>692</b>	<b>777</b>	<b>868</b>	<b>406</b>	<b>385</b>	<b>526</b>	<b>479</b>	<b>131</b>	<b>118</b>	<b>-127</b>	<b>-121</b>	<b>2,393</b>	<b>2,420</b>

**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 31 December 2020 and for the comparison period, are shown in the tables below.

December 31 2020, MSEK	Valued at amortized cost	Valued at fair value through profit and loss <sup>1</sup>	Derivatives used in hedge accounting <sup>1</sup>
<b>Assets</b>			
Other non-current financial assets	1	-	-
Trade receivables	818	-	-
Derivatives instruments	-	-	5
Cash and cash equivalents	413	-	-
<b>Total financial assets</b>	<b>1,232</b>	<b>-</b>	<b>5</b>
<b>Liabilities</b>			
Non-current interest-bearing liabilities	1,863	-	-
Other non-current liabilities	-	-	-
Derivatives instruments	-	-	15
Current interest-bearing liabilities	-	-	-
Other current liabilities	-	180	-
Trade and other payables	1,163	-	-
<b>Total financial liabilities</b>	<b>3,027</b>	<b>180</b>	<b>15</b>

December 31 2019, MSEK	Valued at amortized cost	Valued at fair value through profit and loss <sup>1</sup>	Derivatives used in hedge accounting <sup>1</sup>
<b>Assets</b>			
Other non-current financial assets	4	-	-
Trade receivables	901	-	-
Derivative instruments	-	-	-
Cash and cash equivalents	194	-	-
<b>Total financial assets</b>	<b>1,100</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>			
Non-current interest-bearing liabilities	1,925	-	-
Other non-current liabilities	-	116	-
Derivative instruments	-	-	16
Current interest-bearing liabilities	0	-	-
Other current liabilities	-	118	-
Trade and other payables	1,117	-	-
<b>Total financial liabilities</b>	<b>3,042</b>	<b>234</b>	<b>16</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 31 December 2020, and at the end of the comparison period the Group had financial derivatives (level 2) 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 31 December 2020, the derivatives amounted to MSEK -10 (-16).

For the Group's long-term borrowing, which as of 31 December 2020 amounted to MSEK 1,863 (1,925), 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 31 December 2020 amounting to MSEK - (116) and MSEK 180 (118) respectively, refers to the additional purchase price related to performed acquisitions.

The current liabilities to Group entities in the Parent Company as per 31 December 2020 amounted to MSEK 233 (255).

## 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 fulfill its financial obligations.

From Income Statement, MSEK		Q4 2020	Q4 2019	2020	2019
Net sales	<b>A</b>	2,393	2,420	9,940	9,891
Income for the period	<b>B</b>	21	42	208	237
+ Reversal of tax on income for the year		12	25	52	75
<b>Income after finance net</b>	<b>C</b>	<b>33</b>	<b>67</b>	<b>260</b>	<b>312</b>
+ Reversal of financial expenses		23	21	91	113
+ Reversal of financial income		-0	-0	-0	-1
<b>Operating income (EBIT)</b>	<b>D</b>	<b>56</b>	<b>87</b>	<b>351</b>	<b>424</b>
+ Reversal of depreciation, amortization and impairment		93	81	350	325
+ Reversal of share of income of associates		-2	0	-2	-1
<b>EBITDA</b>	<b>E</b>	<b>147</b>	<b>169</b>	<b>699</b>	<b>748</b>
Non-comparable items in income for the period (EBIT)	<b>F</b>	59	16	150	30
<b>Adjusted income for the period (EBIT)</b>	<b>D+F</b>	<b>115</b>	<b>104</b>	<b>500</b>	<b>454</b>
<i>Adjusted operating margin (EBIT)</i>	<i>(D+F)/A</i>	<i>4.8%</i>	<i>4.3%</i>	<i>5.0%</i>	<i>4.6%</i>
Non-comparable items in EBITDA	<b>G</b>	57	16	137	27
<b>Adjusted EBITDA</b>	<b>E+G</b>	<b>204</b>	<b>185</b>	<b>835</b>	<b>776</b>
<i>Adjusted EBITDA-margin %</i>	<i>(E+G)/A</i>	<i>8.5%</i>	<i>7.6%</i>	<i>8.4%</i>	<i>7.8%</i>

From Statement of Cash Flow, MSEK		Q4 2020	Q4 2019	2020	2019
<b>Operating activities</b>					
Operating income (EBIT)		56	87	351	424
Adjustment for non-cash items					
+ Depreciation, amortization and impairment		93	81	350	325
- Share of income of associates		-2	0	-2	-1
<b>EBITDA</b>		<b>147</b>	<b>169</b>	<b>699</b>	<b>748</b>
Non-comparable items in EBITDA	<b>G</b>	57	16	137	27
<b>Adjusted EBITDA</b>		<b>204</b>	<b>185</b>	<b>835</b>	<b>776</b>

From Balance Sheet, MSEK		December 31, 2020	31 December 2019
<b>Total assets</b>		<b>6,385</b>	<b>6,272</b>
<b>Non-current non-interest-bearing liabilities</b>			
Deferred tax liabilities		-166	-174
Other non-current liabilities		-64	-137
<b>Total non-current non-interest-bearing liabilities</b>		<b>-230</b>	<b>-311</b>
<b>Current non-interest-bearing liabilities</b>			
Trade payables		-1,163	-1,117
Tax payables		-29	-12
Other current liabilities		-342	-254
Accrued expenses and prepaid income		-378	-412
<b>Total current non-interest-bearing liabilities</b>		<b>-1,912</b>	<b>-1,795</b>
<b>Capital employed</b>		<b>4,243</b>	<b>4,166</b>
Less: Cash and cash equivalents		-413	-194
<b>Operating capital</b>		<b>3,830</b>	<b>3,972</b>
<b>Average capital employed</b>	<b>H</b>	<b>4,204</b>	<b>4,118</b>
<b>Average operating capital</b>	<b>I</b>	<b>3,901</b>	<b>3,977</b>
Operating income, LTM		351	424
Adjusted operating income, LTM	<b>J</b>	500	454
Financial income	<b>K</b>	1	1
<b>Adjusted return on capital employed</b>	<b>(J+K)/H</b>	<b>11.9%</b>	<b>11.0%</b>
<b>Adjusted return on operating capital</b>	<b>J/I</b>	<b>12.8%</b>	<b>11.4%</b>
<b>Interest bearing liabilities</b>			
Non-current interest-bearing liabilities		1,863	1,925
Non-current leasing liabilities		401	381
Derivates		10	16
Current leasing liabilities		73	73
<b>Total interest-bearing liabilities</b>		<b>2,346</b>	<b>2,394</b>
Less: Cash and cash equivalents		-413	-194
<b>Net interest-bearing debt</b>		<b>1,933</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 11 February 2021 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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- |  |                   |
|--|-------------------|
| • Annual general meeting                     | May 7, 2021       |
| • Interim report for the first quarter 2021  | May 7, 2021       |
| • Interim report for the second quarter 2021 | August 26, 2021   |
| • Interim report for the third quarter 2021  | November 12, 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 11 February 2021.

### 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 and major customer credit losses.

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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