

New segment reporting supporting our strategy – restated historical financial information

Scandi Standard AB (publ), the leading chicken provider in the Nordic region and Ireland, implements a new segment reporting with the two reportable segments Ready-to-cook and Ready-to eat. The new segment reporting is effective as of 1 January, 2021 and will be reported for the first time in the interim report for the first quarter 2021, published on 7 May, 2021. In addition, a new definition of items affecting comparability with stricter classification has been adopted. To facilitate comparability with historical periods, Scandi Standard is today releasing restated historical financial information for the new reportable segments, including restated historical financial information related to items affecting comparability.

Since the listing in 2014, Scandi Standard has presented stable growth, deriving from market-leading positions and well-known local brands for poultry products in the Nordic countries and in Ireland. Chicken consumption is expected to grow over the coming years, as a climate-smart, affordable, and healthy alternative in the protein industry. Furthermore, the trend of the strong end consumer preference for domestic produce is expected to increase further.

While Scandi Standard's presence in five geographical markets provides a stable platform diversifying country-specific risk, an integral part of the strategy for continued growth and value creation is to share best practice, capitalize on product development and drive scale efficiencies across the group. In addition, Scandi Standard sees an opportunity to export best practice when adding new markets through potential strategic acquisitions and partnerships.

Scandi Standard's matrix organisation consists of five country organisations, complemented with group functions supporting value creation. The successful expansion of the Ready-to-eat business, which has grown organically from net sales of SEK 500m to SEK 2bn since 2015, has accentuated the rationale to follow up Ready-to-cook and Ready-to-eat separately, as they largely represent different skill sets and production processes. In 2020, Scandi Standard conducted a comprehensive strategic review, which further strengthened the view that an increased focus on these two reportable segments will be a better way to identify, nurture and spread best practice to support continued growth and value creation.

Based on the strategic review, Scandi Standard's internal organisation has been aligned, including internal reporting and decision-making processes. Consequently, with effect from 1 January, 2021, the segment reporting is updated to comprise the reportable segments Ready-to-cook and Ready-to-eat, as it best reflects how Scandi Standard primarily manages and monitors its operations.

Scandi Standard's Group CEO Leif Bergvall Hansen will, in addition to his existing responsibilities, assume the role as Head of Ready-to-cook. Michael Budtz Berthelsen is assuming the role as Head of Ready-to-eat, in combination with his existing role as Group Supply Chain Director. Each of the five country organisations will remain with integrated responsibility for their overall domestic market as well as their respective client networks.

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

ESG KPIs disclosed on a quarterly basis

In line with Scandi Standard's vision Better Chicken for a Better Life, the ambition is to be a clear ESG leader in the European poultry space, requiring continuous development of governance, initiatives, and reporting to support progress in these areas. Starting from Q1 2021 KPIs regarding CO2-emissions, feed efficiency, use of antibiotics, animal welfare, critical complaints and LTI (Lost time from injuries) will be disclosed on a quarterly basis.

Summary of restated historical financial information

Group

Net sales for the group amounted to SEK 9,940 MSEK FY2020. The Ready-to-cook (RTC) segment represented approximately 77% of net sales, while the Ready-to-eat segment accounted for 19%, based on net sales FY2020. The average Adjusted EBITDA-margin for the last two years was 7,6%.

Ready-to-cook

The Ready-to-cook (RTC) segment is the Group's largest product segment and consists of products that are either chilled or frozen, that have not been cooked. These include whole birds, cuts of meat, deboned and seasoned, or marinated products. Products are made available mainly via Retail and Foodservice sales channels to both domestic and export markets. The segment comprises RTC processing plants in all five countries, the feed business in Ireland, egg production in Norway, and the hatching business in Sweden. Net sales for the segment Ready-to-cook (RTC) include external net sales.

Ready-to-eat

The Ready-to-eat (RTE) segment consists of products that have been cooked during processing and are ready to be consumed, either directly or after being heated up. Products range from grilled and pre-sliced chicken fillets with different seasoning to chicken nuggets. Sales are mainly to Retail and Foodservice sales channels, and part of the production is exported. The segment comprises RTE processing plants in Sweden, Denmark and Norway, combined with third-party production. Net sales for the segment Ready-to-eat (RTE) include external net sales. Operating result for the segment includes the integrated result for the group without internal margins.

Other

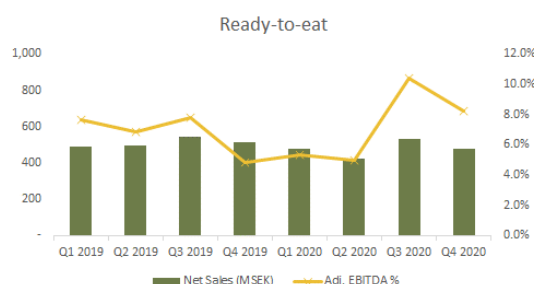
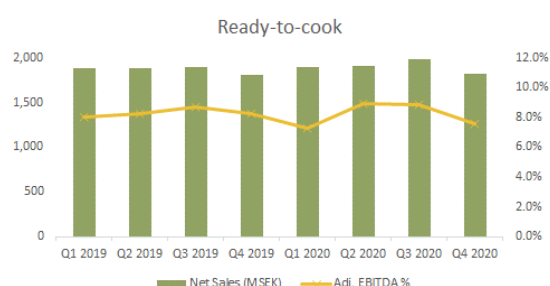
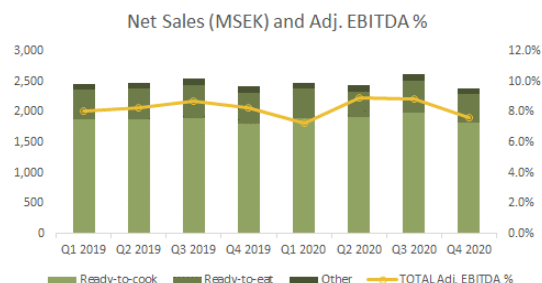
Other includes ingredients, which is surplus products mainly for non-human consumption, and mainly used for industrial production of animal feed and other applications, in line with Scandi Standard's ambition is to utilize the animal entirely, as it reduces production waste to almost zero and contributes to a lower carbon footprint. No individual part of Other is significant enough in size to constitute its own segment.

Group costs

The majority of the costs for group functions are allocated to Ready-to-cook, Ready-to-eat and Other (Ingredients). The remaining costs, which are booked under Group costs, are primarily related to overall management and governance of the Group including the cost of being a listed company.

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Financial targets remain unchanged

- *Net sales:*
Annual average organic growth in line with or above market growth.
- *EBITDA margin, based on EBITDA adjusted for non-comparable items:*
Exceed 10 per cent in the medium term
- *Interest-bearing net debt/ adjusted EBITDA:*
2.0-2.5 x adjusted EBITDA (LTM), may temporarily exceed this level to allow for capturing opportunities for organic growth and acquisitions
- *Dividend policy:*
Approximately 60 percent of profit for the year adjusted for non-comparable items on average over time.

Restated historical financial information

The financial information presented in the table 'Restated historical financial information according to new segment reporting, including restated items affecting comparability' attached hereto encompasses Net sales, Adjusted EBITDA, Adjusted EBITA, Adjusted operating income (Adjusted EBIT), Operating income (EBIT), Adjusted EBITDA margin, Adjusted EBITA margin, Adjusted operating margin (Adjusted EBIT margin), Operating margin (EBIT margin) and has been updated according to the new segment reporting effective as of 1 January 2021. The financial information also includes restated items affecting comparability (non-comparable items). The financial information has been updated for the last eight quarters.

Restated historical financial information related to items affecting comparability

Scandi Standard has decided to update its instruction for treatment of items affecting comparability with new definition implying a stricter classification of such items. Details on restated historical financial information related to items affecting comparability are attached hereto, with the changes per quarter for the last eight quarters.

Presentation of restated historic financial information

The restated historical financial information has been compiled and presented in accordance with Scandi Standard's accounting policies as described in the Annual report for 2020.

Appendix

The enclosed appendix includes the following tables:

- A – Restated historical financial information according to new segment reporting, including restated items affecting comparability
- B – Details on restated historical financial information related to items affecting comparability

The tables are also available in Excel-format in the Investor Relations section of Scandi Standard's website.

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Appendix A: Restated historical financial information according to new segment reporting, including restated items affecting comparability

	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
Ready-to-cook, MSEK	2019	2019	2019	2019	2019	2020	2020	2020	2020	2020
Net sales	1,879	1,883	1,900	1,806	7,467	1,899	1,912	1,983	1,824	7,619
Adjusted EBITDA	151	155	165	150	621	138	170	175	139	622
Adjusted EBITA	99	103	112	97	411	81	111	117	74	382
Adjusted EBIT	87	92	99	84	362	68	98	105	63	333
Non-comparable items	0	-7	0	0	-7	0	0	0	-7	-7
EBIT	87	85	99	84	352	68	98	105	56	326
Adjusted EBITDA margin, %	8.0%	8.2%	8.7%	8.3%	8.3%	7.3%	8.9%	8.8%	7.6%	8.2%
Adjusted EBITA margin, %	5.3%	5.5%	5.9%	5.4%	5.5%	4.2%	5.8%	5.9%	4.0%	5.0%
Adjusted EBIT margin, %	4.6%	4.9%	5.2%	4.7%	4.8%	3.6%	5.1%	5.3%	3.4%	4.4%
EBIT margin, %	4.6%	4.5%	5.2%	4.7%	4.7%	3.6%	5.1%	5.3%	3.0%	4.3%

	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
Ready-to-eat, MSEK	2019	2019	2019	2019	2019	2020	2020	2020	2020	2020
Net sales	489	498	542	514	2,042	476	426	532	476	1,911
Adjusted EBITDA	37	34	42	25	139	26	21	55	39	141
Adjusted EBITA	25	22	28	11	87	13	9	44	28	94
Adjusted EBIT	25	21	28	11	85	13	9	44	29	95
Non-comparable items	0	0	0	0	0	0	0	0	0	0
EBIT	25	21	28	11	85	13	9	44	29	95
Adjusted EBITDA margin, %	7.7%	6.8%	7.8%	4.9%	6.8%	5.4%	5.0%	10.4%	8.2%	7.4%
Adjusted EBITA margin, %	5.2%	4.3%	5.2%	2.2%	4.2%	2.8%	2.2%	8.2%	5.8%	4.9%
Adjusted EBIT margin, %	5.1%	4.2%	5.2%	2.1%	4.2%	2.8%	2.2%	8.2%	6.1%	5.0%
EBIT margin, %	5.1%	4.2%	5.2%	2.1%	4.2%	2.8%	2.2%	8.2%	6.1%	5.0%

	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
Other, MSEK	2019	2019	2019	2019	2019	2020	2020	2020	2020	2020
Net sales	91	91	99	100	381	103	110	106	92	411
Adjusted EBITDA	6	7	4	1	18	2	5	5	0	11
Adjusted EBITA	4	4	3	0	11	1	4	4	-1	7
Adjusted EBIT	4	4	3	0	11	1	4	4	-1	7
Non-comparable items	0	0	0	0	0	0	0	0	0	0
EBIT	4	4	3	0	13	1	4	4	-1	7
Adjusted EBITDA margin, %	6.5%	7.3%	4.3%	0.8%	4.6%	1.8%	4.3%	4.4%	-0.5%	2.6%
Adjusted EBITA margin, %	4.3%	4.5%	2.9%	0.1%	2.9%	0.6%	3.3%	3.6%	-1.6%	1.6%
Adjusted EBIT margin, %	4.3%	4.5%	2.9%	0.1%	2.9%	0.7%	3.3%	3.6%	-1.2%	1.7%
EBIT margin, %	4.3%	4.5%	2.9%	0.1%	3.4%	0.6%	3.3%	3.6%	-1.2%	1.7%

	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
Group Cost, MSEK	2019	2019	2019	2019	2019	2020	2020	2020	2020	2020
Net sales	-	-	-	-	0	-	-	-	-	0
Adjusted EBITDA	-5	-8	-5	-7	-24	-6	-4	-3	-5	-18
Adjusted EBITA	-5	-9	-5	-8	-26	-7	-6	-6	-7	-26
Adjusted EBIT	-5	-9	-5	-8	-26	-7	-6	-6	-7	-26
Non-comparable items	0	0	0	0	0	0	0	-31	-21	-52
EBIT	-5	-9	-5	-8	-26	-7	-6	-37	-28	-78
Adjusted EBITDA margin, %	-	-	-	-	-	-	-	-	-	-
Adjusted EBITA margin, %	-	-	-	-	-	-	-	-	-	-
Adjusted EBIT margin, %	-	-	-	-	-	-	-	-	-	-
EBIT margin, %	-	-	-	-	-	-	-	-	-	-

	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
TOTAL, MSEK	2019	2019	2019	2019	2019	2020	2020	2020	2020	2020
Net sales	2,458	2,472	2,541	2,420	9,891	2,479	2,448	2,621	2,393	9,940
Adjusted EBITDA	190	187	207	169	753	159	192	232	173	756
Adjusted EBITA	123	120	138	101	482	87	117	159	93	457
Adjusted EBIT	110	108	125	87	431	75	105	147	83	410
Non-comparable items	0	-7	0	0	-7	0	0	-31	-28	-59
EBIT	110	101	125	87	424	75	105	116	56	351
Adjusted EBITDA margin, %	7.7%	7.6%	8.2%	7.0%	7.6%	6.4%	7.8%	8.8%	7.2%	7.6%
Adjusted EBITA margin, %	5.0%	4.9%	5.4%	4.2%	4.9%	3.5%	4.8%	6.1%	3.9%	4.6%
Adjusted EBIT margin, %	4.5%	4.4%	4.9%	3.6%	4.4%	3.0%	4.3%	5.6%	3.5%	4.1%
EBIT margin, %	4.5%	4.1%	4.9%	3.6%	4.3%	3.0%	4.3%	4.4%	2.3%	3.5%

Appendix B – Details on restated historical financial information related to items affecting comparability

Items affecting comparability (non-comparable items) are transactions or events that rarely occur or are unusual in the ordinary business operations, and hence are unlikely to occur again.

The tables below outline the bridge from items affecting comparability before restatement to after restatement. For completeness, the residual is listed under the heading Specific explanatory items (exceptional items).

Specific explanatory items (exceptional items) are transactions or events that do not qualify as items affecting comparability as they are likely to occur from time to time in the ordinary business operations. Disclosures about these items are provided to facilitate the understanding and assessment of the financial result.

Items affecting comparability (non-comparable items) in the operating income (EBIT) 2019-2020

SEK M	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020
Bird flu ¹⁾									-15	-15
Earn-out Debt adjustment ²⁾								-31	-21	-52
Covid-19 pandemic ³⁾						-27	-17		-16	-60
Strategy project ⁴⁾						-16				-16
Restructuring ⁵⁾		-6		-5	-12					
Restructuring of production ⁶⁾		-7			-7				-7	-7
Transaction costs ⁷⁾				-1	-1					
Costs for incorrect inserts goods ⁸⁾				-6	-6					
Other				-4	-4					
Total	-	-13	-	-16	-30	-42	-17	-31	-59	-150

Items affecting comparability (non-comparable items) in the operating income (EBIT) 2019-2020 Restated

SEK M	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020
Bird flu ¹⁾										
Earn-out Debt adjustment ²⁾								-31	-21	-52
Covid-19 pandemic ³⁾										
Strategy project ⁴⁾										
Restructuring ⁵⁾										
Restructuring of production ⁶⁾		-7			-7				-7	-7
Transaction costs ⁷⁾										
Costs for incorrect inserts goods ⁸⁾										
Other										
Total	-	-7	-	-	-7	-	-	-31	-28	-59

SEK M	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020
Ready-to-cook		-7			-7				-7	-7
Ready-to-eat										
Other										
Group cost								-31	-21	-52
Total	-	-7	-	-	-7	-	-	-31	-28	-59

1) Cost related to bird flu - mainly inventory write-down.

2) 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.

3) 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).

4) Comprehensive strategy project in the Group aimed to review the business has resulted in a common Group strategy on medium-and long-term path.

5) Restructuring costs in Denmark in 2019.

6) For 2019, Closing of hatchery in Finland in the second quarter 2019. 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.

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

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

Specific explanatory items (exceptional items) in the operating income (EBIT) 2019-2020

SEK M	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020
Bird flu ¹⁾									-15	-15
Earn-out Debt adjustment ²⁾										
Covid-19 pandemic ³⁾						-27	-17		-16	-60
Strategy project ⁴⁾						-16			-	-16
Restructuring ⁵⁾		-6		-5	-12					
Restructuring of production ⁶⁾										
Transaction costs ⁷⁾				-1	-1					
Costs for incorrect inserts goods ⁸⁾				-6	-6					
Other				-4	-4					
Total	0	-6	0	-16	-23	-42	-17	0	-31	-91

SEK M	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020
Ready-to-cook		-4		-10	-14	-29	-5		-29	-63
Ready-to-eat		-2		-6	-8	-12	-13	0	-3	-27
Other						-1				-1
Group cost				-1	-1					
Total	0	-6	0	-16	-23	-42	-17	0	-31	-91

1) Cost related to bird flu - mainly inventory write-down.

2) 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.

3) 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).

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