



Scandi  
Standard



# Annual Report 2021

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## About the annual and sustainability report

Pages 51–98 constitute the statutory annual report, which has been audited. Sustainability is integrated into the operations and is therefore integrated in the Annual Report. Sustainability information can be found on pages 27–47 and 109–115. Scandi Standard presents a reviewed sustainability report prepared in accordance with the GRI Standards: Core option, and a sustainability report in accordance with the Swedish Annual Accounts Act. This Annual Report is an English translation of the Swedish original. In the event of any discrepancies, the Swedish version shall govern.



# Vision, mission and values

It is always possible to do things better. We believe that our vision, mission and values can enable Scandi Standard to produce better chicken and help people to lead better and healthier lives for themselves, their families and our planet.

## Our vision

### Better Chicken for a Better Life

We contribute to the joy of food and sustainable food production, by providing healthy, innovative chicken products that are produced in a responsible and resource-efficient way.

## Our mission

### “The Scandi Way”

Our mission is also our commitment to sustainability, and for us this means how we work every day to create value and profitability with our products in a responsible way and contribute to the health and well-being of people, chickens and the planet we all share.

## Our values

### Openness

Openness means being transparent and honest, which enables us to help each other between countries and between functions so that we are constantly improving and developing.

### Challenge

Challenge means challenging ourselves and the industry every day. We do this by always asking questions to identify better solutions and constantly improve.

### Sense of Urgency

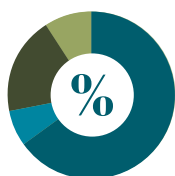
Acting now means there is no time to lose, as time waits for nobody. We act quickly and smartly, and assume responsibility for creating value throughout the value chain in order to make all consumers confident that they have made the right choice by choosing our products.

# This is Scandi Standard



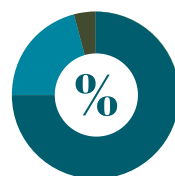
Scandi Standard is the leading producer of chilled, frozen and ready-made chicken products in the Nordic countries and Ireland. In Norway we also produce and sell eggs. Every day, in everything we do, we ensure that our products meet the highest levels for quality, innovation and sustainability. Our well-known brands include Danpo, Den Stolte Hane, Kronfågel, Manor Farm and Naapurin Maalaiskana. Our customers are found in the retail, food service and food industry sectors and we export to more than 40 countries. Our ambition is to set the standard for chicken production in the markets in which we operate.

Net sales per sales channel



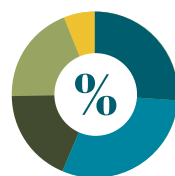
- Retail, 65%
- Export, 7%
- Foodservice, 19%
- Food industry/Other, 9%

Net sales by segment



- Ready-to-cook, 75%
- Ready-to-eat, 21%
- Other, 4%

Net sales per country



- Sweden, 26%
- Denmark, 30%
- Norway, 18%
- Ireland, 19%
- Finland, 6%

Net sales  
**10,101**  
SEK million

Operating profit  
**222**  
SEK million



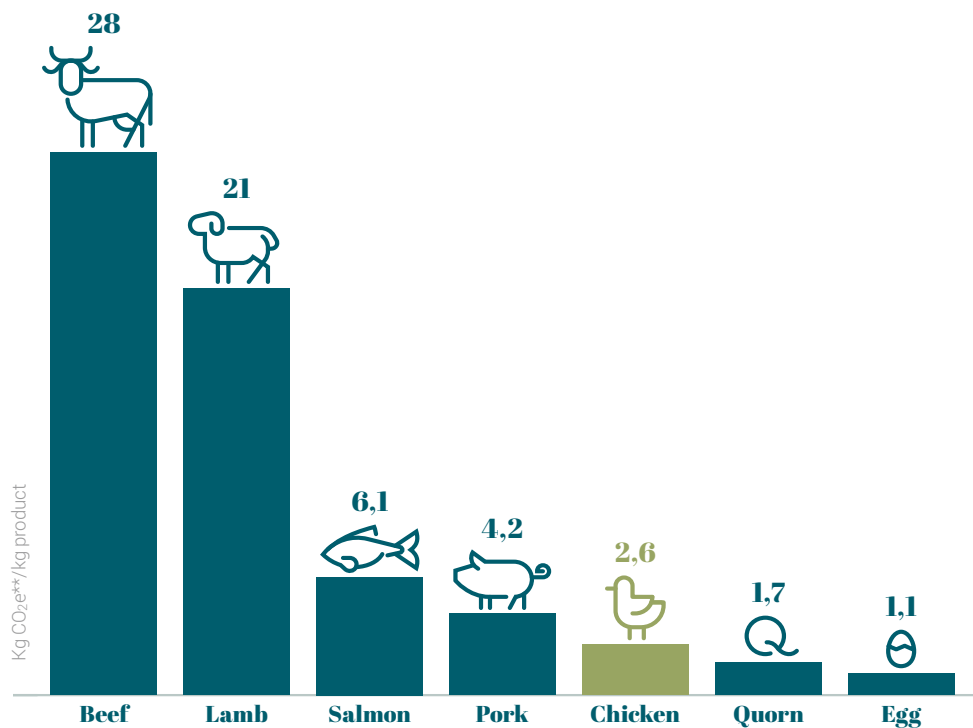
Employees  
**3,215**

CO<sub>2</sub> emissions  
**79.9**  
g CO<sub>2</sub>e per kg product\*\*\*

Use of antibiotics  
**-28%**  
decreased share treated flocks

## The impact of chicken on the climate

The carbon footprint of chicken is ten times lower than beef and significantly lower than Norwegian salmon; and in combination with the fact that chicken is one of the world's most versatile foods, this means that chicken consumption is expected to grow over the next decade.\*



All figures in the graph represent Swedish meat, except the figures for salmon (Norway) and Quorn (UK).  
Source: Open list – an excerpt from the RISE climate database for food v 1.7

\* OECD-FAO report  
\*\* Greenhouse gases  
\*\*\* Includes Scope 1 and Scope 2 from all major production plants. For more information, refer to the sustainability report p. 43–46

# The year in brief

## Award in Ireland

Our new Irish brand Sicín Sásta (Happy Chicken) was launched in mid-March 2021 and celebrated half a year on the market with a prestigious award, when Irish grocery retailers presented “Brand Marketing Team of the Year” to the team behind the product.

Sicín Sásta has lofty ambitions: to become the number one chicken brand in Ireland. It has already gone down well with customers thanks to high quality and emphasis on animal welfare, a local connection, nutritional content and, not least, flavour. Sicín Sásta has also garnered a lot of attention for its innovative new packaging.

## Top animal care ranking for Den Stolte Hane

The Business Benchmark on Farm Animal Welfare (BBFAW) is an international programme for assessing the performance of businesses in relation to animal welfare and their reporting on the same. The BBFAW is conducted annually and aims to help achieve more transparency on animal welfare and better conditions for animals in food production.

The BBFAW has been implemented in Norway for the first time. Den Stolte Hane was one of only two companies in Norway, and of 26 Norwegian companies overall, to receive the highest ranking – Tier 1.

**3%**

**Organic growth** amounted to 3 percent, which is lower than the long-term growth of 6–7 percent per year that we have experienced historically.

**2.2%**

The **operating margin** fell during the year due to lower profits in Ready-to-Cook.

**–49%**

**Earnings per share** fell by 49 percent during the year and have been negatively impacted by a deterioration in operating profit.

**–9%**

**Foot points**, a leading industry indicator for animal welfare, where a low score corresponds to good foot health, saw an improvement from 10.2 to 9.3 at Group level.



## Right to movement and Kronfågel Ice Arena

With the Right to Movement initiative, Kronfågel is aiming to support initiatives to give more children the opportunity to get moving and meet others, and is also passing on its knowledge of good food to all parents. Kronfågel has supported ten or so initiatives all over Sweden this year.

One of Katrineholm's most popular event venues has been renamed the Kronfågel Ice Arena in connection with the project. A unique collaboration between Kronfågel and the municipality of Katrineholm means that this arena will become a place where more young people and adults can meet up and get moving. The aim is to help improve health and provide more opportunities to residents of Katrineholm, where most of Kronfågel's staff live.

## New state-of-the-art facility in Finland

Naapurin Maalaiskana relocated all production, administration and logistics to new state-of-the-art shared premises in Lieto. More space and better acoustics mean a clearly improved work environment for all employees. The new plant is highly efficient with the latest production technology installed, and dimensioned to meet customer demand for innovative new chicken products in the future.

## Bird flu

Over the past year, there have been outbreaks of bird flu in several of Scandi Standard's markets, however, none of Scandi Standard's chicken growers have been affected directly. The teams in each country work closely with our growers on preventive measures such as good animal welfare and strengthening immune systems. At an overarching level, dialogue is ongoing with relevant authorities to ensure preparedness and that the right measures are taken if infection is detected. This includes setting up zonal systems to guarantee disease control, as well as to introduce effective regionalisation to prevent growers and the chicken industry being hit harder than necessary in the event of export restrictions.

## KPIs

SEK million	2021	2020
Net sales	10,101	9,940
EBITDA	598	699
Operating profit (EBIT)	222	351
Non-comparable items	9	-59
Adjusted EBITDA*	589	756
Adjusted operating income (EBIT)*	213	410
Profit after net financial items	140	260
Profit of the Year	103	208
Interest-bearing net debt	1,980	1,933
Operating cash flow	347	476
Organic growth, %	3	3

%	2021	2020
EBITDA-margin	5.9	7
Operating margin (EBIT)	2.2	3.5
Adjusted EBITDA margin*	5.8	7.6
Adjusted operating margin (EBIT)*	2.1	4.1
Return on capital employed*	5.2	8.4
Return on equity	5.5	11.5
Equity/assets ratio	30	29.4
Average number of employees	3,215	3,220
Employee engagement index	72 <sup>1)</sup>	72
Feed efficiency, kg feed/kg live weight	1.52	1.52

<sup>1)</sup> Latest measurement 2020.

\* Adjusted for non-comparable items, see page 52. Scandi Standard implemented a new definition for treatment of items affecting comparability in the first quarter 2021 which implies a stricter classification of such items. Financial information for the years 2020 to 2017 has been restated related to items affecting comparability. For a definition of alternative performance measures, see page 108.

# New start for Scandi Standard after a challenging year

Johan Bygge has been the new Chairman of Scandi Standard since the spring of 2021, and he together with the Board appointed Otto Drakenberg as interim Managing Director and CEO in June. This is how they jointly describe the past year.

**Johan Bygge:** It has been very exciting to get to know the company and its prerequisite, and I see great potential going forward in terms of both business and product, but also in terms of our skills and capabilities. However, 2021 has been a very tough year for Scandi Standard and we have faced both external and internal challenges; the rising cost of input goods, falling export prices, production challenges related to supply capacity and regulatory compliance, to name but a few. We have also had to put the right people in the right places and create a clear division of responsibilities. Under Otto's leadership, work began on a comprehensive Group-wide improvement programme last summer. The aim of this programme is to return Scandi Standard to profitability in line with the 2016 to 2020 period as soon as possible, and to lay the foundations for long-term sustainable and profitable growth and returns from this starting point.

**Otto Drakenberg:** In my assessment, we needed to put an improvement programme in place quickly to ensure that we worked in a focused way on both the general structural issues and the more urgent measures. Combining action here and now with more of a long-term perspective was key. The historically high price increases for many of our inputs goods, especially feed, have presented us with our greatest external challenge during the year. That was why we conducted a large number of successful price negotiations with our customers in the second half of 2021 in order to compensate for these increases. The price increases will have a clear impact in 2022, and I am impressed by the way in which our commercial teams have driven this work in all markets. We also value the strong and professional relationships we have with our customers. The price issue will continue to be key for Scandi Standard in both the short and the long term, not least in order to fend off continued cost increases on input factors.

A lot of effort has also gone into reversing the negative developments in Denmark and Ireland, as well as the problems that arose in Sweden during the year, where low export



**As we summarize 2021, I conclude that the foundation for Scandi Standard's next development step is in place.**



prices and production disruptions made the situation worse. In Denmark, the challenging situation in the Ready-to-Cook segment also became acute. The earlier decision to switch to a new breed of slower-growing birds was made without sufficient customer input. However, consumer demand for slow-growing chicken is increasing in the Danish market, and a new approach is now being implemented in close cooperation with our retail customers and looks promising.

During the autumn, we launched a multi-stage programme of cost savings, the first part of which is now complete, while also reviewing our investment process and introducing new procedures and monitoring to ensure long-term value creation.

The Norwegian operations have had another strong year and developed into the most profitable in the Group.

During my time at Scandi Standard, I have been really struck by how many talented, ambitious and committed colleagues we have in the Group. To reap the full benefits of this, we have implemented a number of organisational and operational changes during the year, including staff changes at management level. Highlighting talented employees in combination with the new energy received through external recruitment bodes well for taking the company to the right level going forward.

**Johan:** Although the company has had a turbulent year, it is important to remember that the basic premise of Scandi Standard is still highly relevant. Chicken consumption is lower in our domestic markets than in much of the rest of the world, which is a good starting point for growth over time as chicken in itself is tasty, healthy and highly valued by consumers. The Nordic countries are world leaders in animal welfare, and this is a key issue for end consumers. Chicken is a climate-smart protein that has an important part to play in the transition to more sustainable food consumption. This was true at the time of the company's listing on the stock exchange, and it remains true today. Scandi Standard has also delivered robust growth over time. The company is now in a stabilisation phase where the emphasis is on putting the right resources in place quickly, in terms of both management and operational structure. This is the way to deliver on customer satisfaction, quality, the company's performance- and return targets and the company's sustainability promise.

**Otto:** The Board and I share the view that a strong quality culture with a major emphasis on compliance and zero tolerance for unresolved non-compliances is absolutely crucial, both now and in the future. The situation in which the Swedish business Kronfågel found itself in 2021 taught us that we have to work even harder to meet both our own high standards and the expectations of consumers. We now have a structured process in place to identify and address potential future deviations at our production plants at an early stage.

The fact that most of the challenges highlighted during the year were addressed before the end of the year was, of course, an encouraging sign. This was made possible by reducing the intake of birds for production in Sweden and Ireland, and by the intensive efforts of the employees at our production organisation. A clear and distinct message from the management on what applies in this company was also important. The growing

confidence of our customers and consumers is the final proof of our progress in this continuous improvement process.

**Johan:** As we summarize 2021, I conclude that the foundation for Scandi Standard's next development step is in place. Although there are still uncertainties in the world, I can also see a lot of positive signs; and I am convinced that the company is more stable today because of the way in which it faced the challenges of 2021. Going forward, there is continued emphasis on the ESG aspects, which are an integral part of Scandi Standard's DNA and are receiving increasing attention from everyone. During 2020, the company signed the UN Global Compact. This is a commitment that we renew every year, and we are reporting on sustainability and responsible business in this report. Scandi Standard's promise to constantly do more for our chickens, for people and for the planet we share is more relevant than ever.

**Otto:** I believe that Scandi Standard should continue its long-term efforts to become the recognised and clear leader when it comes to meeting and surpassing regulations on animal welfare, food safety and the work environment in our industry, while further strengthening the commercial position in each country, product development and correct pricing being two crucial parameters. As we get these things right, I have no doubt that Scandi Standard will set the standard for our category in the future, both in relationship to our partners and to our customers and consumers.

I would also like to take this opportunity to thank all our staff for their extraordinary work during the past year, and for the support the management and I have received in our efforts to overcome our challenges and make Scandi Standard ready for new growth going forward.

**Johan:** And I know I am speaking for both of us when I thank our existing shareholders for their patience and trust. All the measures now being implemented are, of course, also aimed at delivering additional shareholder value. On 1 April, our new permanent Managing Director and CEO Jonas Tunestål takes office. With his extensive industry experience he will take these ongoing initiatives further. I would therefore also like to take this opportunity to thank you, Otto, for your very valuable efforts to build a stronger Scandi Standard from the ground up. And last but by no means least, my warmest thanks go to all our staff for their hard work this year.



**Otto Drakenberg**  
Managing Director  
and CEO



**Johan Bygge**  
Chairman of the  
Board

# Trends and drivers for chicken in the global market

The demand for chicken has continued to rise steadily over recent decades, while major global issues such as climate change are affecting all food production. Chicken is a very good type of food from both a climate and health perspective and has a low environmental impact. It is also rich in protein, but low in fat and easy to vary with different flavours.

## Low climate impact

The climate impact of chicken is ten times lower than beef and significantly lower than Norwegian salmon, according to a climate database produced by the Research Institutes of Sweden (RISE). Compared to other animal proteins, chicken is very efficient when it comes to converting feed into meat.



## Growing consumer awareness

An increasing number of people are making conscious decisions and choosing foods both from a health point of view and with regard to the environment. This is driving the development from red meat and sugar to, in the first instance, chicken and fish, but also to plant-based foods. At the same time, growing consumer awareness is driving the need to introduce more detailed lists of ingredients and the demand for products with fewer ingredients and additives, as well as less processed foods. These are aspects that promote chicken as a natural choice.



## A growing population is driving growth

The growing population will continue to drive growth globally and there are no major structural changes that are expected to affect demand. Chicken continues to be the fastest growing animal protein source and is forecast to account for about half of total growth by 2029. The OECD estimates that consumption will increase in Europe and Central Asia by almost 2 kg per capita to 28 kg per capita in 2029\*.

\*OECD/FAO (2020), OECD-FAO Agricultural Outlook 2020–2029, FAO, Rome/OECD Publishing, Paris, <https://doi.org/10.1787/1112c23b-en>.

## Authorities are legislating for healthier foods

Growing public health issues such as obesity, diabetes and other diseases linked to poor diet have led several countries to introduce laws and taxes to promote the consumption of healthier foods, such as the sugar tax in Norway. Chicken is relatively low in calories and high in protein, it is therefore considered to be healthier for us humans than red meat. Food recommendations from around the world unanimously indicate that a healthier diet should contain more white meat and less red meat.



## Affordable protein

Chicken is an extremely affordable source of protein for the individual, society and the environment. The relatively short growing period of chicken implies, for example, a lower feed and energy usage than for other types of animal protein, which results in lower production costs.



## Accepted in a globalised world

In a world where globalisation is constantly increasing, people from different cultures and religions are living side by side. Although various traditions, customs and food habits remain, some other habits change; for example, many people in the West who used to eat red meat and pork are turning away from them for both health and environmental reasons. It is challenging for schools, hospitals, staff canteens and other food service companies who want to be able to offer delicious and nutritious food that is suitable for everyone. Chicken offers a perfect solution as it is accepted by the majority of the major religions in the world.



## Changes in food consumption

The convenience wave and "Convenience Food" supersede all food trends, including "Hood Food" (locally produced) and "Clean Eating" (food without additives). The growth of food recipe delivery services, online shopping and products that are bought ready-to-eat are all examples of this. This trend can be seen in every category from cheap, simple food to gourmet food, and from the unhealthy to the healthy. Chicken has a natural place in all trend and food categories and is mostly both locally sourced and free of additives and antibiotics.

A survey also shows changes in attitudes to convenience food. Since 2015, the number of discussions in social and traditional media on this topic has gradually increased. Whereas before it was linked to the more negative aspects of fast food, such as diabetes and sugar intake, the discussions are now about the climate and the impact of food on the environment, both in terms of carbon dioxide emissions, and in the use of plastics and single-use packages.

## Case: Hatching on site

One of our most important areas for better animal welfare is to provide the best possible conditions for our newly hatched chickens. Proper incubation and housing and early access to water and feed are examples of factors that have a major impact on their health and wellbeing throughout the rearing process as well as on growth and development of the immune system.



– How the newly hatched chicken feels and is handled is crucial to its ability to stay healthy and absorb nutrients. This is why we have long-term partnerships with selected parent bird farms, and try to carefully optimise the cooperation and our own processes. We are also continuously investing in new intelligence and new ways of working so as to give our chickens the best possible start in life, says Tommi Saksala, Director Group Live Operations.

### Hatching on site

Traditionally, chickens are hatched in a hatchery and then transported to the farmer's premises when they are a day old. This can pose a risk of stress or negative health impacts.

One alternative is to allow hatching to take place directly in the chicken stalls at the farmer's premises, i.e. to transport the eggs there in advance. The big difference for the chickens is that they have direct access to food and water and do not have to wait for this while they are being transported, for example. In conclusion, it increases the chances of chickens being calm and happy.

This concept has been tested and successfully applied to some of our chickens in Denmark and Norway.

Over the past two years, preparatory efforts have been made to switch to full-scale "farm hatching" for our operations in Ireland. Among other things, we have invested in equipment and conducted trials with farmers, with positive results.

# 3

### success factors:

Direct access to food, water,  
and no transport.

# Strategy for profitable and sustainable growth

Food is deeply rooted in local traditions, cultures and tastes. Our overall strategy combines the strength of being a group and the ability to run efficient production processes on a large scale across several countries with the local context required to create strong brands that consumers appreciate.



## VISION

# Better Chicken for a Better Life

## BUSINESS PHILOSOPHY

Being local and drive scale efficiencies

## FINANCIAL OBJECTIVES

## STRATEGY 1

Product innovation  
and business  
development

## STRATEGY 2

Commercial  
optimizations

## STRATEGY 3

Drive cost out  
of supply chain

## STRATEGY 4

Optimize the  
broiler value

## STRATEGY 5

Agile  
organisation

## CULTURE

We are Open | We Challenge | We have a Sense of Urgency

## MISSION

The Scandi Way – the way we work every day to become better and make a difference, promoting health and wellbeing for the people, the chickens and the planet.

# Our five strategic areas

## Product and business development

Our goal is to grow at a similar or better rate than the market by continuously delivering product innovations and building strong local brands. We invest in product development that contributes to products with a higher degree of refinement and a more extensive product range featuring new categories which in turn will lead to growth..

## Commercial optimisation

Our aspiration is to constantly streamline our operations by integrating joint planning, systems and management to ensure the optimal balance between commercial excellence and production capacity. Investments in improved automation and the optimisation of cutting technology provide a rise in both efficiency and productivity per employee, a better return per bird and less waste in production.

## Cost awareness in the value chain

We are constantly looking for new ways of capitalising on the strength of being a group, to work and act as a company and thereby improve efficiency across the entire value chain. Coordinating production and sales resources across the markets in order to ensure that the best technology and processes are being applied throughout the Group is a vital element to achieving profitability.

## Optimise broiler value

Our focus is on a measurably high level of animal welfare, sustainability and feed quality along with value-based replacement models to ensure that our chicken maintains a high and consistent quality thereby generating the conditions for a higher value for our finished products.

## An agile organisation

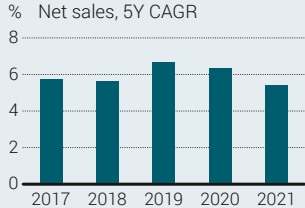
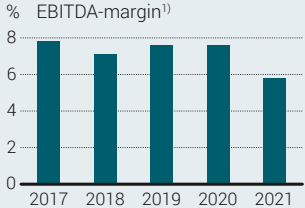
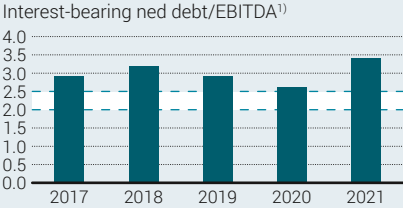
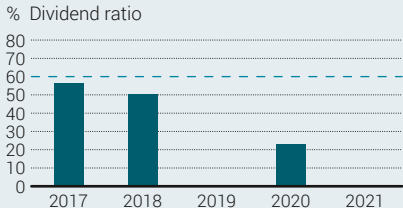
The needs of our customers and consumer trends in constant flux require a fastpaced organisation that lives our values and that creates a culture that inspires and attracts the very best talent.

## Strategy review 2022

Work began in 2021 on a strategy review for the entire Group, both centrally and in the individual countries. This process will continue over the first six months of 2022 and will be based on insights from the challenges faced by the company during 2021. The updated strategy sets out a path for long-term value creation and profitable growth by

enhancing focus on sustainability and compliance, alongside continued efforts to tighten up our commercial and operational capabilities. The strategy is rooted in an inclusive approach involving many managers and employees throughout the development process, while also being refined.

# Financial targets

	Medium-term goals	Results 2021	Results 2017–2021	Objective
<b>Net sales</b>	Annual average organic growth in line with or above market growth.	<b>+5% (5Y CAGR)</b>		Growth in line with or higher than growth in the market shows that operations are retaining or increasing their market share, proving that we are competitive.
<b>EBITDA margin<sup>1)</sup></b>	Exceed 10 percent in the medium term.	<b>5.8%</b>		An EBITDA margin of more than 10 percent is important for us to be able to ensure good profitability and a strong cash flow.
<b>Interest-bearing net debt/EBITDA<sup>1)</sup></b>	2.0–2.5 x EBITDA (LTM), but may temporarily exceed this level to allow for capturing opportunities for organic growth and acquisitions.	<b>3.4</b>		The interest-bearing net debt in relation to EBITDA measurement shows how well our capital structure reflects our size and profitability. If the measurement is within this target, we are well prepared for leaner times and we have the capacity to take advantage of future acquisitions.
<b>Dividend ratio</b>	Approximately 60 percent of profit for the year adjusted for non-comparable items on average over time.	<b>0%</b>		This measurement shows how much of the profit is distributed among the shareholders. A high and stable dividend level is important for the share to be an attractive investment.

<sup>1)</sup> EBITDA adjusted for non-comparable items. Scandi Standard implemented a new definition for treatment of items affecting comparability in the first quarter 2021 which implies a stricter classification of such items. Financial information for the years 2020 to 2017 has been restated related to items affecting comparability for the alternative performance measures adjusted EBITDA and adjusted operating income (adjusted EBIT). For a definition of alternative performance measures, see page 108.



# Sustainability goals

	Medium-term goals	Results 2021	Results 2017–2021	Objective												
<b>Employee engagement</b>	Satisfaction and motivation index 71.	<b>72</b> latest measurement 2020	<p>Index</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Index</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>No measurement</td> </tr> <tr> <td>2018<sup>1)</sup></td> <td>72</td> </tr> <tr> <td>2019</td> <td>No measurement</td> </tr> <tr> <td>2020</td> <td>72</td> </tr> <tr> <td>2021</td> <td>No measurement</td> </tr> </tbody> </table>	Year	Index	2017	No measurement	2018 <sup>1)</sup>	72	2019	No measurement	2020	72	2021	No measurement	Motivated employees who are thriving are essential to the Group's development and success. This is monitored at Group level through the ScandiPuls employee survey, which is conducted every two years. No survey was conducted for all employees in 2021, only for office workers.
Year	Index															
2017	No measurement															
2018 <sup>1)</sup>	72															
2019	No measurement															
2020	72															
2021	No measurement															
<b>Carbon dioxide emissions, g CO<sub>2</sub>e per kg product</b>	-5% per year	<b>-1.4%</b> 79.9g CO <sub>2</sub> e per kg product <sup>2)</sup>	<p>g CO<sub>2</sub></p> <table border="1"> <thead> <tr> <th>Year</th> <th>g CO<sub>2</sub>e per kg product</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>80</td> </tr> <tr> <td>2019</td> <td>80</td> </tr> <tr> <td>2020</td> <td>80</td> </tr> <tr> <td>2021</td> <td>80</td> </tr> </tbody> </table>	Year	g CO <sub>2</sub> e per kg product	2018	80	2019	80	2020	80	2021	80	Scandi Standard views climate change as one of the most crucial matters of our age, and we need to do our part to reduce emissions, and also identify and manage the risks resulting from climate change. The data reported include energy use at our own larger production facilities.		
Year	g CO <sub>2</sub> e per kg product															
2018	80															
2019	80															
2020	80															
2021	80															
<b>Use of antibiotics</b>	<1% flocks treated.	<b>5.2%</b>	<p>% Flocks</p> <table border="1"> <thead> <tr> <th>Year</th> <th>% Flocks</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>0,2</td> </tr> <tr> <td>2018<sup>3)</sup></td> <td>0,0</td> </tr> <tr> <td>2019<sup>3)</sup></td> <td>0,1</td> </tr> <tr> <td>2020<sup>3)</sup></td> <td>0,0</td> </tr> <tr> <td>2021<sup>3)</sup></td> <td>0,33</td> </tr> </tbody> </table>	Year	% Flocks	2017	0,2	2018 <sup>3)</sup>	0,0	2019 <sup>3)</sup>	0,1	2020 <sup>3)</sup>	0,0	2021 <sup>3)</sup>	0,33	Antibiotic resistance is a serious global health challenge. We have an important role to play in minimising the use of antibiotics in food production by keeping our chickens healthy.
Year	% Flocks															
2017	0,2															
2018 <sup>3)</sup>	0,0															
2019 <sup>3)</sup>	0,1															
2020 <sup>3)</sup>	0,0															
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<b>Feed efficiency (feed conversion ratio)</b>	1.49 kg feed/kg live weight	<b>1.52</b>	<p>Kg feed</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Kg feed/kg live weight</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>1,55</td> </tr> <tr> <td>2018</td> <td>1,52</td> </tr> <tr> <td>2019</td> <td>1,52</td> </tr> <tr> <td>2020</td> <td>1,52</td> </tr> <tr> <td>2021</td> <td>1,52</td> </tr> </tbody> </table>	Year	Kg feed/kg live weight	2017	1,55	2018	1,52	2019	1,52	2020	1,52	2021	1,52	Feed efficiency is an important indicator in order to optimise the rearing process. Chickens are very good at converting feed into meat, the feed efficiency is a direct indicator of the quality of the feed, and how well the chickens are being taken care of.
Year	Kg feed/kg live weight															
2017	1,55															
2018	1,52															
2019	1,52															
2020	1,52															
2021	1,52															

<sup>1)</sup> Our Irish company Manor Farm participated for the first time in 2018, which means the results are exclusive of Ireland 73, higher stack.

<sup>2)</sup> Includes energy consumption (Scope 1 and 2) at our larger production facilities; more detailed information with larger scope is presented in the Sustainability Report.

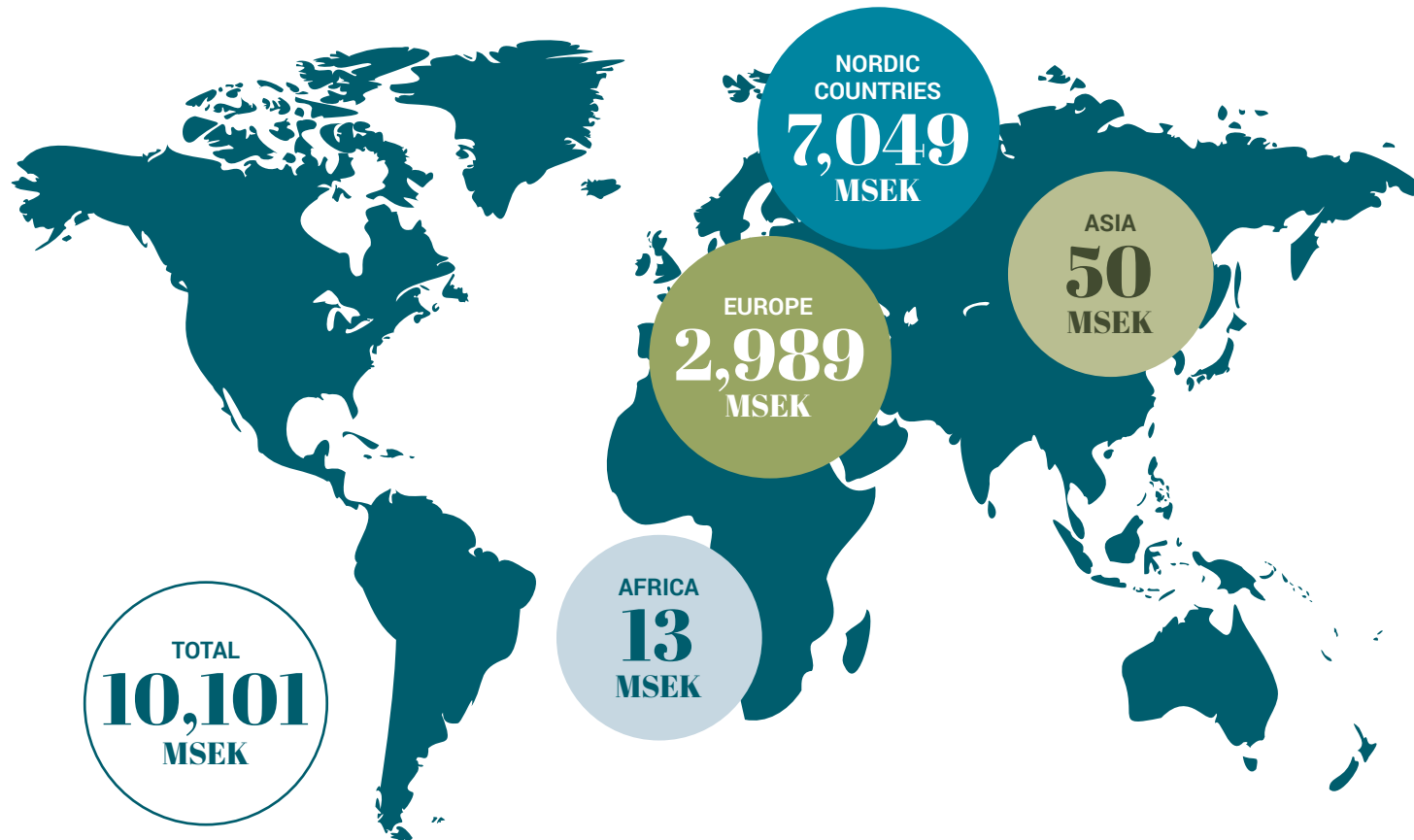
<sup>3)</sup> Since 2018, the result is reported including (higher stack) and excluding Ireland.

# Our markets, product segments and sales channels

Scandi Standard has operations in all the Nordic countries and in Ireland. Furthermore, we export products to over 40 countries around the world and we deliver to retail outlets, restaurants, restaurant wholesalers and food service as well as to industry. The business is divided into our main product segments Ready-to-cook, Ready-to-Eat and Other. The chicken market overall is characterised by stable organic growth, particularly in the Nordic markets where the consumption of chicken is still relatively low and is therefore a potential source of continued high growth.

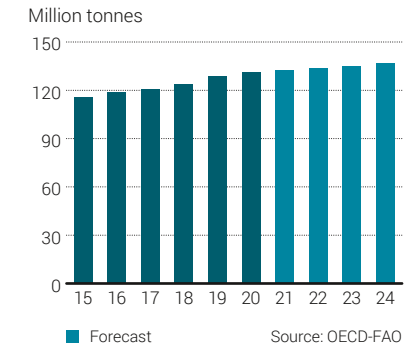
# Our markets

## Net sales per market, external sales



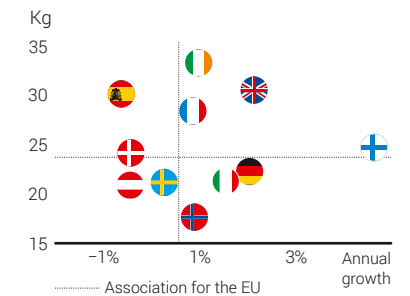
Scandi Standard's domestic markets consist of the Nordic countries and Ireland. In these countries we have our producing plants. All markets are characterised by a high level of domestic pride in locally produced products and Scandi Standard's brands are well known and hold a strong position in each market. The consumption of chicken in Ireland is greater and more in line with other European countries in relation to the Nordic countries which means there is a greater potential for higher growth in the Nordic countries. Our export markets consist primarily of the rest of Europe and Asia, where we for the most part sell products such as wings and feet.

## Global consumption of poultry



## Growth potential

Chicken consumption per capita and year



Source: Association of Poultry Processors and Poultry Trade within the EU, Swedish Board of Agriculture and others, and the company's best estimates.

## Largest competitors 2021

**Sweden:** Guldfågeln, Atria

**Denmark:** HK Scan

**Norway:** Nortura, Norsk Kylling

**Ireland:** Western Brand, Shannonvale

**Finland:** HK Scan, Atria



# Our product segments

## Ready-to-cook

Ready-to-cook (RTC) is our largest product category and comprises products for self-preparation by the customer or consumer. They can be whole birds, cuts of meat, deboned and seasoned, or marinated products. We sell to both Retail and Foodservice in our domestic markets in the Nordic countries and Ireland, and we also sell for export.

The products can be divided into the subcategories of chilled and frozen products. Chilled products are sold fresh to customers, so there are stricter requirements for production planning and logistics. The frozen products are quick-frozen after production. The products are frozen before they are packaged and most products are also frozen individually to make them easier to thaw. Although products are sometimes frozen at the production plant, they are generally frozen at the freezer warehouse.

We also sell chicken that is grilled in store in some markets. This means that chickens that have been prepared to be grilled for retail are sold to the stores and sold freshly grilled over the counter.

The biggest selling product in all of our markets is the natural chicken fillet. There is always a risk of overproducing wing and leg products, as the demand for these products does not keep up with the demand for fillets. There needs to be what is known as an 'anatomical balance' in the sales mix. This is why we are working intensely with the innovation of products that use other parts of the chicken, for example, by deboning them. Bone-free products are more attractive and command a higher price, for example, ChickenSteak which is a deboned chicken leg. We are also working



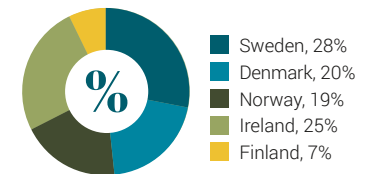
on processing charcuterie products, such as bacon and sausages, where other types of cuts can be used.

Sales in Sweden have previously largely consisted of frozen products with a low degree of processing, but in recent years the trend has shifted towards a higher proportion of fresh and more processed products that offer more convenience to the consumer, which is a positive development as these products command a higher price. Other countries do not have the same tradition of frozen products, as chilled products are the primary product category. We also see a similar trend where consumers demand more refined products in all our domestic markets. We also deliver Ready-to-cook products to all markets under retail private labels.

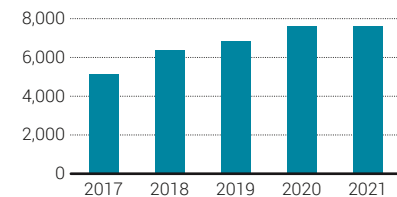
Share of total net sales



Share of group net sales for RTC per country



Sales over time, RTC, MSEK



## Net sales

**7,611** MSEK

## Organic growth

**1%**

## Operating profit

**110** MSEK

### Ready-to-Eat

Ready-to-Eat (RTE) are products that have been prepared in the processing process, which means that they can be consumed directly or after being lightly heated up. Production takes place mainly at our own plants, but in some markets we also produce through partnerships, which expands our product portfolio and brand exposure.

We produce Ready-to-Eat products at three plants with slight variations. Farre in Denmark is our largest Ready-to-Eat plant. This plant produces frozen Ready-to-Eat products, burgers and mostly coated products like nuggets, but also other fried products. One common factor in all of the production is that freezing is part of the production process. A high share of the production in Denmark goes to McDonald's and other fast-food customers. The plant in Farre produces products that are based on chickens that have been slaughtered and cut at our own plants, and using ingredients that have been purchased externally.

We also have a processing plant in Sweden connected to the slaughter house in Valla, which produces chilled processed products. Our plant in Stokke in Norway produces pre-grilled chilled products.

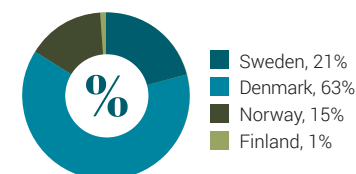
The convenience food trend is growing stronger in our domestic markets, particularly in Norway, where the proportion of cooked products is higher, and where we have enjoyed great success with the Fried & Sliced product series, pre-fried and sliced chicken fillets in a range of spices.



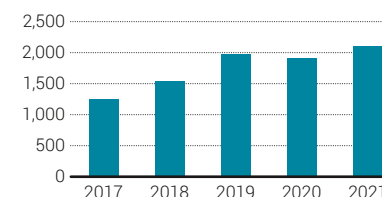
Share of total net sales



Share of group net sales for RTE per country



Sales over time, RTE, MSEK



Net sales

**2,112** MSEK

Organic growth

**12%**

Operating profit

**138** MSEK

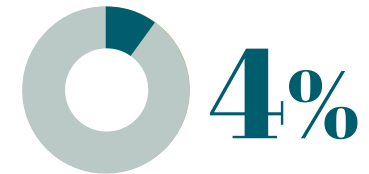
**Other**

This category includes the sale of surplus products primarily intended for non-food uses, and is used in the industrial production of animal feed and for other applications, which is in line with

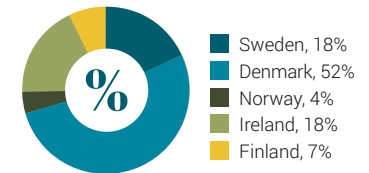
Scandi Standard's ambition to make use of the whole animal as this helps to minimise production waste and reduce the carbon footprint.



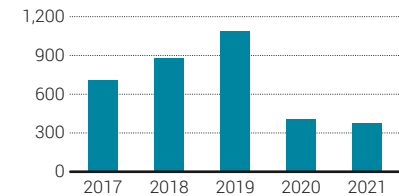
Share of total net sales



Share of group net sales for other products per country



Other sales over time, MSEK



Net sales

**377** MSEK

Organic growth

**-5%**

# Our sales channels

## Retail

Retail comprises approximately 65 percent of our sales and growth is highest in chilled and Ready-to-Eat products. Our markets are characterised by a high degree of consolidation among a few established companies with strong market positions in each market. In recent years, these established actors have been challenged first by low-price chains and now by online shopping, even though online shopping continues to represent a small share of retail. Strict regulations for animal welfare and laws for food safety as well as full compliance are essential if consumers are to trust the products within retail. The level of trust is high, particularly for locally produced products. Our markets are also essentially free from salmonella.

## Foodservice

The Foodservice sales channel refers to sales to restaurant wholesalers and catering kitchens such as schools, hospitals, nursing homes and similar operations, but also in some instances directly to restaurants and other companies who sell ready-made food, such as petrol stations. The restaurant channel has a higher underlying growth than the retail sector, and the number of restaurant visits is continuing to increase in all our markets. Experience shows that chicken accounts for a higher proportion of consumption in restaurants than in meals at home.

Traditionally the proportion of imports has been higher in this sales channel than in retail as the origin is not clarified in the same way. We are seeing signs in some of our markets that awareness is increasing among restaurant visitors, so the origin of the food is becoming more important.

This sales channel accounts for 19 percent of Scandi Standard's sales. This is a priority area and has become more important in recent years. Investments in more Ready-to-Eat products that suit this sales channel and the coordination of market canvassing will contribute to increased sales. Scandi Standard is also a major supplier to many fast-food chains in several countries in Europe, including McDonald's. The Group's processing plant in Denmark is certified for deliveries to McDonald's.

## Exports

Scandi Standard mostly exports to retail chains and restaurant wholesalers in Europe, outside our domestic markets. Products such as wings and feet are also exported, primarily to Asia.

Net sales per sales channel





# Operations and value chain

We have a lot of responsibility for the business that we run: responsibility to the animals we rear, the people who work with us and who buy our products, and society for the resources we use. Every stage of production is surrounded by thorough planning, checks and follow-ups to ensure that we can offer good food that has been produced under the best possible conditions.

Our business is based on a value chain where each stage is continually evaluated and developed and where the focus is always on care for people, chickens and the environment. Our ambition is to create and use synergies within the Group by using shared processes and exchanging knowledge and ideas between the operations. All production management and the operation of the production units is organised under a central Groupwide function to ensure that production is as efficient as possible.

### Our value chain

The work to produce good food starts several generations before our chickens are hatched. The hens and roosters at our parent farms are supplied by highly specialised bird companies, whose





breeding is systematically based on the characteristics that the customers require in the rearing they are involved with. The health, growth and behaviour of the parent bird and the slaughtered bird are checked and monitored continually during their lifecycle to ensure that the right qualities are promoted and that the entire rearing process is performed as effectively as possible with regard to the environment, care and feeding.




### Feed production

Our operations in Ireland also include production of our own feed for rearing chickens. When the feed is being produced, meticulous checks are carried out on its composition and nutritional content.

**“The work to produce good food starts several generations before our chickens are hatched”**

Overview of the stages of production that take place in each country in which Scandi Standard has operations:

	 Feed production	 Parent bird breeding	 Hatching	 Rearing
Sweden				
Denmark				
Norway				
Ireland				
Finland				

Central production management		
 Slaughtering	 Processing	 Sales

**Parent bird breeding**

The parent birds live in pens where light, temperature and moisture are checked and adapted continually to ensure that the flocks are healthy and can live under conditions that are as natural as possible. Both here and at later stages in the production chain, it is important for the animals to be of the same age and size to ensure that flocks operate as efficiently as possible. The hens have access to enclosed nests where they go to lay their eggs. Most hens lay an average of one egg per day. From the conveyor belt the eggs are loaded onto crates and are taken to a temperature-controlled egg warehouse before being transported to the hatchery.

**Hatching**

At the hatchery the eggs are first inspected to check that they have been fertilised and contain an embryo. The eggs are then placed on trays that are put on an incubator trolley, where the temperature, moisture and carbon dioxide content in the air are carefully regulated. When the hen herself sits on her eggs, she turns them several times a day to make sure the yoke (the embryo) is protected in the centre of the egg. In the hatchery, the egg is tilted forwards and backwards by machine in the trays to achieve the same effect. After 18 days on the incubator trolley, the eggs are placed in hatching trays to await hatching. Hatching starts on the egg's 20th day in the hatchery and the process is completed just past the 21st day. An average of 85 percent of eggs produces a live chicken. Once the newly hatched chickens are separated from the remnants of the shell, their quality is checked and it is then time to transport the day-old chickens to a rearing farm.

**Rearing**

Scandi Standard does not operate any farms on their own. All growers are carefully selected suppliers who are monitored regularly to ensure quality and good animal welfare. The rearing farms maintain constant supervision of the chickens to make sure that they are in good condition and that the environment meets all the criteria to



## “Transport to the slaughter house must be as calm as possible for the chickens.

ensure the best well-being of the animals. The chickens live in flocks of the same age and are fed with carefully tested feed to ensure optimal growth. When the chickens come to the rearing farm, they weigh an average of 40 grammes. Before they are slaughtered 35 days after hatching, they weigh an average of 2.1 kg. During the five weeks at the rearing farm, they have eaten approximately 3.3 kg feed and drunk 5 litres of water. It is important for the feed to maintain an even quality over time, which is why the nutritional content of the feed is continually tested. In Ireland we produce feed ourselves, however this is outsourced in our other markets..

### Slaughtering and processing

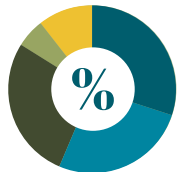
Transport to the slaughter house must be as calm as possible for the chickens. The chickens are normally collected in the early morning when they are calm after a night’s rest. When they arrive at the slaughter house, they are placed in a peaceful and dark environment for a few hours in order to minimise their stress. Before they are killed, the chickens are stunned with carbon dioxide gas with a gradual and rising concentration of carbon dioxide. The gradual effect of gas stunning is preferable from an animal welfare perspective since the birds don’t feel discomfort. The stunning causes them to slowly

become unconscious and fall asleep. After that, the birds are so heavily anesthetized that in practice they become brain dead and their hearts stop beating. The stunning is irreversible, ie the animals cannot wake up afterwards. Death is then caused by a machine severing their carotid artery. After this their insides and feet are removed. The plucked and drawn chickens then pass through a chilling tunnel to be cooled down before they go to be cut. The chickens that are going to be sold as whole chickens go directly to packaging. The other chickens move on to the main automated cutting process. Wings, legs and fillets are separated and either go in their natural state to packaging, or to be seasoned, where they are tumbled in a marinade before being packaged. The fillets are checked before packaging to make sure they are completely bone-free.

For Ready-to-Eat products, the process continues at separate plants that produce both chilled and frozen processed products.

Scandi Standard endeavours to lead the way in product innovation in our domestic geographic markets for chicken-based food and to carry out product development in all production countries. Each market has its own preferences in terms of the type of products preferred (chilled, frozen, Ready-to-Eat) as well as the flavours and cooking form. Our test kitchens test new and varied products

Number of slaughtered chickens per country



- Sweden, 30.2% (53,619,786)
- Denmark, 26.3% (46,687,098)
- Ireland, 27.5% (48,809,149)
- Finland, 5.6% (10,009,746)
- Norway, 10.4% (18,389,367)



using a defined product development process and we work to broaden and share experiences and knowledge from this process across our various operations.

Production is guided by customer forecasts and actual orders. However, the production volumes are relatively predictable and production plans are adjusted continually.

Blood, fat, offal and other products are also used, primarily for animal feed, the industrial production of food and other applications. By using as much of the chicken as possible, we achieve the highest levels of resource efficiency and profitability.

Just as when the animals are being reared, the entire processing process undergoes meticulous checks in terms of hygiene and the controlled climate. Every sub-process is continually checked to be able to quickly identify and take action against any non-conformances that would otherwise risk the quality of the finished products and in the long term, the consumers' experience of the products.

Scandi Standard works constantly to develop and improve the processing process and to create the best possible environment for the chickens, the highest quality in our products, and the most resource-efficient operations possible.



## Sales

Our products reach our consumers through stores, restaurants and other catering operations, such as schools and hospitals. The products are distributed via our customers' central warehouses and also direct to stores and restaurants. Deliveries are mainly carried out by subcontractors and sometimes by our customers' own distributors.

Our chilled products are on site in stores the day after they are packaged. Scandi Standard's sales teams help our retailers in the direct marketing of these products and also in the structuring of the display spaces in store. This ensures the highest sales and the best retention of product quality before the products are sold. New products are advertised in the media and on advertising boards and we also work with indirect marketing through social media. We are for example, working with bloggers and also invite the media in for "inspirational cooking" at our own display kitchens.



**“We are constantly working to develop and improve the processing process and the environment for our chickens”**

# Our responsibility and contribution to sustainable development

At Scandi Standard, sustainable development is about promoting responsible value creation over time for owners, customers, consumers, employees and other stakeholders. Based on our vision, our aim is to assume an industry-leading role in animal welfare and healthy products, as well as environmental and social responsibility.

We are managing risks and making continuous improvements throughout the value chain, as well as realising opportunities presented from increased expectations and new consumer trends. Sustainable business- and operational development focuses on the areas where Scandi Standard has the greatest impact, where we can make a difference, and that are most important for our stakeholders. For example, we experience an increased awareness concerning the issues of antibiotics and animal welfare, climate and environmental impact of our products, and biodiversity-related risks in our value chain.



**The Scandi Way**

Our strategic framework for sustainable development, “The Scandi Way”, is based on our materiality analysis and includes prioritised responsibility and sustainability issues within the perspectives People, Chickens, Planet and Products. This framework sets the level for the Group’s sustainability work and defines the approach, overarching goals and key performance indicators for each focus area. Each company and production facility within the Group is committed to comply with and contribute to meeting the shared goals.

**Organisation and governance**

Sustainability is integrated into the business operations as a part of standard processes and responsibilities. At Group level, there is a Group Sustainability Director who is responsible for defining strategy and goals as well as coordinating and supporting the organisation. The Sustainability Steering Committee is responsible for monitoring prioritised activities, and for reporting to the Board. In 2021, the steering committee consisted of the Group Sustainability Director, Managing Director and CEO, Group Communications Director, Chief Operating Officer, Group Supply Chain Director, Director, Group Live Operations, Country Manager, Sweden and Group Investor Relations & M&A manager, and six members were part of Group Management.

Each focus area has a strategic project manager who works with representatives in the various countries to advance the work towards achieving the goals that have been set. Each country has a Country Sustainability Owner who is responsible for local execution based on national circumstances and regulations.

Since 2020, sustainability targets and KPIs have been included in the ordinary business planning and form part of the bonus-based goals for Group Management and others. Follow-up takes place on a quarterly basis in the Group Management, and is included in the quarterly reporting to the market.

**Looking towards 2025**

In 2020, Scandi Standard established an ambition to achieve an industry-leading position in sustainability by 2025. This puts requirements on the continued development and acceleration of goals, governance and activities. In 2021, the strategy, processes and objectives in focus areas such as climate impact, the carbon footprint of products, work safety and animal welfare have been further strengthened and a solid foundation and plan for the future has been developed. Descriptions of goals and priorities are provided in the relevant sections of the Sustainability Report.

**Global Compact**

Scandi Standard is a signatory to the Global Compact, the UN’s responsible business initiative. It is a commitment to actively implement the ten principles of Global Compact relating to human rights, labour rights, the environment and anti-corruption.



**Agenda 2030**

Scandi Standard supports Agenda 2030 in its entirety, including the global goals for sustainable development. As a result of our operations, we have an impact on several of the goals and a great responsibility and opportunity to help with achieving goals and targets.

**Some of them are directly linked to our business and value chain:**



**Goal 2:** End hunger, achieve food security and improved nutrition and promote sustainable agriculture.



**Goal 3:** Ensure healthy lives and promote well-being for everybody at all ages.



**Goal 12:** Ensure sustainable consumption and production patterns.

**We also have a great responsibility to contribute to:**



**Goal 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all, and



**Goal 13:** Take urgent action to combat climate change and its impacts.

# The Scandi Way

**The way we act responsibly to create value and profitability through our products and by promoting health and wellbeing for people, our chickens and the planet**

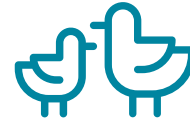


## People

Offering an attractive, safe and healthy workplace

Safeguarding business ethics, human rights and fair working conditions

Building responsible supplier relationships and sustainable supply chains



## Chickens

Pursuing best-in-class animal welfare and healthy chickens without antibiotics

Driving long-term and mutually beneficial relationships with high quality farmers

Promoting sustainability through high feed quality, efficiency and local feed raw materials



## Planet

Decreasing environmental impact of our operations

Minimizing the use of plastic through sustainable packaging

Sharing responsibility for the value chain, from feed production and nutrient leakage to food waste



## Products

Producing safe, tasty and healthy products

Contributing to sustainable and nutritious protein production

Minimising the carbon footprint of products – from farm to fork



## Products

# Safe and healthy products

Our most important undertaking to consumers is that our products are safe and healthy to eat, and that they are produced from chickens that are thriving and treated well. We want to inspire more people to eat healthier meals with less impact on our environment.

### Product quality and food safety

Product quality and food safety are the top of the list of priorities for Scandi Standard. We work continually to improve processes and governance, based on certified management systems. All our production facilities hold third-party certification to BRC or IFS, the international quality management standard for food safety. This includes requirements for quality-assured working methods, buildings and equipment, risk analysis in accordance with HACCP, product traceability, staff competence and hygiene procedures as well as verification of products and processes. Moreover, we comply with the specific requirements that different customers place on us as a company, or for a particular product or market.

The challenges that we need to address include the risks of unwanted bacteria and quality deficiencies or food fraud when purchasing ingredients. In recent years work on food safety has intensified under the leadership of a group responsible for quality and product safety. We use a number of measurable indicators to monitor and control product quality and identify any non-conformances. These include temperature and cleanliness at the plants, the incidence of bacteria, controls of finished products and complaints.

### The right attitude for food safety

Failures in food safety are rarely due to procedures or systemic failures, but the culture and attitude among staff are often crucial. We conduct attitude surveys at our production plants on a regular basis in order to map how quality is perceived by our employees, and in order to use the results to work specifically on local weaknesses identified. Training sessions are also held regularly to ensure that staff have a high and up-to-date level of knowledge.

### Careful control of bacteria

We are placing particular focus on checking for the presence of any pathogenic bacteria. In our Nordic countries, our chickens must be completely free from salmonella, and there must be the absolute minimum levels of campylobacter possible. Regular inspection of both these bacteria is conducted in the chicken stalls or at the arrival at the slaughterhouse. Campylobacter is a common bacteria found worldwide in both humans and animals, including chickens. During 2021, campylobacter was found in 11,9 percent of the flocks, which was Scandi Standard's lowest figure yet, and on track towards the long-term target 5–10 percent. Salmonella is rare in the Nordic countries but common in other parts of the world. Hand hygiene and cooking the chicken properly are important to avoid infection.

### Outbreak of bird flu

Avian influenza (bird flu) is a viral disease found in wild birds that can spread to domestic birds, and outbreaks can affect egg and chicken producers financially. However, the virus is not thought to cause any serious symptoms in humans and consumers do not need to be concerned about the safety of chicken products. There have been outbreaks of bird flu in several of Scandi Standard's domestic markets during the year, leading to extensive shutdowns in order to prevent wider spread to new flocks. Even if farms delivering to Scandi Standard has not been directly impacted, there is an indirect impact on farms in the quarantine zone. The local Scandi Standard teams work closely with concerned farmers and relevant authorities to ensure that the right measures are implemented. This includes setting up zonal systems to guarantee disease control and prevent farmers and the poultry industry being hit harder than necessary.

### Critical complaints

Scandi Standard applies a common definition and process for so called critical complaints. These complaints include recalls from customers or consumers, presence of foreign objects in the prod-

**“We want to inspire more people to eat healthier meals with less impact on our environment.”**



## Products

uct, allergens or incorrect content or sell by dates. The assessment is made locally in each country. The trend has been positive during the year, and the number of critical complaints has fallen from 26 in 2020 to 7 in 2021. This is partly due to improved processes, but also as a result of the clarification of the definition of critical complaints: only those complaints related to food safety, consumer health and regulatory requirements are now included.

### Clean label policy

We are constantly working on developing our products and range, with increased emphasis on nutrition and issues relating to additives, sugar and salt content. Our starting point is that chicken is a naturally healthy raw material, rich in protein and low in saturated fat. When processing and flavouring, our aim is to keep recipes and ingredients as clean and simple as possible.

We have had a Group-wide Clean Label Policy since 2020 which is based on current legislation and describes our shared stance on healthy products and establishes a framework for product content. This policy is established in all countries and applies to all products and recipes within our own brands. As a tool for this work, each country has a database containing information on ingredients and their contents and composition. Three Group-wide indicators are monitored on a monthly basis: The use of the flavour enhancer, monosodium glutamate (MSG/E621), artificial colourings and artificial flavourings. The objective is for all of these to be zero.

The outcome for 2021 is that E621 was not present in any of our own brand products. Artificial colouring have been present in some Norwegian products, but these have now been phased out.

### Targets and KPIs – Product quality and food safety

	Long-term target	Result 2021	Result 2020
Critical complaints <sup>1)</sup> , number	0	7	26
Product recalls, number	0	6	3
Salmonella, % infected flocks	0–0.5%	0.2	0.2
Campylobacter, % infected flocks	5–10%	11.9	13.1

<sup>1)</sup> Critical complaints include recalls from customers or consumers, presence of foreign objects in the product, allergens or incorrect content or sell by dates.

As regards artificial flavourings, there is still a need for them in some local products in order to address taste preferences and requirements for avoidance of allergens. Examples include pesto in Finland and smoke flavouring in Sweden.

### Correct product information

Marketing and product information to consumers is performed locally by each of the Group's companies and brands. Our Code of Conduct states that Scandi Standard must provide accurate and non-misleading information in its labelling and marketing of products. All marketing must comply with the relevant legislation and ethical practice. Claims and information on the content and properties of our products must be transparent and fact-based.

### Continued development for healthy, sustainable food

We want to inspire people to eat chicken because of its taste, health benefits and the climate. We want to use innovative, attractive products to assist in the transition from red to white meat, which is in line with the nutrition recommendations from the World Health Organization (WHO). Chicken also has less climate impact than beef, which is an important advantage as the demand for animal protein increases and poses a major environmental challenge from a global perspective. Another part of the shift to more sustainable protein sources is the increased interest in and demand for plant-based foods. Scandi Standard views plant-based "chicken products" as a complement and has launched plant-based products in Norway and Denmark during the year.



## Attractive, safe and healthy workplace

Scandi Standard's operations are completely dependent on its employees. Developing and retaining motivated and skilled individuals is crucial for the success of the Group. We are working on ensuring a safe, inclusive and stimulating work environment, and are continually following up on commitment and motivation among our employees.

### Our employees

Scandi Standard employs a total of around 3,200 people, most of them in our Group companies and local production operations. More information can be found in the table on the next page and Note 5.

### Safe working environment

Most of our employees work in a production environment where there are physical risks associated with health and work safety. Scandi Standard maintains a zero tolerance approach to occupational accidents and works preventively and systematically on physical work environment risks as well as the psychosocial work climate and corporate culture. Sick leave and work-related injuries are followed up at each production site and at a Group level. Local interim goals are also set in each country. Each production site is conducting regular health and safety training, focusing on site specific risks.

### Health and safety policy

The Group's policy on health and safety in the workplace clarifies Scandi Standard's commitment to ensuring a good work environment from all dimensions, to promote health and to ensure compliance with legislation and standards in the area. The policy also states that we must work actively to ensure an inclusive culture and diversity.

Responsibility for implementation of the policy and operational work environment management rests with the relevant company and production site. Production operations in Denmark are certified according to ISO45001.

### Improvement programme to reduce accidents

Serious accidents seldom occur, but a challenge remains when it comes to reducing the total number of accidents. The number of work-related injuries leading to lost time has increased during the year, mainly in Sweden, Finland and Ireland. One root cause has been the high absence due to Covid-19. During the year, a Group-wide improvement programme was launched with the aim of reducing the accident rate by reinforcing preventive and systematic management of health and safety. The focus is on addressing the identified risks at the production sites, creating a more robust safety culture and advancing the development of common working methods and reporting systems. Transparency and clear, consistent KPIs are key elements in the action plan, as is strengthening ownership and local targets.

The improvement programme is headed by operations directors and site health and safety managers together with relevant Group functions.

### Health promotion work

We want to promote health and well-being among our employees by inspiring them to lead a sustainable lifestyle, and to work on local goals and activities based on the circumstances in different countries and plants. Many regular activities have been replaced by digital ones during the Covid-19 pandemic, such as digital exercise sessions and coffee breaks, and guidance on ergonomics for people working from home.

### Inclusive culture

Scandi Standard's aim is to be an inclusive organisation promoting diversity. The goal is to benefit from the potential of all our employees, promote a creative work culture, reflect our customer groups and secure the supply of skills going forward. At Scandi Standard, we respect human rights and show zero tolerance towards discrimination. This has also been specified in our Code of Conduct.

We use the employee survey to gauge our employees' perception of the workplace as inclusive, with equal opportunities for all

**“Scandi Standard’s aim is to be an inclusive organisation promoting diversity.”**





regardless of gender, age and background. Most people give Scandi Standard a pass (index 75 out of 100). However, the result reveals a few differences between different employee categories with higher results among office employees (83) compared with production employees (71). There are no significant differences between age groups or gender.

### Goals for increased gender equality

We also strive for equal professional and working groups at all levels in the company. Of all employees in 2021, 44 (43) percent were women and 56 (57) percent men. The proportion of women in executive positions was 26 (27) percent.

#### Goals and KPIs – Employees

Results of the Scandi Puls employee survey (index where max = 100):	Goal	2021	2020	2018	2016
Satisfaction and motivation	71	–	72	69 (73 <sup>1)</sup> )	72
Inclusive culture	100 (long-term)	–	75	–	–
Gender distribution in the Group (% women)	40–60%	44	43	42	42
Percentage of women in executive positions (%)	40–60%	26	27	26	–
Training on Code of Conduct (% office employees)	100%	91	88	–	–

<sup>1)</sup> Our Irish company Manor Farm participated for the first time in 2018, which means the results are exclusive of Ireland (73).

The employee survey measures a number of parameters, including engagement and leadership. An index score of 66–72 is average, while 75 is a good result. 92% of those who have been employed at Scandi Standard for at least 6 months took part in the 2020 survey. The index for inclusive culture was measured for the first time in 2020. The inclusive culture Index is based on three questions in the employee survey on equality, diversity and participation. The survey is conducted every two years, and in 2021 only a small survey was conducted among office employees.

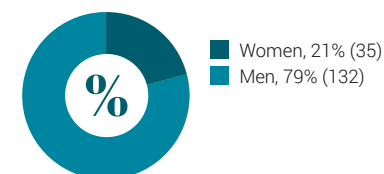
#### Safe and healthy workplace

	Group	Sweden	Denmark	Finland	Norway	Ireland
Attendance rate (percentage of standard working hours, %)	95	93 (93)	96 (95)	94 (96)	96 (97)	95 (97)
Work-related injuries (LTI/FR, number of injuries resulting in lost time per million hours worked)	39.2 (32.0 <sup>1)</sup> )	61.4 (53.0)	18.0 (13.2)	55.8 (56.2)	23.3 (2.3)	42.7 (38.5)
Fatalities	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)

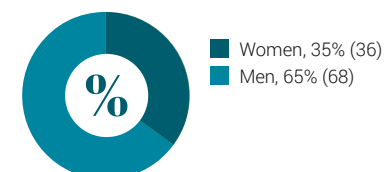
<sup>1)</sup> LTI/FR at Group level has been adjusted from 30.7 to 32.0 compared with the 2020 Annual Report due to a lag in reporting.

Work-related injuries and lost time are followed up at each plant and reported in joint systems. No injuries or accidents that caused permanent incapacity occurred during the year. A total of 210 injuries resulting in lost time occurred during the year and the total number of hours worked was 5 361 146. Most commonly occurring types of accidents are fall in the same level, squeezed between items and overload. Scandi Standard has an overall zero tolerance approach to accidents, with local measurable targets in efforts to ensure a safe work environment.

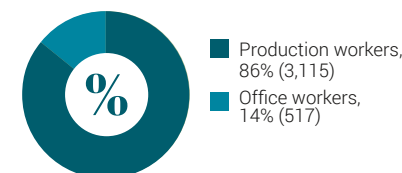
#### Gender distribution among office managers, %



#### Gender distribution among production managers, %



#### Share of production workers, %





### ScandiPuls employee survey

A major employee survey, ScandiPuls, is conducted for all employees every two years. The latest survey from October 2020 showed high levels of commitment and satisfaction, in line with set goals. Smaller surveys are conducted in the interim, and such a survey was conducted among all office workers in 2021. In this, Satisfaction and Motivation are down slightly from 72 to 68, while Loyalty remains high at 80 compared with 79 for 2020. We scored 82 for Inclusive culture, a level comparable to 2020 when the result was 83.

### Corporate values and Code of Conduct

Our values, Openness, Challenge and Sense of Urgency, describe our corporate culture and alongside Scandi Standard's Code of Conduct they guide us in our daily work towards achieving our vision "Better Chicken for a Better Life". Compliance with our values is monitored through annual performance appraisals and employee surveys.

The Code of Conduct applies to all employees and sets the framework to act responsibly in terms of ethics, the environment, social issues and human rights. All employees has to review the code in the local language upon appointment, and they then sign to confirm they understand what it means. All office employees also receive mandatory e-training in the code as additional support. 91 (88) percent (including new employees) had completed the training by 2021.



[Read the Code of Conduct in full](#)

### Good business ethics

We strive for an ethical and respectful approach in all our business relationships. The Code of Conduct clarifies that zero tolerance applies to all forms of bribery and corruption. We must also act in an exemplary and responsible fashion to ensure the correct processing of information and to ensure the avoidance of any conflicts of interest. Training is provided on an ongoing basis for the relevant target groups. A new training on competition law has been implemented for all office employees during 2021.

### Whistle-blowing function

We encourage our employees to report any suspected violations. A whistle-blowing function is set up in collaboration with an external company to enable the anonymous reporting of potential violations of the Code of Conduct. Reported cases are received by the external partner and further distributed to an internal committee consisting of Group HR Director, CFO, Head of Group Finance and Group Risk and Legal Manager. Group Quality Director has also been part of the committee during the year. Eleven cases were reported through the service in 2021. These were related to local employee issues and policy compliance. All cases were investigated and answered, although none of the cases proved to be an actual violation. Further work has also been done locally, when desired.



## Responsible supplier relationships

Scandi Standard's operations are highly dependent on good and effective supplier partnerships. Besides chicken, we buy other raw materials, ingredients, equipment, packaging, transport and services from a high number of suppliers. All purchasing categories except chicken are mainly managed at Group level, which provides synergies along with benefits in terms of risk management, contract terms and value creation for all our production plants.

### Our Supplier Code of Conduct

Scandi Standard strives for mutual, responsible business relationships. Our Supplier Code of Conduct provides the foundation for this, setting requirements for environmental responsibility, anti-corruption and ethics, human rights as well as social responsibility that equate to the Group's own Code of Conduct. Our suppliers must also ensure that these requirements are passed on down the chain, i.e. to their subcontractors. The Group's purchasing function is responsible for the contents and implementation of the Supplier Code of Conduct.

The Supplier Code of Conduct states that the supplier is expected to comply with international and national legislation, respect human rights and the ILO core conventions and meet specified requirements in respect of social responsibility, the environment, business ethics and animal welfare.



[View the Supplier Code of Conduct in full](#)

### Systematic approach to sustainable supply chains

The Supplier Code of Conduct has been updated in 2021 and work is ongoing to get existing suppliers to sign the updated code. Our aim is for all suppliers with a purchasing value of more than SEK 500,000 per year to sign the code. Compared to 2020, this work has also been initiated for indirect purchases, in addition to purchases of direct materials and transport services where the policy has been in place for longer. For direct materials and transport services, 52 percent of suppliers have signed the updated Supplier Code of Conduct. The figure for indirect purchases is 18 percent.

Our systematic work is based on risk assessments. This includes a risk screening at supplier level based on risk parameters, such as production country as well as category/industry-specific risks linked to the environment, human rights and ethical issues. In order to identify risks and potential non-conformances, we are continually striving to ensure greater transparency in our supplier relationships, beyond the first link in the supply chain.

### Self-evaluation and risk assessment

We also ask our suppliers to complete a self-assessment form in order to assess risks and performance at supplier level. These responses provide supplementary data to help us prioritise where we need to focus our work on additional monitoring and audits, as well as other initiatives. The results of self-evaluations conducted show that the majority of our suppliers have well-developed systems in place for managing risks linked to the areas in the Supplier Code of Conduct. We aim to reach 98 percent of the evaluated suppliers in our priority categories, and set up action plans for the suppliers that are assessed as not being up to standard.

## Case:

# Sustainable focus going forward at Kronfågel – for people, the planet and chickens

Kronfågel is Sweden's leading chicken producer, and since the company was founded more than 50 years ago, its ambition has been clear: to be a good choice for people, chickens and the planet. This commitment is based on continuous development and improvement. That said, both Kronfågel and the entire chicken industry received criticism in the media last year. Fredrik Strømmen, the new interim CEO of Kronfågel and the CEO of Kronfågel's Norwegian sister company Den Stolte Hane, tells us more about the focus going forward.

### What is your most important mission right now?

– When I accepted the position as interim CEO of Kronfågel, it was partly because of the pride I take in Nordic chicken production. Our controls and programmes for maintaining the highest quality throughout the value chain, whether it relates to animal welfare or food safety, are unique from an international perspective. Having said that, we can and must continue to improve. We must go on doing our very best and carry on focusing on even better animal welfare and other factors. This is one of my biggest, most important tasks as interim CEO.

### How do you feel about the past year?

– It has been a tumultuous year for Kronfågel in many ways, and we have had reason to review our operations and take action in a number of areas. But I can also conclude that Kronfågel has made great progress in several areas to meet stringent demands set out by consumers and ourselves.

### Does Kronfågel maintain good animal welfare, and what are you doing to improve this going forward?

– The welfare of our animals is extremely important. Animal welfare, together with the environment and quality, is Kronfågel's top priority, and at present we have lower figures on ill health and fewer injuries than ever. Sweden has one of the world's strictest animal welfare legislation, which is excellent because we work with animals, and in general we and our contracted growers maintain very comprehensive animal welfare work throughout the value chain, far more ambitious than required by the law. We work hard with our growers every day to ensure that no animal experience stress or are harmed at any stage of the process. One proof that our methods work is that we hardly need to treat our chickens with antibiotics. Kronfågel only treats animals with antibiotics if they get sick, unlike preventive antibiotics which are used in animal breeding all over the world and cause serious consequences with antibiotic-resistant bacteria. Of Kronfågel's flocks, less than one percent were treated with antibiotics in 2021. In other countries in Europe, the figure could be as high



as 50 percent. A healthy chicken that is thriving does not need antibiotics. But we can always improve. We can tell straight away when something has gone wrong thanks to meticulous checks and monitoring at every stage. This has to be dealt with immediately, of course, and here Kronfågel failed on a few occasions last year, which we took very seriously. In 2022, we will be implementing a number of initiatives to reinforce animal welfare still further.

### What do you think will happen to chicken consumption in the future?

– Chicken is a smart choice in terms of both health and climate. It is an affordable way for many people to consume healthy protein that can be varied in a number of ways. WHO recommends that we switch from red to white meat in its nutritional recommendations. Chicken is also one of today's protein sources with the lowest climate impact, with a carbon footprint ten times lower than beef and significantly lower than Norwegian salmon. I believe that demand and the market will continue to grow; but that said, we must never rest and continue to work hard.





## A holistic approach to good animal welfare

Chickens are the heart of Scandi Standard's business. Our premise is that all of our chickens must thrive, from hatching to slaughter. Good animal welfare is an intrinsic part of our operations for ethical reasons, and because this has a direct impact on product quality, resource efficiency and profitability. We give chickens every chance to stay healthy and absorb nutrients by applying a holistic approach, knowledge and high standards of handling, housing and feeding. Only healthy chickens can grow in a sustainable way.

### Industry-leading position

Our ambition is to work together with our contracted farmers to assume a dynamic and industry-leading role to promote good animal welfare. The foundation of the work is focused on continuous improvements and the Nordic approach to animal welfare, with an animal welfare legislation that is some of the strictest in the world. Our Group-wide policy for animal welfare applies to all parts of our business and to all suppliers. As Scandi Standard's operations extend beyond the Nordic countries, it will be even more important to clarify our position and ensure implementation of the requirements defined.

### Group-wide Animal Welfare Policy

Scandi Standard's Group Live Operations Director has the overall responsibility for the Group's policy and improvement work. In each market, local management together with the local Live Operations Manager is responsible for implementation and monitoring. Each production site has a designated animal welfare coordinator, and all staff handling chickens receive training in this area as part of their introduction training.



### Group-wide Animal Welfare Policy

Scandi Standard's Animal Welfare Policy is based on the internationally recognised Five Freedoms of animal welfare and reflects our holistic approach to what is required for healthy chickens.

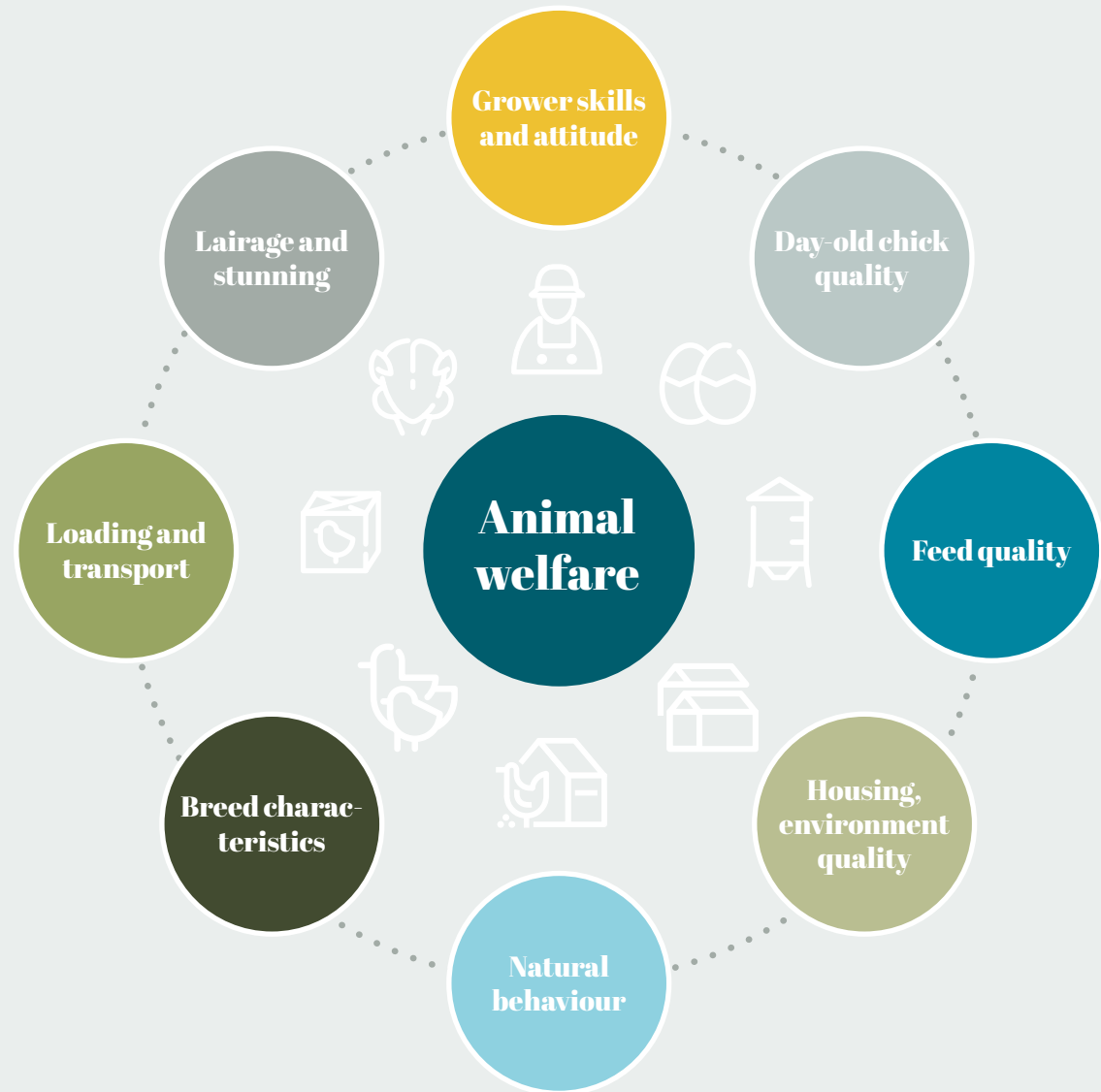
The policy states:

- that genetic modification of animals is not permitted,
- defined space requirements and flock density limits,
- that antibiotics must not be used for preventive purposes and never without veterinary approval,
- that growth hormones must not be used,
- that beak trimming is not permitted,
- requirements for responsible shipments and limits on distances and transport time,
- requirements for stunning before slaughter.



## Holistic view – eight focus areas

Good animal welfare is all about ensuring the health and well-being of animals by preventing injury and disease, providing proper nutrition and housing, and – not least – ensuring good and responsible handling during both rearing and slaughter. Scandi Standard works on the basis of a holistic approach with eight defined success factors that all need to work together to provide for the best possible animal welfare. We work together with knowledgeable suppliers and farmers on constant improvements and clear emphasis on root causes at all stages, from parent birds to slaughter. Our overall goal is for all chickens to be well cared for and treated with respect.





### Growers with competence and quality

We have long-term collaborations with selected growers in each country. The growers' knowledge and understanding of and respect for the chickens is crucial for good animal welfare. Regardless of modern technology and well-developed processes, their day-to-day handling and knowhow are by far the most important factor in allowing their chickens to thrive and grow. Our growers are well aware that healthy chickens make the best economic sense.

The same requirements apply to all growers, irrespective of their country. The contracted growers, about 350 in total, receive support, training and regular follow-up visits from Scandi Standard's local advisers. The quality of each grower is measured by means of a number of indicators and the outcome influences their financial compensation; deductions are made in the event of non-compliance, and supplements are paid in the event of good quality. In the event of more serious or recurring deficiencies, a more thorough examination is made of the root causes and the conditions for future collaboration. We have had limited opportunities for physical visits to growers over the last two years due to the pandemic. This has presented us with a challenge, as we have not been able to maintain a presence in all countries as much as we would have liked. We look forward to even closer cooperation and better results on animal welfare in the next few years.

### The newly hatched chicken

The well-being of the newly hatched chicken has a major impact on its health and growth for the rest of its life. Choosing good parent animals and handling the fertilised eggs correctly during the incubation period will ensure that the chicks that hatch are strong and healthy. The transport of the day-old chicks to the grower, and early access to feed and water, are also important factors.

### Good housing

Good housing includes many parameters with associated requirements. For example, the chickens must have a clean environment,

be able to move freely and have sufficient space. Flock density limits vary according to different production systems and differences in national legislation. The Group average is 37.4 kg live weight per square metre; compared to EU legislation, which requires a maximum of 42 kg live weight per square metre. There are also requirements in respect of the right temperature, light, ventilation, bedding and equipment for feed and water. The health of the flocks is monitored on a daily basis, and the housing environment is measured using a number of key indicators.

### Foot health is an important indicator of animal welfare

The straw bed where chickens spend their time has a major impact on their health. Dry bedding makes life comfortable for the chickens, maintains their immune system and reduces the risk of spreading diseases. The quality of the bedding is checked by examining the condition of the foot pads. This is monitored and registered for each flock when the chickens arrive at the slaughterhouse. Good foot health also increases the proportion of high-quality chicken feet that can be exported for human consumption.

### Optimised feed

The composition of feed is an important part of the cooperation with the growers. Nutrient content and quality have a major impact on both the health of chickens and the efficiency of feed use. All feed is made from vegetables using carefully selected ingredients, with wheat and soy being major components. The Irish operation has its own feed experts and local feed mill, while in other countries we work with external feed suppliers. The use of GMO (genetically modified organisms, in this case soy and corn) in feed is widely discussed. Scandi Standard has chosen to adhere to local conditions and customer requirements and currently requires GMO-free feed in Sweden and Norway.

### Feed efficiency

Rearing chickens is resource-efficient compared with other kinds of animals. The amount of feed and climate impact per kilogram of

# 1.52

kg feed/kg live weight,  
Scandi Standard 2021



meat is lower than for pork and beef, for example. Feed efficiency is one of the most important indicators in order to optimise the rearing process. Chickens are very good at converting feed into meat, the feed efficiency is a direct indicator of the quality of the feed, and how well the chickens are being taken care of.

### Transition to local protein crops

Around 20 percent or just over 100,000 tonnes per year of our chickens' feed consists of imported soy. Requirements for traceability and responsible production are defined by means of various third-party certifications such as RTRS and ProTerra, but the long-term goal is to replace imported soy with other, local protein sources. This is because there are better options from both an environmental and an animal welfare perspective, which at the same time promote local agricultural production. A strategic development project has been operating since 2019 together with feed specialists to develop and test new feed mixes, where a significant part of the soy is replaced by locally grown protein sources. It has been possible to maintain animal welfare and productivity in small-scale tests, and the first tests are now being conducted on a production scale.

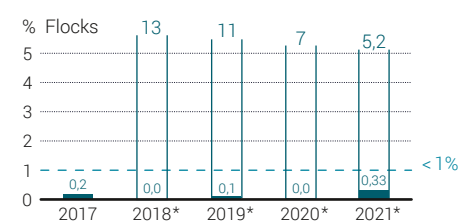
### No to antibiotics

Our policy on the use of antibiotics and other types of medication is very strict. In accordance with current Nordic legislation, antibiotics are not used as a preventive measure in the rearing process, unlike many other countries. Only sick animals may be treated, following a decision by a veterinarian. The use of antibiotics among Nordic growers is also very low, a sign of good animal husbandry.

Our stance towards antibiotics, as well as our working methods and results in the Nordic countries, lie at the forefront. Determined efforts have also been made to significantly reduce the use of antibiotics in our Irish operations, from around 70 percent when the company was acquired in 2017, to 15–20 percent. Our long-term Group target is for the percentage of flocks treated with antibiotics to be lower than 1 percent.

The increase in antibiotic resistance is a global health challenge and we believe that Scandi Standard has an important role to play in minimising the use of antibiotics in food production, particularly in terms of our acquisitions and the integration of operations in the Group that are outside the Nordic countries.

### Percentage of flocks treated with antibiotics



\* Including/excluding Ireland.

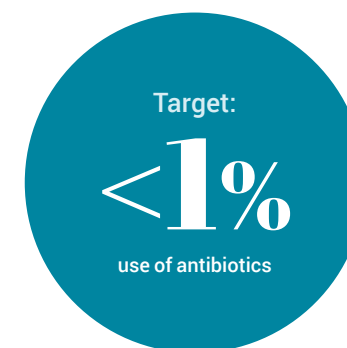
Scandi Standard's long-term target is for the share of flocks treated to be lower than 1 percent in all countries. This goal has been achieved by a good margin for the Nordic countries over recent years. The work on reducing antibiotic use in our Irish operations has been successful over the period 2018–2021. In 2021, antibiotic use was reduced by 28% at Group level and the goal of 5.7% was achieved by a wide margin.

### Goals and KPIs

	Long-term target	2021	2020	2019	2018	2017
Use of antibiotics, share of treated flocks, %	<1	5.2 (0.3 excl. Ireland)	7 (0.0 excl. Ireland)	11 (0.1 excl. Ireland)	13 (0.0 excl. Ireland)	0.2
Foot health, foot points	<5	9.3 (5.3 excl. Ireland)	10 (4 excl. Ireland)	20 (4 excl. Ireland)	14 (6 excl. Ireland)	9
Feed efficiency, kg feed/kg live weight	1.49	1.52	1.52	1.52	1.54	1.56
Rearing mortality, %	3–3.5	3.6	3.4	3.6	3.8	3.5
Transport mortality (DOA), %	0.15–0.18	0.10	0.12	0.12	0.14	0.15

The chickens' health is monitored using a number of parameters. Low use of antibiotics and good foot health are key indicators of good animal welfare and a good housing environment. The reported use of antibiotics above can be compared with an estimated 40–80 percent of flocks treated in many European countries. Foot health is measured with foot points, where samples of 100 per flock are checked at the slaughterhouse. A low score equates to good foot health, values below 15–20 are good in an international comparison.

Irish Manor Farm is included in reported figures as of 2018. In order to compare with 2017, figures are also reported excluding Ireland.







### Ethics for transport and slaughter

Animal ethics are a high priority in the transport and slaughter of the chickens. The chickens are collected by trained staff in adapted vehicles. Vehicles with temperature-controlled ventilation are used in countries with cold climates (Sweden, Finland, Norway).

Transport can be kept short because we choose farmers who are close to our production plants. The average transport time within the Group is 1.4 hours – well below the legal maximum, which is 8 hours in Sweden, for example. Transport times and arrival times are planned and registered to ensure that all chickens are handled within set time frames, and that they are always slaughtered on the day of transportation. On arrival, the chickens are inspected by both our own staff and an independent veterinary surgeon. The wings are checked as an indicator of how well loading was handled.

All chickens are stunned before slaughter. Controlled atmosphere stunning (CAS) is used at most Scandi Standard production plants, as well as electrical stunning. CAS has a number of advantages in terms of both animal welfare and meat quality.

### Continued development: Centre of Excellence

A Centre of Excellence will be established in 2021 so that we can go on developing knowledge, practices and processes for an industry-leading position in quality, animal welfare, food safety and productivity. This centre is a new, separate unit within Scandi Standard Group Live Operations to which three people, as well as external specialists, are attached. Its aim is to promote knowledge exchange and provide the business and our farmers with world-leading expertise in key areas such as day-old chicks, animal welfare, feed, the housing environment and technical solutions in chicken houses, management and monitoring.

We have started to focus on quality measurement and management in our Irish operations during the year, and also on selected projects in the various countries. One example is the development project for more sustainable feed and local feed ingredients, which has yielded positive results not only in small-scale tests, but also on an actual production scale.



### Various chicken breeds

There are many different breeds of chicken. Many factors are taken into account when choosing which breeds to rear: size and health, egg production, feed efficiency, growth, etc.; but also production-market parameters such as food trends and consumer preferences in different countries.

Scandi Standard uses several different breeds of chickens, but most of them are conventional broilers. Whatever chickens are reared, our premise is that animal welfare must be good, ensuring good health and respect for every chicken.

## Case: New warehouse and distribution centre in Finland saves on transport

The expansion of the Lieto plant will save on transport and reduce climate impact. In terms of emissions per kg of distributed product, relocating the distribution centre has reduced Finnish carbon dioxide emissions by more than 20 percent.



Due to space constraints, our Finnish production facility in Lieto has used an external solution for warehousing and distribution for a number of years. Premises have been rented for this purpose in Turku, around 15 kilometres from the production plant, since 2017. All pre-packed products were transported to the warehouse for further distribution, and all input goods other than the chicken raw material, such as ingredients and packaging materials, were sent in the other direction – from the warehouse to the production plant – several times a day. All in all, many kilometres have been travelled with large transport volumes over a period of four years.

In 2019, a decision was made to invest in development of the Lieto facility in order to accommodate further expansion, and also to provide its own warehouse and a section for loading and distribution. The aim of this was to save on both emissions and costs, and also to increase the efficiency of operations. The extension was completed in March 2021, and all parts of the operations and all

employees are now located in Lieto. The lease with the external premises has been terminated.

– The development work has major benefits. Now we avoid the additional transport, about 6–8 truck runs per day, and we save on both costs and greenhouse gas emissions. Moreover, we do not need to have staff in two different places.

Calculated for the first eight months, emissions per kilo of chicken distributed have fallen by more than 20 percent, compared to 2019 figures. In terms of transport distance, this means we have saved many kilometres in a year. In absolute terms, however, transport emissions are up due to a 10–15 percent increase in production volumes over the same period.

– This is a step in the right direction towards our local climate goal: to reduce emissions by 30 percent between 2020 and 2025. We need to do a lot more, and we will continue to focus on transport. One important aspect involves continuing our discussions with our logistics partners so

that we can gradually make the transition to alternative fuels and more environmentally friendly vehicles.

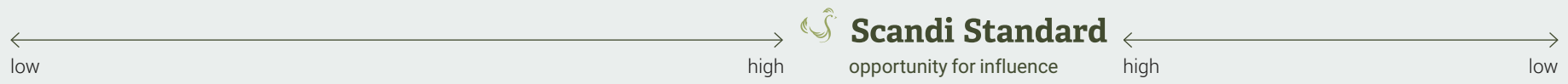
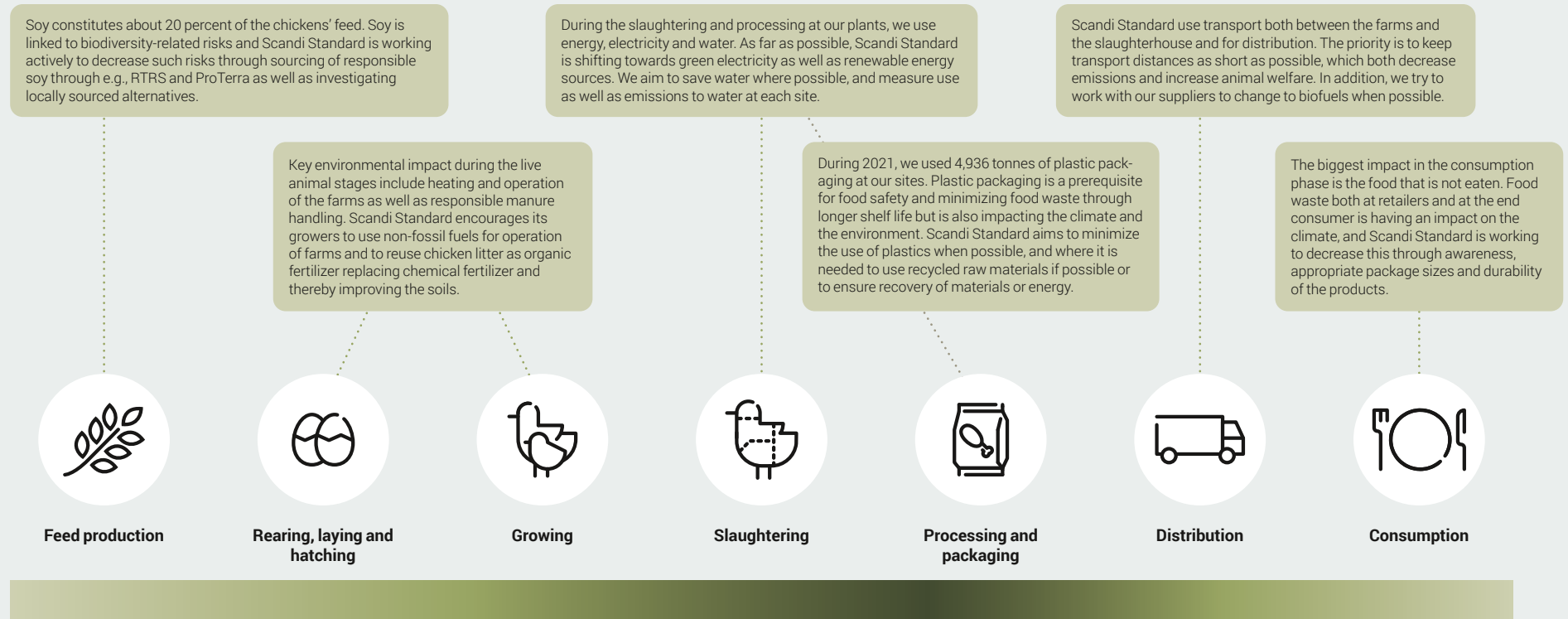
### Focus on efficient and environmentally friendly logistics

Scandi Standard aims to achieve the most efficient transport solutions with as low climate impact as possible, while maintaining safety and delivery quality. The way forward is through ambitious requirements, dialogue and cooperation with our transport suppliers. Conditions related to infrastructure, availability of alternative fuels, political goals and instruments vary between our countries, which affects activities and initiatives. Besides the new warehouse in Finland, in 2021 we saw the impact of another two major projects: fossil-free chiller and freezer storage in Denmark, and a new logistics partner in Sweden that will shorten transport distances through better geographical placement.



# Climate and resource efficiency throughout the value chain

The work on climate- and resource-efficient chicken production covers the entire value chain: both Scandi Standard’s in-house processing operations and the supplier stage with feed production and breeding, transport, and the customer and consumer stages. Efforts to increase efficiency and reduce food waste run through the entire value chain, with the basic notion that every chicken and the whole chicken counts – making sure that every single chicken thrives and is reared in a resource-efficient manner, and that as much of the chicken as possible is turned into good food on plates is one of the most important initiatives that we can implement in order to reduce our environmental and climate impact.





**Climate goals in line with the Paris Agreement**

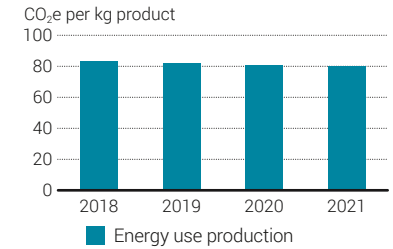
The climate issue is one of the most crucial matters of our age, and we need to do our part to reduce emissions, and also identify and manage the risks resulting from climate change. At the same time, we view the increased efforts to reduce society's climate impact as an opportunity where chicken can be part of the solution. In line with the Paris Agreement and the 1.5-degree target, our ambition is to achieve completely fossil-free operations; and in 2021, Scandi Standard signed up to the Science Based Targets initiative with the aim of setting and validating scientifically sound climate targets by the end of 2022. We are already setting climate targets in line with the 1.5-degree target for our own operations (scope 1 and scope 2) and are working hard to include material scope 3 emissions during 2022 in line with the requirements of the Science Based Targets initiative. Climate data is measured and monitored in relation to the size of the operation (grams of CO<sub>2</sub>e per kg of product) and in absolute terms. Baseline year for your climate targets is 2020.

Work and actions to reduce our climate impact cover every stage in our value chain. Looking at the entire lifecycle, the cultivation and production of feed along with the breeding of chickens account for the vast majority of our climate footprint. A Group-wide initiative has been initiated in 2021 to calculate the carbon footprint of our products from farm to fork. This will continue in 2022 to ensure that climate action is taken where it will have most impact.

**Climate-related risks**

As a food producer, we depend on a well-functioning agriculture sector primarily for the production of feed for our chickens. Climate change and more extreme weather conditions can affect quality, cost and delivery reliability. Other identified climate-related risks include dealing with risk of flooding and the climate protection of plants, legislation and financial instruments in the energy and transport sector, as well as brand-related risks linked to the increased environmental awareness of customers and

**Carbon dioxide emissions<sup>1)</sup>**



<sup>1)</sup> Energy use in production at the production facilities Aars, Farre, Lieto, Stokke, Jaeren, Valla and Shercock.

Carbon dioxide emissions from energy use in production was 79.9 grams CO<sub>2</sub>e per kilogram of product during 2021.



Target:  
**-4.2%**  
 reduced carbon dioxide emissions per year by 2030 – in line with the Paris Agreement and the 1.5-degree target





consumers. For more information, see the section on risks on page 57 and Scandi Standard’s reporting to the Carbon Disclosure Project (CDP).

**Efficient use of energy and water**

At each production plant, ongoing work is performed to ensure the efficient use of energy and water, in line with the Group’s Energy and Water Policy. Local goals are set annually and monitored on a monthly basis. The systematic work on mapping this and the actions taken, such as recirculating heat and changing to energy-efficient LED lighting, has yielded significant energy savings. We have also been working on the gradual phasing out of fossil energy sources for several years. From March 2021, all electricity purchased for our production plants will be origin-marked renewable electricity.

The graphs on the right show energy usage and water consumption at our production plants. Greenhouse gas emissions by scope under the GHG Protocol are shown in the table, as well as on the previous page. The emissions in the table include all Scandi Standard production facilities with operational control, as well as specified scope 3 emissions. Emission factors used for calculations are sourced from DEFRA (2020) and for electricity a location-based method using IEA (2018–2020) country average emission factors. For scope 3 calculations, the calculation provided by the supplier is used when possible.

**Responsible water management**

None of our own production plants or growers are located in areas with direct water shortages, but fresh water is a limited resource that must always be used responsibly. We work for the optimal use of the water within the framework of strict rules set for food safety and hygiene. Reduced water consumption locally primarily focuses on indirectly reducing the use of energy, and reducing the amount of wastewater that needs to be treated. Local authorities are setting extensive requirements on the quality of wastewater,

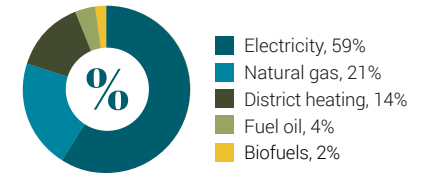
Split of reported emissions per scope according to the GHG protocol	Share of emissions	Tonnes CO <sub>2</sub> e	Energy consumption (kWh)
<b>Scope 1 – energy use</b>			
Natural gas	16.0%	6,963.5	37,871,698
Fuel oil	5.6%	2,439.6	7,664,090
Biofuels (straw, wood chips)	0.1%	54.7	2,818,940
<b>Scope 1 – owned and leased vehicles</b>			
Owned heavy vehicles	4.2%	1,826.6	
Leased personal vehicles	0.9%	389.5	
<b>Scope 1 – technical gases</b>			
Gases for stunning	4.5%	1,938.6	
Gases for packaging	1.4%	615.2	
Refrigerants	4.0%	1,726.7	
<b>Scope 2 – energy use</b>			
Electricity	30.3%	13,160.9	103,671,299
District heating	9.9%	4,287.7	24,840,434
<b>Scope 3 – transports</b>			
Transports of living animals	4.6%	2,005.7	
Distribution transports	18.3%	7,932.9	
<b>Scope 3 – business travel</b>			
	0.3%	119.3	
<b>Total CO<sub>2</sub> emissions</b>		<b>43,461.0</b>	
<b>Total energy use</b>			<b>176,866,460</b>

which is checked by monitoring the phosphorus and nitrogen content, the Biological Oxygen Demand (BOD) content and the pH of the water. Five of the Group’s plants currently have their own treatment plants that treat wastewater from the slaughtering and processing of chicken.

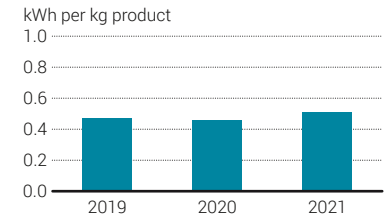
**Efficient and environmentally friendly logistics**

Sustainable transport is about the safety and security of our drivers and passengers, and also the chickens we transport, and of course about the delivery quality for our customers. We also want

Energy consumption, 2021, distribution energy sources (kWh)

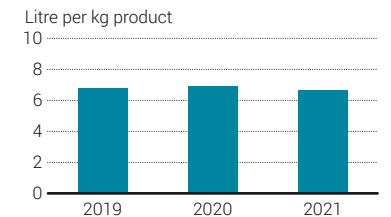


**Energy consumption**



Total energy consumption in 2021 was 176 866 461 kWh, 0.51 kWh per kg product. Compared to 2019 and 2020, also smaller production sites have been included in the reported figures, which impacts comparability.

**Water use**



Total water consumption in 2021 was 2 320 751 m<sup>3</sup>, 6.69 litres per kg product.



to enforce transport solutions that are as efficient and with as low climate impact as possible. We require our transport suppliers not only to observe our Supplier Code of Conduct, but also to provide us with environmental data and use EURO 6 environmentally classified vehicles. Over 90 percent provide us with emission data today, and we re continuously working on increasing this share and decreasing our environmental impact from transportation.

In collaboration with our hauliers, we have installed filling stations for HVO biodiesel at our production plants and at our hauliers' stations in Sweden. The vast majority of shipments of Kronfågel's products within Sweden take place using 100 percent renewable HVO biodiesel. In 2021, transport between our Swedish and Danish plants has also been partially switched to an inter-modal solution, with the majority of the distance being rail transport. This means a reduction of almost 400 tonnes of carbon dioxide per year. All in all, carbon dioxide emissions from our distribution transport in 2021 were 7,933 tonnes, and transport of live animals about 2006 tonnes. The emissions include over 90 percent of purchased transportation services.

### **Lowest possible food waste and other waste**

The entire chicken is used during processes, with nothing being wasted. An average of 70 percent of each chicken becomes food, while 30 percent is used as by-products in for example animal feed or biofuels. In terms of the value chain as a whole, the customer and consumer is most important for reducing the amount of food waste. Our contribution is to provide innovative packaging solutions, guidance for consumers, and to optimise the product flow to and in retail stores.

Waste at our plants comprises primarily packaging and other flammable materials. All of our larger production plants sort their waste and monitor the volumes for each waste fraction. Our long-term goal is to achieve zero residual waste in production, with a target of reducing the amount of waste by two percent per year. However, we still need to work with our waste contractors on defining base data and uniform measurements.

### **Sustainable packaging**

Stricter legislation and trends for a circular economy for packages affect Scandi Standard. All plastic packaging in the EU must be able to be reused or recycled by 2030. The focus of Scandi Standard's packaging strategy is to minimise the amount of plastic used wherever possible. We then have to prioritise clean, non-composite materials, and to choose recycled and thinner materials where possible. This while keeping focus on product quality and packaging functionality. For example, in Denmark, Sweden, Ireland and Norway we now use rPET trays entirely or partially and have also implemented a new technology for wrapping pallets that reduces the amount of plastic film by 30 percent. We have set targets for all our product packaging to be made from renewable or recycled materials and to continue reduce the amount of plastic used in our own production. Today, 53 percent of our trays are made out of recycled plastics in the four markets where it is technically possible. In 2021, we used approx. 17.7 grams of plastics per kilo sold food product (Group average excluding Ireland where aligned data is not yet available). This is a decrease of 1.5 percent compared to 2020. The main plastic categories are trays and plastic film.

## Case: Cooperation with commercial garden reduces greenhouse gas emissions in Norway

Scandi Standard's overall climate goal is to reduce emissions from its operations in line with what is required for compliance with the Paris Agreement. This means halving our carbon footprint in ten years.

But the bar has been set even higher at the Den Stolte Hane plant in Jæren, Norway: its ambition is to achieve emissions from the factory that are as close as possible to zero in a short time. Previous measures include switching to energy-efficient LED lighting and upgrading the cooling system. There is an agreement for origin-marked renewable electricity for the plant from 2021. Heating is one area where emissions still need to be looked at: this still involves a separate gas boiler using non-renewable natural gas and causes emissions of about 1,250 tonnes of



carbon dioxide per year. The long-term plan is to replace the gas boiler with a new, long-term solution, but a new emissions reduction measure is being tested in the meantime: a partnership with the neighbouring Wiig Gartneri commercial garden means that emissions from the gas burner now are pumped through a 60-metre long pipe into the greenhouse, where both the heat and the carbon dioxide can be used and absorbed by growing plants. Addition of carbon dioxide is needed in commercial greenhouse cultivation in order to achieve the best harvest possible.

– If all the carbon dioxide we produce can be absorbed by the plants, this will allow us to 'zero' emissions from our factory here in Jæren, says Thomas Guggedal, proud technical manager at Den Stolte Hane. The nursery plants have the capacity to absorb up to 10 percent more carbon dioxide than normal air. Year-round production in greenhouses also requires large amounts of heat, so the surplus from our plant is coming in handy too.

# The Scandi Standard share

The Scandi Standard share was listed on Nasdaq Stockholm on 27 June 2014 under the symbol SCST.

In 2021 a total of 77.8 (30.0) million shares were traded.

The average daily volume was 307 402 (119 145) shares.

The final price paid on the last day of trading in 2021 was 41.0 (68.8) SEK, which entails a drop of approximately 40 percent compared with the same period in the previous year. The share price has therefore decreased by approximately 13 percent since the listing in 2014. The share is a part of the Nasdaq Mid Cap index, which increased by 36 percent in 2021.

On 31 December 2020 the market value totalled approximately MSEK 2,708 (4,545).

## Ownership structure

On 31 December 2021 the number of shareholders totalled 8,520 (6,114). The holding of the ten largest share owners corresponded to 49 (54) percent of the share capital. Swedish institutions, unit trusts and private individuals had a holding in the company corresponding to 70 (57) percent of the share capital as of 31 December 2021.

## Dividend

To ensure continued financial flexibility the Board has resolved to propose to the 2022 Annual General Meeting that no dividend be paid for the financial year 2021 (SEK 1.25 per share for the financial year 2020). The proposal does not reflect a change in the Company's dividend policy or future intention to pay dividend. The Company's dividend policy is to distribute approximately 60 percent of earnings, adjusted for non-comparable items, for the year on average over time. The dividend should be determined in a way that ensures that the proposed dividend is justifiable; which is based on the requirements that the type, scope and risks of the company's and Group's operations place on the level of the company's and Group's equity, as well as the company's and Group's consolidation needs, liquidity and status in general.

## Share-based incentive programme

Scandi Standard has three share-based long-term incentive programmes for key individuals, LTIP 2019 LTIP 2020 and LTIP 2021. See Notes 1 and 5 for information about these programmes.

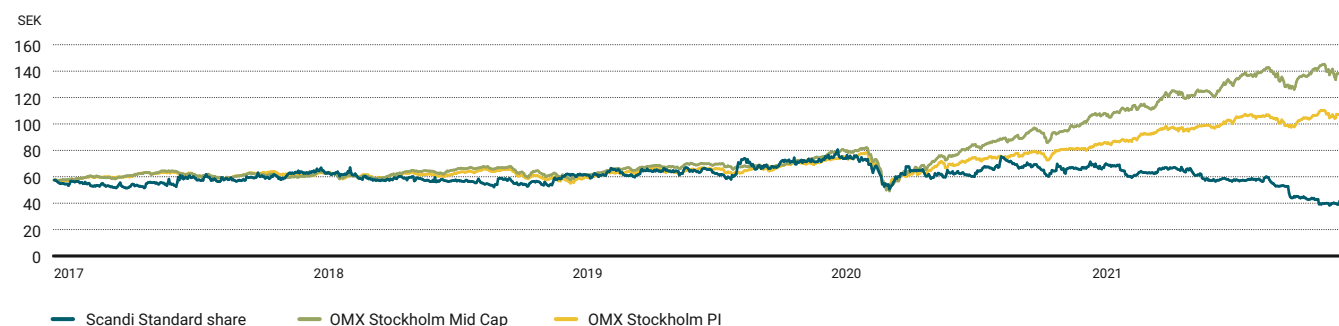
# -13%

Decrease in the share price since the listing in 2014 (as of 31 December 2021)

# 49%

The percentage of the share capital that is controlled by the ten largest owners

The Scandi Standard share price development 27 June 2014 – 31 December 2021



## Ownership structure on 31 December 2021

Holding	No. of shareholders	No. of shares	Voting rights and share capital, %
1-500	5,658	862,277	1.31
501-1 000	1,087	892,679	1.35
1 001-10 000	1,492	4,601,804	6.97
10 001-20 000	111	1,635,746	2.48
20 001-	172	58,068,384	87.9
<b>Total</b>	<b>8,520</b>	<b>66,060,890</b>	<b>100.0</b>

## Per share data, SEK

	2021	2020
Earnings per share	1.60	3.16
Adjusted earnings per share <sup>1)</sup>	1.46	4.06 <sup>2)</sup>
Dividend per share	0.00 <sup>3)</sup>	1.25
Operating cash flow, per share	5.31	7.26
Equity per share	29.89	28.58
Average no of shares <sup>4)</sup>	65,287,762	65,501,968
Number of shares at the end of period	66,060,890	66,060,890

<sup>1)</sup> Adjusted for non-comparable items, see page 52.

<sup>2)</sup> Restatement non-comparable items has been made for 2020 in accordance with new definition implying a stricter classification of such items.

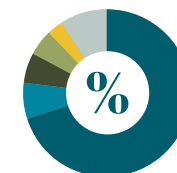
<sup>3)</sup> Board's proposal to the Annual General meeting 2022.

<sup>4)</sup> In 2021, 520,000 (0) shares were repurchased.

## Largest shareholder on 31 December 2021

Name	No. of shares	Capital, %
Investment AB Öresund	10,100,000	15.3
Länsförsäkringar Fondförvaltning AB	3,604,875	5.5
Eva Qviberg	3,497,000	5.3
Lantmännen Animalieinvest AB	3,303,461	5.0
Försäkringsbolaget PRI pensionsgarati, OMSESI	2,970,000	4.5
Euroclear Bank S.A./N.V, W8-IMY	2,789,562	4.2
Brown Brothers Harriman/Lux	2,063,121	3.1
Försäkringsaktiebolaget, Avanza pension	1,991,859	3.0
Nordnet pensionsförsäkring AB	1,342,220	2.0
State Street Bank and Trust Co.	1,313,378	2.0
Other	33,085,414	50.1
<b>Total</b>	<b>66,060,890</b>	<b>100.0</b>

## Geographic distribution of the share ownership



Sweden, 70%
Luxembourg, 7%
USA, 6%
Belgium, 5%
France, 3%
Other, 9%



# CFO's statement



**We have set a clear improvement plan that is expected to take effect in 2022.**

Operating income in 2021 amounted to MSEK 222, a reduction with MSEK 129 (–37 percent) compared with 2020, with an operating margin of 2.2 (3.5) percent.

Scandi Standard has faced a number of challenges in 2021, both operationally and commercially, particularly within the Ready-to-cook segment. External factors such as bird flu and declining export prices in addition to increases in purchase prices have had a negative impact on our performance. Internally, we have faced challenges in quality that have led to production reductions at two of our largest plants.

Moreover, our Ready-to-cook business in Denmark has continued to face major challenges. Here we have potential for improvement and we have set a clear improvement plan that is expected to take effect in 2022.

At the same time it is pleasing to see that the Ready-to-eat segment has had a strong year, with high growth (11 percent) after having been the Group segment most adversely affected by the COVID-19 pandemic in 2020 due to its high share of sales in the Foodservice sales channel. This has also helped to bring about strong margin improvement.

We have been very focused on defending our financial position in the second half of 2021 despite lower profits, and we took a number of precautionary measures such as reducing the investment rate from our initial plan of MSEK 400 to MSEK 306. The Board also decided not to

convene a second General Meeting to propose an extra dividend in addition to the dividend of MSEK 81 that was paid in the second quarter. As a result of these measures, the increase in net interest-bearing debt was limited to MSEK 47 despite lower profits and high purchase price payments. Our net financial items in 2021 was among other things impacted by lower interest expenses as we had a lower debt/equity ratio during the year, and ended at MSEK –82 (–90) for the year.

The group also undertook major change management work in the second half of 2021 in order to address our challenges, including updating our strategy. This work will carry on into 2022. At the same time, we continue to focus on maintaining many of the measures applied to address the risks with COVID-19 pandemic that continue to affect the company.

In summary, 2021 was a very challenging year for Scandi Standard, but we are looking forward to a gradual improvement in 2022 as a result of the measures that are now being put in place.

**Julia Lagerqvist**  
CFO

# Report by the Board of Directors

The Board of Directors and President of Scandi Standard AB (publ), identity number 556921-0627, with registered office in Stockholm, Sweden, herewith submit the annual report and consolidated accounts for the 2021 financial year.

- Net sales amounted to MSEK 10,101 (9,940) in the year of 2021. At constant exchange rates net sales increased by 3 percent.
- Operating income (EBIT) decreased by 37 percent to MSEK 222 (351), corresponding to a margin of 2.2 (3.5) percent. Adjusted operating income (adj. EBIT)<sup>1)</sup> decreased by 48 percent to MSEK 213 (410), corresponding to a margin of 2.1 (4.1) percent.
- Income after finance net decreased to MSEK 140 (260).
- Income for the period amounted to MSEK 103 (208). Earnings per share amounted to SEK 1.60 (3.16).
- Operating cash flow was MSEK 347 (476).
- Net interest-bearing debt increased to MSEK 1,980 (1,933)
- For the financial year 2020 a dividend of SEK 1,25 per share was paid, corresponding to a total of MSEK 81. To ensure continued financial flexibility the Board has resolved to propose to the 2022 Annual General Meeting that no dividend be paid for the financial year 2021.
- New segment reporting supporting our strategy for continued growth and value creation, focusing on the two reportable segments Ready-to-cook and Ready-to-eat, effective as of 1 January 2021.

## Net sales and income

### Net sales

Net sales for the Group amounted to MSEK 10,101 (9,940) in the year of 2021.

At constant exchange rates net sales increased by 3 percent. Net sales for segment Ready-to-cook, which is the largest product category, was in line with previous year while net sales increased by 11 percent for segment Ready-to-eat driven by increased sales to the Foodservice sales channel.

### Income

Operating income for the Group amounted to MSEK 222 (351), corresponding to an operating margin (EBIT margin) of 2.2 (3.5) percent.

The lower operating income is mainly driven by lower results in Ready-to-cook, while Ready-to-eat has improved its results.

The operating income during the year was negatively affected by significant price increases on several input factors and a challenging price situation in export markets. Production challenges related to the operational capability, especially in quality, led to production reductions in Sweden and Ireland during the fourth quarter which had a short-term negative effect on operational income, but improved control. The production reduction has moreover created conditions for long-term operational improvement through more efficient working methods. In addition, losses in Ready-to-cook Denmark, mainly related to the implementation of the strategy for slow-growing birds, low export prices and cost increases, affected operating income negatively during the year.

Operating income (EBIT) included MSEK 9 (–59) in non-comparable items, see table on page 52. Adjusted operating income (adjusted EBIT) thus amounted to MSEK 213 (410), corresponding to an adjusted operating margin (adjusted EBIT margin) of 2.1 (4.1) percent.

The finance net for the Group amounted to MSEK –82 (–90) for 2021. The improvement refers mainly to lower interest expenses.

Income after finance net for the Group amounted to MSEK 140(260) for 2021.

Tax on the Group's income for the year amounted to MSEK –37 (–52) for 2021, corresponding to an effective tax rate of approximately 26 (20) percent.

Income for the year for the Group amounted to MSEK 103 (208) for 2021, corresponding to earnings per share of SEK 1.60 (3.16).

## Key figures

MSEK	2021	2020
Net sales	10,101	9,940
EBITDA	598	699
Operating income (EBIT)	222	351
Non-comparable items	9	-59
Adjusted EBITDA <sup>1)</sup>	589	756
Adjusted operating income (adj. EBIT) <sup>1)</sup>	213	410
Income after finance net	140	260
Income for the year	103	208
Earnings per share, SEK	1,60	3,16
Dividend, SEK	– 2)	1,25
Operating cash flow	347	476
Net interest-bearing debt	1,980	1,933

%	2021	2020
EBITDA-margin	5.9	7.0
Operating margin (EBIT-margin)	2.2	3.5
Adjusted EBITDA-margin <sup>1)</sup>	5.8	7.6
Adjusted operating margin (adj. EBIT-margin) <sup>1)</sup>	2.1	4.1
Return on capital employed (ROCE) <sup>1)</sup>	5.2	8.4
Return on equity	5.5	11.5
Equity ratio	30.0	29.4
Average number of employees	3,215	3,220

<sup>1)</sup> For the non-comparable items, see page 52.

<sup>2)</sup> Proposed by the Board to the Annual General Meeting 2022.

### Cash flow and investments

Operating cash flow for the Group in 2021 amounted to MSEK 347 compared to MSEK 476 last year. Cash flow was negatively impacted by a lower income before depreciation and amortization (EBITDA) but positively affected by higher positive change of working capital compared with last year and by slightly lower capital expenditure compared with last year.

Working capital as of 31 December 2021 amounted to MSEK –105 (64), corresponding to –1.0 (0.6) percent of net sales. The improvement compared with previous year is mainly related to improvements in payables & receivables offset by an increase in inventory.

### Non-comparable items in operating income<sup>1)</sup>

MSEK	2021	2020
Earn-out Debt adjustment <sup>2)</sup>	9	–52
Restructuring <sup>3)</sup>	–	–7
<b>Total</b>	<b>9</b>	<b>–59</b>

<sup>1)</sup> Scandi Standard implemented a new definition for treatment of items affecting comparability in the first quarter 2021 which implies a stricter classification of such items. Financial information for the year 2020 has been restated related to items affecting comparability for the alternative performance measures adjusted EBITDA and adjusted operating income (adjusted EBIT).

<sup>2)</sup> Income of MSEK 22 related to decreased earn-out debt resulting from the final purchase price payment relating to the acquisition of Manor Farm and in last year an adjustment of the earn-out debt attributable to the acquisition of Manor Farm of MSEK 52. In addition, for the year, cost of MSEK –13 resulting from the final purchase price payment relating to the acquisition of the Finnish business.

<sup>3)</sup> Costs due to restructuring of a Swedish subsidiary during 2020, with terminating a long-term contract and write-downs of assets of MSEK 7.

### Capital expenditure

Net capital expenditure for the Group in 2021 amounted to MSEK 306 (355). A significant part is mainly related to investments in Sweden where Scandi Standard have continued the strategy of investing in newest deboning technology on thigh deboning. Investments with the same purpose have also been made in several sites in the other countries.

Approximately 77 (71) percent of the capital expenditure in 2021 referred to productivity and capacity improvement measures and approximately 23 (29) percent to maintenance.

### Change in net interest-bearing debt (NIBD)

MSEK	2021	2020
<b>Opening balance net interest-bearing debt</b>	<b>1,933</b>	<b>2,200</b>
EBITDA	598	699
Change in working capital	162	143
Net capital expenditure	–306	–355
Other operating items	–108	–10
<b>Operating cash flow</b>	<b>347</b>	<b>476</b>
Paid finance items, net	–69	–76
Paid income tax	–56	–41
Dividend	–81	–
Acquisition	–171	–104
Other <sup>1)</sup>	–17	11
<b>Decrease (+) / increase (–) of NIBD</b>	<b>–47</b>	<b>267</b>
<b>Closing balance net interest-bearing debt</b>	<b>1,980</b>	<b>1,933</b>

<sup>1)</sup> Other items mainly consist of effects from changes in foreign exchange rates and net change of leasing assets.

### Financial position

Equity as of 31 December 2021 amounted to MSEK 1,951 (1,876). The equity to assets ratio improved to 30.0 (29,4) percent. Return on Equity was 5.5 (11.5) percent.

Net interest-bearing debt for the Group as of 31 December 2021 amounted to MSEK 1,980 (1,933). The increase in net interest-bearing debt of MSEK 47 (–267) from the 31 of December 2020 was in addition to the lower operating cash flow, negatively affected by dividends paid compared with no dividends paid last year, higher additional purchase price payments and higher tax payments compared to last year when local authorities in some countries last year approved a deferral of certain tax payments due to the Covid-19 pandemic.

Net interest-bearing debt/adjusted EBITDA as of 31 December 2021, was 3.4 (2.6) percent. Cash and cash equivalents for the Group amounted to MSEK 350 (413) as of 31 December 2021.

**Segment information****Segment Ready-to-cook**

MSEK	2021	2020	Change
Net sales	7,611	7,619	-0%
EBITDA	424	615	-31%
Operating income (EBIT)	110	326	-66%
Non-comparable items <sup>1)</sup>	-	-7	-
Adjusted EBITDA <sup>1)</sup>	424	622	-32%
Adjusted operating income (adj. EBIT) <sup>1)</sup>	110	333	-67%
EBITDA-margin <sup>1)</sup>	5.6%	8.1%	-2.5ppt
Operating margin (EBIT-margin) <sup>1)</sup>	1.4%	4.3%	-2.8ppt
Adjusted EBITDA-margin <sup>1)</sup>	5.6%	8.2%	-2.6ppt
Adjusted operating margin (EBIT-margin) <sup>1)</sup>	1.4%	4.4%	-2.9ppt

<sup>1)</sup> For the non-comparable items, see page 52.

From the first quarter 2021 Scandi Standard manages and monitors its business based on the segments Ready-to-cook, Ready-to-eat and Other. A further description of the segments is provided in Note 3.

Net sales for the segment Ready-to-cook (RTC) amounted to MSEK 7,611 (7,622) which was in line with previous year.

Net sales for product category Ready-to-cook chilled increased by 1 percent while product category Ready-to-cook frozen decreased with 5 percent compared with previous year.

Net sales in the Retail sales channel decreased by 2 percent but increased by 15 percent in Foodservice sales channel. Net sales to Export sales channel decreased by 7 percent while it increased by 19 percent in Industry and other.

Operating income decreased by 66 percent to MSEK 110 (326), corresponding to a margin of 1.4 (4.3) percent.

Operating income was negatively affected by increased costs for direct materials, low export prices, costs for sale of stock and increased costs for production and insurance.

No non-comparable items was reported during 2021 (-7).

**Segment Ready-to-eat**

MSEK	2021	2020	Change
Net sales	2,112	1,911	11%
EBITDA	187	141	32%
Operating income (EBIT)	138	95	45%
Non-comparable items <sup>1)</sup>	-	-	-
Adjusted EBITDA <sup>1)</sup>	187	141	32%
Adjusted operating income (adj. EBIT) <sup>1)</sup>	138	95	45%
EBITDA-margin <sup>1)</sup>	8.8%	7.4%	1.5ppt
Operating margin (EBIT-margin) <sup>1)</sup>	6.6%	5.0%	1.6ppt
Adjusted EBITDA-margin <sup>1)</sup>	8.8%	7.4%	1.5ppt
Adjusted operating margin (adj. EBIT-margin) <sup>1)</sup>	6.6%	5.0%	1.6ppt

<sup>1)</sup> For the non-comparable items, see page 52.

Net sales for the segment Ready-to-eat (RTE) amounted to MSEK 2,112 (1,911) which was an increase of 11 percent.

Net sales increased in the Foodservice sales channel with 8 percent and with 15 percent in the Retail sales channel. Net sales to Export sales channel increased by 13 percent and increased by 23 percent in Industry and other.

Operating income increased by 45 percent to MSEK 138 (95), corresponding to a margin of 6.6 (5.0) percent.

Operating income was positively affected by increased volumes and a positive product mix.

No non-comparable items was reported during the year.

**Segment Other**

Segment Other consists of ingredients, which is surplus products mainly for non-human consumption, and mainly used for industrial production of animal feed and other applications. This is in line with Scandi Standard's ambition 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.

**Ingredients**

Net sales within Ingredients amounted to MSEK 377 (411) with an operating income (EBIT) of MSEK 13 (7). The increase in operating income (EBIT) was driven by increased prices in fur animal feed.

**Group cost**

Group costs of MSEK -39 (-78) were recognised in the Group operating income (EBIT). The group cost included non-comparable items of MSEK 9 (-52).

### Acquisition

No acquisitions were made during 2021.

In conjunction with the acquisition of the Irish operation, Manor Farm, in 2017, an agreement of contingent consideration was made, to be paid in four separate payments 2018–2021. The amount was dependent on the income development. The first instalment of the contingent consideration amounting to MSEK 4, was paid in 2018. The second instalment of the contingent consideration, amounting to MSEK 133, was paid in the third quarter of 2019. The third part, of MSEK 117 million, was paid out in the third quarter of 2020 and the first quarter of 2021. During 2021, the final purchase price payment of MSEK 157 of the earn-out debt attributable to the acquisition of Manor Farm was paid out and the operating income included in non-comparable items a reduction in debt of MSEK 22 attributable to the final payment. In addition, in 2021 a final purchase price payment relating to the acquisition the Finnish business of MSEK 13 was paid out.

### The Scandi Standard share

As of 31 December 2021, the share capital in Scandi Standard AB (publ) amounted to SEK 659,663 (659,663), comprising 66,060,890 (66,060,890) shares with a quota value of SEK 0.009986 (0.009986) per share. Each share carries one vote. All shares have equal rights to the company's assets and profits.

There are no restrictions on the transfer of shares, voting rights or the right to participate in the Annual General Meeting, nor is the company party to any significant agreements which might be affected, changed or terminated if control of the company were to change as a result of a public bid for acquisition of shares in the company, with the exception of the Group's financing agreement. The company is not aware of any agreements between shareholders which might limit the right to transfer shares. In addition, there are no stipulations in the Articles of Association regarding appointment or dismissal of Board members or agreements between the company and Board members or employees which require remuneration if such persons leave their posts, or if employment is terminated as a result of a public bid to acquire shares in the company.

As of 31 December 2021, the three largest shareholders were Investment AB Öresund, Länsförsäkringar Fondförvaltning AB and Eva Qviberg with a holding in the company corresponding to 15.3, 5.5 and 5.3 percent of the share capital respectively. For information on major shareholders, see page 49.

### Environmental activities

Scandi Standard operates 13 larger production facilities, of which four in Sweden, three in Denmark, three in Norway, two in the Republic of Ireland and one in Finland. Permits and notification requirements are in accordance with local legislation for all units. The main direct environmental impacts are noise, emissions into the air and water, and temporary storage of hazardous waste. Within the framework of the group-wide improvement program that was initiated during the second half of 2021, the routines have been strengthened to remedy identified deviations more quickly. For further information on Scandi Standards' environmental work, see the sustainability section stated on page 30.

### Corporate Governance report and Sustainability Report

In accordance with the Annual Accounts Act, Chapter 6, 11§, Scandi Standard has chosen to prepare the statutory Corporate Governance Report and Sustainability Report that is separated from the statutory Annual Report. The Corporate Governance Report is stated on page 113 and the Sustainability report is stated on page 30.

### Personnel

The average number of employees (FTE) in 2021 was 3,215 (3,220), see Note 5.

### Annual General Meeting 2022

The Annual General Meeting (AGM) 2022 will be held on 4 May. The Board of directors intends to decide that the Annual General Meeting shall be held without physical presence of shareholders, proxies or external parties in accordance with the Act on Temporary Exemptions to facilitate the conduct of general and general meetings. To participate in the decision-making at the general meeting requires that the shareholders exercise their voting rights by post. Notice of the Annual General Meeting including information on how shareholders can vote by mail will be available on: [www.investors.scandistandard.com/en/agm](http://www.investors.scandistandard.com/en/agm) before the Annual General Meeting.

### Proposed appropriation of earnings

To ensure continued financial flexibility the Board has resolved to propose to the 2022 Annual General Meeting that no dividend be paid for the financial year 2021. For the financial year 2020 a dividend of SEK 1,25 per share was paid, corresponding to a total

of MSEK 81. The proposal does not reflect a change in the Company's dividend policy or future intention to pay dividend.

The company'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. The dividend shall be determined taking into account the requirements that the company's and the Group's operations type, scope and risks impose on the size of the company's and the Group's equity and the investment requirements of the company and the Group. The Board proposes that the remaining funds will be carried forward.

SEK	2021	2020
Share premium reserve	645,155,862	726,508,284
Accumulated deficit	-27,115,487	-19,969,532
Income for the year	10,403,145	24,553,713
<b>Total</b>	<b>628,443,520</b>	<b>731,092,465</b>
Dividend to shareholders of SEK 1.25 (-) per share	-	82,308,955
To be carried forward	628,443,520	748,783,510
<b>Total</b>	<b>628,443,520</b>	<b>731,092,465</b>

### Significant events during the financial year

Like in 2020, 2021 was affected by the Covid-19 pandemic and the Group has continued its work to ensure that the impact on our operations was as limited as possible. Proactive actions was taken to protect employees and other stakeholders and to safeguard the financial position

Significant cost increases on several input factors have had a negative effect on operating income, especially during the second half of the year. In addition, several cases of bird flu during the year have affected the Group's exports and this is expected to continue into 2022.

During the second quarter 2021, attention was drawn to production challenges in the Swedish operations. This led to extensive actions throughout the Group to address these and identify other potential deviations. The actions became part of the group-wide improvement program initiated during the third quarter of 2021, with the aim of gradually returning the Group to profitability in line with 2016–2020 and laying the foundation for long-term sustainable and profitable growth and returns.



During the year, Johan Bygge was elected as the new Chairman of the Board and Otto Drakenberg was appointed as the new interim managing director and CEO.

#### **Events after the end of the period**

Jonas Tunestål will join the company as managing director and CEO on 1 April 2022.

During the beginning of 2022 additional cost increases have emerged. Simultaneously the war in the Ukraine will, apart from the human suffering it is causing, affect the prerequisites for European food production. The development is adding to the price increases on many input factors, and creates increased market volatility. However, Scandi Standard's business model allows for fluctuations in input prices to be transferred to the customer, and provides good possibilities to manage price and cost increases over time. Shifting supply- and demand curves on the European market may also drive export prices upwards.

#### **Proposal regarding guidelines for remuneration to senior management**

The 2020 Annual General Meeting, held on 15 May, 2020, resolved to establish the following guidelines for remuneration to senior management. Guidelines for remuneration to senior management shall be resolved by the Annual General Meeting at least every four years. The Board of Directors intends to change the guidelines related to pensions to the 2022 Annual General Meeting. Other guidelines for remuneration to senior management will continue to apply. These guidelines apply to agreements reached after the guidelines were resolved by the 2020 Annual General Meeting and to amendments to existing agreements after the guidelines were decided by the 2020 Annual General Meeting.

In 2021, the board has exercised its right to deviate from the guidelines in individual cases and for special reasons from the guidelines regarding the CEO's maximum short-term variable remuneration, which in 2022 may deviate from the applicable guidelines from predetermined presentation goals. In the individual case, the Board's reason for deviation from the guidelines has been to be able to recruit the person whom the Board has deemed most suitable for its position.

In these guidelines, the senior management means the managing director of the company, the senior managers in the company and other group companies who, from time to time,

report to the managing director or the CFO and who are also members of the senior management, as well as board members of the company that have entered into an employment or consulting agreement with a group company.

The company's remuneration principles and policies shall be designed to ensure responsible and sustainable remuneration decisions that support the company and the Group's strategy, long-term interests and sustainable business practices. Salaries and other terms and conditions of employment shall be adequate to enable the company and the group to retain and recruit skilled senior managers at a reasonable cost. The remuneration to the senior managers shall consist of fixed salary, variable salary, pension and other benefits, and it shall be based on the principles of performance, competitiveness and fairness.

#### ***Principles for fixed salary***

Each senior manager shall be offered a fixed salary in line with market conditions and based on the manager's responsibility, expertise and performance. To the extent a board member performs work for the company, in addition to ordinary board work, a market-based consulting fee may be paid.

#### ***Principles for variable salary***

All senior managers may, from time to time, be offered a variable salary (i.e., cash bonuses). The variable salary shall be based on a set of financial and personal objectives determined in advance. To which extent the objectives for awarding variable salary has been satisfied shall be determined when the relevant measurement period of the performance criteria has ended. The remuneration committee of the board of directors is responsible for the evaluation of the variable salary to the managing director and CEO. The managing director and CEO is responsible for the evaluation of the variable salary to other members of the senior management.

The variable salary may not amount to more than 75 percent of the fixed salary (in this context, fixed salary means cash salary earned during the year, excluding pension, benefits and similar)

#### ***Principles for share-related incentive programs***

Remuneration resolved upon by the Annual General Meeting is not covered by these guidelines. Accordingly, these guidelines do not apply to the share-related long-term incentive program 2022 (LTIP 2022) which the Board of Directors intends to propose to the

2022 Annual General Meeting or the outstanding share-related long-term incentive programs of the same kind resolved upon by the Annual General Meetings 2021, 2020 and 2019, or the outstanding share-related long-term incentive program resolved by the 2018 Annual General Meeting, which is partly in line with LTIP 2021, 2020 and 2019. These share-related long-term incentive programs are directed at certain key employees of the company and the Group and are designed to promote the long-term value growth and sustainability of the company and the Group and improve alignment between the interests of the participating employees and the company's shareholders. Under the long-term incentive programs, the participating employees may be allotted shares in the company free of charge, subject to a three-year vesting period and provided that certain performance criteria are fulfilled. In order to further improve alignment between the long-term interests of the participants and the company's shareholders, a requirement for participation is that the participant undertakes to retain all allotted shares (except for such shares that are sold to cover for tax due to the allotment of shares) for a period of two years from the date of the allotment of the shares. More information on the company's share-related long-term incentive programs, including the performance criteria which the outcome depends on, is available on the company's website [www.scandistandard.com](http://www.scandistandard.com).

#### ***Principles for pensions***

Agreements regarding pensions shall, where applicable, be premium based and designed in accordance with the level and practice applicable in the country in which the member of senior management is employed. Pension premiums for premium defined pension may not amount to more than 25 percent of the annual fixed salary.

#### ***Principles for other non-monetary benefits***

In addition to fixed and variable salaries and pensions, Scandi Standard offers occupational injury insurance and occupational group life insurance in accordance with local agreements and regulations. In addition, senior managers are entitled to private health insurance, telephone and car benefits. Other benefits may include, for example, life insurance, medical insurance and company cars. Premiums and other costs related to such benefits may not amount to more than 10 percent of the annual fixed salary.

***Principles for salary during periods of notice and severance pay***

Fixed salary during notice periods and severance payment, including payments for any restrictions on competition, shall in aggregate not exceed an amount equivalent to the fixed salary for two years. The total severance payment for all members of the senior management shall be limited to the current monthly salary for the remaining months up to current retirement age in each country.

**Preparation and review of matters regarding remuneration to senior management**

These guidelines have been prepared by the remuneration committee of the Board of Directors. When evaluating whether the guidelines and the limitations set out herein are reasonable, the remuneration committee has considered the total income of all employees of the company, including the various components of their remuneration as well as the increase and growth rate over time.

The remuneration committee shall during the year monitor and evaluate both ongoing and completed programs for variable remuneration for senior management, and monitor and evaluate the application of the guidelines for remuneration to senior management resolved by the Annual General Meeting as well as the current remuneration structures and compensation levels in the company and the Group.

The members of the remuneration committee are independent in relation to the company and senior management. The Managing Director and the other members of senior management do not participate in the Board of Directors' handling and resolutions of remuneration-related matters if they have no effect.

***Principles for deviations from the guidelines***

The board of directors may resolve to deviate from the guidelines if the board of directors, in an individual case, is of the opinion that there are special circumstances justifying a deviation and a deviation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability.

**Proposal for share-related long-term incentive program**

The board of Directors of the Company has resolved to propose to the AGM 2022 a share-related long-term incentive program 2022 (LTIP 2022) for senior executives and key employees which is designed to promote the long-term value growth of the Company and sustainability of the company and the Group and increase alignment between the interests of the participating individuals in the program and the company's shareholders.

LTIP 2022 retains components from the long-term incentive plans adopted in 2019–2021. However, the participants are required to invest in Scandi Standard shares in order to participate in LTIP 2022. Each such share will give participants one (1) Retention Share Right which is subject to continued employment and two (2) Performance Share Rights each of which are subject to the satisfaction of a performance requirements during the term of the program. One of the Performance Share Rights are subject to an EPS CAGR requirement and the other Performance Share Right is subject to a new requirement based on annual relative TSR.

The program comprises a maximum of 28 participants.

The vesting period is three years and provided that certain conditions are fulfilled, the participants may exercise their per-

formance share rights through which they will be allotted shares in the company free of charge.

The participants in the LTIP 2022 undertake to retain all allotted ordinary shares, except for such shares that are sold to cover for employment income tax due to the allotment of shares, for a period of two years from the date of the allotment of the ordinary shares. In order to be entitled to any allotment of ordinary shares, it shall be required that the participants in the program remain employed and have not given or been given notice of termination of employment within the Group during the vesting period.

The LTIP 2018 program was completed during 2021 with an allotment of 245.227 shares to the participants in the program.

Apart from LTIP 2019, LTIP 2020 and LTIP 2021, Scandi Standard has no other share- or share price related incentive programs. The intention is that a program similar to LTIP 2022 will be proposed annually to the AGM in the coming years.

Full details of LTIP 2022 are included in the notice to the AGM 2022. For information about the terms and the costs for LTIP 2021, LTIP 2020 and LTIP 2019, see Note 5.

## RISKS AND RISK MANAGEMENT

Scandi Standard's ability to reach its financial and other targets is dependent on the Group being able to maintain its strong market shares and brand positions, to continuously launch new, innovative and safe products, and to have cost efficient, flexible production and effective internal processes and controls.

As all business activities involve risks, an effective risk management process is required to protect current assets and realise the Group's potential. Risks that are managed effectively can be reduced and result in opportunities and value creation, while risks that are not managed correctly can result in damage and value destruction.

The Group has a formalised and proactive risk management process, with clearly established roles and areas of responsibility. The process for risk management involves risks being identified, evaluated, managed and followed up as a natural part of its corporate governance.

The risks are described below in no particular order of priority and without claiming to be exhaustive. Other risks and uncertainties presently unknown to the Group, or which the Group at present deems to be insignificant, could have a significant adverse impact in the future on the Group's opportunities to achieve its financial and other goals.

### Risks and uncertainties

Risks connected with Scandi Standard's operations can generally be divided into strategic risks, operational risks, risks related to compliance with external laws and regulations and internal steering documents, reporting risks and financial risks. Sustainability risks are integrated in these risk if applicable.

All risks can have a negative impact on Scandi Standard's net sales, financial results and financial position, and affect the Group's ability to achieve the strategic, operational, financial and other targets that have been set.

Internal steering documents such as Codes, policies, guidelines and instructions have been established to ensure that all the risks are taken into account when making important business decisions and to govern and control operations.

### Strategic risks

Strategic risks are linked to business development and long-term planning, as well as brand value. These risks are largely dealt with by the Board of Directors as part of the annual strategy process, and in the work to establish the Group's annual business plan and targets.

### Operational risks

Operational risks arise in the course of the day-to-day running of the businesses and are mainly managed by Group Management and other managers with operational responsibility.

### Risks related to compliance with external laws and regulations as well as internal steering documents

These risks are related to inadequate compliance with applicable external laws and regulations as well as internal steering documents. For more information about important external laws and regulations and internal steering documents, see page 117 of the Corporate governance report. These include the Swedish Corporate Governance Code and the Scandi Standard Code of Conduct, for example. In the case of external financial reporting,

this is to be prepared in accordance with external laws, accounting standards and other requirements applicable to listed companies.

### Reporting risks

Reporting risks are related to the internal and external reporting in general and to financial reporting in particular.

A description of internal control and risk management in the Group related to financial reporting can be found in the Corporate governance report on page 116.

### Financial risks

Through its international operations, the Group is exposed to various types of financial risks. These include fluctuations in the Group's financial results, financial position and cash flow due to currency risks, interest rate risks, refinancing and liquidity risks as well as credit and counterparty risks. See also note 22.

### Sensitivity analysis

A sensitivity analysis of important factors affecting the Group's financial results is shown below. The analysis is based on values as of 31 December 2021 and assumes that all other influencing factors remain unchanged.

### Sensitivity analysis as of 31 December 2021<sup>1)</sup>

MSEK	Estimated impact on operating income
<i>In the event of a change of +/-1% on an annual basis</i>	
Average sale price	+/-101 (99)
Cost of goods sold	+/-91 (83)
<i>In the event of a change in exchange rates against SEK by +/-5%</i>	
DKK	+/-5 (3)
NOK	+/-13 (8)
EUR	+/-0 (9)

<sup>1)</sup> Figures in parentheses refer to previous year.

## Strategic risks

Risks	Description	Management
<b>Dependency on a few major customers</b>	The Group's five largest customers represented approximately 45 percent of net sales in 2021, and the ten largest approximately 63 percent. This is partly due to the fact that for the Group's markets the food retail market is consolidated with only a few major chains in each country. Loss of customers or volumes with customers can have a substantial negative impact on the Group's net sales and financial results.	<ul style="list-style-type: none"> <li>• Annual strategy process.</li> <li>• Proactive management of yearly customer negotiations.</li> <li>• Reporting of sales and results to Group Management and other members of operational management on a weekly basis.</li> <li>• Group Management holds meetings every two weeks to review the results and position, to update forecasts and plans, and to discuss critical business issues.</li> </ul>
<b>Access to birds to maintain current operations and achieve growth</b>	It is almost exclusively external contract growers in their local markets that breed chickens. The Group is dependent on buying significant volumes in order to maintain its current operations and achieve growth. Introduction of new breeds complicates the planning of volumes.	<ul style="list-style-type: none"> <li>• The Group works closely with its contracted growers on the efficiency and quality of the breeding and to promote good animal husbandry.</li> <li>• Continue to strengthen cooperation with the contracted growers overall and in terms of the legal agreements, and to formalize the follow-up.</li> <li>• Improved internal planning process throughout the value chain.</li> </ul>
<b>New trends that could lead to lower demand for chicken</b>	Demand for the Group's products can be affected by trends in health, diets, animal welfare, slow-growing breeds, ethical values relating to animal husbandry, the environment and climate, which can also affect the Group's net sales and production costs.	<ul style="list-style-type: none"> <li>• Greater focus on sustainability work throughout the organization and the value chain, including stakeholder dialogues.</li> <li>• Improved communication on our product benefit related to health and climate efficiency.</li> <li>• The Group has group-wide functions for sustainability, quality and animal welfare.</li> <li>• Long-term marketing studies.</li> </ul>
<b>Changes in retail marketing</b>	The retail sector is Scandi Standard's largest sales channel, representing more than half of Group Net sales. Retail has a major impact on the buying behavior of consumers, for example, in terms of where the goods are located in the store, shelf space and sales promotion and therefore the Group's net sales. An increase in online sales can lead to changes in volumes and market shares for the Group's most important customers.	<ul style="list-style-type: none"> <li>• The Group works actively with trade organisations and retail to promote the chicken category and to ensure that the demand is stimulated, for example, through store design, allocation of shelf space and sales promotion measures.</li> </ul>
<b>Political risks and geopolitical risks</b>	Markets in which the Group operates are governed by extremely strict and extensive regulations on hygiene, food safety and animal welfare. New or changed conditions for running the business, for example, regulations on climate mitigation and adaptation, biodiversity and other sustainability areas, can result in unforeseen costs and require extensive investments. Inability to adapt the business could damage the reputation of the Group among customers and shareholders. Risk for invasion in geographical vicinity.	<ul style="list-style-type: none"> <li>• Continuous improvement of work processes and quality management systems to ensure high food safety and quality throughout the value chain.</li> <li>• Major focus on sustainability work throughout the organisation and the value chain.</li> <li>• Develop stakeholder dialogue and improving sustainability governance and reporting.</li> <li>• Certification of the production facilities in accordance with global and leading standards.</li> <li>• Continuous tests in production for salmonella and campylobacter.</li> <li>• Crisis management procedures and contingency plans.</li> <li>• Impact assessments.</li> </ul>
<b>Brand damage</b>	Any issues with the quality of products, production processes, animal husbandry or in other parts of the value chain can lower trust in the Group's brands and result in lower sales volumes.	<ul style="list-style-type: none"> <li>• Internal steering documents such as codes, policies, guidelines and instructions.</li> <li>• A process has been established to capture learnings and benefit from the experience from events that have occurred.</li> </ul>
<b>Company culture and the ability to attract competent employees</b>	Motivated employees with the right competence are crucial to drive the Group's development and achieve the objectives that have been set.	<ul style="list-style-type: none"> <li>• Internal steering documents including Code of Conduct</li> <li>• Leadership development.</li> <li>• More work on Employer branding e.g Graduate program.</li> <li>• Succession planning.</li> <li>• Major focus on sustainability work.</li> <li>• Annual employee survey with follow-up and targeted measures.</li> </ul>

## Operational risks

Risks	Description	Management
<b>Fluctuations in demand</b>	In the event of a sudden increase or decline in demand, the Group may not be able to make an immediate adjustment to production, which, among other things, may result in the build-up of inventory. Production costs have a substantial impact on the Group's financial results. The main cost items are personnel, distribution, energy and property costs.	<ul style="list-style-type: none"> <li>To some extent, the negative effect can be limited for example by freezing products and selling them later as frozen products with a longer shelf life.</li> <li>Continuous focus on streamlining the production processes and flows in production.</li> <li>Minimising waste, downtime and overtime are other important factors that affect production costs and the profitability of a facility.</li> <li>Continuous focus on planning, processes and systems.</li> </ul>
<b>Price competition</b>	The domestic production of chicken based food products in the Nordic countries and Ireland is consolidated to a few main producers in each country. There is strong competition to maintain and strengthen positions in the sales channels Retail markets and Foodservice.	<ul style="list-style-type: none"> <li>The Group is the largest producer in the Nordic region and Ireland and has significant economies of scale and competitive advantages as a result of its high volumes, broad product range and strong brands.</li> <li>Greater investments in product development and in processed product categories.</li> <li>Transfer of best practice between the countries to gain economies of scale.</li> </ul>
<b>Export prices</b>	Fluctuations in export prices and for certain chicken parts that are sold on the export markets can in particular affect the profitability of the Danish business, which has a high proportion of exports.	<ul style="list-style-type: none"> <li>Established a global export department to maximize sales value for the entire Group's export sales.</li> <li>Continuous focus on driving export sales of further processed products and reduce export sales of standard products.</li> </ul>
<b>Changes in purchasing costs</b>	<p>Total external purchasing costs of raw materials and supplies in 2021 amounted to approx MSEK 6,200 of which the major part refers to the purchase of live chickens. The chickens are largely sourced from third-party growing farms in each local market.</p> <p>The Group is exposed to changes in the price of feed indirectly as it is the largest cost item for the Group contracted growers as well directly through the feed mill that is part of the Irish business and that produces feed for the Irish contracted growers.</p> <p>The Group is also exposed to general cost changes including energy, transportation, insurance and packaging materials and for cost changes as an effect of geopolitical uncertainty.</p>	<ul style="list-style-type: none"> <li>The Group's purchasing department works closely with suppliers to manage materials supply and risk in this and monitor the financial stability, quality assurance systems including animal welfare and delivery capacity of suppliers.</li> <li>Group's business model, which generally enables fluctuations in raw material prices to be carried over to customers, provides a good basis for managing price and cost increases over time.</li> </ul>
<b>Disease outbreaks among the animals</b>	<p>Outbreaks of diseases among the animals within the Group, in the markets where Scandi Standard operates, other geographical markets or at competitors' facilities can have a negative impact on demand for chicken products.</p> <p>The greatest risk is an outbreak of bird flu or similar viruses, which can result in trade bans that restrict the Group's export sales, even if the disease has not been detected in the Group's value chain. Salmonella infection is a constant challenge for the entire poultry industry.</p>	<ul style="list-style-type: none"> <li>Nordic chicken is considered to be of the highest quality as a result of the strict rules regarding animal health and welfare.</li> <li>The Group has extensive experience and well-developed processes throughout the value chain to prevent disease outbreaks.</li> <li>Group-wide program regarding the quality requirements for animal welfare applies to all contracted growers, irrespective of their country.</li> <li>The costs of any damage are minimized through insurance solutions, when available.</li> </ul>
<b>Product quality and product safety</b>	Supplying food which is safe to eat is decisive for the Group's success and survival. If internal production processes or processes in the rest of the value chain do not work as intended, it can have a negative impact on product quality and product safety, which can lead to lower sales volumes and less trust in the Group and its brands.	<ul style="list-style-type: none"> <li>Continuous focus on improving work processes and quality management systems to ensure high food quality throughout the value chain.</li> <li>Business ethics risks, risks in the value chain and raw material risks are mostly managed by implementing the Group's Supplier Code of Conduct, which is included in every supplier agreement, and by regularly monitoring compliance with this Code of Conduct.</li> <li>Tests for salmonella and campylobacter are performed continuously in production.</li> </ul>



**Operational risks cont.**

Risks	Description	Management
<b>Disruptions in production or in the supply chain</b>	<p>Typically, an order from a customer must be processed within one to three days. Even minor disturbances to production may make it difficult to fulfil obligations to customers, which can increase the risk of customers changing supplier. Customers may sometimes also be entitled to compensation.</p> <p>A large proportion of the Group's products are sold as fresh food, which due to expiration dates must be distributed and sold to customers short time after production.</p> <p>Deviations from the Group's standards can lead to production challenges. There may also be disruptions to the production as a result of illness of the staff, fire, emissions or other damage to material resources.</p>	<ul style="list-style-type: none"> <li>• The costs of any damage are minimized through insurance solutions, when available.</li> <li>• Crisis management procedures and contingency plans.</li> <li>• Fire alarm on all sites.</li> <li>• Cooperation with suppliers.</li> <li>• Group-wide improvement program.</li> </ul>
<b>Business Ethics risks and risks relating to health, safety, human rights, the environment and animal welfare (ESG)</b>	<p>Weakened trust in the Group and its brands resulting from unethical behavior, fraud, corruption or bribes.</p> <p>Risks relating to health, safety, human rights, the environment and animal welfare can occur throughout the value chain, including at the Group's facilities. This can put the Group's reputation at risk, which can damage trust in the Group and its brands among investors, customers and consumers, as well as making it more difficult to recruit and retain employees.</p>	<ul style="list-style-type: none"> <li>• Well-defined internal governance system, policies and systematic work and communication to maintain a sound company culture.</li> <li>• Regular follow-up by management and assessment of all work-place injuries to develop measures to create a safe work environment with a minimised risk of injuries.</li> <li>• Implementation of the Group's Code of Conduct and the Supplier Code of Conduct.</li> <li>• Whistle-blowing function to enable the reporting of illegal or unethical behavior that violates the Group's Code of Conduct.</li> </ul>
<b>Risks related to climate change</b>	<p>A growing awareness of climate change can lead to restrictions in emissions that affect the environment, changed regulation or new taxes on energy and transport, as well as changes in consumers' preferences and buying behavior.</p> <p>Climate change leading to more extreme weather conditions and weather events can have negative impact on our value chain e.g., production of feed and the Group's operations in case of extreme weather events affecting our facilities.</p>	<ul style="list-style-type: none"> <li>• The Group is actively working to secure resource efficiency in all parts of the value chain in terms of the use of energy and water and managing waste and by-products. The Group has committed to set a Science Based Target inline with the Paris Agreement, limiting global warming at 1.5 degrees. This mid- and long-term target is currently under development. For more information, see the section on Sustainability Work on page 27–47.</li> </ul>
<b>Virus pandemic</b>	<p>The outbreak of the Covid-19 pandemic 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. The 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. How long the Covid-19 pandemic will last and how the pandemic will develop is unknown. If the outbreak has a major impact on the Groups earnings, it could have a significant impact on the Groups liquidity and financial position.</p>	<ul style="list-style-type: none"> <li>• The work to minimize disruption in the longer term continues and the Group works continuously to manage the effects of the Covid-19 pandemic</li> <li>• The Group has crisis plans that are updated and activated according to circumstances.</li> <li>• Production capacity is adapted to demand.</li> <li>• A detailed analysis of the expected liquidity and financial position is made and updated continuously.</li> <li>• Crisis packages from governments may be applicable in some cases.</li> </ul>
<b>Insurance risks</b>	<p>The Group is through its operations and assets exposed to losses and damages.</p> <p>The costs for any losses and damages are minimized through insurance solutions in line with industry practice.</p> <p>Insurance is only possible if the insurance solutions Scandi Standard wants or has committed to have, are available, and there is no guarantee that available insurance solutions are provided with coverage and/or premiums at the desired level.</p>	<ul style="list-style-type: none"> <li>• Internal steering documents such as codes, policies, guidelines and instructions.</li> <li>• Systematic work to limit the risk of losses and damages and routines for crisis management and contingency plans to limit the effect of losses and damages.</li> <li>• Procurement process for insurance, structured by and implemented with assistance from leading insurance broker with access to and experience from relevant international insurance markets.</li> <li>• Programs to make the business more insurable and thus in the long run reduce the cost of insurance premiums.</li> </ul>
<b>Lack of internal processes and information and IT security</b>	<p>If roles and divisions of responsibility are unclear within the organisation and its processes and IT systems, crucial actions including decisions, controls and changes can be delayed or not taken at all until the Group has suffered negative effects or damage, or are taken by the wrong person. Inefficient processes, controls and IT systems can lead to a lack of internal control.</p>	<ul style="list-style-type: none"> <li>• Internal steering documents such as codes, policies, guidelines and instructions.</li> <li>• Clearly defined areas of responsibility and mandatory reporting for managers and all others in supervisory positions.</li> <li>• Efficient processes, controls and IT systems.</li> </ul>

## Risks related to compliance with external laws and regulations as well as internal steering documents

Risks	Description	Management
<b>Compliance with external laws and regulations as well as internal steering documents</b>	<p>The Group operates in several countries, which means that there are many external laws and regulations governing all aspects of the business.</p> <p>If these are not observed, there could be both legal and financial consequences that can also damage the Group's reputation.</p> <p>As a Swedish public limited liability company listed on Nasdaq Stockholm, Scandi Standard has to follow the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm Rulebook, Main Market Rulebook for Issuers of Shares, the Swedish Corporate Governance Code, and other Swedish and foreign external laws and regulations but also internal steering documents.</p>	<ul style="list-style-type: none"> <li>• The Group's management structure with strong local management in each country allows for relevant information to be disseminated quickly within the organisation.</li> <li>• Internal steering documents such as Procedure for the Board, Instruction for CEO, Instruction regarding financial reporting to the Board, Code of Conduct and Supplier Code of Conduct, Whistle-blowing policy, Information policy, Insider policy, IT-security policy, Finance policy and other internal steering documents are updated on a regular basis and approved by the Board.</li> <li>• Group-wide improvement program.</li> <li>• Finance and Accounting policy and the Group's Framework for internal control of financial reporting and establishing a formal program for development of the framework.</li> <li>• Whistle-blowing function</li> </ul>

## Reporting risks

Risks	Description	Management
<b>Inaccuracies in reporting</b>	Inaccuracies can affect both internal and external reporting generally but also specifically financial reporting. For information about internal control over financial reporting, see the Corporate governance report on page 122.	<ul style="list-style-type: none"> <li>• Financial and Accounting Manual.</li> <li>• Internal control framework for financial reporting.</li> <li>• Risk management process</li> <li>• Internal Audit Function.</li> </ul>
<b>IT-related risks</b>	Lack of information security and IT-security, including cyber security, disruptions or faults in critical IT systems can affect both internal and external reporting in general, but also specifically the financial reporting.	<ul style="list-style-type: none"> <li>• IT security policy.</li> <li>• Implemented strengthened governance processes for and procedures for changes in IT systems.</li> </ul>

## Financial risks

Risks	Description	Management
<b>Currency risks, transaction and translation exposure</b>	Transaction exposure relates mainly to export sales. Translation exposure is the effect of changes in exchange rates when foreign subsidiaries' income statements and statements of financial position in DKK, NOK and EUR are translated into SEK. See also note 22.	<ul style="list-style-type: none"> <li>• The financial risks are managed by the Group's central finance function, based on the finance policy that has been established by the Board, and risk policies for each country.</li> <li>• The Group's currency rate risk is hedged to some extent by denominating some loans in the subsidiaries' relevant reporting currency.</li> </ul>
<b>Interest, refinancing, liquidity, credit- and counterparty risks</b>	<p>Interest-bearing liabilities expose the Group to interest rate risks, i.e. changes in market interest rates can negatively affect financial results and cash flow.</p> <p>Risks related to refinancing and liquidity include the risk that refinancing opportunities are limited when loans and credit facilities are to be renewed, or due to non-compliance with loan terms and credit terms, risk of higher costs, as well as the risk of the inability to meet payment obligations as a result of insufficient liquidity.</p> <p>Credit and counterparty risks include the risks that a counterparty in a transaction will be unable to discharge its obligations. For more information, see Note 22.</p>	<ul style="list-style-type: none"> <li>• The interest rate risk is managed by balanced combination of variable and fixed interest rates. Interest rate risk is managed through fixed loans, derivatives or a combination of both.</li> <li>• The Group's outstanding liabilities to credit institutions, including outstanding rate swaps, had a weighted average term of 8 (12) months, as of 31 December 2021.</li> <li>• The refinancing risk is limited by having a well-diversified group of counterparties.</li> <li>• The weighted average maturity of liabilities to credit institutions as of 31 December 2021 were 2 (3) years.</li> </ul>

# Consolidated financial statements

## Consolidated income statement

MSEK	Note	2021	2020
	1, 2, 3, 26, 30		
<b>Net sales</b>		<b>10,101</b>	<b>9,940</b>
Other operating revenues	4	18	21
Changes in inventories of finished goods and work in progress		54	30
Raw materials and consumables		-6,200	-5,898
Cost of personnel	5	-2,041	-2,067
Depreciation, amortisation and impairment	6	-378	-350
Other operating expenses	7, 9	-1,332	-1,327
Share of income of associates	14	2	2
<b>Operating income</b>		<b>222</b>	<b>351</b>
Finance income	8, 9	2	0
Finance expenses	8, 9	-83	-91
<b>Income after finance net</b>		<b>140</b>	<b>260</b>
Tax on income for the year	10	-37	-52
<b>Income for the year</b>		<b>103</b>	<b>208</b>
Whereof attributable to:			
Shareholders of the parent company		104	207
Non-controlling interests		-1	1
Average number of shares		65,287,762	65,501,968
Earnings per share before dilution, SEK		1.60	3.16
Earnings per share after dilution, SEK		1.60	3.16
Number of shares at the end of the period		66,060,890	66,060,890

## Consolidated statement of comprehensive income

MSEK	Note	2021	2020
Income for the year		103	208
<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	23	42	12
Tax on actuarial gains and losses	23	-9	-3
<b>Total</b>		<b>33</b>	<b>10</b>
<i>Items that will or may be reclassified to the income statement</i>			
Cash flow hedges		-1	6
Currency effects from conversion of foreign operations		70	-116
Income from currency hedging of foreign operations		-14	16
Tax attributable to items that will be reclassified to the income statement		0	-1
<b>Total</b>		<b>55</b>	<b>-95</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>88</b>	<b>-85</b>
<b>Total comprehensive income for the year</b>		<b>192</b>	<b>123</b>
Whereof attributable to:			
Shareholders of the Parent Company		193	122
Non-controlling interests		-1	1

## Consolidated statement of financial position

MSEK	Note	Dec 31, 2021	Dec 31, 2020
	1, 2, 3, 26, 27, 28, 30		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	11	921	888
Other intangible assets	11	876	878
Property plant and equipment	12	1,889	1,817
Right-of-use assets	13	415	455
Non-current leasing receivables	15	–	0
Participations in associated companies	14	46	43
Surplus in funded pensions	23	34	–
Financial assets	15	3	1
Deferred tax assets	10	65	41
<b>Total non-current assets</b>		<b>4,249</b>	<b>4,123</b>
<b>Current assets</b>			
Biological assets	16	103	103
Inventory	17	785	713
Trade receivables and other receivables	18	811	818
Other short-term receivables	18	92	78
Prepaid expenses and accrued income	18	104	131
Current leasing receivables	19	–	0
Derivative instruments	22	–	5
Cash and cash equivalents	19	350	413
<b>Total current assets</b>		<b>2,245</b>	<b>2,262</b>
<b>TOTAL ASSETS</b>		<b>6,494</b>	<b>6,385</b>

MSEK	Note	Dec 31, 2021	Dec 31, 2020
	1, 2, 3, 26, 27, 28, 30		
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's equity</b>			
Share capital		1	1
Other contributed equity		646	727
Reserves		125	70
Retained earnings		1,180	1,077
<b>Capital and reserves attributable to owners</b>		<b>1,951</b>	<b>1,875</b>
<b>Non-controlling interests</b>		<b>0</b>	<b>1</b>
<b>Total equity</b>	20	<b>1,951</b>	<b>1,876</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	21, 22	1,884	1,863
Non-current leasing liabilities	21, 22	367	401
Derivative instruments	21, 22	5	15
Provisions for pensions	23	3	8
Other non-current provisions	24	9	7
Deferred tax liabilities	10	178	166
Other non-current liabilities	22	65	64
<b>Total non-current liabilities</b>		<b>2,511</b>	<b>2,524</b>
<b>Current liabilities</b>			
Current leasing liabilities	21, 22, 25	68	73
Derivative instruments	21, 22	5	–
Trade payables	25	1,291	1,163
Tax payables	10	55	29
Other current liabilities	22, 25	179	342
Accrued expenses and prepaid income	22, 25	433	378
<b>Total current liabilities</b>		<b>2,031</b>	<b>1,985</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,494</b>	<b>6,385</b>

## Consolidated statement of changes in equity

MSEK	Note	Equity attributable to the owners of the Parent Company					Equity attributable to the owners of the Parent Company	Non-controlling interests	Total equity
		Share capital	Other contributed equity	Hedge reserve	Translation reserve	Retained earnings			
	20								
Closing balance Dec 31, 2019		1	727	-15	181	845	1,738	3	1,741
<b>Opening balance Jan 1, 2020</b>		<b>1</b>	<b>727</b>	<b>-15</b>	<b>181</b>	<b>845</b>	<b>1,738</b>	<b>3</b>	<b>1,741</b>
Income for the year						207	207	1	208
Actuarial gains and losses on pension plans						12	12		12
Cash flow hedges				6			6		6
Exchange differences on translation of foreign operations					-116		-116		-116
Net gain on hedge of net investments in foreign operations					16		16		16
Tax relating to components of other comprehensive income				-1		-3	-4		-4
<b>Other comprehensive income for the year, net of tax</b>				<b>5</b>	<b>-100</b>	<b>217</b>	<b>122</b>	<b>1</b>	<b>123</b>
Dividend			-					-2	-2
Long term incentive programs						15	15		15
<b>Transactions with owners</b>			<b>-</b>			<b>15</b>	<b>15</b>	<b>-2</b>	<b>13</b>
Other changes									
<b>Closing balance Dec 31, 2020</b>		<b>1</b>	<b>727</b>	<b>-10</b>	<b>81</b>	<b>1,077</b>	<b>1,875</b>	<b>1</b>	<b>1,876</b>
<b>Opening balance Jan 1, 2021</b>		<b>1</b>	<b>727</b>	<b>-10</b>	<b>81</b>	<b>1,077</b>	<b>1,875</b>	<b>1</b>	<b>1,876</b>
Income for the year						104	104	-1	103
Actuarial gains and losses on pension plans						42	42		42
Cash flow hedges				-1			-1		-1
Exchange differences on translation of foreign operations					70		70		70
Net gain on hedge of net investments in foreign operations					-14		-14		-14
Tax relating to components of other comprehensive income				0		-9	-8		-8
<b>Other comprehensive income for the year, net of tax</b>				<b>-1</b>	<b>56</b>	<b>137</b>	<b>193</b>	<b>-1</b>	<b>192</b>
Dividend			-81				-81	0	-81
Long term incentive programs						-3	-3		-3
Repurchase of own shares						-32	-32		-32
<b>Transactions with owners</b>			<b>-81</b>			<b>-35</b>	<b>-116</b>	<b>0</b>	<b>-116</b>
<b>Closing balance Dec 31, 2021</b>		<b>1</b>	<b>646</b>	<b>-11</b>	<b>137</b>	<b>1,180</b>	<b>1,951</b>	<b>0</b>	<b>1,951</b>



## Consolidated statement of cash flows

MSEK	Note	2021	2020
<b>OPERATING ACTIVITIES</b>			
Operating income		222	351
Adjustment for non-cash items		354	424
Paid finance items, net	28:1	-69	-76
Paid current income tax		-56	-41
<b>Cash flows from operating activities before changes in operating capital</b>		<b>451</b>	<b>658</b>
Changes in inventories and biological assets		-60	-16
Changes in operating receivables		64	13
Changes in operating payables		158	146
<b>Changes in working capital</b>		<b>162</b>	<b>143</b>
<b>Cash flows from operating activities</b>		<b>613</b>	<b>801</b>
<b>INVESTING ACTIVITIES</b>			
Business combinations	28:2	-171	-104
Investment in right-of-use assets		-1	-2
Investment in property, plant and equipment		-306	-355
<b>Cash flows used in investing activities</b>		<b>478</b>	<b>-461</b>
<b>FINANCING ACTIVITIES</b>			
New loans	28:4	-	60
Repayment of loans	28:4	-31	-55
Payments for amortisation of leasing liabilities	28:4	-84	-82
Paid dividend		-81	-
Repurchase of own shares		-32	-
Other		29	-25
<b>Cash flow in financing activities</b>		<b>-199</b>	<b>-102</b>
<b>Cash flows for the year</b>		<b>-63</b>	<b>238</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>413</b>	<b>194</b>
Currency effect in cash and cash equivalents		1	-19
Cash flows for the period		-63	238
<b>Cash and cash equivalents at end of the year</b>	28:3	<b>350</b>	<b>413</b>

# Parent Company financial statements

The Parent Company Scandi Standard AB (Publ) owns shares in the subsidiaries in which operations are conducted. These operations are shown in the section that describes the Group. No operations are conducted in the Parent Company and there are no employees.

## Parent Company income statement

MSEK	Note	2021	2020
<b>Net sales</b>		–	–
Operating expenses	29	0	0
<b>Operating income</b>		<b>0</b>	<b>0</b>
Finance net		9	29
<b>Income after finance net</b>		<b>9</b>	<b>29</b>
Group contribution		2	–4
Tax on income for the year		–	–
<b>Income for the year</b>		<b>10</b>	<b>25</b>

## Parent Company statement of comprehensive income

MSEK	Note	2021	2020
Income for the year		10	25
Other comprehensive income for the year, net of tax		–	–
<b>Total comprehensive income for the year</b>		<b>10</b>	<b>25</b>

## Parent Company statement of financial position

MSEK	Note	Dec 31, 2021	Dec 31, 2020
	29, 32		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	31	938	533
Receivables from Group entities	32	–	405
<b>Total non-current assets</b>		<b>938</b>	<b>938</b>
<b>Current assets</b>			
Receivables from Group entities		12	27
Cash and cash equivalents		0	0
<b>Total current assets</b>		<b>12</b>	<b>27</b>
<b>TOTAL ASSETS</b>		<b>950</b>	<b>965</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital		1	1
<b>Non-restricted equity</b>			
Share premium		645	727
Retained earnings		–27	–20
Income for the year		10	25
<b>Total equity</b>		<b>629</b>	<b>732</b>
<b>Current liabilities</b>			
Tax payables		0	0
Liabilities to Group entities	32	320	233
Accrued expenses and prepaid income		–	0
<b>Total current liabilities</b>		<b>320</b>	<b>233</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>950</b>	<b>965</b>

### Parent Company statement of changes in equity

MSEK	Note	Share capital	Share premium account	Retained earnings	Total equity
	20				
<b>Equity, Jan 1, 2020</b>		<b>1</b>	<b>727</b>	<b>-20</b>	<b>707</b>
Income for the year				25	25
Dividend				-	-
<b>Equity, Dec 31, 2020</b>		<b>1</b>	<b>727</b>	<b>5</b>	<b>732</b>
<b>Equity, Jan 1, 2021</b>		<b>1</b>	<b>727</b>	<b>5</b>	<b>732</b>
Income for the year				10	10
Dividend				-81	-81
Repurchase own shares				-32	-32
<b>Equity, Dec 31, 2021</b>		<b>1</b>	<b>645</b>	<b>-17</b>	<b>629</b>

### Parent Company statement of cash flows

MSEK	2021	2020
<b>OPERATING ACTIVITIES</b>		
Operating income	0	0
Paid finance items net	27	26
Paid current income tax	-	-
<b>Cash flows from operating activities before changes in operating capital</b>	<b>27</b>	<b>26</b>
Changes in operating receivables	-	-
Changes in operating payables	91	-12
<b>Cash flows from operating activities</b>	<b>117</b>	<b>13</b>
<b>FINANCING ACTIVITIES</b>		
Lending to subsidiaries	-	-
Paid dividend	-81	-
Repurchase own shares	-32	-
Paid group contribution	-4	-14
<b>Cash flows from financing activities</b>	<b>-117</b>	<b>-14</b>
<b>Cash flows for the year</b>	<b>0</b>	<b>0</b>

# Notes to the consolidated and to the parent company's financial statements

## Notes to the consolidated financial statements

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# Notes to the consolidated financial statements

Amounts in MSEK unless otherwise stated.

The Board of Directors of Scandi Standard AB (publ) is domiciled in Stockholm, Sweden.

The address of the main office is Strandbergsgatan 55. The corporate identity number is 556921-0627.

The Group's operations are described in the Board of Directors' report and in Note 3, Segment reporting.

The Group's and Parent Company's financial statements for 2021 will be presented for adoption by the AGM, on May 4, 2022.

## Note 1 Accounting policies

The principal accounting policies applied in preparing this annual report are summarized in this note. The same policies are normally applied for both the Parent Company and the Group. Parent Company policies that differ from those of the Group are described under separate headings.

### BASIS FOR PREPARATION OF STATEMENTS

Scandi Standard's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. IFRS includes International Accounting Standards (IAS) and interpretations of standards from IFRS Interpretations Committee (IFRS IC). In addition to the Annual Accounts Act and IFRS, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, has also been applied.

The Parent Company's annual financial statements have been prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for legal entities.

Scandi Standard applies the cost method for measuring assets and liabilities, except for derivative instruments and the category 'financial assets and liabilities measured at fair value through the income statement' and biological assets that are measured at fair value less cost of sales according to IAS 41. These financial assets and liabilities are not measured at fair value in the Parent Company. Non-current assets and non-current liabilities essentially consist only of amounts expected to be recovered or paid after more than twelve months reckoned from the closing date. Current assets and current liabilities essentially consist only of amounts that are expected to be recovered or paid within twelve months reckoned from the closing date.

Sometimes, the total amount in tables and statements do not add up due to rounding differences. The purpose is that each sub-line equals its source of origin and therefore rounding differences can occur.

### Standards, amendments and interpretations that have been adopted by the EU entered into force in 2020

#### Changes to the accounting policies

No standards, amendments and interpretations effective from January 2021, have been implemented that have had any material impact on the Groups or the Parent Company's financial statements.

#### New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group or the parent company. These standards are not expected to have a material impact on the Group's or the Parent Company's financial statements in the current or future reporting periods.

### ASSUMPTIONS AND ACCOUNTING ESTIMATES

To ensure preparation of the financial statements in accordance with IFRS, assumptions and estimates must be made which affect recognised assets and liabilities and income and expenses, as well as other information disclosed. The actual outcome may differ from these estimates and assumptions. The areas in which assumptions and accounting estimates have the greatest impact on carrying amounts are described in more detail in Note 2.

### CONSOLIDATED FINANCIAL STATEMENTS

The Group's financial statements comprise the financial statements for the Parent Company and all Group entities in accordance with the definitions below.

#### Parent company

The Parent Company recognises all investments in Group entities at cost, adjusted where applicable by accumulated impairment losses.

### Subsidiaries

Subsidiaries are all entities over which the company has control. The Group controls an entity when the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The consolidated financial statements are prepared according to the purchase method. The cost of an investment in a subsidiary is the cash amount and the fair value of any non-cash consideration paid for the investment. The value of the acquired net asset, the equity in the company, is determined by measuring acquired assets and liabilities and contingent liabilities at their fair value on the date of acquisition. Those fair values constitute the Group's cost. If the cost of an investment in a subsidiary exceeds the fair value of the acquired company's identifiable net assets, the difference is recognised as consolidated Goodwill.

Whether a minority's share of Goodwill should be measured and included as an asset is determined for each acquisition. If the cost is less than the final fair value of the net assets the difference is recognised directly in the income statement. Acquisition-related costs are recognised in the income statement as they arise.

All intra-Group transactions, including receivables and liabilities, income and expenses as well as unrealized earnings, are eliminated in their entirety.

### Associates

Associates are companies over which Scandi Standard has a significant, but not controlling, influence. This is normally the case when the Group holds between 20 and 50 percent of the voting rights.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. Acquired assets and liabilities are measured in the same way as



for subsidiaries and the carrying amount includes any Goodwill and other Group adjustments. The Group's share of the associate's income after tax arising after the acquisition, adjusted for any depreciation/reversals of the consolidated value, is recognised on a separate line in the income statement and is included in operating income. The share of income is calculated on the basis of Scandi Standard's share of equity in the associate. The equity method means that the consolidated carrying amount of investments in associates correspond to the Group's share of the equity of associates plus the residual value of fair value adjustments.

Unrealized gains and losses that do not involve an impairment loss are eliminated in proportion to the Group's investment in the associate.

#### Translation of foreign Group entities

Statements of financial position and income statements for all Group entities whose functional currency is not the presentation currency are translated into the Group's presentation currency using the following procedures:

- Assets and liabilities are translated at the closing rate on each reporting date recognised in the statement of financial position.
- Revenues and expenses are translated at the average rate for each year recognised in the income statement and statement of comprehensive income.
- All translation differences that arise are recognised as a separate item under other comprehensive income in the statement of comprehensive income.

In cases where net investments in foreign operations are hedged with financial instruments the foreign exchange differences arising on translation of these instruments are also recognised in the statement of comprehensive income. When a foreign operation is disposed of, the cumulative translation differences and exchange differences for any financial instruments held for hedging the net investment in the company are recognised as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated according to the same principles as the entity.

#### Foreign currency transactions and balance sheet items

The various entities within the Group present their reports in the currency of the primary economic environment in which they operate (the functional currency).

The consolidated financial statements are prepared in Swedish kronor (SEK), which is the Parent Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date. Foreign currency receivables and liabilities are remeasured at closing date rates at the end of each reporting period. Exchange differences arising on such remeasurement, and upon payment of the transaction, are recognised in the income statement. However, exchange differences arising on remeasurement of items that are hedging transactions, and that qualify for hedge accounting, are recognised in other comprehensive income. Gains and losses on operating receivables and liabilities are netted and reported within operating income. Gains and losses on borrowings and financial investments are recognised as financial items.

Exchange differences on receivables which represent an extended investment in subsidiaries are recognised in other comprehensive income in the same way as translation differences relating to investments in foreign subsidiaries.

#### The Group's main currencies in addition to SEK, 2021

SEK	Average rate	Closing rate
DKK	1.3641	1.3753
NOK	0.9980	1.0254
EUR	10.1449	10.2269

#### SEGMENT REPORTING

Recognised operating segments are consistent with the internal reporting submitted to the chief operating decision maker, who is the person that allocates resources and evaluates the results of the operating segments. At Scandi Standard, this role is assumed by the Managing Director & CEO, who, on behalf of the Board, takes charge of day-to-day management and governance.

The business segments are consistent with the Group's operational structure in which activities are divided into the segments Ready-to-cook and Ready-to-eat. Operations not included in the segments Ready-to-cook and -Ready a Region and corporate functions are recognised as Other. A further description of the segments is provided in Note 3.

The segments are responsible for their operating income and the assets and liabilities used in their own operations, the operating capital. Financial items and taxes do not fall within the segment's responsibility; these are recognised centrally for the Group. The same accounting policies are used for the segments as for the Group, apart from financial instruments (IFRS 9 only at Group level).

Transactions between segments and other operations are carried out on commercial terms.

#### REVENUE

##### Net sales

Revenue from the sale of goods for the main businesses that comprise the sale of products is recognised when the buyer receives control over a product. Control is obtained when the buyer can control the use of the asset and receive all future benefit from it.

Every promise to transfer an asset to a customer distinct from other commitments in a contract constitutes a performance commitment. Each distinct performance commitment is recognised separately. A commitment is fulfilled when the customer receives control of the asset. The Group assess that this point in time mainly occurs upon delivery to the customer in accordance with current delivery terms in contracts entered into.

Revenue is recognised at transaction price, which is the compensation the Group expects to receive in exchange for the transfer of goods and services. When determining the transaction price, any discounts, but also any commitments regarding goods that the customer fails to sell further, are given primary consideration. The transaction price is not adjusted for the customer's credit risk, but a possible impairment of a remuneration is made according to IFRS 9 and the credit loss is recognized as an impairment loss in the income statement. Payment is made on the basis of agreed payment terms in contracts entered into, which normally takes place at a time that occurs after delivery has taken place.

Net sales include invoiced sales for main activities. Most of the Group's revenue comes from the sale of manufactured goods. Revenue is recognised excluding VAT because the Group does not collect the tax on its own account but acts as an agent for the state.

##### Other operating revenue

As other operating revenue, income from activities outside the company's main business is reported. This mainly consist of rental income, insurance payments and profit on sales of tangible fixed assets. Other operating revenue includes foreign exchange gains on operating receivables and liabilities, which arise on translation at the closing day rate and profit on derivatives that are not hedged. In addition, other income and profits are reported from activities outside the company's main business.

#### BORROWING COSTS

Borrowing costs attributable to investments in assets that take at least 12 months to complete, and for which the investment amount is at least MSEK 100, are capitalized as part of the investment amount. Other borrowing costs are expensed in the period in which they are incurred.

**TAX**

The Group's tax expense consists of current tax and deferred tax. Taxes are recognised in the income statement, except when the underlying transaction is recognised in other comprehensive income (OCI), in which case the related tax effect is also recognised in OCI. Current tax is the tax payable or receivable for the current year. Current tax also includes adjustments to current tax attributable to prior periods.

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the tax base of assets and liabilities and their carrying amount. Deferred tax is measured at the nominal amount and is calculated by applying the tax rates and regulations that have been enacted or substantively enacted by the reporting date. Deferred taxes relating to temporary differences attributable to investments in subsidiaries and associates are not recognised, as, in each case, Scandi Standard is able to control the date for their reversal and it is not considered probable that any such reversal will occur in the near future.

Deferred tax assets relating to deductible temporary differences and loss carryforwards are recognised only to the extent that it is considered probable that these will result in lower tax payments in the future.

Deferred tax assets and deferred tax liabilities are offset when they are attributable to the same tax authority and the companies in question have a legally enforceable right to offset current tax assets against current taxation liabilities.

**INTANGIBLE ASSETS**

An intangible asset is recognised when the asset is identifiable, the Group controls the asset, and it is expected to yield future economic benefits. Intangible assets such as Goodwill, trademarks and customer and supplier relationships are identified and measured normally in connection with business combinations. Expenditures on internally generated trademarks, customer relationships and internally generated Goodwill are recognised in the income statement as an expense when they are incurred.

**Goodwill**

Goodwill is the amount by which the cost of acquisition exceeds the fair value of the net assets acquired by the Group in a business combination. The value of the Goodwill is allocated to the operating segment's cash generating units which are expected to benefit from the acquisition that gave rise to the goodwill item. Goodwill is recognised at cost less accumulated impairment losses and is tested annually for impairment. Goodwill impairment is not reversed.

Goodwill arising on acquisition of associates is included in the carrying amount of the associate and is tested for impairment as part of the value of the total investment in the associate.

Net gains or losses on the disposal of Group entities include the remaining carrying amount of the Goodwill attributable to the divested entity.

**Trademarks**

The value of trademarks is recognised at cost less any accumulated amortisation and impairment losses. Trademarks with an indefinite useful life are not amortised but are tested annually for impairment in the same way as Goodwill. Consumer trademarks that Scandi Standard intends to continue using for the foreseeable future and that have a cost of at least MSEK 10 are classified as trademarks with an indefinite useful life.

The relief from royalty method is used to measure trademarks identified in a business combination.

As trademarks in segments Sweden, Denmark and Norway have indefinite useful life, no estimated useful life has been defined. Trademarks in segment Ireland has an estimated useful life of 20 years.

**Customer and supplier relationships**

Intangible assets in the form of customer and supplier relationships are identified in connection with business combinations. The value of customer relationships is calculated using the multi-period excess earning method, together with any other relevant information, and is recognised at cost less accumulated amortisation and impairment losses.

At present, existing customer relationships are considered to have a total useful life of 8, 10 or 20 years and existing supplier relationships a useful life of 5 or 10 years.

**Research and development**

No research is conducted within the Group. Expenditure on development is recognised as an intangible asset only if it is technically and financially feasible to complete the asset, it is expected to provide future economic benefits, the cost of the asset can be measured reliably, and the development is substantial. Currently, this means that all expenditure on the development of commercial products and similar products is expensed as incurred. Expenditure on development of business-related IS/IT-systems is capitalized if the general preconditions according to the above are met and the total expenditure is estimated to exceed MSEK 3. Investments in configuration and customisation costs in cloud computing arrangements are recognised as an expense in line with IFRS Interpretations Committee (IFRS IC) published agenda

decision in April 2021 on configuration or customisation costs in cloud computing arrangements. As a consequence, certain configuration and customisation costs in cloud computing arrangements that arises in 2022 and later will not meet the requirements to be reported as intangible assets. Such costs will accordingly be recognised as an expense by the Group when it receives the configuration or customisation services

Capitalized expenditure is amortised on a straight-line basis over the estimated useful life of 5 to 10 years.

**Impairment losses**

Intangible assets with an indefinite useful life are not amortised but are tested for impairment annually or more frequently if there is an indication of impairment. The carrying amounts of assets that are amortised are regularly tested. At the end of each reporting period, an assessment is made as to whether there is any indication that the assets are impaired and need to be written down. The recoverable amount is estimated for these assets and for assets with indefinite useful life. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. An impairment loss is recognised if the recoverable amount is less than the carrying amount. A previously recognised impairment loss is reversed if the reasons for the earlier impairment no longer exist. However, an impairment loss is reversed only to the extent that it does not increase the carrying amount of an asset above the amount that would have been determined had no impairment loss been recognised in prior years. Impairment of Goodwill is never reversed.

For an asset that depends on other assets generating cash flows, the value in use of the smallest cash-generating unit to which the asset belongs is estimated. Goodwill is always allocated to the cash-generating units that benefit from the acquisition that generated the Goodwill.

An asset's value in use is the present value of the estimated future cash flows that are expected from using the asset and its estimated residual value at the end of its useful life. When calculating the value in use, future cash flows are discounted at an interest rate before tax that takes into account a market assessment of risk-free interest rates and risk involved with the specific asset.

**PROPERTY, PLANT AND EQUIPMENT**

Items of property, plant and equipment are recognised at cost less accumulated depreciation and any accumulated impairment. Cost includes expenditure that can be directly attributed to the acquisition of the asset, including the effect of cash flow hedges relating to investment purchases in foreign currencies. Start-up and pre-production costs that are necessary for bringing the asset to

its predetermined condition are included in the cost. For major investments, where the total investment value is at least MSEK 100 and the investment period lasts at least 12 months, interest during construction is included in the cost of the asset.

Subsequent expenditure on property, plant and equipment increases the cost only if it is probable that the Group will have future economic benefit from the subsequent expenditure. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

#### Depreciation policies for property, plant and equipment

Land is assumed to have an indefinite useful life and is therefore not depreciated. Depreciation of other property, plant and equipment is based on cost less estimated residual value. Depreciation is straight-line over the asset's estimated useful life. Each component of a larger item of property, plant and equipment with a cost that is significant in relation to the asset's total cost and with a useful life significantly different from the rest of the asset, is depreciated separately. The assets' residual values and useful life are tested at least annually and adjusted as necessary.

The following depreciation schedules are applied:

Buildings	25–30 years
Property fixtures	10–25 years
Plant and machinery	5–20 years
Equipment, tools	5–15 years
Vehicles	5–10 years
Office equipment	5–10 years

#### RIGHT-OF-USE ASSETS

All leases are recognised in the financial position statement and are, classified as right-of-use assets and leasing liabilities. At the start of the lease, a right-of-use asset (the right to use a lease object) and a financial liability to pay rents are recognized. Exceptions according to the standard's simplification rules, which the Group has selected, are short-term leases (shorter than one year) and low value leases (below KSEK 50). These must be disclosed separately. The Group does not report right-of-use assets and lease liabilities for short term agreements and leased assets with a low underlying value. Expenses for these leases are recognised over the lease period and the amounts are disclosed separately in the financial statements, for more information see Note 13.

When a contract is found to contain a lease, the right-of-use asset is initially measured at the value of the leasing liability adjusted for any lease payments made before or on the initial date of the lease with the addition of any direct costs and the estimated cost of restoring the underlying asset.

The lease liability is initially estimated to the present value of future lease payments, discounted by the implicit interest rate of the agreement, or if difficult to identify, the marginal loan rate of the Group. In general, the marginal loan rate is used. Interest costs are disclosed separately. The leasing liability includes the present value of the following lease payments:

- Fixed fees,
- Variable fees that are dependent on an index or price, initially measured by using an index or price at the start date,
- Amounts expected to be paid for residual value guarantees,
- The strike price for an option to buy the asset if the lessee is reasonably certain to exercise the option, and
- Penalties that are paid upon cancellation, if the lease period indicates that the lessee plans to cancel the lease.

When the lease period is determined, the company uses available information impacting the incentive to utilize an extension option, or to not use the option to cancel the lease. Extension options are only included in the lease period if the lessee is reasonably certain that the option will be exercised, and periods included in an option to cancel are only included in the lease period if the lessee is reasonably certain to not use the option.

Revaluation of leasing liabilities is done when changes in future lease payments are caused by changes in an index or price or if the Group changes its estimate regarding buy-out, extension or cancellation of the lease agreement. The value of the right-of-use asset is also changed with the same amount.

The right-of-use asset is depreciated on a straight-line basis over the shortest of the useful life of the assets and the term of the lease. The right-of-use asset is adjusted for revaluation of the lease liability and any write downs. Depreciation and impairments are disclosed separately.

Revenues from any sub-lease of assets are disclosed separately, see Note 13.

#### NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Scandi Standard only reclassifies assets as held for sale if their value is substantial. The current threshold is MSEK 5.

#### BIOLOGICAL ASSETS

Biological assets are measured and recognised at fair value less cost of sales in accordance with IAS 41. Scandi Standard has biological assets in the form of broiler parent stock within the operations of rearing day-old chicks in Sweden. The lifespan of the parent stock is approximately one year, and the lifespan of the broilers is about 30 days. The assets of broiler parent stock are measured at fair value less cost of sales.

The stock has been measured using cash flow projections from expected sales of day-old chicks and the direct and indirect costs of animal husbandry. For costs, estimates have been made based on past experience. There is an observable market price for the day-old chicks and for number of chicks produced, the grower norms for the variety kept have been used.

#### INVENTORIES

Inventories are measured, according to IAS 2, at the lower of cost and net realizable value at the reporting date. The cost is estimated by applying the FIFO (first in/ first out) method or weighted average prices. The cost of self-produced goods includes raw materials, direct salaries, other direct costs and production-related overhead costs, based on normal production capacity. Borrowing costs are not included in the measurement of inventories. Net realizable value is the estimated selling price in operating activities less deductions for the estimated costs to complete and sell the product.

#### FINANCIAL ASSETS AND LIABILITIES

##### Financial instruments

Financial assets and liabilities recognised in the statement of financial position include cash and cash equivalents, trade receivables, shares, loan receivables, other interest-bearing instruments, trade payables, borrowings and derivative instruments. Derivative instruments are recognised in the statement of financial position when the agreements are made. Other financial assets and financial liabilities are recognised in the statement of financial position on the settlement date. A financial asset is derecognised on the settlement date or when it expires. A financial liability or part of a financial liability is derecognised on the settlement date or when it is extinguished in another manner.

The Group classifies its financial assets in the following categories; fair value through the income statement, fair value through comprehensive income or amortized costs. Assets held for the purpose of collecting contractual cash flows and where these

cash flows constitute principal amounts and interests, and have not been identified as measured at fair value, are measured at amortized cost. The booked value of these assets is adjusted with expected credit losses. Interest income from these financial assets is recognised using the effective interest method and is included in financial income. Financial assets held both for the purpose of collecting contractual cash flows and for sale, and where the assets' cash flows constitute only capital amounts and interest, and have not been identified as measured at fair value, are measured at fair value through other comprehensive income. Interest income, write-downs and exchange rate differences are recognised at fair value in the income statement, while the other fair value changes are recognized in other comprehensive income. Assets that do not meet the requirements for amortized cost or fair value through other comprehensive income are measured at fair value through the income statement. Financial liabilities are normally recognised as amortised cost. Additional purchase price in connection with the acquisition of business and to be settled in cash is reported at fair value through the income statement.

The Group assesses the future expected credit losses related to assets recognised at amortized cost and assets recognised at fair value through other comprehensive income. The Group reports a credit reserve for such expected losses at each reporting date. For accounts receivable, the Group applies the simplified approach for credit reserve i.e. the reserve will correspond to the expected loss over the entire life of the receivable. To estimate the expected credit losses, accounts receivable has been grouped based on credit properties and the number of days in relation to maturity. The Group also uses forward-looking variables to assess the expected credit losses. Claims that are not accounts receivable are divided into three groups. For the first group, expected credit risk is assessed based on the risk of default within the next 12 months. If an assessment is made that the credit risk for a receivable has increased significantly since the first accounting date, the receivable is transferred to group two, where the assessment of the expected credit risk is based on the risk of default during the entire remaining term of the receivable. If a claim is deemed to have failed, it is moved to group three, where an assessment is made of the expected recoverable amount.

Scandi Standard has updated the hedge documentation according to IFRS 9. Hedges that qualify for hedge accounting shall be deemed to be effective during the remaining term of the hedge. Sources of inefficiency must be identified. The hedged item and hedging instrument must have an economic relationship, the hedging ratio must be in accordance with the company's hedging strategy and credit risk must not be the dominant cause of the hedging instrument's change in value.

### Derivative instruments and hedge accounting

Scandi Standards' holdings of financial derivative instruments comprise interest rate swaps and currency forward contracts. Currency forward contracts are agreed in order to limit the effect on Scandi Standards' profit and loss and financial position, due to short-term changes in the foreign exchange rates. Interest rate swaps are agreed in order to prolong the interest period for the underlying liabilities and decrease the uncertainty of future interest expenses.

Derivative instruments are recognised at fair value and the result of the remeasurement affects the income statement. In case where the derivative does not qualify for hedge accounting and the insurance model is a cash flow hedge or hedge of net investments, the effective portion of the remeasurement effect is recognised in other comprehensive income. Hedge accounting may be applied if certain criteria are met with regard to documentation of the hedge relationship and the hedge effectiveness.

Financial instruments that are hedging instruments hedge either an asset or a liability, a net investment in foreign operations or are a hedge of a forecast transaction.

There are three different hedging relationships: cash flow hedges, hedging of net investments and fair value hedges. Scandi Standard currently only applies cash flow hedging and hedging of net investments.

### Cash flow hedges

Cash flow hedging is a hedge held to reduce the risk for an impact to the income statement from changes in future cash flows. The future cash flows that are hedged must be deemed to have a high probability to occur. The portion of the hedging instrument's change in value which is deemed to be effective is recognised via other comprehensive income as equity and any ineffective portion is recognised in the income statement. When the result of the hedged item affects the income statement the result from the hedging instrument is transferred from other comprehensive income to the income statement.

Scandi Standard applies cash flow hedging for currency risks in commercial purchases and sales as well as for interest rate risks in the debt portfolio.

### Hedging of net investments

Hedging of net investments refers to hedges held to reduce the effect of changes in the value of a net investment in a foreign operation owing to a change in foreign exchange rates. Scandi Standard hedges net investments in a foreign operation by borrowing in the subsidiaries currency. Foreign currency gains or losses arising from remeasurement of the fair value of the instruments used for

these hedges are recognised in other comprehensive income and accumulated in equity. The result is reclassified from equity to the income statement upon disposal of the foreign operation.

### Parent Company

In the Parent Company, financial instruments are recognised using the cost method. The Parent Company applies the rules in RFR2 and thus not IFRS 9. As the interest-bearing assets and liabilities of the Parent Company are consistent in all material respects with those of the Group, no special disclosures are provided for the Parent Company.

### Determination of fair value

The fair value of forward exchange contracts is estimated based on current forward rates at the reporting date, while interest rate swaps are recognised using estimates of future discounted cash flows.

For financial liabilities, the fair value is estimated through discounting future cash flow of relevant market interest rate taking into account Scandi Standard's credit risk.

For financial assets and liabilities with short maturities, below three months, the fair value is estimated at cost adjusted for any impairment.

### PROVISIONS

Provisions are recognised, according to IAS 37, when Scandi Standard has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. The amount of the provision recognised is the best estimate of the expenditure required to settle the obligation at the reporting date. For long-term material amounts, provisions are measured at the present value of the expenditure required to settle the obligation, taking into account the time value of money. Provisions for restructuring measures are made when a detailed, formal plan for measures is in place and well-founded expectations have been created for those who will be affected by the measures. No provisions are made for future operating losses.

### EMPLOYEE BENEFITS

#### Pensions

Employee benefits are recognised according to IAS 19. Scandi Standard has both defined contribution and defined benefit pension plans, most of which are funded.

With defined contribution plans, the company pays fixed contributions to a separate legal entity and has no obligation to pay further contributions thereafter. The costs for these plans are charged to consolidated profit as the benefits are earned.

Defined benefit pension plans define an amount of pension benefit that an employee will receive on retirement, based on factors such as salary, years of service and age. The Group's companies bear the risk associated with paying out promised benefits. Plan assets in funded plans can only be used to pay benefits under the pension agreement.

The liability recognised in the statement of financial position consists of the net of the estimated present value of the defined benefit obligation and the fair value of the plan assets associated with the obligation at the reporting date, either in a pension fund or in some other arrangement.

Pension costs and pension obligations for defined benefit pension plans are calculated according to the projected unit credit method (PUC). This method allocates the costs for pensions as the employees carry out services for the company that increase their entitlement to future benefits. The company's obligation is calculated annually by independent actuaries. The obligation comprises the present value of the expected future payments. The discount rate that is used corresponds to the interest rate for high-quality corporate bonds with a maturity that corresponds to the average term for the obligations and the currency. If no such bonds exist in the market a government bond rate is used. An interest rate equivalent to the interest rates of high-quality mortgage bonds is used for Swedish plans, which represent the vast majority of the defined benefit plans. These bonds are considered equivalent to corporate bonds as they have a sufficiently deep market to be used as the basis for the discount rate.

Actuarial gains and losses may arise in determining the present value of the defined benefit obligation and fair value of plan assets. These arise either when the actual outcome diverges from the previously calculated assumption or the actuarial assumption changes. These actuarial gains and losses are recognised in Other comprehensive income.

A special payroll tax is calculated on the difference between the pension obligation determined according to IAS 19 and the pension obligation determined according to the rules applied in the legal entity. The calculated future payroll tax is included in the recognised pension liability. The present value of the provision is not calculated. The change in the provision is recognised in other comprehensive income to the extent that it relates to actuarial gains or losses.

#### Termination benefits

A provision for costs in connection with termination of personnel is recognised only if the company is obligated to end employment before the normal retirement date or when benefits are provided as an incentive to encourage voluntary termination. Estimated termination benefits are recognised as a provision when a detailed plan for the measures is presented.

#### Long-term incentive programs

Scandi Standard have annual recurring long-term incentive programs ("LTIPs") for key employees, which are intended to contribute to the company and the Group's long-term value growth and increase shared interest in value growth between the employee and the company's shareholders.

The programs are equity-settled, share based and imply that performance rights shall be allotted free of charge to the participants in relation to a fixed percentage of their fixed salary.

The compensation plans are accounted for in accordance with IFRS 2, Share based payments. The accounting costs that will arise in accordance with IFRS 2 are determined in connection with the allotment date and are allocated over the vesting period (3 years).

At the end of each reporting period, the company considers changes in anticipated number of vested shares. Social charges related to the program are recognised as a cash-settled instrument.

#### Hedging of commitments according to LTIPs

No new shares will be issued due to LTIPs and in order to ensure the delivery of shares and for the purpose of hedging social security charges under LTIPs, the company acquires own shares.

The repurchased shares reduce the Group's equity and are considered in the calculations of earnings per share ("EPS").

#### Variable salary

Provisions for variable salary are expensed on an ongoing basis in accordance with the economic substance of current agreements.

#### GOVERNMENT GRANTS

Government grants are recognised in the statement of financial position and the income statement when there is reasonable assurance that any conditions attached to the grant will be complied with and the grant will be received. Grants are recognised in the income statement on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. If the government grant or assistance is neither related to the acquisition of assets nor to compensation of costs, it is recognised as other income.

#### GROUP CONTRIBUTIONS AND SHAREHOLDER CONTRIBUTIONS

##### Parent Company

The Swedish Financial Reporting Board has introduced rules for reporting Group contributions in its recommendation RFR 2, Accounting for legal Entities. Scandi Standard applies the alternative rule, which means that both Group contributions received, and Group contributions made are recognised as an appropriation.

The issuer capitalizes the shareholder contribution in shares and interests to the extent that impairment is not required. The recipient recognises the shareholder contribution directly in equity.

#### RELATED PARTIES

By virtue of its control, the Parent Company has a related party relationship with its subsidiaries and sub-subsidiaries. By virtue of their significant influence, the Group and Parent Company have a related party relationship with their associates, which include directly and indirectly owned companies.

Intra-Group purchases and sales of goods and services are conducted at market prices.

By virtue of their right to participate in the decisions concerning the Group's strategies, members of the Group's Operational Board have significant influence over the Parent Company and Group and are therefore considered to be related parties.



## Note 2 Significant judgments, accounting estimates and assumptions

Preparation of annual financial statements in accordance with IFRS in many cases requires management to make judgments and use of accounting estimates and assumptions in determining the carrying amounts of assets and liabilities. These estimates are based on historical experience and assumptions that are considered reasonable and realistic in the current circumstances. The actual outcome may differ from the accounting estimates and assumptions.

The estimates and underlying assumptions are regularly reviewed. The effect of a change in an accounting estimate is recognised in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

A general description of the accounting policies where management's accounting estimates and assumptions are expected to have a material effect on Scandi Standard Group's financial position and financial statements are provided below. The carrying amounts at the reporting date can be found in the statement of financial position and associated notes.

### Impairment of Goodwill and other assets

Goodwill and other intangible assets with indefinite useful life are tested for impairment annually or whenever there are indications of possible impairment – in situations such as a changed business environment, a divestment decision or closure of operations. The Group's Goodwill and other intangible assets amounted to MSEK 1,797 (1,766) at the end of the year, which corresponds to 28 (28) percent of the Group's total assets. Other assets are tested for impairment as soon as there is an indication that an asset's recoverable amount is lower than its carrying amount.

In most cases, an asset's value in use is estimated by reference to the present value of the future cash flows the Group expects to derive from the asset. The cash flow projection is based on assumptions that represent management's best estimate of the economic conditions that will exist over the remaining useful life of the asset and are based on the latest financial plan. An impairment loss is recognised if the estimated value in use is lower than the carrying amount.

The discount rates used to calculate the present value of the expected future cash flows are estimated from the current weighted average cost of capital (WACC) established within the Group for the markets in which the cash-generating units are active at the time.

Other estimates regarding expected future results and the discount rates used can give different values of assets from those applied. Impairment is described in more detail in Note 6.

### Deferred tax assets and tax liabilities

Assessments are made to determine deferred tax assets and tax liabilities. Deferred tax assets are recognised as an asset when it is considered likely that they can be utilized and offset against future taxable profits. Other assumptions regarding the outcome of these future taxable profits, as well as changes in tax rates and rules can result in significant differences in the measurement of deferred taxes.

More detailed information about the amounts can be found in Note 10.

### Pensions

The value of pension obligations for defined benefit pension plans is determined by using actuarial calculations based on assumptions about discount rates, future salary increases, inflation and demographics. The discount rate, which is the most critical assumption, is based on the market return on high-quality corporate bonds, namely mortgage bonds with long maturities. The rate is extrapolated to correspond to the pension plan's obligations. A lower discount rate increases the present value of the pension obligation and pension cost, while a higher discount rate has the reverse effect. A reduction of the discount rate by 0.25 percentage points would increase the pension obligation by MSEK 6 (7) while an increase would reduce the obligation by MSEK 6 (7).

More detailed information about the amounts can be found in Note 23.

### Biological assets

The Group has biological assets in the form of broiler parent stock, in the rearing of day-old chicks. These assets are measured at fair value less cost of sales according to IAS 41. The value of those assets is dependent on assumptions. For broiler parent stock, the market price for day-old chicks as well as operational expenses for keeping the stock impacts the value of the assets. A 1 percent change in the price of day-old chicks impacts the value of the assets by about MSEK 1 (1).

Detailed information about the amounts and changes can be found in Note 16.

**Note 3 Segment reporting****INFORMATION ABOUT OPERATING SEGMENTS**

Financial year, Jan 1–Dec 31 MSEK	Ready-to-cook		Ready-to-eat		Other / Eliminations <sup>1)</sup>		Total Group	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Total net sales</b>	<b>7,611</b>	<b>7,619</b>	<b>2,112</b>	<b>1,911</b>	<b>377</b>	<b>411</b>	<b>10,101</b>	<b>9,940</b>
Adjusted operating income	110	333	138	95	-35	-18	213	410
Non-comparable items <sup>2)</sup>	-	-7	-	-	9	-52	9	-59
<b>Operating income</b>	<b>110</b>	<b>326</b>	<b>138</b>	<b>95</b>	<b>-26</b>	<b>-70</b>	<b>222</b>	<b>351</b>
Of which share of income in associates	2	2					2	2
Finance income							2	0
Finance expenses							-83	-91
Tax on income for the year							-37	-52
<b>Income for the year</b>							<b>103</b>	<b>208</b>
<b>Other disclosures</b>								
Assets	4,737	4,663	958	1,027	192	191	5,887	5,881
Holding in associates							46	43
Unallocated Assets							561	461
<b>TOTAL ASSETS</b>	<b>4,737</b>	<b>4,663</b>	<b>958</b>	<b>1,027</b>	<b>192</b>	<b>191</b>	<b>6,494</b>	<b>6,385</b>
Liabilities	1,363	1,142	374	417	920	1,087	2,658	2,646
Unallocated liabilities							1,884	1,863
Equity							1,951	1,876
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,363</b>	<b>1,142</b>	<b>374</b>	<b>417</b>	<b>920</b>	<b>1,087</b>	<b>6,494</b>	<b>6,385</b>
Net investments	284	306	13	29	9	20	306	355
Depreciation, amortisation and impairment	-315	-290	-49	-47	-14	-14	-378	-350

<sup>1)</sup> Where of elimination of group charges in the year of MSEK 226 (220).

<sup>2)</sup> Scandi Standard implemented a new definition for treatment of items affecting comparability in the first quarter 2021 which implies a stricter classification of such items. Financial information for the year 2020 has been restated related to items affecting comparability for the alternative performance measures adjusted EBITDA and adjusted operating income (adjusted EBIT).

### Scandi Standard's business is operationally divided into segments Ready-to-cook, Ready-to-eat and Other

The Groups operational structure is a integrated matrix organization, i.e. managers are held responsible both for product segments and geographies. An integral part of the Company strategy for continued growth and value creation is to share best practice, capitalize on product development and drive scale efficiencies across the Group.

The successful expansion of the Ready-to-eat business, which has grown from sales of MSEK 500 to BNSEK 2 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 organization has been aligned, including internal reporting and decision-making processes. Consequently, with effect from 1 January 2021, the segment reporting was 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.

The responsibility for the Group's financial assets and liabilities, provisions for taxes, 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 Ready-to-cook (RTC):** is the Group's largest 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 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 segments consist of the external net sales.

**Segment Ready-to-eat (RTE):** 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 segments consist of the external net sales. The operational result includes the integrated result for the group without internal margins.

**Segment Other:** consists of 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.

### Net sales (external sales) based on customer location

MSEK	2021	2020
Sweden	2,926	2,908
Norway	1,847	1,671
Ireland	1,768	1,862
Denmark	1,611	1,563
Finland	664	594
Germany	442	447
United Kingdom	189	228
Rest of Europe	592	503
Rest of the world	63	165
<b>Total</b>	<b>10,101</b>	<b>9,940</b>

During 2021 one of Scandi Standard's customers accounted for more than 10 percent of the Group's total net sales. The net sales of the customer accounted for MSEK 1,340 (1,227).

### Note 4 Breakdown of revenue

MSEK	2021	2020
<b>Net sales</b>		
Sales of goods	10,101	9,940
<b>Total</b>	<b>10,101</b>	<b>9,940</b>
<b>Other operating income</b>		
Capital gains	1	0
Rental income	2	0
Government grants	0	0
Canteen sales	8	7
Insurance compensation	1	7
Other	6	7
<b>Total</b>	<b>18</b>	<b>21</b>

Government grants were received of MSEK 7 (20) and of these MSEK 0 (0) has been recognised as revenue and MSEK 7 (20) as a reduction of cost. The government grant is related to the Covid-19 pandemic and refers to compensation for increased sickness-related absences through sick pay compensation and lower pension fees.

**Note 5 Employees and employee benefits expenses**

Average number of employees	2021	of which women	2020	of which women
<b>Group</b>				
Sweden	997	38%	922	37%
Denmark	911	39%	856	39%
Norway	312	62%	322	54%
Ireland	749	46%	937	47%
Finland	246	56%	183	46%
<b>Total, Group<sup>1)</sup></b>	<b>3,215</b>	<b>44%</b>	<b>3,220</b>	<b>43%</b>

<sup>1)</sup> No employees in the Parent company.

Cost of personnel, MSEK	2021	2020
Salaries and benefits, Board of Directors and MDs	32	39
– of which variable salary	3	21
Salaries and benefits, other employees	1,651	1,662
Social security expenses	220	226
Pension expenses <sup>1)</sup>	95	94
Other staff costs	50	62
Capitalised personnel expenses <sup>2)</sup>	–5	–15
<b>Total</b>	<b>2,041</b>	<b>2,067</b>

<sup>1)</sup> MSEK 4 (2) of the Group's pension costs relate to boards and Managing Directors. There are no outstanding pension obligations for these individuals.

<sup>2)</sup> Capitalised personnel expenses of ongoing investment project.

**Gender representation in executive management**

Female representation, %	Group		Parent Company	
	2021	2020	2021	2020
Board of Directors	21	14	33	14
Other senior executives	28	27	–	–

**Guidelines for remuneration to senior management**

The AGM has passed a resolution on the guidelines for remuneration to senior management. In these guidelines, the senior management means the managing director of the company, the senior managers in the company and other group companies who, from time to time, report to the managing director or the CFO and who are also members of the senior management, as well as board members of the company that have entered into an employment or consulting agreement with a group company.

Salaries and other terms and conditions of employment shall be adequate to enable the company and the group to retain and recruit skilled senior managers at a reasonable cost. The remuneration to the senior managers shall consist of fixed salary, variable salary, pension and other benefits, and it shall be based on the principles of performance, competitiveness and fairness.

**Principles for fixed salary**

Each senior manager shall be offered a fixed salary in line with market conditions and based on the manager's responsibility, expertise and performance.

To the extent a board member performs work for the company, in addition to ordinary board work, a market-based consulting fee may be paid.

**Principles for variable salary**

All senior managers may, from time to time, be offered a variable salary (i.e., cash bonuses). The variable salary shall be based on a set of financial and personal objectives determined in advance. To which extent the objectives for awarding variable salary has been satisfied shall be determined when the relevant measurement period of the performance criteria has ended. The remuneration committee of the board of directors is responsible for the evaluation of the variable salary to the managing director and CEO. The managing director and CEO is responsible for the evaluation of the variable salary to other members of the senior management. The variable salary may not amount to more than 75 percent of the fixed salary (in this context, fixed salary means cash salary earned during the year, excluding pension, benefits and similar).

**Principles for share-related incentive programs**

The general meeting may resolve on long-term incentive programs such as share and share price-related incentive programs for certain key persons. Such incentive programs shall be designed to promote the long-term value growth of the company and the group, sustainability and alignment between the interests of the participating individual and the company's shareholders.

### **Principles for pensions, salary during periods of notice and severance pay**

Agreements regarding pensions shall, where applicable, be premium based and designed in accordance with the level and practice applicable in the country in which the member of senior management is employed. Pension premiums for premium defined pension may not amount to more than 25 percent of the annual fixed salary unless otherwise applies pursuant to applicable collective bargaining agreements.

Fixed salary during notice periods and severance payment, including payments for any restrictions on competition, shall in aggregate not exceed an amount equivalent to the fixed salary for two years. The total severance payment for all members of the senior management shall be limited to the current monthly salary for the remaining months up to current retirement age in each country.

### **Principles for deviations from the guidelines**

In 2021, the board has exercised its right to deviate from the guidelines in individual cases and for special reasons from the guidelines regarding the CEO's maximum short-term variable remuneration, which in 2022 may deviate from the applicable guidelines from predetermined presentation goals. In the individual case, the Board's reason for deviation from the guidelines has been to be able to recruit the person whom the Board has deemed most suitable for its position.

The Board of directors may resolve to deviate from the guidelines if the board of directors, in an individual case, is of the opinion that there are special circumstances justifying a deviation and a deviation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability.

### **Variable salary**

Scandi Standard has a general program for variable salary that applies to senior management, local management teams and certain key persons. Targets may be qualitative as well as quantitative. Decisions about participants and targets are made annually by Scandi Standard's board of directors. Variable salary is accrued for in line with expected pay-out.

### **Pension**

Scandi Standard offers its employees occupational pensions unless otherwise regulated in local agreements or other regulations. The Managing Director and CEO of Scandi Standard is entitled to a defined contribution pension scheme, with a premium of 15 percent of the pensionable salary. Scandi Standard's senior management follows the guidelines for remuneration, which entails a maximum premium of 25 percent of pensionable salary.

### **Other employees**

*In Sweden*, employees are covered by defined benefit pension or premium based pension through PRI Pensionstjänst AB or an alternative solution.

*In Denmark*, the pension contribution corresponds to 12 or 15 percent of the pensionable salary.

*In Norway*, the pension contributions are based on individual defined contribution pension agreements with contributions of between 3 and 23 percent of the pensionable salary.

*In Ireland*, the pension contribution corresponds to between 9 and 20 percent of the pensionable salary.

*In Finland*, the pension contribution corresponds to between 5 and 25 percent of the pensionable salary.

### **Termination and other benefits**

#### **Termination benefits/notice**

The Managing Director and CEO has a notice period of six months for termination of employment at the company's request and six months for termination at his own request. If employment is terminated at the company's request, termination benefits corresponding to 12 months' severance pay. The severance pay is not qualified for holiday and pension pay and is paid with one-sixth per month after the notice period has ended. Other senior managers have notice periods of between 6–12 months for termination of employment at the company's request and between 3–6 months for termination at their own request. Certain senior managers have non-competition clauses with financial compensation to be paid to the company if breached, corresponding to between 3–12 months remuneration.

#### **Other benefits**

In addition to fixed and variable salaries and pensions, Scandi Standard offers occupational injury insurance and occupational group life insurance in accordance with local agreements and regulations. In addition, senior managers are entitled to private health insurance, telephone and car benefits. Premiums and other costs related to such benefits may not amount to more than 10 percent of the annual fixed salary.

### **Long term incentive program**

LTIP 2018 was terminated during 2021 and led to that 245,227 shares with a combined market value of MSEK 16 were allotted to the participants in the program. Participants in the programs are senior managers and key employees.

At the end of 2021 the following incentive programs are ongoing, that have been accepted by the AGM the year they were started:

- LTIP 2020 for 33 participants, and originally a maximum of 460,361 shares could be allotted.

- LTIP 2021 for 33 participants, and originally a maximum of 432,648 shares could be allotted.

The Board of Directors have decided to propose to the AGM 2022 a long-term incentive program for 2022 (LTIP 2022) for senior executives and 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 and the company's shareholders. LTIP 2022 retains components from the long-term incentive plans adopted in 2019–2021. However, the participants are required to invest in Scandi Standard shares in relation to a fixed percentage of the participants fixed salary in order to participate in LTIP 2022. Each such share will give participants one (1) Retention Share Right which is subject to continued employment and two (2) Performance Share Rights each of which are subject to the satisfaction of a performance requirements during the term of the program. One of the Performance Share Rights are subject to an EPS CAGR requirement and the other Performance Share Right is subject to a new requirement based on annual relative TSR. The vesting period is three years and provided that certain conditions are fulfilled, the participants can exercise their performance share rights through which they will be allotted shares in the company free of charge. In order for Share Rights (both Retention Share Rights and Performance Share Rights) to entitle to allotment of ordinary shares, it shall be required that the participant (a) does not divest its Investment Shares during the Vesting Period and (b) has not given or is not given notice of termination of employment within the group during the Vesting Period.

In order to increase the long term common interest between the participant and the company's shareholders, a requirement for participation in LTIP 2022 must be that the participants undertake to retain all the allotted shares (except to cover payment of tax that arises in connection with the allotment of shares) for a period of two years from the date of the allotment.

### **Performance requirement**

In addition to the vesting requirement set out above, allotment of ordinary shares for one of the Performance Share Rights shall be conditional upon the satisfaction of performance target 1 below ("Performance Share Right 1") and allotment of ordinary shares for the second Performance Share Right shall be conditional upon the satisfaction of performance target 2 below ("Performance Share Right 2").

#### **Target 1**

The performance target is related to the total shareholder return (TSR) on the Scandi Standard ordinary share on Nasdaq Stock-



holm relative to the OMX Stockholm Mid Cap Index (the "Index") during a certain measurement period as set out below. If the relative TSR during the measurement period is equal to or lower than the Index, no Performance Share Right 1 shall entitle to the allotment of ordinary shares. If the relative TSR during the measurement period is higher than the Index plus 10 percent, all Performance Share Rights 1 shall entitle to the allotment of ordinary shares. If the relative TSR during the measurement period is higher than the Index but lower than the Index plus 10 percent, the number of Performance Share Rights 1 that entitle to the allotment of ordinary shares shall be linear in relation to the allotments set out in items a) and b) above.

### Target 2

The performance target is related to the adjusted compound annual growth rate of earnings per share ("EPS CAGR") and measured during a certain measurement period. The minimum level of the performance target shall be an EPS CAGR equal to 45 percent. If the EPS CAGR is 45 percent, the participants shall be allotted ordinary shares for 25 percent of their Performance Share Rights 2.

The maximum level of the performance target shall be an EPS CAGR of 52.5 percent. If the EPS CAGR equals or exceeds 52.5 percent, the participants shall be allotted ordinary shares for 100 percent of their Performance Share Rights 2 (maximum allocation). If the EPS CAGR is less than 45 percent, no Performance Share Right 2 shall entitle to allotment of ordinary shares. Where the EPS CAGR is between the minimum and the maximum level, the number of Performance Share Rights 2 that entitle to allotment of ordinary shares will be calculated on a linear basis.

### Value and estimated costs for Long term incentive programs

The long term incentive (LTIP) programs are accounted for in accordance with IFRS 2, Share based payments. The total cost for the programs is initially estimated as; number of shares to be allotted multiplied with the share price at program start and social charges. The programs are expensed linearly over the vesting time (three years).

The vesting period for LTIP 2018 expires May 15, 2021. EPS CAGR for the period January 1, 2018 – December 31, 2020 was 18.2 percent, leading to allotments according to the terms for the program, corresponding to 100 percent of the performance share rights and of 245 227 shares.

The vesting period for LTIP 2019 expires May 15, 2022. As EPS CAGR for the period January 1, 2019 – December 31, 2021 did not meet the conditions for the program, no allotment of shares under this program will take place.

LTIP 2020 and LTIP 2021 are based on an EPS CAGR criterion, where EPS CAGR is calculated based on the Group's quarterly

Salaries and remuneration of senior management 2021, TSEK	Directors' fees	Fixed salary <sup>1)</sup>	Variable salary <sup>2)</sup>	LTIP <sup>3)</sup>	Pension <sup>1)</sup>	Other benefits <sup>5)</sup>	Total 2021
Board members, specified below	3,215	-	-	-	-	-	3,215
Managing Director and CEO (until June 3, 2021) Leif Bergvall Hansen	-	12,198	-	-	865	122	13,184
Interim Managing Director (from June, 2021) Otto Drakenberg	-	2,768	-	-	420	-	3,188
Group Management, other <sup>6)</sup>	-	29,889	-	5,165	3,783	1,939	40,777
<b>Total</b>	<b>3,215</b>	<b>44,856</b>	<b>-</b>	<b>5,165</b>	<b>5,068</b>	<b>2,061</b>	<b>60,365</b>

Salaries and remuneration of senior management 2020, TSEK	Directors' fees	Fixed salary <sup>1)</sup>	Variable salary <sup>2)</sup>	LTIP <sup>4)</sup>	Pension <sup>1)</sup>	Other benefits <sup>5)</sup>	Total 2020
Board members, specified below	3,205	-	-	-	-	-	3,205
Managing Director and CEO Leif Bergvall Hansen	-	5,435	3,522	4,702	812	133	14,604
Group Management, other <sup>6)</sup>	-	20,451	9,015	8,098	3,098	1,438	42,099
<b>Total</b>	<b>3,205</b>	<b>25,886</b>	<b>12,537</b>	<b>12,800</b>	<b>3,909</b>	<b>1,571</b>	<b>59,907</b>

<sup>1)</sup> Certain members of Group Management are entitled to exchange fixed salary for pension contribution within the framework of current tax legislation. The fixed salary for Leif Bergvall Hansen relates to fixed salary including termination pay, severance pay and holiday pay according to agreement.

<sup>2)</sup> The variable salary is based on the Group's financial performance and financial targets. For 2021 the variable salary is SEK 0.

<sup>3)</sup> The Group's expense, referring to LTIP 2018–LTIP 2021.

<sup>4)</sup> The Group's expense, referring to LTIP 2017–LTIP 2020.

<sup>5)</sup> Mainly car, phone and health insurance benefits.

<sup>6)</sup> Group Management other includes for 2021 a total of 13 individuals (previous year 10 individuals). The figures for 2021 include a fixed salary for a total of 13 people, but for new people in Group management from the time period when they took up their position. During the year, a total of 3 people left Group management who received salary and severance pay for the entire year. During 2021, 3 people have been added to the Group Management (2 people since June 2021 and 1 person since November 2021).

reports which are adjusted for non-comparable items and specific explanatory items.

Assuming full fulfilment of the EPS requirement and based on participants who as of 31 December 2021 were still employed and have not been dismissed or resigned, LTIP 2020 and LTIP 2021 will result in allotments of 209,176 and 196,115 shares respectively in the company. The value of the performance share rights amount to MSEK 11,6 for LTIP 2020 and MSEK 12,3 for LTIP 2021, based on share prices of SEK 53.80 and SEK 62.93. As per December 2021, total accumulated accrued costs for LTIP 2020–LTIP 2021 amounted to MSEK 9 (25).

Social security charges are expected to amount in average to approximately 9.2 (21.7) percent of the market value of the shares allocated upon exercise of the performance share rights. The average percentage of social charges is dependent on the mix of nationalities participating in the programs. In order to ensure the delivery of shares and for purpose of hedging social charges because of the incentive programs, Scandi Standard AB (publ) repurchased 520,000 own shares, whereof 245,227 shares were allotted to the participants of LTIP 2018 during 2021. At year-end, Scandi Standard AB (publ) had 733,726 (458,953) shares in own custody.

Board of Directors' Fees, SEK	2021	2020
Johan Bygge, chairman of the Board <sup>1)</sup>	935,000	-
Per Harkjaer, chairman of the Board <sup>2)</sup>	-	760,000
Vincent Carton <sup>3)</sup>	-	360,000
Øystein Engebretsen	465,000	465,000
Henrik Hjalmarsson <sup>4)</sup>	460,000	360,000
Cecilia Lannebo <sup>5)</sup>	435,000	-
Michael Parker	410,000	360,000
Karsten Slotte <sup>6)</sup>	-	390,000
Heléne Vibbleus	510,000	510,000
<b>Total</b>	<b>3,215,000</b>	<b>3,205,000</b>

Board fees correspond to fees decided by the AGM and are regulated by the Board twice a year in October and April.

<sup>1)</sup> Chairman of the Board from 2021-05-08

<sup>2)</sup> Chairman of the Board until 2021-05-07

<sup>3)</sup> Board member until 2021-05-07

<sup>4)</sup> Board member from 2020-05-15

<sup>5)</sup> Board member from 2021-05-08

<sup>6)</sup> Board member until 2021-05-07

### Note 6 Depreciation, amortisation and impairment of intangible assets and property, plant, equipment and rights-of-use assets

MSEK	2021	2020
<b>Depreciation and amortisation</b>		
Intangible assets	56	53
Land and buildings	34	35
Plant and machinery	160	140
Equipment, tools, fixtures and fittings	43	36
Rights-of-use assets, buildings and land	46	49
Rights-of-use assets, plant, machinery and other technical assets <sup>1)</sup>	38	38
<b>Total</b>	<b>378</b>	<b>350</b>

<sup>1)</sup> Rights-of-use assets, plant, machinery and other technical assets includes equipment, tools, fixtures and fittings.

#### Impairment

The Group tests intangible assets with indefinite useful life for impairment annually. These assets include Goodwill and Brands with indefinite useful lives. The intangible assets are allocated to the cash generating units in which they generated cash flow.

The Group has updated its operational structure to an integrated matrix organization, i.e. managers are held responsible both for product segments and geographies. An integral part of the Company strategy for continued growth and value creation is to share best practice, capitalize on product development and drive scale efficiencies across the Group.

The successful expansion of the Ready-to-eat business, which has grown from sales of MSEK 500 to BNSEK 2 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 organization 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. The cash generating units are the Groups operating segments which comprise of Ready-to-cook and Ready-to-eat.

Cash flow expectations for the segments are based on business plans agreed by Group management for the next five years and on 2 percent organic growth thereafter. The cash flows are discounted by a calculated WACC before tax at 8.6 (6.9–8.6) percent for the segments Ready-to-cook and Ready-to-eat based on the estimated return requirement for the segments.

For the impairment testing at the end of 2021 all cash generating units are expected to perform in line with the market. EBITDA is expected to improve slightly over the forecasting period towards the Group's medium-term target of 10 percent.

The impairment test as of the end of the year shows that there is no need for impairment of the intangible assets in any of the cash generating units.

The assumptions included in the calculations are forward looking and as such are inherently uncertain and based on management assumptions. To evaluate the risk that a change in any of the assumptions would have decreased the outcome of the impairment test, sensitivity analyses have been performed.

The WACC used is based on long term variables and as such should be stable over time. Nevertheless, return requirements can change and testing for this variable shows no impairment when increasing the WACC three percentage points.

Cash flow expectations in the cash generating units are an important variable in the impairment test. The cash flows used are based on management's best estimate of the future cash flow in each cash generating unit. There is a risk that these cash flows will be lower than expected over time, especially in the long term. Long term assumptions are based on a growth rate below the expected market growth to be prudent. The cash flows for the coming five years have greater impact on the value of the assets and are more important to test.

Segment Ready-to-cook has had a challenging 2021 where the operating income was negatively impacted by several different factors such as the bird flu, significant price increases on several input factors, a continued challenging price situation in export markets as well as consequences from the measures taken to address the production challenges in Sweden and Ireland. The expectation is that the margins will recover over the coming years. Based on management expectations, this improvement will be driven primarily by price development and operations efficiency. Scandi Standard's business model allows for fluctuations in input prices to be transferred to the customer and provides good possibilities to manage price and cost increases over time. The impairment test shows no impairment need even if the EBITDA margin were to drop by more than three percentage points.

Segment Ready-to-eat has had a strong market development during 2021 with 11% Net Sales growth vs 2020 and with improv-

ing margins. The development was driven by increased sales in the Foodservice sales channel and we note an increasing demand within this profitable segment. In order to take advantage of growth opportunities, investments are planned to increase capacity further in Farre, the largest production plant for ready-to-eat products. The impairment test shows no impairment need even if the EBITDA margin were to drop by more than three percentage points.

Further information about Goodwill and intangible assets please see Note 11.

### Note 7 Fees and reimbursement to auditors

MSEK	2021	2020
<b>PricewaterhouseCoopers (PwC)</b>		
Audit services	6	6
Audit related services	1	1
Tax services	1	1
Other services	0	0
<b>Total</b>	<b>8</b>	<b>8</b>

Annual audit includes the audit of the financial statements of the Parent Company and the Group, the accounting records and the administration of the Board of Directors and the Managing Director. It also includes other duties incumbent on the auditor of the company as well as advice arising from observations made while performing the audit or carrying out such other duties.

The share of the total fees of MSEK 5 to PwC AB (Sweden) which refers to non-audit services, defined by the EU audit legislation, amounts to MSEK 0 (0) whereof MSEK 0 (0) regarding audit services and MSEK 0 (0) regarding tax services. The services include advice from an accounting perspective for preparation of the financial reports, as well as other guidance regarding accounting and tax.

**Note 8 Finance income and finance expenses**

MSEK	Income		Expenses		Total	
	2021	2020	2021	2020	2021	2020
<b>Loans and other receivables</b>						
Other income	0	–	–	–	0	–
Other interest income	1	0	–	–	1	0
<b>Total</b>	<b>2</b>	<b>0</b>	<b>–</b>	<b>–</b>	<b>2</b>	<b>0</b>
<b>Derivatives used in hedging</b>						
Interest and currency swaps	–	–	–7	–5	–7	–5
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–7</b>	<b>–5</b>	<b>–7</b>	<b>–5</b>
<b>Other financial liabilities</b>						
Interest expenses, pension plans	–	–	–3	–3	–3	–3
Interest expenses, borrowing	–	–	–30	–36	–30	–36
Interest expenses, earn-out	–	–	–	–4	–	–4
Other borrowing expenses	–	–	–8	–7	–8	–7
Other interest expenses	–	–	–13	–12	–13	–12
Financial cost, leasing	–	–	–11	–14	–11	–14
Currency effects	–	–	–2	–10	–2	–10
Change in value of share in pension fund	–	–	–9	–	–9	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–76</b>	<b>–86</b>	<b>–76</b>	<b>–86</b>
<b>Total</b>	<b>2</b>	<b>0</b>	<b>–83</b>	<b>–91</b>	<b>–82</b>	<b>–91</b>

**Note 9 Exchange differences affecting income**

MSEK	2021	2020
Exchange differences affecting operating income	5	–7
Exchange differences, financial items	–2	–10
<b>Total</b>	<b>3</b>	<b>–17</b>
<i>Exchange differences in operating income are included in:</i>		
Other operating income/expense	5	–7
<b>Total</b>	<b>5</b>	<b>–7</b>

**Note 10 Taxes**

Tax on income for the year, MSEK	2021	2020
<b>Current tax expense (-) / tax income (+)</b>		
Tax expense / income for the year	–55	–56
Adjustment of tax attributable to prior years	–4	–5
<b>Total current tax</b>	<b>–59</b>	<b>–61</b>
<b>Deferred tax expense (-) / tax income (+)</b>		
Deferred tax from changes in temporary differences	–15	–2
Deferred tax from changes in changed tax rates	–	0
Deferred tax income in capitalized losses carry forward	38	15
Deferred tax expense use of capitalized losses carry forward	–	–
Reassessment attributable to losses carry forward	–1	–4
<b>Total deferred tax</b>	<b>22</b>	<b>9</b>
<b>Total recognised tax expense</b>	<b>–37</b>	<b>–52</b>

Reconciliation of effective tax	2021		2020	
	%	MSEK	%	MSEK
Income after finance net		140		260
Anticipated tax according to enacted Swedish tax rate	–20.6	–29	–21.4	–56
Effect of other tax rates for foreign subsidiaries	–1.0	–1	4.1	13
Unrecognised tax loss, incurred during the year	–1.1	–2	–2.2	–7
Non-deductible expenses	–1.7	–2	–0.6	–2
Non-taxable income	0	0	0	0
Effect of tax related to previous year	–1.9	–3	1	3
Reversal of income of associates	0.3	0	–0.2	–1
Change in deferred tax due to changes in tax rates in Sweden and Norway	–	–	0	0
Reassessment of deferred tax on carry forward losses	–	–	–1.4	–4
<b>Recognised effective tax</b>	<b>–26.0</b>	<b>–37</b>	<b>–20.5</b>	<b>–52</b>

Tax items recognised in equity through other comprehensive income, MSEK	2021	2020
Actuarial gains and losses on defined benefit pension plans	9	3
Cash flow hedges	0	–1
<b>Total tax effects in other comprehensive income</b>	<b>8</b>	<b>2</b>

Deferred tax assets/tax liabilities MSEK	Deferred tax assets		Deferred tax liabilities		Net	
	2021	2020	2021	2020	2021	2020
Intangible assets	–	–	142	146	–142	–146
Buildings	16	18	2	2	14	16
Machinery and equipment	–	–	69	55	–69	–55
Right-of-use assets	6	–	6	2	–1	–2
Other assets	6	2	10	7	–4	–5
Pension provisions	–	2	7	–	–7	2
Other liabilities	11	16	–	–	11	16
Losses carryforward	102	63	–	–	102	63
Other	–	–	17	15	–17	–15
<b>Total</b>	<b>141</b>	<b>102</b>	<b>254</b>	<b>226</b>	<b>–113</b>	<b>–125</b>
Netting of offsettable assets/liabilities by jurisdiction	–76	–61	–76	–61	–	–
<b>Total net deferred tax asset/ tax liability</b>	<b>65</b>	<b>41</b>	<b>178</b>	<b>166</b>	<b>–113</b>	<b>–125</b>

Deferred tax assets and liabilities nettable within the same jurisdiction were netted in 2021 and 2020.

Change in deferred tax in temporary differences and loss carryforwards, MSEK	Amount at beginning of period		Recognised in income statement		Recognised in OCI		Changes in acquisition/divestment of companies		Translation differences		Amount at end of period	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Intangible assets	–146	–160	7	8	–	–	–	–	–3	6	–142	–146
Buildings	16	21	–3	–5	–	–	–	–	0	–1	14	16
Machinery and equipment	–55	–50	–13	–6	–	–	–	–	–1	1	–69	–55
Right-of-use assets	–2	6	1	–8	–	–	–	–	0	0	–1	–2
Other assets	–5	–12	1	7	–	–	–	–	0	0	–4	–5
Pension provisions	2	5	0	0	–9	–3	–	–	0	–	–7	2
Other liabilities	16	18	–6	0	0	–1	–	–	0	0	11	16
Losses carryforward	63	52	37	14	–	–	–	–	1	–2	102	63
Other	–15	–13	–2	–1	–	–	–	–	0	0	–18	–15
<b>Total</b>	<b>–125</b>	<b>–134</b>	<b>22</b>	<b>–9</b>	<b>–8</b>	<b>–4</b>	<b>–</b>	<b>–</b>	<b>–2</b>	<b>4</b>	<b>113</b>	<b>–125</b>

### Losses carryforward

At the end of the year, the Group had losses carry forward of MSEK 600(407), of which MSEK 475 (299) were recognised as base for the deferred tax asset MSEK 102 (63). MSEK 24 (24) of the deferred tax assets relates to losses carry forward in Finland, which have been partly capitalized. The maturity for losses in Finland is 10 years and nothing expires before five years. The remaining part of the deferred tax asset for 2020, MSEK 72 (39) is related to Denmark and MSEK 6 (0) is related to Sweden, where the lifetime is unrestricted. When the operation in Finland was acquired in 2015 it showed a low level of capacity utilization and generated a negative income. During 2021 they have reached their

net sales prognos but operating income has been negatively impacted by cost inflations not yet transferred to customers. The business position in the market continues to be strong and it is the estimate of management that a continued increase in sales in connection with capacity strengthening investments partly taken into use during 2021 will further improve earnings.

The operations in Denmark showed a negative result for 2021 attributable to the poor result in the Ready-to-cook segment. The negative outcome is mainly related to the implementation of the strategy for slow growing birds, low export prices and cost increases. Comprehensive changes are now being implemented and the posi-

tive effects of these measures are expected primarily during second half of 2022. Management estimate that as a result of the structural changes, the company is expected to reach profitability in time to enable the utilization of the tax losses carried forward.

The Group has evaluated the recoverabilities based on 5 year long term plan which have shown convincing evidence that sufficient taxable profit will be available against unused tax losses. Hence the management has come to the conclusion that the tax asset reported concerning the losses in Finland, Denmark and Sweden should be further reported in the statement of financial position.

**Note 11 Intangible assets**

MSEK	Goodwill		Other intangible assets							
	2021	2020	Brands		Customer and supplier relationships		Capitalized expenditure on internal development work		Total other intangible assets	
			2021	2020	2021	2020	2021	2020	2021	2020
Accumulated cost	921	888	455	445	726	706	83	48	1,264	1,199
Accumulated amortisation	–	–	–66	–61	–283	–227	–40	–33	–388	–321
<b>Carrying amount</b>	<b>921</b>	<b>888</b>	<b>389</b>	<b>384</b>	<b>443</b>	<b>479</b>	<b>44</b>	<b>15</b>	<b>876</b>	<b>878</b>
Balance at beginning of year	888	940	384	403	479	546	15	7	878	957
Investments	–	–	–	–	–	–	35	–	35	–
Additions	–	–	–	–	–	–	–	–	–	–
Sale and disposals	–	–	–	–	–	–	–	–	–	–
Amortisation for the year	–	–	–4	–4	–46	–46	–6	–3	–56	–53
Reclassifications	–	–	–	–	–	–	–	11	–	11
Translation differences	33	–52	9	–15	10	–22	0	0	19	–37
<b>Book value</b>	<b>921</b>	<b>888</b>	<b>389</b>	<b>384</b>	<b>443</b>	<b>479</b>	<b>44</b>	<b>15</b>	<b>876</b>	<b>878</b>
<b>Allocation of Goodwill, brands and customer/supplier relationships</b>										
Ready-to-cook	765	735	315 <sup>1)</sup>	307 <sup>1)</sup>	443	479				
Ready-to-cook			62 <sup>2)</sup>	65 <sup>2)</sup>						
Ready-to-eat	156	153	12 <sup>1)</sup>	12 <sup>1)</sup>						
<b>Total</b>	<b>921</b>	<b>888</b>	<b>389</b>	<b>384</b>	<b>443</b>	<b>479</b>				

<sup>1)</sup> Brands with indefinite useful life (Kronfågel, Ivars, Vitafågeln, Bosarp, BornholmenHanen, Den Stolte Hane).

<sup>2)</sup> Brand with a limited useful life (Manor Farm).

Further information about depreciation, amortisation, impairment and impairment testing, please see Note 6.



**Note 12 Property, plant and equipment**

MSEK	Land and land improvements		Buildings and land		Plant and machinery and other technical assets		Equipment, tools, fixtures and fittings		Construction in progress		Total property, plant and equipment	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Accumulated cost	45	41	1,017	984	3,214	2,907	455	425	193	212	4,924	4,570
Accumulated depreciation	-16	-13	-519	-477	-2,220	-2,023	-280	-236	-	-	-3,036	-2,749
Accumulated impairment	-	-	-	-	-	-	-	-	-	-3	-	-3
<b>Book value</b>	<b>29</b>	<b>28</b>	<b>498</b>	<b>507</b>	<b>995</b>	<b>884</b>	<b>175</b>	<b>189</b>	<b>193</b>	<b>209</b>	<b>1,889</b>	<b>1,817</b>
Balance at beginning of the period	28	16	507	526	884	864	189	157	209	185	1,817	1,748
Investments <sup>1)</sup>	-	-	14	11	163	92	3	21	92	232	273	356
Acquisitions	-	-	-	-	-	-	-	-	-	-	-	-
Sales and disposals	-	-	-	-	-1	-	-	-	-1	-	-2	-
Depreciation for the period	-1	-2	-33	-34	-160	-140	-43	-36	-	-	-238	-210
Reclassifications	1	14	-	24	87	101	23	53	-110	-202	1	-11
Translation differences	-	-1	-9	-20	22	-34	3	-4	3	-6	37	-65
<b>Book value</b>	<b>29</b>	<b>28</b>	<b>498</b>	<b>507</b>	<b>995</b>	<b>884</b>	<b>175</b>	<b>189</b>	<b>193</b>	<b>209</b>	<b>1,889</b>	<b>1,817</b>

<sup>1)</sup> Does not include capitalised interest.

No government grants affecting investment values were received in 2021 or 2020. For further information about depreciation, amortisation and impairment, see Note 6.

**Note 13 Rights-of-use assets**

Information about the maturity structure for the leasing liabilities, see Note 22.

MSEK	Buildings and land		Plant and machinery and other technical assets <sup>1)</sup>		Total rights-of-use assets	
	2021	2020	2021	2020	2021	2020
Accumulated cost	623	598	176	182	799	781
Accumulated depreciation	-289	-245	-92	-78	-381	-324
Accumulated impairment	-2	-2	-	-	-2	-2
<b>Carrying amount</b>	<b>331</b>	<b>351</b>	<b>84</b>	<b>104</b>	<b>415</b>	<b>455</b>
Balance at beginning of the period	351	322	104	104	455	427
Expenditure/Increase of right-of-use assets	14	94	18	43	32	137
Acquisitions	-	-	-	-	-	-
Sales and disposals/Decrease of right-of-use assets	0	4	-1	-1	-1	3
Depreciation for the period	-44	-46	-38	-38	-82	-85
Impairment for the period	-2	-2	-	-	-2	-2
Reclassifications	-	-	-1	-	-1	-
Translation differences	12	-21	2	-4	14	-26
<b>Book value</b>	<b>331</b>	<b>351</b>	<b>84</b>	<b>104</b>	<b>415</b>	<b>455</b>

<sup>1)</sup> Plant and machinery and other technical assets include equipment, tools, fixtures and fittings.

**Further information about leasing contracts that are not apparent in the financial statements or have to be disclosed separately.**

Non-current leasing receivables and current leasing receivables MSEK 0 (0) and MSEK 0 (0) is a sublease of right-of-use asset.

MSEK	2021	2020
Net interest expenses	-11	-14
Leasing fees for		
short term leases	-7	-7
assets with a low underlying value, not included in the fees for short term leases	-2	-3
variable leasing fees not included in leasing liabilities	-12	-13
Reported in the statement of cash flows		
investments in right-of-use assets	-1	-2
payments for amortization of leasing liabilities	-84	-82
<b>Total cash flow for leasing contracts</b>	<b>-118</b>	<b>-122</b>
Of which revenues for sub-lease of assets		
interest income (included in the net interest expenses)	0	0
rental income (included in amortization of leasing liabilities)	2	1

**Note 14** Participations in associated companies

MSEK	Dec 31, 2021	Dec 31, 2020
Balance at the beginning of the year	43	43
Share of income in associates	2	2
Other adjustment	–	–
Translation difference	2	–3
<b>Carrying amount</b>	<b>46</b>	<b>43</b>

Any impairment and reversal of impairment is recognised in the income statement classified as Share of income in associates.

**Group holdings in associates, December 31, 2021**

	Corporate name	Corp. identity no.	Domicile	Number of shares	Share of capital, %	Carrying amount in Group 2021, MSEK	Carrying amount in Group 2020, MSEK
Associates in the Group:							
Denmark	Farmfood A/S	27 121 977	Loegstoer	10,000	33.3	30	29
Norway	Nærbø Kyllingslakt AS	985 228 175	Nærbø, Hå	3,875	50.0	16	14
<b>Total</b>						<b>46</b>	<b>43</b>

**Note 15** Non-current financial assets

MSEK	Dec 31, 2021	Dec 31, 2020
Other long-term financial fixed assets	–	–
Other shares and interests	3	1
<i>Total</i>	<i>3</i>	<i>1</i>
Non-current leasing receivables	–	0
<b>Total</b>	<b>3</b>	<b>1</b>

Non-current leasing receivables is a sublease of right-of-use asset.

**Note 16** Biological assets

MSEK	Dec 31, 2021	Dec 31, 2020
Balance at beginning of the period	103	99
Change in number of hens and age distribution	1	–4
Change in revenue and margin per hen	–0	3
Change in production cost	0	0
Other	–1	5
<b>Balance at end of the period</b>	<b>103</b>	<b>103</b>

The biological assets consist primarily of parent broiler stock that produces day-old chicks sold to contract broiler producers. The lifespan of the parent broilers is about 60 weeks and the main source of revenue is sales of the day-old chicks that they produce. Each hen produces about 170 chicks between week 25 and week 60. Production costs include direct and indirect costs such as feed, rent and energy used. At the end of the year there were about 455,000 (488,000) hens in stock with a total fair value less cost of sales of MSEK 74 (73).

**Information of associates in 2021**

MSEK	Assets	Liabilities	Net sales	Income for the period
Farmfood A/S	216	91	315	3
Nærbø Kyllingslakt AS	30	20	71	0

**Information of associates in 2020**

MSEK	Assets	Liabilities	Net sales	Income for the period
Farmfood A/S	162	86	295	5
Nærbø Kyllingslakt AS	29	19	78	1

**Note 17** Inventory

MSEK	Dec 31, 2021	Dec 31, 2020
Raw materials and consumables	208	199
Goods in progress	23	13
Finished goods and merchandise	554	501
<b>Total</b>	<b>785</b>	<b>713</b>

MSEK 373 (358) of inventories this year were measured at net realizable value. Impairment losses of MSEK 40 (39) were recognized during the year. Previous impairments of MSEK 4 (4) have been reversed during the year since the impairment is no longer remains. The inventory is not subject for pledge assets or contingent liabilities.

**Note 18 Trade receivables and other receivables**

MSEK	Dec 31, 2021	Dec 31, 2020
Trade receivables	811	818
Other current receivables	92	78
Prepaid expenses and accrued income	104	131
<b>Total</b>	<b>1,007</b>	<b>1,028</b>

The closing loss allowances for trade receivables as follows:	Trade receivables	
	2021	2020
Opening loss allowance as at 1 January 2020 – calculated in accordance with IFRS 9	35	31
Increase in loss allowance, acquired companies	–	–
Increase in loss allowance recognised in the income statement during the year	15	5
Receivables written off during the year as uncollectible	–17	0
Unused amount reversed	0	–1
<b>Closing balance 31 December</b>	<b>32</b>	<b>35</b>

Prepaid expenses and accrued income, MSEK	Dec 31, 2021	Dec 31, 2020
Prepaid rent	0	1
Prepaid insurance	–	0
Prepayments to contract broiler producers	21	25
Prepaid interest	0	0
Other prepaid expenses	83	104
Other accrued income	0	1
<b>Total</b>	<b>104</b>	<b>131</b>

Age analysis of trade receivables, MSEK	Dec 31, 2021	Expected loss rate in %	Loss allowance	Dec 31, 2020	Expected loss rate in %	Loss allowance
Receivables, not yet due	634	–	–	595	–	–
Receivables, past due						
< 31 days	132	–	–	142	–	–
31–60 days	20	–	–	37	–	–
61–90 days	21	–	–	23	–	–
> 90 days	36	89%	32	57	61%	35
<b>Total</b>	<b>842</b>		<b>32</b>	<b>853</b>		<b>35</b>
Provision for doubtful debts	–32			–35		
<b>Total</b>	<b>811</b>			<b>818</b>		

For information of assessment of trade receivables, see Note 22.

**Note 19 Current interest-bearing assets and cash and cash equivalents**

MSEK	Dec 31, 2021	Dec 31, 2020
Cash and bank balances	350	413
Current leasing receivables	–	0
<b>Total</b>	<b>350</b>	<b>413</b>

Receivables with a maturity of up to one year are recognised. Current leasing receivables is a sublease of right-of-use asset, as current interest-bearing assets.

**Note 20 Equity****Share capital**

The share capital amounted to SEK 659,663 (659,663) and represented 66,060,890 (66,060,890) shares of which the number of shares outstanding was 65,327,164 (65,601,937). There is only one class of shares with equal voting rights and rights in the company's profits and capital. The quota value of the share is SEK 0.009986 (0.009986). Each share carries one vote.

**Other paid-up capital**

Shareholder's equity paid up by shareholders and dividend to shareholders. In 2021, the dividend amounted to MSEK 81. No dividend has been paid out during 2020. 520,000 shares were repurchased in 2021, no repurchase of own shares were made in 2020.

**Fair value reserve**

For cash flow hedges where the hedged transaction has not yet occurred, the hedge reserve comprises the cumulative effective portion of gains or losses arising from remeasuring the hedging instruments at fair value. The cumulative gain or loss recognised in the hedge reserve will be recycled to income statement when the hedged transaction affects the income statement.

**Translation reserve**

The translation reserve includes all exchange rate differences that arise upon translation of financial statements of foreign operations that have prepared their financial statements in another currency than the presentation currency for the Group's financial statements. The Parent Company and Group present their financial statements in Swedish kronor (SEK).

Gains and losses on hedging instruments that qualify as hedges of a net investment in a foreign operation are also included in the translation reserve.

**Retained earnings**

This item includes mainly accrued earnings in the Group, actuarial gains and losses in pension plans, treasury shares and performance-based incentive programs.

**Non-controlling Interests**

51 percent of the shares in Rokkedahl Food Aps, which was acquired 1 September 2018.

<b>Earnings per share</b>	<b>2021</b>	<b>2020</b>
Income for the period attributable to owner of the Parent company, MSEK	104	207
Average number of shares	65,287,762	65,501,968
Earnings per share, SEK	1.60	3.16

<b>Equity per share</b>	<b>2021</b>	<b>2020</b>
Equity attributable to owners of the Parent company, MSEK	1,951	1.875
Number of outstanding shares	65,327,164	65,601,937
Equity per share, SEK	29.87	28.58

**Changes in share capital**

<b>Registered</b>	<b>Transaction</b>	<b>No. of shares</b>		<b>Share capital</b>		
		<b>Change</b>	<b>After transaction</b>	<b>Quota value SEK</b>	<b>Change</b>	<b>After transaction</b>
Feb 1, 2013	Incorporation	50,000	50,000	1,000,000	50,000	50,000
Jun 26, 2013	New share issue	500,716,726	500,766,726	0.000500	200,287	250,287
Jun 26, 2013	Reduction of share capital	–	500,766,726	0.000200	–150,215	100,072
Jun 26, 2013	Reduction of share capital	–50,000	500,766,726	0.000100	–50,000	50,072
May 19, 2014	Bonus issue	–	500,766,726	0.000999	449,928	500,000
May 19, 2014	Reclassification of shares	–	500,766,726	0.000999	–	500,000
May 20, 2014	New share issue	4,569,376	505,286,102	0.000999	4,563	504,563
Jun 27, 2014	Reclassification of shares	–	505,286,102	0.000999	–	504,563
Jun 27, 2014	Reversed split 1:10	–454,757,492	50,528,610	0.009986	–	504,563
Jun 27, 2014	New share issue	95,186	50,623,796	0.011847	95,186	599,749
Jun 27, 2014	Set-off of shareholder loans	9,437,094	60,060,890	0.009986	–	599,749
Aug 28, 2017	New share issue	6,000,000	66,060,890	0.009986	59,914	659,663

**Note 21 Interest-bearing liabilities****Non-current interest-bearing liabilities**

MSEK	Dec 31, 2021	Dec 31, 2020
Non-current liabilities to credit institutions	1,884	1,863
Derivative instruments	5	15
Financial liabilities, leases	367	401
<b>Total</b>	<b>2,257</b>	<b>2,279</b>

**Current interest-bearing liabilities**

MSEK	Dec 31, 2021	Dec 31, 2020
Derivative instruments	5	–
Other short-term interest-bearing debt	68	73
<b>Total</b>	<b>73</b>	<b>73</b>

Financing of the Scandi Standard Group is mainly carried out through the group company Scandinavian Standard Nordic AB. External financing in the subsidiaries is only conducted if this is optimal for the Group.

**Syndicated multicurrency term agreement**

In 2016, a syndicated loan agreement was signed, replacing previous outstanding debt. The financing is a five-year facility of MSEK 1,450 and a revolving facility of MSEK 750. Both facilities were extended in 2018 by two more years and are to be repaid in December 2023. The loan agreement also gives Scandi Standard the opportunity to extend the loan facility if needed, from MSEK 1,250 to MSEK 2,000. The facilities are available to Scandinavian Standard Nordic AB and selected subsidiaries. Furthermore, the ability for the Group to take on new debt is regulated by the loan agreement. The change has been presented as a loan extension of existing loan agreement, as the loan conditions reconcile with previous conditions.

As a precautionary measure to continue to secure the Group's liquidity need during Covid-19 pandemic, the existing credit facility of MSEK 200 and the additional facility of MSEK 200 agreed with our financiers at the beginning of the pandemic were extended during the year. These credit facilities have not been utilised during the year.

**Covenants**

The syndicated loan agreement sets forth a covenant on leverage (quota ratio of net interest-bearing debt in relation to EBITDA on a rolling twelve-month basis) and a covenant on interest cover (ratio of finance charges in relation to EBITDA on a rolling twelve-month basis).

The definition of leverage in the loan agreement is different from the definition used when calculating the Group's financial targets. Scandi Standard complied with its covenants at the end of 2021.

**Note 22 Financial instruments and financial risk management**

Scandi Standard is exposed to different types of financial risk in the course of its international operations. Financial risk is the risk of fluctuations in the Group's financial results, position and cash flow as a result of currency risk, interest rates risk, and refinancing- and liquidity risk and credit- and counterparty risks.

**CURRENCY RISK**

In the course of its operations, Scandi Standard is exposed to currency risk, in the form of exchange rate fluctuations affecting the Group's financial results and position.

The Group's currency exposure includes both transaction exposure and translation exposure. The Group's currency risk management is aimed at minimizing the short-term effect of exchange rate fluctuations and their adverse impact on the Group's financial results and position.

**Transaction exposure**

Cash flows from purchase and sale of goods in currencies other than the respective currency of each Group company leads to transaction exposure. Each business unit shall identify their exposure to foreign exchange risk on a regular basis and report forecasted cash flows in foreign currencies to Group Finance. Transaction exposure should be reduced actively by netting the cash flow (matching in- and outflows per currency). Scandi Standards' financial policy stipulates that transaction exposure should only be hedged for an actual committed transaction above MSEK 1 and with a payment term of 60 days or more. The end of the hedge term is expected payment date.

**Distribution of trade receivables by currency**

MSEK	Dec 31, 2021	Dec 31, 2020
SEK	84	74
DKK	125	123
NOK	134	124
EUR	475	492
Other currencies	24	40
<b>Total</b>	<b>842</b>	<b>853</b>

**Distribution of trade payables by currency**

MSEK	Dec 31, 2021	Dec 31, 2020
SEK	334	310
DKK	404	389
NOK	229	180
EUR	323	278
Other currencies	2	5
<b>Total</b>	<b>1,291</b>	<b>1,163</b>

**Translation exposure**

Translation exposure is the effect of changes in exchange rates when foreign subsidiaries' income statements and statements of financial position are translated into the Group's presentation currency (SEK). Currency hedging of investments in foreign subsidiaries (net assets including Goodwill on acquired surplus values) is managed by means of loans in the subsidiaries' currencies and is referred to as the equity hedge. These loans are recognised at the closing rate on the reporting date. In the company, exchange differences attributable to these loans (net of tax) and translation differences from the net assets of subsidiaries are recognised in other comprehensive income and accumulated in consolidated equity. At present, net investments in DKK, NOK and EUR are hedged.

If the Swedish krona would change against other currencies by 5 percent, equity would be impacted by MSEK +/- 136 (148), not taking into account the equity hedge. If the equity hedge is taken into account, equity would be impacted by MSEK +/- 78 (91), all other things being equal.

Exchange rate fluctuations also affect the translation of foreign subsidiaries' income statements to SEK. As this translation is not hedged, the translation difference is exposed to currency risk and as such is included in the sensitivity analysis below.

**Foreign-exchange sensitivity in transaction exposure**

Scandi Standard is primarily exposed to DKK, NOK and EUR. The different currencies represent both inflows and outflows against the functional currency.

If, on translation of operating income, the Swedish krona would change against subsidiaries' currencies by 5 percent, this would have an impact of MSEK +/-8 (20) on operating income, all other things being equal. The impact is broken down as follows: DKK/SEK +/-5 (3) MSEK and NOK/SEK +/-13 (8) MSEK and EUR/SEK +/-0(9) MSEK. The calculation does not take into account any changes in prices and customer behaviour caused by the exchange rate movements.



**INTEREST RATE RISK**

Interest-bearing borrowing means that the Group is exposed to interest rate risk. Interest rate risk is the risk that changes in market interest rates will have an adverse effect on the Group's financial results and cash flows. The strategy for managing the interest rate risk exposure is to have a balanced combination of floating and fixed interest rates. Interest rate risk can be managed through fixed loans, derivatives or a combination of both. Consideration shall be made to how sensitive the Company's consolidated cash flows are to changes in market interest rates levels over a longer period. The duration is affected by nature of the business, presence of financial covenants, gearing level of the Company as well as future forecasted cash flows and the Group's capability to repay debt. In an annual review the Board shall approve the proportion of anticipated debt to be hedged for each year based on recommendation from Management. Upon such resolution the Management shall execute hedges as soon as possible.

Derivatives approved by the Board for managing interest rate risk are interest rate swaps (IRS), interest floors, interest caps and currency interest swaps. At December 31, 2021, the Group's outstanding liabilities to credit institutions, including outstanding interest rate swaps, had a weighted average fixed-rate period of 8 (12) months. As per the end of the reporting period, a 1 percentage point change in interest rates would not entail any significant change in the fair value of financial assets. During the coming 12-month period, a 1 percentage point increase/decrease in interest rate on interest-bearing liabilities would be impact by MSEK +/- 23 (23).

**REFINANCING RISK AND LIQUIDITY RISK**

Refinancing risk is the risk that costs will be higher and opportunities for financing limited when loans and other credit arrangements are renewed. Liquidity risk is the risk in discharging payment obligations. Scandi Standard limits its refinancing risk by having a well-diversified group of counterparties for its loan facilities. The average time to maturity for the Group's interest-bearing liabilities, excluding leasing obligations per December 31, 2021 was 2 (3) years.

By constantly maintaining cash assets or unused credit facilities, the Group ensures it has sound payment capacity, thereby reducing the liquidity risk. Payment capacity, i.e. cash and cash equivalents and unused credit facilities, on December 31, 2021 was MSEK 1,068 (1,136).

Liquidity risk from vendor financing is MSEK 352 (326). This is attributed to reversed factoring arrangements prolonging payment terms in Sweden, Denmark and Norway from 14–25 days to 60–90 days.

The tables 'Maturity structure' show undiscounted contractual cash flows so these amounts are therefore not found in the balance sheet.

**Maturity structure of liabilities to credit institutions by currency 2021**

MSEK	2022	2023	2024	2025	2026–	Total
SEK	11	750	–	–	–	762
NOK	12	510	–	–	–	522
DKK	6	398	–	–	–	404
EUR	4	261	–	–	–	265
<b>Total</b>	<b>33</b>	<b>1,919</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,953</b>
Of which interest	33	33	–	–	–	66

**Maturity structure of liabilities to credit institutions by currency 2020**

MSEK	2021	2022	2023	2024	2025–	Total
SEK	11	11	749	–	–	771
NOK	9	9	498	–	–	516
DKK	5	5	390	–	–	401
EUR	9	4	256	–	–	269
<b>Total</b>	<b>34</b>	<b>29</b>	<b>1,893</b>	<b>–</b>	<b>–</b>	<b>1,956</b>
Of which interest	29	29	29	–	–	87

**Maturity structure of derivative instruments, nominal amounts December 31, 2021**

MSEK	2022	2023	2024	2025–	Fair value
Currency derivatives	214	–	–	–	–5
Interest rate derivatives	307	–	307	–	–5
<b>Total</b>	<b>521</b>	<b>–</b>	<b>307</b>	<b>–</b>	<b>–11</b>

**Maturity structure of derivative instruments, nominal amounts December 31, 2020**

MSEK	2021	2022	2023	2024–	Fair value
Currency derivatives	321	–	–	–	5
Interest rate derivatives	–	305	–	300	–15
<b>Total</b>	<b>321</b>	<b>305</b>	<b>–</b>	<b>300</b>	<b>–10</b>

**Maturity structure of liabilities regarding leasing by currency 2021**

MSEK	2022	2023	2024	2025	2026–	Total
SEK	19	16	14	14	43	106
NOK	33	33	31	16	80	192
DKK	25	18	14	11	103	172
EUR	6	4	3	2	6	21
<b>Total</b>	<b>82</b>	<b>71</b>	<b>62</b>	<b>43</b>	<b>232</b>	<b>491</b>
Of which interest	9	8	6	5	27	54

**Maturity structure of liabilities regarding leasing by currency 2020**

MSEK	2021	2022	2023	2024	2025–	Total
SEK	26	20	17	17	39	119
NOK	30	29	29	27	87	203
DKK	28	24	17	13	111	193
EUR	5	4	3	2	7	21
<b>Total</b>	<b>89</b>	<b>77</b>	<b>67</b>	<b>60</b>	<b>244</b>	<b>536</b>
Of which interest	11	9	7	6	30	63

Maturity of short-term debt is up to one year. Maturity of trade payables is normally within approximately 60 days.

**CREDIT AND COUNTERPARTY RISK**

Credit and counterparty risk is the risk that the counterparty in a transaction will be unable to discharge its obligations, thereby causing a financial loss for Scandi Standard. Counterparty risk is limited by only accepting counterparties with high credit-worthiness.

**Customer credit risk**

The credit risk associated with trade receivables is managed through special credit rating reviews. Scandi Standard has credit control procedures in place and obtains information about the financial position of customers from various credit-rating agencies.

## Hedging instruments with associated hedged items and Derivative instruments

MSEK	Average hedging price/-rate	Nominal amount Remaining term		Nominal amount		Assets		Liabilities		Annual change in value 2021	Accumulated change in value Dec 31, 2020
		< 1 year	> 1 year	Dec 31, 2021	Dec 31, 2020	Booked value		Booked value			
						Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020		
<b>Cash flow hedges</b>											
<i>Interest related contract</i>											
Interest swap	1.00%	307	307	615	605	-	-	-5	-15	10	-5
<i>Currency related contract</i>											
FX hedges											
GBP/SEK	11.73	50	-	50	64	-	3	-2	-	-5	-2
USD/SEK	8.39	71	-	71	99	-	10	-5	-	-16	-5
DKK/SEK	1.35	92	-	92	217	-	-8	2	-	10	2
NOK/SEK	-	-	-	-	-59	-	0	-	-	0	0
EURGBPUSD/DKK	-	-	-	-	-	-	-	-	-	-	<b>X</b>
<b>Total hedging</b>		<b>521</b>	<b>307</b>	<b>829</b>	<b>926</b>	<b>-</b>	<b>5</b>	<b>-11</b>	<b>-15</b>	<b>-1</b>	<b>-11</b>
<b>Currency hedging of foreign operations</b>											
<i>Currency related contract</i>											
Derivatives instruments – Loan		-	1,147	1,147	1,126	-	-	1,147	1,126	14	-
Hedged item – currency hedging of foreign operations		-	1,147	1,147	1,126	1,147	1,126	-	-	-14	-
<b>Total derivative instrument</b>						<b>-</b>	<b>-</b>	<b>1,147</b>	<b>1,126</b>	<b>-</b>	<b>-</b>

## Types of hedge accounting applied in the consolidated financial statements

Type of exposure	Type of hedged items	Hedged risk	Hedging instruments	Hedging model <sup>1)</sup>
Interest exposure	Loans with variable interest rates	Interest rate risk	Interest rate swaps	Cash flow hedges
Currency exposure	Forecasted purchase and sales in foreign currency	Currency risk	Currency derivatives	Cash flow hedges
Currency exposure	Investments in foreign operations	Currency risk	Loan in foreign currency	Currency hedging of foreign operations

<sup>1)</sup> Deviations in critical conditions between hedging instruments and hedged items represent the main source of inefficiency for all types of hedging.

**Financial assets and liabilities by measurement category December 31, 2021**

December 31, 2021, MSEK	Measured at amortised cost	Measured at fair value through income statement <sup>1)</sup>	Derivatives used in hedge accounting <sup>1)</sup>
<b>ASSETS</b>			
Financial assets	3	–	–
Trade receivables and other receivables	811	–	–
Derivative instruments (Level 2)	–	–	–
Cash and cash equivalents	350	–	–
<b>Total financial assets</b>	<b>1,164</b>	<b>–</b>	<b>–</b>
<b>LIABILITIES</b>			
Non-current interest-bearing liabilities	1,884	–	–
Other non-current liabilities	–	–	–
Derivative instruments (Level 2)	–	–	11
Current interest-bearing liabilities	–	–	–
Other short-term payables (Level 3)	–	–	–
Trade payables	1,291	–	–
<b>Total financial liabilities</b>	<b>3,175</b>	<b>–</b>	<b>11</b>

**Measurement techniques**

Derivatives in Level 2 are foreign currency forwards and interest rate swaps.

Fair value measurement for foreign currency forwards is the present value of future cash flows based on the forward exchange rates at the balance sheet date.

Fair value measurement for interest rate swaps is the present value of the estimated future cash flows based on observable yield curves. Other short-term payables in Level 3 include Earn-out, reported fair value is based on an assessment of future sales and earnings performance for Carton Bros.

Reported value for Non-current interest-bearing liabilities is a good approximation of fair value as credit risk is not significantly changed.

For other financial instruments with no specific market value, the fair value is deemed to correspond to the carrying amount.

**Financial assets and liabilities by measurement category December 31, 2020**

December 31, 2020, MSEK	Measured at amortised cost	Measured at fair value through income statement <sup>1)</sup>	Derivatives used in hedge accounting <sup>1)</sup>
<b>ASSETS</b>			
Financial assets	1	–	–
Trade receivables and other receivables	818	–	–
Derivative instruments (Level 2)	–	–	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	–	–	–
Derivative instruments (Level 2)	–	–	15
Current interest-bearing liabilities	–	–	–
Other short-term payables (Level 3)	–	180	–
Trade payables	1,163	–	–
<b>Total financial liabilities</b>	<b>3,027</b>	<b>180</b>	<b>15</b>

<sup>1)</sup> The Group's financial assets and liabilities are measured in accordance with the following fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than the quoted prices included in level 1 that are observable for the asset or liability, i.e. quoted prices or data derived therefrom.

Level 3: Unobservable inputs for measurement of the asset or liability.

**Note 23 Pensions**

Scandi Standard has both defined contribution and defined benefit pension plans. The defined benefit plans, as recognised in the consolidated statement of financial position, are mainly funded and relate to PRI pensions in Sweden. These plans are funded in Lantmännen's 'Gemensamma Pensionsstiftelse Grodden' pension fund, which enables a number of companies that are part of, or have been part of, Lantmännen Group to safeguard their pension obligations. Each company has its own part of the fund's assets. There is no obligation for the companies in the fund to make additional contributions to the fund. The obligations are also credit insured via PRI Pensionsgaranti. PRI Pensionsgaranti is a mutual insurance company that guarantees employees' future pensions. Now that the assets are in a separate fund, the obligations can be reduced by the market value of the fund's assets when recognised in the statement of financial position. Kronfågel AB and SweHatch AB are connected to the fund with regard to obligations accrued up to the end of May 2013. After this date, all new pension earnings within the Group are financed by direct charges.

The obligations in Ireland concern closed pension plans.

Pension plans with surpluses are recognised as an asset in the statement of financial position under "Surplus in funded pension plans". Other pension plans that are unfunded or partially funded are recognised under "Provisions for pensions".

**Defined benefit obligations and value of plan assets in the Group:**

Defined benefit plans, MSEK	Dec 31, 2021	Dec 31, 2020
<i>Funded plans</i>		
Defined benefit obligations under Swedish PRI Pensionsgaranti, plans	165	190
Fair value of plan assets	-199	-181
<b>Total net value of funded plans</b>	<b>-34</b>	<b>9</b>
Surplus in funded pension plan recognised as asset	34	-
Partially funded pension plan recognised as liability	-	9
<i>Unfunded plans</i>		
Other unfunded obligations	3	-1
<b>Total unfunded plans</b>	<b>3</b>	<b>-1</b>
<b>Provision for pensions, net value</b>	<b>-32</b>	<b>8</b>

Defined benefit pension plans are in Sweden and Ireland.

Pension cost in the income statement, MSEK	2021	2020
<i>Defined benefit plans</i>		
Incurred pension expense during the year		
Interest income / expenses	-3	-3
Change in value of share in pension fund	-9	-
<b>Cost of defined benefit plans</b>	<b>-12</b>	<b>-3</b>
Cost of defined contribution plans	-95	-94
<b>Total pension cost</b>	<b>-107</b>	<b>-97</b>
<i>The cost is recognised in the following lines in the income statement</i>		
Employee benefits expenses, Note 5	-95	-94
Finance expenses, Note 8	-12	-3
<b>Total pension cost</b>	<b>-107</b>	<b>-97</b>

Pension-related charges in other comprehensive income, MSEK	2021	2020
<i>Defined benefit plans</i>		
Return on plan assets in excess of what is recognised as interest income in the income statement	24	10
Remeasurement of pension obligations:		
- Experience based adjustment of obligation	5	4
- Effect of changes in demographic assumptions	7	1
- Effects of changes in financial assumptions	6	-3
<b>Total remeasurement of pension obligations</b>	<b>18</b>	<b>2</b>
<b>Total actuarial gains (+) and losses (-)</b>	<b>42</b>	<b>12</b>
Tax in gain / loss	-9	-3
<b>Total recognised in other comprehensive income</b>	<b>33</b>	<b>10</b>

**Changes in obligations, assets and net amount:**

	Defined benefit obligations		Plan assets		Net	
	2021	2020	2021	2020	2021	2020
<b>31 December, MSEK</b>						
Opening balance, funded plans	190	199	-181	-176	9	23
Service cost	-2	-2	-	-	-2	-2
Interest recognised in income statement	2	3	-2	-3	0	-
Payment of pension benefits	-7	-8	-	-	-7	-8
Compensation received	-	-	7	8	7	8
Return in plan assets in excess of recognised interest	-	-	-24	-10	-24	-10
Remeasurement of pension obligations recognised in other comprehensive income	-18	-2	-	-	-18	-2
<b>Closing balance, funded plans</b>	<b>165</b>	<b>190</b>	<b>-199</b>	<b>-181</b>	<b>-34</b>	<b>9</b>
Unfunded plans	3	-1	-	-	3	-1
<b>Closing balance, pension liability</b>	<b>168</b>	<b>190</b>	<b>-199</b>	<b>-181</b>	<b>-32</b>	<b>8</b>

A reduction of the discount rate by 0.25 percentage points would increase the pension obligation by MSEK 6 (7) while an increase of the discount rate by 0.25 percentage points would reduce the obligation by MSEK 6 (7). A change in the expected life span of one year would change the obligation by MSEK 8 (9). A change of the inflation rate of 0.25 percentage points would change the obligation by about MSEK 6 (7). The pension fund's return was 13 (7) percent and a change of 1 percentage point would change the value of plan assets by about MSEK 2 (2).

Funded plans cover to 44.9 (47.2) percent paid-up policy holders and to 55.1 (52.8) percent retired persons. Duration is 14 (15) years.

Expected payments under defined benefit pension plans in 2022 are MSEK 8.

**Fair value of plan asset categories and share of total plan assets**

	2021		2020	
	MSEK	%	MSEK	%
Property	85	42.9	79	45.1
Fixed-interest investments	28	13.9	30	17.3
Equity investments	65	32.4	53	29.8
Alternative investments	20	10.2	17	9.7
Cash and cash equivalents	1	0.5	2	1.1
<b>Total</b>	<b>199</b>	<b>100</b>	<b>181</b>	<b>100</b>

Equity investments are all listed equity.

<b>Actuarial assumptions</b>	<b>2021</b>	<b>2020</b>
Discount rate	1.65%	0.90%
Future pension increase	1.50%	2.00%
Inflation	2.00%	1.50%
<b>Mortality table</b>	<b>DUS14</b>	<b>DUS14</b>

For certain employees in Sweden insurance premiums are paid to Alecta under the ITP plan (individual supplementary pension). The plan is a multi-employer defined benefit plan. Alecta is currently unable to disclose the information required to recognise the plans as a defined benefit pension plan.

Consequently, pension plans under Alecta are recognised as defined contribution plans. MSEK 4 (4) of total pension cost of MSEK 113 (94) for defined contribution plans are related to Alecta premiums for ITP plans. Alecta may distribute its surplus to policy holders and/or the insured. At the end of the year, Alecta's surplus defined as collective funding ratio was 172 (148) percent. The collective funding ratio reflects the market value of the assets of Alecta as a percentage of its pension obligations, calculated with Alecta's Actuarial assumptions, which do not follow IAS 19.



**Note 24 Other provisions**

In corporate groups the size of Scandi Standard, there are normally a number of ongoing disputes. Scandi Standard assesses the most likely outcome of the disputes currently at issue, and where an outflow of financial resources is probable, a corresponding amount is recognised as a provision.

MSEK	Dec 31, 2021	Dec 31, 2020
Other provisions	9	7
<b>Total</b>	<b>9</b>	<b>7</b>

**Note 25 Trade payables and other current liabilities**

MSEK	Dec 31, 2021	Dec 31, 2020
Trade payables <sup>1)</sup>	1,291	1,163
Other current liabilities	179	342
Current leasing liabilities	68	73
Accrued expenses and prepaid income	433	378
<b>Total</b>	<b>1,971</b>	<b>1,955</b>

<sup>1)</sup> MSEK 449 (403) relates to invoices financed via a vendor financing arrangement.

**Accrued expenses and prepaid income**

MSEK	Dec 31, 2021	Dec 31, 2020
Accrued personnel-related expenses	240	253
Bonuses and discounts	56	23
Other accrued expenses	137	102
<b>Total</b>	<b>433</b>	<b>378</b>

**Note 26 Related party transactions**

Salaries and benefits received by senior management are reported in Note 5. No dividends from subsidiaries or associates have been received in the Parent Company during the year. There is no outstanding receivables or liabilities related to associated companies as of December 31, 2021. Further information about associated companies can be found in Note 14.

Other transactions with key persons are for 2021 purchases of feed from Lantmännen ekonomiska förening in which the Group has shares and for 2020 membership fee for Swedish poultry for a board member.

**Related party transactions**

	2021	2020
Intra-group purchases, share of total purchases, %	8.1	7.9
Intra-group sales, share of total sales, %	8.4	6.9
Purchases of goods and services from associates, MSEK	75	68
Sales of goods and services to associates, MSEK	49	53
Other transactions with associates, MSEK	4	1
Other transactions with key persons, MSEK	20	5

**Note 27 Pledged assets and contingent liabilities**

Pledged assets MSEK	For own liabilities	
	Dec 31, 2021	Dec 31, 2020
Real estate mortgages	–	271
<b>Total</b>	<b>–</b>	<b>271</b>

**Contingent liabilities**

MSEK	Dec 31, 2021	Dec 31, 2020
Guarantee multicurrency credit facility	2,200	2,200
Rent guarantee	71	156
Other contingent liabilities	113	102
<b>Total</b>	<b>2,384</b>	<b>2,458</b>

Other contingent liabilities consist for the most part of guarantees for subsidiaries and suppliers.

**Note 28** Notes to the statement of cash flows

1) Paid finance items net, MSEK	2021	2020
Interest received	0	0
Interest paid	-61	-69
Other paid financial items	-7	-7
<b>Total</b>	<b>-68</b>	<b>-76</b>

2) Business combinations, MSEK	2021	2020
<i>Acquired assets and liabilities</i>		
Property, plant and equipment	-	-
Intangible assets	-	-
Inventories	-	-
Trade and other receivables	-	-
Liabilities	-	-
Cash and cash equivalents	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Additional consideration, recognized liability	171	104
Provision for acquisition of minority	-	-
Loans in acquired business combination	-	-
<b>Paid consideration</b>	<b>171</b>	<b>104</b>
Cash and cash equivalents in acquired business combination	-	-
<b>Cash flow effect</b>	<b>171</b>	<b>104</b>

3) Cash and cash equivalents, MSEK	2021	2020
Cash and bank deposits	350	413
<b>Total</b>	<b>350</b>	<b>413</b>

The Group's total liquidity, defined as cash, bank deposits and credit available under the provisions of applicable loan agreements, amounted to MSEK 1,068 (1,136) at the end of the year.

**4) Reconciliation of Net interest-bearing debt**

The net interest-bearing debt and the movement of it is analysed below, for the presented periods.

Net interest-bearing debt <sup>1)</sup> , MSEK	2021	2020
Cash and cash equivalents	350	413
Interest-bearing liabilities – repayable within one year	-73	-67
Interest-bearing liabilities – repayable after one year	-2,257	-2,279
<b>Net interest-bearing debt</b>	<b>-1,980</b>	<b>-1,933</b>
Cash and bank deposits	350	413
Gross debt – variable interest rates	-2,330	-2,346
<b>Net interest-bearing debt</b>	<b>-1,980</b>	<b>-1,933</b>

<sup>1)</sup> The Group utilises the same definition of Net interest-bearing debt as the current Credit agreement.

Changes in gross debt, MSEK	Liabilities from financing activities		Total
	Interest-bearing liabilities	Leasing liability	
<b>Gross debt December 31, 2020 (Note 21)</b>	<b>-1,873</b>	<b>-473</b>	<b>-2,346</b>
Cash flows			
new loans	-	-	-
repayments	31	84	115
changes in credit facility	-	-	-
<i>Total</i>	31	84	115
Foreign exchange adjustments	-48	-16	-64
Acquisitions	-	-	-
Other non-cash movements	-5	-30	-35
<i>Total</i>	-53	-46	-99
<b>Gross debt December 31, 2021 (Note 21)</b>	<b>-1,894</b>	<b>-435</b>	<b>-2,330</b>

# Notes to the Parent Company financial statements

## Note 29 Fees and reimbursements to auditors

MSEK	2021	2020
<i>Öhrlings Pricewaterhouse-Coopers AB</i>		
Annual audit	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

## Note 30 Pledged assets and contingent liabilities

MSEK	Dec 31, 2021	Dec 31, 2020
Contingent liabilities	4	4
Guarantee for subsidiaries	8	11
Guarantor long-term multi-currency credit facilities	2,200	2,200
<b>Total</b>	<b>2,211</b>	<b>2,215</b>

## Note 31 Investments in subsidiaries

MSEK	Dec 31, 2021	Dec 31, 2020
Accumulated cost of acquisition	938	533
<b>Carrying amount</b>	<b>938</b>	<b>533</b>
MSEK	2021	2020
Balance at the beginning of the period	533	533
<b>Carrying amount</b>	<b>533</b>	<b>533</b>

## Note 32 Financial instruments

MSEK	Dec 31, 2021	Dec 31, 2020
<b>Loans and receivables</b>		
Non-current interest-bearing receivables from subsidiaries	–	405
<b>Total</b>	<b>–</b>	<b>405</b>
<b>Financial liabilities measured at amortised cost</b>		
Liabilities to subsidiaries	320	233
<b>Total</b>	<b>320</b>	<b>233</b>

There are no derivative instruments in the Parent Company. See Note 22 for information on interest-bearing liabilities.

## Note 33 Proposed appropriation of earnings

The Board of Directors proposes to the Annual General Meeting 2022 that no dividend be paid for the financial year 2021 to ensure continued financial flexibility.

The following earnings are at the disposal of the Annual General Meeting:

SEK	
Share premium reserve	645,155,862
Accumulated deficit	–27,115,487
Income for the year	10,403,145
<b>Total</b>	<b>628,443,520</b>
Dividend to shareholders	–
To be carried forward	628,443,520
<b>Total</b>	<b>628,443,520</b>

## Parent Company and Group holdings of interests in Group companies, December 31, 2021

The table includes directly-owned subsidiaries and indirectly-owned companies.

Company name	Corporate identity no.	Domicile	Share, %	Carrying amount, MSEK
Scandinavian Standard Nordic AB	556921-0619	Stockholm, Sweden	100	938
Scandi Standard ApS	25 710 029	Farre, Denmark	100	
Naapurin Maalaiskana OY	2644740-9	Lieto, Finland	100	
Kronfågel Holding AB	556529-6372	Stockholm, Sweden	100	
Kronfågel AB	556145-4223	Stockholm, Sweden	100	
SweHatch AB	556033-3386	Stockholm, Sweden	100	
AB Skånefågel	556056-1457	Örkelljunga, Sweden	100	
Bosarpskyckling AB	556673-6608	Stockholm, Sweden	100	
Danpo A/S	31 241 316	Farre, Denmark	100	
Rokkedahl Foods ApS	33 576 382	Nibe, Denmark	51	
Scandi Standard Norway AS	911 561 077	Oslo, Norway	100	
Den Stolte Hane AS	980 403 715	Jæren, Norway	100	
Scandi Standard Ireland Holding AB	559119-0789	Stockholm, Sweden	100	
Carton Bros ULC	7313	Dublin, Ireland	100	
<b>Total, Parent Company</b>				<b>938</b>

## Proposed appropriation of earnings and the Board of Directors' and the Managing Director's certification

The following earnings are at the disposal of the Annual General Meeting:

	SEK
Share premium reserve	645,155,862
Accumulated deficit	-27,115,487
Income for the year	10,403,145
<b>Total</b>	<b>628,443,520</b>
	SEK
Dividend to shareholders	-
To be carried forward	628,443,520
<b>Total</b>	<b>628,443,520</b>

The Board of Directors and the Managing Director and CEO hereby certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and give a true and fair view of the Group's financial position and performance. The Parent Company's financial statements have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the Parent Company's financial position and performance.

The Board of Directors' Report for the Group and Parent Company provides a true and fair overview of the development, financial position and performance of the Group and Parent Company, and describes significant risks and uncertainties faced by the Parent Company and Group companies.

Stockholm, 24 March 2022

Johan Bygge  
*Chairman of the Board*

Henrik Hjalmarsson  
*Board member*

Heléne Vibbleus  
*Board member*

Cecilia Lannebo  
*Board member*

Øystein Engebretsen  
*Board member*

Michael Parker  
*Board member*

Otto Drakenberg  
*Interim managing director and CEO*

The Group's and Parent Company's annual financial statements will be presented for adoption by the Annual General Meeting on 4 May 2022.  
Our audit report was submitted on 24 March 2022.

Öhrlings PricewaterhouseCoopers AB

Ann-Christine Hägglund  
*Authorized Public Accountant*

# Auditor's report

To the Annual General Meeting of Scandi Standard AB (publ), Corporate Identity Number 556921-0627

## Report on the audit of the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Scandi Standard AB (publ) for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 51–98 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company and the group as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and statement of financial position for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Our audit approach

#### Scope of the audit

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where the managing director and board of directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

Our group audit includes 15 reporting units operating in four countries in the Nordic region and the Republic of Ireland. We have scoped our audit procedures for the reporting units within each country, taking into account the current control environment and business processes at the individual reporting unit level and also by assessing business performance reviews and group management's oversight and follow-up activities on each unit.

In establishing the overall group audit strategy and plan, we determined the type of work that needed to be performed at the reporting unit respectively by the component auditor. For the most significant entities, we required a full scope audit of their complete financial information.

The group consolidation, financial statement disclosures, a number of complex transactions and Swedish entities were audited by the Group engagement team. These procedures include among others impairment test of goodwill and other intangible assets with indefinite life, long-term incentive programs for management, business combinations and pension obligations.

The entities in scope for the group audit procedures represent approximately 90 percent of group net sales.

Our audit is carried out continuously throughout the year. For the interim report covering the period 1 January to 30 September 2021, we issue a public limited review report. In connection with the issuance of the group's interim reports for the third quarter and year-end, we report our observations to group management and the audit committee. We also report our main observations to the entire board of directors when the annual financial statements have been prepared.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

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## Key audit matter

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### Valuation of inventories

*Refer to Annual report note 17 and note 1 Accounting policies*

The inventory of finished goods includes frozen, chilled and ready-made chicken products and amounts to SEK 554 million on 31 December 2021. A large share of this item is located in Sweden and Denmark. Inventory of finished goods is a significant asset in the consolidated balance sheet. During the year, the company impaired the inventory of finished goods in an amount of SEK 40 million.

The inventory of finished goods is measured at the lower of cost or net realisable value. The net realisable value is the estimated sales value less expected selling expenses.

An assessment of the estimated sales value requires assumptions and assessments by management that include subjective aspects, such as obsolescence and assessments of future events about demand and price performance, which are subject to uncertainties. The valuation of the inventory of finished goods is therefore a key audit matter in the audit.

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### Measurement of goodwill and intangible assets (brands, customer and supplier relationships)

*Refer to the Annual Report Note 6 Depreciation and impairment of Goodwill and intangible assets and Note 11 Intangible assets and Note 1 Accounting policies.*

The majority of Scandi Standard's intangible assets have been acquired externally, mostly through business combinations. Assets with an indefinite useful life such as goodwill and certain brands are not subject to yearly depreciation. Instead, an annual test will show whether the carrying amount for the cash generating unit can still be supported.

Amortisation with respect to acquired customer and supplier relationships and certain brands is conducted according to planned.

In 2021, Scandi Standard changed its segment reporting and CGU from countries to Ready to Cook and Ready to Eat.

The carrying value of goodwill amounts to SEK 921 million on 31 December 2021. Intangible assets relating to brands with an indefinite life that are not subject to amortisation comprise various brand names acquired in Sweden, Denmark and Norway. The carrying value of such brands amounts to SEK 327 million on 31 December 2021. Goodwill and brands are significant assets in the consolidated balance sheet. No impairment charge has been recognised against goodwill or brand with indefinite life in 2021.

Management's estimates of the intangible assets' potential to generate future cash flows and other assumptions are decisive when preparing the annual impairment tests. Given the significant elements of assumptions and estimates, this constitutes a key audit matter.

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## How our audit addressed the Key audit matter

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Our audit included an assessment of the group's accounting policy of provision for obsolescence, analytical procedures and inquiries with controllers of inventory accounts.

We have performed spot checks on product calculations for the inventory of finished goods, inward and outward deliveries from inventory and taken part in stock-taking at all relevant inventory sites to verify the existence.

Our audit included the examination of the management's assessments of obsolescence and impairment, by scrutinising the inertia of inventory, anticipated future selling prices for frozen products in particular and products sold on export markets.

We have performed spot checks to ensure the cost of sold products is not less than the net realisable value in the beginning of 2022.

Our audit included procedures to verify that business combinations have been recognised according to applicable accounting policies and that the impairment tests of goodwill and other intangible assets with indefinite life have been performed by the use of generally accepted valuation methods, are mathematically correct, and by the use of reasonable assumptions of, among others, future cash-flow estimates and discount rates.

We have also evaluated the model for impairment tests and significant assumptions in impairment testing of future cash-flow estimates and discount rates for calculating the cash-generating unit's value in use.

In our evaluation, we have compared with the historic business performance and the group's forecasts and strategic planning as well as with external data sources when possible and relevant.

We have evaluated management's sensitivity analysis of changes in the assumptions that could lead to impairment.

We held discussions with management to ensure there are no material changes in the customer and supplier portfolio that could lead to a risk for impairment of intangible assets in customer and supplier relationships.

We have assessed that disclosures in Note 6 and 11 relating to goodwill, brands, customer and supplier relationships are appropriate.



### Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–50 and 103–108 and 130. Other information also contains the remuneration report which we received before the date of our auditor's report.

The board of directors and managing director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure, we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Report on other legal and regulatory requirements

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the board of directors and managing director of Scandi Standard AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the board of directors and managing director be discharged from liability for the financial year.

### Basis for opinion

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those

### Responsibilities of the board of directors and the managing director

The board of directors and managing director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The board of directors and managing director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the board of directors and managing director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the board of directors and managing director intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

The audit committee shall, without prejudice to the board of directors' responsibilities and tasks in general, among other things, oversee the company's financial reporting process.

standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the board of directors and the managing director

The board of directors and managing director are responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place

### Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The board of directors and managing director are responsible for the company's organisation and the administration of the company's affairs. This includes, among other things, continuous assessment of the company's and the group's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The managing director shall manage the ongoing administration according to the board of directors' guidelines and instructions and, among other matters, take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's Responsibilities

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the board of directors and managing director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorspektionen's website: [www.revisorninspektionen.se/revisornsansvar](http://www.revisorninspektionen.se/revisornsansvar). This description is part of the auditor's report.

### THE AUDITOR'S EXAMINATION OF THE ESEF REPORT Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also examined whether the board of directors and the managing director have prepared the annual accounts and the consolidated accounts in a format that facilitates uniform electronic reporting (the ESEF report) according to Chapter 16, Section 4 a of the Securities Market Act (2007:528) for Scandi Standard AB (publ) for the year 2021.

Our examination and our opinion refer only to the statutory requirement.

In our opinion, the ESEF report 933f16b5cc32fba496f64601ec2b5735375877416fb89f66561939974542b69c has been prepared in a format that in all significant respects facilitates uniform electronic reporting.

### Basis for opinion

We have conducted our examination in accordance with FAR's recommendation, RevR 18 Review of the ESEF report. Our respon-

sibilities under this recommendation are further described in the Auditor's Responsibilities section. We are independent of Scandi Standard AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the board of directors and the managing director

The board of directors and the managing director are responsible for ensuring that the ESEF report has been prepared in accordance with Chapter 16, Section 4 a of the Securities Market Act (2007:528) and for ensuring that there is such internal control as the board of directors and the managing director regard as necessary to prepare the ESEF report in a manner that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibilities

Our responsibility is to express an opinion with reasonable assurance on whether, based on our examination, the ESEF report, in all significant respects, has been prepared in a format that satisfies the requirements of Chapter 16, Section 4 a of the Securities Market Act (2007:528).

RevR 18 requires that we plan and implement our audit procedures to achieve reasonable assurance that the ESEF report has been prepared in a format that satisfies these requirements

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or when aggregated, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The auditing firm applies ISQC 1 (International Standard on Quality Control) Quality Control for audit firms that audit and review financial reports and perform other assurance engagements, as well as related services and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The review involves performing various procedures to obtain evidence that the ESEF report has been prepared in a format that

facilitates uniform electronic reporting of the annual accounts and consolidated accounts. The auditor selects which procedures are to be performed, including assessing the risks of material misstatement in the reporting, whether due to fraud or error. In making these risk assessments, the auditor considers the parts of the internal control relevant to how the board of directors and the managing director prepare the basis for designing audit procedures that are appropriate in view the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. The review also includes an evaluation of the appropriateness and reasonableness of the board of directors' and the managing director's assumptions.

The audit procedures primarily comprise a technical validation of the ESEF report; i.e. whether the ESEF report fulfils the technical specifications stated in the European Commission's delegated regulation (EU) 2019/815 and checking that the ESEF report complies with the audited annual accounts and consolidated accounts.

The review also includes an assessment of whether the ESEF report has been marked with iXBRL, which enables a fair and complete machine-readable version of the consolidated income statements, balance sheets and statements of equity, as well as the cash flow statement.

Öhrlings PricewaterhouseCoopers AB was appointed auditor of Scandi Standard AB (publ) by the general meeting of the shareholders on 7 May 2021 and has been the company's auditor since 9 September 2013.

Stockholm, 25 March 2022  
Öhrlings PricewaterhouseCoopers AB

Ann-Christine Hägglund  
Authorised Public Accountant  
Auditor in Charge

# Five-year summary

MSEK, unless otherwise stated	2021	2020	2019	2018 <sup>2)</sup>	2017 <sup>1)</sup>
Net sales	10,101	9,940	9,891	8,797	7,101
EBITDA	598	699	748	662	525
Operating income	222	351	424	333	295
Income for the year	103	208	237	200	168
EPS, SEK	1.60	3.16	3.60	3.05	2.73
Adjusted EBITDA <sup>a)</sup>	589	756	753	696	520
Adjusted EBITDA-margin <sup>a)</sup> , %	5.8	7.6	7.6	7.9	7.3
Adjusted operating income <sup>a)</sup>	213	410	431	367	290
Adjusted operating margin <sup>a)</sup> , %	2.1	4.1	4.4	4.1	4.1
Dividend, SEK	1.25	1.25	–	2.00	1.80
Operating cash flow <sup>b)</sup>	347	476	536	354	213
Capital expenditure, net	306	355	419	371	199
Return on capital employed (ROCE) <sup>a)</sup> , %	5.2	8.4	10.3	9.5	9.9
Equity to assets ratio, %	30.0	29.4	27.7	26.5	28.2
Average number of employees	3,215	3,220	3,266	3,005	2,264

<sup>a)</sup> Adjusted for non-comparable items, see table to the right.

<sup>b)</sup> Reclassification of cash flow effect for leasing assets has been made for 2020 and 2019.

<sup>1)</sup> Not recalculated for effects in accordance with IFRS 16.

<sup>2)</sup> When applicable, the comparative figures for 2018 have been restated for changed accounting principles according to IFRS 16 Leases.

Non-comparable items in EBITDA <sup>a)</sup> and operating income	2021	2020	2019	2018	2017
Earn out Debt adjustment <sup>b)</sup>	9	–52	–	–	30
Restructuring of production <sup>c)</sup>	–	–7	–7	–23	–
Transaction costs <sup>d)</sup>	–	–	–	–11	–25
<b>Total non-comparable items in EBITDA</b>	<b>9</b>	<b>–59</b>	<b>–7</b>	<b>–34</b>	<b>5</b>

<sup>a)</sup> Scandi Standard implemented a new definition for treatment of items affecting comparability in the first quarter 2021 which implies a stricter classification of such items. Financial information for the years 2020 to 2017 has been restated related to items affecting comparability for the alternative performance measures adjusted EBITDA and adjusted operating income (adjusted EBIT).

<sup>b)</sup> Income of MSEK 22 related to decreased earn-out debt resulting from the final purchase price payment relating to the acquisition of Manor Farm and in last year an adjustment of the earn-out debt attributable to the acquisition of Manor Farm of MSEK 52. In addition, for the year, cost of MSEK –13 resulting from the final purchase price payment relating to the acquisition of the Finnish business. For 2017, revaluation of contingent consideration in connection with the acquisition of the remaining 20% of the shares in Sødams in Denmark.

<sup>c)</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. Closing of hatchery in Finland in the second quarter 2019 and change of production in Sweden during 2018.

<sup>d)</sup> Transaction costs for completed and non-completed acquisitions, as well as costs related to the formation of the Scandi Standard Group.

# Segment information by quarter

Ready-to-cook, MSEK	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021
Net sales	1,879	1,883	1,900	1,806	7,467	1,899	1,912	1,983	1,824	7,619	1,938	1,943	1,942	1,789	7,611
Adjusted EBITDA	151	155	165	150	621	138	170	175	139	622	147	142	88	47	424
Depreciations	-52	-52	-53	-53	-210	-57	-60	-58	-65	-240	-65	-64	-69	-68	-266
Adjusted EBITA	99	103	112	97	411	81	111	117	74	382	82	77	20	-21	158
Amortizations	-12	-12	-13	-12	-50	-13	-13	-12	-12	-50	-13	-12	-12	-13	-50
Adjusted EBIT	87	92	99	84	362	68	98	105	63	333	69	65	7	-32	110
Non-comparable items	-	-7	-	-	-7	-	-	-	-7	-7	-	-	-	-	-
EBIT*	87	85	99	84	354	68	98	105	56	326	69	65	7	-32	110
Adjusted EBITDA margin, %	8.0%	8.2%	8.7%	8.3%	8.3%	7.3%	8.9%	8.8%	7.6%	8.2%	7.6%	7.3%	4.5%	2.6%	5.6%
Adjusted EBITA margin, %	5.3%	5.5%	5.9%	5.4%	5.5%	4.2%	5.8%	5.9%	4.0%	5.0%	4.2%	4.0%	1.0%	-1.1%	2.1%
Adjusted EBIT margin, %	4.6%	4.9%	5.2%	4.7%	4.8%	3.6%	5.1%	5.3%	3.4%	4.4%	3.6%	3.3%	0.4%	-1.8%	1.4%
EBIT margin, %	4.6%	4.5%	5.2%	4.7%	4.7%	3.6%	5.1%	5.3%	3.0%	4.3%	3.6%	3.3%	0.4%	-1.8%	1.4%

\* Includes income from associated companies.

Ready-to-eat, MSEK	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021
Net sales	489	498	542	514	2,042	476	426	532	476	1,911	444	536	589	543	2,112
Adjusted EBITDA	37	34	42	25	139	26	21	55	39	141	38	47	58	44	187
Depreciations	-12	-12	-14	-14	-52	-12	-12	-11	-11	-47	-12	-12	-12	-12	-49
Adjusted EBITA	25	22	28	11	87	13	9	44	28	94	26	35	46	31	138
Amortizations	-1	-1	-1	-1	-2	-	-	-	-	-	-	-	-	-	-
Adjusted EBIT	25	21	28	11	85	13	9	44	29	95	26	35	46	32	138
Non-comparable items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBIT*	25	21	28	11	85	13	9	44	29	95	26	35	46	32	138
Adjusted EBITDA margin, %	7.7%	6.8%	7.8%	4.9%	6.8%	5.4%	5.0%	10.4%	8.2%	7.4%	8.6%	8.7%	9.8%	8.1%	8.8%
Adjusted EBITA margin, %	5.2%	4.3%	5.2%	2.2%	4.2%	2.8%	2.2%	8.2%	5.8%	4.9%	5.9%	6.5%	7.8%	5.8%	6.5%
Adjusted EBIT margin, %	5.1%	4.2%	5.2%	2.1%	4.2%	2.8%	2.2%	8.2%	6.1%	5.0%	5.9%	6.5%	7.8%	5.8%	6.6%
EBIT margin, %	5.1%	4.2%	5.2%	2.1%	4.2%	2.8%	2.2%	8.2%	6.1%	5.0%	5.9%	6.5%	7.8%	5.8%	6.6%

\* Includes income from associated companies.

## Segment information by quarter, cont.

Other, MSEK	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021
Net sales	91	91	99	100	381	103	110	106	92	411	88	85	102	103	377
Adjusted EBITDA	6	7	4	1	18	2	5	5	0	11	-1	0	5	11	15
Depreciations	-2	-3	-1	-1	-7	-1	-1	-1	-1	-4	0	-1	-1	0	-3
Adjusted EBITA	4	4	3	0	11	1	4	4	-1	7	-2	-1	5	11	13
Amortizations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted EBIT	4	4	3	0	11	1	4	4	-1	7	-2	-1	5	11	13
Non-comparable items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBIT*	4	4	3	0	11	1	4	4	-1	7	-2	-1	5	11	13
Adjusted EBITDA margin, %	6.5%	7.3%	4.3%	0.8%	4.6%	1.8%	4.3%	4.4%	-0.5%	2.6%	-1.5%	-0.1%	5.4%	10.7%	4.0%
Adjusted EBITA margin, %	4.3%	4.5%	2.9%	0.1%	2.9%	0.7%	3.3%	3.6%	-1.2%	1.7%	-2.0%	-1.0%	4.5%	10.3%	3.3%
Adjusted EBIT margin, %	4.3%	4.5%	2.9%	0.1%	2.9%	0.7%	3.3%	3.6%	-1.2%	1.7%	-2.0%	-1.0%	4.6%	10.5%	3.4%
EBIT margin, %	4.3%	4.5%	2.9%	0.1%	2.9%	0.6%	3.3%	3.6%	-1.2%	1.7%	-2.0%	-1.0%	-8.4%	10.5%	-0.1%

\* Includes income from associated companies.

Group Cost, MSEK	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021
Net sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted EBITDA	-5	-8	-5	-7	-24	-6	-4	-3	-5	-18	-3	-17	-12	-4	-37
Depreciations	0	0	0	-1	-2	-1	-2	-2	-3	-8	-3	-3	-3	-3	-11
Adjusted EBITA	-5	-9	-5	-8	-26	-7	-6	-6	-7	-26	-6	-20	-15	-7	-48
Amortizations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted EBIT	-5	-9	-5	-8	-26	-7	-6	-6	-7	-26	-6	-20	-15	-7	-48
Non-comparable items	-	-	-	-	-	-	-	-31	-21	-52	-	-4	-13	26	9
EBIT*	-5	-9	-5	-8	-26	-7	-6	-37	-28	-78	-6	-24	-28	19	-39
Adjusted EBITDA margin, %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted EBITA margin, %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted EBIT margin, %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBIT margin, %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

\* Includes income from associated companies.

## Segment information by quarter, cont.

TOTAL, MSEK	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021
Net sales	2,458	2,472	2,541	2,420	9,891	2,479	2,448	2,621	2,393	9,940	2,469	2,564	2,632	2,435	10,101
Adjusted EBITDA	190	187	207	169	753	159	192	232	173	756	180	171	139	98	589
Depreciations	-67	-67	-69	-68	-271	-72	-75	-72	-80	-299	-80	-80	-84	-84	-328
Adjusted EBITA	123	120	138	101	482	87	117	159	93	457	100	92	55	14	261
Amortizations	-13	-13	-13	-13	-52	-13	-13	-12	-12	-50	-13	-12	-12	-12	-50
Adjusted EBIT	110	108	125	87	431	75	105	147	83	410	88	79	43	3	213
Non-comparable items	-	-7	-	-	-7	-	-	-31	-28	-59	-	-4	-13	26	9
EBIT*	110	101	125	87	424	75	105	116	56	351	88	75	30	30	222
Adjusted EBITDA margin, %	7.7%	7.6%	8.2%	7.0%	7.6%	6.4%	7.8%	8.8%	7.2%	7.6%	7.3%	6.7%	5.3%	4.0%	5.8%
Adjusted EBITA margin, %	5.0%	4.9%	5.4%	4.2%	4.9%	3.5%	4.8%	6.1%	3.9%	4.6%	4.1%	3.6%	2.1%	0.6%	2.6%
Adjusted EBIT margin, %	4.5%	4.4%	4.9%	3.6%	4.4%	3.0%	4.3%	5.6%	3.5%	4.1%	3.5%	3.1%	1.6%	0.1%	2.1%
EBIT margin, %	4.5%	4.1%	4.9%	3.6%	4.3%	3.0%	4.3%	4.4%	2.3%	3.5%	3.5%	2.9%	1.1%	1.2%	2.2%

\* Includes income from associated companies.



# 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		2021	2020
Net sales	A	10,101	9,940
Income for the year	B	103	208
+ Reversal of tax on income for the year		37	52
<b>Income after finance net</b>	C	<b>140</b>	<b>260</b>
+ Reversal of financial income and expenses, net		81	91
<b>Operating income</b>	D	<b>222</b>	<b>351</b>
+ Reversal of depreciation, amortization and impairment		378	350
+ Reversal of share of income of associates		-2	-2
<b>EBITDA</b>	E	<b>598</b>	<b>699</b>
Non-comparable items in income for the period	F	-9	59
<b>Adjusted operating income for the period</b>	D+F	<b>213</b>	<b>410</b>
<b>Adjusted operating margin, %</b>	(D+F)/A	<b>2.1</b>	<b>4.1</b>
Non-comparable items in EBITDA	G	-9	57
<b>Adjusted EBITDA</b>	E+G	<b>589</b>	<b>756</b>
<b>Adjusted EBITDA-margin, %</b>	(E+G)/A	<b>5.8</b>	<b>7.6</b>

From statement of cash flows, MSEK		2021	2020
<b>Operating activities</b>			
Operating income		222	351
<b>Adjustment for non-cash items</b>			
Depreciation, amortization and impairment		378	350
Share of income of associates		-2	-2
<b>EBITDA</b>		<b>598</b>	<b>699</b>
Non-comparable items in EBITDA	G	-9	57
<b>Adjusted EBITDA</b>		<b>589</b>	<b>756</b>

From statement of financial position, MSEK		Dec 31, 2021	Dec 31, 2020
<b>Total assets</b>		<b>6,494</b>	<b>6,385</b>
<b>Non-current non-interest-bearing liabilities</b>			
- Deferred tax liabilities		-178	-166
- Other non-current liabilities		-65	-64
<b>Total non-current interest-bearing liabilities</b>		<b>-243</b>	<b>-230</b>
<b>Current non-interest-bearing liabilities</b>			
Trade payables		-1,291	-1,163
Tax payables		-55	-29
Other current liabilities		-179	-342
Accrued expenses and prepaid income		-433	-378
<b>Total current non-interest-bearing liabilities</b>		<b>-1,958</b>	<b>-1,912</b>
<b>Capital employed</b>		<b>4,293</b>	<b>4,243</b>
Cash and cash equivalents		-350	-413
<b>Operating capital</b>		<b>3,943</b>	<b>3,830</b>
<b>Average capital employed</b>	H	<b>4,268</b>	<b>4,204</b>
<b>Average operating capital</b>	I	<b>3,887</b>	<b>3,901</b>
Operating income, LTM		222	351
Adjusted operating income, LTM	J	213	410
Finance income	K	2	0
<b>Adjusted return on capital employed, % (ROCE)</b>	(J+K)/H	<b>5.2</b>	<b>8.4</b>
<b>Adjusted return on operating capital, % (ROC)</b>	J/I	<b>5.7</b>	<b>9.0</b>
<b>Interest-bearing liabilities</b>			
Non-current interest-bearing liabilities		1,884	1,863
Non-current leasing liabilities		367	401
Derivatives instruments		11	10
Current interest-bearing liabilities		68	73
<b>Total interest-bearing liabilities</b>		<b>2,300</b>	<b>2,346</b>
Cash and cash equivalents		-350	-413
<b>Net interest-bearing debt</b>		<b>1,980</b>	<b>1,933</b>

# Definitions

## Adjusted income for the period

Income for the period adjusted for non-comparable items.

## CAGR

Yearly average growth.

## Capital employed

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

## Average capital employed

Average capital employed as of the two last years.

## Adjusted return on capital employed (ROCE)

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

## COGS

Cost of goods sold.

## 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 divided by average number of shares.

## EBIT

Operating income.

## Adjusted operating income (Adj. EBIT)

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

## EBITA

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

## Adjusted EBITA

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

## Adjusted EBITA-margin

Adjusted EBITA as a percentage of net sales

## EBITDA

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

## Adjusted EBITDA

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

## EBITDA-margin

EBITDA as percent of net sales.

## Adjusted EBITDA-margin

Adjusted EBITDA as a percentage of net sales.

## Equity per share

Equity attributable to the shareholders, divided by the outstanding number of shares at the end of the period.

## Net interest-bearing debt

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

## Net sales

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

## Non-comparable items

Transactions or events that rarely occur or are unusual in the ordinary business operations, and hence are unlikely to occur again.

## Operating capital

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

## Average operating capital

Average operating capital as of the last two years.

## Adjusted return on operating capital (ROC)

Adjusted operating income last twelve months (R12M) divided by average operating capital.

## 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.

## Operating margin (EBIT margin)

Operating income as percent of net sales.

## Adjusted operating margin (Adj. EBIT margin)

Adjusted operating income (Adj. EBIT) as percent of net sales.

## Other operating expenses

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

## 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.

## Production costs

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

## 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.

## Return on capital employed (ROCE)

Operating income last twelve months (R12M) plus interest income divided by average capital employed.

## Return on equity

Income for the period last twelve months (R12M) divided by average total equity.

## Return on operating capital (ROC)

Operating income last twelve months (R12M) divided by average operating capital.

## RTC

Ready-to-cook. Products that require cooking.

## RTE

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

## R12M

Rolling twelve months.

## Specific Explanatory items (exceptional items)

Transactions or events that do not qualify as non-comparable items as they are likely to occur from time to time in the ordinary business. Disclosure about these items are useful to understand and assess the performance of the business.

## Working capital

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

# About the Sustainability Report

Our goal and ambition is to continuously develop our work and the reporting of our responsibility and contribution to ensure sustainable development. We formulate our sustainability report based on statutory requirements and accepted frameworks, in order to provide credible, relevant and comprehensive information to our stakeholders.

## **Sustainability report in compliance with the Annual Accounts Act**

Scandi Standard is subject to the requirement for sustainability reporting in compliance with the Swedish Annual Accounts Act. Together with this section, our statutory Sustainability Report includes, Operations and value chain on pages 23–26, Our responsibility on pages 27–47 and Risks and risk management on pages 57–61. The Sustainability report includes all of Scandi Standard's subsidiary companies. The Sustainability Report addresses Scandi Standard's material sustainability issues and risks, describing our work on them and the related internal steering documents.

In this year's reporting process, we have also taken into account the more stringent requirements for climate reporting that will apply in the future, and taken note of the guidelines from TCFD and the EU for non-financial reporting pertaining to climate-related information. In 2021, we have also reported to the CDP for the entire Group in terms of climate and biodiversity and reported in line with EU's new taxonomy.

## **GRI SRS and Global Compact**

Scandi Standard's sustainability report for 2021 has been prepared in compliance with the Global Reporting Initiative's standards, Core option. Read more about GRI at [www.globalreporting.org](http://www.globalreporting.org). A table of contents appears in the following pages in the form of a GRI index, which indicates

mandatory and selected GRI information that is included in the report, as well as reading references to where to find the information. For certain indicators, reporting and/or comments are provided directly in the index table. The GRI report contains an own material topic, animal welfare, where three own disclosures are made 1) use of antibiotics (share of treated flocks), 2) feet health, which is an animal welfare indicator where 100 feet per flock is scored between 0–2. The foot score is reported between 0–200, with a lower number indicating a better foot health., 3) feed efficiency is measuring average volume of feed (kg) per kilo live weight. This is currently only reported for conventional broilers. The index also contains references to the principles in the Global Compact initiative, which Scandi Standard signed on to during the year. This report therefore represents our Communication on Progress to Global Compact.

Reported information and data refer to Scandi Standard's operations in their entirety, where nothing else is stated.

## **Business model**

For Scandi Standard, sustainable development is about promoting responsible value creation over time for owners, customers, consumers and other stakeholders. Our corporate vision, "Better Chicken for a Better Life" is to contribute to the joy of food and a sustainable food supply, by providing healthy, innovative chicken products that are produced in a responsible and resource-efficient way. For a more detailed description of our vision, mission, values, operations and value chain, see pages 1–3 and 23–26.

## **Material sustainability aspects and risks**

In 2017 Scandi Standard identified material sustainability aspects and risks by compiling an initial materiality analysis which was updated during 2021. The process has been

internal and external with representation from all parts of the business as well as the perspective of relevant stakeholders. The majority of group management together with the country sustainability owners have been involved amongst others, and the formal decision was taken in the sustainability steering committee as described on page 28. The board has been involved through the reporting process. It was based on the impact of operations through the value chain, stakeholder expectations, our mission and our strategic goals, but the objective has also been to consider Scandi Standard's impact on society at large. The input vales for this work included the accumulated knowledge and existing documentation from stakeholder dialogues and risk analyses, along with market analyses and external frameworks such as the Global Compact initiative and Agenda 2030 as well as relevant investor ratings. The result is presented in our updated version of Scandi Way on page 29, where our twelve most material questions were raised.

The materiality analysis is a dynamic process, which is being continuously checked, revised and nuanced in relation to the company's ordinary market and risk analyses and in dialogue with investors, customers and other stakeholders We think that it is positive that demands from shareholders and investors are increasing in terms of measurable goals and KPIs, as well as for clear reporting of risk management, for example, concerning the climate, supplier relationships and animal health. The table on page 111 provides an overview of Scandi Standard's sustainability impact, based on the sustainability areas in the Swedish Annual Accounts Act as well as the results of the materiality analysis and risk mapping for the Group.

### Stakeholder dialogue

Scandi Standard's priority stakeholder groups include owners and investors, employees, customers and consumers, along with suppliers and partners. The dialogue takes place with these groups on an ongoing basis through regular activities and interfaces, and through special forums and initiatives covering a range of issues. We see a growing demand and need for a detailed discussion with owners and investors concerning the ESG perspective, and we had a direct dialogue with several financial companies during the year, both existing and potential owners, about our work, our goals and risk management. We have also developed our method of working to stay better updated in terms of the information that is required by the various ESG indices, and ensure we provide a description of governance and performance based on this in a more expeditious way. An employee survey has been conducted that covered all office employees, with follow-up of, among other factors, the work environment, engagement and company values.

As far as customers and consumers are concerned, the dialogue with them is held primarily on a local basis and is based on the relevant companies and markets.

A group-wide effort related to stakeholder dialogue and engagement with the goal of creating a common ways of working including targets, priorities and strategies has been initiated.

### Sustainability policies

Scandi Standard's Code of Conduct constitutes the Group's general sustainability policy and applies to every manager and employee and all parts of our company, as well as to members of the Board. The Code of Conduct states that environmental, economic and social responsibility is an integral part of the business strategy and describes the approaches and guidelines that apply to material sustainability aspects in the areas of environment, social conditions, human resources, respect for human rights and anti-corruption. Scandi Standard's Supplier Code of Conduct imposes corresponding require-

ments on the Group's suppliers and has been updated in the year. Additionally, Scandi Standard has a number of Group policies that clarify and specify stances and frameworks across a range of important areas: Work environment, Health and Safety, Clean Label for products, Antibiotics and Animal Welfare.

### Whistle-blowing function

A whistle-blowing function has been set up, in collaboration with an external company, to enable the anonymous reporting of possible violations in relation to the Code of Conduct. A few cases were reported and investigated by the special committee over the course of the year, related to employee and employment law related issues, and policy compliance. However, none of these cases proved to be an actual violation.

Sustainability aspect	Scandi Standard's impact	Comment/reference regarding governance, risk management and KPIs	
Social conditions	Health (for employees and consumers)	<b>Description:</b>	Page 30–31 Safe and healthy products, Page 32–34 Scandi Standard as a workplace, and 37–41 Chickens in good health
	Food safety and hygiene, Animal welfare (product responsibility)	<b>Risks and risk management:</b>	Pages 57–61
	Responsibility in the supply chain	<b>Policy:</b>	Code of Conduct, section Social conditions, Environment/Animal welfare, and Products. Supplier Code of Conduct. Policies for Health and Safety, Clean Label, Antibiotics, Animal Welfare
Environment	Climate and resource efficiency (energy, transport, water and waste management in production, feed efficiency, etc.)	<b>KPIs:</b>	Pages 31, 33, 40
		<b>Description:</b>	Page 43–46 Climate and resource-efficiency at all stages
		<b>Risks and risk management:</b>	Pages 57–61
Human resources	Good workplace (work environment, health, safety, gender equality and diversity)	<b>Policy:</b>	Code of Conduct, section Environment. Permits and notification obligation in compliance with national and local environmental legislation for each plant
		<b>KPIs:</b>	Pages 44–45
		<b>Description:</b>	Page 32–34 An attractive and healthy workplace
Respect for human rights	Good workplace Responsibility in the supply chain	<b>Risks and risk management:</b>	Pages 57–61
		<b>Policy:</b>	Code of Conduct, Social conditions section (including human rights, working conditions and work environment). New health and safety policy Diversity and equality policy
		<b>KPIs:</b>	Page 33
Anti-corruption	Good business ethics	<b>Description:</b>	Page 35 Responsible supplier relations, Page 32–34 An attractive and healthy workplace
		<b>Risks and risk management:</b>	Pages 57–61
		<b>Policy:</b>	Code of Conduct, Social conditions section (including human rights, working conditions and work environment). Diversity and equality policy Supplier Code of Conduct
Anti-corruption	Good business ethics	<b>KPIs:</b>	Pages 34–35. Follow-up is carried out through the employee survey as well as through follow-up and deviation reporting concerning the Code of Conduct and Supplier Code of Conduct
		<b>Description:</b>	Ethical business risks occur in relationships with customers, suppliers and partners, as well as in the subcontractor chain
		<b>Risks and risk management:</b>	Pages 57–61
Anti-corruption	Good business ethics	<b>Policy:</b>	Code of Conduct, Business Ethics section, Supplier Code of Conduct
		<b>KPIs:</b>	Page 34 – 35 Follow-up and deviation reporting regarding the Code of Conduct and the Supplier Code of Conduct, supported by internal governance and the whistle-blowing function

### Taxonomy eligible activities

	Total, MSEK	Share of Taxonomy-non-eligible activities, %	Share of Taxonomy-eligible activities, %
Turnover	10,101	100%	0%
Capex	306	92%	8%
Opex	467	91%	9%

Total turnover for the Group amounted to 10 101 MSEK (p. 62, "Net sales"), total Capex 306 MSEK (p. 52, "Net capital expenditure") and total Opex according to the Taxonomy definition 467 MSEK (total Opex reported on p. 62, "Other operating expenses").

For the first two environmental objectives, climate change mitigation and climate change adaptation, the economic activities defined in the delegated acts does not correspond to any activities of Scandi Standard's turnover. However, a smaller share of Capex and Opex are covered. With regards to Capex, the eligible share of activities is associated with construction of new buildings, specifically the new production facility in Lieto, Finland. Opex that is considered taxonomy eligible include operational costs associated to own buildings.

Scandi Standard is closely following the developments of the taxonomy, including a potential future inclusion of agricultural and food production economic activities as well as the delegated acts referring to the four upcoming environmental objectives. To ensure taxonomy alignment if additional of Scandi Standard's economic activities would be considered eligible, we are continuously working to do no significant harm (DNSH) to any of the six environmental objectives as well as ensuring the activities meet minimum safeguards as defined in the taxonomy.

# GRI Index

## GRI Standards Content Index, Core Option

### GRI 102 (2016) General disclosures

Disclosure	Description	Page	Comments	UN Global Compact principle
<b>Organizational profile</b>				
102-1	Name of the organization		Scandi Standard AB	
102-2	Business model, brands, products and services	2, 19–22		
102-3	Location of headquarters		Stockholm	
102-4	Location of operations	2, 23		
102-5	Ownership and legal form	48–49		
102-6	Markets served	2, 23		
102-7	Scale of the organization	2, 5, 18		
102-8	Information on employees and other workers	32–33	Numbers of employees by type of contract and type of employment not reported. Mostly employees have permanent and full-time contracts. There are no material seasonal differences. The share of consultants varies between countries.	3
102-9	Supply chain	23–26, 35		
102-10	Significant changes to the organization and its supply chain during the reporting period		No significant changes	
102-11	Precautionary principle approach		Applied in internal environmental, health and safety work	7
102-12	External initiatives	28		1
102-13	Membership of associations		No specific memberships	
<b>Strategy</b>				
102-14	Statement from CEO	6–7		
<b>Ethics och integrity</b>				
102-16	Values, principles, norms of behavior	1, 34		1–10
<b>Governance</b>				
102-18	Governance structure	116–130		
<b>Stakeholder engagement</b>				
102-40	List of stakeholder groups	28, 109–110		
102-41	Collective bargaining agreements	32–34	Data is missing, agreements and trade union relations are handled within respective companies based on national conditions.	3, 6
102-42	Identifying and selecting stakeholders	109–110		
102-43	Approach to stakeholder engagement	109–110		
102-44	Key topics and concerns raised	109–110		



Disclosure	Description	Page	Comments	UN Global Compact principle
<b>Reporting practice</b>				
102-45	Entities included in the consolidated financial report	97		
102-46	Defining report content and topic boundaries	109–110		
102-47	Material topics	29		
102-48	Restatement of information	33	LTIFR at group level has been adjusted for 2020 due to lag in reporting	
102-49	Changes in reporting		No changes	
102-50	Reporting period		1 January–31 December 2021	
102-51	Date of most recent report		23 April 2020	
102-52	Reporting cycle		Annual	
102-53	Contact point for questions regarding the report		scandistandard.com/contact	
102-54	Claims if reporting in accordance with the GRI	109–110		
102-55	GRI-index	112–114		
102-56	External assurance	115		

### Specific disclosures (relevant to Scandi Standard)

Disclosure	Description	Page	Comments	UN Global Compact principle
<b>GRI 200</b>	<b>Economic impact</b>			
<b>201 (2016) 101-1, 2, 3</b>	<b>Economic performance</b>	5, 63	Own operations	
201-1	Direct economic value generated and distributed	5, 63		
201-2	Financial implications and other risks and opportunities due to climate change	44, 60		
<b>205 (2016) 101-1, 2, 3</b>	<b>Anti-corruption</b>	34–35	Full value chain	
205-1	Operations assessed for risks related to corruption	34–35		
205-2	Communication and training about anti-corruption policies and procedures	34–35	Employees	
205-3	Confirmed incidents of corruption and actions taken	34	None	
<b>GRI 300</b>	<b>Environment</b>			
<b>302 (2016) 101-1, 2, 3</b>	<b>Energy</b>	45	Own operations	
302-1	Energy consumption within the organization	45		
302-3	Energy intensity	45		
<b>303 (2018) 101-1, 2, 3</b>	<b>Water and Effluents</b>	45	Own operations	
303-5	Water consumption	45		
<b>305 (2016) 101-1, 2, 3</b>	<b>Emissions</b>	43–46	Full value chain	
305-1	Direct (Scope 1) GHG emissions	45		
305-2	Indirect (Scope 2) GHG emissions	45		
305-3	Other indirect (Scope 3) GHG emissions	45	Distribution and transports	
305-4	GHG emissions intensity	45		

Disclosure	Description	Page	Comments	UN Global Compact principle
<b>GRI 400</b>	<b>Social impact</b>			
<b>403 (2018) 101-1, 2, 3</b>	<b>Occupational Health and Safety</b>	32–33	Own operations. The area is managed and measured at local level, the report describes the group governance systems which means omissions for disclosures 403-2 until 403-7	
403-1	Occupational health and safety management system	32–33		
403-2	Hazard identification, risk assessment, and incident investigation	32–33		
403-3	Occupational health services	32–33		
403-4	Worker participation, consultation, and communication on occupational health and safety	32–33		
403-5	Worker training on occupational health and safety	32–33		
403-6	Promotion of worker health	32–33		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	32–33		
403-8	Workers covered by an occupational health and safety management system	32–33	All 28 percent are covered by externally certified systems, other internal management systems are not certified	
403-9	Work-related injuries	32–33	Employees	
<b>405 (2016) 101-1, 2, 3</b>	<b>Diversity and equal opportunity</b>	32–33	Own operations	
405-1	Diversity of governance bodies and employees	33, 78, 127	Reporting limited to gender; age is reported for the board and group management	
Own disclosure	Inclusive culture	32–33		
<b>406 (2016) 101-1, 2, 3</b>	<b>Incidents and discrimination and corrective actions taken</b>	34	Own operations	
406-1	Incidents of discrimination and corrective actions taken	34	No confirmed incidents	
<b>414 (2016) 101-1, 2, 3</b>	<b>Supplier Social Assessment</b>	35	Suppliers	
414-1	New suppliers that were screened using social criteria	35	Reporting includes all suppliers which have signed the updated Supplier Code of Conduct	
<b>416 (2016) 101-1, 2, 3</b>	<b>Customer Health and Safety</b>	30–31	Own operations and customers	
416-1	Assessment of the health and safety impacts of product and service categories	30–31		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	30–31		
<b>417 (2016) 101-1, 2, 3</b>	<b>Marketing and labeling</b>	31	Own operations and customers	
417-2	Incidents of non-compliance concerning product and service information and labeling	31		
<b>Own material topic 101-1, 2, 3</b>	<b>Animal health and welfare</b>	37–41	Own operations and suppliers	
Own disclosure	Use of antibiotics	40	Own operations and suppliers	
Own disclosure	Feet health	40	Own operations and suppliers	
Own disclosure	Feed efficiency	40	Own operations and suppliers	

# Auditor's Limited Assurance Report on Scandi Standard's Sustainability Report and statement on the Statutory Sustainability Report

To the annual general meeting of Scandi Standard AB (publ), corporate identity number 556921-0627

## Introduction

We have been engaged by the Board of Scandi Standard AB (publ) to undertake a limited assurance of Scandi Standard's Sustainability Report for the year 2021. The company has defined the scope of its sustainability report on page 109 which also constitutes the statutory sustainability report.

## Responsibilities of the Board and Group Management

The Board of Directors and Group Management are responsible for the preparation of the Sustainability Report, including the statutory sustainability report, in accordance with the applicable criteria and the Annual Accounts Act. The criteria are described on page xx of the Sustainability Report and consists of the parts of the GRI Sustainability Reporting Standards which are applicable to the Sustainability Report, as well as the accounting and calculation principles that Scandi Standard has developed. This responsibility also includes the internal control which is deemed necessary to establish a sustainability report that does not contain material misstatement, whether due to fraud or error.

## Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to provide a statement on the statutory sustainability report. Our assignment is limited to the historical information that is presented and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report and applying analytical and other limited assurance procedures. We have conducted our examination regarding the statutory sustainability report in accordance with FAR's recommendation RevR 12, the Auditor's Opinion on the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 have a different focus and a considerably smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The audit firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent in relation to Scandi Standard according to generally accepted auditing standards in Sweden and have fulfilled our professional ethics responsibility according to these requirements.

The procedures performed in a limited assurance engagement and an examination according to RevR 12 do not allow us to obtain such assurance that we become aware of all significant matters that could have been identified if an audit was performed. The conclusion based on a limited assurance engagement and an examination in accordance with RevR 12, therefore, does not provide the same level of assurance as a conclusion based on an audit has.

Our procedures are based on the criteria defined by the Board of Directors and the Group Management as described above. We consider these criteria as suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

## Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Group Management.

A Statutory Sustainability Report has been prepared.

Stockholm, 25 March 2022  
PricewaterhouseCoopers AB

Ann-Christine Hägglund  
[Authorised Public Accountant]

Daniel Johansson Stattin  
[Specialist Member of FAR]

# Corporate governance

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# Corporate governance report

Corporate governance within Scandi Standard aims to promote sustainable value creation for shareholders and a sound corporate culture where business opportunities are utilized within the framework of good risk control. This corporate governance report, which is a part of the Annual Report for 2021, has been prepared by the Board of Directors and has been examined by Scandi Standard's external auditor. No deviations from the Swedish Corporate Governance Code are reported. No breaches of Nasdaq Stockholm's applicable regulations and no breaches of good practice in the stock market was reported by Nasdaq Stockholm's surveillance or the Swedish Securities Council.

Scandi Standard AB (publ), corporate identity number 556921-0627 (the company) or the company with subsidiaries (the Group or Scandi Standard) is a Swedish Public Limited Liability Company with its registered office in Stockholm. The company's shares have been listed on Nasdaq Stockholm Mid Cap since June 2014.

Responsibility of corporate governance in the form of management and control of Scandi Standard is distributed between the shareholders at the general meetings, the Board of Directors with appointed committees, and the Managing Director, pursuant to applicable external laws and regulations and internal steering documents in the form of Scandi Standard's Articles of Association, as well as internal codes, policies, guidelines and instructions.

## Share capital and shareholders

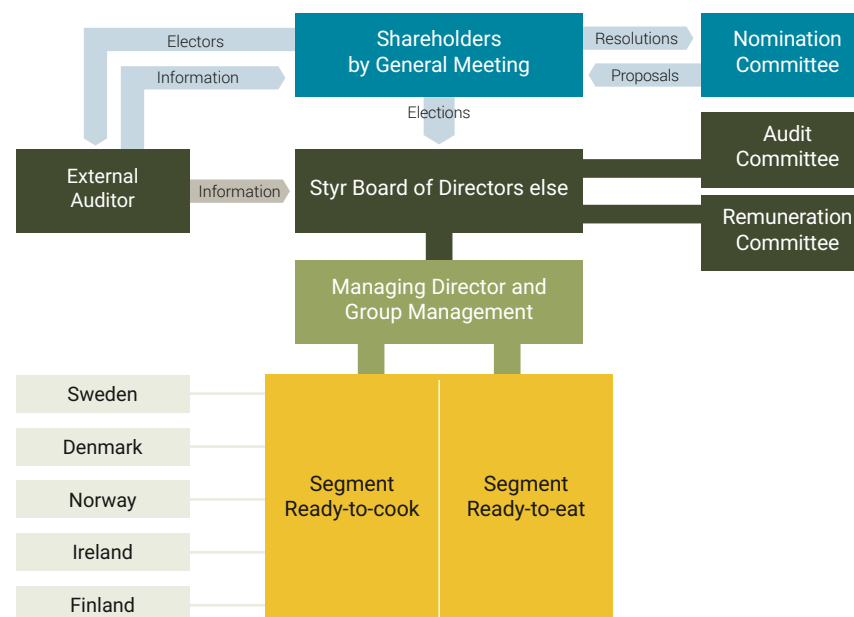
As of 31 December 2021, the share capital amounted to SEK 659,663, represented by 66,060,890 shares with a quota value of SEK 0.009986 per share. Each share carries one vote. All shares have equal rights to Scandi Standard's assets and profits.

The number of shareholders as of 31 December 2021 was 8,520. The holding of the ten largest owners corresponded to 49 percent of the share capital and one shareholder Investment AB Öresund had a holding in the company in excess of ten percent, amounted to 15.3 percent of the share capital as of 31 December 2021. Approximately 31 percent of the share capital was owned by foreigners as of 31 December 2021. More information of the share and shareholders, see pages 48–49.

## General Meeting of shareholders

The General Meeting of shareholders is Scandi Standard's highest decision-making body through which shareholders exercise their rights to make decisions on Scandi Standard's affairs. There are no restrictions on the shareholders' rights in the Articles of Association or, as far as the company is aware of, in any shareholders' agreements.

## Governance structure



## Major external laws and regulations

- Swedish Companies Act.
- Swedish Annual Accounts Act.
- Nasdaq Stockholm's regulations, Nordic Main Market Rulebook for Issuers of Shares.
- Swedish Corporate Governance Code.
- Other Swedish and foreign laws and regulations.

## Major internal steering documents

- Articles of Association.
- Procedure for the Board of Directors, Instruction for the Managing Director, Instruction regarding financial reporting to the Board of Directors etc.
- Code of Conduct.
- Other codes, policies, guidelines and instructions.

### Matters to be resolved by the AGM:

- Adoption of the Annual Report for the Parent Company and the Group.
- Dividend.
- Discharge of liability for the Board members and the Managing Director.
- Election of Chairman of the Board, other Board members and external auditor.
- Fees to the Chairman of the Board, other non-employed Board members and the external auditor.
- Guidelines for remuneration of senior management.
- Long-term incentive program (LTIP).
- Authorization for the Board to resolve on the issue of new shares and to acquire and transfer own shares to hedge commitments under LTIP.
- Other matters in accordance with the Swedish Companies Act.

The Annual General Meeting (AGM) in the company shall be held in Stockholm, Sweden, within six months from the end of the financial year. Besides the AGM, extraordinary General Meetings may be convened.

To participate in the decision-making at the Annual General Meeting requires that the shareholders exercise their voting rights by post. In addition, the shareholders must be registered directly in the share register kept by Euroclear five business days prior to the General Meeting, and to announce participation no later than the date specified in the notice convening the meeting.

#### Annual General Meeting 2021

The AGM 2021 was held on May 7. In order to prevent the spread of the Covid-19, the Annual General Meeting was held without physical presence of shareholders, proxies or external parties. Instead the shareholders exercised their voting rights by post. Resolutions by the AGM included, among others:

- Adoption of the income statement and the statement of financial position in the Annual report for the Parent Company and the Group in 2020.
- Dividend of SEK 1.25 per share for the 2020 financial year.
- Discharge of liability for the Board members and the Managing Director for the 2020 financial year.

- Approval of the remuneration report.
- Re-election of Øystein Engebretsen, Henrik Hjalmarsson, Michael Parker and Heléne Vibbleus as Board members.
- New election of Johan Bygge and Cecilia Lannebo as Board member.
- New election of Johan Bygge as Chairman of the Board.
- Total fees to the Board for the period up to the end of the next AGM should amount to SEK 3,295,000, of which SEK 875,000 to the Chairman of the Board, SEK 360,000 each to the other five Board members not employed by the company or any of its subsidiaries, SEK 150,000 to the Chairman of the Audit Committee and SEK 75,000 each to the other member of this Committee, SEK 100 000 to the Chairman of the Investment Committee and SEK 50 000 each to the other member of this Committee and SEK 60,000 to the Chairman of the Remuneration Committee and SEK 30,000 each to the other members of this Committee.
- Re-election of Öhrlings PricewaterhouseCoopers AB as Scandi Standard's external auditor until the end of the next AGM and the fees to the auditors.
- Long-term incentive programme 2021 (LTIP 2021), authorisation for the Board of Directors to acquire and transfer own company shares to hedge the commitments under LTIP 2021 and authorisation for the Board of Directors to determine issue of new company shares on the conditions set forth in the AGM 2021 minutes, available at the company web site [www.investors.scandistandard.com/en/previous-general-meetings](http://www.investors.scandistandard.com/en/previous-general-meetings).

#### Annual General Meeting 2022

The Annual General Meeting (AGM) 2022 will be held on 4 May. The Board of directors intends to decide that the Annual General Meeting shall be held without physical presence of shareholders, proxies or external parties in accordance with the Act on Temporary Exemptions to facilitate the conduct of general and general meetings. To participate in the decision-making at the general meeting requires that the shareholders exercise their voting rights by post. Notice of the Annual General Meeting including information on how shareholders can vote by mail will be available on: [www.investors.scandistandard.com/en/agm](http://www.investors.scandistandard.com/en/agm) before the Annual General Meeting.

#### Nomination Committee

The Nomination Committee represents the shareholders of the company and shall, in accordance with the Nomination Commit-

tee instruction, which is available on the company web site, [www.investors.scandistandard.com/en/agm](http://www.investors.scandistandard.com/en/agm) submit proposals to the AGM regarding:

- Chairman of the AGM, Board members elected by the AGM and the Chairman of the Board as well as the external auditor.
- Fees to the Board members elected at the AGM and to the Chairman of the Board, who are not employees of the company or its subsidiary, and to the external auditor.
- To the extent it is considered necessary, amendments to the Instructions for the Nomination Committee.

In accordance with the Instruction for the Nomination Committee, the committee shall consist of no less than four members. One of these members shall be the Chairman of the Board or a Board member nominated by the Chairman of the Board. Based on the shareholding statistics as per the last bank day of August following the AGM, the Nomination Committee shall identify the four largest shareholders in the company and urge them to elect the person which each shareholder wishes to appoint as member of the Nomination Committee.

The proposals of the Nomination Committee to the AGM are publicly announced no later than on the date of notification of the AGM.

The Nomination Committee for the AGM 2021 consisted of Andreas Hofmann (chairman, appointed by Investment AB Öresund), Johannes Wingborg (appointed by Länsförsäkringar Fondförvaltning AB), Per Olof Nyman (appointed by Lantmännen Animalieinvest AB) and Per Harkjaer in his capacity as Chairman of the Board of Scandi Standard AB (publ). Justin Carton was initially a member of the nomination committee but resigned from the committee on 18 February 2021 following the sale by Themvar Eight of all its shares in Scandi Standard.

The proposals of the Nomination Committee to the 2021 AGM and an account of the Nomination Committee's work were included in the notice convening the Annual General Meeting, which was published in a press release on 5 mars 2021 and on the company's website [www.investors.scandistandard.com/eng/agm](http://www.investors.scandistandard.com/eng/agm). The 2021 Annual General Meeting resolved in accordance with all the Nomination Committee's proposals.

The Nomination committee for the AGM 2022 consists of Andreas Hofmann (chairman, appointed by Investment AB Öresund), Johannes Wingborg (appointed by Länsförsäkringar Fondförvaltning AB), Christian Johansson (appointed by Lantmännen Animalieinvest AB), Tim Floderus (appointed by Eva Qviberg)



and Johan Bygge in his capacity as Chairman of the Board of Scandi Standard AB (publ).

The Nomination Committee started its work by reviewing the tasks incumbent on it under the Swedish Corporate Governance Code and the Instruction for the Nomination Committee adopted at the AGM 2020 and a time plan was set for the Nomination Committee's work. The Nomination Committee took note of Chairman of the Board of Director's views on the company's and Group's operations, targets, strategy, financial results and position and other important conditions.

The Nomination Committee reviewed the results of the external evaluation from end of 2021 of the Board work and procedures, including the performance of the Chairman of the Board and its members individually. The Nomination Committee also has conducted individual interviews with all board members. On this basis, the Nomination Committee has assessed the competence, experience and background that the company's Board members elected by the AGM should possess and considered the requirement for diversity and breadth in the Board in terms of gender, age, cultural/geographic background, professional background and ownership representation. An important starting point for the Nomination Committee's proposal to the Annual General Meeting is that each board assignment in the company shall be based on merit and the main assignment shall be to maintain and improve the Board's efficiency. The Nomination Committee also had contacts with the Chairman of the Audit Committee to obtain information on the Audit Committee's assessments of the quality and efficiency of external auditor work. Prior to submitting their proposal to the AGM 2022, the Nomination Committee had held three meetings.

#### ***The Nomination Committee's proposals to the AGM 2022***

The proposals of the Nomination Committee to the 2022 AGM and a statement for the Nomination Committee work will be announced in a press release in March 2022, which will be available on the company website [www.investors.scandistandard.com/eng/](http://www.investors.scandistandard.com/eng/).

The proposals and the statement will be included in the notice convening the AGM, which is available on the company website [www.investors.scandistandard.com/en/agm](http://www.investors.scandistandard.com/en/agm).

#### **Diversity policy**

The nomination committee applies Rule 4.1 of the Swedish Corporate Governance Code as diversity policy regarding the company's

#### **Nomination Committee for the 2022 AGM**

The names of the members of the Nomination Committee as set out below were announced in a press release on 25 October 2021.

Member	Appointed by	Percent of share capital 2021-12-31	Percent of share capital 2021-08-31	Independent <sup>1)</sup>
Andreas Hofmann	Investment AB Öresund, Chairman	15.3%	15.3%	Yes/No
Johannes Wingborg	Länsförsäkringar Fondförvaltning AB	5.5%	5.6%	Yes/Yes
Tim Floderus	Eva Qviberg	5.3%	5.1%	Yes/No
Christian Johansson	Lantmännen Animalieinvest AB	5.0%	5.0%	Yes/Yes
Johan Bygge	Chairman of the Board of Scandi Standard AB (publ)			Yes/Yes

<sup>1)</sup> Refers to independence of the company and its senior management and the independence of the company's largest shareholder in terms of votes or any group of shareholders who act in concert in the governance of the company.

Board of Directors, which aims for the Board to have a size and composition that ensures the ability to manage the company's affairs with integrity and efficiency. This means that when preparing its proposals to the AGM, the Nomination Committee considers that the Board of Directors shall have a, with regard to the company and Scandi Standard's operations, phase of development and other relevant circumstances, appropriate composition characterized by diversity and breadth regarding the AGM members' competence, experience and background. The Nomination Committee is to strive for gender balance on the Board of Directors of the company but also for diversity and breadth including age, cultural/geographical and professional background. In particular, the Nomination Committee notes the necessity to increase the gender balance of the Board of Directors over time.

#### **Board of Directors**

According to the Company's Articles of Association, the Board of Directors shall consist of no less than three and not more than nine members, without deputy members. The AGM elects the Board members and the Chairman of the Board.

Until the AGM 2021, the Board comprised seven ordinary members, elected by the AGM 2020, and after the AGM 2021, six ordinary members, elected by the AGM 2021, for both years with no deputies and no employee representatives. For more information on the Board of Directors, see pages 126–127.

#### **Independence**

The Board is considered to be in compliance with the independence requirements of the Swedish Corporate Governance Code in that the majority of the Board members are independent of the company and its management and at least two of these Board members are also independent of Scandi Standard's major shareholders. See the table on page 121.

#### **The Board's tasks and responsibilities**

The Board of Directors is responsible for the organisation and management of the company's affairs in the interest of all shareholders and safeguard and promote a good company culture. The Board's responsibility and work are governed by laws and regulations as well as internal steering documents, including the articles of association and the Procedure for the Board of Directors. In addition, the General Meeting can provide instructions.

The Procedure for the Board of Directors describes the Board's tasks and responsibilities, the work of the Board including responsibility for the Chairman as well as responsibilities delegated to Committees appointed by the Board, Board meetings and information and reporting to the Board, management of insider information, relations with Nasdaq Stockholm, information and reporting to the Board, and information about corporate governance. The Procedure is reviewed annually and adjusted as needed.

In addition to the inaugural Board meeting held in conjunction with the AGM, the Board shall meet at least six times a year.

The Board has established an Instruction for the Managing Director, including among other things specifications of issues requiring the Board's approval and an instruction regarding financial reporting to the Board.

**Board activities in 2021**

In 2021, the Board held 21 meetings, of which six per capsulam including the statutory Board meeting and one by email.

The standing items on the agenda for the ordinary Board meetings include an operational and financial review of the operations against set goals and an outlook for the coming quarter, a review of investments, and reports from the committee of the Board of Directors.

In addition, the Board continuously addresses strategic issues concerning the market, product development, purchasing, production, personnel, investments, acquisitions and financing.

Important issues for the Company and the Group that were addressed during the year included:

- Strategic priorities and goals.
- Continuing development of the sustainability platform.
- Development for the Danish Ready-to-cook operations.
- Investments, financing, cash flow and financial position.
- IT and information security.
- External risk, including Covid-19 pandemic and bird flu.
- Compliance within production

**Evaluation of the Board's work**

The Chairman of the Board is responsible for evaluating the Board's work on an annual basis with the aim of developing the Board's forms of working and efficiency. The results of the evaluation are communicated to the Board and reported to the Nomination Committee. In 2021, the Chairman procured an external evaluation of the Board's work, which was communicated to the Board and reported to the Nomination Committee.

**Board Committees**

The Board has established an Audit Committee, a Remuneration Committee and an Investment Committee. The work of the committees is mainly of a preparatory and consultative nature, but the Board may delegate decision-making authority to the committees

**Board tasks and responsibilities:**

- Appoint, evaluate and, if necessary, dismiss the Managing Director.
- Establish the overall objectives and strategy.
- Identify how the sustainability issues affect risks and business opportunities.
- Define appropriate guidelines in internal steering documents to govern the company's conduct in society, with the aim of ensuring its long-term value creation capability.
- Define necessary internal steering documents incl. Code of Conduct.
- Decisions on investments, incl. acquisitions, divestments and financing in accordance with set approval procedures.
- Ensure an effective system for follow-up and control of the company's operations and the financial result and financial position, and associated risks.
- Ensure that there is a satisfactory process for monitoring the company's compliance with laws and other regulations, as well as internal steering documents.
- Ensure that the external communication is characterized by openness and is accurate, reliable and relevant in e.g. interim reports, annual reports and other reports.
- Approval of interim reports, Year-end reports, and annual reports.

**The Board of Director's work cycle 2021**



on specific matters. The committees are subordinated to the Board and do not discharge the Board members from their general responsibility and commitment as Board members.

The issues considered at the committee meetings shall be recorded in minutes and the minutes shall normally be presented to the Board as information at the Board meeting following the committee meeting along with an oral presentation by the relevant committee chairman.

#### Audit Committee

The main tasks of the Audit Committee are to monitor Scandi Standard's financial reporting and to make recommendations and suggestions in order to secure the reliability of the reporting. The tasks also include to monitor the effectiveness of the Group's internal control, internal audit and risk management in general for the business activities, and specifically in relation to the financial reporting. In addition, the task includes keeping itself informed regarding the external audit of the annual report for the company and the Group, as well as of the results of the Swedish Inspectorate of Auditors' quality control. As part of this, the Audit Committee shall inform the Board of the results of the external audit and in

what way the external audit has contributed to the reliability of financial reporting as well as of the role of the Audit Committee.

The Audit Committee's tasks also involve to review and monitor the impartiality and independence of the external auditor and in particular pay attention to whether the external auditor has provided other services than auditing, and to assist in preparation of the proposal to the General Meeting regarding election of the external auditor.

The Audit Committee of Scandi Standard shall comprise no fewer than two Board members. The members of the Audit Committee must not be employed by the company or its subsidiary. At least one of the members must have accounting or auditing proficiency. The members of the Audit Committee must be independent in relation to the company and the management and at least one of the members must be independent in relation to the company's major shareholders.

The Audit Committee 2021, after the AGM, comprised the three Board members, Heléne Vibbleus (Chairman), Øystein Engebretsen and Cecilia Lannebo. The Audit Committee had a total of eight meetings during the year. The company's CFO, Head of Finance and other employees such as CEO and Head of Investor Relation

attend meetings when necessary and in accordance with the agenda. The external auditor and the internal auditor attend the meeting when necessary and in accordance with the agenda.

The work was primarily focused on:

- Year-end report and Annual Report 2020.
- Interim reports 2021.
- Critical accounting issues, such as the reporting of Goodwill and intangible assets, valuation of inventory and other issues that could affect the quality of the company's and the Group's financial reporting.
- Disputes and insurance.
- Segment reporting.
- Internal control
- Internal governance
- Risk management and internal control, linked to the control environment, processes and the IT environment including information security with a special focus on cyber security.
- Review the efficiency and compliance of Framework for internal control.
- Review of internal steering documents.

#### Board of Directors

Name	Nationality	Independence <sup>1)</sup>	Attendance 2021				Authorized fees, SEK <sup>3)</sup>	Shareholdings no of shares <sup>4)</sup>
			Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Investment Committee Meetings		
Johan Bygge	Chairman/Committee Chairman	Swedish	Yes/Yes	15/15		2/2	935,000	15 800
Øystein Engebretsen	Committee member	Norwegian	Yes/No	21/21	8/8	3/3	465,000	1,104,250
Henrik Hjalmarsson	Committee Chairman	Swedish	Yes/Yes	17/21			460,000	1,000
Cecilia Lannebo	Committee member	Swedish	Yes/Yes	15/15	4/4		435,000	
Michael Parker	Committee member	British	Yes/Yes	21/21			410,000	16,000
Heléne Vibbleus	Committee Chairman	Swedish	Yes/Yes	20/21	8/8		510,000	6,250
Per Harkjaer <sup>2)</sup>		Danish	Yes/Yes	6/6		1/1		
Vincent Carton <sup>2)</sup>		Irish	Yes/Yes	6/6				2/2
Karsten Slotte <sup>2)</sup>		Finnish	Yes/Yes	6/6				
<b>Total</b>				<b>21</b>	<b>8</b>	<b>3</b>	<b>3,215,000</b>	<b>1,143,300</b>

<sup>1)</sup> Refers to independence in relation to the company and its management, and to the company's major shareholders controlling, directly or indirectly, ten percent or more of the shares or votes in the company.

<sup>2)</sup> Board member until Annual General Meeting 2021

<sup>3)</sup> Fees exclude travel allowances.

<sup>4)</sup> As of December 31, 2021. Holdings include, when applicable, also holdings by related parties.

- Internal audit plan and follow-up of the results of the internal audit.
- External audit plan and follow-up of the results of the external audit.

#### **Remuneration Committee**

The main tasks of the Remuneration Committee include to prepare the Board's decisions on issues concerning guidelines for remuneration, remuneration and other terms of employment for senior management. The main tasks also include to monitor and evaluate both ongoing and completed programs during the year for variable remuneration for senior management and to monitor and evaluate the application of the guidelines for remuneration that the AGM has established as well as the current remuneration structures and levels in Scandi Standard. The Remuneration Committee's main task also includes to prepare and submit to the Board no later than the Board meeting in February each year, a remuneration report in accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance and a report on its monitoring and evaluation of the application of ongoing and completed programs for remuneration to senior executives decided by the AGM and current remuneration structures and remuneration levels in Scandi Standard.

The Remuneration Committee of Scandi Standard shall comprise no fewer than two Board members. The Chairman of the Board may chair the Committee. The other members are to be independent of Scandi Standard and its senior management.

The Remuneration Committee 2021, after the AGM, comprised the two Board members Johan Bygge (Chairman) and Øystein Engebretsen. The Remuneration Committee held a total of three meetings during the year. The Group's HR director attends the meetings when needed and in accordance with the meeting agenda.

The work mainly focused on reviewing salary processes for remuneration to senior management, including bonus schemes, as well as preparation of proposal for a long-term incentive programme to be proposed to the AGM 2022.

#### **Investment Committee**

The main tasks of the Investment Committee is review and monitor that the Company's overall capex pipeline is aligned with the Company's business strategy and its long-term supply chain strategy and prepare and submit proposals to the Board regarding specific investment projects that require the Board's approval.

The Investment Committee of Scandi Standard shall comprise no fewer than two Board members. The Investment Committee 2021, after the AGM, comprised the two Board members, Henrik

Hjalmarsson (Chairman) and Michael Parker. The Investment Committee had a total of five meetings during the year. The Group's CFO attends the meetings when needed and in accordance with the meeting agenda.

#### **Guidelines for remuneration to senior management**

Salaries and other terms and conditions of employment in the company and the Group shall be adequate to enable the company and the Group to retain and recruit skilled senior managers at a reasonable cost. The remuneration to the senior managers shall consist of fixed salary, variable salary, pension and other benefits, and it shall be based on principles of performance, competitiveness and fairness.

The General Meeting may resolve on long-term incentive programs such as share and share price-related long-term incentive programs for certain key persons in the company and in the Group and designed to promote the long-term value growth of the company and the Group and improve alignment between the interests of the participating individuals and the company's shareholders. The 2021 AGM resolved on a share-related long-term incentive programme 2021 (LTIP 2021) of the same type as outstanding programmes for LTIP 2020 and LTP 2019 and which is partly similar to the previous programme LTIP 2018 as decided by the Annual General Meetings for each year.

For information about the guidelines for remuneration to senior management and long-term incentive programmes, see the Report by the Board of Directors on pages 54–55 and Note 5.

#### **Whistle-blowing procedure**

Scandi Standard has a whistle-blowing procedure that makes it possible for employees and other stakeholders to anonymously report illegal or unethical behaviour that violates the Group's Code of Conduct. A whistle-blowing policy has been established for the functions operations.

#### **External auditor**

Scandi Standard's external auditor is Öhrlings PricewaterhouseCoopers AB (PwC), elected at the AGM 2021 until the end of the AGM 2022, with Ann-Christine Hägglund as the Auditor in charge.

Ann-Christine Hägglund was born in 1966 and has been an authorised public accountant since 1997. She has no involvement in companies related to the principal owners of Scandi Standard or with the management at Scandi Standard. For remuneration to the external auditor, see Note 7.

#### **Internal control over financial reporting**

The Board is responsible for internal control and risk management in accordance with the Swedish Companies Act and the Swedish Corporate Governance Code. Below is the Board's report on internal control and risk management over financial reporting.

The description of the Group's system of internal control and risk management with regards to financial reporting is based on the framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This framework comprises five integrated components; the control environment, risk assessment, control activities, information and communication, and monitoring, as well as 17 fundamental principles related to the five components. The description below is limited to internal control and risk management over financial reporting.

Internal control over financial reporting aims to provide reasonable assurance of the reliability of external financial reporting in interim reports, full year reports and annual reports, and to ensure that external financial reporting is prepared in accordance with external laws, accounting standards and other requirements applicable to listed companies.

#### **Control environment**

Internal control over financial reporting is based on the overall control environment. The control environment is the set of standards, processes, and structures that provide the basis for carrying out internal control across the Group. The Board and Group Management establish the tone at the top regarding the importance of internal control including expected standards of conduct of the employees. This involves integrity and ethical values, the parameters enabling the Board to carry out its oversight responsibilities, the organizational structure and assignment of responsibility and authority, the process for attracting, developing, and retaining competent employees, and the rigor around performance measures, as well as incentives and rewards to drive accountability for performance. The resulting control environment has a pervasive impact on the overall system of internal control and risk management for the financial reporting. This is communicated in the form of internal steering documents such as:

- Articles of Association.
- Procedure for the Board of Directors.
- Instruction for the Managing Director.
- Instruction regarding financial reporting to the Board.
- Code of Conduct.
- Other codes, policies, guidelines and instructions.

- The control environment is also based on applicable external laws and regulations.

The Board has established a procedure for its work and the Audit Committee, the Remuneration Committee and the Investment Committee. The main task of the Audit Committee includes to monitor Scandi Standard's financial reporting and to make recommendations and suggestions in order to secure the reliability of the reporting. The task also includes to monitor the effectiveness of the Group's internal control, internal audit and risk management, and more specifically regarding financial reporting in general for the business activities. In addition, the task includes keeping itself informed regarding the external audit of the annual report for the company and the Group, as well as of the results of the Swedish Inspectorate of Auditors' quality control. As part of this, the Audit Committee's work also includes to inform the Board of the results of the external audit and in what way the external audit has contributed to the reliability of financial reporting and the role of the Audit Committee.

Responsibility for implementing the Board's internal steering documents regarding internal control and risk management over financial reporting, maintaining an effective control environment as well as the day-to-day work on internal control and risk management over financial reporting is delegated to the Managing Director. This responsibility is in turn delegated to managers within their specific areas of responsibility at various levels in the Group.

Responsibility and authority are defined by the Board in, among others, internal steering documents such as Instruction for the Managing Director stipulating resolutions that are subject to decision by the Board or the General Meeting of shareholders, Authority to sign for the company and Delegated Authorities. The Board also approves, among others, the following internal steering documents: Instruction regarding financial reporting to the Board of directors, Code of Conduct, Whistle-blowing Policy, Information Policy, Insider Policy, IT Security Policy and Finance Policy. The Managing Director approves the Group's Finance and Accounting Manual, which is available to all personnel in finance and accounting. Based on the Board's internal steering documents, the Managing Director, the CFO and other managers establish guidelines and instructions to be implemented within their specific areas of responsibility. One example is an established guideline for internal control for the financial reporting.

These internal steering documents are reviewed and updated regularly with reference to for example changes in legislation, accounting standards, listing requirements and internal risk assessment. Controls are performed at a general level by analysing results and key figures as well as at a detailed level by including control activities in processes.

#### **Risk assessment**

The Group has a formalised and proactive process for risk management with clearly established roles and areas of responsibility. The process for risk management implies that risks and risks related to financial reporting should be identified, evaluated, managed and followed-up as an integral part of corporate governance. This is done in order to secure that the Group lives up to the aim of internal control related to financial reporting in an efficient way.

In accordance with the risk management process, a risk analysis is carried out with a certain periodicity regarding financial reporting, which among other things comprises items in the income statement and the statement of financial position, and the processes and control activities that are linked to the financial reporting, the financial statements and the IT-environment are analysed on the basis of materiality and the risk for errors. The most recent risk analysis was carried out during 2020.

#### **Control activities**

Risks over financial reporting are mitigated through control activities to ensure that the aims for internal control over financial reporting are met.

Control activities are performed at different levels of the Group and its processes including processes for financial reporting, closing and over the IT-environment. They may be preventive or detective in nature and may encompass a range of manual and automated activities, such as approvals, verifications, reconciliations, and monitoring of the business performance. A distinction between controlling and executing functions known as the segregation of duties is typically built into the selection and development of the control activities. A continuous work has been carried out during the year to evaluate and improve the control activities within the framework for internal control for financial reporting.

#### **Information and communication**

The Group maintains information and communication processes to ensure adequate internal financial reporting, for monitoring of business performance and for decision support, as well as for providing accurate, reliable and relevant external financial reporting to the financial markets.

#### **Internal information and communication**

The internal steering documents relevant to internal control over financial reporting are for instance Instructions regarding financial reporting to the Board of Directors, Whistle-blowing policy, Information Policy, IT Security Policy, Finance Policy, Finance and Accounting Manual and framework for internal control for financial reporting. The documents can be accessed on the Group's intranet by all relevant personnel.

The Group CFO reports to the Audit Committee on the results, critical accounting issues and other issues that could affect the quality of the Group's financial reporting at the Audit Committee meetings where the interim reports, Year-end report and annual report are dealt with. When reporting on the quality of the financial reporting, there is particular focus on any critical accounting issues, any uncertainties in valuations, any changes in assumptions and estimates, any unadjusted faults in the annual accounts, any events after the end of the accounting period as well as the quality of the financial reporting process, the closing process and IT-environment.

The Chairman of the Audit Committee reports on the Committee's work to the Board in the form of observations, recommendations and proposed decisions at the Board meeting following the Committee meetings and in the form of minutes from the Audit Committee meetings that are submitted to the Board.

Internal financial reporting for monitoring of performance and for decision support is submitted to Group Management and the Board on a regular basis.

#### **External information and communication**

The Group's process for external information and communication aim at providing the financial markets with accurate, reliable and relevant information which is characterised by openness regarding the development of the Group and its financial results and financial position in a timely manner.

The Group has an Information policy meeting the requirements of a listed company.

Financial information is issued regularly in the form of:

- Interim reports and Year-end report published as press releases.
- Annual report.
- Press releases and important news items on all matters that could materially affect the share price.
- Presentations and telephone conferences on the day of publication of interim reports and Year-end report that are also webcasted.
- Meetings with financial analysts and investors in Sweden and abroad.

Interim reports, year-end reports and annual reports are to be found on Scandi Standard's website at [www.scandistandard.com](http://www.scandistandard.com), as well as press releases, presentations and relevant internal steering documents.

### Monitoring

Ongoing evaluations, separate evaluations, or some combination of the two are used to ascertain whether each of the five components of internal control is present and functioning. Ongoing evaluations are performed by the Board and management at different levels of the Group, and separate evaluations are conducted as deemed necessary for instance by the Group's internal audit function.

### Financial reporting

Financial data is reported every month by the reporting units, being a business unit operating within a subsidiary of the Parent Company, in accordance with the procedure stipulated in the Finance and Accounting Manual and Framework for internal control over financial reporting. All consolidation of the Group's financial reports is centralised to the Group Finance function. All financial reports are stored in a central database from which data is retrieved for analysis and monitoring.

### Controller

All reporting units that conduct business within one of the company's subsidiaries have a controller whose responsibilities include to ensure adequate internal control concerning financial reporting and to comply with the Group's internal steering documents such as the Finance and Accounting Manual and Framework for internal control over financial reporting. The responsibility also includes reporting complete, accurate and timely financial information to the Parent Company.

### Country Managers

A Country Manager is appointed in each country where the Group operates subsidiaries of the Parent Company. The Country Manager's duties include to ensure adequate internal control over financial reporting and to comply with the Group's internal steering documents as well as to identify and report risks that can have an impact on the quality on financial reporting and review the financial information for reasonableness.

### Group Finance

The central Group Finance function is responsible for the consolidation of the Group's financial reports and to ensure adequate internal control over financial reporting, and that the reporting by each reporting unit that is conducting business within any of the company's subsidiaries and the Group are made in accordance with the Finance and Accounting Manual and Framework for internal control over financial reporting.

### Group Management

Group management comprises the Managing Director and CEO, the CFO, the COO, Group CIO, Group HR Director, Group Business Development Director, Group Sustainability Director, the Director of Group Live Operations, and the five country managers. Group Management normally review sales and results on a weekly basis. They hold meetings every second week to review the monthly results and position, to update forecasts and plans and to discuss critical business issues. Group Management is responsible for implementing the annual business plan, targets for the Group and for good internal control and accurate relevant och reliable financial reporting within their respective areas of responsibility.

### Internal audit

An internal audit function was established in 2015, which is insourced from Deloitte. The work in 2021 focused to a large extent on evaluating the efficiency in internal control over IT General Controls and the business in general in accordance with an annual internal audit plan.

### The Board of Directors

The Board is responsible for internal control and risk management including internal control and risk management related to the financial reporting. This responsibility includes establishing internal steering documents and monitoring compliance with these as well as with applicable external laws and regulations.

The Board's follow-up of compliance is based on different sources such as:

- Reporting from the Managing Director and CEO regarding fulfilment of established targets, operational development, as well as financial results, financial position and risks. In the Instruction for the Managing Director and the Instruction regarding financial reporting to the Board, the Board has defined the reporting required to be made to the Board.
- Reporting from the Chairman of the Audit Committee regarding the work in the Committee in the form of observations, recommendations and proposals for decisions relating to the effectiveness of the internal control regarding the financial reporting and the business in general in the Group, as well as the reliability of the financial reporting. The work of the Audit Committee is based on an instruction established by the Board. The internal audit function reports the result of its work to the Audit Committee and this forms the basis for the Committee's observations and recommendations.
- Reporting from the Whistle-blowing function.

Stockholm, 24 March 2022

Scandi Standard AB (publ)  
The Board of Directors



# Auditor's report on the Corporate Governance Statement

**To the Annual General Meeting of the shareholders in Scandi Standard AB (publ), corporate identity number 556921-0627**

## **Engagement and responsibility**

It is the Board of directors who is responsible for the corporate governance statement for the year 2021 on pages 117–124 and that it has been prepared in accordance with the Annual Accounts Act.

## ***The scope of the audit***

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

## ***Opinions***

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 25 March 2022  
Öhrlings PricewaterhouseCoopers AB

Ann-Christine Hägglund  
Authorised Public Accountant

# Board of Directors



**1 JOHAN BYGGE****Chairman of the board**

Born 1956.

MSc in Business and Economics, Stockholm School of Economics.

**Other assignments:** Chairman of the board of Nobina AB (publ) and Guard Therapeutics AB. Vice chairman Tredje AP-fonden, Board member of Getinge AB, Lantmännen ek för, Praktikertjänst, Capman Oyj and Baltic Deep Water Life.

**Previous assignments:** Johan Bygge has extensive experience of board work in listed and unlisted companies. Johan Bygge has also been deputy CEO of Electrolux, COO of EQT AB and CFO of Investor AB.

**Holdings in Scandi Standard:** 15,800 shares. In March 2021, Johan Bygge also acquired a three-year call option from Investment AB Öresund, which gives him the right to acquire 300,000 Scandi Standard shares for SEK 80 per share.

**5 MICHAEL PARKER****Board member**

Born 1953.

Bachelor of Science hons in Business Administration, University of Bath, UK, and a Booker Senior Management Certificate from INSEAD. Elected 2014.

**Other assignments:** Board member of Brookes Parker Ltd and Prospect Publishing Ltd.

**Previous assignments:** Deputy CEO of Young's Bluecrest Seafood (now Young's Seafood). Board member of Marine Harvest ASA and Karro Food Group.

**Holdings in Scandi Standard:** 16,000 shares.

**2 ØYSTEIN ENGBRETSSEN****Board member**

Born 1980.

BI Norwegian School of Management, Sandvika/Oslo, Master of Science in Business, Major in Finance.

Elected 2017.

**Other assignments:** Investment manager, Investment AB Öresund. Board member of Catena Media P.L.C, Insr Insurance Group AS.

**Previous assignments:** Board member of Investment AB Öresund and Projektengagemang Sweden AB, Project manager, Viking Sverige AB. Corporate Finance, HQ Bank.

**Holdings in Scandi Standard:** 1,104,250 shares.

**6 HELÉNE VIBBLEUS****Board member**

Born 1958.

Bachelor of Science in Business Administration and Economics, University of Linköping, Sweden. Elected 2014. Chairman of the Audit Committee.

**Other assignments:** Vice President Internal Audit, Chief Audit Executive (CAE), Autoliv Inc. Board member of Dometic Group AB and Segulah Medical Acceleration AB.

**Previous assignments:** Board member of Marine Harvest ASA, Orio AB, Renewable Energy Corporation ASA, Swedbank Sjuhärad AB, Trade-doubler AB, Trelleborg AB and Tyréns AB. Board member and Vice Chairman of Sida. Board member and Chairman of Nordic Growth Market NGM AB and Invisio Communications AB. Group Vice President, Chief Audit Executive (CAE), Elekta AB. Senior Vice President, Group Controller, AB Electrolux. Partner (Authorized public accountant) and Board member of PwC Sweden.

**Holdings in Scandi Standard:** 6,250 shares.

**3 HENRIK HJALMARSSON****Board member**

Born 1976.

Master of Science in Mechanical Engineering and Technology Management, University of Lund, Sweden.

Elected 2020.

**Other assignments:** President & CEO of Inwido AB (publ). Chairman of the board of directors of Repasco AB.

**Previous assignments:** CEO and other leading positions at Findus and Nomad Foods.

**Holdings in Scandi Standard:** 1,000 shares.

**4 CECILIA LANNEBO****Board member**

Born 1973.

MSc in Business and Economics with a major in International Marketing from Mälardalen University and Wirtschaftsuniversität Wien.

**Other assignments:** Founder and CEO of i-Core Communications AB. Board member of Boozt AB.

**Previous assignments:** Over 20 years of work experience from capital markets, as an analyst within the retail and services sector and seven years as responsible for investor relations in listed companies.

**Holdings in Scandi Standard:** 0 shares.

**EXTERNAL AUDITOR**

Öhrlings PricewaterhouseCoopers AB.

Ann-Christine Häggglund, Authorised Public Accountant, born 1966, chief auditor.

**Other assignments:** Principal auditor, among others, for NCC, JM and Business Sweden.

Johan Bygge and Cecilia Lannebo are members of the board since May 2021.

All shareholdings reported as per 31 December 2021.

When applicable, holdings in Scandi Standard includes also holdings by related parties.

# Group Management



**1 OTTO DRAKENBERG**

**Interim managing director and CEO.**  
Born 1966.

In Group Management since 2021.

**Previous assignments:** Extensive experience from leading business transformations, as CEO of Carlsberg Sweden, Arcus Group, Moment Group and Twilfit, and as Chairman of the Board of Spendrups Brewery.

**Holdings in Scandi Standard:**  
9,000 shares

**2 JULIA LAGERQVIST**

**Chief Financial Officer, CFO**

Born 1979.

Master of Science, Stockholm school of Economic, Sweden.

In Group Management since 2019.

**Previous assignments:** CFO Kronfågel AB, CFO of SverigesEnergi, Nordic Finance Manager, Barilla and several different positions in Procter & Gamble.

**Holdings in Scandi Standard:**  
5,168 shares.

**3 PER ALAN JENSEN**

**Chief Operating Officer, COO**

Born 1962.

Bachelor of Science in Technology, University of Odense, Denmark.

In Group Management since 2013.

**Other major assignments:** Board member Farm Food A/S.

**Previous assignments:** Factory manager Rose Poultry A/S.

**Holdings in Scandi Standard:**  
489,324 shares.

**4 MAGNUS LAGERGREN**

**Group Business Development Director and Country Manager, Denmark**

Born 1960.

Master of Science in Economics and Technology, University of Agriculture, Sweden.

In Group Management since 2014.

**Other major assignments:** Chairman Svenska Retursystem AB and board member Dagligvaruleverantörernas Förbund (DLF).

**Previous assignments:** Chairman and Managing Director, Dalsjöfors Holding AB. Managing Director, Swedish Meats cooperative/Scan AB/HKScan. Management positions within Swedish Meats and Scan AB.

**Holdings in Scandi Standard:**  
0 shares.

**5 TOMMI SAKSALA**

**Director, Group Live Operations**

Born 1969.

Master of Science in Agricultural Economics & Management, University of Helsinki, Finland.

In Group Management since 2014.

**Previous assignments:** International broiler industry supply chain management consultant, Pomicon Oy Ltd. Director, poultry meat supply chain live operations, A-Tuottajat Oy (Atria Group Abs).

**Holdings in Scandi Standard:**  
66,831 shares.

**6 GÖRAN MATZ**

**Group CIO**

Born 1967.

Bachelor of Science, Stockholm School of Economics.

In Group Management since 2021.

**Previous assignments:** Group CIO Martin & Servera, IT Director Servera R&S AB, various positions Enator AB.

**Holdings in Scandi Standard:** 0 shares

**7 KARIN JANSSON**

**Group HR Director**

Born: 1963

Bachelor of Science in HR and Organization.

In Group Management since 2021.

**Previous assignments:** HR Manager TNT and Kronfågel. HR assignments in Digital Equipment, Allgon Mobile Communications and DHL Excel Supply chain.

**Holdings in Scandi Standard:**  
2,300 shares.

**8 FREDRIK STRØMMEN**

**Country Manager, Norway and Interim Country Manager Sweden**

Born 1971.

Master of Science, Norwegian School of Economics, Norway.

In Group Management since 2015.

**Other major assignments:** Board member in Opplysningskontoret for egg og kjøtt and DLF Norway. Vice-chairman of the Board in Animalia and KLF.

**Previous assignments:** CEO, Orkla Commercial Excellence ASA. CEO and Country manager, Sætre AS. Management positions within Sætre AS and KIMs AS.

**Holdings in Scandi Standard:**  
50,180 shares

**9 FRANK MCMYLER**

**Country Manager, Ireland**

Born 1969

Bachelor of Food Business, University College Cork

In Group Management since 2021.

**Previous Assignments:** Regional COO Hilton Food Group & other leaderships roles in Hilton Food Group 2003–2020

**Holdings in Scandi Standard:**  
0 shares

**10 TUOMAS MAANSALO**

**Interim Country Manager, Finland**

Born: 1984

Engineer in food technology

In Group Management since 2021

**Previous assignments:** Operations director in Naapurin Maalaiskana Oy, Plant director in HKScan Finland Oy

**Holdings in Scandi Standard:**  
0 shares

**11 IDA LJUNGKVIST**

**Group Sustainability Director**

Born: 1985

Master of Science in Civil and Environmental Engineering and

Master of Science in Industrial Ecology from Chalmers University of Technology

In Group Management since 2022.

**Previous assignments:** Sustainability advisory and project management at KPMG AB, Head of Sustainability Application and Operations at RobecoSAM AG.

**Holdings in Scandi Standard:**  
0 shares

**Group Management per 24 March 2022**

*Changes January 2022 to April 2022*

- Michael Budtz Berthelsen has resigned as Group Supply Chain Director.
- Mats Hedlund has resigned as Country Manager, Sweden
- Samuli Eskola has resigned as Country Manager, Finland

All shareholdings reported as per 31 December 2021.

When applicable, holdings in Scandi Standard includes also holdings by related parties.



# Annual General Meeting

The Annual General Meeting (AGM) 2022 will be held on 4 May. The Board of directors intends to decide that the Annual General Meeting shall be held without physical presence of shareholders, proxies or external parties in accordance with the Act on Temporary Exemptions to facilitate the conduct of general and general meetings. To participate in the decision-making at the general meeting requires that the shareholders exercise their voting rights by post. Notice of the Annual General Meeting including information on how shareholders can vote by mail will be available on: [www.investors.scandistandard.com/en/agm](http://www.investors.scandistandard.com/en/agm) before the Annual General Meeting.

## Vote at the annual general meeting

Shareholders who wish to exercise their voting rights at the Annual General Meeting must:

- be entered as a shareholder in the share register kept by Euroclear Sweden AB on Tuesday 26 April 2022 or, if the shares are registered in the name of a nominee, request that the nominee registers the shares in the shareholder's own name for voting purposes in such time that the registration is completed by Thursday 28 April 2022; and
- submit a postal vote in accordance with the instructions set out in notice for the Annual General Meeting in such time that the company receives the postal vote by Tuesday 3 May 2022, at the latest.

## Instructions for voting by post

In order to vote at the annual general meeting, the shareholders shall use the voting form and follow the company's instructions that are available on the company's website, [www.scandistandard.com](http://www.scandistandard.com). The voting form should be sent either:

- by post to Scandi Standard AB (publ), Att. "Annual general meeting" c/o Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm; or
- by email to [generalmeetingservice@euroclear.com](mailto:generalmeetingservice@euroclear.com) (state "Scandi Standard" in the subject line of the email); or
- electronically with BankID in accordance with the instructions on <https://anmalan.vpc.se/euroclearproxy>.

If a shareholder's voting rights are exercised by proxy, a power of attorney and other authorisation documents must be enclosed with the voting form. A proxy form will be available at the company's website, [www.scandistandard.com](http://www.scandistandard.com).

## 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, product demand, available credits, available insurance, fluctuations in exchange rates and interest rates, political and geopolitical developments, the impact of competing products and their pricing, product development, commercialization and technological difficulties, availability of production facilities, compliance in production, product quality and safety, interruptions in supply, increased raw material cost, disease outbreaks, loss of major customer contracts, major customer credit losses, effects of Covid-19 pandemic, bird flu and government decisions. For further information see the sections on Risks and risk management on page 57–61 and Note 22.

Information about markets, market shares, market growth etc. are based on established independent external sources, internal sources and the company estimates. The forward-looking statements reflect the Board of Directors' and Group Management's current views with respect to certain future events and potential financial performance. Although the Board of Directors and the Group 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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