PRESS RELEASE, 13/8 2024

Scandi Standard makes a strategic investment to prepare for future growth

Scandi Standard has agreed to acquire an integrated state-of-the-art poultry processor in Lithuania from a group of local entrepreneurs. The transaction is expected to be completed during Q4 2024, at which point the acquired business will be transferred in an inactive state. The deal comprises an advanced processing plant, poultry farms, and land plots, which are all located in a favourable geographic location. Scandi Standard expects to produce 20-25 ktonnes grill weight (GW) from 2025 at a very competitive cost level. The cash purchase price of 23.5 MEUR (appr. 270 MSEK), on a debt and cash-free basis, is intended to be financed through Scandi Standard's credit facilities. Election of chairman, vice chairman and members of the board of directors

Scandi Standard expects to commence operations at the processing plant shortly after the completion of the transaction and to have an expected initial annual throughput of 20-25 ktonnes (GW) from 2025. In addition to the purchase price, Scandi Standard intends to invest about 5-7 MEUR in working capital, and additional equipment during the initial ramp-up period.

The transaction also comprises modern poultry farms with an annual capacity equivalent to 6-8 ktonnes GW as well as land plots suitable for construction of poultry farms with an additional annual capacity equivalent to about 20-25 ktonnes (GW). Furthermore, the transaction comprises options to acquire further land for subsequent expansion. Scandi Standard's ambition is to gradually build poultry farming capacity to increase the self-sufficiency of the processing plant. In the meantime, the balance will be purchased in the open market from a few independent Lithuanian farmers.

Scandi Standard sees this as a natural next step exiting the turn-around period over the last years and will act as an enabler for acceleration to reach Scandi Standard's financial targets as well as increase the company's ability to meet future demand from the market. With this addition, Scandi Standard will have a larger share of the value chain, and it will also increase the group's margins as well as drive EBIT per kg (GW) within Ready-to-Cook. It is a perfect fit with the overall strategic plan, and it will not interfere with existing businesses.

Scandi Standard intends to allocate significant internal human resources during the start-up of the acquired business to ensure implementation of Scandi Standard's highest standards within areas such as animal welfare, food safety, processing operations, and market and product-related activities. The existing core group of employees and certain key managers of the acquired business will follow the transaction. Scandi Standard intends to gradually build a strong country organisation, which will be integrated with the rest of the group customarily.

Jonas Tunestål, CEO of Scandi Standard, says *"This deal is a significant step in the strengthening of Scandi Standard's overall business and a catalyst to reaching our financial targets. In addition to having the best prospect for acting as a competitive, high-quality, supplier in its own right, it will allow us to better service the most price-sensitive segments in our home markets and represent a cost-competitive supplier meeting the strict raw material criteria of our Ready-to-eat activities.*

This transaction offers a strategic piece of the puzzle that has been missing historically in Scandi Standard, a new and state-of-the-art manufacturing plant with significant control of the value chain located in a low-production cost country. As such, we were compelled by the opportunity to acquire these companies (essentially assets) at a competitive price versus replacement cost. After allocating a significant amount of time and resources to investigate the commercial aspects of the target, including mapping potential synergies with existing countries and risk mitigation, we have found the deal to be very attractive, and expect it to generate large shareholder value over time. We expect the deal to contribute to accelerated organic growth, and gradual margin and EPS expansion during the strategic period of 2027 and beyond.

I am confident that businesses in Lithuania have all the prerequisites to combine low costs with the highest product quality standards. Although I expect the business to be moderately loss-making during the start-up period of 6-12 months, the margin potential of the integrated business in Lithuania should be well above Scandi Standard's prevailing level. Once this is demonstrated we expect to gradually grow throughput from the initial level".

Closing of the transaction, which is subject to certain customary conditions, is expected to occur during Q4 2024. The acquired business is intended to become part of the Ready-to-cook segment.

"Scandi Standard is experiencing solid growth in demand, and we are on track to increase our margins by about 50%, from about 4% to more than 6% by 2027. Our experienced organisation is continually implementing detailed plans to achieve this. Having this process under control, I feel confident that we have the required management resources available to take on this new venture, which will make a significant contribution to the strong value creation expected over the coming three-year period. Following this deal, our balance sheet will remain robust, and our strengthening cash generation should allow a compelling increase in direct yield to our shareholders in the coming periods.", continues Jonas Tunestål.

WALLESS and Gernandt & Danielsson Advokatbyrå are legal advisers to Scandi Standard in connection with the transaction.

For further comments, please contact:

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This press release contains inside information that Scandi Standard AB (publ) is required to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication by the above contact persons on 13/8 2024 at 0800.

About Scandi Standard

Scandi Standard is the leading producer of chicken-based food products in the Nordic region and Ireland. The company produces, markets and sells ready to eat, chilled and frozen products under the well-known brands Kronfågel, Danpo, Den Stolte Hane, Manor Farm and Naapurin Maalaiskana. Eggs are also produced and sold in Norway. We are approximately 3,200 employees with annual sales of more than SEK 13 billion. For more information, please visit www.scandistandard.com.