Scandi Standard

Better Chicken for a Better Life

Annual Report 2020

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Vision, mission and values

It is always possible to do things better. We believe that our vision, our mission and our values can enable Scandi Standard to produce better chicken and help people to lead a better and healthier life 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 how we work every day to make a difference and contribute to the health and well-being of people, chickens and our shared planet.

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.

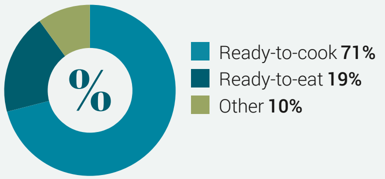
Sense of Urgency

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.

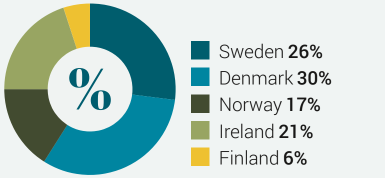
This is Scandi Standard

We set the standard in chicken production. 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.

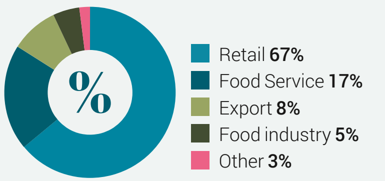
Net sales per product category



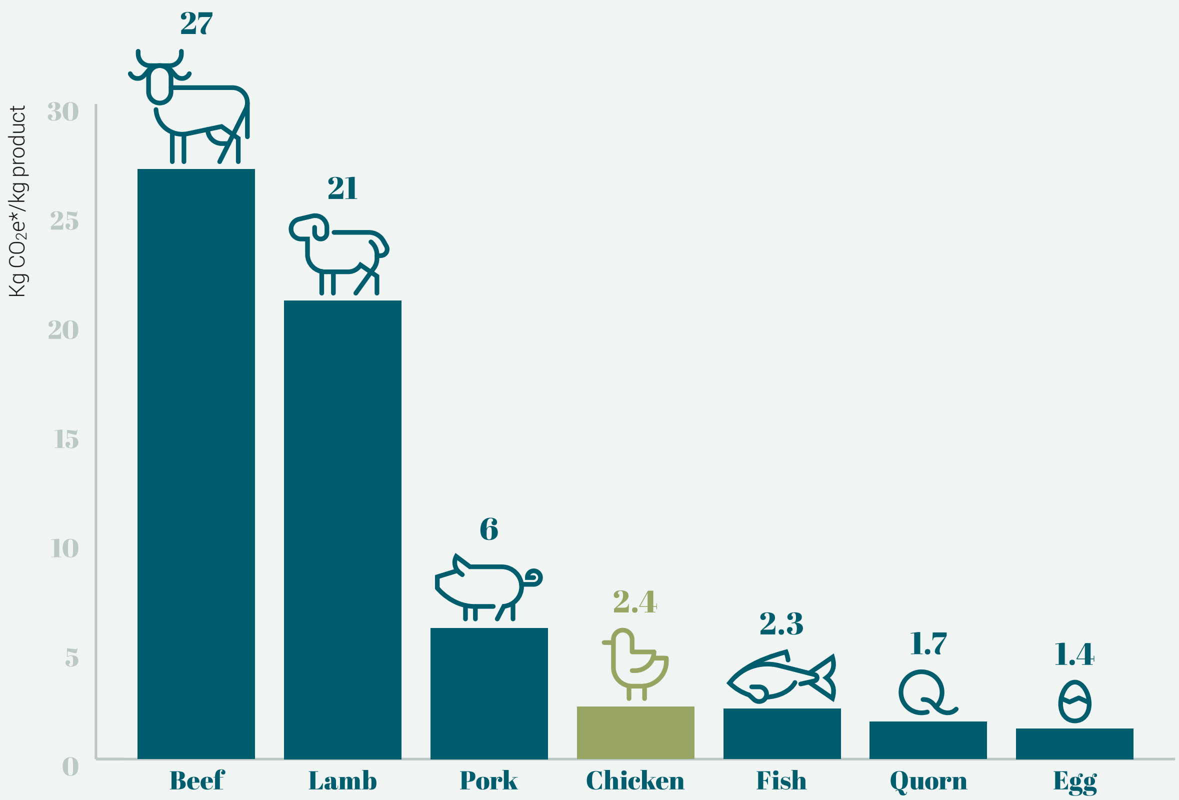
Net sales per segment



Net sales per sales channel



The impact of chicken on the climate



The climate footprint of chicken is about ten times lower than beef and is roughly at the same level as farmed fish and the fully vegetable-based product Quorn. Combined with the fact that chicken is one of the world's most versatile foods, this contributes to chicken consumption being forecast to grow over the coming ten years.**

* Greenhouse gases
** OECD-FAO report

Source: Open list – an excerpt from the RISE climate database for food v 1.5

Net sales
9,940
SEK million

Adjusted operating income
500
SEK million

Employees
3,220

The year in brief

3%

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

5.0%

The **adjusted operating margin** increased during the year. This was partly due to a favourable change in the product mix and strong volumes.

–12%

Profit per share fell by 12 percent during the year, which was impacted by a lower operating profit.

–40%

Use of antibiotics, measured as share of treated chicken flocks, was reduced from 11.4 till 6.8 (Group average).

Kronfågel celebrates 50 years as an esteemed brand in Sweden

50

1970 – 2020

Our Swedish brand Kronfågel has been a favourite in Swedish households for 50 years. In the 90's, chicken even had its own dinner day, which was primarily due to the "chicken on Friday" campaign. From frozen, whole chicken to a large variety of products – Kronfågel continues to be loved by the Swedish people.

International Food Safety Day

On 7 June, World Food Safety Day, established by the World Health Organisation, WHO, in collaboration with the UN and the 17 global goals for sustainable development, was celebrated. Scandi Standard took part with activities at all of its production plants by drawing attention to and making visible the work that goes on every day. The Danish plant in Rokkedahl was also visited by a representative from the Danish food safety authority, the Danish Veterinary and Food Administration, who praised the level of commitment within the Group.

THE GLOBAL GOALS
For Sustainable Development

MSEK	2020	2019
Net sales	9,940	9,891
Adjusted EBITDA*	835	776
Adjusted operating income (EBIT)*	500	454
Operating profit (EBIT)	351	424
Profit after net financial items	260	312
Profit for the Year	208	237
Interest-bearing net debt	1,933	2,200
Operating cash flow	476	536
Organic growth, %	3	12

* Adjusted for non-comparable items, see page 50.

%	2020	2019
Adjusted EBITDA margin*	8.4	7.8
Adjusted operating margin (EBIT)*	5.0	4.6
Operating margin (EBIT)	3.5	4.3
Adjusted return on capital employed*	11.9	11.0
Return on equity	11.5	14.2
Equity/assets ratio	29.4	27.7
Average number of employees	3,220	3,266
Employee engagement index	72	69
Feed efficiency, kg feed/kg live weight	1.52	1.52

Research projects for plant-based products

Scandi Standard initiated several projects in the year designed to investigate the potential for plant-based products to supplement the existing product portfolio. These included the start of a research project to develop products from the locally produced ingredients potatoes and rapeseed oil together with a partner founded following research at Lund University. The project is forecast to run over two years.

Awards for several brands

In February, Irish Manor Farm won the “Best Sustainable Food Product Award” given by the Irish Food-service Supplier’s Alliance for the product “Farmers to Market free-range chicken thigh burgers”.

The Danish food service brand “The Happy Chicken Project” also received the “New Brand of the Year” award which is awarded by the Danish industry organisation MDLK for retailers for retail and food service.

Covid-19 pandemic – a socially changing global event

2020 will forever be remembered as the year when the global pandemic of Covid-19 broke out. Despite massive changes to society, Scandi Standard’s operations have largely been able to function unhindered by implementing extensive health and safety procedures at an early stage. Read more about our initiatives and the impact of the pandemic in the special section on page 44.

CEO statement

> “In 2020, we enhanced our ESG position further. Our ambition is to be an ESG leader in the European poultry space.”

Since our listing in 2014, net revenues have increased from SEK 5bn to SEK 10bn averaging a growth of 11 percent per annum. From the initial base in Sweden and Denmark, we have expanded into Norway, Ireland and Finland and we are currently the market leader for poultry products in both the Nordic region and in Ireland.

The strong market position is built on trustful relationships with leading retail chains in the five individual national markets. Each of these markets can be regarded as separate due to the strong end customer preference for domestic produce. Two thirds of our revenues are currently generated from these clients.

The Retail business provides a stable platform for our business. As most of the risk factors causing margin fluctuations are country specific, a portfolio of five countries diversifies this risk. Our margins are further stabilised as the relationship-based trading with retail clients generally allow raw material pricing fluctuation to be passed on to end consumers.

In 2020 our sales channel Retail business has been resilient to effects caused by the Covid-19 pandemic. Revenues grew by 6 percent in line with previous years, and margins developed favourably. Consumers in our five domestic markets are more focused than ever on locally produced products adhering to the strictest animal welfare, food safety and ESG standards (Environmental Social and Governance).

Scandi Standard is also a strong player in the Foodservice sales channel in our home markets and a growing position in Western Europe. Sales through this channel represented 17 percent of our revenues in 2020 and has grown from about MSEK 500 in 2015 to about MSEK 1,700 equating to an annual growth of 22 percent. The preference for domestic produce is also getting more traction among consumers in this channel, and our Foodservice clients are adapting to this and have started to incorporate local origin in their marketing. We welcome this trend as it allows us to leverage off our high standards compared to the raw material from low cost producing countries, which has dominated this market in the past.

The Covid-19 pandemic has taken its toll on Foodservice demand in 2020. Consumers have been restricted from eating out and several of our Foodservice clients have been closed for periods. Overall, our Foodservice revenues dropped by 12 percent in 2020. The sudden shifts up and down in demand have been particularly hard to deal with due to inventory build up of products intended for this channel and requirements to rapidly ramp up production of such products.

Plants have operated at low utilisation; extra costs have been added in repacking and frozen inventory and inventory has been written down due to a low price environment in export markets. I am proud of how the organisation has dealt with the challenges to minimise negative consequences. Although we expect poor demand and high volatility to remain in the Foodservice and export segments in the coming periods, we are confident in observing a boost from these segments once consumers are freer to move around.

Historically our bird intake has been managed to meet local demand chicken fillets, leaving “spare parts” such as legs, wings and feet for export markets. In 2020, export outside our home markets represented 8 percent of our revenues. We have a strong focus on minimising this part of our business as it provides low and volatile prices. Investments in advanced leg deboning equipment has enabled us to provide chicken steaks which have become popular in our markets. An increased Ready-to-eat business has also allowed us to apply spare parts for higher margin products. These measures coupled with high general growth in domestic markets, has allowed us to successfully reduce the export share from 15 percent in 2016 to 8 percent in 2020. In 2020 our export business has suffered from historically low global commodity prices in 2020 due to the Covid-19 pandemic and prevalence of bird flu impacting demand from certain Asian markets.

As part of our ESG commitment we are dedicated to using the entire bird for commercial purposes. There is a lot of nutritional value left after fillets, legs, wings and feed are removed from the carcass. We have developed an ingredients business that converts these items into feed for pets and other animals.

Sustainability is at the core of what we are doing in Scandi Standard, closely linked to our vision Better Chicken for a Better Life.

There is full alignment between meeting increasing ESG expectations and requirements, and operational and financial success for the Group. Poultry stand out as a climate smart alternative in the protein industry and Scandi Standard stand out in the poultry industry. Through the improvements in Manor Farm regarding antibiotics and animal welfare, we have demonstrated our ability to export our best practice from the Nordic region to geographic areas which historically have had larger challenges in this area.

In 2020, we enhanced our ESG position further. Our ambition is to be a clear ESG leader in the European poultry space, we focus on maintaining our strenghts and implement forceful measures in areas with development potential. This means to continue develop governance, initiatives and reporting for our key areas. This year we have for example decided to further develop our climate objectives using the Science Based Targets initiative, and adopted new Group policies for health and safety, animal welfare, antibiotics and healthy products. In 2020 we signed UN Global Compact, confirming that we support the ten principles with respect to human rights, labor, environment and anti-corruption, and are committed to integrate them in our operations.

Scandi Standard has a strong balance sheet, a solid financing, and a significant available liquidity. Compared to the end of last year, net interest-bearing debt has been reduced by about MSEK 270 to MSEK 1,933. Following the capital measures implemented during the spring of last year, our capital investment amounted to MSEK 355 for 2020. We expect to spend MSEK 415 during 2021, with flexibility to adjust downward if required. The 2021 investments are a combination of efficiency, capacity and ESG investments.

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

I would like to thank our employees, customers and partners for a year filled with both challenges and positive changes. Together we are in a great position to see the Group develop in a positive direction. I would also like to further emphasize our vision: *Better Chicken for a Better Life*.

Leif Bergvall Hansen
Managing Director and CEO

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 compared with farmed fish and plant-based Quorn. It is also rich in protein, but low in fat and easy to vary with different flavours.

Low climate impact

The climate impact for chicken is comparable with farmed salmon and plant-based products such as Quorn according to a climate database produced by the Research Institutes of Sweden (RISE). Chicken is even more beneficial than other animal protein; the climate impact of chicken is a tenth of that of beef.

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 for more detailed lists of ingredients and the demand for products with fewer ingredients and additives as well as less processed foods, known as the Clean Label movement, which promotes chicken as the natural choice from all aspects.

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

Reducing food waste project

Working to reduce waste is a natural part of all production activities and vital from both an environmental and value perspective. We initiated a project at Scandi Standard in January 2020 to systematically reduce what we call Floor Waste, which are ingredients that for various reasons drop out of the production chain and are therefore no longer suitable for human consumption. In doing so, we reduce our food waste while maintaining the value of our ingredients

Henrik Kjær, Chief Business Development Officer Operations, runs the project at a group level together with project manager Jenny Simony from Scandi Standard's Graduate programme along with key individuals at each production unit.

What is the project about?
To systematically identify and correct minor and major deficiencies in our production chain to ensure that as few ingredients as possible are wasted. It may sound obvious, but this requires a focused working approach. It sometimes involves a very basic mechanical solution, for example setting up guide rails on conveyor belts, but sometimes you need to replace an entire process and work differently to be able to address the problem. In this project, we have analysed large amounts of data in the areas that are causing the problems, and then initiated the process of correcting them.

Why is this so important?
A key element is, of course, that we reduce our food waste. If the ingredient leaves the production chain, we can no longer use it for products intended for human consumption. Instead, it can be turned into animal feed or bio-fuel which means it is never wasted, but it also causes the value of the ingredients to fall. Therefore it is key for us to reduce waste to ensure that we can get the best possible payment for our products.

What have been the results to date?
Since the beginning of the project, we have reduced our Floor Waste by 38 percent, which is impressive, however the goal is to reach 50 percent compared to 2019, which we aim to achieve at the beginning of 2021. The project has yielded great dividends for us but also for the environment. We have also seen that we have succeeded in engaging our employees in the project and created a greater understanding for its importance, and we have been able to delegate more responsibility. I think it is important for your own motivation, to feel that you can influence while at the same time contribute to something bigger.

Strategy for profitable and sustainable growth

Food is heavily 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. In addition to our strategy, we have specified the three key priorities that in combination ensure that we deliver on our strategy and ensure continued profitable growth.

VISION

Better Chicken for a Better Life

BUSINESS PHILOSOPHY

Being local and drive scale efficiencies

FINANCIAL OBJECTIVES

STRATEGY 1	STRATEGY 2	STRATEGY 3	STRATEGY 4	STRATEGY 5
Product innovation and business development	Commercial optimizations	Drive cost out of supply chain	Optimize the broiler value	Agile organisation

CULTURE

We are Open, We Challenge and 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 fast-paced organisation that lives our values and that creates a culture that inspires and attracts the very best talent.

Priorities for profitable growth

1 Driving organic growth

2 Improving efficiency throughout the supply chain

3 Strategic acquisitions and partnerships

1 Drive organic growth

Product development
The most important trends that drive the development are the demand for tasty, easy-to-cook, healthy and environmentally sustainable products based on locally produced chicken. We are constantly developing our product range to feature everything from new cuts, flavours and ready-made products. Product development is primarily conducted locally in each country as the taste and product preferences to some extent differ between the markets, but at the same time we have seen the potential for the coordination and exchange of ideas and concepts between the countries to grow over recent years.

The Group has a product development plan covering the next 18–36 months with major launches two to three times per year in each country. The development plan is based on market segmenting and consumer insight. Product innovation can also be driven by innovations in production, such as new equipment and new processes.

Strengthening the brands
The Group's products are sold both under our own brands and our customers' brands, referred to as 'private labels'. Strong brands create the foundation for premium products that require a higher price, and it therefore remains a priority area to invest in, in order to strengthen our brands further across all markets. The sale of our customers' private labels results in economies of scale and contributes to creating customer relationships within retail.

Developing the chicken category in collaboration with retailers
Retail is Scandi Standard's largest sales channel representing more than half of the Group's total sales. For a long time the Group has been the main supplier of a number of large retailers in Denmark, Norway, Ireland and Sweden. The Group manages continuous projects together with important customers for changes in stores in order to stimulate the demand for chicken and drive the development of the chicken category.

Growing within the Foodservice segment
The Foodservice sales channel includes fast-food chains, hotels, restaurants and catering within the public and private sector. Sales in this sales channel have grown in recent years* driven by people eating out more frequently and because consumers regard chicken healthier than other types of meat. Chicken is also more affordable and is considered more convenient to prepare than other types of meat, and also adds to the customer base of fast food restaurants to include more health conscious consumers. Unlike the retail sector, the sales channel Foodservice has a larger proportion of imported chicken from countries that do not enforce the same legal requirements and high standards when it comes to animal welfare and the use of antibiotics. A priority area for the Group is therefore to develop the chicken category within this sales channel as well as convincing consumers and customers to introduce more stringent requirements on the products they consume.

For many years the Group has been one of five suppliers of McDonald's in Europe. Given the Group's size and long-standing experience as a leading supplier, there are good further growth opportunities within Foodservice in the whole of northern Europe.

"The Group has a product development plan covering the next 18–36 months with major launches two to three times per year in each country."

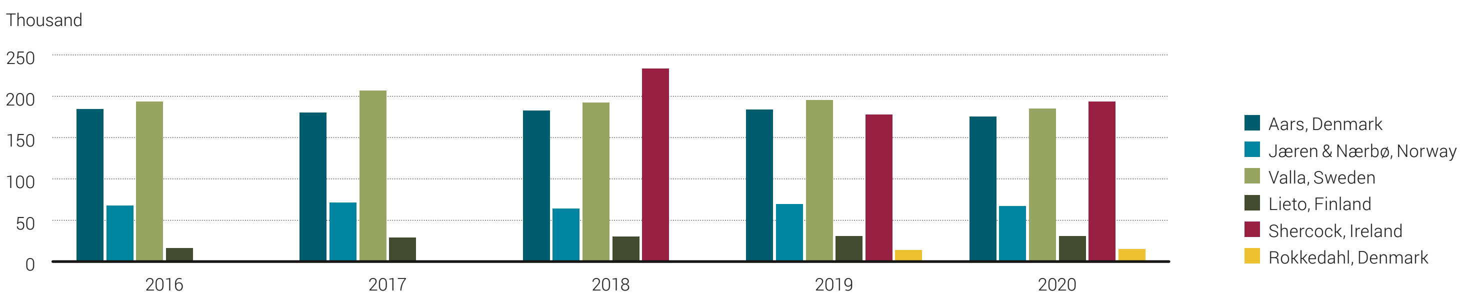
* The global outbreak of Covid-19 in the year impacted the Foodservice sales channel, but Scandi Standard did not implement any long-term changes or reprioritisations as a consequence. Read more in the section on Corona, p 44.

2 Improving efficiency throughout the supply chain

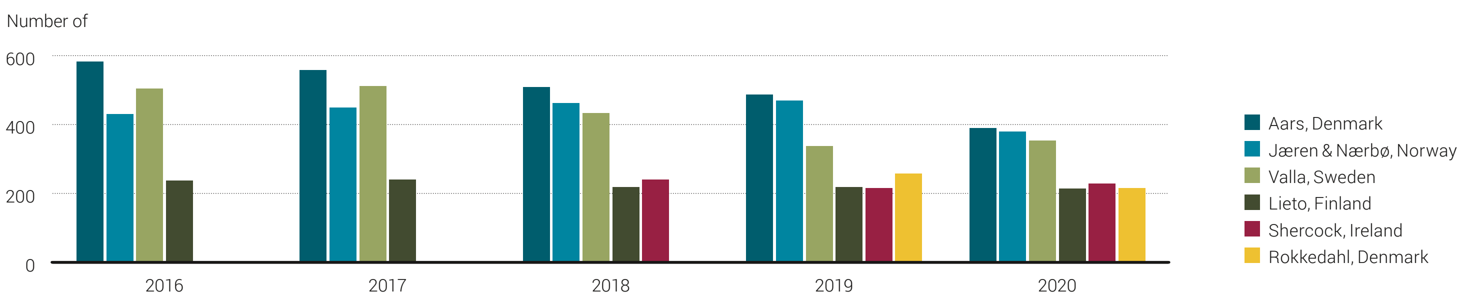
One prerequisite for growth is to constantly streamline your existing operations. It is expected that the efficiency can be further improved at the largest plants through investments in greater automation and optimisation of cutting technologies. With same number of birds, we can increase the amount of extracted meat. A stated ambition is to increase production yield per bird, by sharing knowledge between the countries and by identifying the potential for improvement in our processes.

> "We have a stated ambition to increase production yield per bird."

Number of slaughtered chickens per day



Number of slaughtered chickens per employee and day



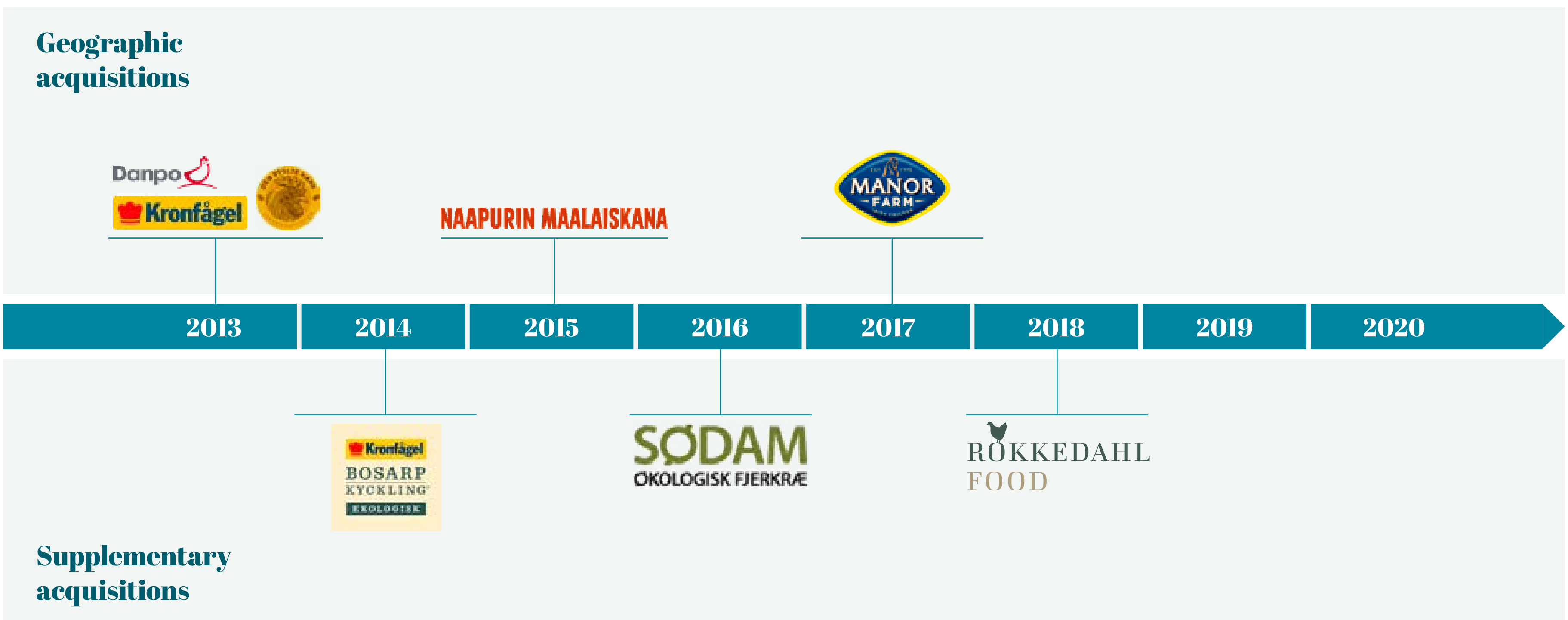
3 Strategic acquisitions and partnerships

Opportunities for acquisitions and partnerships are continuously evaluated in order to consolidate the Group's position in existing markets, expand the product offering into adjacent categories or enter new geographical markets. The potential for this exists in three main areas: acquisitions that supplement our product offering, acquisitions that bolster our position in our domestic markets or acquisitions that ensure a position for us in new markets.

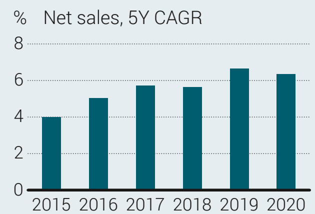
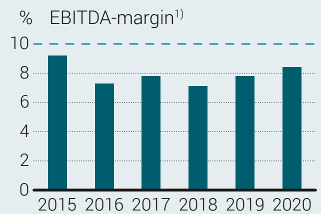
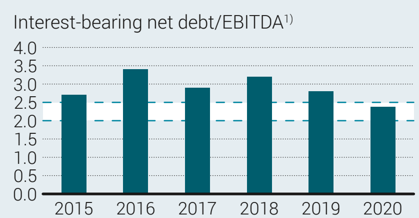
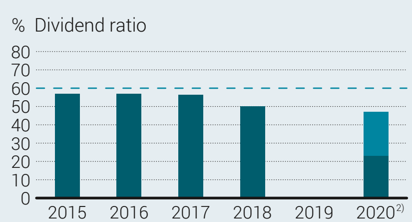
We are working actively to make the most of the opportunities in the European market, which we believe is ripe for additional consolidation in the coming years. We are in a good position both in terms of our finances and our organisation to be able to act when the opportunities arise.

Since its inception in 2013 through the merger of Kronfågel and Danpo and the acquisition of, Den Stolte Hane, the majority of Scandi Standard's acquisitions have been made in all categories. The acquisition of the Finnish business in 2015 and the business in Ireland in 2017 are examples of acquisitions that are giving us a strong position in new markets. Examples of supplementary acquisitions in existing markets in the production of organic and free-range products are the acquisitions of Bosarpskyckling in 2014, Sødam in 2016 and Rokkedahl Food in 2018.

No acquisitions were made in 2020.

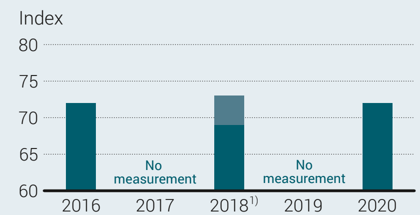
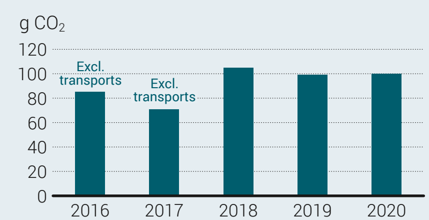
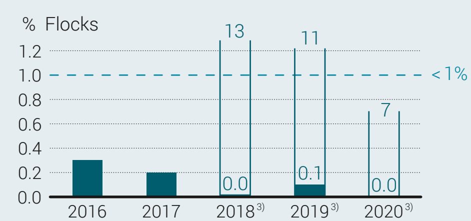
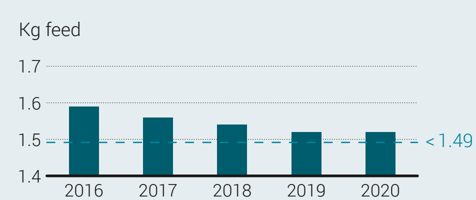


Financial targets

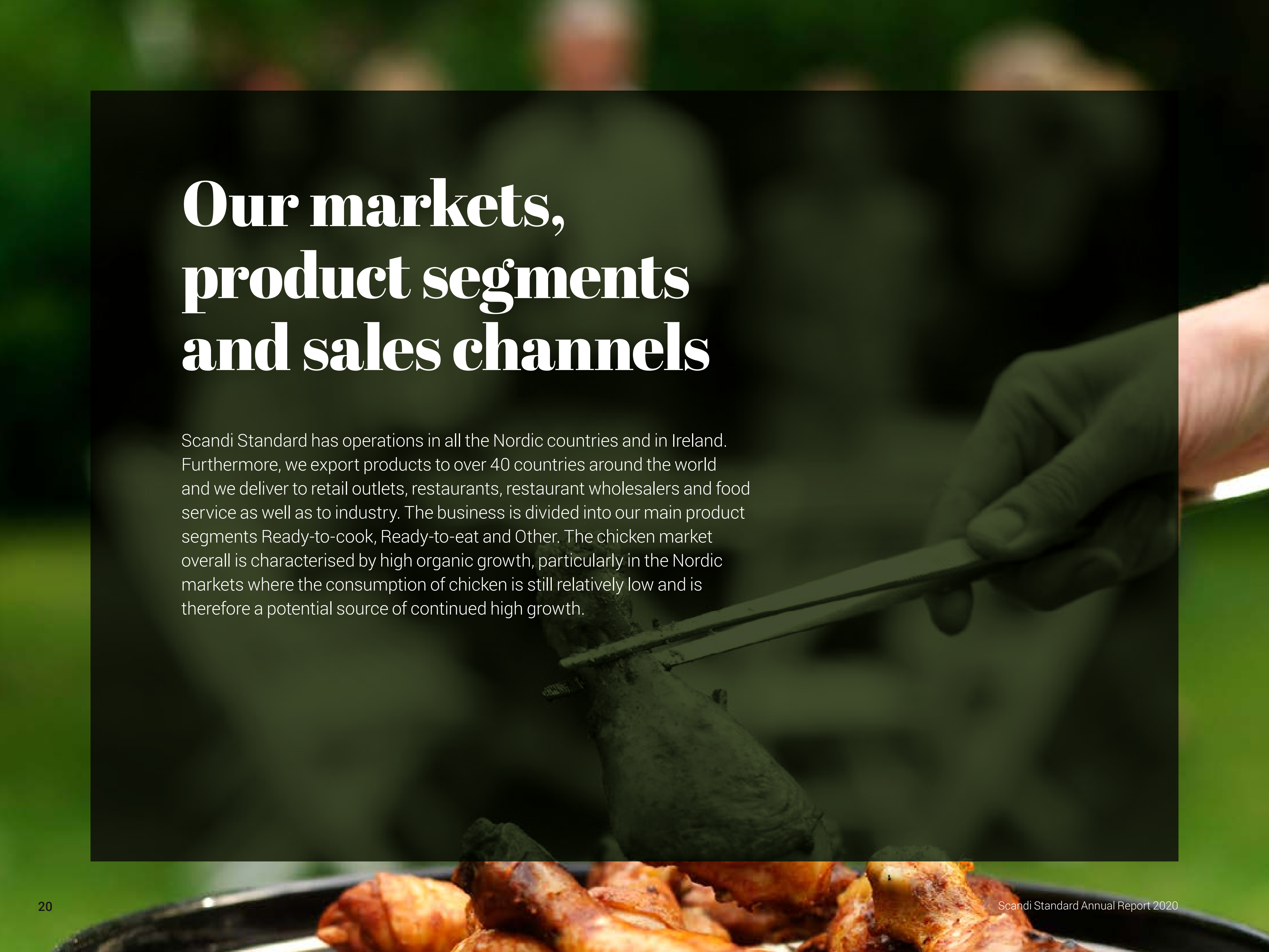
	Medium-term goals	Results 2020	Results 2015–2020	Objective
Net sales	Annual average organic growth in line with or above market growth.	**+6% (5Y CAGR)**	 	Growth in line with or higher than growth in the market shows that operations are retaining or increasing their market share, proving that we are competitive.
EBITDA margin	Exceed 10 percent in the medium term.	**8.4%**[1)]		An EBITDA margin of more than 10 percent is important for us to be able to ensure good profitability and a strong cash flow.
Interest-bearing net debt/EBITDA	2.0—2.5 x EBITDA (LTM), but may temporarily exceed this level to allow for capturing opportunities for organic growth and acquisitions.	**2.4**[1)]		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.
Dividend ratio	Approximately 60 percent of profit for the year adjusted for non-comparable items on average over time.	**47/23%**[2)]		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.

1) EBITDA adjusted for non-comparable items. 2) The Boards proposed dividend to the Annual General Meeting 2021 and a second dividend planned to be proposed at a second general meeting during the second half of 2021.

Sustainability goals

	Goals	Results 2020	Results 2016–2020	Objective
Employee engagement	Motivation and satisfaction index: 71	**72**		Motivated employees who feel good are essential for the Group's development and success. This is monitored at Group level through the employee survey Scandipuls, which is carried out every two years
Carbon dioxide emissions, g CO_2e per kg product	−50% 2016–2025	**-5%** 2)		Scandi Standard takes the climate issue seriously and strive to reduce our climate footprint through-out the value chain. Reported data include the energy use of proprietary plants, and from 2018 distribution shipments (scope 3).
Use of antibiotics, share of flocks treated	<1% flocks treated	**7/0.0** 3)		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.
Feed efficiency, kg feed/kg live weight	1.49 kg feed/kg live weight	**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.

1) Incl./excl. Manor Farm which participated for the first time in 2018 (73), (Higher staple). 2) Reduction 2018–2020. Baseline data 2016 to be recalculated. 3) Reported incl (higher staple)./excl. Ireland (lower staple).

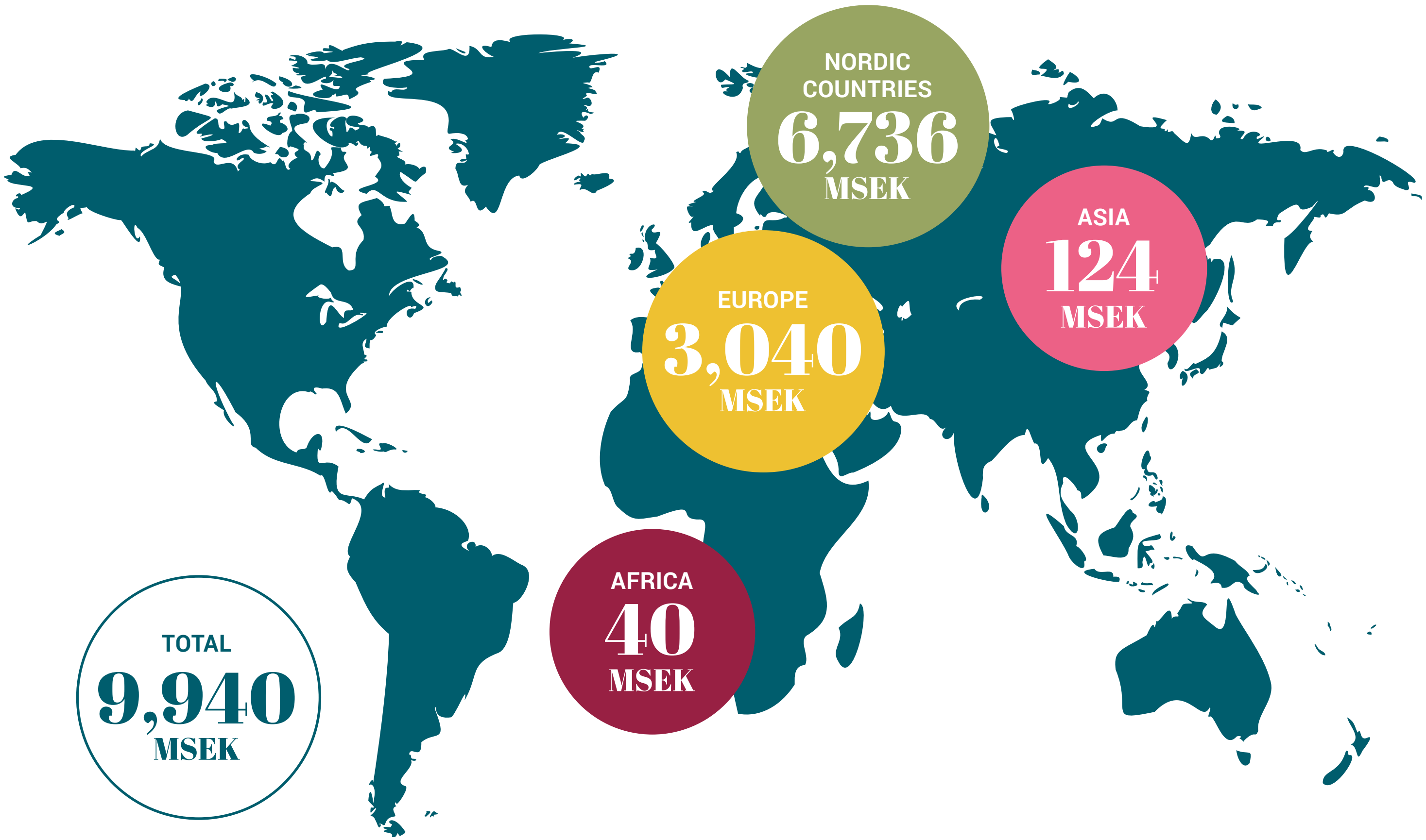


Our markets, product segments and sales channels

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 high 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

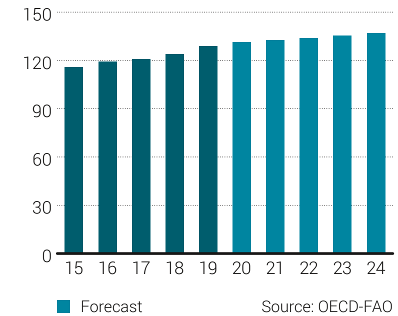
Net sales per market, external sales



Scandi Standard's domestic markets consist of the Nordic countries and Ireland, where 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 surplus products such as wings and feet.

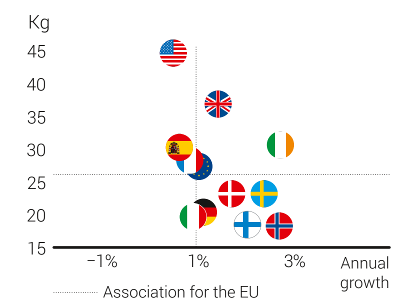
Global consumption of poultry

Million tonnes



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 2020

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.

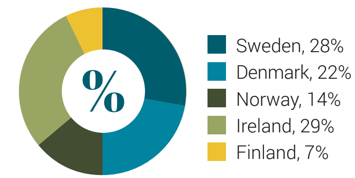
The biggest selling product in all of our markets is the natural chicken fillet. There is always a risk of overproducing wing and leg products, as the demand for these products does not keep up with the demand for fillets. There needs to be what is known as an ‘anatomical balance’ in the sales mix. This 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.

New products: Crispy Fillet Slices is an example of a new product where the seasoning distinguishes the food from other brands.

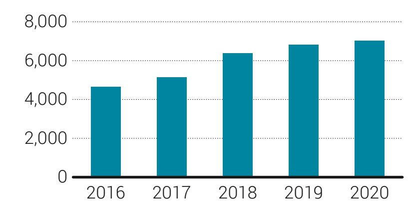
Sales in Sweden have previously largely consisted of frozen products with a low degree of processing, but in recent years the trend has shifted towards a higher proportion of fresh and more processed products that offer more convenience to the consumer, which is a positive development as these products 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

Sales/country for RTC products



Sales over time, RTC, MSEK



MSEK 7,048

Net sales

6%

Organic growth

Strategic priorities

- Increase the proportion of chilled products.
- Maintain a high rate of innovation.
- Increase sales to Foodservice.

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. In 2018 the plant was expanded by adding another production line, increasing the number from three to four. This plant produces frozen Ready-to-eat products, mostly coated products like nuggets and burgers, 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.

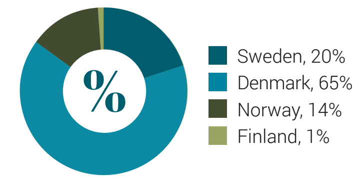
We also have a processing plant in Sweden connected to the slaughter house in Valla, which produces chilled processed products. This plant has been in operation for five years and production volumes are gradually increasing. Our plant in Stokke in Norway produces pre-grilled chilled products.

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.

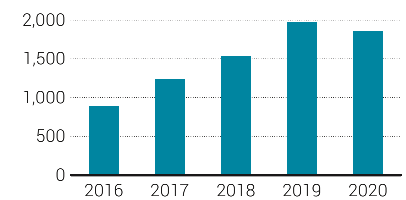
New products: Pre-fried and sliced chicken fillet is an example of insight-driven product innovation aimed at younger target groups.

Share of total sales

Net sales/country for RTE products



Sales over time, RTE, MSEK



MSEK 1,857

Net sales

-6%

Organic growth

Strategic priorities

- Maintain a high rate of innovation.
- Increase the range of chilled cooked products.
- Review the opportunities in Ireland.

Other

This category includes sales that are not directly linked to sales of chicken products, such as sales of day-old chickens to growers as well as purely surplus products such as blood, fat, intestines and other products that are not used for our private labels, but used in industrial food production, animal feed or other products. This category also includes the export of feet to Asian markets. The ability to sell these surplus products is valuable in terms of sustainability as it minimises production waste in production as a whole. It also includes the sale of surplus hatching eggs. In Norway we also sell consumer eggs, which are included in this category.

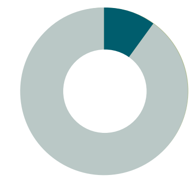
MSEK 1,036

Net sales

-1%

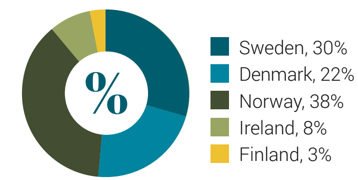
Organic growth

Share of total sales

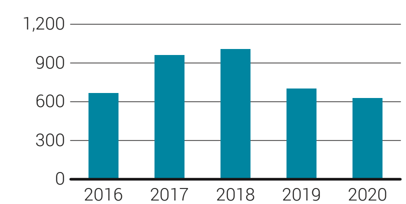


10%

Net sales/country for other products



Other sales over time, MSEK



Our sales channels

Retail

Retail comprises approximately 67 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 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 17 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. Surplus products such as wings and feet are also exported, primarily to Asia.

Net sales by sales channel

* The global outbreak of Covid-19 in 2020 impacted the Foodservice sales channel, but Scandi Standard did not implement any long-term changes or reprioritisations as a consequence. Read more in the section on Corona, p 44.

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

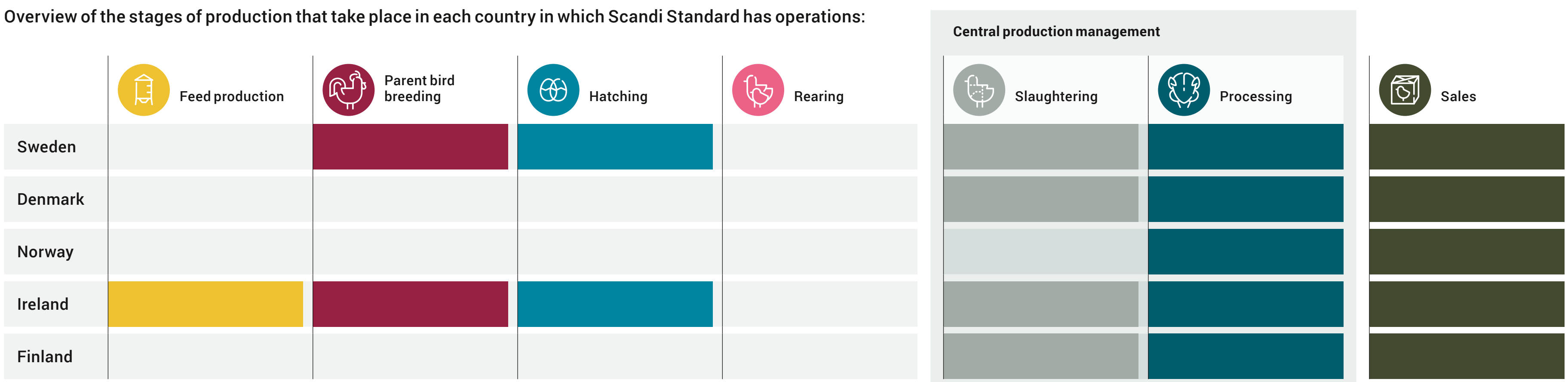
The work to produce good food starts several generations before our chickens are hatched. The hens and roosters at our parent farms are supplied by highly specialised bird companies, whose breeding is systematically based on the characteristics that the customers require in the rearing they are involved with. The health, growth and behavior 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.

> "People, chicken and the environment are the focal point."

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



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 ensure the best well-being of the animals. The chickens

Hatching begins during the twentieth day of the eggs in the hatchery.

> “Scandi Standard is constantly working to develop and improve its processing process.”

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 which renders them almost unconscious. 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 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 deviations 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.

"Just as when the animals are being reared, the entire processing process undergoes meticulous checks in terms of hygiene and the controlled climate."

Our responsibility and contribution to sustainable development

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

We work on managing risks and making continuous improvements throughout the value chain, and on realising the opportunities presented from a rise in expectations and new consumer trends. Work on sustainable and operational development focuses on the areas where Scandi Standard has the greatest impact, where we can make a difference, and that are the most important for our stakeholders. Examples of this are that we see an increased awareness concerning the issue of antibiotics and animal welfare, the climate and environmental impact of our products, and risk management in the supply chain.

The Scandi Way

Our strategic framework for sustainable development, "The Scandi Way", is based on defined and prioritised issues of responsibility and sustainability within the perspectives People, Chickens and the Planet. This framework sets the level for the Group's joint sustainability work and defines the approach, general goals and indicators for each focus area. Each company and plant within the Group is committed to comply with and contribute to meeting the shared goals, but is also free to choose a higher level of ambition where appropriate and feasible.

Organisation and management

Work on sustainable development is integrated into the operations as a part of the standard processes and areas of responsibility. There is an overall Head of Sustainability for the Group whose job it is to coordinate and support this sustainability work, as well as a steering group responsible for monitoring prioritised activities and reporting to Group management. In 2020, the steering group comprised the Head of Sustainability, Group Communications Director, Group Chief Operating Officer, Group Supply Chain Director and Group Live Operations Director, of which the latter three are part of the Group management team, as well as a management representative from our Irish operations.

A strategic project manager has been appointed for each focus area who works with representatives in the various countries to advance the work towards achieving the goals that have been set. Each country has appointed a sustainability coordinator who is tasked with executing the local work with regard to national conditions.

Since 2020, sustainability goals and KPIs have been included in the ordinary business planning and also form part of the bonus-based goals. Monitoring takes place quarterly by Group management.

Looking ahead to 2025

Scandi Standard established a clear level of ambition in 2020: Achieving an industry-leading position in sustainability by 2025. This puts requirements on the continued development and acceleration of goals, governance and activities. Work has been conducted in the autumn to define the goal scenario, as well as the decisions, activities and investments that need to be prioritised going forward.

Agenda 2030

Scandi Standard supports Agenda 2030 in its entirety, including the global goals for sustainable development. We have the responsibility and the opportunity to contribute to several of these goals through our operations and interim goals. 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.

Global Compact

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

WE SUPPORT
UN GLOBAL COMPACT

The Scandi Way

The way we work every day to make a difference and contribute to the health and well-being of people, chickens and our shared planet.

People

Safe, healthy products that help and inspire people to lead a sustainable lifestyle.

Attractive and healthy workplace.

Responsible supplier relationships and business ethics.

Chickens

High-quality farmers.

Chickens in good health.

Feed quality and feed efficiency.

Planet

Climate-smart and resource-efficient production.

Sustainable packages.

Reduced food waste.

People

Safe and healthy products

Our most important undertaking to consumers is that our food products are safe and healthy to eat, and that they are produced from chickens that feel good and are treated well. We want to inspire people to eat healthier and more climate-smart meals.

Product quality and food safety

Product quality and food safety are top of the list of priorities for Scandi Standard. We work continually to improve processes and governance, based on certified management systems. Our production plants are third-party certified in line with the BRC Food Safety System, which includes requirements for quality-assured working methods, buildings and equipment, HCCAP, 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.

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 our Head of Quality and Product Safety for the Group. Measurable indicators are continually monitored to check product quality and identify any deviations. These include temperature and cleanliness at the plants, the incidence of bacteria, checking the finished products and complaints.

Product quality and food safety

	Goals	Results 2020 (2019)
Critical complaints, number	Minimum possible number. Long-term goal: 0	25 (54)
Product recalls, number	Long-term goal: 0	3 (13)

The number of what we refer to as critical complaints[1] in 2020 was 25, a significant reduction compared to 2019. Three recalls were made from customers and the wholesale chain with the reason for this being the presence of foreign objects (plastic and metal) in the product packaging. No injuries or illness to the consumer was reported as a result.

1) Critical complaints include those that result in a recall from customers or consumers, the presence of foreign objects in the product (such as hard plastic or metal), allergens or other risks related to substandard food safety practices such as incorrect content or sell by dates. The assessment is made locally in each country.

Careful control of bacteria

We are placing particular focus on checking for the presence of any pathogenic bacteria. Our chickens must be completely free from salmonella, and there must be the absolute minimum levels of campylobacter possible. Regular inspection of both of these is conducted on the chickens on arrival at the slaughterhouse.

Outbreak of Bird Flu

In November 2020, Danish and Swedish authorities reported the presence of bird flu in chicken flocks. Bird flu has recently spread across parts of Europe but is not considered to affect humans, which means there is no need to worry about consumers, as chicken products are safe to eat. As we enforce strict biosafety measures, Scandi Standard has assessed the risk of outbreaks as low, and no occurrence of bird flu has been detected in the regions in Sweden and Denmark where Scandi Standard and its contracted breeders conduct their main activities. However, exports of chicken products to Asia ceased for a period during the year, which affected operations.

Clean Label Policy

We are working continually on developing our products and ranges, focusing more on nutrition and issues surrounding additives, sugar content, salt content, etc. Our premiss is that pure 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 pure and simple as possible. The Board adopted a Group-wide Clean Label Policy in the year, which is based on current legislation and describes our shared stance on healthy products and establishes a clear framework that applies to all of our product development and new recipes. The policy applies to all new products carrying our private labels.

"Product quality and food safety are top of the list of priorities for Scandi Standard."

People

Inspiration for a healthy and sustainable diet

We want to inspire people to eat good chicken because of its taste, health and the climate. Through innovative, attractive products, we want to promote a transition from red to white meat, which is in line with the recommendations for a healthy diet from the World Health Organization (WHO) and the Nordic Nutrition Recommendations (NNR). Chicken is also significantly more climate-effective than beef and pork which is an important advantage as the demand for animal protein increases and poses a major environmental challenge from a global perspective.

Research project for new plant-based protein

In order to meet the increased interest and demand for plant-based products, Scandi Standard has initiated work to produce a future supplement to chicken during the year. This has involved us initiating a research collaboration with the Swedish food development company Veg of Lund. The project is set to run over two years and aims to develop a plant-based "chicken product" using potatoes and rapeseed oil.

Correct and factual marketing

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. Scandi Standard did not suffer any consequences from any non-compliances during the year

People

Attractive and healthy workplace

Scandi Standard's operations are completely dependent on its employees. Attracting, developing and retaining motivated and skilled individuals is crucial for the development and 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.

A year living with the Covid-19 pandemic

The pandemic and the new Corona virus have dominated the year for all of us. For Scandi Standard this has primarily been from the employer perspective, with a strong focus on ensuring the health of our employees. Read more about how we have managed the pandemic on page 44 .

Safe working environment

Most of our around 3,000 employees work in a production environment where there are physical risks associated with health and the work environment. Scandi Standard has a zero vision in terms of 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 plant and at a Group level. Local interim goals are also set in each country.

We rarely see serious accidents, but we have a challenge in reducing the total number of accidents that do occur. This is a prioritised area going forward and the focus is on addressing the identified risks in the plants, creating a more robust safety culture and advancing the development of common working methods and reporting systems.

New health and safety policy

Group management approved an overall group policy for health and safety at the workplace in the year. This policy clarifies Scandi Standard's commitment to ensuring a good working 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.

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. This includes organising a joint "Sustainability Week" beginning in 2019, which focuses on health and the environment. Due to the pandemic, the 2020 version of the theme week had to be limited to local initiatives in the form of communication and digital activities.

Values and Code of Conduct

Our values, Openness, Challenge and Sense of Urgency, describe our corporate culture and work alongside Scandi Standard's Code of Conduct to guide us in our daily work towards achieving our vision "Better Chicken for a Better Life". The Code of Conduct applies to all employees and sets the frameworks to act responsibly in terms of ethics, the environment, social issues and human rights. All employees receive a review of the code upon employment,

"We are working to ensure a safe, inclusive and stimulating work environment."

People

and sign to confirm they understand what it means. All office employees also receive mandatory e-training in the code as additional support. By 2020, 88 (92) percent had completed the training (including new employees).

The way we live up to our values is monitored through annual performance appraisals and employee surveys. A whistle-blowing function has been set up to enable the anonymous reporting of possible infringements in relation to the Code of Conduct.

High employee engagement

A major employee survey, ScandiPuls, is conducted every two years for all employees, the latest being in October 2020. Small-scale surveys are conducted in between. The results of this year's survey reveal a high level of engagement and that the vast majority of our employees enjoy their work. Despite a challenging year with the Covid-19 pandemic, both the engagement index and the loyalty index rose compared to the previous survey. The ambassadorship, measured by the number NPS (Net Promoter Score), is also a good tool for industry comparison, and amounted to 18 for 2020.

The survey reveals that a clear, visible and involving leadership is one of the most important factors in promoting employee engagement. Programmes and activities for leadership development based on a shared platform are carried out continually in the Group's companies.

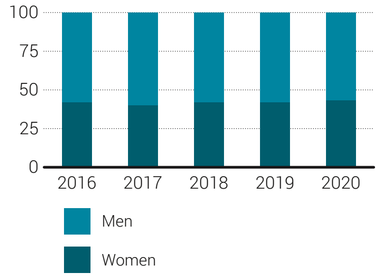
Inclusive culture

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.

For the first time, this year's ScandiPuls measured whether our employees experience the workplace as inclusive, offering equal opportunities to everybody, regardless of gender, age and background. Although the index number 75 can be seen as a positive result, Scandi's vision is to achieve 100. The result reveals a few differences between the different staff groups, with higher results among office employees (83) compared with production staff (71). There are no significant differences between age groups or different genders.

We also strive for equal groups at all levels. Of all employees, 43 (42) percent were women and 57 (58) percent men. The proportion of women in executive positions was 27 (26) percent.

Gender ratio in the Group over time, %



Employee engagement

Results of the employee survey ScandiPuls (index where max = 100):	Goals	2020	2018	2016	2015
Satisfaction and motivation	71	72	69 (73[1])	72	70
Inclusive culture	100 (long-term)	75			

The employee survey measures a number of different parameters, including engagement and leadership. An index score of 66–72 is average, while 75 is a good result.
In the 2020 survey, 92% of those who have been employed at Scandi Standard for at least 6 months took part. The index for inclusive culture was measured for the first time in 2020.

[1] Our Irish company Manor Farm participated for the first time in 2018, so the results are exclusive of Ireland (73).

Safe and healthy workplace

Attendance rates and work-related injuries in 2020	Group	Sweden	Denmark	Finland	Norway	Ireland
Attendance rates (percentage of standard working hours, %)	–	93 (94)	95 (95)	96 (94)	97 (97)	97 (96)
Accidents at work (LTA, number of accidents at work with sick leave/number of hours worked x 1,000,000)	31 (–)	48 (56)	13 (10)	56 (64)	2 (16)	38 (49)

Sick leave and work-related injuries are followed up at each plant. No serious injuries or accidents that caused permanent incapacity occurred during the year. A total of 170 injuries resulting in sick leave occurred during the year. Scandi Standard has an overall zero vision for accidents, with local measurable interim goals in the work on ensuring a safe working environment.

People

Responsible supplier relationships and business ethics

Scandi Standard's operations are highly dependent on good and effective supplier partnerships. As well as chicken, we buy other ingredients, equipment and services from a high number of suppliers. Purchases are coordinated at a Group level for categories related to production, which includes ingredients, packaging materials and transport.

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 ultimately responsible for the contents and implementation of the Supplier Code of Conduct.

The Supplier Code of Conduct was updated in 2020 to better reflect Scandi Standard's essential sustainability issues and identified risks in the supply chain. This included clarifying the requirements relating to animal care, the climate and biological diversity.

Systematic approach to sustainable supply chains

The Supplier Code of Conduct has been communicated to all suppliers with the requirement of confirming compliance in priority purchasing categories: chickens, transport services, technical equipment and packaging materials, as well as spices and other ingredients. Our aim is for all suppliers with a purchasing value of more than SEK 500,000 per year to sign the code. The outcome 2020 for the prioritised categories was over 90 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 deviations, 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. In 2019–2020 around 120 of our suppliers had been evaluated against the Supplier Code of Conduct. On the whole these results 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.

Ethical approach

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. All employees are trained in our Code of Conduct, and are encouraged to report any suspected violations.

Whistle-blowing function

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, Group CFO, Head of Group Finance and Group Quality Director. In 2020 four cases were reported through the service. They were related to employment law, internal leadership and employee issues and policy compliance. All cases were investigated and answered, although none of the cases proved to be an actual violation.

"We are continuously striving to improve transparency in our supplier relationships."

Case

Establishing a food safety culture

Studies show that deficiencies in food safety are rarely traced to poor procedures or system failures, as it is the culture and attitudes to food safety that determine success.

At Scandi Standard, food safety has always been a very high priority issue, and quality work has long been certified in line with European industry standards. The importance of the food safety culture has also recently started to receive attention, and since 2018 several certifications now include requirements for actively working to improve the corporate culture. The World Health Organisation, WHO, and the UN have also highlighted the importance of cultural work through the establishment of a special day; World Food Safety Day.

The quality and food safety work at Scandi Standard is headed by Heidi Bretthauer, Group Quality Director, who together with quality managers across all countries work to strengthen the internal culture and attitudes to food safety.

Why is cultural work so important?
The old saying "Culture eats strategy for breakfast" sums it up pretty well. We have procedures and processes in place that are carefully thought out and implemented, although it is what our employees do that makes a difference. If we can get our employees to understand the issue in depth and get involved, we will succeed a lot better in this process than if we simply introduce new procedures.

How do we work on culture at Scandi Standard?
We conduct attitude surveys at our production plants on a regular basis in order to map how the quality work is experienced by our employees. Through the results, we can then identify our weaknesses and work specifically on them through local working groups. We have also appointed Food Safety Culture Ambassadors at a couple of plants. They are tasked with keeping the issue alive and to inspire their colleagues. Another important element of the work is to hold training courses on a regular basis to ensure that the level of knowledge is always high. It is not enough to simply hold one course when an employee is new, constant refreshers are needed.

What will be important going forward?
We will continue to work on our food safety culture, which includes carrying on working with our working groups and working more with the sharing of knowledge between our plants. It is also vital to continue to build on the engagement in terms of activities such as the World Food Safety Day. Additionally, we will certify our quality work in line with a higher standard, BRC, with regard to those operations that are currently certified in line with a lower standard. This work will be performed in 2021, the purpose of which is to ensure that we maintain the same high level of work across all our countries.

Chickens

Chickens that feel good

Chickens are the heart of Scandi Standard's business. Our premiss is that all of our chickens must feel good and be reared in a good environment, from hatching to slaughter. Good animal welfare is an intrinsic part of our operations for ethical reasons, and because it is directly linked to quality, resource efficiency and profitability. The right quality of the day-old chicken, the right stable environment and the right feed all provide the chicken with the conditions to remain healthy and receive nutrition. Only chickens that feel good can grow in a healthy way.

Industry leader in animal welfare

Our ambition is 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 care, with animal welfare legislation that is some of the strictest in the world. Our Group-wide policy for animal welfare applies to all elements of our business and to all suppliers. As Scandi Standard's operations continue to grow beyond the Nordic countries, it will be even more important to clarify our position and ensure implementation of the requirements.

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. An animal welfare coordinator is appointed at each plant. All employees handling chickens undergo training in this as part of their introduction.

Selected farmers, clearly-defined quality requirements

We have long-term collaborations with selected farmers in each country. Quality and animal welfare parameters are measured for each delivery, and our guidelines apply to all farmers regardless of country. The contracted farmers which total about 350 receive support, training and regular follow-up visits from our advisers. In the event of non-conformance in terms of the requirements, a deduction is applied to the farmer's payment, whereas if the quality is good a supplement is paid. 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.

Different chicken breeds – same requirements for good health

Different chicken breeds and breeding lines are used in different production systems. Their care needs and conditions may vary, but our premise is that all chickens should be in good health and treated properly.

Group-wide Animal Welfare Policy

Our animal welfare policy is based on the internationally recognised five freedoms for animal welfare, and states, among other factors;

- that genetic modification is not permitted,
- defined space requirements, flock density limits,
- that antibiotics must not be used 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.

Chickens

We focus on the areas that are most important in terms of animal health. This includes the health of newly hatched chickens, the composition of the feed and how the pen environment is designed.

Good pen environment

A good pen environment is crucial for the chickens. Examples of requirements include that the animals must be able to move freely and have sufficient space. Limits to flock density vary between the different production systems and differences in national legislation, with an average for Scandi Standard of around 37 kg live weight per square metre. There are also clear requirements in place for heating, lighting, ventilation, bedding and equipment for feed and water. The health of the chicken flocks is monitored on a daily basis and the pen environment is measured using a number of key indicators. No growth hormones may be used and antibiotics or other medicines may only be administered to sick animals. No beak trimming is allowed.

Foot health is an important indicator of good animal welfare

The straw bed where chickens spend their time has a major impact on their health. Keeping the straw bed dry makes life comfortable for the chickens, maintains their immune system and reduces the risk of spreading diseases. The quality of the straw bed is checked by looking at the condition of the foot pads. This is monitored and registered for each pen when the chickens arrive at the slaughterhouse. Good foot health increases the proportion of high-quality chicken feet that can be exported as food, which increases revenue as this is more profitable than when they are used for animal feed.

Rearing without antibiotics

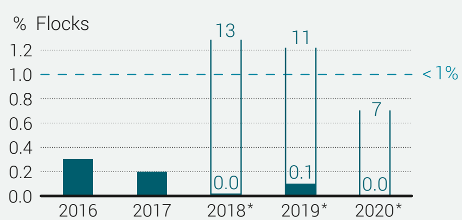
We enforce a very strict policy regarding the use of antibiotics and other types of medicines. In accordance with current legislation in the Nordic countries, antibiotics are not used as a preventive measure in the rearing process, unlike many other countries. Only sick animals may be treated, following veterinary approval. The use of antibiotics among Nordic breeders 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 Group companies, lie at the forefront from a global perspective, as well as in comparison with the stricter EU rules for antibiotic use in animal production that were set in 2018.

Successful reduction of antibiotics in Irish operations

When Irish Manor Farm was included in Scandi Standard in 2017, antibiotic use was around 70 percent. Through a purposeful process, this usage has more than halved by 2020. This trend is continuing in the right direction and levels should be on a par with Nordic levels within the next few years.

Percentage of flocks treated with antibiotics



* Including/excluding Ireland.

Scandi Standard's 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 2018–2020, with the numbers being more than halved. The difference with other countries in the Group is still substantial, but the assessment is to achieve the goal within a few more years.

Target:

<1%

use of antibiotics

Chickens

Our 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.

Sustainable feed

One important part of the collaboration with the breeders is the composition of feed to achieve the best possible health for the chickens and the most effective use of feed. All feed is made from vegetables and careful planning goes into several ingredients in the composition of the feed, with wheat and soya being major components. The use of GMO (genetically modified organisms, in this case soya and corn) in feed is widely discussed. Scandi Standard has chosen to adhere to local conditions and customer requirements and requires GMO-free feed in Sweden, Norway and Finland.

Chicken rearing is very resource-efficient compared with other kinds of animals. The amount of feed and the level of climate impact per kilogram of meat are much higher in the production of 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.

Alternative to soya

At present some 20 percent or just over 100,000 tonnes of the feed that our chickens receive currently consists of imported soya. Requirements for good quality, traceability and responsible production are set through various third-party certifications such as RTRS and ProTerra.

Our long-term goal is to replace imported soya that is traditionally used as a feed protein with other, local protein sources. This is because there are better options from an environmental and animal welfare perspective, which at the same time also 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 soya is replaced by locally sourced beans.

Ethics for transport and slaughter

Animal ethics are a high priority in the transport and slaughter of the chickens. Transport from the breeders to our plants in cold climate conditions (Sweden, Finland, Norway) is carried out in specially adapted lorries that have temperature-controlled ventilation. We select breeders who are close to our plants and the average transport time is 1–2 hours which is far below the statutory maximum time of eight hours. Transport distances 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. The chickens are checked on arrival and stunned (anaesthetised) before slaughter. The chickens are checked on site by independent vets.

Antibiotics, animal health and feed efficiency

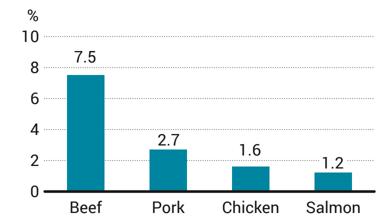
	Goals	2020	2019	2018	2017	2016
Antibiotics, proportion of treated flocks,%	<1	7 0.0 excl. Ireland	11 0.1 excl. Ireland	13 0.0 excl. Ireland	0.2	0.3
Foot health, foot points	<5	10 4 excl. Ireland	20 4 excl. Ireland	14 6 excl. Ireland	9	14
Feed efficiency, kg feed/ kg live weight	1.49	1.52	1.52	1.54	1.56	1.59

The chickens' health is monitored using a number of parameters. Low use of antibiotics and good foot health are key indicators of good animal health and pen environment. Reported use of antibiotics can be compared with an estimated 40–80 percent treated flocks in many European countries. Foot health is measured with foot points, where samples of 100 per flock are checked before slaughter. 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. Goals are long-term, aiming at 2025.

1.52 kg

Kg feed /kg live weight, Scandi Standard 2020

Feed efficiency for different kinds of animals, kg feed per kg live weight



This diagram shows feed efficiency when rearing different kinds of animals measured as the amount of feed in relation to growth (the weight is the live weight). The figures given should be seen as the mean value of the FCR values (feed conversion rate) from several published sources. An increase in feed efficiency saves natural resources and costs at several stages: less cultivated land is needed, fewer shipments, lower energy consumption for producing feed and less water consumption throughout the value chain.

Case

Good animal welfare – a complex and crucial area

Good animal welfare is, and has been for decades, an essential part of the Nordic way of raising animals. Good animal welfare is also a key area for Scandi Standard, where we, together with our contracted breeders, share an ambition to be the industry leader.

An important element of achieving the goal is to create consensus on what contributes to good animal welfare. It is an extensive and complex field with multiple parameters that in combination and individually impact the health and well-being of the chickens.

Tommi Saksala, Group Live Operations Director, is responsible for the Group's work on systematically improving animal welfare.

What is the key component to achieving good animal welfare?

It is easy to think that individual external factors have a major impact, such as the breed of the chicken or how many windows there are in a pen, but the most important element is actually the human factor. Our knowledge and how we choose to apply it in partnership with our breeders is by far the biggest component.

Is it not the case that some parameters mean more than others?

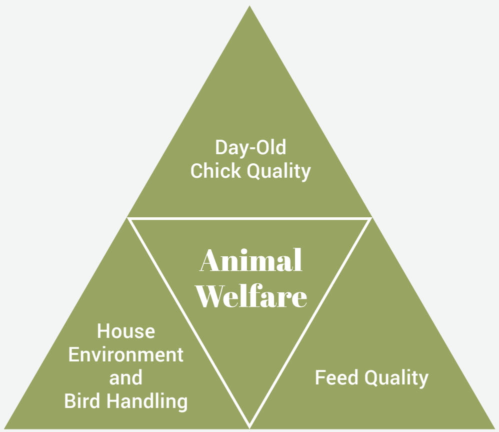
If you want to simplify it, you can divide the parameters into three different areas that have a major impact. The first is how the chicken feels as soon as it hatches, that is what we call the quality of the day-old chicken. We are able to influence the conditions considerably at the embryonic level and during the incubation process and ensure that the chickens that hatch are strong and healthy.

The second area is the quality of the feed the chickens are given. The same applies to us humans, when we eat well we also feel good and stay healthy. Many negative behaviours, such as the chickens pecking each other, can be counteracted by being given the correct feed.

The final area is, of course, about the environment the chickens live in and that the breeder taking care of them possesses the right knowledge and ensures the right conditions. We work hard to improve knowledge and augment attitudes towards animal welfare. Possessing the right knowledge can often compensate for, for example, an older chicken pen or other factors.

Why does animal welfare vary in different countries?

We currently operate in five different markets that all have their own legislation, traditions and market conditions. We have to take this into account to some extent, and this may mean that we focus or act in one way in one market, and in another way in the other countries. Regardless of the conditions, we measure animal welfare in the same way and we always have the same ultimate goal: to treat the chickens with respect, and that the chickens must feel as good as possible during their lifetime.



Planet

Climate and resource efficiency at every stage

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 The focus at the company's own plants is on the efficient use of electricity, heating and water, as well as the minimising and management of waste and by-products.

Climate goals in line with the Paris Agreement

We take the climate issue seriously and realise that we need to do our part to reduce emissions, and also identify and manage the risks resulting from climate change. In line with the Paris Agreement and the 1.5 degree goal, our vision is to be completely fossil-free. Our overall-goal is to halve our climate-impacting emissions every 10 years. Our measurable climate goals and reported climate data have the base year 2016 and currently include the energy consumption at our plants (scope 1 and 2) as well as distribution shipments. This goal is measured in relation to the size of operations (tonne CO_2e per kg product). However, we are also monitoring our climate footprint in absolute figures as well.

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.

As a next step, Scandi Standard will develop and verify our measurable climate goals in 2021, as specified in the Science Based Target initiatives model.

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 to address include flood risks and the climate protection of plants, legislation and financial instruments in the energy and transport sector, as well as brand risks linked to the increased environmental awareness of customers and consumers. For more information, see the section on risks on page 55 and Scandi Standard's reporting to the Carbon Disclosure Project (CDP).

Efficient use of energy and water

At each 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 over 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. In 2020, electricity was purchased from origin-marked renewable electricity for our plant in Sweden.

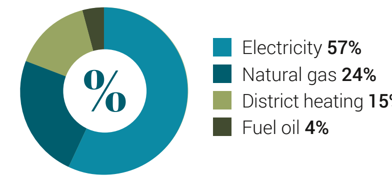
Responsible water management

None of our own plants or breeders 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, which is checked by monitoring the content of nitrogen and the Biological Oxygen Demand (BOD) content. 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 to enforce transport solutions that are as efficient and climate-smart as possible. We require our transport suppliers not only to observe our Supplier Code of Conduct, but also to provide

Energy consumption, 2020, distribution energy sources (kWh)



Target:

50%

less carbon dioxide emissions 2016–2025

Planet

us with environmental data and use EURO 6 environmentally classified vehicles.

In collaboration with our hauliers, we have installed filling stations for HVO biodiesel at our plants and at our hauliers' stations in Sweden. All shipments of Kronfågel's products within Sweden take place using 100 percent renewable HVO biodiesel. A pilot project was conducted in Denmark in 2020 featuring carbon-neutral cooling trailers which cool our products using a combination of electricity and energy generated from the drive shaft. The vehicle fleet also includes refrigerated trailers with solar panels on the roof.

Two new projects will be initiated in 2021 that will have a major impact on our climate footprint: a new agreement on fossil-free chiller and freezer storage in Denmark, and cooperation with a new logistics partner in Sweden that will shorten transport distances through better geographical placement.

Lowest possible food waste and other waste

The entire chicken is used in the processing process, with nothing being wasted. An average of 70 percent of each chicken becomes food, while 30 percent is used as by-products in feed or biooil. In terms of the value chain as a whole, the customer and consumer chain is the 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 food stores.

Waste at our plants comprises primarily packaging and other flammable materials. All of our large plants sort their waste and monitor the volumes for each waste fraction. Our long-term goal is zero residual waste in production, with a sub-goal of reducing the amount of waste by 2 percent per year. However, we still need to work with our waste contractors on defining base data and uniform measurements.

A special effort was made in 2020 to reduce food waste (known as floor waste) at our plants. In total the result was a reduction with 38 percent. Read more on page 11.

Sustainable packaging

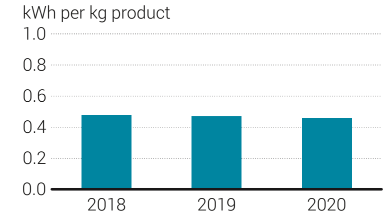
Stricter legislation and trends for a circular economy for packages affect Scandi Standard. All plastic packaging in the EU must be able to be reused or recycled by 2030. Scandi Standard's packaging strategy focuses on prioritising clean, non-composite materials, and to choose recycled and thinner materials where possible. This while keeping focus on product quality and packaging functionality. For example, in Denmark, Sweden and Norway we now use rPET trays 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. In 2020, we used approx. 18 g plastic per kg sold food product (Group average excluding Ireland where aligned data is not yet available). The main plastic categories are trays and plastic film.

Reported emissions distribution per scope according to the GHG protocol		Share of emissions	Tonne CO_2e
Scope 1	Energy consumption		
	Fuel oil	5%	1,734
	Natural gas	21%	6,595
Scope 2	Energy consumption		
	District heating	11%	3,373
	Electricity	43%	13,587
Scope 3	Distribution transports	21%	6,398

The diagrams to the right show energy consumption (electricity and heat) and water consumption in our plants, and carbon dioxide emissions from energy consumption and distribution transports (from 2018) per kg of chicken product. Reported data include the plants at AArs, Farre, Valla, Lieto, Stokke, Jaeren and Manor Farm, which in 2020 accounted for around 95 percent of Scandi Standard's overall production.

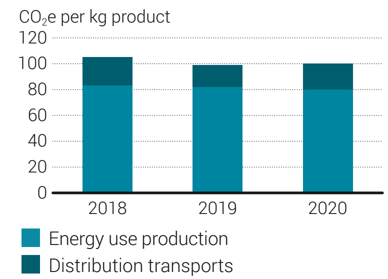
Compared to published data in previous report for 2019, data for carbon dioxide emissions 2018–2020 have been recalculated with updated and standardized emission factors for energy consumption. Emission factors used are from IEA, national and supplier-specific values where available.

Energy consumption



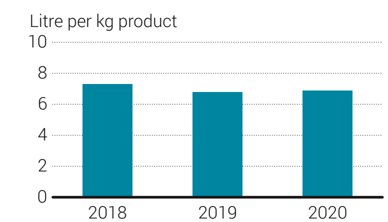
Total energy consumption in 2020 was 147 279 260 kWh, 0.46 kWh per kg product.

Carbon dioxide emissions



Emissions of carbon dioxide from energy consumption production and distribution transports in 2020 totalled in 32 182 tonnes, which equates to 102 grams per kg of product.

Water use



Total water consumption in 2020 was 2 190 169 m^3, 6.91 litre per kg product.

Our handling of the Covid-19 pandemic

The outbreak of the pandemic and the new corona virus has had a major impact on the year, especially from the employer perspective. Scandi Standard's operations generally have been able to be performed relatively unchanged, but with a high priority on employee safety and health, safeguarding the value chain and focusing on fulfilling the important societal function of maintaining the supply of food to the general population. In this section, we describe how we have managed the pandemic in different ways over the course of the year.

The health and safety of our employees
Scandi Standard introduced protection measures and extra hygiene protocols at an early stage to reduce the spread of infections. Following recommendations and in consultation with local authorities, travel bans were introduced for non-business-critical business trips, both between markets and plants in the same country, visiting bans were put in place for external visits, extra personal protective equipment was sourced for production staff and working from home was encouraged for workers who did not need to be at the office. In Ireland, temperature checks were also introduced for all production staff before entering the plant.

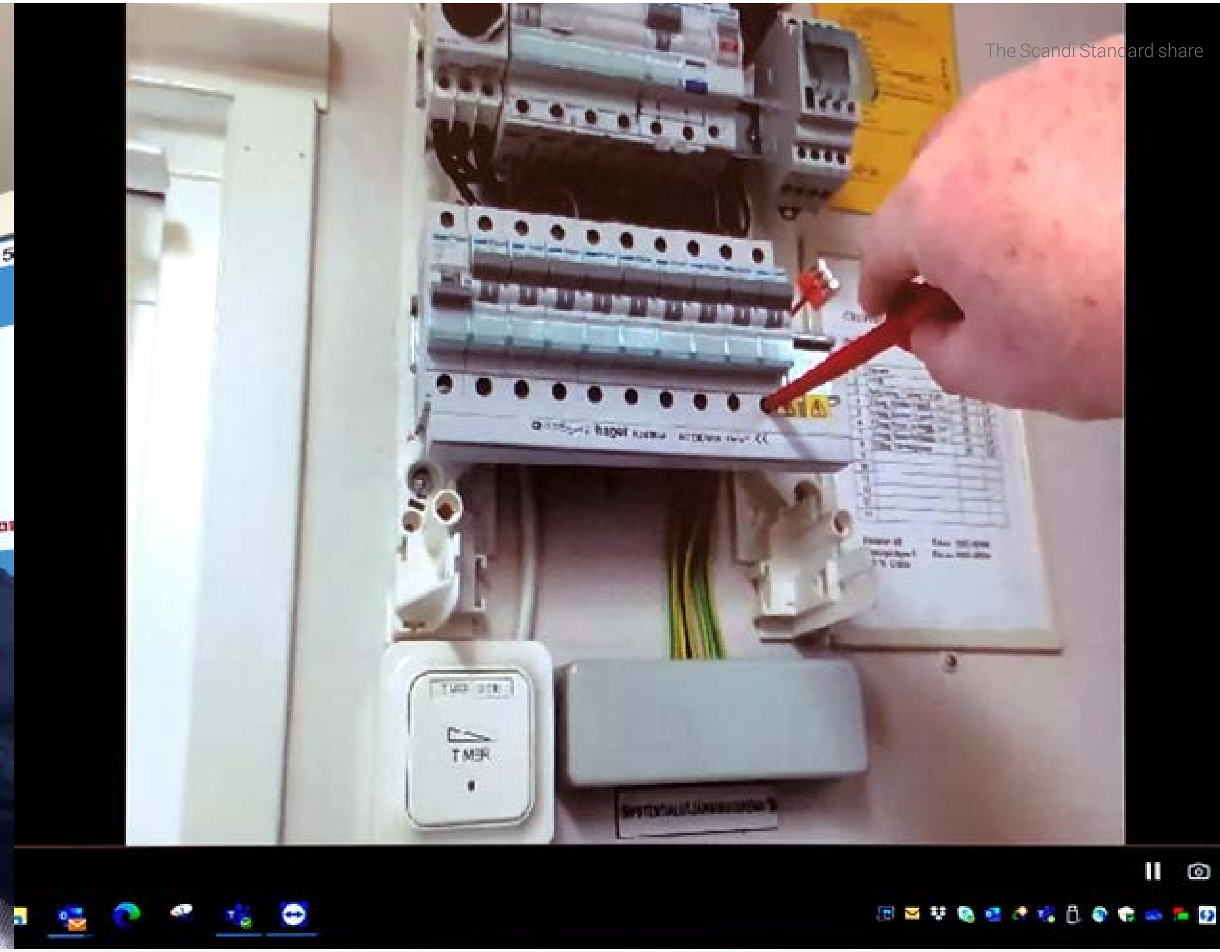
Both Denmark and Ireland also tested all employees during the year. In Denmark, this was introduced as an extra precaution following the detection of a few cases of Covid-19, while in Ireland it was part of a national testing program where production workers were tested a total of five times. All tests came back negative in Denmark, while in Ireland only a handful of positive cases were detected despite the extensive spread of infection throughout the local community, which shows that our measures and procedures have had an impact on restricting infection.

Early risk analyses and continuity planning
Detailed risk analyses and continuity planning were also conducted early on in the pandemic based on a number of possible scenarios in order to safeguard operations. These included making local plans for cooperation between different companies in order to ensure both animal welfare and production, as well as outcomes where a simplified product range could be produced with a greatly reduced workforce.

Corona from a long-term perspective
The OECD-FAO report Agricultural Outlook states that the long-term impacts on consumption, production and trade are difficult to assess. To manage any changes to demand or difficulties in supplying the value chain with raw materials, Scandi Standard has created a special, countrywide and cross-functional unit tasked with monitoring, analysing and interpreting the existing signals. The goal is to detect structural changes at an early stage that could have an impact on the business.

No changes in strategy as a result of the pandemic
Despite the fact that the pandemic has had a major impact on our Food Services sales channel, we have not made any structural or overall changes to our strategy for the channel. Measures were introduced in the short term that safeguarded outstanding accounts receivable and minimised the write down of credit losses. In general we believe there will be a return to relatively normal movement patterns over the coming year and have planned accordingly.

> **"Detailed risk analyses and continuity planning were conducted at an early stage to safeguard operations."**



Case

Remote maintenance with Augmented Reality glasses*

As the Corona virus spread during the spring, travel restrictions were also introduced, especially to and from Sweden and Ireland. But machines and equipment still needed to be maintained. Technicians from our suppliers usually travel around from plant to plant to tackle these maintenance tasks, but shut-downs and quarantine made this impossible. The solution was smart glasses that combine video and Augmented Reality where our own employees perform the tasks themselves with the supplier's technicians using video links who direct the work from a remote location. The glasses, intended as a temporary solution, have proven to be a very efficient and time-saving way of performing maintenance and will continue to be used even when the pandemic is over.

* **Augmented Reality (AR)** is an enhanced version of the real physical world that is achieved through the use of digital visual elements, sounds or other sensory stimuli delivered through technology such as glasses or a mobile phone.

The Scandi Standard share

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

In 2020, a total of 30.0 (20.9) million shares were traded. The average daily volume was 119,145 (84,020) shares.

The final price paid on the last day of trading in 2020 was SEK 68.8 (SEK 74.4), which entails a drop of approximately 8 percent compared with the same period in the previous year. The share price has therefore increased by approximately 46 percent since the listing in 2014. The share is a part of the Nasdaq Mid Cap index, which increased by 25 percent in 2020.

On 31 December 2020 the market value totalled approximately MSEK 4,545 (4,915).

Ownership structure

On 31 December 2020 the number of shareholders totalled 6,114 (5,854). The holding of the ten largest share owners corresponded to 54 (54) percent of the share capital. Swedish institutions, unit trusts and private individuals had a holding in the compant corresponding 57 (54) percent av of the share capital as of 31 December 2020.

Dividend

The Board intends to propose a total dividend for the financial year 2020 of SEK 2.50 (0.00) per share which corresponds to MSEK 164 (0) based on the number of outstanding shares as of December 31, 2020. The Board proposes a dividend of SEK 1.25 (0.00) per share which corresponds to MSEK 82 (0), to the Annual General Meeting 2021 based on the number of outstanding shares on December 31, 2020. The Board intends to convene an Extraordinary General Meeting in the second half of 2021 to propose an second dividend of SEK 1.25 per share. The total dividend for the financial year 2020 that the Board intends to propose corresponds to approximately 47 (0) percent of the earnings for the year, adjusted for non-comparable items. 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 2018, LTIP 2019 and LTIP 2020. See Notes 1 and 5 for information about these programmes.

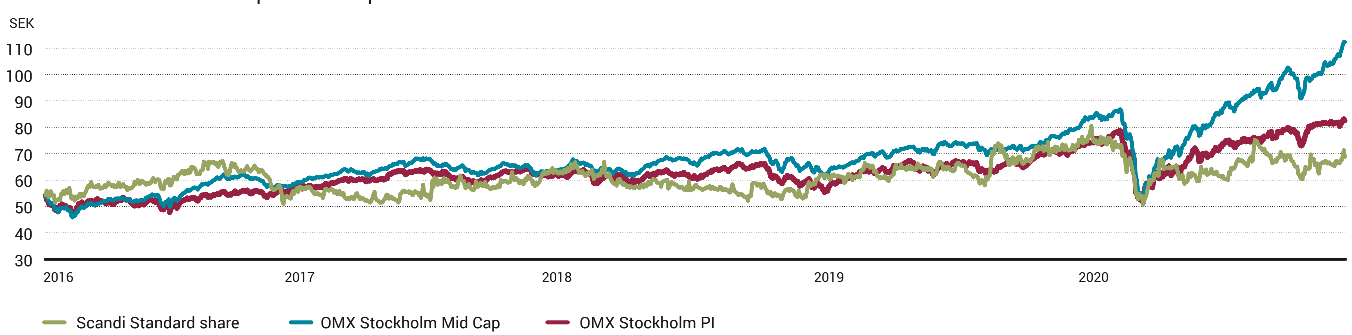
46%

Increase in the share price since the listing in 2014 (as of 31 December 2020)

54%

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 2020



Ownership structure on 31 December 2020

Holding	No. of shareholders	No. of shares	Voting rights and share capital, %
1 – 500	4,304	603,400	0.9
501 – 1,000	707	576,219	0.9
1,001 – 10,000	879	2,701,995	4.1
10,001 – 20,000	68	974,986	1.5
20,001 –	156	61,204,290	92.6
Total	**6,114**	**66,060,890**	**100.0**

Per share data, SEK

	2020	2019
Adjusted earnings per share [1]	5.45	4.06
Earnings per share	3.16	3.60
Dividend per share	1.25 [2]	–
Operating cash flow, per share [3]	7.26	8.20
Equity per share	28.58	26.58
Average no of shares [4]	65,501,968	65,358,603
Number of shares at the end of period	66,060,890	66,060,890

1) Adjusted for non-comparable items, see page 50.

2) Board's proposal to the Annual General meeting 2021.

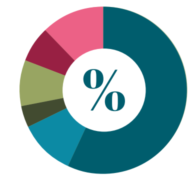
3) Reclassification of cash flow effect for leasing assets has been made for the year and for comparative figures.

4) In 2020, 0 (0) shares were repurchased.

Largest shareholder on 31 December 2020

Name	No. of shares	Capital, %
Investment AB Öresund	10,100,000	15.3
Carton Group ULC	6,000,000	9.1
Länsförsäkringar Fondförvaltning AB	4,655,873	7.0
Lantmännen Animalieinvest AB	3,303,461	5.0
Carnegie Fonder	2,862,591	4.3
JP Morgan Bank Luxembourg S.A.	2,448,472	3.7
Cliens Fonder	2,160,000	3.3
State Street Bank and Trust Co	1,602,371	2.4
Brown Brothers Harriman/Lux	1,559,416	2.4
Brown Brothers Harriman & Co.	1,231,537	1.9
Other	30,137,169	45.6
Total	**66,060,890**	**100.0**

Geographic distribution of the share ownership



- Sweden **57%**
- Luxembourg **11%**
- United Kingdom **4%**
- Ireland **9%**
- USA **7%**
- Other **12%**

CFO statement

> **Scandi Standard has navigated the challenges of 2020 in a balanced way."**

Adjusted operating income in 2020 was MSEK 500, which is a rise of MSEK 46 (10 percent) compared to 2019, with an adjusted operating margin of 5.0 (4.6) percent. It is pleasing to see that our operations in Finland were profitable for the first time since the acquisition, and that our operations in Ireland had their strongest year since the acquisition. In contrast, operations in Denmark have experienced a particularly tough year as this segment within the Group was most negatively affected by the Covid-19 pandemic due to the fact that it has a major share of its sales within the Foodservice and Export sales channels. The segment also faced challenges in production. Suffice to say we have potential for improvement here. However, it is a positive sign that the strong results delivered by the other segments demonstrate that the Group as a whole is still able to deliver solid results.

Our net financial items in 2020 were positively affected by exchange rate effects, compared with negative exchange rate effects last year, but we also had lower interest expenses as we had a consistently lower debt-to-equity ratio throughout the year. We have also had lower tax costs in 2020, primarily the result of a positive mix between our legal entities.

In the first half of 2020, we had a strong focus on the effect the Covid-19 pandemic would have on our financial position and we therefore took some precautionary measures such as the Board's decision to propose to the Annual General Meeting that dividends not be paid for 2019, reducing investments and raising additional credit facilities. Fortunately, these measures and operational measures implemented to manage the risk of the Covid-19 pandemic have made us stronger from a financial perspective over the course of the year with reduced net debt and debt-to-equity ratio at 2.4 which is in line with our long-term target. Our financial position, including available funds at the end of the year, is good and we are well equipped to deliver on our strategy . This while continuing to focus on maintaining several of the measures to address the risks of the Covid-19 pandemic. Acquisitions are an important part of Scandi Standard's strategy and potential acquisition targets are therefore analyzed on an ongoing basis.

To sum up, 2020 was a year like no other for Scandi Standard, but our business has handled the Covid-19 pandemic in an exemplary manner and we see potential to further strengthen our margins.

We look forward to 2021 with confidence, as does the rest of the world.

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 2020 financial year.

- Net sales for the Group increased in 2020 to MSEK 9,940 (9,891). Net sales in Sweden increased by 1 percent, in Norway by 2 percent, in Ireland by 7 percent, in Finland by 13 percent and decreased in Denmark by 5 percent
- Adjusted operating income[1)] increased to MSEK 500 (454), corresponding to a margin of 5.0 (4.6) percent.
- Adjusted operating income[1)] improved in all segments except for Denmark.
- Income after finance net decreased to MSEK 260 (312).
- Income for the year decreased to MSEK 208 (237) and earnings per share were SEK 3.16 (3.60). Income for the year was negatively impacted by non-comparable items of MSEK 150 (30). Tax expenses amounted to MSEK 52 (75) corresponding to an effective tax rate of approximately 20 (24) percent. The tax rate was positively affected mainly by a changed country mix.
- Operating cash flow amounted to MSEK 476 (536) negatively impacted by lower EBITDA and lower improved working capital and positively affected by lower investments.
- Net interest-bearing debt decreased to MSEK 1,933 (2,200) mainly due to a reduced level of investments and the fact that no dividend was paid for the 2019 financial year.
- The Board anticipates to propose a total dividend for the financial year 2020 of SEK 2,50 (0,00) per share, corresponding to MSEK 164 (0) based on the number of shares outstanding on December 31, 2020. The Board propose a dividend of SEK 1,25 (0,00) per share, corresponding to MSEK 82 (0) to the Annual General Meeting 2021 based on the number of shares outstanding on December 31, 2020. The Board intends to summon an Extraordinary General Meeting during the second half of 2021 to propose an second dividend of 1.25 SEK per share.

Net sales and income

Net sales

Net sales for the Group for 2020 increased to MSEK 9,940 compared to MSEK 9,891 last year.

Net sales increased by 1 percent in Sweden, 2 percent in Norway, 7 percent in Ireland and 13 percent in Finland and decreased with 5 percent in Denmark.

Net sales by product category increased by 6 percent for Ready-to- cook Chilled, which is the largest product category, decreased by 5 percent for Ready-to-cook Frozen and decreased by 8 percent for Ready-to-eat. The decrease in Ready- to-eat is driven by the decrease in sales within the Foodservice sales channel.

Income

Operating income for the Group, adjusted for non-comparable items[1)], increased to MSEK 500 in 2020 from MSEK 454 in 2019, corresponding to a margin of 5.0 (4.6) percent. Adjusted operating income[1)] improved in all segments except Denmark. The improved adjusted operating income was mainly driven by higher sales volumes and an improved sales mix.

Operating income, including non-comparable items, decreased to MSEK 351 from MSEK 424 in 2019, corresponding to a margin of 3.5 (4.3) percent.

Negatively non-comparable items in operating income amounted to MSEK 150 (30), see table on page 50.

The finance net for the Group 2020 amounted to MSEK –90 (–113). The decrease is mainly driven by lower interest expenses and positive currency fluctuations due to a stronger Swedish krona.

Tax expenses for the Group amounted to MSEK 52 (75) corresponding to an effective tax rate of approximately 20 (24) percent. The tax rate was positively affected mainly by a changed country mix.

Income for the Group in 2020 decreased to MSEK 208 from MSEK 237 in 2019, corresponding to earnings per share of SEK 3.16 (3.60).

Key figures

MSEK	2020	2019
Net sales	9,940	9,891
Adjusted EBITDA[1)]	835	776
Adjusted operating income (EBIT)[1)]	500	454
Operating income (EBIT)	351	424
Income after finance net	260	312
Income for the year	208	237
Earnings per share, SEK	3.16	3.60
Dividend, SEK	1,25[2)]	–
Net interest-bearing debt	1,933	2,200
Operating cash flow	476	536

%	2020	2019
Adjusted EBITDA-margin[1)]	8.4	7.8
Adjusted operating margin (EBIT)[1)]	5.0	4.6
Operating margin (EBIT)	3.5	4.3
Adjusted return on capital employed (ROCE)[1)]	11.9	11.0
Return on equity	11.5	14.2
Equity ratio	29.4	27.7
Average number of employees	3,220	3,266

1) For the non-comparable items, see page 50.

2) Proposed by the Board to the Annual General Meeting 2021.

Cash flow and investments

Operating cash flow for the Group in 2020 last year amounted to MSEK 476 compared to MSEK 536 last year. Cash flow was negatively impacted by a lower income before depreciation and amortization (EBITDA) and lower improved working capital and positively affected by lower investments.

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

Non-comparable items in operating income

MSEK	2020	2019
Bird flu[1]	–15	–
Earn-out Debt adjustment[2]	–52	–
Covid-19 pandemic[3]	–60	–
Strategy project[4]	–16	–
Restructuring[5]	–7	–12
Restructuring of production[6]	–	–7
Transaction costs[7]	–	–1
Costs for incorrect inserts goods[8]	–	–6
Other	–	–4
Total	**–150**	**–30**

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

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

3) Cost related to Covid-19 pandemic – Temporarily closing of production lines on products within Foodservice in Denmark , provision for bad debt and inventory write-down.

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

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

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

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

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

Capital expenditure

Net capital expenditure for the Group in 2020 amounted to MSEK 355 compared to MSEK 419 last year. A significant part is mainly related to investments in Finland with the purpose to increase efficacy, productivity and capacity. Investments with the same purpose have also been made in several sites in the other countries.

Approximately 71 (72) percent of the capital expenditure in 2020 referred to productivity and capacity improvement measures and approximately 29 (28) percent to maintenance.

Change in net interest-bearing debt

MSEK	2020	2019
Opening balance net interest-bearing debt	**–2,200**	**–2,370**
EBITDA	699	748
Adjustments for non-cash items	74	29
Change in working capital	143	264
Net capital expenditure	–355	–419
Net increase in leasing assets[1]	–84	–87
Operating cash flow	**476**	**536**
Paid finance items, net	–76	–72
Paid income tax	–41	–49
Dividend	–	–131
Acquisition	–104	–133
Other[2]	11	18
Total change in net interest-bearing debt	**267**	**170**
Closing balance net interest-bearing debt	**–1,933**	**–2,200**

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

2) 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 2020 amounted to MSEK 1,875 (1,738). The equity to assets ratio improved to 29.4 (27,7) percent. Return on Equity was 11.5 (14.2) percent.

Net interest-bearing debt for the Group as of 31 December 2020 amounted to MSEK 1,933 (2,200). Despite lower income before depreciation and amortizations (EBITDA) and lower improved operating cash flow, the net interest-bearing debt was improved due to lower capital expenditure and the fact that no dividend was paid for the financial year 2019, a decision taken as a precautionary measure to secure the company's and the group's liquidity if the development as an effect of the Covid-19 pandemic were to deteriorate. Net interest-bearing debt/adjusted EBITDA as of 31 December 2020, was 2.4 (2.8) percent. Cash and cash equivalents for the Group amounted to MSEK 413 (194) as of 31 December 2020 and committed but not utilized credit facilities amounted to MSEK 723 (461).

Segment information

Sweden

MSEK	2020	2019	Change
Net sales	2,884	2,864	1%
Adjusted EBITDA[1)]	298	257	16%
Adjusted operating income (EBIT)[1)]	216	182	19%
Non-comparable items[1)]	–13	–	–
Operating income (EBIT)	203	182	12%
Adjusted EBITDA-margin[1)]	10.3%	9.0%	–
Adjusted operating margin[1)]	7.5%	6.3%	–

1) For the non-comparable items, see page 50.

Net sales for the Swedish operations in 2020 increased by 1 percent to MSEK 2,884 (2,864).

Net sales was unchanged for product category Ready-to-cook and increased by 1 percent for Ready-to-eat product category compared with previous year. Net sales increased in sales channel Retail market while it decreased in Foodservice.

Adjusted operating income increased by 19 percent to MSEK 216 (182), corresponding to a margin of 7.5 (6.3) percent.

The increase in adjusted operating income and margin was positively impacted by improved product mix and imroved production efficiency.

Non-comparable of MSEK 13 was recognised during 2020, which was related to the Covid-19 pandemic of MSEK 4 in the form of provision for bad debt and inventory write-down, partly to restructuring of a Swedish subsidiary with termination of a long-term contract and write-downs of assets of MSEK 7, partly due to bird flu in the form of inventory write-down of MSEK 2.

The Retail market* for chicken products in Sweden increased by 16 percent in value compared to 2019 while volume increased with13 percent.

Denmark

MSEK	2020	2019	Change
Net sales	3,251	3,426	–5%
Adjusted EBITDA[1)]	141	186	–24%
Adjusted operating income (EBIT)[1)]	57	101	–43%
Non-comparable items[1)]	–66	–20	224%
Operating income (EBIT)	–8	80	–111%
Adjusted EBITDA-margin[1)]	4.3%	5.4%	–
Adjusted operating margin[1)]	1.8%	2.9%	–

1) For the non-comparable items, see page 50.

Net sales for the Danish operations in 2020 decreased by 5 percent to MSEK 3,251 (3,426) and by 5 percent in local currency.

Net sales decreased by 5 percent for product category Ready-to-cook and by 9 percent for Ready-to-eat product category compared with previous year. Net sales increased in sales channel Retail market while it decreased in Foodservice.

Adjusted operating income decreased by 43 percent to MSEK 57 (101), corresponding to a margin of 1.8 (2.9) percent.

Adjusted operating income and adjusted operating margin decreased mainly due to lower export prices and worsening mix with less sales to the sales channel Foodservice, impacted by the Covid-19 pandemic and bird flu.

About MSEK 66 was reported as non-comparable items during the year. These items related partly to the Covid-19 pandemic of MSEK 53, due to costs for temporary closure of production lines focused on Foodservice, provision for bad debt and inventory write-down and the rest was related to the bird flu due to inventory write-down of MSEK 13.

The Retail market* for chicken products in Denmark increased with 9 percent in value compared to 2019 while the volume increased with 8 percent.

Norway

MSEK	2020	2019	Change
Net sales	1,648	1,619	2%
Adjusted EBITDA[1)]	228	223	2%
Adjusted operating income (EBIT)[1)]	162	150	8%
Non-comparable items[1)]	–	–	–
Operating income (EBIT)	162	150	8%
Adjusted EBITDA-margin[1)]	13.8%	13.8%	–
Adjusted operating margin[1)]	9.8%	9.2%	–

1) For the non-comparable items, see page 50.

Net sales for the Norwegian operations in 2020 increased by 2 percent to MSEK 1,648 (1,619) and by 12 percent in local currency.

The net sales in the product categories Ready-to-cook increased by 4 percent, while the net sales in the product category Ready-to- eat decreased by 8 percent compared to previous year. Net sales increased in sales channel Retail market while it decreased in Foodservice.

Adjusted operating income increased by 8 percent to MSEK 162 (150), corresponding to a margin of 9.8 (9.2) percent. Adjusted operating income and adjusted operating margin were positively affected by increased net sales coupled with good operational performance, but negatively affected by a weaker local currency rate in relation to the Swedish krona.

The Retail market* for chicken products in Norway in 2020 grew by 23 percent in value compared to 2019 while the volume increased with 20 percent.

* Source: Nielsen, Kantar WorldPanel and others, and the company's best estimates.

Ireland

MSEK	2020	2019	Change
Net sales	2,104	1,972	7%
Adjusted EBITDA[1)]	237	169	40%
Adjusted operating income (EBIT)[1)]	166	107	55%
Non-comparable items[1)]	–4	–	–
Operating income (EBIT)	162	107	51%
Adjusted EBITDA-margin[1)]	11.3%	8.6%	–
Adjusted operating margin[1)]	7.9%	5.4%	–

1) For the non-comparable items, see page 50.

Net sales for the Irish operations increased with 7 percent in 2020 and amounted to MSEK 2,104 (1,972) and by 8 percent in local currency. Net sales increased in sales channel Retail market while it decreased in Foodservice.

Adjusted operating margin improved by 55 percent to MSEK 166 (107), corresponding to a margin of 7.9 (5.4) percent. The improvement in adjusted operating income and adjusted operating margin was mainly driven by increase in sales and improved efficiency in the production.

Non-comparable of MSEK 4 was recognised during 2020, which was related to the Covid-19 pandemic in the form of provision for bad debt and inventory write-down.

The Retail market* for chicken products in Ireland, which is predominantly chilled, increase by 13 in value compared to 2019.

Finland

MSEK	2020	2019	Change
Net sales	555	491	13%
Adjusted EBITDA[1)]	29	20	41%
Adjusted operating income (EBIT)[1)]	6	–2	480%
Non-comparable items[1)]	–	–9	–
Operating income (EBIT)	6	–10	159%
Adjusted EBITDA-margin[1)]	5.2%	4.1%	–
Adjusted operating margin[1)]	1.1%	–0.3%	–

1) For the non-comparable items, see page 50.

Net sales for the Finnish operations in 2020 increased by 13 percent to MSEK 555 (491) and by 14 percent in local currency. Net sales increased in sales channel Retail market while it decreased in Foodservice.

Adjusted operating income was improved to MSEK 6 (–2), corresponding to a margin of 1.1 (–0.3) percent. The improvement was manly driven by increased net sales, improved product mix and improved efficiency in the production.

The Retail market* for chicken products in Finland, which is predominantly chilled, increased by 4 percent in value compared to 2019.

Acquisition

No acquisitions were made during 2020.

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 is depending 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 SEK 117 million, was paid out in the third quarter of 2020 and the first quarter of 2021. During 2020 an increase of earn-out debt of MSEK 52 related to the acquisition of Manor Farm has been recognised, mainly due to a strong development of earnings in Manor Farm in 2020 compared to the assumptions at the time of the transaction. The amount was included in profit as a non-comparable item.

The Scandi Standard share

As of 31 December 2020, 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 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 2020, the three largest shareholders were Investment AB Öresund, Carton Group ULC and Länsförsäkringar Fondförvaltning AB with a holding in the company corresponding to 15.3, 9.1 and 7.0 percent of the share capital respectively. For information on major shareholders, see page 47.

* Source: Nielsen, Kantar WorldPanel and others, and the company's best estimates.

Environmental activities

Scandi Standard operates 12 larger production facilities, of which four in Sweden, two 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. There was no non-compliance to the legislations reported in 2020. More information can be found in 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 2020 was 3,220 (3,266), of which 979 (843) in Sweden, 941 (920) in Denmark, 314 (312) in Norway, 832 (1,008) in Ireland and 184 (183) in Finland. For more information, see Note 5.

Annual General Meeting 2021

The Annual General Meeting (AGM) 2021 will be held on 7 May. In order to prevent the spread of the infection of the Covid-19, the Board of directors has decided that the Annual General Meeting shall be held without physical presence of shareholders, proxies or external parties and that the shareholders shall extercise their voting rights by post in accordance with sections 20 and 22 of the Swedish Act on Temporary Exemptions to Facilitate the Execution of General Meetings in Companies and Associations. Notice of the Annual General Meeting, including information on how shareholders can vote by mail and exercise other rights is available on: www.investors.scandistandard.com/en/agm.

Proposed appropriation of earnings

Background

The Board anticipates to propose a total dividend for the financial year 2020 of SEK 2,50 per share corresponding to MSEK 164 (0) based on the number of outstanding shares as of 31 December 2020. The Board proposes a dividend of SEK 1,25 (0,00) per share, corresponding to MSEK 82 (0) to the Annual General Meeting 2021 based on the number of outstanding shares as of 31 December 2020, except for shares that are expected to be held by the Company itself on the record date for the dividend, and is therefore subject to change if the Company acquires or disposes own shares before the record date. Accordingly, the Company has taken into account the expected allotment under LTIP 2018. The Board intends to summon an Extraordinary General Meeting during the second half of 2021 to propose a second dividend of 1.25 SEK per share.

The total dividend for the financial year 2020 that the Board intends to propose corresponds to approximately 47 (0) percent of income for the period adjusted for non-comparable items.

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.

Proposed appropriation of earnings to the ordinary Annual General Meeting 2021

The Board proposes a dividend of SEK 1,25 (0,00) per share, corresponding to MSEK 82 (0) to the Annual General Meeting 2021 based on the number of outstanding shares as of 31 December 2020, except for shares that are expected to be held by the Company itself on the record date for the dividend, and is therefore subject to change if the Company acquires or disposes own shares before the record date. Accordingly, the Company has taken into account the expected allotment under LTIP 2018. The Board proposes that the remaining funds will be carried forward.

SEK	2020	2019
Share premium reserve	726,508,284	726,508,284
Accumulated deficit	−19,969,532	−39,963,216
Income for the year	24,553.713	16,993,683
Total	**731,092,465**	**706,538,751**
Dividend to shareholders of SEK 1.25 (–) per share	82,308,955	–
To be carried forward	748,783,510	706,583,751
Total	**731,092,465**	**706,538,751**

Significant events during the financial year

During the spring of 2020, the Corona virus, first discovered in China, has spread over the world. On 11 March 2020, WHO declared the outbreak of Covid-19 as a pandemic. The outbreak affected the society in all countries where we have operations. The hospitality industry was affected the most and thereby sales to the Foodservice channel negatively. This was offset by a positive increase in sales in the Retail channel, which comprises the majority of our sales.

In all the Group's operations, crisis plans was adapted and activated to ensure that the effects on our operations would be as limited as possible and proactive actions were taken to protect employees and other stakeholders and to safeguard the financial position. During 2020, an amount of MSEK 20 of governmental support has been recognized in profit. The received government support refers to compensation for short-term layoffs, increased sickness-related absences through sick pay compensation, reduced social security contributions and lower pension fees, but in total substantially lower than the overall increased costs related to the Covid-19 pandemic.

Events after the end of the period

Further cases of avian influenza have been detected in Sweden and Denmark. The impact its currently expected to be managed within the range of previously communicated press release which is available on: investors.scandistandard.com/en/press.

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 has not proposed any changes to these guidelines prior to the 2021 Annual General Meeting, which means that the following guidelines for 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 these guidelines, 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 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. The extent to which the objectives for awarding variable salary have 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 cash salary to the Managing Director. The Managing Director is responsible for the evaluation of the variable cash salary to other members of 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 2021 (LTIP 2021) which the Board of Directors intends to propose to the 2021 Annual General Meeting or the outstanding share-related long-term incentive programs of the same kind resolved upon by the Annual General Meetings 2020 and 2019, or the outstanding share-related long-term incentive programs resolved by the 2018 and 2017 Annual General Meetings, which are 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.

Principles for pensions

Agreements regarding pensions shall, where applicable, be premium based and be 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

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 senior management shall be limited to the current monthly salary for the remaining months up to the relevant retirement age.

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, in whole or in part, 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 has resolved to propose to the AGM 2021 a share-related long-term incentive program 2021 (LTIP 2021) for key employees which is 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 individuals in the program and the company's shareholders. The program is of the same type as LTIP 2020 and LTIP 2019 and complies partly with the program LTIP 2018 and LTIP 2017 as resolved by the AGMs for each year. The program comprises a maximum of 33 participants.

Performance share rights shall be allotted free of charge to the participants in the program in relation to a fixed percentage of their base salary (fixed salary). After a three-year vesting period commencing in connection with the implementation of LTIP 2021 and provided that certain conditions are fulfilled, the participants in the program may exercise their performance share rights through which they will be allotted ordinary shares in the company free of charge. Each performance share entitles the holder up to one ordinary share. New from LTIP 2019 is that the participants in the LTIP program 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 for performance share rights to entitle the 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 and that certain performance criteria are fulfilled.

In order to ensure the delivery of ordinary shares under LTIP 2021 and for the purpose of hedging social security charges under LTIP 2021, the Board of Directors proposes that (a) a new share class named "shares of series C", which may be converted into ordinary shares, is introduced and (b) the board of directors is authorised to issue a maximum of 509,000 new shares of series C to a third party and to immediately repurchase such shares of series C, which subsequently shall be held in treasury during the vesting period of LTIP 2021 and be converted into ordinary shares in connection with the execution of the performance share rights (if any). In addition, in order to enable the company to deliver ordinary shares to the participants, the Board of Directors proposes that the Annual General Meeting resolves to transfer a maximum of 509,000 own ordinary shares to the participants of LTIP 2021 in accordance with the terms of LTIP 2021.

The LTIP 2017 program was completed during 2020 with an allotment of 218.334 shares to the participants in the program.

Apart from LTIP 2018, LTIP 2019 and LTIP 2020, Scandi Standard has no other share- or share price related incentive programs. The intention is that a program similar to LTIP 2020 will be proposed annually to the AGM in the coming years.

Full details of LTIP 2021 are included in the notice to the AGM 2021. For information about the terms and the costs for LTIP 2020, LTIP 2019 and LTIP 2018, 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 managment 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 113 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 113.

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 2020 and assumes that all other influencing factors remain unchanged.

Sensitivity analysis as of 31 December 2020	Average sale price	Cost of goods sold	Change in exchange rates in relation to SEK		
			DKK	NOK	EUR
Change on an annual basis	+/– 1%	+/– 1%	+/– 5%	+/– 5%	+/– 5%
Estimated impact on operating income, MSEK	+/– 99	+/– 83	+/– 3	+/– 8	+/– 9

Strategic risks

Risks	Description	Management
Dependency on a few major customers	The Group's five largest customers represented approximately 44 percent of net sales in 2020, and the ten largest approximately 60 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.	• Annual strategy process. • Proactive management of yearly customer negotiations. • Reporting of sales and results to Group Management and other members of operational management on a weekly basis. • Group Management holds meetings every two weeks to review the results and position, to update forecasts and plans, and to discuss critical business issues.
Access to birds to maintain current operations and achieve growth	It is almost exclusively external contract breeders 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.	• The Group works closely with its contracted breeders on the efficiency and quality of the breeding and to promote good animal husbandry. • Continue to strengthen cooperation with the contracted breeders overall and in terms of the legal agreements, and to formalize the follow-up. • Improved internal planning process throughout the value chain.
New trends that could lead to lower demand for chicken	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.	• Greater focus on sustainability work throughout the organisation and the value chain, including stakeholder dialogues. • Improved communication on our product benefit related to health and climate efficiency. • The Group has group-wide functions for sustainability, quality and animal welfare. • Long-term marketing studies.
Changes in retail marketing	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 behaviour 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.	• 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.

Risks	Description	Management
Political risks	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.	• Continuous improvement of work processes and quality management systems to ensure high food safety and quality throughout the value chain. • Major focus on sustainability work throughout the organisation and the value chain. • Develop stakeholder dialogue and improving sustainability governance and reporting. • Certification of the production facilities in accordance with global and leading standards. • Continuous tests in production for salmonella and campylobacter.
Brand damage	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.	• Internal steering documents such as codes, policies, guidelines and instructions. • A process has been established to capture learnings and benefit from the experience from events that have occurred.
Company culture and the ability to attract competent employees	Motivated employees with the right competence are crucial to drive the Group's development and achieve the objectives that have been set.	• Internal steering documents including Code of Conduct • Leadership development. • More work on Employer branding e.g Graduate program. • Succession planning. • Major focus on sustainability work. • Annual employee survey with follow-up and targeted measures.

Operational risks

Risks	Description	Management
Fluctuations in demand	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.	• 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. • Continuous focus on streamlining the production processes and flows in production. • Minimising waste, downtime and overtime are other important factors that affect production costs and the profitability of a facility. • Continuous focus on planning, processes and systems.
Price competition	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.	• 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. • Greater investments in product development and in processed product categories. • Transfer of best practice between the countries to gain economies of scale.
Export prices	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.	• Established a global export department to maximize sales value for the entire Group's export sales. • Continuous focus on driving export sales of further processed products and reduce export sales of standard products.
Changes in purchasing costs	Total external purchasing costs of raw materials and supplies in 2020 amounted to approx MSEK 5,898 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. The Group is exposed to changes in the price of feed indirectly as it is the largest cost item for the Group contracted breeders as well directly through the feed mill that is part of the Irish business and that produces feed for the Irish contracted breeders.	• 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. • Good relations with customers enable us in certain cases to compensate for higher prices in raw material with price increases.

Risks	Description	Management
Disease outbreaks among the animals	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. 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.	• Nordic chicken is considered to be of the highest quality as a result of the strict rules regarding animal health and welfare. • The Group has extensive experience and well-developed processes throughout the value chain to prevent disease outbreaks. • Group-wide program regarding the quality requirements for animal welfare applies to all contracted breeders, irrespective of their country. • The costs of any damage are minimised through insurance solutions, when available.
Product quality and product safety Disruptions in production or in the supply chain	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. 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. 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. There may also be disruptions to the production as a result of illness of the staff, fire, emissions or other damage to material resources.	• Continuous focus on improving work processes and quality management systems to ensure high food quality throughout the value chain. • 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. • Tests for salmonella and campylobacter are performed continuously in production. • The costs of any damage are minimised through insurance solutions, when available. • Crisis management procedures and contingency plans. • Fire alarm on all sites. • Cooperation with suppliers.

Operational risks cont.

Risks	Description	Management
Business Ethics risks and risks relating to health, safety, human rights, the environment and animal husbandry	Weakened trust in the Group and its brands resulting from unethical behaviour, fraud, corruption or bribes. Risks relating to health, safety, human rights, the environment and animal husbandry 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 customers and consumers, and also make it more difficult to recruit and retain employees.	• Internal systematic work and communication to maintain a sound company culture. • Continuous measures to create a good work environment with a minimised risk of injuries. • Implementation of the Group's Code of Conduct and the Supplier Code of Conduct. • Whistle-blowing function to enable the reporting of illegal or unethical behaviour that violates the Group's Code of Conduct.
Risks related to climate change	A growing awareness of climate change can lead to restrictions in emissions that affect the environment, changed or new taxes on energy and transport, as well as changes in consumers' preferences and buying behaviour. 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 heavy rains affecting our facilities.	• 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 target is to reduce carbon dioxide emissions from the company's own production by 50 percent per kg product during the period 2016–2025. For more information, see the section on Sustainability Work on page 30–43.
Virus pandemic	The ongoing outbreak of the new Corona virus during the spring of 2020 affects Scandi Standard operations in several ways. The Group's sales in Foodservice is negatively affected since the hospitality industry is suffering the consequences of the virus outbreak. Ability to produce may also be affected by high levels of sick leave and by employees that cannot be at work due to other reasons. If the outbreak has a major impact on the Groups earnings, it could have a significant impact on the Groups liquidity and financial position.	• The Group has crisis plans that are updated and activated according to circumstances. • Production capacity is adapted to demand. • A detailed analysis of the expected liquidity and financial position is made and updated continuously. • Crisis packages from governments may be applicable in some cases.
Insurance risks	The Group is through its operations and assets exposed to losses and damages. The costs for any losses and damages are minimized through insurance solutions in line with industry practice. 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.	• Internal steering documents such as codes, policies, guidelines and instructions. • 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. • Procurement process for insurance, structured by and implemented with assistance from leading insurance broker with access to and experience from relevant international insurance markets. • Programs to make the business more insurable and thus in the long run reduce the cost of insurance premiums.
Lack of internal processes and information- and IT security	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.	• Internal steering documents such as codes, policies, guidelines and instructions. • Clearly defined areas of responsibility and mandatory reporting for managers and all others in supervisory positions. • Efficient processes, controls and IT systems.
Integration of acquisitions	Integration of acquisitions always involves risks. The integration costs can be higher than anticipated, and the synergies may be lower than expected. It can take longer than expected to achieve the objectives that were set up for the operations at the time of the acquisition.	• Acquisitions are preceded by thorough due diligence processes. • In the event of an acquisition, an Integration Board was set up to provide advice on and follow up the integration work.

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

Risks	Description	Management
Compliance with external laws and regulations as well as internal steering documents	The Group operates in several countries, which means that there are many external laws and regulations governing all aspects of the business. If these are not observed, there could be both legal and financial consequences that can also damage the Group's reputation. 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, 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.	• The Group's management structure with strong local management in each country allows for relevant information to be disseminated quickly within the organisation. • 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. • 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. • Whistle-blowing function

Reporting risks

Risks	Description	Management
Inaccuracies in reporting	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 113.	• Financial and Accounting Manual. • Internal control framework for financial reporting. • Risk management process • Internal Audit Function.
IT-related risks	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.	• IT security policy. • Implemented strengthened governance processes for and procedures for changes in IT systems.

Financial risks

Risks	Description	Management
Currency risks, transaction and translation exposure	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.	• 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. • The Group's currency rate risk is hedged to some extent by denominating some loans in the subsidiaries' relevant reporting currency.
Interest, refinancing, liquidity, credit- and counterparty risks	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. 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. 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.	• The interest rate risk is managed by limiting the fixed-rate period and is to a certain extent also secured by using rate swaps. • The Group's outstanding liabilities to credit institutions, including outstanding rate swaps, had a weighted average term of 12 (16) months, as of 31 December 2020. • The refinancing risk is limited by having a well-diversified group of counterparties. • The weighted average maturity of liabilities to credit institutions as of 31 December 2020 were 3 (4) years.

Consolidated financial statements

Consolidated income statement

MSEK	Note	2020	2019
	1, 2, 3, 26, 30		
Net sales		**9,940**	**9,891**
Other operating revenues	4	21	24
Changes in inventories of finished goods and work in progress		30	69
Raw materials and consumables		–5,898	–6,049
Cost of personnel	5	–2,067	–1,972
Depreciation, amortisation and impairment	6	–350	–325
Other operating expenses	7, 9	–1,327	–1,215
Share of income of associates	14	2	1
Operating income		**351**	**424**
Finance income	8, 9	0	1
Finance expenses	8, 9	–91	–113
Income after finance net		**260**	**312**
Tax on income for the year	10	–52	–75
Income for the year		**208**	**237**
Whereof attributable to:			
Shareholders of the parent company		207	235
Non-controlling interests		1	1
Average number of shares		65,501,968	65,358,083
Earnings per share before dilution, SEK		3.16	3.60
Earnings per share after dilution, SEK		3.16	3.60
Number of shares at the end of the period		66,060,890	66,060,890

Consolidated statement of comprehensive income

MSEK	Note	2020	2019
Income for the year		208	237
Other comprehensive income			
Items that will not be reclassified to the income statement			
Actuarial gains and losses in defined benefit pension plans	23	12	–11
Tax on actuarial gains and losses	23	–3	2
Total		**10**	**–9**
Items that will or may be reclassified to the income statement			
Cash flow hedges		6	–4
Currency effects from conversion of foreign operations		–116	40
Income from currency hedging of foreign operations		16	3
Tax attributable to items that will be reclassified to the income statement		–1	1
Total		**–95**	**40**
Other comprehensive income for the year, net of tax		**–85**	**31**
Total comprehensive income for the year		**123**	**267**
Whereof attributable to:			
Shareholders of the Parent Company		122	266
Non-controlling interests		1	1

Consolidated statement of financial position

MSEK	Note	Dec 31, 2020	Dec 31, 2019
	1, 2, 3, 26, 27, 28, 30		
ASSETS			
Non-current assets			
Goodwill	11	888	940
Other intangible assets	11	878	957
Property plant and equipment	12	1,817	1,748
Right-of-use assets	13	455	427
Non-current leasing receivables	15	0	9
Participations in associated companies	14	43	43
Financial assets	15	1	4
Deferred tax assets	10	41	40
Total non-current assets		**4,123**	**4,167**
Current assets			
Biological assets	16	103	99
Inventory	17	713	727
Trade receivables and other receivables	18	818	901
Other short-term receivables	18	78	93
Prepaid expenses and accrued income	18	131	89
Current leasing receivables	19	0	2
Derivative instruments	22	5	–
Cash and cash equivalents	19	413	194
Total current assets		**2,262**	**2,105**
TOTAL ASSETS		**6,385**	**6,272**

MSEK	Note	Dec 31, 2020	Dec 31, 2019
	1, 2, 3, 26, 27, 28, 30		
EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital		1	1
Other contributed equity		727	727
Reserves		70	166
Retained earnings		1,077	845
Capital and reserves attributable to owners		**1,875**	**1,738**
Non-controlling interests		**1**	**3**
Total equity	20	**1,876**	**1,741**
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities	21, 22	1,863	1,925
Non-current leasing liabilities	21, 22	401	381
Derivative instruments	21, 22	15	11
Provisions for pensions	23	8	26
Other non-current provisions	24	7	5
Deferred tax liabilities	10	166	174
Other non-current liabilities	22	64	137
Total non-current liabilities		**2,524**	**2,659**
Current liabilities			
Current leasing liabilities	21, 22, 25	73	73
Derivative instruments	21, 22	–	4
Trade payables	25	1,163	1,117
Tax payables	10	29	12
Other current liabilities	22, 25	342	254
Accrued expenses and prepaid income	22, 25	378	412
Total current liabilities		**1,985**	**1,872**
TOTAL EQUITY AND LIABILITIES		**6,385**	**6,272**

Consolidated statement of changes in equity

		Equity attributable to the owners of the Parent Company							
MSEK	**Note**	**Share capital**	**Other contributed equity**	**Hedge reserve**	**Translation reserve**	**Retained earnings**	**Equity attributable to the owners of the Parent Company**	**Non-controlling interests**	**Total equity**
	20								
Closing balance Dec 31, 2018		1	857	–36	171	594	1,586	1	1,587
Opening balance Jan 1, 2019		**1**	**857**	**–36**	**171**	**594**	**1,586**	**1**	**1,587**
Income for the year						235	235	1	237
Actuarial gains and losses on pension plans						–11	–11		–11
Cash flow hedges				–4			–4		–4
Exchange differences on translation of foreign operations					40		40		40
Net gain on hedge of net investments in foreign operations					3		3		3
Tax relating to components of other comprehensive income				1		2	3		3
Other comprehensive income for the year, net of tax				**–3**	**43**	**226**	**266**	**1**	**267**
Dividend			–131				–131		–131
Long term incentive programs						17	17		17
Transactions with owners			**–131**				**–114**		**–114**
Other changes				24	–32	8	–		–
Closing balance Dec 31, 2019		**1**	**727**	**–15**	**181**	**845**	**1,738**	**3**	**1,741**
Opening balance Jan 1, 2020		**1**	**727**	**–15**	**181**	**845**	**1,738**	**3**	**1,741**
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
Other comprehensive income for the year, net of tax				**5**	**–100**	**217**	**121**	**1**	**122**
Dividend			–					**–2**	–2
Long term incentive programs						15	15		15
Transactions with owners			**–**			**15**	**15**	**–2**	**13**
Closing balance Dec 31, 2020		**1**	**727**	**–10**	**81**	**1,077**	**1,875**	**1**	**1,876**

Consolidated statement of cash flows

MSEK	Note	2020	2019
OPERATING ACTIVITIES			
Operating income		351	424
Adjustment for non-cash items		424	353
Paid finance items, net	28:1	–76	–72
Paid current income tax		–41	–49
Cash flows from operating activities before changes in operating capital		**658**	**656**
Changes in inventories and biological assets		–16	–69
Changes in operating receivables		13	37
Changes in operating payables		146	296
Changes in working capital		**143**	**264**
Cash flows from operating activities		**801**	**920**
INVESTING ACTIVITIES			
Business combinations	28:2	–104	–133
Investment in right-of-use assets		–2	–1
Investment in property, plant and equipment		–355	–432
Sale of property, plant and equipment		–	12
Cash flows used in investing activities		**–461**	**–553**
FINANCING ACTIVITIES			
New loans	28:4	60	–
Repayment of loans	28:4	–55	–12
Change in credit facility	28:4	–	–41
Payments for amortisation of leasing liabilities	28:4	–82	–84
Paid dividend		–	–131
Other		–25	5
Cash flow in financing activities		**–102**	**–262**
Cash flows for the year		**237**	**105**
Cash and cash equivalents at beginning of the period		**194**	**89**
Currency effect in cash and cash equivalents		–19	–
Cash flows for the period		238	105
Cash and cash equivalents at end of the year	28:3	**413**	**194**

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	2020	2019
Net sales		**–**	**–**
Operating expenses	29	0	0
Operating income		**0**	**0**
Finance net		29	31
Income after finance net		**29**	**31**
Group contribution		–4	–14
Tax on income for the year		–	–
Income for the year		**25**	**17**

Parent Company statement of comprehensive income

MSEK	Note	2020	2019
Income for the year		25	17
Other comprehensive income for the year, net of tax		–	–
Total comprehensive income for the year		**25**	**17**

Parent Company statement of financial position

MSEK	Note	Dec 31, 2020	Dec 31, 2019
	29, 32		
ASSETS			
Non-current assets			
Investments in subsidiaries	31	533	533
Receivables from Group entities	32	405	405
Total non-current assets		**938**	**938**
Current assets			
Receivables from Group entities		27	24
Cash and cash equivalents		0	0
Total current assets		**27**	**24**
TOTAL ASSETS		**965**	**962**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		1	1
Non-restricted equity			
Share premium		727	727
Retained earnings		–20	–37
Income for the year		25	17
Total equity		**732**	**707**
Current liabilities			
Liabilities to Group entities	32	233	255
Accrued expenses and prepaid income		0	0
Total current liabilities		**233**	**255**
TOTAL EQUITY AND LIABILITIES		**965**	**962**

Parent Company statement of changes in equity

MSEK	Note	Share capital	Share premium account	Retained earnings	Total equity
	20				
Equity, Jan 1, 2019		**1**	**857**	**–37**	**821**
Income for the year				17	17
Dividend			–131		–131
Equity, Dec 31, 2019		**1**	**727**	**–20**	**707**
Equity, Jan 1, 2020		**1**	**727**	**–20**	**707**
Income for the year				25	25
Dividend			–		–
Equity, Dec 31, 2020		**1**	**727**	**5**	**732**

Parent Company statement of cash flows

MSEK	2020	2019
OPERATING ACTIVITIES		
Operating income	0	0
Paid finance items net	26	23
Paid current income tax	–	–
Cash flows from operating activities before changes in operating capital	**26**	**23**
Changes in operating payables	–12	122
Cash flows from operating activities	**13**	**145**
FINANCING ACTIVITIES		
Lending to subsidiaries	–	–
Paid dividend	–	–131
Repurchase own shares	–	–
Paid group contribution	–14	–15
Cash flows from financing activities	–14	**–145**
Cash flows for the year	**0**	**0**

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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 2020 will be presented for adoption by the AGM, on May 7, 2021.

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 2020, 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 2020 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, 2020

SEK	Average rate	Closing rate
DKK	1.4068	1.3492
NOK	0.9786	0.9546
EUR	10.4867	10.0375

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 Regions. The Regions, which are based on geographical areas, are Sweden, Denmark, Norway, Ireland and Finland. Operations not included in a Region and corporate functions are recognised as Group-wide. A further description of the operating segments is provided in Note 3.

The Regions 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 Regions' responsibility; these are recognised centrally for the Group. The same accounting policies are used for the Regions 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. There are no financing solutions within the Group.

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.

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 breeder 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 base 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 1,766 (1,897) at the end of the year, which corresponds to 28 (30) 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. Contingent consideration agreed in connection with the acquisition of Carton Bros ULC in Ireland is recognized as a liability. The liability is determined based on the most probable outcome of the consideration and is assessed at the end of each reporting period. Changes in the reported value is recognised in the income statement.

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 7 (7) while an increase would reduce the obligation by MSEK 7 (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	Region Sweden		Region Denmark		Region Norway		Region Ireland		Region Finland		Group-wide[1]		Eliminations		Total Group	
MSEK	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Net sales																
External sales	2,621	2,615	3,021	3,202	1,644	1,617	2,103	1,972	550	485	1	–	–	–	9,940	9,891
Internal sales	262	248	230	225	3	2	1	–	6	6	4	2	–505	–482	–	–
Total net sales	**2,884**	**2,864**	**3,251**	**3,426**	**1,648**	**1,619**	**2,104**	**1,972**	**555**	**491**	**5**	**2**	**–505**	**–482**	**9,940**	**9,891**
Adjusted operating income	216	182	57	101	162	150	166	107	6	–2	–106	–83	–	–	500	454
Non-comparable items[2]	–13	–	–66	–20	–	–	–4	–	–	–9	–67	–1	–	–	–150	–30
Operating income	**203**	**182**	**–8**	**80**	**162**	**150**	**162**	**107**	**6**	**–10**	**–173**	**–84**	**–**	**–**	**351**	**424**
Of which share of income in associates	–	–	2	2	1	0	–	–	–	–	–	–	–	–	2	1
Finance income															0	1
Finance expenses															–91	–113
Tax on income for the year															–52	–75
Income for the year															**208**	**237**
Other disclosures																
Assets	1,069	1,151	1,867	2,039	981	1,016	798	767	122	51	3,724	3,823	–2,218	–2,618	6,342	6,229
Holdings in associates	–	–	29	28	14	15	–	–	–	–	–	–	–	–	43	43
TOTAL ASSETS	**1,069**	**1,151**	**1,895**	**2,067**	**995**	**1,031**	**798**	**767**	**122**	**51**	**3,724**	**3,823**	**–2,218**	**–2,618**	**6,385**	**6,272**
Liabilities	971	1,077	1,283	1,289	837	926	438	485	302	220	1,031	1,228	–2,218	–2,618	2,646	2,607
Unallocated liabilities															1,863	1,925
Equity															1,876	1,741
TOTAL EQUITY AND LIABILITIES	**971**	**1,077**	**1,283**	**1,289**	**837**	**926**	**438**	**485**	**302**	**220**	**1,031**	**1,228**	**–2,218**	**–2,618**	**6,385**	**6,272**
Net investments	64	67	90	160	45	18	69	140	103	15	–16	20	–	–	355	419
Payments for amortisation of leasing liabilities[3]	–23	–25	–26	–27	–24	–26	–5	–5	–4	–4	–3	0	–	–	–84	–87
Depreciation, amortisation and impairment	–84	–75	–97	–87	–67	–73	–72	–62	-23	–24	–9	–3	–	–	–350	–325

[1] EBIT recognised under Group-wide includes central corporate costs of MSEK –106 (–83). Group-wide assets includes assets and liabilities relating to central functions.

[2] For information about non-comparable items, see page 50.

[3] Reclassification of cash flow effect for leasing assets has been made for the year and for comparative figures.

Scandi Standard's business is operationally divided into the countries of Sweden, Denmark, Norway, Ireland and Finland

Internal reporting to Group Management and the Board corresponds with the Group's operational structure. The division is based on the Group's operations from a geographic perspective. The countries where business is operated equals the Group's segments. The segments are managed on the basis of the operating result (EBIT) and operating capital.

The responsibility for the Group's financial assets and liabilities, provisions for taxes, gains and losses on the remeasurement of financial instruments (IFRS 9) are dealt with by the corporate functions and are not allocated to each segment. All capital expenditure on property, plant and equipment and intangible assets, are included in the segments' investments.

Segment Sweden comprises the companies Kronfågel AB, SweHatch AB, AB Skånefågel and Bosarpskyckling AB, Kronfågel AB is the segment's largest business engaged in slaughtering, production, development, processing and sale of fresh and frozen chicken products mainly for the Swedish market. SweHatch AB engages in the rearing, production and hatching of day-old chickens for Kronfågel AB's breeders and other players in the Swedish market.

Segment Denmark comprises Danpo A/S, Rokkedahl Food ApS and the associate Farmfood A/S, Danpo A/S and Rokkedahl Food ApS slaughter, produce, develop, process and sale of fresh and frozen chicken products for both the Danish market and exports within Europe and to Asia. Farmfood A/S processes slaughterhouse by-products from the Group's different segments, mainly for use in pet food sold in the international markets.

Segment Norway comprises Den Stolte Hane AS and Scandi Standard Norway AS. In addition, there is an associate, Naerbo Kyllingslakt AS. The segment consists of two parts – the production, development, processing and sale of fresh and frozen chicken products and the packing of eggs in the segment's own egg packing facility. Both types of products are sold in the Norwegian market.

Segment Ireland comprises Carton Bros ULC. which includes the operations of Manor Farm Ireland. Operations include slaughtering, production, development and sale of chilled chicken products for the Irish market. The segment also produces feed for its contracted farmers.

Segment Finland comprises Naapurin Maalaiskana Oy. Operations include slaughtering, production, development and sale of chilled and frozen chicken products for the Finnish market.

Net sales (external sales) per product category and segment

	Sweden		Denmark		Norway		Ireland		Finland		Group-wide		Total	
MSEK	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Ready-to-cook Chilled	1,220	1,174	1,113	1,051	842	786	1,870	1,780	475	387	–	–	5,521	5,178
Ready-to-cook Frozen	727	743	469	583	146	138	150	120	35	30	–	–	1,527	1,614
Ready-to-eat	367	360	1,216	1,354	264	285	–	–	11	12	–	–	1,857	2,011
Other	307	338	224	214	392	408	83	72	28	56	1	–	1,036	1,088
Total	**2,621**	**2,615**	**3,021**	**3,202**	**1,644**	**1,617**	**2,103**	**1,972**	**550**	**485**	**1**	**–**	**9,940**	**9,891**

Net sales per country

MSEK	External sales 2020	External sales 2019
Sweden	2,908	2,595
Ireland	1,862	1,753
Norway	1,671	1,647
Denmark	1,563	1,853
Finland	594	549
Germany	447	618
United Kingdom	228	334
Rest of Europe	503	378
Rest of the world	165	163
Total	**9,940**	**9,891**

During 2020 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 1,227 (1,074) and the customer is a part of segment Sweden.

Note 4 Breakdown of revenue

MSEK	2020	2019
Net sales		
Sales of goods	9,940	9,891
Total	**9,940**	**9,891**
Other operating income		
Capital gains	0	1
Rental income	0	0
Government grants	0	1
Canteen sales	7	8
Insurance compensation	7	6
Other	7	8
Total	**21**	**24**

Government grants were received of MESEK 20 (3) and of these MSEK 0 (1) has been recognised as revenue and MSEK 20 (2) 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	2020	of which women	2019	of which women
Group				
Sweden	922	37%	843	41%
Denmark	856	39%	920	41%
Norway	322	54%	312	53%
Ireland	937	47%	1,008	43%
Finland	183	46%	183	46%
Total, Group [1)]	**3,220**	**43%**	**3,266**	**43%**

1) No employees in the Parent company.

Cost of personnel, MSEK	2020	2019
Salaries and benefits, Board of Directors and MDs	39	28
– of which variable salary	21	13
Salaries and benefits, other employees	1,662	1,612
Social security expenses	226	214
Pension expenses[1)]	94	99
Other staff costs	62	64
Capitalised personnel expenses[2)]	–15	–45
Total	**2,067**	**1,972**

1) MSEK 4 (2) of the Group's pension costs relate to boards and Managing Directors. There are no outstanding pension obligations for these individuals.
2) Capitalised personnel expenses of ongoing investment project.

Gender representation in executive management

	Group		Parent Company	
Female representation, %	**2020**	**2019**	**2020**	**2019**
Board of Directors	14	15	14	29
Other senior executives	27	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. 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. 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 the age of 65.

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. Guidelines for remuneration to senior managers, remuneration to senior managers, see Note 5.

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 is entitled to a defined contribution pension scheme, with a premium of 15 percent of the pensionable salary, and has a retirement age of 65 years.

In Sweden, most employees are covered by defined benefit pension plans (ITP) through PRI Pensionstjänst AB. There are currently two different pension guidelines for Scandi Standard's senior management: occupational pension accrual in accordance with the ITP agreement, with a pensionable salary ceiling of 30 income base amounts and payment of sickness benefits as laid down in the ITP agreement, and a defined contribution pension scheme, with a premium equal to 25–30 percent of the pensionable salary where the individual employee decides on the split between old-age, survivor and sickness benefits.

In Denmark, the pension contribution corresponds to 10 or 15 percent of the pensionable salary.

In Norway, the pension contributions are based on individual defined contribution pension agreements with contributions of between 5 and 15 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' salary (including fixed and variable salary, pension and other benefits) is payable after the notice period with a full deduction of any salary from a new employer.

Other senior managers have notice periods of between six and 12 months for termination of employment at the company's request and between three and six 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 and 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.

Long term incentive program

LTIP 2017 was terminated during 2020 and led to that 218,334 shares with a combined market value of MSEK 13 were allotted to the participants in the program. Participants in the programs are senior managers and key employees.

At the end of 2020 the following incentive programs are ongoing, that have been accepted by the AGM the year they were started:

LTIP 2018 for 26 participants, and originally a maximum of 289,975 shares could be allotted.

LTIP 2019 for 29 participants, and originally a maximum of 334,596 shares could be allotted.

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

The Board of Directors have decided to propose to the AGM 2021 a long-term incentive program for 2021 (LTIP 2021), of the same type as the earlier programs.

All programs are mainly based on the same terms. They imply that performance share rights shall be allotted free of charge to the participants in relation to a fixed percentage of their fixed salary. The vesting period is three years and provided that certain conditions are fulfilled, the participants may exercise their performance share rights through which they will be allotted shares in the company free of charge. Each performance share right is entitled to allotment of up to one share. For performance share rights to entitle to allotment of shares, it is required that the participant remains employed and has not given or been given notice of termination of employment during the vesting period.

From LTIP 2019 the participants undertake to retain all the allotted shares (except to cover payment of tax that arises in connection with the allotment of the shares) for a period of two years from the date of the allotment.

Performance requirement

In order for full allotment of shares during the programs, the average annual growth rate of earnings per share ("EPS CAGR") must, during a period of three years as from January 1, the year when the individual program was decided, be at least 12.5 percent. If the average EPS CAGR during the period is 5 percent, the participants shall be allotted shares for 25 percent of their performance share rights. If the average EPS CAGR during the period is more than 5 percent but less than 12.5 percent, the participants shall receive linear allotment. If the average EPS CAGR during the period is less than 5 percent, no shares shall be allotted.

Value and estimated costs for Long term incentive programs

The long term incentive 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 2017 expired May 9, 2020. EPS CAGR for the period January 1, 2017 – December 31, 2019 was 18.7 percent, leading to allotments according to the terms for the program, corresponding to 100 percent of the performance share rights and of 218,334 shares.

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.

Assuming 100 percent vesting and full fulfilment of the EPS requirement, LTIP 2019 and LTIP 2020 will result in allotments of 295,294 and 449,832 shares respectively in the company. The value of the performance share rights amount to MSEK 18 for LTIP 2019 and MSEK 24,2 for LTIP 2020, based on share prices of SEK 61.00 and SEK 53.80. As per December 2020, total accumulated accrued costs for LTIP 2018 – LTIP 2020 amounted to MSEK 25 (29).

Social security charges are expected to amount in average to approximately 21.7 (18.4) 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 677,287 own shares, whereof 218,334 shares were allotted to the participants of LTIP 2017. At year-end, Scandi Standard AB (publ) had 458,953 (677,287) shares in own custody.

Board of Directors' Fees, SEK	2020	2019
Per Harkjaer, chairman of the Board	760,000	750,000
Gunilla Aschan[1)]	–	302,000
Vincent Carton	360,000	–
Øystein Engebretsen	465,000	450,000
Michael Parker	360,000	345,000
Karsten Slotte	390,000	375,000
Heléne Vibbleus	510,000	495,000
Henrik Hjalmarsson[2)]	360,000	–
Total	**3,205,000**	**2,717,000**

[1)] Board member until 2019-11-18

[2)] Board member from 2020-05-15

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

Salaries and remuneration of senior management 2019, TSEK	Directors' fees	Fixed salary[1)]	Variable salary[2)]	LTIP[4)]	Pension[1)]	Other benefits[5)]	Total 2019
Board members, specified above	2,717	–	–	–	–	–	2,717
Managing Director and CEO Leif Bergvall Hansen	–	5,012	2,745	3,981	727	133	12,597
Group Management, other[6)]	–	21,499	4,671	5,940	1,797	1,644	35,551
Total	**2,717**	**26,511**	**7,416**	**9,921**	**2,524**	**1,777**	**50,865**

[1)] Certain members of Group Management are entitled to exchange fixed salary for pension contribution within the framework of current tax legislation.

[2)] The variable salary is based on the Group's financial performance and financial targets.

[3)] The Group's expense, referring to LTIP 2017–LTIP 2020.

[4)] The Group's expense per 2019, referring to LTIP 2016–LTIP 2019.

[5)] Mainly car, phone and health insurance benefits.

[6)] Group Management consists of 10 (9) individuals that are members of the Group Management of the Scandi Standard Group.

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

MSEK	2020	2019
Depreciation and amortisation		
Intangible assets	53	58
Land and buildings	35	31
Plant and machinery	140	125
Equipment, tools, fixtures and fittings	36	24
Rights-of-use assets, buildings and land	49	49
Rights-of-use assets, plant, machinery and other technical assets[1)]	38	38
Total	**350**	**325**

1) 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 cash generating units are the Groups operating segments. 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 6.9–8.6 (9.1–10.9) percent based on the estimated return requirement for the segments. The calculated WACC before tax was 6.9 (9.1) percent in Sweden, 8.5 (9.1) percent in Denmark, 6.9 (9.1) percent in Norway, 6.9 (8.8) percent in Ireland and 8.6 (10.9) percent in Finland.

For the impairment testing at the end of 2020 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.

Market growth is strong in Sweden with improved margins driven by a positive sales mix and operational efficiency. Operations efficiency is expected to continue to improve with planned capacity investments. The impairment test shows no impairment need even if the EBITDA margin were to drop by more than three percentage points.

Denmark is assumed to show modest growth in line with the market. Denmark has shown a weaker performance during 2020 with lower sales in the product category Ready-to-eat due to consumer behavioural changes related to the Covid-19 pandemic . Sales in the product category Ready-to-cook Export decreased due to change in demand and prices driven by bird flu and the Covid-19 pandemic. The expectation is that the margins will recover over the coming years when business returns to more normal after Covid-19, but the operation is exposed to fluctuating prices in the export markets since a large share of the sales is sold on export. The impairment test for this factor shows that there is no need for impairment even if prices on export markets would cause the EBITDA margin to be reduced by more than three percentage points.

Norway has shown a strong performance during 2020, however the operation in Norway is vulnerable due to its concentrated customer structure, but sensitivity analysis shows cash flows are expected to be sufficient even if the positive development of market share would ground to a halt. The impairment test shows no impairment need even if the EBITDA margin were to drop by more than three percentage points.

The operation in Ireland was acquired in 2017 and the business is developing better than expected, 2020 has come in above previous expectations, and no impairment is required. The impairment test shows no impairment need even if the EBITDA margin were to drop by more than three percentage points.

When the operation in Finland was acquired in 2015 it showed a low level of capacity utilization and generated a negative income. The valuation of Goodwill is based on a business plan where the operation is generating profit and a higher capacity utilization. The actions, such as changes in management and reduction of labour force, that have been initiated over the past year have produced results. In 2020 the production volumes and sales were up and the underlying operating profit has continued to improve.The business position in the market continues to be strong and it is the estimate of management that the future profitability development mainly is dependent on a continued increase in sales in connection with capacity strengthening investments. 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	2020	2019
PricewaterhouseCoopers (PwC)		
Audit services	6	6
Audit related services	1	0
Tax services	1	1
Other services	0	0
Total	**8**	**7**

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 to PwC that refers to non-audit services, defined by the EU audit legislation, amounts to MSEK 2 (1) whereof MSEK 1 (0) regarding audit services and MSEK 1 (1) 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

	Income		Expenses		Total	
MSEK	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Loans and other receivables						
Other interest income	0	1	–	–	0	1
	0	**1**	**–**	**–**	**0**	**1**
Derivatives used in hedging						
Interest and currency swaps	–	–	–5	–6	–5	–6
	–	**–**	**–5**	**–6**	**–5**	**–6**
Other financial liabilities						
Interest expenses, pension plans	–	–	–3	–4	–3	–4
Interest expenses, borrowing	–	–	–36	–44	–36	–44
Interest expenses, earn-out	–	–	–4	–13	–4	–13
Other borrowing expenses	–	–	–7	–9	–7	–9
Other interest expenses	–	–	–12	–7	–12	–7
Financial cost, leasing	–	–	–14	–12	–14	–12
Currency effects	–	–	–10	–18	–10	–18
	–	**–**	**–86**	**–107**	**–86**	**–107**
Total	**0**	**1**	**–91**	**–113**	**–91**	**–113**

Note 9 Exchange differences affecting income

MSEK	2020	2019
Exchange differences affecting operating income	–7	–1
Exchange differences, financial items	–10	–18
Total	**–17**	**–19**
Exchange differences in operating income are included in:		
Other operating income/expense	–7	–1
Total	**–7**	**–1**

Note 10 Taxes

Tax on income for the year, MSEK	2020	2019
Current tax expense (–) / tax income (+)		
Tax expense / income for the year	–56	–52
Adjustment of tax attributable to prior years	–5	–1
Total current tax	**–61**	**–53**
Deferred tax expense (–) / tax income (+)		
Deferred tax from changes in temporary differences	–2	–21
Deferred tax from changes in changed tax rates	0	1
Deferred tax income in capitalized losses carry forward	15	8
Deferred tax expense use of capitalized losses carry forward	–	–
Reassessment attributable to losses carry forward	–4	–11
Total deferred tax	**9**	**–22**
Total recognised tax expense	**–52**	**–75**

	2020		2019	
Reconciliation of effective tax	**%**	**MSEK**	**%**	**MSEK**
Income after finance net		260		312
Anticipated tax according to enacted Swedish tax rate	–21.4	–56	–21.4	–67
Effect of other tax rates for foreign subsidiaries	4.1	13	3.0	9
Unrecognised tax loss, incurred during the year	–2.2	–7	–1.5	–5
Non-deductible expenses	–0.6	–2	–0.9	–3
Non-taxable income	0	0	0	0
Effect of tax related to previous year	1	3	–0.2	–1
Reversal of income of associates	–0.2	–1	0.1	0
Change in deferred tax due to changes in tax rates in Sweden and Norway	0	0	0.4	1
Reassessment of deferred tax on carry forward losses	–1.4	–4	–3.5	–11
Other	–	–	–0.1	0
Recognised effective tax	**–20.5**	**–52**	**–24.1**	**–75**

Tax items recognised in equity through other comprehensive income, MSEK	2020	2019
Actuarial gains and losses on defined benefit pension plans	3	2
Cash flow hedges	–1	1
Total tax effects in other comprehensive income	**2**	**3**

During 2019 the tax rates in Sweden and Norway have been changed, from 22 percent and 23 percent, to 21.4 percent and 22 percent respectively. As from 2021 the tax rate in Sweden will decrease further to 20.6 percent. The Group has recalculated deferred tax during 2018 for these jurisdictions based on their new tax rates, valid as from 2019. For Sweden the deferred tax has been measured at 20.6 percent for tax bases that are not expected to change before 2021. The effects amounted to MSEK 3 for Sweden and MSEK 6 for Norway during 2019. During 2020 further adaptations to the new tax rate have been made in Sweden.

Deferred tax assets/tax liabilities MSEK	Deferred tax assets		Deferred tax liabilities		Net	
	2020	2019	2020	2019	2020	2019
Intangible assets	–	–	146	160	–146	–160
Buildings	18	24	2	2	16	21
Machinery and equipment	–	–	55	50	–55	–50
Right-of-use assets	–	6	2	–	–2	6
Other assets	2	0	7	12	–5	–12
Pension provisions	2	5	–	–	2	5
Other liabilities	16	18	–	–	16	18
Losses carryforward	63	52	–	–	63	52
Other	–	3	15	16	–15	–13
Total	**102**	**106**	**226**	**240**	**–125**	**–134**
Netting of offsettable assets/liabilities by jurisdiction	–61	–66	–61	–66	–	–
Total net deferred tax asset/ tax liability	**41**	**40**	**166**	**174**	**–125**	**–134**

Deferred tax assets and liabilities nettable within the same jurisdiction were netted in 2019 and 2018.

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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Intangible assets	–160	–167	8	10	–	–	–	–	6	–4	–146	–160
Buildings	21	28	–5	–7	–	–	–	–	–1	1	16	21
Machinery and equipment	–50	–35	–6	–15	–	–	–	–	1	0	–55	–50
Right-of-use assets	6	6	–8	0	–	–	–	–	0	0	–2	6
Other assets	–12	–12	7	0	–	–	–	–	0	0	–5	–12
Pension provisions	5	3	0	0	–3	2	–	–	–	–	2	5
Other liabilities	18	17	0	0	–1	1	–	–	0	0	16	18
Losses carryforward	52	54	14	–3	–	–	–	–	–2	1	63	52
Other	–13	–8	–1	–7	–	–	–	–	0	1	–15	–13
Total	**–134**	**–114**	**–9**	**–22**	**–4**	**3**	**–**	**–**	**4**	**–1**	**–125**	**–134**

Losses carryforward

At the end of the year, the Group had losses carry forward of MSEK 407 (308), of which MSEK 299 (249) were recognised as base for the deferred tax asset MSEK 63 (52). MSEK 24 (30) 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 39 (22) is related to Denmark, 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 2020 the production volumes and sales continued to increase and the actions taken in the recent years have given positive effects and contributed to a positive operating income for 2020. The business position in the market continues to be strong and it is the estimate of management that the future profitability development mainly is dependent on a continued increase in sales in connection with capacity strengthening investments made during the latter part of 2020.

The operations in Denmark have shown a weaker performance during 2020 with lower sales in the product category Ready-to-eat and Ready-to-cook Export due to consumer behavioural changes related to Covid-19 pandemic and bird flu. The expectation is that the margins will recover over the coming years when business returns to more normal after Covid-19 pandemic, but the operation is exposed to fluctuating prices in the export markets since a large share of the sales is sold on export.

Hence the management has come to the conclusion that the tax asset reported concerning the losses in Finland should be further reported in the statement of financial position.

Note 11 Intangible assets

MSEK	Goodwill 2020	Goodwill 2019	Other intangible assets: Brands 2020	Brands 2019	Customer and supplier relationships 2020	Customer and supplier relationships 2019	Capitalized expenditure on internal development work 2020	Capitalized expenditure on internal development work 2019	Total other intangible assets 2020	Total other intangible assets 2019
Accumulated cost	888	940	445	461	706	742	48	37	1,199	1,240
Accumulated amortisation	–	–	–61	–58	–227	–195	–33	–30	–321	–283
Carrying amount	**888**	**940**	**384**	**403**	**479**	**546**	**15**	**7**	**878**	**957**
Balance at beginning of year	940	922	403	401	546	584	7	10	957	995
Investments	–	–	–	–	–	–	–	3	–	3
Additions	–	–	–	–	–	–	–	–	–	–
Sale and disposals	–	–	–	–	–	–	–	–	–	–
Amortisation for the year	–	–	–4	–4	–46	–48	–3	–6	–53	–58
Reclassifications	–	–	–	–	–	–	11	–	11	–
Translation differences	–52	18	–15	6	–22	11	0	0	–37	16
Book value	**888**	**940**	**384**	**403**	**479**	**546**	**15**	**7**	**878**	**957**
Allocation of Goodwill, brands and customer/supplier relationships										
Sweden	121	121	144[1]	144[1]	17	19				
Denmark	200	207	87[2]	90[2]	21	25				
Norway	331	366	88[3]	97[3]	35	54				
Ireland	208	216	65[4]	72[4]	407	448				
Finland	29	30	–	–	–	–				
Total	**888**	**940**	**384**	**403**	**479**	**546**				

[1] Brands with indefinite useful life (Kronfågel, Ivars, Vitafågeln, Bosarp).
[2] Brands with indefinite useful life (Danpo, BornholmerHanen).
[3] Brand with indefinite useful life (Den Stolte Hane).
[4] 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 2020	Land and land improvements 2019	Buildings and land 2020	Buildings and land 2019	Plant and machinery and other technical assets 2020	Plant and machinery and other technical assets 2019	Equipment, tools, fixtures and fittings 2020	Equipment, tools, fixtures and fittings 2019	Construction in progress 2020	Construction in progress 2019	Total property, plant and equipment 2020	Total property, plant and equipment 2019
Accumulated cost	41	25	984	988	2,907	2,811	425	362	212	188	4,570	4,374
Accumulated depreciation	–13	–9	–477	–462	–2,023	–1,947	–236	–205	–	–	–2,749	–2,623
Accumulated impairment	–	–	–	–	–	–	–	–	–3	–3	–3	–3
Book value	**28**	**16**	**507**	**526**	**884**	**864**	**189**	**157**	**209**	**185**	**1,817**	**1,748**
Balance at beginning of the period	16	17	526	455	864	711	157	88	185	210	1,748	1,481
Investments[1)]	–	–	11	52	92	114	21	14	232	248	356	428
Acquisitions	–	–	–	–	–	–	–	–	–	–	–	–
Sales and disposals	–	0	–	–1	–	–11	–	–1	–	–	–	–13
Depreciation for the period	–2	–1	–34	–30	–140	–125	–36	–24	–	–	–210	–180
Reclassifications	14	–	24	43	101	165	53	78	–202	–272	–11	15
Translation differences	–1	0	–20	6	–34	11	–4	1	–6	–1	–65	17
Book value	**28**	**16**	**507**	**526**	**884**	**864**	**189**	**157**	**209**	**185**	**1,817**	**1,748**

1) Does not include capitalised interest.

No government grants affecting investment values were received in 2020 or 2019. 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 2020	Buildings and land 2019	Plant and machinery and other technical assets[1)] 2020	Plant and machinery and other technical assets[1)] 2019	Total rights-of-use assets 2020	Total rights-of-use assets 2019
Accumulated cost	598	560	182	175	781	735
Accumulated depreciation	–245	–236	–78	–71	–324	–307
Accumulated impairment	–2	–2	0	–	–2	–2
Carrying amount	**351**	**322**	**104**	**104**	**455**	**427**
Balance at beginning of the period	322	370	104	116	427	486
Expenditure/Increase of right-of-use assets	94	9	43	29	137	37
Acquisitions	–	–	–	–	–	–
Sales and disposals/Decrease of right-of-use assets	4	0	–1	–4	3	–4
Depreciation for the period	–46	–47	–38	–38	–85	–85
Impairment for the period	–2	–2	–	–	–2	–2
Reclassifications	–	–15	–	–	–	–15
Translation differences	–21	8	–4	2	–26	9
Book value	**351**	**322**	**104**	**104**	**455**	**427**

1) 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 (9) and MSEK 0 (2) is a sublease of right-of-use asset.

MSEK	2020	2019
Net interest expenses	–14	–12
Leasing fees for		
short term leases	–7	–7
assets with a low underlying value, not included in the fees for short term leases	–3	–8
variable leasing fees not included in leasing liabilities	–13	–7
Reported in the statement of cash flows		
investments in right-of-use assets	–2	–1
payments for amortization of leasing liabilities	–82	–84
Total cash flow for leasing contracts	**–122**	**–118**
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)	1	2

Note 14 Participations in associated companies

MSEK	Dec 31, 2020	Dec 31, 2019
Balance at the beginning of the year	43	41
Share of income in associates	2	1
Other adjustment	–	–
Translation difference	–3	1
Carrying amount	**43**	**43**

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

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

Information of associates in 2019

MSEK	Assets	Liabilities	Net sales	Income for the period
Farmfood A/S	174	90	316	5
Nærbø Kyllingslakt AS	32	22	85	–1

Group holdings in associates, December 31, 2020

	Corporate name	Corp. identity no.	Domicile	Number of shares	Share of capital, %	Carrying amount in Group 2020, MSEK	Carrying amount in Group 2019, MSEK
Associates in the Group:							
Denmark	Farmfood A/S	27 121 977	Loegstoer	10,000	33.3	29	28
Norway	Nærbø Kyllingslakt AS	985 228 175	Nærbø, Hå	3,875	50.0	14	15
Total						**43**	**43**

Note 15 Non-current financial assets

MSEK	Dec 31, 2020	Dec 31, 2019
Other long-term financial fixed assets	–	3
Other shares and interests	1	1
Total	*1*	*4*
Non-current leasing receivables	0	9
Total	**1**	**13**

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

Note 16 Biological assets

MSEK	Dec 31, 2020	Dec 31, 2019
Balance at beginning of the period	99	94
Change in number of hens	–4	–6
Change in revenue per hen	3	17
Change in production cost	0	0
Other	5	–6
Balance at end of the period	**103**	**99**

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 160 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 488,000 (514,000) hens in stock with a total fair value less cost of sales of MSEK 73 (72).

Note 17 Inventory

MSEK	Dec 31, 2020	Dec 31, 2019
Raw materials and consumables	199	175
Goods in progress	13	12
Finished goods and merchandise	501	540
Total	**713**	**727**

MSEK 358 (158) of inventories this year were measured at net realizable value. Impairment losses of MSEK 39 (4) were recognised during the year. Previous impairments of MSEK 4 (2) 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, 2020	Dec 31, 2019
Trade receivables	818	901
Other current receivables	78	93
Prepaid expenses and accrued income	131	89
Total	**1,028**	**1,083**

The closing loss allowances for trade receivables as follows:	Trade receivables 2020	Trade receivables 2019
Opening loss allowance as at 1 January 2019 – calculated in accordance with IFRS 9	**31**	**28**
Increase in loss allowance, acquired companies	–	–
Increase in loss allowance recognised in the income statement during the year	5	8
Receivables written off during the year as uncollectible	0	0
Unused amount reversed	–1	–6
Closing balance 31 December	**35**	**31**

Prepaid expenses and accrued income, MSEK	Dec 31, 2020	Dec 31, 2019
Prepaid rent	1	1
Prepaid insurance	0	0
Prepayments to contract broiler producers	25	20
Prepaid interest	0	0
Other prepaid expenses	104	66
Other accrued income	1	1
Total	**131**	**89**

Age analysis of trade receivables, MSEK	Dec 31, 2020	Expected loss rate in %	Loss allowance	Dec 31, 2019	Expected loss rate in %	Loss allowance
Receivables, not yet due	595	–	–	632	–	–
Receivables, past due						
< 31 days	142	–	–	196	–	–
31–60 days	37	–	–	43	–	–
61–90 days	23	–	–	10	–	–
> 90 days	57	61%	35	52	60%	31
Total	**853**		**35**	**932**		**31**
Provision for doubtful debts	–35			–31		
Total	**818**			**901**		

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

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

MSEK	Dec 31, 2020	Dec 31, 2019
Cash and bank balances	413	194
Current leasing receivables	0	2
Total	**413**	**196**

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 65,601,937 (65,383,603). 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. No dividend has been paid out during 2020. The dividend in 2019 amounted to MSEK 131. No repurchase of own shares has been made during the year.

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.

Earnings per share	2020	2019
Income for the period attributable to owner of the Parent company, MSEK	207	325
Average number of shares	65,501,968	65,358,083
Earnings per share, SEK	3.16	3.60

Equity per share	2020	2019
Equity attributable to owners of the Parent company, MSEK	1.875	1.738
Number of outstanding shares	65,601,937	65,358,603
Equity per share, SEK	28.58	26.58

Changes in share capital

		No. of shares		Share capital		
Registered	Transaction	Change	After transaction	Quota value SEK	Change	After transaction
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, 2020	Dec 31, 2019
Non-current liabilities to credit institutions	1,863	1,925
Derivative instruments	15	11
Financial liabilities, leases	401	381
Total	**2,279**	**2,317**

Current interest-bearing liabilities

MSEK	Dec 31, 2020	Dec 31, 2019
Derivative instruments	–	4
Other short-term interest-bearing debt	73	73
Total	**73**	**77**

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 secure the Group´s liquidity need during Covid-19 pandemic, the existing credit facility was extended by MSEK 200 and an additional facility of MSEK 200 was agreed with our financiers. 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 2020.

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 these currency flows must be hedged. At least 50 percent and no more than 100 percent of transaction exposure for the following 12 months should be hedged. A default hedge would cover 100 percent for 3 months, 75 percent for 3–6 months, 50 percent for 6–9 months and 25 percent for 9–12 months.

Distribution of trade receivables by currency

MSEK	Dec 31, 2020	Dec 31, 2019
SEK	74	128
DKK	123	145
NOK	124	100
EUR	492	509
Other currencies	40	49
Total	**853**	**932**

Distribution of trade payables by currency

MSEK	Dec 31, 2020	Dec 31, 2019
SEK	310	588
DKK	389	302
NOK	180	178
EUR	278	45
Other currencies	5	4
Total	**1,163**	**1,117**

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 +/– 148 (150), not taking into account the equity hedge. If the equity hedge is taken into account, equity would be impacted by MSEK +/– 91 (93), 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 +/–20 (18) on operating income, all other things being equal. The impact is broken down as follows: DKK/SEK +/– 3 (5) MSEK and NOK/SEK +/–8 (8) MSEK and EUR/SEK +/–9 (5) 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. Interest rate risk can be managed through fixed loans, derivatives or a combination of both. Derivatives approved by the Board for managing interest rate risk are interest rate swaps (IRS), interest floors, interest caps and currency interest swaps. The Group shall have 25–75 percent of its external interest-bearing loans to a fixed rate with an average fixed interest rate period of 24 (+/– 12) months.

At December 31, 2020, the Group's outstanding liabilities to credit institutions, including outstanding interest rate swaps, had a weighted average fixed-rate period of 12 (16) 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 (24).

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, 2020 was 3 (4) 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, 2020 was MSEK 1,136 (655).

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 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
Total	**34**	**29**	**1,893**	**–**	**–**	**1,956**
Of which interest	29	29	29	–	–	87

Maturity structure of liabilities to credit institutions by currency 2019

MSEK	2020	2021	2022	2023	2024–	Total
SEK	14	14	14	802	–	843
NOK	17	17	17	493	–	544
DKK	7	7	7	405	–	425
EUR	7	7	7	269	–	290
Total	**44**	**44**	**44**	**1,969**	**–**	**2,102**
Of which interest	42	42	42	42	–	168

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
Total	**321**	**305**	**–**	**300**	**–10**

Maturity structure of derivative instruments, nominal amounts December 31, 2019

MSEK	2020	2021	2022	2023–	Fair value
Currency derivatives	259	–	–	–	–4
Interest rate derivatives	894	–	367	359	–11
Total	**1,154**	**–**	**367**	**359**	**–16**

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
Total	**89**	**77**	**67**	**60**	**244**	**536**
Of which interest	11	9	7	6	30	63

Maturity structure of liabilities regarding leasing by currency 2019

MSEK	2020	2021	2022	2023	2024–	Total
SEK	24	21	16	14	44	119
NOK	32	31	30	30	123	246
DKK	22	26	19	13	45	125
EUR	6	3	3	2	6	20
Total	**84**	**82**	**67**	**59**	**218**	**510**
Of which interest	11	9	8	6	22	56

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 creditworthiness.

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.

VALUATION FINANCIAL LIABILITIES

An agreement of additional payments was made when acquiring Carton Bros ULC, by the time of closing of the books calculated to MSEK 180 (234), final payment to be paid during 2021. The amount is dependent on the progress of operating income before depreciation and amortization (EBITDA) of the acquired operation.During the year an increase earn-out debt of MSEK 52 was recognised, mainly due to a strong development of earnings in Carton Bros ULC compared to the assumptions at the time of the transaction. The amount is the most likely outcome and recognized as liability. The amount is remeasured at the end of each reporting period with the consideration of the expected payment and the change is booked in the income statement.

Hedging instruments with associated hedged items and Derivative instruments

MSEK	Average hedging price/-rate	Nominal amount Remaining term < 1 year	Nominal amount Remaining term > 1 year	Nominal amount Dec 31, 2020	Nominal amount Dec 31, 2019	Assets Booked value Dec 31, 2020	Assets Booked value Dec 31, 2019	Liabilities Booked value Dec 31, 2020	Liabilities Booked value Dec 31, 2019	Annual change in value 2020	Accumulated change in value Dec 31, 2020
Cash flow hedges											
Interest related contract											
Interest swap	1.02%	–	605	605	936	–	–	–15	–12	–3	–15
Interest floor	–	–	–	–	676	–	1	–	–	–1	–1
Currency related contract											
FX hedges											
GBP/SEK	11.60	64	–	64	–	3	–	–	–	3	3
USD/SEK	9.02	99	–	99	–	10	–	–	–	10	10
DKK/SEK	1.40	217	–	217	–	–8	–	–	–	–8	–8
NOK/SEK	0.95	–59	–	–59	–	0	–	–	–	0	0
EURGBPUSD/DKK	–	–	–	–	259	–	–	–	–5	5	–
Total hedging		**321**	**605**	**926**	**1,872**	**5**	**1**	**–15**	**–16**	**6**	**–10**
Currency hedging of foreign operations											
Currency related contract											
Derivatives instruments – Loan		–	1,914	1,914	1,139	–	–	1,914	1,139	–16	–
Hedged item – currency hedging of foreign operations		–	1,914	1,914	1,139	1,914	1,139	–	–	16	–
Total derivative instrument						**–**	**–**	**1,914**	**1,139**	**–**	**–**

Types of hedge accounting applied in the consolidated financial statements

Type of exposure	Type of hedged items	Hedged risk	Hedging instruments	Hedging model[1)]
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

[1)] 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, 2020

December 31, 2020, MSEK	Measured at amortised cost	Measured at fair value through income statement[1)]	Derivatives used in hedge accounting[1)]
ASSETS			
Financial assets	1	–	–
Trade receivables and other receivables	818	–	–
Derivative instruments (Level 2)		–	5
Cash and cash equivalents	413	–	–
Total financial assets	**1,232**	**–**	**5**
LIABILITIES			
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	–	–
Total financial liabilities	**3,027**	**180**	**15**

Financial assets and liabilities by measurement category December 31, 2019

December 31, 2019, MSEK	Measured at amortised cost	Measured at fair value through income statement[2)]	Derivatives used in hedge accounting[2)]
ASSETS			
Financial assets	4	–	–
Trade receivables and other receivables	901	–	–
Derivative instruments	–	–	–
Cash and cash equivalents	194	–	–
Total financial assets	**1,100**	**–**	**–**
LIABILITIES			
Non-current interest-bearing liabilities	1,925	–	–
Other non-current liabilities (Level 3)	–	116	–
Derivative instruments	–	–	16
Current interest-bearing liabilities	0	–	–
Other short-term payables (Level 3)	–	118	–
Trade payables	1,117	–	–
Total financial liabilities	**3,042**	**234**	**16**

[1)] 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 observe able for the asset or liability, i.e. quoted prices or data derived therefrom.
Level 3: Unobservable inputs for measurement of the asset or liability.

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.

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, 2020**	**Dec 31, 2019**
Funded plans		
Defined benefit obligations under Swedish PRI Pensionsgaranti, plans	190	199
Fair value of plan assets	–181	–176
Total net value of funded plans	**9**	**23**
Surplus in funded pension plan recognised as asset	–	–
Partially funded pension plan recognised as liability	9	23
Unfunded plans		
Other unfunded obligations	–1	3
Total unfunded plans	**–1**	**3**
Provision for pensions, net value	**8**	**26**

Defined benefit pension plans are in Sweden and Ireland.

Pension cost in the income statement, MSEK	**2020**	**2019**
Defined benefit plans		
Incurred pension expense during the year		
Interest income / expenses	–3	–4
Cost of defined benefit plans	**–3**	**–4**
Cost of defined contribution plans	–94	–99
Total pension cost	**–97**	**–104**
The cost is recognised in the following lines in the income statement		
Employee benefits expenses, Note 5	–94	–99
Finance expenses, Note 8	–3	–4
Total pension cost	**–97**	**–104**

Pension-related charges in other comprehensive income, MSEK	**2020**	**2019**
Defined benefit plans		
Return on plan assets in excess of what is recognised as interest income in the income statement	10	13
Remeasurement of pension obligations:		
– Experience based adjustment of obligation	4	–1
– Effect of changes in demographic assumptions	1	–4
– Effects of changes in financial assumptions	–3	–20
Total remeasurement of pension obligations	**2**	**–25**
Total actuarial gains (+) and losses (–)	**12**	**–11**
Tax in gain / loss	–3	2
Total recognised in other comprehensive income	**10**	**–9**

Changes in obligations, assets and net amount:

	Defined benefit obligations		Plan assets		Net	
31 December, MSEK	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Opening balance, funded plans	199	180	–176	–167	23	13
Service cost	–2	–2	–	–	–2	–2
Interest recognised in income statement	3	4	–3	–4	–	0
Payment of pension benefits	–8	–8	–	–	–8	–8
Compensation received	–	–	8	8	8	8
Return in plan assets in excess of recognised interest	–	–	–10	–13	–10	–13
Remeasurement of pension obligations recognised in other comprehensive income	–2	25	–	–	–2	25
Closing balance, funded plans	**190**	**199**	**–181**	**–176**	**9**	**23**
Unfunded plans	–1	3	–	–	–1	3
Closing balance, pension liability	**190**	**202**	**–181**	**–176**	**8**	**26**

A reduction of the discount rate by 0.25 percentage points would increase the pension obligation by MSEK 7 (7) while an increase of the discount rate by 0.25 percentage points would reduce the obligation by MSEK 7 (7). A change in the expected life span of one year would change the obligation by MSEK 9 (9). A change of the inflation rate of 0.25 percentage points would change the obligation by about MSEK 7 (7). The pension fund's return was 7 (10) percent and a change of 1 percentage point would change the value of plan assets by about MSEK 2 (2).

Funded plans cover to 47.2 (49.6) percent paid-up policy holders and to 52.8 (50.4) percent retired persons. Duration is 15 (15) years.

Expected payments under defined benefit pension plans in 2021 are MSEK 8.

Fair value of plan asset categories and share of total plan assets

	2020		2019	
	MSEK	**%**	**MSEK**	**%**
Property	79	45.1	71	40.3
Fixed-interest investments	30	17.3	46	26.1
Equity investments	53	29.8	39	22.2
Alternative investments	17	9.7	10	5.7
Cash and cash equivalents	2	1.1	10	5.7
Total	**181**	**100**	**176**	**100**

Equity investments are all listed equity.

Actuarial assumptions	**2020**	**2019**
Discount rate	0.90%	1.50%
Future pension increase	2.00%	2.00%
Inflation	1.50%	2.00%
Mortality table	**DUS14**	**DUS14**

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 97 (99) 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 148 (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, 2020	Dec 31, 2019
Restructuring	–	2
Other provisions	7	3
Total	**7**	**5**

Note 25 Trade payables and other current liabilities

MSEK	Dec 31, 2020	Dec 31, 2019
Trade payables	1,163	1,117
Other current liabilities	342	254
Current leasing liabilities	73	73
Accrued expenses and prepaid income	378	412
Total	**1,955**	**1,855**

Accrued expenses and prepaid income

MSEK	Dec 31, 2020	Dec 31, 2019
Accrued personnel-related expenses	253	239
Bonuses and discounts	23	37
Other accrued expenses	102	136
Prepaid income	–	0
Total	**378**	**412**

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, 2020. Further information about associated companies can be found in Note 14. Other transactions with key persons are membership fee for Swedish poultry for a board member.

Related party transactions

MSEK	2020	2019
Intra-group purchases, share of total purchases, %	7.9	7.4
Intra-group sales, share of total sales, %	6.9	6.6
Purchases of goods and services from associates, MSEK	68	90
Sales of goods and services to associates, MSEK	53	74
Other transactions with associates, MSEK	1	4
Other transactions with key persons, MSEK	5	–

Note 27 Pledged assets and contingent liabilities

Pledged assets	For own liabilities	
MSEK	**Dec 31, 2020**	**Dec 31, 2019**
Real estate mortgages	271	242
Total	**271**	**242**

Contingent liabilities

MSEK	Dec 31, 2020	Dec 31, 2019
Guarantee multicurrency credit facility	2,200	2,200
Rent guarantee	156	250
Other contingent liabilities	102	105
Total	**2,458**	**2,555**

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	2020	2019
Interest received	0	0
Interest paid	−69	−64
Other paid financial items	−7	−9
Total	**−76**	**−72**

2) Business combinations, MSEK	2020	2019
Acquired assets and liabilities		
Property, plant and equipment	–	–
Intangible assets	–	–
Inventories	–	–
Trade and other receivables	–	–
Liabilities	–	–
Cash and cash equivalents	–	–
Total	**–**	**–**
Additional consideration, recognized liability	104	133
Provision for acquisition of minority	–	–
Loans in acquired business combination	–	–
Paid consideration	**104**	**133**
Cash and cash equivalents in acquired business combination	–	–
Cash flow effect	**104**	**133**

3) Cash and cash equivalents, MSEK	2020	2019
Cash and bank deposits	413	194
Total	**413**	**194**

The Group's total liquidity, defined as cash, bank deposits and credit available under the provisions of applicable loan agreements, amounted to MSEK 1,136 (655) 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 [1], MSEK	2020	2019
Cash and cash equivalents	413	194
Interest-bearing liabilities – repayable within one year	−67	−77
Interest-bearing liabilities – repayable after one year	−2,279	−2,317
Net interest-bearing debt	**−1,933**	**−2,200**
Cash and bank deposits	413	194
Gross debt – variable interest rates	−2,346	−2,394
Net interest-bearing debt	**−1,933**	**−2,200**

[1] The Group utilises the same definition of Net interest-bearing debt as the current Credit agreement.

	Liabilities from financing activities		
Changes in gross debt, MSEK	**Interest-bearing liabilities**	**Leasing liability**	**Total**
Gross debt December 31, 2019 (Note 21)	**−1,940**	**−545**	**−2,394**
Cash flows			
new loans	−60	–	−60
repayments	55	82	137
changes in credit facility	–	–	–
Total	−5	*82*	77
Foreign exchange adjustments	71	27	98
Acquisitions	–	–	–
Other non-cash movements	2	−128	−126
Total	*73*	*−101*	*−28*
Gross debt December 31, 2020 (Note 21)	**−1,873**	**−473**	**−2,346**

Notes to the Parent Company financial statements

Note 29 Fees and reimbursements to auditors

MSEK	2020	2019
Öhrlings Pricewaterhouse-Coopers AB		
Annual audit	0	0
Total	**0**	**0**

Note 30 Pledged assets and contingent liabilities

MSEK	Dec 31, 2020	Dec 31, 2019
Contingent liabilities	4	4
Guarantee for subsidiaries	11	10
Guarantor long-term multi-currency credit facilities	2,200	2,200
Total	**2,215**	**2,214**

Note 31 Investments in subsidiaries

MSEK	Dec 31, 2020	Dec 31, 2019
Accumulated cost of acquisition	533	533
Carrying amount	**533**	**533**

MSEK	2020	2019
Balance at the beginning of the period	533	533
Carrying amount	**533**	**533**

Parent Company and Group holdings of interests in Group companies, December 31, 2020

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	533
Scandi Standard ApS	25 710 029	Farre, Denmark	100	
Naapurin Maalaiskana OY	2644740-9	Helsinki, 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	
Total, Parent Company				**533**

Note 32 Financial instruments

MSEK	Dec 31, 2020	Dec 31, 2019
Loans and receivables		
Non-current interest-bearing receivables from subsidiaries	405	405
Total	**405**	**405**
Financial liabilities measured at amortised cost		
Liabilities to subsidiaries	233	255
Total	**233**	**255**

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 and the Managing Director proposes a dividend for 2020 of SEK 1.25 (–) per share to the Annual General Meeting 2021.

The following earnings are at the disposal of the Annual General Meeting:

SEK	
Share premium reserve	726,508,284
Accumulated deficit	–19,969,532
Income for the year	24,553,713
Total	**731,092,465**
Dividend to shareholders	82,308,955
To be carried forward	648,783,510
Total	**731,092,465**

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	726,508,284
Accumulated deficit	–19,969,532
Income for the year	24,553,713
Total	**731,092,465**

	SEK
Dividend to shareholders	82,308,955
To be carried forward	648,783,510
Total	**731,092,465**

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, 25 March 2021

Per Harkjær
Chairman of the Board

Henrik Hjalmarsson
Board member

Heléne Vibbleus
Board member

Vincent Carton
Board member

Øystein Engebretsen
Board member

Michael Parker
Board member

Karsten Slotte
Board member

Leif Bergvall Hansen
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 7 May 2021.
Our audit report was submitted on 25 March 2021.

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 2020. The annual accounts and consolidated accounts of the company are included on pages 49–96 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 2020 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 2020 and their 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 management 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. The operations are managed and monitored country by country in Sweden, Denmark, Norway, Finland and the Republic of Ireland. We have therefore 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 program for management, business combinations and pension obligations.

The entities in scope for the Group audit procedures represent approximately 90 percentage of Group net sales.

Our audit is carried out continuously throughout the year. For the interim report covering the period January 1 to September 30, 2020, 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.

Key audit matter	How our audit addressed the Key audit matter

Valuation of inventories

Refer to Annual report note 17 Inventory and note 1 Accounting policies.

Inventory of frozen chicken and processed products is held at a few locations in the Group and amounts to SEK 501 million as of December 31, 2020. Inventory of finished goods is a significant asset in the consolidated balance sheet.

It is arduous to perform accurate accounting and recognition of the acquisition cost for the reason that the manufacturing process includes a large variety of products. Product calculations require a number of judgments necessary by management that have consequences to the inventory values recognised and is therefore an important area in our audit.

The inventory valuation, including making write-down whenever necessary, is therefore of significant importance in our audit.

Our audit included an assessment of the Group's accounting policy of provision for obsolescence, analytical procedures and inquiries with controllers and detailed tests of inventory accounts.

We have tested controls regarding the methods applied in determining product calculations for finished goods, inward and outward deliveries from inventory, and the monitoring undertaken to ensure that stock-taking takes place at all inventory sites and that count differences are investigated.

We have performed price tests on the inventory stock of frozen chicken products. We have walked through management's monitoring controls for slow moving items and management's assessment of obsolescence.

We have participated in stock-takings to verify existence and the Group's assessment of obsolescence.

Our audit procedures at year-end focused on assessing the remaining risk of write-downs and evaluating management's assessment for write-downs made.

Recognition of business combination and valuation of related goodwill and intangible assets

Refer to the Annual Report Note 6 – Amortization and Impairment of Intangible Assets, Note 11 – Intangible Assets and not 1 Accounting policies.

The majority of Scandi Standard intangible assets have been acquired externally, mostly through acquiring businesses. Assets with indefinite useful life such as goodwill 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.

The carrying value of goodwill amounts to SEK 888 million as of December 31, 2020. Intangible assets with an indefinite life comprise various brand names acquired in Sweden, Denmark and Norway. The carrying value of such brands amounts to SEK 319 million as of December 31, 2020. Goodwill and brands are significant assets in the consolidated balance sheet. No impairment charge has been recognised against goodwill or brand names with indefinite life in 2020.

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 elements of assumptions and estimates makes this a key audit matter.

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.

In our audit we have performed, among others, the following procedures:

- assessed the model used by the Group for impairment testing and evaluated the significant assumptions for establishing forecasted cash flows and discount interest rates used for calculating the value-in-use of the cash generating units. 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.
- evaluated management's sensitivity analysis of changes in the assumptions that could lead to impairment.

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 1-42 and 101-104 and 126. Other information also contains the remuneration report 2020 which we have received before the date of our auditor's report .

The Board of Directors and Managing Directors 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.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and Managing Directors is 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 Directors 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 Directors is 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 Directors intends to liquidate the company, to cease operations, or has 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.

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. This description is part of the auditor´s report.

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 Directors of Scandi Standard AB (publ) for the year 2020 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 Directors be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with 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.

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 Managing Director

The Board of Directors and Managing Directors is 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 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 Directors is responsible for the company's organization 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 organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled 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 Directors 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. This description is part of the auditor´s report.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21 SE-113 97 Stockholm, was appointed auditor of Scandi Standard AB (publ) by the general meeting of the shareholders on the 15 May 2020 and has been the company's auditor since the 09 September 2013.

Stockholm, 25 March 2021
Öhrlings PricewaterhouseCoopers AB

Ann-Christine Hägglund
Authorized Public Accountant

Five-year summary

MSEK, unless otherwise stated	2020	2019	2018[4]	2017[5]	2016[5]
Net sales	9,940	9,891	8,797	7,101	5,967
EBITDA	699	748	662	525	438
Operating income	351	424	333	295	238
Income for the year	208	237	200	168	131
EPS, SEK	3.16	3.60	3.05	2.73	2.21
Adjusted EBITDA[1]	835	776	714	559	452
Adjusted EBITDA-margin[1], %	8.4	7.8	8.1	7.9	7.6
Adjusted operating income[1]	500	454	381	329	252
Adjusted operating margin[1], %	5.0	4.6	4.3	4.6	4.2
Dividend, SEK	1.25 [2]	–	2.00	1.80	1.35
Operating cash flow	476 [3]	536 [3]	354	213	126
Capital expenditure, net	355	419	371	199	265
Adjusted return on capital employed (ROCE)[1], %	11.9	11.0	9.7	11.1	10.3
Equity to assets ratio, %	29.4	27.7	26.5	28.2	27.8
Average number of employees	3,220	3,266	3,005	2,264	1,680

1) Adjusted for non-comparable items, see table to the right.
2) Proposed by the Board.
3) Reclassification of cash flow effect for leasing assets has been made for 2020 and 2019.
4) When applicable, the comparative figures for 2018 have been restated for changed accounting principles according to IFRS 16 Leases.
5) Not recalculated for effects in accordance with IFRS 16.

Non-comparable items in EBITDA and operating income	2020	2019	2018	2017	2016
Bird flu[a]	–15	–	–	–	–
Earn out Debt adjustment[b]	–52	–	–	30	–
Covid-19 pandemic[c]	–60	–	–	–	–
Strategy project[d]	–16	–	–	–	–
Restructuring[e]	–7	–12	–1	–2	–4
Restructuring of production[f]	–	–7	–42	–19	–
Transaction costs[g]	–	–1	–11	–25	–2
Costs for faulty raw materials[h]	–	–6	–	–	–
Write down of inventory[i]	–	–	–	–	–7
Costs related to fire[j]	–	–	–	–4	–
Costs for cancellation of leasing contract[k]	–	–	–	–15	–
Other	–	–4	–3	–	–
Total non-comparable items in EBITDA	**–150**	**–30**	**–57**	**–34**	**–13**
Effect of changes in est. life expectancy of fixed assets[l]	–	–	8	–	–
Total non-comparable items in operating income	**–150**	**–30**	**–49**	**–34**	**–13**

a) Cost related to bird flu – mainly inventory write-down.
b) Cost related to increased earn-out debt attributable to the acquisition of Manor Farm, mainly driven by the strong result development in Manor Farm in 2020 compared with the assessment made at the acquisition time. Revaluation of contingent consideration in connection with the acquisition of the remaining 20 percent of the shares in Sødams in Denmark in 2017.
c) Cost related to Covid-19 pandemic – Temporarily closing of production lines on products within Foodservice in Denmark, provision for bad debt and inventory write-down.
d) Comprehensive strategy project in the Group aimed to review the business has resulted in a common Group strategy on medium-and long-term path.
e) For 2020, costs due to restructuring of a Swedish subsidiary during 2020, with terminating a long-term contract and write-downs of assets of MSEK 7. Restructuring costs in Denmark in 2019 and in Sweden 2018.
f) Closing of hatchery in Finland in 2019 and change of production in Sweden during 2018.
g) Transaction costs for completed and non-completed acquisitions, as well as costs related to the formation of the Scandi Standard Group.
h) Costs incurred due to quality issues in purchased raw material that have not been covered by insurance.
i) Write down of inventory in Denmark.
j) Costs related to a fire in Sødams' facility in Denmark.
k) Costs for cancellation of leasing contract and project costs in Sweden.
l) Effect of changes in estimated useful life of fixed assets related to previous periods.

Segment information by quarter

MSEK		Q1 2020	Q1 2019	Q2 2020	Q2 2019	Q3 2020	Q3 2019	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Group	Net sales	2,479	2,458	2,448	2,472	2,621	2,541	2,393	2,420	9,940	9,891
	Adjusted operating income[1]	117	110	122	115	147	125	115	104	500	454
	Adjusted operating margin, %	4.7	4.5	5.0	4.6	5.6	4.9	4.8	4.3	5.0	4.6
	Non-comparable items[1]	–42	–	–17	–13	–31	–	–59	–16	–150	–30
	Operating income	75	110	105	101	116	125	56	87	351	424
Sweden	Net sales	732	695	687	711	786	765	679	692	2,884	2,864
	Adjusted operating income[1]	49	42	46	43	65	48	56	49	216	182
	Adjusted operating margin, %	4.7	6.0	6.8	6.1	8.3	6.2	8.2	7.1	7.5	6.3
	Non-comparable items[1]	–4	–	–	–	–	–	–9	–	–13	–
	Operating income	45	42	46	43	65	48	47	49	203	182
Denmark	Net sales	784	860	797	826	893	873	777	868	3,251	3,426
	Adjusted operating income[1]	20	32	18	25	21	28	–1	16	57	101
	Adjusted operating margin, %	2.5	3.7	2.2	3.0	2.4	3.2	–0.2	1.8	1.8	2.9
	Non-comparable items[1]	–11	–	–25	–6	–	–	–29	–14	–66	–20
	Operating income	8	32	8	19	21	28	–31	2	–8	80
Norway	Net sales	419	400	395	419	428	415	406	385	1,648	1,619
	Adjusted operating income[1]	34	37	42	41	45	40	40	32	162	150
	Adjusted operating margin, %	8.1	9.2	10.7	9.8	10.6	9.7	9.9	8.2	9.8	9.2
	Non-comparable items[1]	–3	–	3	–	–	–	–	–	–	–
	Operating income	31	37	45	41	45	40	40	32	162	150
Ireland	Net sales	538	496	532	501	509	496	526	479	2,104	1,972
	Adjusted operating income[1]	36	17	46	32	38	30	50	28	166	107
	Adjusted operating margin, %	6.8	3.5	7.7	6.3	7.6	6.1	9.4	5.9	7.9	5.4
	Non-comparable items[1]	–9	–	5	–	–	–	–	–	–4	–
	Operating income	27	17	46	32	38	30	50	28	162	107
Finland	Net sales	134	112	145	129	146	132	131	118	555	491
	Adjusted operating income[1]	1	1	2	1	2	2	1	–4	6	–2
	Adjusted operating margin, %	0.7	0.5	1.4	0.4	1.7	1.3	0.4	–3.7	1.1	–0.3
	Non-comparable items[1]	–	–	0	–7	–	–	–	–2	–	–9
	Operating income	1	1	2	–7	2	2	1	–6	6	–10

[1] Adjusted for non-comparable items. For a description of non-comparable items, see page 50.

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		2020	2019
Net sales	A	9,940	9,891
Income for the year	B	208	237
+ Reversal of tax on income for the year		52	75
Income after finance net	C	**260**	**312**
+ Reversal of financial income and expenses, net		91	113
Operating income	D	**351**	**424**
+ Reversal of depreciation, amortization and impairment		350	325
+ Reversal of share of income of associates		–2	–1
EBITDA	E	**699**	**748**
Non-comparable items in income for the period	F	150	30
Adjusted operating income for the period	D+F	**500**	**454**
Adjusted operating margin, %	(D+F)/A	**5.0**	**4.6**
Non-comparable items in EBITDA	F	137	27
Adjusted EBITDA	E+F	**835**	**776**
Adjusted EBITDA-margin, %	(E+F)/A	**8.4**	**7.8**

From statement of cash flows, MSEK		2020	2019
Operating activities			
Operating income		351	424
Adjustment for non-cash items			
Depreciation, amortization and impairment		350	325
Share of income of associates		–2	–1
EBITDA		**699**	**748**
Non-comparable items in EBITDA	G	137	27
Adjusted EBITDA		**835**	**776**

From statement of financial position, MSEK		Dec 31, 2020	Dec 31, 2019
Total assets		**6,385**	**6,272**
Non-current non-interest-bearing liabilities			
– Deferred tax liabilities		–166	–174
– Other non-current liabilities		–64	–137
Total non-current interest-bearing liabilities		**–230**	**–311**
Current non-interest-bearing liabilities			
Trade payables		–1,163	–1,117
Tax payables		–29	–12
Other current liabilities		–342	–254
Accrued expenses and prepaid income		–378	–412
Total current non-interest-bearing liabilities		**–1,912**	**–1,795**
Capital employed		**4,243**	**4,166**
Cash and cash equivalents		–413	–194
Operating capital		**3,830**	**3,972**
Average capital employed	H	**4,204**	**4,118**
Average operating capital	I	**3,901**	**3,977**
Operating income, LTM		351	424
Adjusted operating income, LTM	J	500	454
Finance income	K	1	1
Adjusted return on capital employed, % (ROCE)	(J+K)/H	**11.9**	**11.0**
Adjusted return on operating capital, % (ROC)	J/I	**12.8**	**11.4**
Interest-bearing liabilities			
Non-current interest-bearing liabilities		1,863	1,925
Non-current leasing liabilities		401	381
Derivatives instruments		10	16
Current interest-bearing liabilities		73	73
Total interest-bearing liabilities		**2,346**	**2,394**
Cash and cash equivalents		–413	–194
Net interest-bearing debt		**1,933**	**2,200**

Definitions

EBIT
Operating income.

Adjusted operating income
Operating income adjusted for non-comparable items.

Operating margin
Operating income as percent of net sales.

Adjusted operating margin
Adjusted operating income (adjusted EBIT) as percent 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.

EBITDA-margin
EBITDA as percent of net sales.

Adjusted EBITDA-margin
Adjusted EBITDA as a percentage of net sales.

Return on equity
Income for the period last twelve months (LTM) divided by average total equity.

Adjusted return on operating capital (ROC)
Adjusted operating income last twelve months (LTM) divided by average operating capital.

Adjusted return on capital employed (ROCE)
Adjusted operating income last twelve months (LTM) plus interest income divided by average capital employed.

Operating cash flow
Cash flow from operating activities excluding paid finance items net and paid current income tax. with the addition of net capital expenditure and net increase in leasing assets.

Adjusted operating cash flow
Cash flow adjusted for non-comparable items.

Adjusted income for the period
Income for the period adjusted for non-comparable items.

Earnings per share (EPS)
Income for the period, attributable to the shareholders, divided by the average number of shares.

Adjusted Earnings per share (EPS)
Adjusted income for the period divided by average number of shares.

Equity per share
Equity attributable to the shareholders, divided by the outstanding number of shares at the end of the period.

Net sales
Net sales is gross sales less sales discounts and joint marketing allowances.

Other operating revenues
Other operating revenue is revenue not related to sales of chicken, instead such as rent of excess land/ buildings to other users and payment by non-employees for use of the company's canteens.

COGS
Cost of goods sold.

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.

Other operating expenses
Other operating expenses include marketing, group personnel and other administrative costs.

Non-comparable items
Events or transactions with significant effects, which are relevant for understanding the financial performance when comparing income for the current period with previous periods, including restructuring programs, expenses relating to major legal disputes, impairments and gains and losses from acquisitions or disposals of subsidiaries, joint ventures or associated companies. It can also be related to one-off large-scale events outside the control of the company such as natural disasters, or virus outbreaks affecting animals or humans.

Net interest-bearing debt
Interest-bearing debt excluding arrangement fees less cash and cash equivalents.

Working capital
Total inventory and operating receivables less non-interest-bearing current liabilities.

Operating capital
Total assets less cash and cash equivalents and non-interest-bearing liabilities, including deferred tax liabilities.

Average operating capital
Average operating capital as of the last two years.

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.

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.

LTM
Last twelve months.

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. As well as this section, our statutory Sustainability Report includes the sections, Operations and value chain on pages 26–29, Our responsibility on pages 30–45 and Risks and risk management on pages 55–59. 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 2020, we will also report to the CDP for the first time for the entire Group in terms of climate and biodiversity. Our goal is to develop the climate accounts in line with these during the year, and also take into account the EU's new taxonomy.

GRI SRS and Global Compact

Scandi Standard's sustainability report for 2020 has been prepared in compliance with the Global Reporting Initiative's standards, Core option. Read more about GRI at 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 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 26–29.

Material sustainability aspects and risks

In 2017 Scandi Standard identified material sustainability aspects and risks by compiling an initial materiality analysis which was summarised under the following headings: Health, Food safety and hygiene, Animal welfare, Climate and resource efficiency, Good workplace and Good business ethics. This materiality analysis was performed internally and featured a broad representation from every part of the business. It was based on the impact of operations through the value chain, stakeholder expectations, our mission and our strategic goals. 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.

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 the next page 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. A dialogue was also held with several supplier groups in the year not only because our Supplier Code of Conduct was updated, but also to jointly develop our work regarding, among other things, sustainable shipments and packaging. An employee survey has been conducted that covered the entire group, 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.

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 requirements 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, as well as guidance policies for production activities in terms of Energy, Water, Packaging and Waste.

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) Food safety and hygiene, Animal welfare (product responsibility) Responsibility in the supply chain	**Description**: **Risks and risk management**: **Policy:** **KPIs**:	Page 32–33 Safe and healthy products, Page 34–35 Scandi Standard as a workplace, and 38–41 Chickens in good health. Pages 55–59. 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. Pages 32, 34, 40–41.
Environment	Climate and resource efficiency (energy, transport, water and waste management in production, feed efficiency, etc.)	**Description:** **Risks and risk management:** **Policy:** **KPIs:**	Page 42–43 Climate and resource-efficiency at all stages. Pages 55–59. Code of Conduct, section Environment. Permits and notification obligation in compliance with national and local environmental legislation for each plant. Pages 42–43.
Human resources	Good workplace (work environment, health, safety, gender equality and diversity)	**Description:** **Risks and risk management:** **Policy:** **KPIs:**	Page 34–35 An attractive and healthy workplace.. Pages 55–59. Code of Conduct, Social conditions section (including human rights, working conditions and work environment). New health and safety policy Diversity and equality policy. Page 35
Respect for human rights	Good workplace Responsibility in the supply chain	**Description:** **Risks and risk management:** **Policy:** **KPIs:**	Page 36 Responsible supplier relations, Page 34–35 An attractive and healthy workplace. Pages 55–59. Code of Conduct, Social conditions section (including human rights, working conditions and work environment). Diversity and equality policy Supplier Code of Conduct. Pages 35–36. 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.
Anti-corruption	Good business ethics	**Description:** **Risks and risk management:** **Policy:** **KPIs:**	Ethical business risks occur in relationships with customers, suppliers and partners, as well as in the subcontractor chain. Pages 55–59. Code of Conduct, Business Ethics section, Supplier Code of Conduct. Page 36 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.

GRI Index

GRI Standards Content Index, Core Option

GRI 102 (2016) General disclosures

Disclosure	Description	Page	Comments	UN Global Compact principle
Organizational profile				
102-1	Name of the organization		Scandi Standard AB	
102-2	Business model, brands, products and services	2, 20–25		
102-3	Location of headquarters		Stockholm	
102-4	Location of operations	2, 21		
102-5	Ownership and legal form	46–47, 113		
102-6	Markets served	2, 21		
102-7	Scale of the organization	2, 5, 49		
102-8	Information on employees and other workers	53	Numbers of employees by type of contract and type of employment not reported. Mostly employees have permanent and full-time contracts.	3
102-9	Supply chain	26–29, 36		
102-10	Significant changesto the organization and its supply chain during the reporting period	17	No significant changes	
102-11	Precationary principle approach	Applied in internal environmental, health and safety work		7
102-12	External initiatives, which the organizations subscribes	7, 31, 42, 105–106		1
102-13	Membership of associations		No specific memberships	
Strategy				
102-14	Statement from CEO	6–7		
Ethics och integrity				
102-16	Values, principles, norms of behavior	1, 34		
Governance				
102-18	Governance structure	30, 113–120		
Stakeholder engagement				
102-40	List of stakeholder groups	30, 105–106		
102-41	Collective bargaining agreements	Differs between countries. Most employees working in production are covered. In our Swedish company all employees are covered.		3, 6
102-42	Identifying and selecting stakeholders	105–106		
102-43	Approach to stakeholder engagement	105–106		
102-44	Key topics and concerns raised	30, 105–106		

Disclosure	Description	Page	Comments	UN Global Compact principle
Reporting practice				
102-45	Entities included in the consolidated financial report	67		
102-46	Defining report content and topic boundaries	105, 109–110		
102-47	Material topics	31		
102-48	Restatement of information		Any changes disclosed at respective key figure	
102-49	Changes in reporting		No changes	
102-50	Reporting period		Full year 2020	
102-51	Date of most recent report		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	105		
102-55	GRI-index		See this content index	
102-56	External assurance		The sustainability report is not externally assured.	

Specific disclosures (relevant to Scandi Standard)

For page references for topic-specific Management approach (103-1 – 103-3), see row for each topic.

Disclosure	Description	Page	Comments	UN Global Compact principle
201 (2016)	**Economic performance – Covers Scandi Standard's own operation**			
201-1	Direct economic value created and disributed	5, 61		
201-2	Financial risks and opportunities due to climate change	42, 55–58		
205 (2016)	**Anti-corruption – Covers the entire value chain**	36		10
205-2	Communication and training on anti-corruption policies and procedures	25–36		10
205-3	Confirmed incidents of corruption and actions taken	36	None	10
302 (2016)	**Energy – Covers Scandi Standard's own operations**	42		
302-1	Energy consumption within the organisation	42		8, 9
302-3	Energy intensity	43		8, 9
305 (2016)	**Emissions – Covers Scandi Standards's own operations and supply chain**	42–43		
305-1	Direct (scope 1) ghg emissions	43	Reporting limited to CO_2 emissions from energy use and distribution transports. Further data not available.	8, 9
305-2	Indirect (scope 2) ghg emissions	43		8, 9
305-3	Other indirect (scope 3) ghg emissions	43		8, 9
305-4	Greenhouse gas emissions intensity	43		

Disclosure	Description	Page	Comments	UN Global Compact principle
403 (2018)	**Work environment, health and safety – Covers Scandi Standard's own operations**	34–35		2
403-1 – 403-7	Management approach	34–35	Reporting limited to group common policies and approach. Management systems in each country are based on national legislation and not yet aligned on Group level.	2
403-8	Workers covered by an occupational health and safety management system		All workers covered by local management systems.	2
403-9	Work related injuries	34–35		2
405 (2016)	**Diversity and equal opportunities – Covers Scandi Standard's own operation**	35		2, 6
405-1	Composition of governance bodies and employees according to gender, age and other indicators of diversity	35	Reporting limited to gender and age, data for other diversity not avalible.	2, 6
Own disclosure	Inclusive culture	35		2, 6
406 (2016)	**Non-discrimination – Covers Scandi Standard's own operation**	34–35		2, 6
406-1	Incidents of discrimination and actions taken.		No confirmed incidents.	2, 6
414 (2016)	**Supplier social assessment – Covers Scandi Standard's supply chain**	36	No performance inidicator, full data not avalible.	1, 3–6, 10
416 (2016)	**Customer Health and Safety – Covers Scandi Standard's own operations, supply chain, customers and consumers**	32, 37		
416-1	Assessment of the health and safety impacts of product and service categories	32, 37		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	32		
417 (2016)	**Marketing and labelling – Covers Scandi Standard's own operations, customers and consumers**	33		
417-2	Incidents of non-compliance concerning product and service	33		
Own material topic	**Animal health and welfare – Covers Scandi Standard's own operation and supply chain**	38–40		
Own disclosure	Use of antibiotics	38–40		
Own disclosure	Feet health	38–40		
Own disclosure	Feed efficiency	38–40		

Auditor’s report on the statutory sustainability report

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 statutory sustainability report as described and referred to on pages 30–43 in the annual accounts and consolidated accounts 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 RevR 12 The auditor’s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and 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 opinion.

Opinions
A sustainability report has been prepared.

Stockholm, 25 March 2021
Öhrlings PricewaterhouseCoopers AB

Ann-Christine Hägglund
Authorised Public Accountant

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 2020, 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

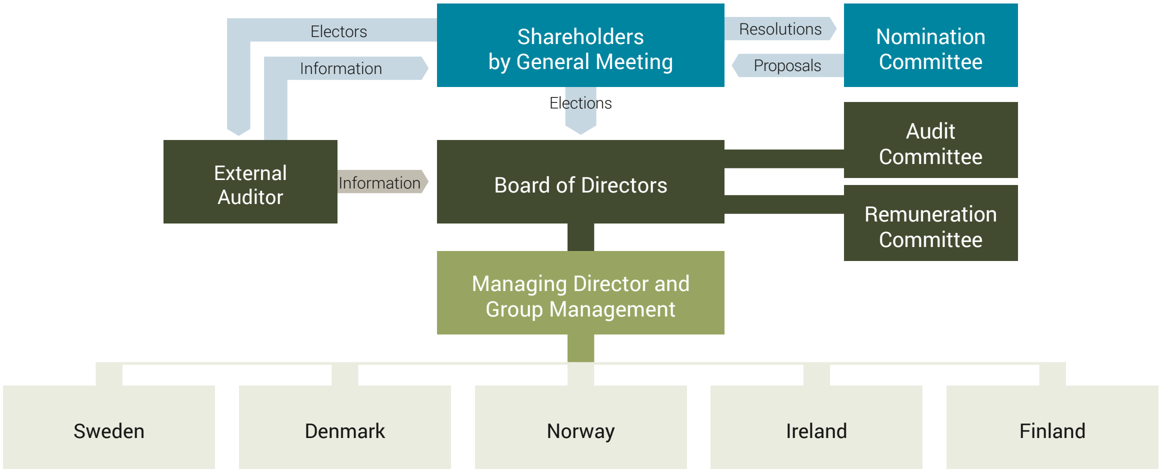
As of 31 December 2020, the share capital amounted to SEK 659,663, represented by 66,060,890 shares with a quota value of SEK 0.009986 per share. Each share carries one vote. All shares have equal rights to Scandi Standard's assets and profits.

The number of shareholders as of 31 December 2020 was 6,114. The holding of the ten largest owners corresponded to 54 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 2020. Approximately 43 percent of the share capital was owned by foreigners as of 31 December 2020. More information of the share and shareholders, see pages 46–47.

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 2020

The AGM 2020 was held in Stockholm, Sweden, on May 15. 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 2019.
- Dividends would not be paid for the 2019 financial year.
- Discharge of liability for the Board members and the Managing Director for the 2019 financial year.
- Re-election of Per Harkjaer, Vincent Carton, Øystein Engebretsen, Michael Parker, Karsten Slotte and Heléne Vibbleus as Board members.
- New election of Henrik Hjalmarsson as Board member.
- Re-election of Per Harkjaer 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 3,280,000, of which SEK 700,000 to the Chairman of the Board, SEK 360,000 each to the other six 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, 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.
- Guidelines for remuneration for senior management.
- Long-term incentive programme 2020 (LTIP 2020), authorisation for the Board of Directors to acquire and transfer own company shares to hedge the commitments under LTIP 2020 and authorisation for the Board of Directors to determine issue of new company shares on the conditions set forth in the AGM 2020 minutes, available at the company web site www.investors.scandistandard.com/en/previous-general-meetings.

Annual General Meeting 2021

The Annual General Meeting (AGM) 2021 will be held on 7 May 2021. In order to prevent the spread of the Covid-19, the Board of directors has decided that the Annual General Meeting shall be held without physical presence of shareholders, proxies or external parties and that the shareholders shall exercise their voting rights by post in accordance with sections 20 and 22 of the Swedish Act on Temporary Exemptions to Facilitate the Execution of General Meetings in Companies and Associations. Notice of the Annual General Meeting (including information on how shareholders can vote by mail and exercise other rights) is available on the company's web site: 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 Committee instruction, which is available on the company web site, 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 2020 consisted of Andreas Hofmann (chairman, appointed by Investment AB Öresund), Justin Carton (appointed by Carton Group), Viktor Henriksson (appointed by Carnegie Fonder), Per Olof Nyman (appointed by Lantmännen Animalieinvest AB) and Per Harkjaer (Chairman of the Board of Scandi Standard).

The proposals of the Nomination Committee to the 2020 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 14 April 2020 and on the company's website www.investors.scandistandard.com/eng/agm. The 2020 Annual General Meeting resolved in accordance with all the Nomination Committee's proposals.

The nomination committee for the AGM 2021 consists 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 (Chairman of the Board of Scandi Standard). Justin Carton resigned from the committee on 18 February 2021 following the sale by Themvar Eight of all its shares in Scandi Standard.

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 2020 of the Board work and procedures, including the performance of the Chairman of the Board and its members individually. 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. In connection with this, the Chairman of the Audit Committee also provided the Nomination Committee the Audit Committee's recommendations on the election of external auditor and auditor fees. Prior to submitting their proposal to the AGM 2021, the Nomination Committee had held three meetings.

The Nomination Committee's proposals to the AGM 2021

The proposals of the Nomination Committee to the 2021 AGM and a statement for the Nomination Committee work will be announced in a press release in April 2021, which will be available on the company website www.investors.scandistandard.com/eng/.

Nomination Committee for the 2021 AGM

The names of the members of the Nomination Committee as set out below were announced in a press release on 27 October 2020.

Member	Appointed by	Percent of share capital 2020-12-31	Percent of share capital 2020-08-31	Independent[1)]
Andreas Hofmann	Investment AB Öresund, Chairman	15.3%	15.3%	Yes/No
Justin Carton	Carton Group ULC	9.1%	9.1%	No/Yes
Johannes Wingborg	Länsförsäkringar Fondförvaltning AB	7.0%	5.6%	Yes/Yes
Per Olof Nyman	Lantmännen Animalieinvest AB	5.0%	5.0%	Yes/Yes
Per Harkjaer	Chairman of the Board of Scandi Standard AB (publ)			Yes/Yes

1) 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.

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.

Diversity policy

The nomination committee applies Rule 4.1 of the Swedish Corporate Governance Code as diversity policy regarding the company's 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 2020, the Board comprised six ordinary members, elected by the AGM 2019, after that Gunilla Aschan resigned from the Board of personal reasons, and after the AGM 2020, seven ordinary members, elected by the AGM 2020, for both years with no deputies and no employee representatives. For more information on the Board of Directors, see pages 122–123.

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 117.

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 2020

In 2020, the Board held 14 meetings, of which one regular physical, eight regular per video, four per capsulam including the statutory Board meeting and one by email.

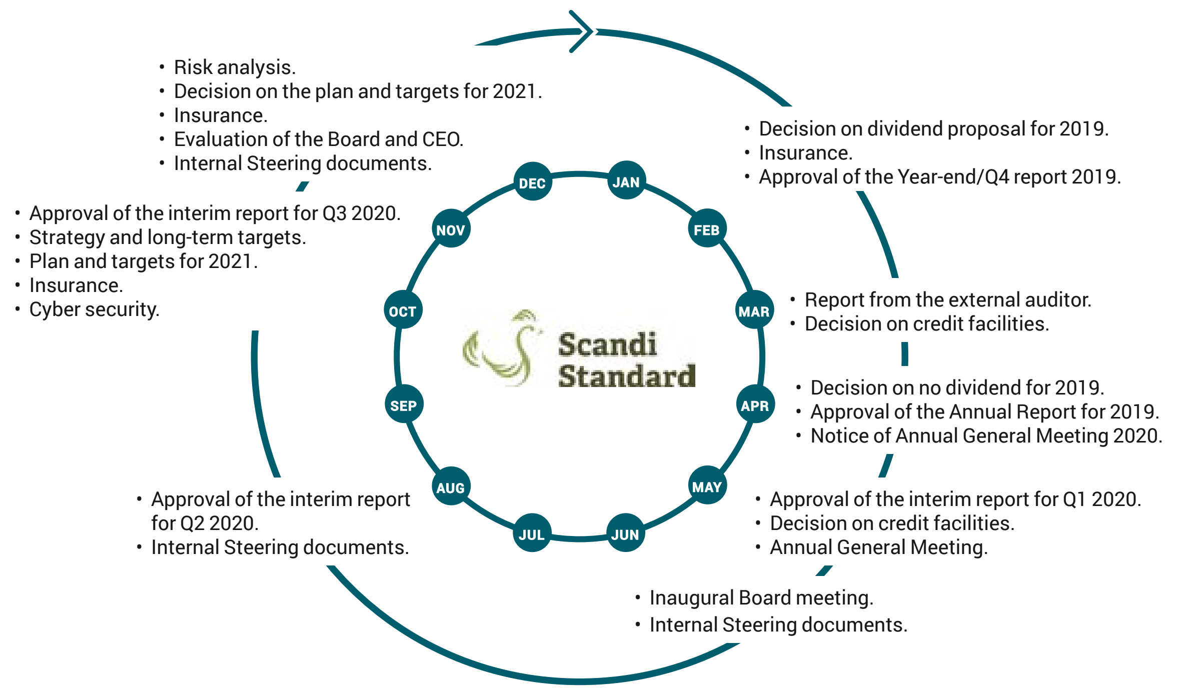
The standing items on the agenda for the ordinary Board meetings include an operational and financial review of the operations against set goals and an outlook for the coming quarter, a review of investments, and reports from the committee of the Board of Directors.

In addition, the Board continuously addresses strategic issues concerning the market, product development, purchasing, production, personnel, investments, acquisitions and financing.

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 2020



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 operations.
- Investments, financing, cash flow and financial position.
- Segment reporting.
- IT and information security.
- External risk, including Covid-19 pandemic.

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 2020, 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 in the end of 2020 an ad hoc 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 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 2020, after the AGM, comprised the two Board members, Heléne Vibbleus (Chairman) and Øystein Engebretsen. The Audit Committee had a total of seven 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 attends the meeting when necessary and in accordance with the agenda.

The work was primarily focused on:

- Year-end report and Annual Report 2019.
- Interim reports 2020.

Board of Directors

				Attendance 2020				
Name		Nationality	Independence[1]	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Authorized fees, SEK[2]	Shareholdings no of shares[3]
Per Harkjaer	Chairman/ Committee Chairman	Danish	Yes/Yes	14		3	760,000	110,000
Vincent Carton		Irish	No/Yes	14			360,000	6,000,000
Øystein Engebretsen	Committee member	Norwegian	Yes/No	14	7	3	465,000	311,040
Henrik Hjalmarsson		Swedish	Yes/Yes	6			360,000	1,000
Michael Parker		British	Yes/Yes	13			360,000	16,000
Karsten Slotte	Committee member	Finnish	Yes/Yes	14		3	390,000	13,698
Heléne Vibbleus	Committee Chairman	Swedish	Yes/Yes	14	7		510,000	6,250
Total				**14**	**7**	**3**	**3,205,000**	**6,457,988**

1) 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.
2) Fees exclude travel allowances.
3) As of December 31, 2020. Holdings include, when applicable, also holdings by related parties.

- 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.
- 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.
- 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 three 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 2020, after the AGM, comprised the three Board members Per Harkjaer (Chairman), Øystein Engebretsen and Karsten Slotte. The Remuneration Committee held a total of three meetings during the year. The Group's HR director attends the meetings when needed and in accodrance 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 2021.

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 remuner- ation to the senior managers shall consist of fixed salary, variable salary, pension and other benefits, and it shall be based on princi- ples 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 2020 AGM resolved on a share-related long-term incentive programme 2020 (LTIP 2020) of the same type as outstanding LTIP 2019 which is partly similar to the previous programmes LTIP 2018 and LTIP 2017 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 Pricewaterhouse-Coopers AB (PwC), elected at the AGM 2020 until the end of the AGM 2021, 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 and the Remuneration 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 a new 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 was carried out during the year 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.

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 framwork 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, 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 the CFO, the COO, the Group Business Development Director, the Director of Group Live Operations, the Group Supply chain Director 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 2020 focused to a large extent on evaluating the efficiency in internal control over financial reporting and the business in general in accordance with an annual internal audit plan. The work also included support to the organisation in the establishment of the Framework for internal control over financial reporting including formalising and documenting internal processes and control activities as well as improving the IT environment.

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 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, 25 March 2021

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 2020 on pages 113–120 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 2021
Öhrlings PricewaterhouseCoopers AB

Ann-Christine Hägglund
Authorised Public Accountant

Board of Directors

Holdings in Scandi Standard includes, when applicable, also holdings by related parties.

1 PER HARKJÆR

Chairman
Born 1957.
Bachelor's degree in International Marketing, Copenhagen Business School, Denmark.
Elected 2014. Chairman of the Remuneration Committee.
Other assignments: Chairman of Løgismose Meyers in Denmark and Meadow Foods in the United Kingdom.
Previous assignments: Group CEO, United Coffee, Findus Group and Toms Confectionery Group.
Holdings in Scandi Standard: 110,000 shares.

2 VINCENT CARTON

Board member
Born 1958.
Bachelor of Commerce, University College Dublin, Ireland. CIMA Chartered institute of Management Accountants.
Elected 2018.
Other assignments: Member of Foodwise 2025 (a strategic advisory Board for the Irish agriculture and food industry). Board member of MII (Meat Industry Ireland). Member of the boards of Consumer Foods and Meat and Livestock in Bord Bia (an Irish organisation for marketing of food).
Holdings in Scandi Standard: 6,000,000 shares.

3 ØYSTEIN ENGEBRETSEN

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, Project manager, Viking Sverige AB. Corporate Finance, HQ Bank.
Holdings in Scandi Standard: 311,040 shares.

4 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.

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.

6 KARSTEN SLOTTE

Board member
Born 1953.
Bachelor of Science (econ), Hanken School of Economics, Finland.
Elected 2014.
Other assignments: Board member of Conficap Oy, Ratos AB (publ), Antti Ahlström perilliset Oy and Finnish-Swedish Chamber of Commerce.
Previous assignments: President and CEO, Fazer Group, various leading positions at Cloetta/Fazer.
Holdings in Scandi Standard: 13,698 shares.

7 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.
Previous assignments: Board member of Marine Harvest ASA, Orio AB, Renewable Energy Corporation ASA, Swedbank Sjuhärad AB, Tradedoubler 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.

EXTERNAL AUDITOR

Öhrlings PricewaterhouseCoopers AB.
Ann-Christine Hägglund, Authorised Public Accountant, born 1966, chief auditor.
Other assignments: Principal auditor, among ohters, for NCC, JM and Business Sweden.

Henrik Hjalmarsson is a part of the Board of Directors since May 2020.

All shareholdings reported as per 31 December 2020.
When applicable, holdings in Scandi Standard includes also holdings by related parties.

Group Management

1 LEIF BERGVALL HANSEN
Managing Director and Chief Executive Officer
Born 1966.
Master of Science, Copenhagen Business School, Denmark, including a period at Stanford Business School, USA.
In Group Management since 2013.
Previous assignments: Head of division, Nestle, CEO of Bisca A/S.
Holdings in Scandi Standard: 732,775 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: 1,000 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
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: 139,351 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: 70,460 shares.

6 MICHAEL BUDTZ BERTHELSEN
Group Supply Chain Director
Born 1968.
BSc. Technology Management & Marine Engineering.
In Group Management since 2020.
Previous assignments: CEO of Vega Salmon. CEO and COO at Bisca. COO at Skandza. Factory Manager Carlsberg & Danionics. Manager at Maersk.
Holdings in Scandi Standard: 0 shares.

7 MATS HEDLUND
Country Manager, Sweden
Born 1966.
Market Economist DIHM.
In Group Management since 2019.
Previous assignments: Vice President Fresh Dairy Products Arla Sweden, Managing Director Barilla Sweden, Commercial Director Consumer Products Division L'Oréal Sweden.
Holdings in i Scandi Standard: 5,000 shares.

8 MARK HEMMINGSEN
Country Manager, Denmark
Born 1974.
Cand. Negot University of Southern Denmark, Executive Management Program, INSEAD.
In Group Management since 2016.
Previous assignments: Chief Commercial Officer, Rynkeby Foods A/S. Leading positions in sales and marketing, Merrild Kaffe A/S. Product Manager, Bähncke A/S.
Holdings in Scandi Standard: 28,376 shares.

9 FREDRIK STRØMMEN
Country Manager, Norway
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.

10 ADO CARTON
Country Manager, Ireland
Born 1968.
Bachelor of Commerce, University College Dublin and Dip. Business Strategy, Irish Management Institute.
In Group Management since 2019.
Previous assignments: Managing Director, Kerry Foods and other leadership roles within Kerry Group plc.
Holdings in Scandi Standard: 0 shares.

11 SAMULI ESKOLA
Country Manager, Finland
Born 1974.
Master of Science at Swedish School of Economics and Business Administration, Vaasa, Finland.
In Group Management since January 2019.
Previous assignments: CEO of Polarica Group, EVP Consumer Business HKScan Oyj Finland and Baltics, 15 years of other executive positions in HKScan Group, HKScan Finland, Apetit Plc and Atria Abp.
Holdings in Scandi Standard: 0 shares.

Michael Budtz Berthelsen is a part of Group Management since September 2020.

All shareholdings reported as per 31 December 2020.
When applicable, holdings in Scandi Standard includes also holdings by related parties.

Annual General Meeting

The Annual General Meeting (AGM) 2021 will be held on 7 May. In order to prevent the spread of Covid-19, the Board of directors has decided that Annual General Meeting shall be held without physical presence of shareholders, proxies or external parties. 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 and exercise other rights) is available on: investors.scandistandard.com/en/agm before the Annual General Meeting.

Vote at the annual genereal 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 Thursday 29 April 2021 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 Monday 3 May 2021; and
- submit a postal vote in accordance with the instructions set out in the section "Instructions for voting by post" in such time that the company receives the postal vote by Thursday 6 May 2021, 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. The voting form should be sent either:

- by mail to Scandi Standard AB (publ), att: "Årsstämma", c/o Euroclear Sweden AB, Box 191, 101 23 Stockholm; or
- by email to generalmeetingservice@euroclear.com (state "Scandi Standard" in subject line); 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 is available at the company's website, 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, fluctuations in exchange rates and interest rates, political developments, the impact of competing products and their pricing, product development, commercialization and technological difficulties, product quality and safety, interruptions in supply, increased raw material cost, disease outbreaks, loss of major customer contracts, major customer credit losses and effects of Covid-19 pandemic. For further information see the sections on Risks and risk management on page 55–59 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 forwardlooking 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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