



Scandi
Standard



Annual Report 2022



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About the annual and sustainability report

Pages 77–124 constitute the statutory annual report, which has been audited. Sustainability is integrated into the operations, which is reflected in the Annual and Sustainability Report. The Sustainability Report, for which limited assurance is provided, can be found on pages 42–72, including GRI Index (GRI Standards 2021) and reporting according to the EU Taxonomy.

This Annual Report is an English translation of the Swedish original. In the event of any discrepancies, the Swedish version shall govern.

Scandi Standard in brief

We are the leading producer of chilled, frozen and ready-to-eat chicken products in the Nordic countries and Ireland. Every day, in everything we do, we ensure that our products meet the highest levels for quality, innovation and sustainability.

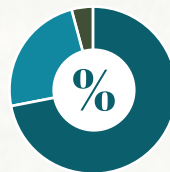
Our well-known brands include Kronfågel, De Danske Familiegårde, Den Stolte Hane, Sicín Sásta and Naapurin Maalaiskana. Our customers are found in the retail, food service and food industry sectors and we export to more than 40 countries.

Net sales
by sales channel



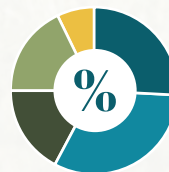
- Retail, 60 (65)%
- Foodservice, 23 (19)%
- Export, 8 (7)%
- Food industry/Other, 9 (9)%

Net sales
by segment



- Ready-to-cook, 72 (75)%
- Ready-to-eat, 24 (21)%
- Other, 4 (4)%

Net sales
by country



- Sweden, 26 (26)%
- Denmark, 32 (30)%
- Norway, 17 (18)%
- Ireland, 18 (19)%
- Finland, 7 (6)%

Net sales in SEK million

12,119

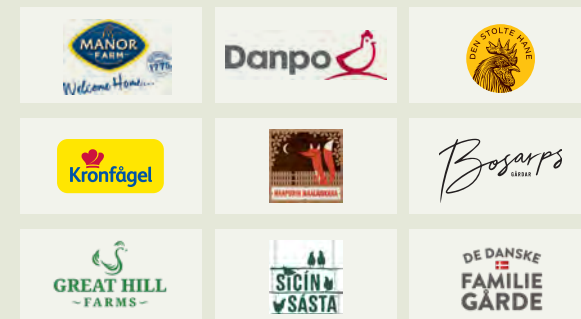
Operating income in SEK million

290

Employees in 2022

3,294

A selection of our brands



With care for people, chickens and the planet

There is always something that we, as a company, can do better. Our efforts are guided by our vision, mission and values.

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. For us, this means how we work every day to create value and profitability with our products in a responsible way and contribute to the health and wellbeing of people, chickens and the planet we all share.

Our values

OPENNESS

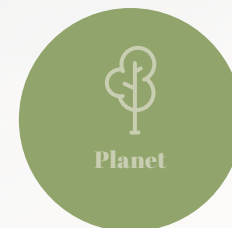
Openness means being transparent and honest, which enables us to help each other between countries and between functions so that we are constantly improving and developing.

CHALLENGE

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

SENSE OF URGENCY

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



Our mission: The Scandi Way

Every day we act responsibly to create value and profitability through our products and though promoting health and wellbeing for people, our chickens and the planet.



People

Producing safe, tasty and healthy products that contribute to sustainable and nutritious protein production

Offering an attractive, safe and healthy workplace

Safeguarding business ethics, human rights and fair working conditions

Building responsible supplier relationships and sustainable supply chains



Chickens

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

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

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



Planet

Minimising the carbon footprint of products – from farm to fork

Decreasing the environmental impact of our operations

Minimising the use of plastic through sustainable packaging

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

CEO's statement

Robust recovery in a challenging market climate

2022 has been a year of significant improvements for Scandi Standard. In addition to the extensive internal improvement work we committed to, the year has brought serious macroeconomic challenges such as war, severe cost inflation and interest rate hikes. However, our results show that we have – with the help of our employees, suppliers and customers – successfully leveraged price increases to manage and offset the intense inflation.

The goal of the Group-wide review that was initiated in 2021 was to gradually improve our processes, optimise our efficiency and improve our earnings. We have now laid the foundation for further developing these efforts and taking Scandi Standard to the next level.

My first year as the CEO of Scandi Standard has been eventful, challenging, instructive and highly stimulating. My work has been characterised by constant revisions to improve the company's processes, enhance efficiency, reduce overall costs and strengthen the company's financial position, as well as extensive efforts to raise prices to offset severe cost inflation. We left no stone unturned, as we challenged and evaluated the company's strategy. It was important to me that we agree on a shared objective, clarify the division of responsibilities within the organisation and strengthen our corporate culture. The company's transition requires our sustained efforts to optimise processes and thereby improve profitability across the value chain. At the heart of Scandi Standard is our endeavour to achieve sustainable operations with a low environmental impact.

I see great potential in raising the value and profitability of our raw material by utilising more of the chicken and further developing our product portfolio as well as by clarifying and strengthening our market position. A critical success factor will be to establish a



“ My first year as the CEO of Scandi Standard has been eventful, challenging, instructive and highly stimulating.

higher level of earnings – one that exceeds the margins reported during 2015–2020.

Market leader with a well-defined strategy

Scandi Standard is the leading producer of chilled, frozen and ready-to-eat chicken products in the Nordic countries and Ireland. As the market leader, we want to be at the leading edge of efforts to improve our industry. In 2021, we made a strategic decision to reduce production volumes, in order to lay the foundation for sustainable and profitable long-term growth, as well as a return on investment for Scandi Standard. Combined with the necessary price adjustments we implemented, the Group's improved processes and cost efficiency essentially during 2022 helped us to succeed in navigating the adverse consequences of harsh cost inflation and a weakened consumer market.

A price-conscious consumer focus has led to increased demand for inexpensive chicken parts and created an imbalance due to surpluses in beef and pork, which is impacting all protein-producing companies. Despite substantial changes to our game plan and the

highly volatile market, we ended the year with a solid financial position, strong growth in net sales that was in many respects driven by implemented price increases and an improved operating income. I am very proud of our performance.

During the year, we adjusted our production and sales prices to prevailing market conditions, took actions to increase operational efficiency and invested in capacity expansions within the fast-growing Ready-to-eat segment. The decision to expand capacity on production line 3 in Farre, Denmark, was made in 2022 and will help us to continue to deliver in the rapidly growing and highly profitable Ready-to-eat segment in 2023.

We have also identified opportunities to improve our export operations. Currently, our export markets primarily consist of the rest of Europe and Asia, where for the most part, we sell products such as wings and feet. In order to increase control and profitability, we have shifted some of our export sales during the year – from trading-channels toward a greater proportion of strategic collaborations with Retail and Foodservice customers – in markets beyond our domestic markets. In terms of growth and profitability, I also

“I see great potential in raising the value and profitability of our raw material by utilising more of the chicken.”

16%

Organic growth

amounted to 16 per cent, which is significantly higher than the historical growth of 6-7 per cent per year, driven by price increases.

2.4%

The operating margin increased during the year, due to improved profits in Ready-to-eat.

26%

Earnings per share rose by 26 per cent during the year and has been positively affected by Improved operating income.

–30%

Lost Time Injuries (LTI) per million hours worked decreased from 39.2 to 27.4 during the year. Scandi Standard continues efforts toward its zero vision.

see the potential of expanding exports in the Ready-to-cook and Ready-to-eat segments by utilising chicken parts that are not in demand in our local markets.

Ensure good financial position and flexibility for the future

A focal point that continued to be prioritised during the year, was to reverse the trend in Denmark, particularly in the Ready-to-cook segment. Scandi Standard's Danish operations for chilled fresh chicken products have been performing weakly for quite some time, due to excessive volumes, stock build-ups, price competition, internal imbalances and poor cost efficiency. Our chicken production in Denmark is undergoing a realignment to better meet customer demand in a more price sensitive market. Adapting the product range and increasing production within the Ready-to-eat segment will be critical to pursuing improvements in Denmark. The work to reset the operations remains a focus area for Scandi Standard and the assessment is that the results will gradually be tangible during 2023.

We worked proactively during the year to ensure a good financial position and flexibility for the future. Given the turbulent year, I consider our banks' renewal of their confidence in us in the form of a new five-year financing plan to be a sign of strength, which I am proud of. We will need to keep improving, if we are to get to where we want to be, but we have a clear plan and consensus on what needs to be fixed.

Healthy and sustainable food

Scandi Standard's business concept is to contribute to the joy of food, and to health and wellbeing. We work with sustainable food production, where we assume the responsibility from farm to fork, for people, chickens and the planet. During the year, we adopted new sustainability goals that will lead us toward 2030.

We contribute to sustainable food production by providing healthy and innovative chicken products produced in a responsible and resource-efficient way. We have a clear ambition to be a sustainability leader in the global poultry space. I am convinced that our systematic efforts to continuously improve within sustainability is a competitive advantage that will build confidence in Scandi Standard over time. We are ideally positioned in the market,



Key actions

- Compensated for cost inflation through requisite price increases
- Drove profitable growth in the Ready-to-eat segment through the year
- Expanded capacity in the fourth quarter of 2022 at the plant in Farre, Denmark, through the remodelling of a production line
- Signed a new five-year financing deal with our banks
- Started improvement initiatives with efficiency and internal processes



because the average carbon footprint of chicken is about ten times smaller than that of beef and more people are making conscious food choices with regard to taste, health and the environment.

During the year, we worked on mapping our climate impact at every stage – from feed production to parent bird rearing and to hatcheries, and to rearing, processing and packaging, and finally to distribution, sales and consumption. These efforts, which have resulted in third-party certified calculations at the product level and the climate labelling of our products, led to two major benefits: we have identified areas where we can improve and make a difference, and we have identified areas in the value chain in need of greater transparency.

Continuing chosen path to improve the company

By continuing on our chosen path to improve the company, we will advance Scandi Standard's positions in the Nordic countries and in Ireland, and generate value for our customers, suppliers, end consumers and shareholders.

Our focus in 2023 is to counteract cost increases by securing the right price levels, to continuously evaluate optimal production rates in order to ensure the right inventory levels and thereby create a

healthy balance between supply and demand, to continue improving our operations in Denmark, and to implement Scandi Standard's new strategy, which will be applied as of 2024. I am convinced that our organisation is well equipped and ready to meet the short-term challenges we have identified. In closing, I would like to extend my sincere gratitude to our amazing employees for their efforts during the past year, as well as to our shareholders who support our long-term vision.

Stockholm, 23 March 2023

Jonas Tunestål, Managing Director and CEO

“By continuing on our chosen path to improve the company, we will advance Scandi Standard's positions in the Nordic countries and in Ireland, and generate value for our customers, suppliers, end consumers and shareholders.”

KPIs

MSEK	2022	2021
Net sales	12,119	10,101
EBITDA	722	598
Operating income (EBIT)	290	222
Non-comparable items	–	9
Adjusted EBITDA ¹⁾	722	589
Adjusted operating income (EBIT) ¹⁾	290	213
Income after finance net	186	140
Income for the year	138	103
Net interest-bearing debt	1,983	1,980
Operating cash flow	197	347
Organic growth, %	16	3

%	2022	2021
EBITDA margin	6.0	5.9
Operating margin (EBIT)	2.4	2.2
Adjusted EBITDA margin ¹⁾	6.0	5.8
Adjusted operating margin (EBIT) ¹⁾	2.4	2.1
Return on capital employed ¹⁾	6.7	5.2
Return on equity	6.2	5.5
Equity to assets ratio	33.5	30.0
Average number of employees	3,294	3,215
Employee engagement index	71	72 ²⁾
Feed efficiency, kg feed/kg live weight	1.50	1.52

¹⁾ Adjusted for non-comparable items, see page 78. For a definition of alternative performance measures, see page 134.

²⁾ Relates to measurement in 2020 since no measurement was done in 2021.

Strategy for profitable and sustainable growth

Scandi Standard combines the inherent strength of a large Group with the advantages of having a clear local presence, which allows for us to act quickly, near our customers. In 2022, Group-wide efforts were made to clarify Scandi Standard's direction moving forward. The four strategic areas summarise what is important for our continued development.

1:

Establish a winning culture

Everything begins with our employees and how we conduct our operations. We have five local markets and one Scandi Standard, and collaboration is the key to success. We strive to stimulate engagement through clear goals and a high level of transparency. We fine tune our culture to strengthen behaviours that support our values: to be open, to challenge and to act – quickly, smartly and responsibly. At Scandi Standard, everyone is important and everyone has a responsibility.

2:

Pursue efficiency and resource utilisation

A sharp focus on the efficient utilisation of all resources permeates everything we do – throughout our operations and across our entire value chain. We achieve tangible efficiency by applying a holistic approach to everything we do, while continuously trimming our costs, and streamlining processes and work methods. It is also about further digitalising our operations to leverage technological developments and strengthen our competitiveness.

3:

Increase the value of our protein

Our business and product development strategies are aimed at utilising the whole bird and adding value to our products, to reduce food waste while strengthening our business. Already today, residual products from chicken production are being used in animal feed and as biofuel. But we can do better. We aim to grow in products with a high degree of processing, while establishing a broader product portfolio within several categories. This requires that we work closely with consumers, collaborate with our customers and be agile in our development processes.

4:

Future-proof our operations

To be an important part of the food supply in several countries entails great opportunities as well as great responsibility. Our future business requires that we act sustainably, with a long-term approach, at all stages of our business. This characterises how we work with everything, from finances and regulatory compliance to systems and processes, and includes our approach to product development, recruitment and employee development. Our competitive business is based on strong brands aimed at being the local market leader, combined with an active dialogue with our customers, consumers and other stakeholders.

Our focus for 2030



Scandi Standard's business concept is to contribute to the joy of food, and to health and wellbeing. We work with sustainable food production, where we assume the responsibility from farm to fork, for people, chickens and the planet. During the year, we adopted new sustainability goals that will lead us toward 2030. The goals are described in more detail in the sustainability report on page 45.

Providing local, healthy, safe and cost-efficient protein

Our products form the basis of our sustainability strategy and business strategy. We strive to offer high quality products, with the best food-safety standard, and at the same time healthy, locally produced and cost-efficient compared to other animal protein. This enables us to contribute to local businesses and to be an important presence in the daily lives of people in all our domestic markets.

Safe and healthy workplaces and committed employees

Our employees are the foundation of our operations. Ensuring that they have a safe and healthy work environment is our highest priority. It is also a prerequisite for retaining and attracting qualified staff. We know that motivated employees who feel included also perform better and are important ambassadors for Scandi Standard.

¹⁾ Eur-lex.europa.eu

²⁾ Sciencebasedtargets.org

Safeguarding and developing our animal welfare work

Scandi Standard's veterinarians and other chicken experts work together with all of our growers on a daily basis to ensure that our chickens thrive. We have far-reaching Group-wide policies on the use of antibiotics and on animal welfare, through which we ensure, for example, the Five Freedoms¹⁾ of animal welfare. However, there is still room for improvement. A healthy and thriving chicken does not need any antibiotics, and efficiently converts feed into meat.

Reduced climate impact from chickens – from farm to fork

Although chickens are the animal protein with the lowest climate impact, we still have room for improvement. We have taken it upon ourselves to set science-based climate targets throughout the value chain. The internally adopted targets, which are validated by the Science Based Target initiative²⁾, are aimed at reducing emissions in own operations and in the value chain by 50 per cent by 2030, with 2021 as the base year. More than 90 per cent of total emissions occur beyond the sphere of our own operations. Consequently, our efforts to reduce climate impact are closely linked to our relationship with our growers, to feed efficiency and structured work with biodiversity.

Reduced and improved use of plastics when developing our packaging

Packaging is the key to food safety and product sustainability. Good packaging also reduces food waste. However, the use of virgin plastic is a problem for the climate, the oceans and the earth's ecosystems. Their use constitutes a business risk, as plastic packaging is increasingly subject to regulatory control. The key issue is for packaging to be recyclable and not to contain any more plastic than is necessary and, where possible, to be made from recycled or bio-based materials.

Maximised resource usage and minimised waste

Every chicken and the entire chicken matters. Being able to use as much as possible of every chicken is the key to sustainability and profitability. New innovations, improved processes and product development are all important factors for attaining our goals. At the same time, it is crucial to minimise waste – not only food waste but also other types of waste arising in our value chain. When it comes to food waste, we have – in addition to the efforts undertaken in our own production – a vital role to play in collaborating with customers and in making it easy for end consumers to reduce food waste.

Financial targets

	Medium-term goals	Results 2022	Results 2018–2022	Objective
Net sales	Average annual organic growth in line with or above market growth.	+6.9% (5Y CAGR)	<p>% Net sales, 5Y CAGR</p>	Growth that is in line with or higher than general market growth is an indicator that operations are retaining or increasing their market share, and means that the Group is competitive.
EBITDA margin¹⁾	Exceed 10 per cent in the medium term.	6.0%	<p>% EBITDA-margin¹⁾</p>	An EBITDA margin of more than 10 per cent is important to be able to ensure good profitability and a strong cash flow.
Net interest-bearing debt/EBITDA¹⁾	2.0–2.5 x EBITDA, but may temporarily exceed this level to allow for capturing opportunities for organic growth and acquisitions.	2,7	<p>Net interest-bearing debt/EBITDA¹⁾</p>	The net interest-bearing debt in relation to EBITDA figure shows how well the capital structure reflects the size and profitability. If the figure is within the target, both a well preparedness for leaner times and a capacity to leverage future acquisitions are ensured.
Dividend ratio	Approximately 60 per cent of income for the year adjusted for non-comparable items on average over time.	54%²⁾	<p>% Dividend ratio</p>	This figure shows how much of the profit is distributed among the shareholders. A stable dividend level is important for the share to be an attractive investment.

¹⁾ EBITDA adjusted for non-comparable items. For a definition of alternative performance measures, see page 134

²⁾ Board proposal for dividend for 2022.

Sustainability goals¹⁾

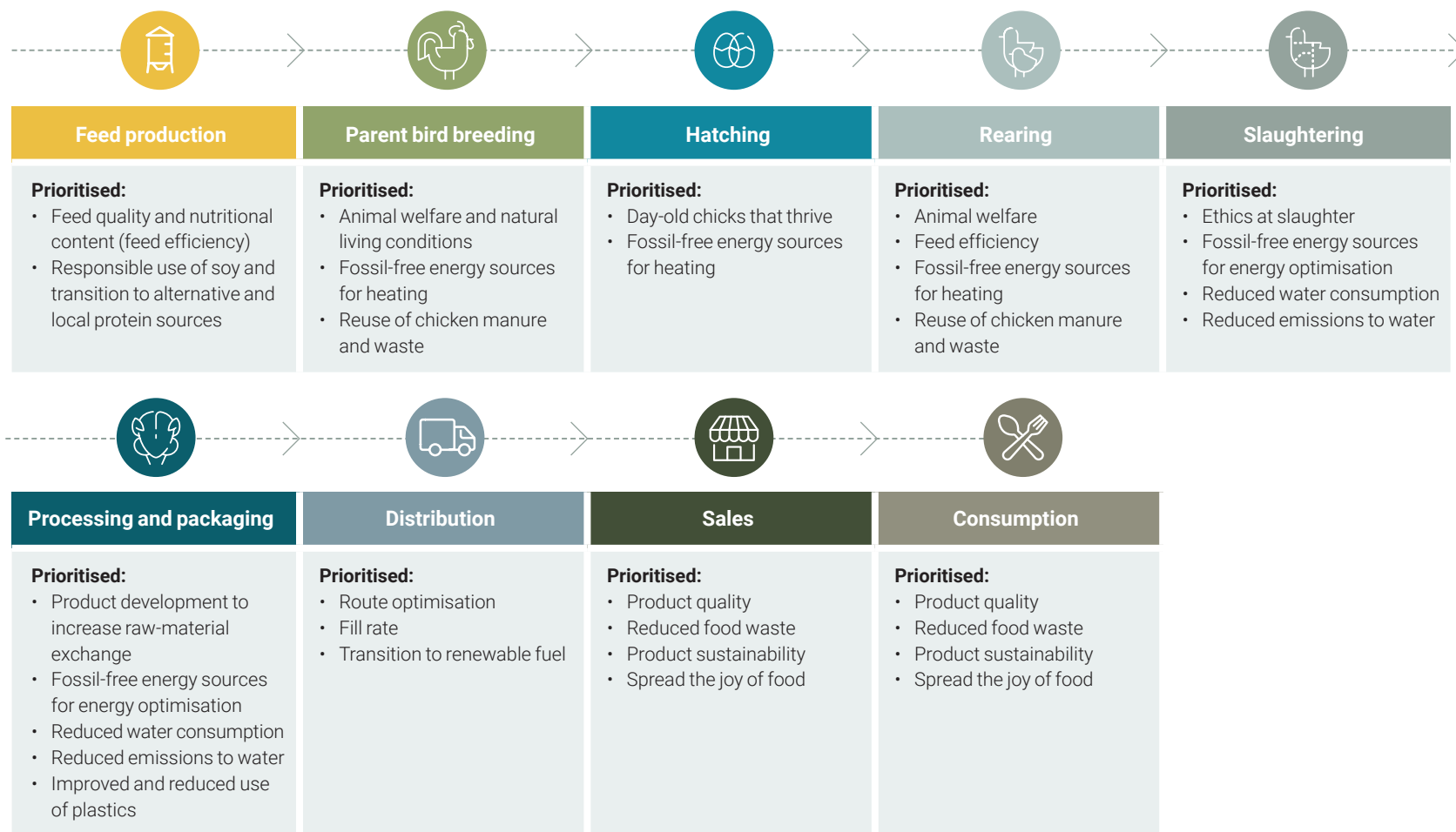
	Medium-term goals	Results 2022	Results 2018–2022	Objective												
Employee engagement	Satisfaction and motivation index 71.	71	<table border="1"> <caption>Employee Engagement Index</caption> <thead> <tr> <th>Year</th> <th>Index</th> </tr> </thead> <tbody> <tr> <td>2018²⁾</td> <td>71</td> </tr> <tr> <td>2019</td> <td>71</td> </tr> <tr> <td>2020</td> <td>No measurement</td> </tr> <tr> <td>2021</td> <td>No measurement</td> </tr> <tr> <td>2022</td> <td>71</td> </tr> </tbody> </table>	Year	Index	2018 ²⁾	71	2019	71	2020	No measurement	2021	No measurement	2022	71	Motivated and thriving employees are essential to the Group's development and success. This is monitored at Group level through the ScandiPuls employee survey, which is conducted every two years for all employees.
Year	Index															
2018 ²⁾	71															
2019	71															
2020	No measurement															
2021	No measurement															
2022	71															
Carbon-dioxide emissions, g CO₂e per kg product	-5% per year.	+5% 72.8 g CO₂e per kg product³⁾	<table border="1"> <caption>Carbon-dioxide emissions (g CO₂e per kg product)</caption> <thead> <tr> <th>Year</th> <th>Emissions</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>80</td> </tr> <tr> <td>2020</td> <td>80</td> </tr> <tr> <td>2021</td> <td>80</td> </tr> <tr> <td>2022</td> <td>72.8</td> </tr> </tbody> </table>	Year	Emissions	2019	80	2020	80	2021	80	2022	72.8	Scandi Standard regards climate change as one of the most critical matters of our time, and we need to do our part to reduce emissions, and to identify and manage the risks resulting from climate change. The data reported includes energy consumption at our own larger production facilities.		
Year	Emissions															
2019	80															
2020	80															
2021	80															
2022	72.8															
Use of antibiotics	<1% flocks treated.	10.8%	<table border="1"> <caption>Use of antibiotics (% Flocks)</caption> <thead> <tr> <th>Year</th> <th>% Flocks</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>13</td> </tr> <tr> <td>2019</td> <td>11</td> </tr> <tr> <td>2020</td> <td>7</td> </tr> <tr> <td>2021</td> <td>5.2</td> </tr> <tr> <td>2022</td> <td>10.8</td> </tr> </tbody> </table>	Year	% Flocks	2018	13	2019	11	2020	7	2021	5.2	2022	10.8	Antibiotic resistance is a serious global health challenge. The Group has an important role to play in minimising the use of antibiotics in food production by keeping our chickens healthy.
Year	% Flocks															
2018	13															
2019	11															
2020	7															
2021	5.2															
2022	10.8															
Feed efficiency (feed conversion ratio)	1.49 kg feed/kg live weight.	1.50	<table border="1"> <caption>Feed efficiency (Kg Feed)</caption> <thead> <tr> <th>Year</th> <th>Kg Feed</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>1.53</td> </tr> <tr> <td>2019</td> <td>1.51</td> </tr> <tr> <td>2020</td> <td>1.51</td> </tr> <tr> <td>2021</td> <td>1.51</td> </tr> <tr> <td>2022</td> <td>1.50</td> </tr> </tbody> </table>	Year	Kg Feed	2018	1.53	2019	1.51	2020	1.51	2021	1.51	2022	1.50	Feed efficiency is an important indicator for optimising the rearing process. Chickens are very good at converting feed into meat, and feed efficiency is a direct indicator of the quality of the feed, and how well the chickens are being cared for.
Year	Kg Feed															
2018	1.53															
2019	1.51															
2020	1.51															
2021	1.51															
2022	1.50															

¹⁾ In 2022, Scandi Standard's Board of Directors approved new sustainability goals and their associated metrics, which will be applicable as of 2023. We are also monitoring these goals for 2022; see the sustainability report on pages 42–72.

²⁾ Our Irish company Manor Farm participated for the first time in 2018, which means the results exclude Ireland 73, higher column. ³⁾ Includes energy consumption (Scopes 1 and 2) at our larger production facilities, the figure is normalised with production volume and includes CO₂. During the year, a comprehensive review has been conducted related to the calculation methodology, the 2021 result has therefore been recalculated to create comparability between years. During the year, carbon intensity has somewhat increased while absolute emissions have decreased. The full-year figure has been adjusted compared to previous reports since additional information has been made available. For more information, see page 60. ⁴⁾ Since 2018, the results have been reported including (higher column) and excluding Ireland. During the year, the result has worsened, which is driven by an increased antibiotics use in Ireland. This has been addressed through a clear action plan. More information is available on page 57.

Value chain and operations

Every stage of our value chain is significant to ensuring that we can offer good food that has been produced under the best possible conditions. This is the basis of our long-term competitiveness.



Our ambition is to be industry-leading in terms of animal welfare and provide healthy chicken products with as low impact on the climate as possible. We assume responsibility for our impact on people and the environment throughout the value chain: from Scandi Standard's in-house processing operations to the supplier stage, involving feed production, rearing and transport, as well as the customer and consumer stages.



Feed production

Our operations in Ireland include the production of our own feed. In our other markets, the feed is procured. Around 20 per cent of our chicken feed consists of imported soy. Requirements for traceability and responsible production are defined by means of various third-party certifications, but our long-term goal is to replace imported soy with alternative and local protein sources.



Parent bird breeding

Our operations in Sweden include parent bird breeding. In our own and suppliers' operations, the parent birds live in pens where light, temperature and air humidity are continuously adapted to ensure that the flocks can live in the most natural conditions possible. Most hens lay an average of one egg per day. The eggs are collected in a climate-controlled warehouse, from where they are transported to the hatchery.



Hatching

At the hatchery, the eggs are inspected to check that they contain an embryo. The eggs are then placed in an incubator trolley, where the temperature, air humidity and carbon-dioxide content in the air are carefully regulated. After 18 days on the incubator trolley, the eggs are placed in hatching trays to await hatching. Hatching begins on the egg's 20th day in the hatchery and the process is completed just past the 21st day. An average of 85 per cent of the eggs yields a live chick. Once the newly hatched chicks are dry and cleaned from the remnants of the shell, it is time to transport them to a rearing farm.



Rearing

Scandi Standard does not operate any rearing farms itself. We have long-term partnerships with selected growers in each country. The growers' knowledge and understanding of and respect for the chickens is crucial for good animal welfare. Regardless of modern technology and well-developed processes, their day-to-day handling and know-how are by far the most important factor in allowing their chickens to thrive and grow. The growers are well aware that thriving chickens make the best economic sense.

Rearing chickens is resource-efficient compared with other kinds of animals. The amount of feed and climate impact per kilogram of meat is lower than for pork and beef, for example. Further information is available on page 38. Chickens that receive high-quality feed and are well cared for in the pens convert the feed into meat relatively quickly. What we refer to as feed efficiency is thus an indirect indicator of the feed quality and the well-being of the chickens.



Slaughtering

Transport to the slaughterhouse 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 lairage, the chickens are placed in a peaceful and dark environment for a few hours. At most of our slaughterhouses, gas stunning is used, carried out with a gradual and rising concentration of carbon dioxide. The gradual effect of gas stunning is preferable from an animal welfare perspective since the birds don't feel discomfort. The stunning, which is irreversible, causes them to slowly become unconscious and fall asleep. Death is then caused by a machine severing their carotid artery.

“The work to produce good food begins several generations before our chickens are hatched.”





Processing and packaging

The plucked and drawn chickens then pass through a chilling tunnel to be cooled before they are cut. The chickens that will be sold as whole chickens go directly to packaging. The other chickens move on to the mainly 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 marinated before being packaged. For Ready-to-Eat products, the process continues at separate plants that produce chilled, frozen and processed products.



Distribution

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 directly to stores and restaurants. Deliveries are mainly carried out by subcontractors and sometimes by our customers' own distributors.



Sales

Our chilled products are on site in stores the day after they are packaged. Scandi Standard's sales teams help our retailers with direct marketing of these products and also with the structuring of the display spaces in stores, in order to achieve the best sales results and to best retain product quality.



Consumption

As a food, chicken is a valued and healthy source of protein with a small carbon footprint. However, chickens that are not eaten for various reasons generate food waste. Our ambition is to minimise food waste by raising awareness among consumers, adapting packaging sizes to different consumption needs and by working to increase product durability.

“As a food, chicken is a valued and healthy source of protein with a small carbon footprint.”

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

	Feed production	Parent bird breeding	Hatching	Rearing	Slaughtering	Processing and packaging	Distribution	Sales
Sweden								
Denmark								
Norway								
Ireland								
Finland								

People



Food is deeply rooted in local traditions, cultures and tastes. Our overall strategy combines the strength of being a global group with the local context required to create strong brands that consumers appreciate and a corporate culture where employees thrive and develop.

- Joy of food and healthy, conscious choices
- Our product segments
- Our markets
- The people who make it possible



Joy of food and healthy, conscious choices

Our most important undertaking to consumers is that our products are safe and healthy to eat, and that they are produced locally from chickens that are thriving and treated well. Trends among consumers show us that we are well positioned.

Increased awareness

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

Healthy and affordable protein

Chicken is relatively low in calories and high in protein, and is therefore considered to be healthier for us humans than red meat. Food recommendations from around the world, for example Nordic Nutrition Recommendations¹⁾, unanimously indicate that people should adapt their diet to contain more white meat and less red meat.

The relatively short rearing period of chicken also entails lower feed and energy usage than for other types of animal protein, which in turn results in lower production costs and lower prices for end consumers, as well as reduced climate impact.

We are continuously developing our products and product range, with an emphasis on nutrition and issues relating to additives, sugar and salt content. Our starting point is that chicken is a naturally healthy ingredient, rich in protein and low in saturated fat. When flavouring chicken or producing ready-to-eat meals, our aim is to keep recipes and ingredients as clean and simple as possible.

Global food traditions

Chicken is an appreciated ingredient in meals throughout world – from Asian, African, Mexican and Indian cuisine to traditional Nordic fare. Chicken is accepted as a protein by many major religions throughout the world, which makes it a popular ingredient for the public sector and staff canteens, for example.

Convenient food

All food trends are governed by convenience, meaning for example, that consumers want it to be quick and easy to shop and cook. The growth of food-recipe delivery services, online shopping and products that are bought ready-to-eat favours chicken as a food, because it is a protein that is simple to vary and has a place in all food categories.



More chicken on the tables²⁾

- Chicken accounts for about 40 per cent of the global consumption of protein
- The OECD estimates that consumption will have increased in Europe by almost two kilo per capita in 2030

2030

By 2030, chicken is expected to constitute the main protein source globally

¹⁾ Nordic Nutrition Recommendations Swedish Food Agency

²⁾ OECD-FAO Agricultural Outlook 2021–2030

Our product segments

Ready-to-cook

Ready-to-cook (RTC) is the largest product category and comprises products for self-preparation by the customer or consumer. They may consist of whole birds, cuts of meat, deboned, seasoned or marinated products. We also sell chicken that is grilled in store in some markets. This means that chickens are sold ready for grilling to retail stores that sell them freshly grilled over the counter.

We sell both to retail and to foodservice in our domestic markets in the Nordic countries and Ireland, and we also sell for export purposes.

This segment comprises Ready-to-cook processing plants in all five countries, the feed business in Ireland, egg production in Norway, and the hatching business in Sweden.

Products and product development

The biggest selling product in all of our markets is natural chicken fillet. There is a risk of overproducing wing and leg products, as the demand for these products does not keep up with the demand for mainly fillets. Here, we strive to achieve what is known as an 'anatomical balance' in the sales mix. This is why we work intensely with the development of products that use all parts of the chicken, for example, by deboning them. Boneless products are more

attractive to consumers and can thus also be priced higher. For example, there has been a great increase in demand for thigh fillets. We are also working on processing charcuterie products, such as bacon and sausages, where other types of cuts from chicken can be used.

Sales trends

Sales in some of our markets, such as Sweden and Denmark, had previously largely consisted of frozen products with a low degree of processing. However, 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 – chilled products are the most popular items.

We also deliver Ready-to-cook products to all markets under private retail labels.

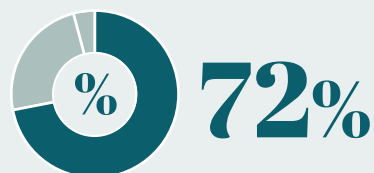
Our sales growth in 2022 has been robust, primarily driven by price increases to counteract the higher costs we have noted for input goods and other resources. The earnings trend has not been as strong, due to factors such as a lag in price increases, which will be a focus area going forward.



Robert Skaugen,
chef at Den Stolte Hane.

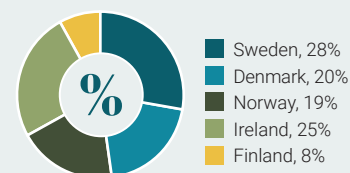
“Chicken is versatile, works well in many dishes and has a place in every culture.”

Share of total net sales

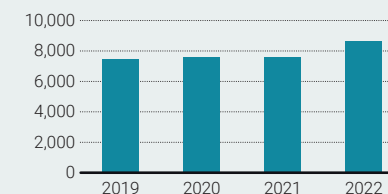


Net sales, MSEK	8,674
Organic growth	14%
Operating income, MSEK	47

Share of group net sales for RTC per country



Sales over time, RTC, MSEK



Ready-to-eat

Ready-to-Eat (RTE) are products that have been cooked during the processing stage, which means that they can be consumed directly or after being lightly heated up. The products range from grilled and pre-sliced chicken fillets to chicken nuggets. Sales are to the foodservice and retail sales channels, and part of the production is exported. 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.

Products and product development

We produce Ready-to-Eat products at three plants, in Denmark, Sweden and Norway. Farre in Denmark is our largest plant and produces frozen chicken products, primarily burgers and coated products such as nuggets. The products are based on chickens that have been slaughtered and cut at our own plants, and use externally purchased ingredients.

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 customers in the local and international fast-food segment. We also have a processing plant in Sweden connected to the slaughterhouse in Valla, which produces chilled and processed products.

The plant in Stokke, Norway, produces pre-grilled and chilled products. In Norway in particular, the proportion of cooked products is generally higher and we have enjoyed great success there with the Fried & Sliced product series. The concept comprises pre-grilled and sliced chicken fillets in a range of spices – a concept that we are also exporting to other countries.

By leveraging partnerships, we can further develop our product portfolio and offer alternatives that we cannot produce ourselves at the moment, such as kebab-based products. We also have a small offering of vegetarian products.

Increased production capacity

The convenience food trend is growing stronger with consumers in all our domestic markets – it is a trend we are noting throughout the world. Our sales growth was very robust in 2022, mainly driven by price increases, as well as by volume increases, which have generated very strong earnings.

To meet the increasing demand for Ready-to-eat products, in 2022, we expanded capacity in Farre by upgrading one of the production lines. The expansion of production line 3 will contribute to increased production capacity in 2023.



Stefan Superti, Swedish Chef/
Head of Gastronomy at Kronfågel.

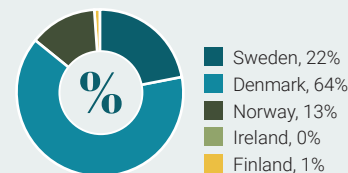
“Sliced and seasoned chicken is a product that is suitable for families with little time to spare, and for cooks who wish to make an impression.”

Share of total net sales

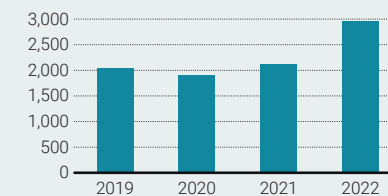


Net sales, MSEK	2,949
Organic growth	40%
Operating income, MSEK	209

Share of group net sales for RTE per country



Sales over time, RTE, MSEK



Other - By-products

This category includes the sale of by-products mostly intended for purposes other than human food consumption, such as feathers, offcuts and offal. These products are used in the production of, for example, animal feed and biofuel, in line with Scandi Standard's ambition to utilise and increase the value of the whole animal, because this minimises food waste, lowers the carbon footprint and increases profitability. A considerable portion of the by-products we produce are further processed in our jointly owned company, Farmfood.

Changing market requires flexibility

Costs for handling and logistics have increased faster than the value of the products in some of the segment's markets, and we have had to adapt products and logistics solutions to both new and existing customers. At the same time, there has been increased demand for cheap protein and biofuel, which has benefited our financial performance.

New food products – for human consumption

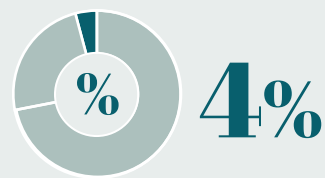
Some of the by-products can also be used for ready-to-eat products. For example, machines can now use all the meat from the bones, and the result is meat in smaller pieces which are suitable for, among other things, chicken

sausages. We are working proactively in this area together with several strategic partners, to create better and more inexpensive alternatives to traditional meat products, to make quality protein accessible to more people – and make production more sustainable.

“Our focus is to achieve the full potential of chicken”.

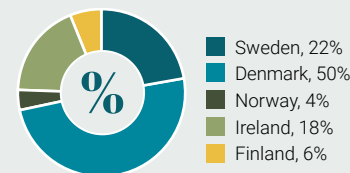


Share of total net sales

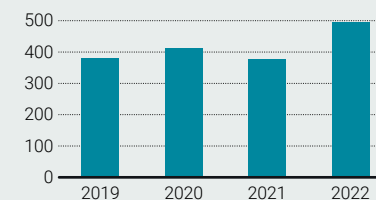


Net sales, MSEK **496**
 Organic growth **31%**

Share of group net sales for other products per country



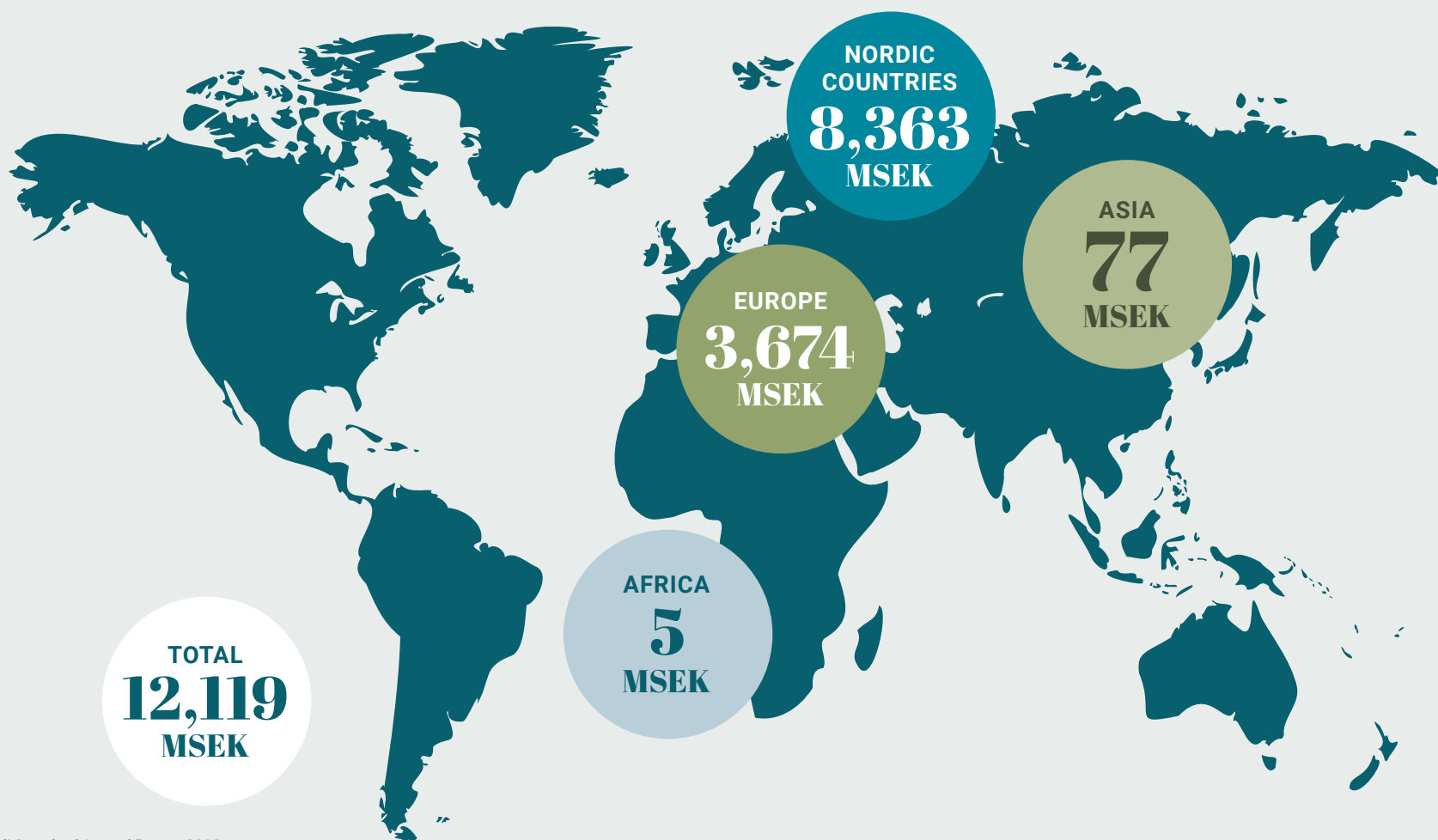
Other sales over time, MSEK



Our markets

Net sales per market, external sales

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



Sweden

Interview with Country Manager Fredrik Strømme

Kronfågel is a market leader within chicken products in Sweden and has several strong brands. Customers are found within retail, catering kitchens, restaurants and industry. Since its founding 50 years ago, Kronfågel's ambition has been clear: to do good for people, chickens and our planet.



In 2022, Kronfågel focused intensively on reviewing its entire organisation. This resulted in a special development programme comprising ten concrete measures to strengthen Kronfågel's work with animal welfare, sustainability and health.

"For example, our aim is to be world leading in low antibiotics usage, to phase out soy in favour of more climate-smart feed, and to reduce the use of plastics by 30 per cent by 2025," Fredrik Strømme, CEO of Kronfågel, explained.

One of the reasons for the review was that Kronfågel had lost trust among Swedish consumers in connection with media scrutiny.

"We went from one position to another in a short time. Since 2021, our efforts have largely been to win back the trust of consumers," explained Fredrik Strømme. We have stepped up our efforts with communication and been more transparent about how we work.

Increased collaboration throughout the value chain

All of the work we have undertaken has entailed increased collaboration within Kronfågel, as well as with growers, suppliers and other stakeholders.

"Many small changes have been made. We are now getting more organisational functions to work together, which, moving forward, is important for our creation of a winning culture," Fredrik Strømme explained.

For example, during the year, Kronfågel conducted close dialogues with Katrineholm Municipality, where the Valla production plant is located. The talks pertained to environmental issues from the discharge of process water where Kronfågel operates, and were aimed at reducing water consumption phosphorus and nitrogen.

Product development in collaboration with customers

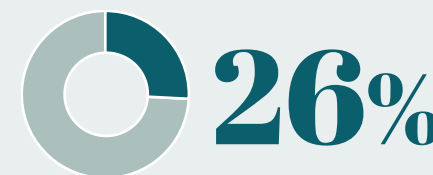
In April, Kronfågel launched the product, Grand Chicken, jointly with the Max Hamburger chain of restaurants, which was highly successful in terms of sales in 2022.

"When we add it all up, nearly 1,000 tonnes of chicken fillets were sold as chicken burgers by the Max chain in 2022. This is a good example of how we can work closely with customers to jointly generate greater value," Fredrik Strømme explained.

"In many ways, 2022 has been about winning back the trust of consumers."



Share of total net sales



Milestones 2022

- Review of entire organisation and implementation of ten-point development programme
- Launch of new communication concept, "Towards better goals"
- Implementation of price increases in the market

Denmark

Interview with Country Manager Magnus Lagergren

Danpo produces and markets chicken products that are suitable for all families and tastes, through its wide range of fresh, frozen and ready-to-eat products. Danpo was founded in 1972 and markets chicken under the brand, De Danske Familiegårde, in Denmark.



“During the year, intense focus was placed on creating a unified organisation with shared goals. Our income for the year is an indication that the strategy – to create one Danpo – has yielded results,” explained Magnus Lagergren, Country Manager for Denmark.¹⁾

“The Danish company’s model is highly goal oriented and therefore, it was important to find a model with clear financial targets that everyone could agree on. From our perspective, changing from a silo mentality to working and organising ourselves as one unit, is critical for having a winning culture, moving forward.”

Increased price sensitivity

One of the challenges has been the transition toward what is known as slow-growing chicken. The transition takes time and concurrently complicates the production process. During the transition process, consumers in Denmark have become more price sensitive amid rising inflation – a trend that is expected to continue. Going forward, it will thus be important to balance supply and demand, to avoid needing to adjust product prices downward.

In Denmark, RTC is a challenging market where Danpo has had problems with profitability for several years and was partially mispositioned in the market. “We are working hard to change this - both in the short and long term,” says Magnus Lagergren.

Sharply increased capacity

In 2022, Scandi Standard decided to expand production line 3 in Farre to better meet international demand, especially in the fast food segment.

“Our increased capacity allows us to better meet the market’s demands for traditional products within fast food, such as burgers and nuggets. The challenge remains to achieve a better balance of fresh chicken, primarily within the premium segment,” explained Magnus Lagergren.

Energy and use of plastics in focus

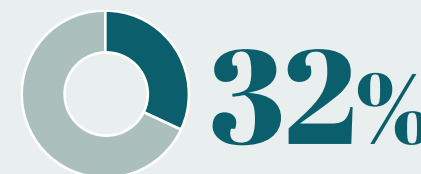
Danpo is continuing its long-term efforts to achieve sustainable production at all levels, and has begun to assess alternative energy sources for its production facilities.

“Our endeavour is to be less dependent on natural gas moving forward, and to continuously reduce our need for plastics. We will continue to develop these areas and launch new initiatives to future-proof our operations,” Magnus Lagergren explained.

“The focus has been to increase production capacity and manage increased price sensitivity.”



Share of total net sales



Milestones 2022

- Increasing production capacity in Farre
- The “Sandwich topping” product category is launched through the brand, De Danske Familiegårde, which is marketed by Danpo in Denmark

¹⁾ Kasper Lenbroch took over as Country Manager for Denmark as of 1 November 2022

Norway

Interview with Country Manager Fredrik Strømmen

Den Stolte Hane produces and markets chicken products and eggs in Norway, through its own brand and through private labels. Den Stolte Hane also delivers to industry customers that produce ready-to-eat meals. Products under the Vestfold Fugl brand are offered to Foodservice customers.



The Norwegian operations continued to perform positively in 2022.

"We have been market leaders within Retail and, within Foodservice, we have been successful in creating innovative products and have secured new customers," explained Fredrik Strømmen, who is the Managing Director of Den Stolte Hane and in charge of Scandi Standard's operations in Norway.

Several new products were launched, including a number of coated products, under both Den Stolte Hane and private labels. During the year, price was a major issue among consumers.

"Trends ahead of 2023 point to increased demand for our own brands, as consumers are becoming more price conscious about various foodstuffs. Inflation and the economic downturn are impacting consumers and the industry at every level," Fredrik Strømmen explained.

Targeted marketing communication

Den Stolte Hane has a number of strong market concepts and partnerships.

"As part of the Ready-to-eat concept Snack King, we are continuing to collaborate with the Norwegian Formula 2 driver, Dennis Hauger. As a part of this collaboration, he has shared his expectations for the season and his thoughts about the first race through social-media channels."

Continued sustainable development

Norwegian consumers have stringent requirements on sustainability. In 2022, Den Stolte Hane invested in the development of sustainable smart packaging. One such example is the new pouch-packaging machine that was installed at the Stokke plant. Pouch packaging uses less plastics than trays and allows for more efficient packing, which reduces transport needs.

"As a market leader, we have a responsibility to be sustainable in the long term, which we take seriously. We are continuing to deliver on the sustainability initiatives and value-chain collaborations that we launched some time ago. For example, all of the plastics in our trays are now made from recycled materials," Fredrik Strømmen explained.

"We have been successful in creating innovative products and have secured new customers."



Share of total net sales



Milestones 2022

- With 35 per cent of the market share, Den Stolte Hane is now the market leader in Norway within the fresh and frozen chicken segment
- Launched pouch packaging that uses less plastics than trays

Ireland

Interview with Country Manager Frank McMyler

Manor Farm is the leading producer of chicken in Ireland and was originally established as a family business, dating back to the mid-1770s. The brand stands for quality and locally produced food, with the operations side also including in-house feed production.



2022 was a year marked by challenges that were difficult to predict. Our Irish operations have managed these challenges well, thanks to the investments in all stakeholder groups – including customers, colleagues and the supply chain in general.

Growth for premium chicken

As the Irish food sector recovered from the Covid-19 pandemic during the year, the retail sector faced challenges as consumers returned to eating out after years of restrictions and periodic lockdowns.

For Manor Farm's operations, this has meant focusing more on an improved trend for premium chicken products alongside an increasing demand for Foodservice.

"Consumers are looking for premium experiences, despite the economic challenges. Our brands, Manor Farm and Sicín Sásta, have performed well in a market dominated by private labels. These two brands, particularly Sicín Sásta, have been critical and very successful in driving growth in the market overall for premium chicken products in Ireland," Frank McMyler explained.

"Chicken, and particularly Irish chicken, continues to be the protein of choice for Irish consumers, who consider factors such as convenience, animal welfare and origin of

their chicken particularly when it is favourably priced compared with other proteins in Ireland," Frank McMyler explained.

Aiming for growth in Europe

Manor Farm is well positioned to implement further improvements in 2023. Its operations will continue to shift from the UK markets impacted by Brexit, towards profitable long-term European customers. Furthermore, these markets are good for chicken parts that are not as popular among consumers in Ireland, where breast meat is still the most popular.

“Irish Consumers continue to choose chicken, and Irish chicken in particular.”



Share of total net sales



Milestones 2022

- Achievement of break-even point in the market and operational efficiency are counteracting historic inflation
- The Manor Farm brand grew 29 per cent and Sicín Sásta 40 per cent
- Upgrading of individual quick-freezing capacity creates prerequisites for new export business

Finland

Interview with Country Manager Jean Gallen

Naapurin Maalaiskana works with slaughter and production of chicken, and has been a part of the Scandi Standard Group since 2015. The company focuses on sales of fresh and frozen chicken products in the Finnish market, through its own brand and private label.



Business conditions in 2022, with rising energy prices, historic interest-rate hikes and inflation, are presenting enormous challenges for the entire food industry in Finland. Despite these factors, Naapurin Maalaiskana has both captured market shares and taken crucial steps to future-proof its business.

“Due to the economic climate, consumers have been leaning toward inexpensive products. The demand for fillets has fallen, and people are increasingly choosing to purchase chicken thighs or wings in the stores. We utilise the entire chicken, which allows us to offer a wide range of products that are suitable for all budgets,” explained Jean Gallen, CEO of Naapurin Maalaiskana.

Greater market share

The Finnish food market was shaken up in 2022 to the extent that in value terms it reduced the volume of the chicken industry. Naapurin Maalaiskana has succeeded in maintaining a good level of growth, primarily driven by the continued positive development of its own brand, Jean Gallen explained.

“That our own brand, Naapurin Maalaiskana, now accounts for nearly half of all sales is confirmation that consumers appreciate what we produce. We are also noting a continued positive trend for chicken in general in the market.”

Historic price adjustments

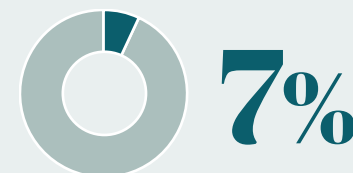
A focal point in 2022 was to strengthen the business in the long term, which has entailed upward price adjustments. Despite these measures, chicken continues to be one of the most inexpensive and affordable proteins.

“Price increases are always difficult to navigate and communicate. A period of stabilisation will now follow to allow consumers to become accustomed to the new situation. The fact that chicken is a healthy, climate-friendly and still-affordable protein, means that chicken will continue to be competitive and in demand in Finland,” Jean Gallen explained.

“We have strengthened our position in the market and taken crucial steps to future-proof our business.”



Share of total net sales



Milestones 2022

- The plant was expanded from 4,500 to 7,300 square metres and is operating at full capacity
- Certified “A” for food safety in accordance with BRC’s global standard
- Awarded “Growth Company 2022” by business magazine, Kauppalehti

The people who make it possible

Inspiring, developing and retaining motivated and skilled employees is crucial for the success of the Group. We regularly survey and follow up on the level of commitment and motivation among our employees, in order to ensure that we offer a safe, inclusive and stimulating work environment.

The hard work of each and every employee is the basis for efficiency and profitable operations. Committed employees are more inclined to stay with the company and they are our best ambassadors when it comes to building an attractive work culture and attracting new employees.

A stimulating workplace

All employees within Scandi Standard's operations must feel that their development is prioritised and taken seriously. Ensuring that our employees are stimulated and committed to their work is critical to establishing a winning culture. We value our employees' ambitions and strive to ensure development within the organisation, toward both leadership and specialist positions. This is true both for office employees and for production employees. A comprehensive employee survey, ScandiPuls, is conducted for all employees every two years. In between these surveys, smaller surveys are conducted among office employees only. A total of 91 per cent of employees participated in the survey conducted in October 2022 – this is a good figure that indicates high engagement.

Attractive culture

Scandi Standard endeavours to make the most of every employee's potential and to promote a creative work cul-

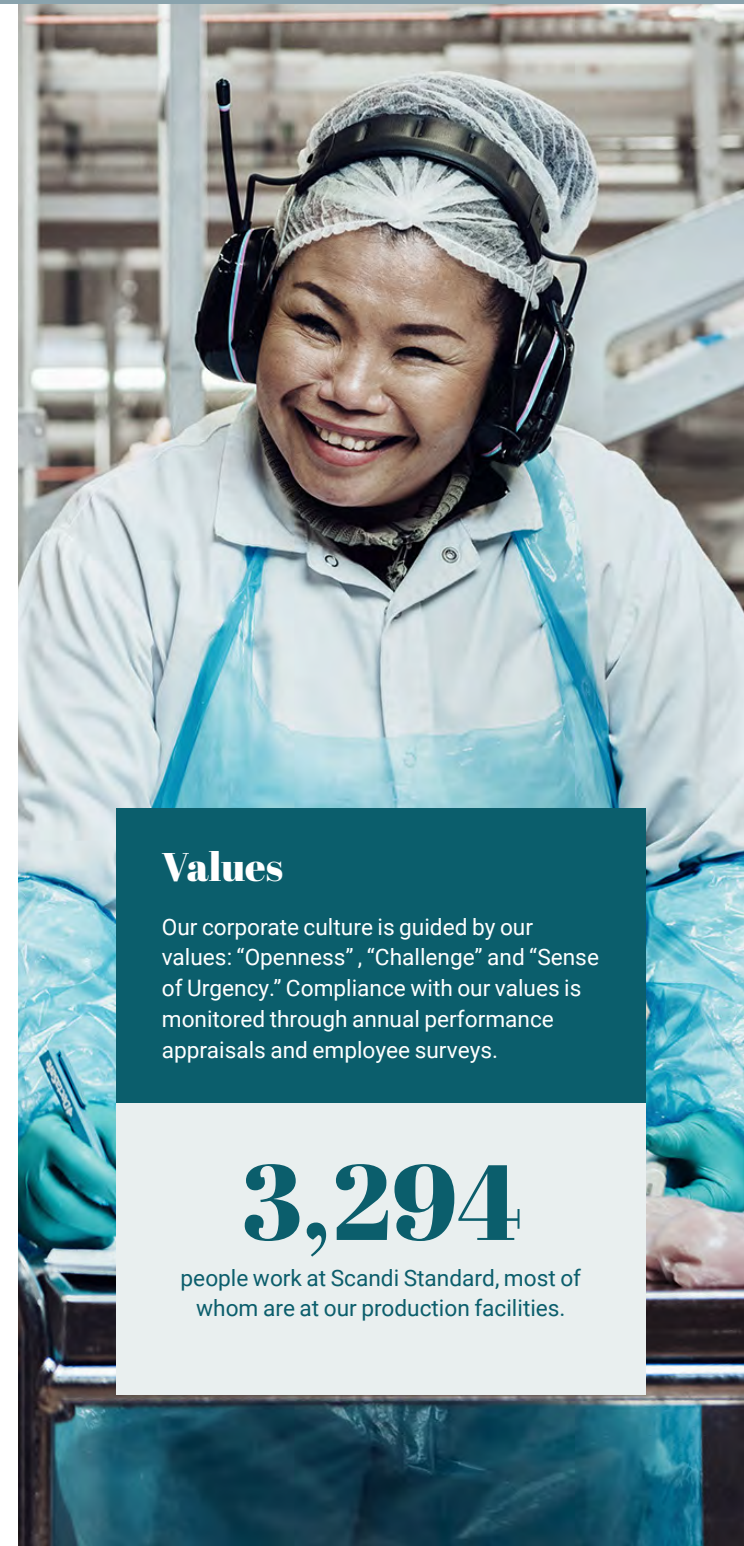
ture that reflects our business environment and our customer groups. Therefore, we must be an inclusive and equal-opportunity organisation that values and pursues diversity. An attractive and winning culture is the key to safeguarding future skills supply.

Scandi Standard has a zero-tolerance policy on discrimination. How we behave and treat each other is clearly explained in our Code of Conduct.

Healthy workplaces

Most of our employees work in a production environment where there are physical risks associated with occupational health and safety. Scandi Standard has a zero vision for workplace accidents. Work is systematically conducted to prevent physical work-environment risks and to create a safe psychosocial work environment, and to strengthen corporate culture.

Employee sickness absences and workplace injuries are followed up at both the plant and Group level. Interim targets are set in every country, which are followed up on a daily basis at each production facility, as well as on a monthly basis at the country level and Group level. We regularly conduct work environment training within production facilities, focusing on site specific risks.



Values

Our corporate culture is guided by our values: "Openness", "Challenge" and "Sense of Urgency." Compliance with our values is monitored through annual performance appraisals and employee surveys.

3,294

people work at Scandi Standard, most of whom are at our production facilities.



Read more in the sustainability report on pages 42–72



Updated Code of Conduct

Scandi Standard's Code of Conduct applies to everything and everyone within our operations. It specifies the actions we expect on matters of ethics, the environment and social responsibility. The Code of Conduct is explained to every new employee, who then signs that they understand what is expected of them. In 2022, the Code of Conduct was updated in areas such as human rights, bribery and anti-corruption. In 2023, all employees will undergo training in the updated Code of Conduct.

Our employees

We continuously monitor how our employees rate us regarding commitment, diversity and inclusivity. In 2022, most of our employees gave Scandi Standard a pass (71 index points out of 100) through the Scandi Puls employee survey.



Fewer accidents after implementation of improvement projects

Although serious accidents are rare in our operations, we have a responsibility to always strive to reduce all types of workplace accidents. In 2021, there was an increase in lost time injuries, due to factors such as short-term replacements during the Covid-19 pandemic. Consequently, we initiated a group-wide improvement programme to systematically reinforce the management of health and safety with the aim of reducing the accident frequency. The improvement programme continued in 2022 and has yielded results. Although much remains to be done to further strengthen our work on health and safety, we are proud to have reduced the accident frequency by 30 per cent, from 39.2 in 2021 to 27.4.

Health and safety policy

The Group's policy on health and safety in the workplace clarifies Scandi Standard's commitment to ensuring a good work environment, how we promote health at the workplace and ensure compliance with legislation and standards in the area.

Case:

Collaboration crucial for food safety

Scandi Standard conducts extensive internal work on food safety standards with the aim of delivering the best possible products that contribute to the health and well-being of consumers every day.

Scandi Standard is certified for food safety in accordance with BRCGS, one of the world's leading certification systems in the field. This is reflected in every step of the supply chain, and compliance is monitored through annual third-party verifications of each unit. In 2022, Scandi Standard's larger units were graded AA and A in accordance with BRCGS. The success factors are our extensive experience and in-depth knowledge, and continuous development within each unit.

"This is an indicator that we have a strong culture characterised by a great understanding and commitment to preventive efforts to ensure food safety," explains Allan Christensen, Head of Group Quality at Scandi Standard. He continues:

"Our efforts with safety are of the highest priority – our employees are to be healthy and feel good at work. This is a prerequisite, to enable them to work for the highest quality and for food safety. Committed employees are the basis of everything we do," Allan Christensen explains.

Daily self-checks performed

To guarantee food safety, daily self-checks are performed based on Hazard Analysis and Critical Control Points (HACCP), a standardised method for identifying, assessing and controlling risks in order to ensure food safety for the consumer. The risks pertain to, for example, microbiological, chemical, allergenic and physical risks. HACCP covers

the entire process, from the receipt of live birds to the delivery of finished products. Production equipment is cleaned daily and followed up with an ocular inspection visual and the taking of surface samples. Raw materials and finished products are continuously sampled and the production process is carefully monitored with for example, pathogen sampling, water and air sampling and temperature checks. In addition to applying the HACCP method, internal collaboration is absolutely crucial.

"It's about involving senior management, quality teams, production managers, supervisors and employees working in production, and it concerns everything from cleaning and maintenance to production and development," says Markus Virtanen, Quality Manager at Naapurin Maalaiskana, one of Scandi Standard's subsidiaries.

All employees receive regular training

At Naapurin Maalaiskana, all employees receive training in food safety on a regular basis, with a stringent focus on continuous learning and knowledge exchange. Lean meetings are held daily to discuss any deviations, causes and measures. As a result, the work is characterised by learning and continuous improvement – within each unit and between the units.

We must constantly develop, share knowledge and build strong quality teams that benefit the entire group. Together, we can make Scandi Standard better.

"We work as a single entity, for everyone, with everyone – even if we are in different geographical locations," Allan Christensen explains.

The important thing is to have control of the operations and to always do our utmost. Our certifications are confirmation that we are doing the right things, but it is the work we do between audit and certification processes that matters.

"Food safety is about doing the right thing every day, even when no one is looking. An audit process takes a few days, but it is the work on all other days that is important for food safety," Allan Christensen concludes.

Scandi Standard's food safety certifications

Certified in accordance with the British Retail Consortium Global Standard (BRCGS). A BRCGS certification reflects food safety efforts throughout the supply chain and reviews all areas that may impact food safety.

BRCGS is in turn recognised by the Global Food Safety Initiative (GFSI), a global system of food safety standards.

Chickens



Our premise is that all of our chickens must thrive, from hatching to slaughter. Good animal welfare is an intrinsic part of our operations for ethical reasons, and because this has a direct impact on product quality, resource efficiency and profitability. Only healthy chickens can grow in a sustainable way.

- A holistic approach to animal welfare
- Collaboration with growers



A holistic approach to good animal welfare

Our ambition is to work together with our contracted growers to assume a dynamic and industry-leading role in promoting good animal welfare.

Our focus on continuous improvement provides the basis of our efforts with good animal welfare. Together with our contracted growers, our ambition is to be a driving force for good animal welfare throughout the industry.

Animal welfare legislation in the Nordic region is among the strictest in the world, and the Nordic approach is our starting point. We give chickens every chance to stay healthy and absorb nutrients by applying a holistic approach, knowledge and high standards of handling, housing and feeding.

A shared policy

Scandi Standard's Animal Welfare Policy is based on the internationally recognised Five Freedoms of animal welfare (see page 11) and reflects our conviction of what is required for chickens to thrive. The policy stipulates that we do not use genetic modification, antibiotics for preventative purposes, or growth hormones or practice beak trimming.

We also impose requirements on space and flock density, responsible transportation and stunning before slaughter.

Ensuring good housing

In order to thrive and grow, the chickens must be able to move freely, have a clean housing environment and sufficient space. The threshold value for flock density, i.e., the permissible number of chickens in one and the same flock, varies depending on the plant and national legislation. Scandi Standard's average density falls below the EU's prescribed maximums for flock density.

This includes the straw bed where chickens spend their time, which has a major impact on their health. Dry straw bedding is comfortable for the chickens, maintains their immune system and reduces the risk of spreading diseases. Chickens also require good lighting, ventilation, bedding and equipment for feed and water. The health of the flocks is monitored on a daily basis, and the housing environment is measured and assessed using a number of KPIs such as temperature, humidity and air quality.

<1%
antibiotics

Our target is for the per centage of flocks treated with antibiotics to be lower than 1 per cent by 2030.

1,50

The feed conversion ratio (FCR) is the quantity of feed (in kg) required one kilogram (live weight) of chicken. In 2022, the FCR for conventional chicken improved from 1.52 to 1.50 for the Group.



Read more in the sustainability report on pages 42–72

Eight focus areas

We work together with skilled growers and suppliers to make continuous improvements at every phase, from parent bird breeding to slaughter. Our overall goal is for all chickens to be well cared for and thrive.

To ensure chicken health and wellbeing, we work proactively with nutrition, housing, the prevention of injury and disease, and practise ethical and responsible animal handling, from rearing to slaughter. Scandi Standard proceeds from eight defined focus areas in order to ensure good animal husbandry.



Collaboration with growers

Scandi Standard has long-term collaborations with selected growers in each country. The growers' knowledge, understanding and care for chickens is the most important factor for guaranteeing good animal welfare and for creating conditions conducive to healthy, thriving and growing chickens.

Providing the best possible conditions

The wellbeing of a chicken when it is hatched greatly affects the chicken's health and growth for the rest of its life. Choosing good parent birds and handling the fertilised eggs correctly during the incubation period ensures that the chicks are strong and healthy from the onset.

Efficient feed for thriving chickens

The rearing of chickens is resource efficient compared with many other animals, and one the most important KPIs during this period, is feed efficiency. Nutrient content and feed quality have a major impact both on the health of chickens and on the efficiency of feed use. Good feed efficiency is an indicator of quality feed and how well the chickens are being cared for.

Active work to reduce antibiotics usage


Growing antibiotic resistance is a serious global health challenge. Scandi Standard thus has an important role to play in minimising the use of antibiotics in food production. In line with Nordic legislation, antibiotics are not to be used as a preventive measure. Only sick animals may be treated, following a decision by a veterinarian. The use of antibiotics among Nordic growers is also very low, which is an indicator of good animal husbandry.

In Ireland, where local legislation differs from Nordic legislation, our operations have adhered to Nordic principles and reduced antibiotics usage from around 70 per cent when the company was acquired in 2017, to about 40 per cent in 2022. Our long-term Group target is for the percentage of flocks treated with antibiotics to be lower than 1 per cent by 2030.

Knowledge distribution to growers

In 2021, Scandi Standard established a Center of Excellence with the aim of developing knowledge, work methods and processes around animal welfare and chicken rearing, and disseminating this information throughout our value chain and among our growers. During the first year, focus was on developing more sustainable feed by using local ingredients to replace a significant amount of the soy protein in the feed. In 2022, the new feed was tested in both Finland and Sweden, with promising results, and agreements have been signed with external feed specialists.

The primary focal point of the Centre of Excellence in 2022 was to launch Scandi Standard's Chicken Quality Programme – a results-based improvement programme to raise the quality of the chickens that are delivered by Scandi Standard's contracted growers. Each grower is measured using eleven KPIs linked to performance within animal welfare, quality, food safety and productivity. These provide a clear overview of how each rearing facility operated by Scandi Standard's growers is performing. Based on the results, Scandi Standard then collaborates with the grower to develop customised action packages for the lowest performing pens. The aim is to systematically and continuously improve operations, by inserting concrete measures where they make the most difference. This is beneficial for chickens, growers, Scandi Standard and ultimately, consumers. During the year, we initiated the programme in Ireland and conducted ten training sessions to present the programme.



“Choosing good parent birds and handling the fertilised eggs correctly during the incubation period ensures that the chicks that hatch are strong and healthy.”



Ethics for transport and slaughter

Scandi Standard prioritises animal ethics during transportation. To achieve a calm environment, the chickens are collected prior to slaughter by trained staff in adapted vehicles.

In countries with cold climates such as Sweden, Finland and Norway, the vehicles have climate-controlled ventilation. We contract growers in close proximity to our production facilities in order to keep the transport routes short. Our own staff and independent veterinarians inspect the chickens upon arrival at the slaughterhouse and the wings are checked as an indicator of how well loading was handled.

All logistics are carefully planned and slaughtering always takes place on the same day as the transportation.

Outbreak of bird flu

There have been outbreaks of bird flu in several of our domestic markets during the year. Although no infection has occurred at the farms that deliver birds to Scandi Standard, sections of our operations that were within quarantine zones were impacted. This has also impacted our exports, particularly to Asia, where there are restrictions against countries that have been affected by bird flu.

During the year, new regulations have entered into force in Sweden and Denmark, stipulating that only exports from a region – not the entire country – affected by bird flu are subject to restrictions, which will limit the economic impact of bird flu going forward.



Controlled atmosphere stunning (CAS)

At Scandi Standard, all chickens are stunned before slaughter. Most production facilities utilise Controlled Atmosphere Stunning (CAS), which has a number of advantages in terms both of animal welfare and of meat quality.

Case:

Positive results after improvement program

In 2022, work was initiated on the Scandi Standard's Chicken Quality Programme. Ireland was the first market where the programme was launched and it has helped participating growers to quickly raise their quality through customised plans.

During the year, most of the contracted growers were invited to join small discussion groups. This was preceded by a survey to assess all growers based on parameters¹⁾ aimed at ensuring the well-being of chickens and meeting Scandi Standard's stringent requirements on quality. The results were then compiled into a ranking list that was shared with all the growers, and customised intervention packages were deployed among the growers with the lowest rankings. Fintan Grimes, Manager of Scandi Standard's Chicken Quality Programme, is pleased with the programme's reception.

"The meetings we arranged and the discussions that arose between the growers clearly demonstrated the importance to them of these parameters and workable solutions. At Manor Farm, we can only share our own insights into how the quality can be improved, and come up with suggestions for what actions to take. It increases credibility, when lessons learned are shared between those who work with chicken rearing on a daily basis. Our role for these meetings was often to convey why we are doing this, because whenever the rankings are released, many growers are surprised learn that they do not rank as highly as they thought".

Boosted by customised action plan

One of the farmers who participated is Ivan Dawson, contracted chicken grower for Manor Farm for more than 30 years. When he learned through the survey that one of his two rearing houses was performing worse than the other,

¹⁾ Example survey parameters are foot health, campylobacter and mortality

he enlisted the help of Manor Farm and Scandi Standard to develop a customised action plan, with the aim of improving the quality.

"It was an eye-opener to realise that one of our houses had major shortcomings and areas for improvement. My reaction was mainly that we can't continue like this, so I was very quick to turn it around into something positive. Our discussions with Scandi Standard about their view of the value chain and customer requirements increased our understanding and gave us new perspectives on how we should think in order to deliver more value. The actions we took made a big difference and today, both of my houses are operating more efficiently and with better results", Ivan Dawson explains.

Ivan Dawson's plan included replacing the house lighting system with a state-of-the-art and sustainable LED system that is better for animals. We also are also in the process of replacing our current direct heating systems with indirect heating, and made structural changes to the building in order to create better growing conditions for the chickens. This work is being conducted systematically according to a set timetable. The existing feeding, drinking and ventilation systems will be continuously monitored going forward.

"The measures are primarily about creating the right conditions for the chicks to feel good and grow properly – from day 1 after hatching, until their delivery to Manor Farm. In the long term, it is also about customers demanding chickens that are uniform in terms of size and quality. Following the implemented measures, the first flock that Ivan delivered to Manor

Farm was of much higher quality than before, ultimately resulting in better profitability for Ivan and Manor Farm", explains Tom Horan, Head of Agriculture at Manor Farm.

Positive results since programme launch

Several farms have shown positive results since the programme was launched. Fintan Grimes explains that the aim of the programme has always been to raise the quality among all growing facilities – not only among those that have underperformed during the survey. He believes that more growers will be inspired to follow suit when they see the great improvements that the quality-improvement programme has brought about elsewhere. The goal is to continuously raise the lowest level.

"We are already seeing the results of this strategy. Our most recent follow-up indicated general improvements among growers of both higher and lower rankings. However, with this type of ranking system, someone will always end up at the bottom. Some houses that performed well in the first survey will slip in ranking as others improve – it just means that the programme is working as it should. This way, we can always direct our efforts to the houses where we will see the greatest improvement", explains Fintan Grimes.

For Manor Farm and Scandi Standard, the positive results are confirmation that the programme is worth further pursuit and should be applied to additional markets. Next in line is Sweden, where the programme will be implemented in 2023 in the same way as for Ireland.

Planet



Ensuring that every single chicken thrives and is reared in a resource-efficient manner, and that as much of the chicken as possible is turned into good food on plates, is the most important thing we can do to reduce our environmental and climate impact. We work continuously to improve and strengthen our sustainability efforts throughout the entire value chain.

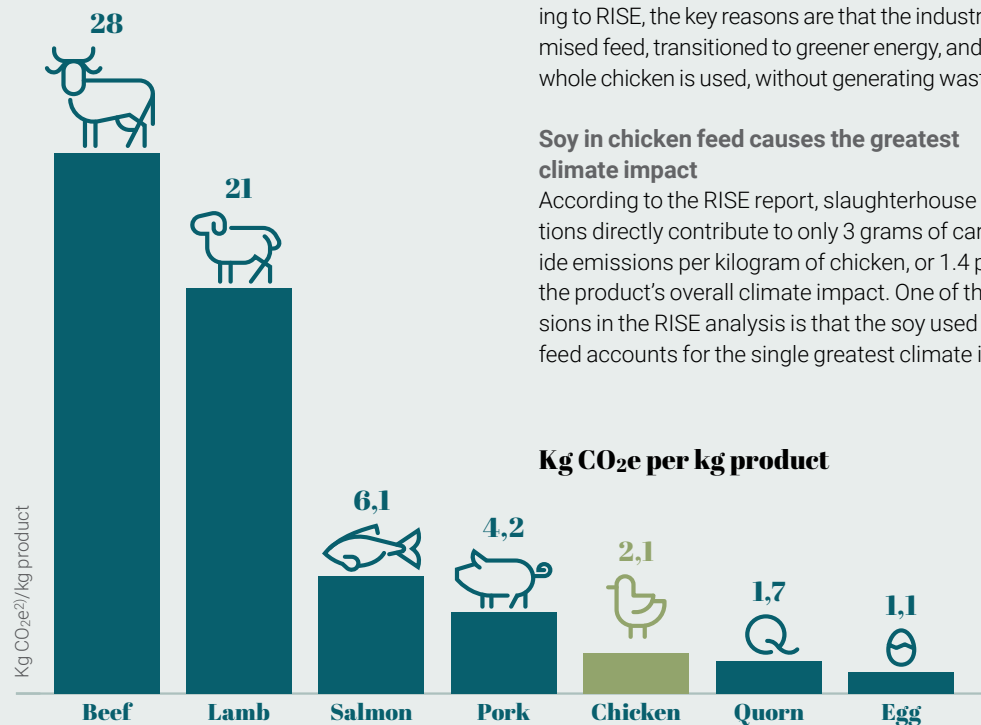
- The carbon footprint of chicken
- Climate and resource efficiency throughout the value chain



The carbon footprint of chicken

The consumption of chicken is expected to continue rising in the next ten years. One reason is that the climate impact from chickens is significantly lower, compared with other animal protein.

The carbon footprint of chicken is a tenth of that of beef and significantly lower than Norwegian salmon. That, in combination with the fact that it is an affordable and easily varied protein, contributes to the fact that the consumption of chicken is expected to continue increase worldwide¹⁾.



All figures in the graph represent Swedish meat, except the figures for salmon (Norway) and Quorn (UK).
Source: Open list – an excerpt from the RISE climate database for food v 2.1

Swedish chicken has reduced its carbon footprint

A life-cycle analysis conducted by the government research institute Research Institutes of Sweden (RISE) was presented in August 2022²⁾, showing that in slightly more than ten years, the chicken industry in Sweden reduced its carbon footprint by almost one-fifth. According to RISE, the key reasons are that the industry has optimised feed, transitioned to greener energy, and that the whole chicken is used, without generating waste.

Soy in chicken feed causes the greatest climate impact

According to the RISE report, slaughterhouse operations directly contribute to only 3 grams of carbon-dioxide emissions per kilogram of chicken, or 1.4 per cent of the product's overall climate impact. One of the conclusions in the RISE analysis is that the soy used in chicken feed accounts for the single greatest climate impact.

10

As a food product, the carbon footprint of chicken is ten times lower than that of beef

20%

The Swedish chicken industry has reduced its carbon footprint by almost one fifth in just over ten years

72.8

g CO₂e per kg product³⁾
from Scandi Standard

¹⁾ OECD-FAO report Agricultural Outlook 2021-2030

²⁾ RISE life-cycle analysis 2022

³⁾ Scope 1 and Scope 2 from all major production plants. Refer also to page 13 and page 60 in the Sustainability Report

Climate and resource efficiency throughout the value chain

Our efforts with climate-smart and resource-efficient chicken production include the entire value chain. We have ambitious requirements on our production that encompass Scandi Standard's in-house processing operations, as well as our supplier stage.

The climate is one of the most critical matters of our time, and we need to help to reduce emissions, and to identify and manage the risks resulting from climate change. At the same time, we regard the increased efforts to reduce society's climate impact as an opportunity where chicken can be part of the solution. During the year, Scandi Standard prepared new science-based targets to reduce greenhouse-gas emissions throughout the value chain, which are awaiting validation by the Science Based Targets initiative.

Climate data is measured and monitored in relation to the size of the operation (grams of CO₂e per kg product) and in absolute terms. In terms of the entire lifecycle, the cultivation and production of feed along with the rearing of chickens account for the vast majority of our carbon footprint. Scandi Standard implemented a Group-wide project in 2021 and 2022 to calculate the carbon footprint at the product level. Calculations were made for more than 280 products and certified by a third party, the Carbon Trust. In 2023, the certification will be used for the climate labelling of products in all of Scandi Standard's domestic markets.

Feed production

Around 20 per cent of our chicken feed consists of imported soy, mainly from South America. Since 2019, Scandi Standard has been managing a development project together with feed specialists to create new alternative feeds that are better for the environment and animal welfare. The aim is to replace a significant percentage of the soy with locally grown protein sources. During the year, production-scale tests were conducted in Finland and Sweden, with positive results.

Rearing

Heating and other operations at farms, such as manure handling, account for the majority of the environmental impact of growers. This is true for parent bird breeding and rearing, as well as the hatching and rearing of birds for slaughter. Scandi Standard encourages growers to use fossil-free energy sources in their operations and to reuse chicken manure instead of chemical fertiliser, which is energy intensive, and thereby improve the soil and reduce climate impact.



Climate goals throughout the value chain in line with the Paris Agreement

- In line with the Paris Agreement and the 1.5-degree target, our vision is to conduct operations with the least possible climate impact
- Scandi Standard became a signatory to the Science Based Targets initiative in 2021 and has, during 2022, developed science-based climate targets for the entire value chain. These were submitted to the Science Based Targets initiative for validation
- By 2030, we must reduce emissions from our own operations (Scope 1 and 2) by 50 per cent, and upstream and downstream emissions in the value chain (Scope 3) by 50 per cent



Read more in the sustainability report on pages 42–72

Slaughtering

We use electricity, energy and water at our plants during the slaughtering and processing stages. As far as possible, Scandi Standard is shifting towards green electricity as well as renewable energy sources. Green electricity certificates are purchased to cover all electricity consumption at the production facilities. We are also working continuously with energy optimisation and to reduce our water consumption and emissions to water.

Processing and packaging

Plastic packaging is necessary for safe handling of the products and for extending shelf life in order to minimise food waste. The use of plastics also has an adverse impact on the climate and biodiversity, so we strive to minimise the use of plastics where possible. When the use of plastic is required, we try to use recycled plastic or ensure that the plastic is recyclable.

Distribution

Scandi Standard uses transport between the farms and the slaughterhouse, as well as for distribution to the customer. The priority is to keep transport distances as short as possible, which both decrease emissions and increase animal welfare.

Consumption

Food waste by retailers and end consumers has a considerable impact on the climate, and Scandi Standard is working to decrease this through awareness, appropriate package sizes and increased product durability.

“Plastic packaging is necessary for safe handling of the products and for extending shelf life in order to minimise food waste.”



Case:

Climate calculations visible at store shelves

During the year, Scandi Standard worked with the independent organisation Carbon Trust to identify and calculate our climate impact throughout the value chain, from farm to fork.

With third-party certified calculations at the product level, more than 280 products in all of Scandi Standard's domestic markets will have climate labelling on their packaging during 2023. The new label is aimed at helping consumers to make conscious choices in stores.

"Many people don't know about the actual climate impact of the food they eat, although they feel it's an important issue. Transparency is one way for us to support conscious choices," explained Ida Ljungkvist, who is in charge of the Scandi Standard's sustainability efforts and the project manager for identifying carbon-dioxide emissions and product labelling.

The project was launched in 2021, when Scandi Standard was strengthening its climate efforts and became a signatory to the Science Based Targets initiative, with a commitment to set emissions targets for the entire value chain in line with the Paris Agreement. Calculating the carbon footprint at the product level and identifying in detail where in the value chain the greatest emissions occur, was a natural step for focusing efforts directly toward customers and consumers. The project placed a considerable emphasis on collecting data and making the calculations, which were then certified.

More than 280 products certified

The Carbon Trust, which is an external partner specialised in climate calculations, has so far certified the carbon footprint of more than 280 Scandi Standard products.

"Customers in our local markets are demanding this type of data, and actors in the value chain also need to

give an account of their suppliers and of their suppliers' impact. As a significant actor in all of our markets, we have a responsibility to drive the industry forward on these issues," Ida Ljungkvist explained.

Chicken is already the type of animal protein with the least climate impact per kilogram. That's good, but not enough," Ida Ljungkvist continued:

"We must continue to reduce our carbon footprint. We now know about our climate impact in detail throughout the value chain. It means that we also know where we must focus our efforts in order to reduce it."



About the Carbon Trust's calculations

The Carbon Trust's analysis includes the entire production chain from "cradle to grave," which is a more comprehensive calculation method than many others. The "cradle to gate" calculation is often used and ends at the slaughterhouse gate, but excludes, for example, packaging, distribution and usage, as well as the cooking of the product. The Carbon Trust's calculations include the climate impact from changes in land use related to, for example, soy production.

The analysis includes:

- Feed production
- Parent bird breeding
- Hatching
- Rearing
- Slaughtering and processing
- Packaging
- Distribution and usage

Sustainability

At Scandi Standard, sustainable development is about promoting responsible value creation over time for owners, customers, consumers, growers and other stakeholders. Based on our vision, our aim is to assume an industry-leading role in animal welfare and healthy products, at the same time as we take our social responsibility and care for the environment.

- Sustainability Director's statement
- The foundation of our sustainability efforts
- Our contribution to Agenda 2030
- People
- Chickens
- Planet
- GRI index and Taxonomy reporting



About the Sustainability Report

Our intention and ambition is to continuously develop strategy, processes and reporting related to our sustainability work. 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 Swedish Annual Accounts Act

Scandi Standard is subject to the requirement for sustainability reporting in compliance with the Swedish Annual Accounts Act. Our statutory sustainability report encompasses the sustainability report on page 42–72. Disclosures about our operations and value chain are presented on pages 14–16, and our risks and risk management on pages 61 and 83–87. The Sustainability Report includes all Scandi Standard's subsidiary companies and production sites. Joint ventures without operational control are not included. The Sustainability Report is, similarly to the financial reporting, covering the 2022 financial year. The Sustainability Report is published yearly, and the contact person is Sustainability Director Ida Ljungkvist.

The Sustainability Report addresses Scandi Standard's material sustainability aspects and risks, describing our work on them and the related internal steering documents. Scandi Standard has begun the transition towards sustainability reporting in accordance with the EU's Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS).

In this year's reporting process, we have also considered the more stringent requirements for climate reporting that will apply in the future and taken note of the guidelines from the TCFD and EU for non-financial reporting pertaining to climate-related information. Hence, we have better defined climate-related risks and opportunities and will gradually phase in the new reporting format in accordance with the TCFD. In 2022, we have also reported to the CDP for the entire Group in terms of climate and biodiversity.

Scandi Standard is reporting in line with the requirements of the EU Taxonomy, see pages 66–68. Currently, none of Scandi Standard's revenue is considered eligible and only a small share of capital and

operational expenses. In connection with the development of EU Taxonomy to include more sustainability goals in addition to climate-related ones – and likely also revenue connected to food production – Scandi Standard will also consider how the financial reporting processes can be adapted and updated to meet the new requirements.

GRI Standards 2021 and own disclosures

Scandi Standard's sustainability report for 2022 has been prepared in compliance with the Global Reporting Initiative's Standards 2021. Read more about GRI at www.globalreporting.org. On pages 69–71, a GRI index is presented, indicating mandatory and voluntary GRI disclosures covered by the reporting, as well as reading references to where to find the information. Where applicable, any omissions to the reporting principles are indicated. Since the reporting methodology related to emissions has been reviewed and strengthened during the year, 2021 emissions in the table on page 60 have been recalculated to ensure comparability. The GRI report also contains own disclosures. These are disclosed in Scandi Standard's sustainability reporting system and is consolidated quarterly or yearly depending on the KPIs. The following reporting principles are applied: use of antibiotics is disclosed as share of treated flocks, foot points which is an animal-welfare indicator where 100 feet per flock are scored. The foot score is reported on a scale of 0–200, with a lower number indicating better foot health. This check is performed manually when the birds arrive to the slaughterhouse. Feed efficiency measures the average volume of feed (in kg) per kilogram of live weight. This is currently only reported for conventional chickens. Mortality in rearing and transport is measured as share of chickens that cannot be used for food production. Soy reduction is calculated based on the average share of soy in the chickens' feed based on information from growers and feed producers. Critical complaints and recalls are reported based on Group-wide guidelines, see page 50. PwC is providing limited assurance on Scandi Standard's Sustainability Report. The Audit Committee is overseeing the external assurance process. Reported information and data refer to Scandi Standard's full operations, unless reported otherwise.

Global Compact

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

WE SUPPORT



Sustainability report

Sustainability Director's statement

At Scandi Standard, we want to inspire people to eat chicken because of its taste as well as its benefits to health and the climate, and local food production. We see our chicken as part of the solution moving forward – but production must be pursued sustainably throughout the value chain.

Healthy and sustainable food

We want to use tasty and innovative products to assist in the transition from red to white meat, which is in line with the Nordic Nutritional Recommendations (NNR). Chicken also has a lower climate impact than beef, for example, which is an important advantage as the demand for animal protein increases and poses a major environmental challenge from a global perspective. During the year, we worked on mapping our climate impact at every stage – from feed production to parent bird breeding and hatcheries, to rearing, processing and packaging, and finally to distribution, sales and consumption. These efforts, which have resulted in third-party certified calculations at the product level and the climate labelling of our products, provides two major benefits: we have identified areas where we can truly improve and make a difference, and we have identified areas where further transparency will be needed in the value chain going forward. This is the basis of our climate strategy.

Resource efficiency increasingly important

In the past year, we have seen changes on a broad front: inflation, increased raw material prices and an energy crisis, as well as a united EU standing behind and implementing important sustainability legislation, such as the EU Taxonomy and Corporate Sustainability Reporting Directive (CSRD). What this shows us is that the way forward will be to optimise resource efficiency and reduce

food loss and waste within production processes and the rest of the value chain, while continuing to increase transparency, openness and collaboration on, for example, climate and biodiversity.

Towards 2030: New sustainability goals

In 2022, Scandi Standard's Board of Directors adopted new sustainability goals that will guide our company toward 2030. The overarching goals have, in turn, three to five concrete metrics that will be followed up on a continuous basis, at a Group level, in each country and at each production site. Having the new sustainability goals in place is important for strengthening our external communication with stakeholders, such as investors, customers and end consumers, and particularly to continue to develop an internal culture related to our role in a sustainable future.

In terms of results, the year has offered both successes and setbacks. We have worked hard to reduce the lost time injury frequency rate (LTIFR) at our production sites, and decreased them by 30 per cent in comparison with 2021. This is a major success, although more work remains. On the other hand, the use of antibiotics has increased and our animal welfare indicator, the foot score, was not as good as in 2021. This was mainly due to the performance of our operations in Ireland, which was addressed by a clear plan of action. In the final quarter, we noted an improvement in the KPIs and a shift towards our target level, and we work towards further improving the trend during 2023.
















“During the year, we worked on mapping our climate impact at every stage.”

Sustainability Director Ida Ljungkvist.

Our material topics and sustainability goals

The aim of the sustainability goals is to create a strategic basis for long-term sustainability work, to strengthen communication with various stakeholder groups and to set shared KPIs that are measured and followed up in the same manner at all levels of the Group.

	Material topics	Sustainability goals for 2030	Follow-up	Goals for 2030	Current status in 2022	Baseline 2021	Link to Agenda 2030	
People	Quality and food safety	Providing local, healthy, safe and affordable protein	Critical complaints and product recalls	0	Critical complaints: 2 Recalls: 0	Critical complaints: 7 Recalls: 0		
			Quality and food-safety culture	Response rate 90% Result 75%	45.4% 73%	n/a		
	Nutrition and health		Clean Label Policy compliance	100%	97%	n/a		
			Salt reduction	Local targets	n/a	n/a		
	Suppliers		Compliance – Supplier Code of Conduct	100% of high-risk suppliers	71%	52%		
	Health & Safety		Lost Time Injuries (LTIFR)	15	27.4	39.2		
	Employee satisfaction		Scandi Pulse – employee satisfaction	72	71	n/a		
	Inclusive culture		Scandi Pulse – inclusive culture	90	73	n/a		
Chicken	Animal welfare	Preserving and developing our animal welfare practices	Animal welfare indicator (foot score)	5	12.2	9.3		
			Transport mortality (DOA)	0.13%	0.09%	0.1%		
			Rearing mortality	3.5%	3.7%	3.6%		
	Use of antibiotics		Use of antibiotics	1%	10.8%	5.2%		
Planet	Feed efficiency	Producing chicken with a lower climate impact – from farm to fork	Soy reduction (% soy in the feed)	-50%	21.5%	n/a		
	Biodiversity		Grower reporting of environmental and climate data	100%	0%	0%		
			Climate and greenhouse gases	Scope 1 & 2 emissions compared with 2021 (tonnes CO ₂ e)	-50%	29,903 tonnes CO ₂ e		29,365 tonnes CO ₂ e
	Scope 3 emissions compared with 2021 (tonnes CO ₂ e)	-50%		792,519 tonnes CO ₂ e	850,794 tonnes CO ₂ e	 		
	Plastic and packaging	Recyclable packaging	100%	n/a	n/a			
		Packaging made of recycled or fossil-free materials	50%	31%	21%	  		
		Reduction of plastics	20%	-9.5% (4,466 tonnes)	4,936 tonnes			
	Waste	Maximizing use of resources and minimizing waste	Recycling (%)	To be defined in 2023	20.8%	n/a	  	
	Food loss and waste		Food loss and waste within production	To be defined in 2023	n/a	n/a		
Water	Water targets related to volume and quality		Local targets	n/a	n/a			

The foundation of our sustainability efforts

Material sustainability aspects and risks

In 2017, Scandi Standard identified material sustainability aspects and risks by compiling an initial materiality analysis, which is updated annually. The analysis was conducted based both on an internal and on an external perspective, and covers all parts of the organisation, and includes the perspective of all relevant stakeholders. Among other actions, the majority of Group management, as well as country-level sustainability managers, have been involved. Prioritization of material topics have been made by the sustainability steering committee, based on available information and analysis. 2022 is the first year a list of material issues is presented and compared to 2021, health and nutrition, water and biodiversity has increased its importance. The Board of Directors has overarching responsibility for identifying how risks linked to sustainability and opportunities impact the company, and is primarily involved in the materiality analysis through the reporting process. The materiality analysis is based on the impact of operations on the entire value chain, stakeholder expectations and our

mission and strategic goals, and the objective has also included taking into consideration Scandi Standard's impact on society at large. The input values included accumulated knowledge and existing documentation from stakeholder dialogues and risk analyses, as well as market analyses and external frameworks such as the UN Global Compact initiative and Agenda 2030 as well as relevant investor ratings.

The materiality analysis is a dynamic process, which is 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 find it 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 welfare.

Stakeholder dialogue

In 2022, Scandi Standard reviewed and strengthened its stakeholder dialogue process. Most stakeholders are local and therefore, local companies are the starting point for our

stakeholder initiatives. The management team of each country identifies its priority stakeholder groups annually. Based on their strategy for stakeholder dialogues, an annual action plan is established, which is then continuously followed up. These local plans are compiled at Group level and supplemented with Group-wide stakeholders. The table below shows Scandi Standard's prioritised stakeholder groups in alphabetical order, as well as information about their prioritised issues and strategy for dialogue and collaboration. The sustainability steering committee continuously follows up the work processes for materiality analysis and stakeholder dialogue. Scandi Standard's local companies are members of local industry organizations related specifically to poultry production, but also food production in general.

At the Group level, we are noting a specific increase in demand and needs in terms of developed dialogues with customers and investors regarding sustainability issues. During the year we received a large number of requests about our work, goals and risk management of sustainability-related issues.

Stakeholder	Material topics	How we work
Authorities and legislators	Health & Safety, Quality and food Safety, Animal welfare, local environment at our production sites.	Regular contact with relevant authorities. Our operations are controlled daily through various control efforts.
Customers	Quality and Food Safety, Climate and greenhouse gas emissions, Animal welfare, Food loss and waste.	Availability and transparency related to material topics. We are increasingly receiving requests for information related to e.g., climate calculations.
Employees	Health & Safety, Inclusive culture, Quality and food Safety, general sustainability topics.	Proactively through a large number of communication channels such as department meetings, intranet, digital signs, written information, and larger information meetings.
End-consumers	Climate and greenhouse gas emissions, Animal welfare, Nutrition and health, Plastic and packaging.	Product development and innovation to meet the expectations of end-consumers.
Growers	Animal welfare, Use of antibiotics, Feed efficiency.	Proactively through onsite visits, specialist groups, quality programs and regular written information.
Industry organizations	Quality and food Safety, Climate and greenhouse gas emissions, Animal welfare.	Proactive through board representation in relevant organisations and through participation in meetings, seminars and relevant dialogues and referral processes.
Investors	Climate and greenhouse gas emissions, Animal welfare, Feed efficiency, Health & Safety.	Quarterly reporting to the market, capital market days, and individual meetings.
Suppliers	Quality and Food Safety, Plastic and packaging, Suppliers (Code of Conduct).	Proactively to ensure alignment related to material topics.

Organisation and governance

Sustainability is integrated into our business operations as a part of standard processes and responsibilities. At Group level, there is a Group Sustainability Director who is a part of Group management, and who is responsible for defining strategy and goals, as well as coordinating and supporting implementation in the organisation. In 2022, the sustainability steering committee consisted of the Group Sustainability Director, Managing Director and CEO, Group Communications Director, Head of Group Operations, Director of Group Live Operations, Group Investor Relations & M&A Manager, Head of Group Quality, Environment and Climate Manager, and the Director of Marketing and Innovation at Den Stolte Hane. Of these, five members have also been members of Group Management. The steering committee is responsible ensuring that relevant information is submitted to the Board of Directors, which has ultimate responsibility for the Group's sustainability strategy and results. The Sustainability Director's duties include the regular attendance of Board meetings, in order to inform and update Board members regarding new regulatory frameworks and material sustainability aspects. In 2022, the Board specifically adopted a new code of conduct and the updated strategic sustainability framework, including 2030 Sustainability Goals. In addition, the Board was briefed on sustainability-related KPIs at every ordinary Board meeting, and in further detail in conjunction with quarterly reports.

Since 2020, sustainability goals and KPIs have been included in ordinary business planning and form part of the bonus-based goals for Group Management and others. Follow-up takes place on a quarterly basis within Group Management, and is included in the quarterly reporting to the market. During the year, three KPIs related to sustainability were also linked to Scandi Standard's financing.

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 the operations 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.

In 2022, the Board adopted a new version of the Code of Conduct which clarifies and reinforces important policies on how we are to work and conduct our operations. Employee training in the new code will be conducted in 2023.

Scandi Standard's Supplier Code of Conduct imposes corresponding requirements on the Group's suppliers. In addition, Scandi Standard has a number of Group policies that clarify and specify our position and frameworks across a range of important areas: work environment, health and safety, clean label for products, antibiotics and animal welfare. All of the policies are available on Scandi Standard's website.

Whistle-blowing function

A whistle-blowing function has been set up, in collaboration with an external company, to enable the anonymous reporting of potential violations of the Code of Conduct. A few cases were reported and investigated by an appointed committee over the course of the year, mostly related to employee and labour law issues. None of these cases proved to be an actual breach of the Code of Conduct. Further information about the whistle-blowing function is available on page 54.



The Scandi Way

Our strategic framework for sustainable development, "The Scandi Way," is based on our materiality analysis and includes prioritised responsibilities and sustainability issues within the perspectives: People, Chickens and Planet. This framework sets the level for the Group's sustainability work and defines the approach, overarching goals and key performance indicators for each focus area. Each company and production facility within the Group is committed to complying with and contributing to the attainment of the shared goals. Read more on page 5.



Agenda 2030

Scandi Standard supports Agenda 2030 in its entirety, including the sustainable development goals (SDGs). As a result of our operations, we have an impact on several of the SDGs and a great responsibility and good opportunities to help with achieving the SDGs and their targets. Below is a description of the SDGs that we, as a company, have the greatest responsibility for, and the opportunity to make a difference.



SDG 2: Zero hunger: Scandi Standard can use healthy and protein-rich products to facilitate access to safe and nutritious food for everyone. We also have a substantial responsibility, together with our growers and other actors in our value chain, to ensure that we develop sustainable methods for food production. In line with our work with the climate and biodiversity, we strive to increase transparency in the value chain and to promote collaboration and development.



SDG 8: Decent work and economic growth: As a significant employer and actor in our domestic markets, Scandi Standard has the opportunity to contribute to sustainable economic growth and to enhance resource-efficiency at the production and consumption stages. We achieve this using a value-chain perspective, where we work to optimise efficiency and reduce general waste and food waste at every step. We also take responsibility for our employees' working conditions and work environment by using a structured and systematic approach. We also work proactively with suppliers to ensure compliance with human rights throughout the value chain.



SDG 12: Responsible consumption and production: Safeguarding sustainable production and consumption patterns is at the core of our operations. This is contributing to the UN SDGs and improves the efficiency and profitability of our operations. As a food producer, one of our key issues is to reduce food waste and other waste – within our own production processes and throughout the value chain – by collaborating with suppliers, customers and end consumers. We also work proactively to integrate sustainability data in our reporting cycles, such as in our quarterly reports, as well as our annual and sustainability reports.



SDG 13: Climate action: Climate change is one of the greatest challenges of our time and Scandi Standard is working systematically to identify and analyse the risks related to climate change; more information on this can be found on page 61. We are also working for chicken to be part of the solution, by setting science-based climate goals linked to our entire value chain.



SDG 15: Life on land: As an actor in the food-production value chain, Scandi Standard is dependent on a well-functioning ecosystem and on biodiversity. In this regard, we are developing targets and key metrics that encompass the entire value chain, and we are currently working proactively to resolve the issue of soy and deforestation – by using certified soy and searching for alternatives to soy in chicken feed.



THE GLOBAL GOALS



People

Safe and healthy products

Product quality and food safety

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

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

Careful control of bacteria

We pay particular attention to checking for the presence of any pathogenic bacteria, i.e., bacteria that can cause illness. In our Nordic countries, our chickens must be completely salmonella-free, and campylobacter must be at the absolute minimum level possible. Regular inspection of both these bacteria is conducted in the chicken pens or upon the arrival of chickens at lairage. Campylobacter is a common bacteria found worldwide both in humans and in animals, including chickens. In 2022, campylobacter was found in 11.1 per cent of the flocks, which was Scandi

Standard's lowest figure yet, and on track towards the long-term target 5–10 per cent. Salmonella is very rare in the Nordic countries but common in other parts of the world. Hand hygiene and cooking chicken properly are important for avoiding infection.

Critical complaints

Scandi Standard applies a shared definition and process for what is referred to as critical complaints. These complaints include recalls from customers or consumers, the presence of foreign objects in the product, allergens or incorrect content or sell-by dates. Assessments are made locally in the respective country. The trend has been positive during the year, and the number of critical complaints are at a historically low level, with two critical complaints in 2022, compared with seven in 2021. In 2021, a new definition for critical complaints was introduced to clarify the concept, after which only complaints related to food safety, consumer health and legislative requirements are included in reporting.

Clean label policy

We have had a Group-wide Clean Label Policy since 2020 which is based on current legislation and describes our shared stance on healthy products and establishes a framework for product content. The policy is established in all countries and applies to all products and recipes within our own brands, which account for 36 per cent of Scandi Standard's sales. As a tool for this work, each country has a database containing information on ingredients and their contents and composition. Three Group-wide indicators are monitored on a monthly basis: The use of the flavour enhancer, monosodium glutamate (MSG/E621), artificial colourings and artificial flavourings. The objective is for all of these to be zero.



Sustainability goals:

Providing local, healthy, safe and affordable protein

Follow-up:

- Critical complaints and product recalls
- Quality and food-safety culture
- Clean Label Policy compliance
- Salt reduction
- Compliance with Supplier Code of Conduct

Milestones 2022:

- Critical complaints at a historically low level, only two reported during 2022
- Start-up of program aiming to conduct external sustainability ratings of suppliers



Our 2022 results show that E621 was present in four Danish products, corresponding to 0.3 per cent of products from our own brands. Artificial colourings were found in one Norwegian product. As regards artificial flavourings, there is still a need for them in some local products in order to meet taste preferences and requirements to avoid allergens. Examples include pesto in Finland and smoke flavouring in Sweden. Artificial flavourings were found in 2.2 per cent of products from our own brands.

Correct product information

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



Goals and KPIs – Product quality and food safety

	Long-term target	Result 2022	Result 2021
Critical complaints ¹⁾ , number	0	2	7
Product recalls, number	0	0	6
Salmonella, infected flocks	0–0.5%	0.2%	0.2%
Campylobacter, infected flocks	5–10%	11.1%	11.9%

¹⁾ These complaints include recalls from customers or consumers, the presence of foreign objects in the product, allergens or incorrect content or sell-by dates.





People

Responsible supplier relationships

Responsible supplier relationships

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

Our Supplier Code of Conduct

Scandi Standard strives for mutual, responsible business relationships. Our Supplier Code of Conduct provides the foundation for this, by setting requirements on responsibility for the environment, anti-corruption, ethics, human rights and social responsibility that corresponds to the Group's own Code of Conduct. Our suppliers must also ensure that these requirements are passed down the chain, i.e., to their subcontractors. With the support of the quality and sustainability functions, the Group's purchasing function is responsible for the content and implementation of the Supplier Code of Conduct.

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

Systematic approach to sustainable supply chains

The Supplier Code of Conduct was updated in 2021 and work is ongoing to get existing suppliers to sign the updated code. All suppliers in categories such as meat raw materials, ingredients, transport, packaging and logistics, are required to sign the Code of Conduct and respond to Scandi Standard's self-assessment questionnaire, which includes questions for evaluating social and environmental issues. For other categories, our aim is for all suppliers with a purchasing value of more than SEK 500,000 per year to become signatories of the code. These efforts have also been applied to indirect purchases as of 2020, in addition to purchases of direct materials and transport services where the policy has been in place for longer.

For direct materials and transport services, 71 per cent (52) of suppliers have signed the updated Supplier Code of Conduct. The figure for indirect purchases is 12 per cent (18). A total of 33 per cent signed the Code of Conduct and 15 per cent responded to the self-assessment questionnaire.

Our systematic approach is based on risk assessments. This includes a risk screening at the supplier level based on risk parameters such as production country, as well as category- or industry-specific risks linked to the environment, human rights and ethical issues. In order to identify risks and potential non-conformity, we strive continuously to ensure greater transparency in our supplier relationships – going beyond the first link in the supply chain. During the year, a process was initiated to shed light on the risk-assessment process and to conduct external sustainability ratings of suppliers.

Self-evaluation and risk assessment

Scandi Standard asks its suppliers complete a self-assessment questionnaire in order to determine risks and performance at the supplier level. Their responses provide supplementary data to help us prioritise where we need to focus additional monitoring and audits as well as other initiatives.

The results of the completed self-evaluations indicate 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. The ambition is to develop a structured process in 2023 for the follow-up of deviations and audits related to external sustainability ratings.

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



People

Keeping our employees engaged, safe and healthy

Our employees

Scandi Standard employs almost 3,300 people, most of them in our Group companies and local production operations. More information can be found in the table on the next page and in Note 5.

Safe working environment

Most of our employees work in a production environment where there are physical risks associated with health and work safety. Scandi Standard maintains a zero-tolerance approach to occupational accidents and works preventively and systematically on risks related to the physical work environment, as well as the psychosocial work climate and corporate culture. Sick leave and work-related injuries are followed up at each production site and at a Group level. Interim targets are set in every country. These are followed up at each production site, as well as through daily Group Operations debriefings, and on a quarterly basis at the country level and Group level. Each production site conducts regular health and safety training, with a focus on site-specific risks. An important part of health and safety management is regular dialogue between employees and the leadership teams at each production site, for example through health and safety committees.

Health and safety policy

The Group's policy on health and safety in the workplace clarifies Scandi Standard's commitment to ensuring a good work environment, to promote health and to ensure compliance with legislation and standards in the area. The policy also mandates active work to ensure an inclusive culture and diversity. Responsibility for implementation of the policy and operational work environment management rests with the relevant company and specific production site. Health and safety management systems include both

employees and contractors. Danish operations are certified according to ISO45001, this corresponds to approximately 30 per cent of the Group's employees or 1076 head counts.

Improvement programme to reduce accidents

Although serious accidents seldom occur, the challenge remains to reduce the total number of accidents. In 2021, the number of work-related injuries resulting in lost time rose, which led to the launch of a Group-wide improvement programme and analysis of the root causes of all the accidents. The aim of the improvement program is to reduce the accident frequency by reinforcing the preventive and systematic management of health and safety.

The focus is on addressing the identified risks at production sites, creating a more robust safety culture and advancing the development of shared working methods and reporting systems. Transparency and clear, consistent KPIs are key elements in the action plan, as are strengthening ownership and local targets.

The improvement programme has yielded results and during the year, the lost time injury frequency rate fell 30 per cent from 39.2 in 2021 to 27.4, in line with the ambitious targets we set early in the year. Work is now ongoing to further improve and strengthen our management of the work environment, by using, for example, a well-defined Group-wide method for reporting and following up near misses.

Inclusive culture

Scandi Standard aims to be an inclusive organisation that promotes diversity. Our goal is to leverage 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 is also specified in our Code of Conduct.



Sustainability goals:

Keeping our employees engaged, safe and healthy

Follow-up:

- Lost Time Injuries (LTIFR)
- Scandi Pulse – employee satisfaction
- Scandi Pulse – inclusive culture

Milestones 2022:

- Lost Time Injuries per million hours worked fell by 30 per cent compared with 2021
- Scandi Pulse conducted and 91 per cent response rate to the employee survey



Our employees in numbers

Statistics on forms of employment and gender distribution, as well as KPIs linked to health and safety are presented below. Of all employees in 2022, 43 per cent (44) were

women and 57 per cent (56) men. The proportion of women in executive positions, encompassing Group management and the management team of each country, was 32 per cent (26).

Key metrics – Employees	Sweden	Denmark	Norway	Ireland	Finland
Number of employees	963	1,076	378	1,120	270
Permanent employees	898	981	356	796	206
<i>Men</i>	62%	61%	44%	53%	52%
<i>Women</i>	38%	39%	56%	47%	48%
Temporary employees	59	95	22	134	21
<i>Men</i>	74%	61%	48%	50%	41%
<i>Women</i>	26%	39%	52%	50%	59%
Non-guaranteed hours employees	0	0	0	190	8
<i>Men</i>	n/a	n/a	n/a	40%	39%
<i>Women</i>	n/a	n/a	n/a	60%	61%
Full-time employees	903	825	303	893	255
<i>Men</i>	63%	61%	50%	54%	50%
<i>Women</i>	37%	39%	50%	46%	50%
Part-time employees	60	251	75	37	7
<i>Men</i>	58%	61%	20%	16%	14%
<i>Women</i>	42%	39%	80%	84%	86%
Contractors and consultants	6	0	0	2	35
<i>Men</i>	75%	n/a	n/a	0%	71%
<i>Women</i>	25%	n/a	n/a	100%	29%
Employees covered by collective bargaining agreements (%)	98%	99%	90%	91%	99%

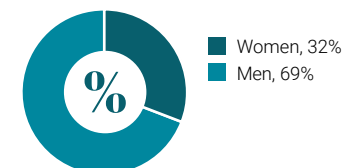
The KPIs in the employee table is based on country of employment and represents head count (number of employees) at the end of the reporting year. The total is therefore different to the official employee figure which is measured in FTE (full-time equivalent). Contractors and consultants are primarily employed in production (Finland) and as office workers (Sweden and Finland). Production roles are primarily staffed indirectly while office roles are directly staffed. The number of workers who are not employees have increased compared to the previous year, driven by labour shortage mainly in Finland. For employees not covered by collective bargaining agreements, local laws and regulations apply as well as relevant industry standards which are used e.g., for salary reviews.

Safe and healthy workplace	Group	Sweden	Denmark	Finland	Norway	Ireland
Attendance (per centage of standard working hours, %)	93 (95)	93 (93)	94 (96)	94 (94)	96 (96)	88 (95)
Lost time injuries (LTIFR, number of lost time injuries per million hours worked)	27.4 (39.2)	52.6 (61.4)	13.0 (18.0)	50.4 (55.8)	7.8 (23.3)	24.6 (42.7)
Fatalities	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)

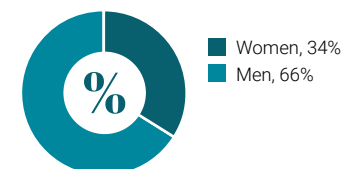
Work-related injuries and lost time are followed up at each production site and reported in shared systems. One of the accidents during the year have caused permanent incapacity during the year. A total of 141 (210) injuries resulting in lost time occurred during the year and the total number of hours worked was 5,146,431 (5,361,146). The most commonly occurring types of accidents are falling at the same level, squeezing between items and overloading. The numbers include both employees and contractors when applicable. Scandi Standard has an overall zero tolerance approach to accidents, with local measurable interim targets in the work to ensure a safe work environment.



Gender distribution among office managers, %



Gender distribution among production managers, %



Share of production workers, %





Scandi Pulse employee survey

A major employee survey, Scandi Pulse, is conducted for all employees every two years. In October 2022, the Scandi Pulse survey was conducted both for production and for office employees. The results showed high levels of commitment and satisfaction, in line with set goals. In between these surveys, smaller surveys are conducted among office employees – one such survey was conducted in 2021. Since the results are not fully comparable, the 2022 results were compared with the 2020 results for this report. Although the scores for satisfaction and motivation declined somewhat, from 72 to 71, they were still in line with our set goals. The results for loyalty remain at a high level: 78 compared with 79 in 2020. Inclusive culture declined slightly, from 75 to 73. As with the 2020 survey, a substantial difference is noticeable between office workers (82) and production workers (71).

Corporate values and Code of Conduct

The Code of Conduct applies to all employees and sets the framework for acting responsibly in terms of ethics, the environment, social issues and human rights. All employ-

ees must review the code in the local language when commencing employment, and sign to confirm that they understand what it entails. All office employees also receive mandatory e-training in the code as additional support. In 2022, 97 per cent (91) (including new employees) had completed the training.

In 2022, an updated version of Scandi Standard's Code of Conduct was created and approved by the Board. The update has clearer definitions of applicability and processes, and the sections on, for example, bribery, corruption, competition law and human rights, were strengthened. All employees will receive training in the new code in 2023.

Good business ethics

We strive to use an ethical and respectful approach in all our business relationships. The Code of Conduct clarifies that zero tolerance applies to all forms of bribery and corruption. We must also act in an exemplary and responsible fashion to ensure the correct processing of information and to ensure the avoidance of any conflicts of interest. Training in these areas is provided on an ongoing basis for the relevant target groups.

Whistle-blowing function

We encourage our employees to report any suspected breaches of our Code of Conduct and other policies. A whistle-blowing function was set up in collaboration with an external company to enable the anonymous reporting of potential breaches of our Code of Conduct. Reported cases are received by the external partner and forwarded to an internal committee consisting of Group HR Director, CFO, Head of Group Finance and Group Risk Manager.

19 cases were reported through the whistle-blower service in 2022. Cases related to local employee issues, leadership issues and policy compliance were investigated and responded to, and none of the cases were found to be an actual violation of the Code of Conduct. Further work was undertaken locally, when desired. No confirmed cases related to corruption or discrimination has been reported to the whistleblower service or in other channels.



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

Goals and KPIs – Employees

	Goal 2030	2022	2021	2020	2018
Scandi Pulse – Satisfaction and motivation	72	71	–	72	69
Scandi Pulse – Inclusive culture	90	73	–	75	–
Gender distribution in the Group (% women)	n/a	43	44	43	42
Percentage of women in executive positions (%)	n/a	32	26	27	26
Training on Code of Conduct (% office employees)	100%	97	91	88	–

The employee survey measures a number of parameters, including engagement and leadership. An index score of 66–72 is average, while 75 is a good result. A total of 91 per cent of those who have been employed at Scandi Standard for at least six months took part in the 2022 survey. The index for inclusive culture was measured for the first time in 2020. The inclusive-culture index is based on three questions in the employee survey on equality, diversity and participation. The survey is conducted every two years.



Preserving and developing our animal welfare practices

Group-wide Animal Welfare Policy

Scandi Standard's Group Live Operations Director has the overall responsibility for the Group's animal welfare policy and improvement work. In each market, the local management and local individual in charge of living animals are jointly responsible for implementation and follow-up. Each production site has a designated animal welfare coordinator, and all staff who handle live chickens receive training in this area as part of their introduction.

For Scandi Standard, it is important to have a holistic view of animal welfare, where several different aspects are important and where a combination of different KPIs must be followed up to ensure good animal welfare. These aspects include the competence and commitment of growers, the quality of the newly hatched chicks, feed quality, pen environment, the opportunity for natural behaviour, breed, loading and transport, and stunning and slaughter.



Sustainability goals:

Preserving and developing our animal welfare practices

Follow-up:

- Animal welfare indicator (foot score)
- Use of antibiotics
- Transport mortality (DOA)
- Rearing mortality

Milestones 2022:

- Scandi Quality Chicken Programme launched in Ireland
- Production scale testing of soy-free feed in Finland and Sweden



[View the animal welfare policy in full](#)

Group-wide Animal Welfare Policy

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

- stipulates that genetic modification of animals is not permitted;
- defines space requirements and flock density limits;
- stipulates that antibiotics must not be used for preventive purposes and never without veterinary approval;
- stipulates that growth hormones must not be used;
- stipulates that beak trimming is not permitted;
- has requirements on responsible transportation, including limits on distance and time;
- has requirements on pre-slaughter stunning.

Chickens

Foot health is an important indicator of animal welfare

The straw bed where chickens spend their time has a major impact on their health. Dry straw bedding makes life comfortable for the chickens, maintains their immune system and reduces the risk of spreading diseases. The quality of the straw bedding is checked by examining the condition of the foot pads, which is registered for each flock of chickens upon arrival at the slaughterhouse.

Outbreak of bird flu

Avian influenza (bird flu) is a viral disease found in wild birds that can spread to domestic birds, and outbreaks can affect egg and chicken producers. However, the virus is not thought to cause any serious symptoms in humans and consumers do not need to be concerned about whether chicken products are safe to eat. There have been outbreaks of bird flu in several of Scandi Standard's domestic markets during the year, leading to extensive shutdowns in order to prevent wider transmission to new flocks.

Even when farms delivering to Scandi Standard are not directly impacted, farms within quarantine zones may be indirectly impacted. Local Scandi Standard teams work closely with concerned growers and relevant authorities to ensure that the right measures are implemented.

This includes setting up zonal systems to guarantee disease control and prevent growers and the poultry industry from being hit harder than necessary.

Optimised feed

Feed composition is an important part of our collaboration with the growers. Nutrient content and quality have a major impact both on the health of chickens and on the efficiency of feed use. Chickens are very good at converting feed into meat, and feed efficiency is a direct indicator of the quality of the feed, and how well the chickens are being cared for.

All feed is produced using carefully selected ingredients, with wheat and soy being major components. Our operations in Ireland have their own feed experts and local feed mill, while in other countries we work with external feed suppliers whom our growers purchase feed from.

The use of feed with the presence of genetically modified organisms (GMOs), in this case soy and corn, is widely discussed throughout the agricultural industry. Scandi Standard has chosen to adhere to local conditions and customer requirements and currently requires the use of GMO-free feed in Sweden and Norway, and organic chicken in Denmark.

Transition to local protein crops

In 2022, about 21.5 per cent or just over 120,000 tonnes per year of our chicken feed consisted of imported soy, mainly from South America, as well as smaller volumes from North America and Asia. Requirements for traceability and responsible production are defined by means of various third-party certifications such as RTRS and ProTerra. In total, 75 per cent have some type of sustainability certification and it is only in Denmark that soy is yet to be 100 per cent certified. The long-term goal is to replace imported soy with other, local protein sources. This is because there are better options from both an environmental and an animal-welfare perspective, which at the same time promote local agricultural production. Since 2019, a strategic development project has been under way together with feed specialists to develop and test new feed mixes, where a significant part of the soy is replaced by locally grown protein sources, such as broad beans and peas. During the year, large-scale tests were conducted in Finland and Sweden, with positive results. Along with these initiatives, we also want to collaborate with feed producers to ensure that the soy that is purchased is traceable and sustainably produced. We can achieve this through dialogue and involvement in various initiatives, such as the Swedish Platform for Risk Crops.





Working systematically to lower antibiotics use

Increased 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 when acquiring and integrating operations that are beyond the Nordic region into the Group.

We have a very strict policy on the use of antibiotics and other types of medication. In accordance with current Nordic legislation, antibiotics must not be used as a preventive measure in the rearing process, unlike in many other countries. Only sick animals may be treated, following a decision by a veterinarian. The use of antibiotics among Nordic growers is also very low – less than 0.2 per cent in 2022 – which is a sign of good animal husbandry.

We are at the forefront with our stance on antibiotics and our work methods and results in the Nordic countries. We have also made determined efforts to significantly reduce the use of antibiotics in our Irish operations, from around 70 per cent when the company was acquired in 2017, to about 40 per cent in 2022. Our performance deteriorated in 2022, due to the lower quality of day-old chicks and our limited possibilities of acting as advisors to growers during the Covid-19 pandemic and the ensuing local restrictions. A clear plan of action has been developed to turn the negative development and to improve the result in line with 2020 and 2021. Our long-term Group target is for

the per centage of flocks treated with antibiotics to be lower than one per cent by 2030, and the foot score should be below five.

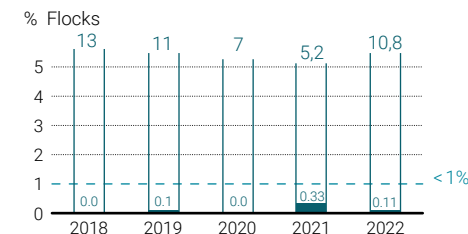
Ethics for transport and slaughter

Animal ethics are a high priority in the transport and slaughter of the chickens. The chickens are collected by trained staff in specially adapted vehicles.

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

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

Percentage of flocks treated with antibiotics



Scandi Standard's long-term goal is for the share of flocks treated with antibiotics to be less than one per cent. This goal has been achieved by a good margin for the Nordic countries during the past years, as shown in the lower bars in the graph. The higher bars show group-wide results including Ireland.

Goals and KPIs – Animal welfare

	Goals for 2030	2022	2021	2020	2019	2018
Use of antibiotics, share of treated flocks, %	<1	10.8	5.2	7.0	11.0	13.0
Animal welfare indicator (foot score)	<5	12.2	9.3	10.0	20.0	14.0
Feed efficiency, FCR kg feed/kg live weight	n/a	1.50	1.52	1.52	1.52	1.54
Rearing mortality, %	<3.5	3.7	3.6	3.4	3.6	3.8
Transport mortality (DOA), %	<0.18	0.09	0.10	0.12	0.12	0.14

Goals for 2030:

<1%

Use of antibiotics



Climate and resource efficiency throughout the value chain

The work on climate- and resource-efficient chicken production covers the entire value chain: from Scandi Standard's in-house processing operations to the supplier stage, including feed production and rearing, transportation, and the customer and consumer stages. Efforts to increase efficiency and reduce food waste involve the entire value chain, with the basic notion that every chicken and the whole chicken counts. Making sure that every single chicken thrives and is reared in a resource-efficient manner, and that as much of the chicken as possible is turned into good food on plates, is one of the most important initiatives within our reach, to reduce our environmental and climate impact.

Soy constitutes slightly more than 20 per cent of chicken feed. Soy production is linked to biodiversity-related risks and serious climate impact issues, and Scandi Standard works actively to decrease such risks by the responsible sourcing of soy through, for example, RTRS and ProTerra. The long-term goal is to replace soy with locally sourced protein alternatives.

We use electricity, energy and water at our plants during the slaughtering and processing stages. As far as possible, Scandi Standard tries to use green electricity as well as renewable energy sources. We also work continuously with energy optimisation and reducing our water consumption and emissions to water.

Scandi Standard uses transportation between the rearing farms and slaughterhouses, and for distribution. Our priority is to keep transportation distances as short as possible, which both decreases emissions and increases animal welfare. In addition, we work with our transport suppliers on route optimisation, fill rates and opportunities to change to biofuels.

The key environmental impact during the live animal stages of the value chain include heating and farm operations, as well as responsible manure handling. Scandi Standard encourages its growers to use fossil-free energy sources for their farm operations and to reuse chicken manure instead of chemical fertiliser, which is energy intensive, and thereby improve the soils and reduce climate impact.

In 2022, we used 4,466 tonnes of plastic packaging at our sites. Plastic packaging is required for food safety and minimising food waste by extending shelf life, but it also impacts the climate and the environment. Scandi Standard aims to minimise the use of plastics when possible. If plastics are required, we try to use recycled raw materials or to ensure recovery of materials or energy.

The greatest impact at the consumption phase is the food that is not eaten. Food waste, by retailers and end consumers, has an impact on the climate, and Scandi Standard is working to decrease this through awareness, appropriate package sizes and improved product shelf life.



Feed production



Parent bird breeding



Hatching



Rearing



Slaughtering



Processing and packaging



Distribution



Consumption





Producing chicken with a lower climate impact – from farm to fork

Climate goals throughout the value chain

In 2021, Scandi Standard became a signatory to the Science Based Targets initiative, and in 2022, science-based climate goals were developed for the entire the value chain. These were submitted to the Science Based Targets initiative and are awaiting validation. The base year for climate goals is 2021, and the target is to halve Scope 1 and 2 emissions by 2030, and to halve Scope 3 emissions during the same period. Although these are ambitious climate goals, they are necessary for achieving the Paris Agreement's 1.5-degree limit.

We are working and acting to reduce our climate impact at every stage of our value chain. In terms of the entire life-cycle, the cultivation and production of feed, and feed conversion, along with the rearing of chickens account for the vast majority of our carbon footprint.

In 2021 and 2022, in addition to our work to develop climate targets, we also calculated the carbon footprint at the product level for 282 products in all of Scandi Standard's domestic markets. These calculations were made jointly with the specialist, the Carbon Trust, which has developed a customised model for Scandi Standard's value chain. The calculations have also been certified by a third party and

will be used for the climate labelling of products in stores in 2023. The aim and focus of this intensive and time-consuming work has been to increase transparency for customers and consumers regarding our climate impact, to better respond to increasing requests from customers, and to ensure that our initiatives to improve are focused where they can do the most good.

Biodiversity

To be able to continue producing chicken sustainably, Scandi Standard is completely dependent on the planet's ecosystem. Therefore, it is of utmost importance to ensure the protection of biodiversity and to minimise our impact on biodiversity.

Initial analyses of Scandi Standard's impact on biodiversity have identified feed production – primarily soy production – as the area of greatest impact. In addition, Scandi Standard has an impact on biodiversity elsewhere in the value chain, such as with chicken rearing and around our production sites.

At the moment, soy use is systematically monitored at a Group level, but work has been initiated to develop a biodiversity policy with concrete metrics, which is expected to be completed in 2023.



Sustainability goals:

Producing chicken with a lower climate impact – from farm to fork

Follow-up:

- Scope 1 & 2 emissions compared with 2021
- Scope 3 emissions compared with 2021
- Soy reduction
- Grower reporting of environmental and climate data

Milestones 2022:

- Climate goals established for Scope 1, 2 and 3
- Carbon footprint calculated for 282 products

KPIs – Soy and biodiversity

	Scandi Standard	Sweden	Denmark	Norway	Ireland	Finland
Soy, share of feed (%)	21.5	20	25.3	11.8	23.6	20.5
Certified soy (%)	75	100	16.7	100	100	100

Scandi Standard is a member of the Round Table for Responsible Soy (RTRS). In Sweden and Norway, all soy is certified in accordance with RTRS or ProTerra; in Finland, most of the soy is certified pursuant to RTRS, but there are also other international certifications. In Ireland, all of the soy is certified in accordance with the Cefetra CRS Standard. Some of the soy in Denmark is certified through RTRS credits.



Further information about feed and the climate can be found on page 56



Climate calculations

Extensive work was conducted in 2022 to map and calculate Scandi Standard's climate impact throughout the value chain – both at Group and product level. The table below shows the carbon-dioxide emissions per scope according to the GHG protocol, as well as energy usage. 2021 is reported as baseline year, and is also the baseline for Scandi Standard's climate targets. The calculations are

based on primary activity data where possible. Otherwise, secondary data, extrapolations or other available information is used. In scope 3, category 1 - purchased goods and services is, among other things, feed and rearing of the chickens included. Climate impact from the feed is calculated based on emission factors from the feed producers. In the calculation of the climate impact from feed has emissions related to land use change (LUC) been included.

Since climate calculations and specifically, calculations on climate impact linked to land usage and food production, are methods under development, Scandi Standard's goal is to continuously increase the quality of data and improve the calculation method in collaboration and dialogue with experts and other value chain actors.

Reported emissions per scope according to GHG protocol (location-based method)	Share of emissions (2022)	Tonnes CO ₂ e 2022	Tonnes CO ₂ e 2021	Energy use (kWh) 2022	Energy use (kWh) 2021
Scope 1 - stationary combustion					
Natural gas (including LPG and propane)	1,0%	7,995	7,278	37,544,057	37,871,698
Fuel oil	0,2%	1,920	2,440	7,162,264	8,530,899
Scope 1 - mobile emissions					
Own heavy vehicles	0,2%	1,397	1,827		
Personal cars	0,1%	438	389		
Scope 1 - fugitive emissions					
Stunning gas	0,2%	1,508	1,939		
Packing gas	0,1%	1,229	615		
Refrigerants (including dry ice)	0,3%	2,512	1,803		
Scope 2 - indirect energy use					
Electricity	1,5%	11,980	12,089	104,602,916	103,671,299
District heating	0,1%	925	981	23,979,313	24,840,434
Scope 3					
Category 1 - Purchased goods and services	94,3%	775,182	834,289		
Category 3 - Fuel- and energy-related activities	0,7%	6,127	5,923		
Category 4 - Upstream transportation & distribution	1,3%	10,761	10,291		
Category 5 - Waste generated in operations	0,01%	69	61		
Category 6 - Business travel	0,03%	268	119		
Category 12 - End-of-life treatment of sold products	0,01%	111	111		
Total CO₂e (tonnes)		822,423	880,155		
Total energy consumption (kWh)				173,288,550	174,914,329
Biogenic emissions					
Scope 1 (biofuels, including straw and wood chips)		19	51	1,409,000	2 796 800
Scope 2 (purchased steam generated with wood chips)		65	4	4,289,000	22,140
Scope 3 (transport with HVO)		1,671	1231		

The emissions in the table include all Scandi Standard's production facilities with operational control as well as material scope 3 emissions. For the calculations in the table, location-based emission factors have been used. The figures for 2021 has been adjusted compared to previous reports, due to the mapping and this means that additional scope 3 categories has been added and emission factors reviewed. Emission factors used are coming from Energiföretagen (2020), Energimyndigheten (2021), DEFRA (2021) and for electricity, average national emission factors from AIB (2020) have been used. For district heating, averages of local district heating networks in each country have been used. For scope 3 emissions, the calculations and emission factors from the supplier have been used if available, but complemented with other methods and emission factors when required, e.g., from the product carbon footprint calculations conducted for over 280 products during 2021 and 2022. Renewable energy consumption is presented under biogenic emissions.



Climate-related risks

As a food producer, we depend on a well-functioning agricultural value chain, primarily for the production of feed for our chickens and chicken rearing. At the same time, we are noting changed consumer patterns, new customer require-

ments and increased brand-related risks linked to climate change. In 2022, work was initiated to identify, evaluate and report risks and opportunities linked to climate change, in accordance with the reporting framework, Taskforce for Climate-related Financial Disclosures (TCFD). The table

below presents the general physical and transition risks that were initially identified. TCFD-related work will continue during the year with the aim of reporting fully in accordance with the framework for 2023.

Climate-related transition risks

Type of risk	Description of risk	Impact
Policy & regulatory	Current and future regulations – Pricing mechanisms	Increased regulation of carbon-dioxide emissions may lead to higher carbon prices and taxes, and increase the incentives and requirements to reduce emissions as well as increase investments in, for example, renewable energy.
	Current and future regulations – Requirements and regulations for current products and services	Potential impact of development of national or EU legislation related to climate impact from food production. Development of climate-related regulations at a national or EU level may create stricter requirements on the meat industry, which could lead to increased costs and reduced demand.
Market	Changed customer and consumer behaviour	As a producer of animal protein, changes in consumer eating habits or increased demand for non-animal products are a major risk.
	Increased costs for raw materials	Increased costs of, for example, packaging materials, which may be linked to disruptions in the value chain for pulp and recycled paper, as well as long-term disruptions in the market for agricultural products.
Reputation	Increased concerns among stakeholders or negative feedback from stakeholders	Linked to the customer stakeholder group, this may entail an inability to identify and act on trends, demand or shifting preferences. This could lead to a reduced demand for our products. The carbon footprint of animal protein compared with plant-based alternatives poses a risk to the company's ability to attract employees and access to capital.
Technology	Transition to low-impact technologies	An increased demand for low-emissions technologies could delay investments in renewable energy and energy optimisation. The transition to low-emissions energy production leads to increased capital investments related to renewable energy and exposes the value of current assets.
	Current products and services are replaced with low-emissions alternatives	Work towards more sustainable packaging solutions and reduction of non-recyclable plastics. Reduce waste generation and develop new types of packaging materials with a lower carbon footprint than current solutions.

Physical climate-related risks

Type of risk	Description of risk	Impact
Acute physical risk	Extreme weather	Acute events such as drought could, for example, impact the health and growth of chickens, reduce the availability of water, and reduce grain production. Changes to the climate and weather that are of a more permanent nature, such as desertification could greatly impact raw materials access and prices Floods and extreme weather could also damage production facilities, distribution centres, or impact transportation and infrastructure and lead to insurance and repair costs.
Chronic physical risk	Changes in precipitation patterns	The impact of animal and plant diseases is becoming more commonplace, and severe cases of zoonoses or other diseases linked to animals could lead to delivery problems, export restrictions, reduced demand and reduced sales. Climate change will impact food production in different ways, and some regions will likely experience productivity declines due to temperature changes or reduced access to water. This could impact the availability of feed. More frequent and longer lasting extreme weather phenomena could also have an impact on production capacity, cause disruptions in the value chain or affect demand. Increased anxieties about climate change could adversely impact demand as customer preferences change and lead to changes in legal or regulatory conditions aimed at reducing climate impact.



Using less plastic in a better way when designing our packaging

Sustainable packaging

Stricter legislation and trends toward a circular economy for packaging affect Scandi Standard. All plastic packaging in the EU must be reusable or recyclable by 2030.

The first priority of Scandi Standard's packaging strategy is to ensure product quality and durability, in order to reduce food waste, for example. After that, the focus is mainly to minimise the amount of plastics used where possible. Clean, non-composite materials are prioritised and recycled, or thinner materials are chosen where possible. This, while staying focused on product quality and packaging functionality. For example, in Denmark, Sweden, Ireland and Norway, we now fully or partly use trays made of recycled PET, known as rPET.

Our goal by 2030 is for all our packaging to be recyclable, for 50 per cent of our packaging volume to be based on renewable or recycled raw materials, and for the volume of plastics to be reduced by 20 per cent.

At present, almost 55 per cent of all trays are made of recycled plastic. In 2022, a total of 4,466 tonnes of plastic was used in our packaging and production processes, corresponding to 14.8 grams of plastic per kg of product. The total amount of plastic decreased 9.5 per cent compared with 2021, partly due to reduced production volumes. The main plastic categories are trays and plastic film.

KPIs – Packaging and plastic

	Scandi Standard	Sweden	Denmark	Norway	Ireland	Finland
Plastic intensity (g plastic/kg product)	14.8	14.7	13.0	17.9	14.3	22
Per centage of trays made of recycled plastic (%)	54.5	74	98	58	11	0

Plastic intensity is calculated as the volume of packaging and production plastic used per kilogram of finished product. The share of trays produced from recycled plastics is based on volume (kg). In Finland, rPET trays cannot be introduced at present, due to the way the local recycling system is designed.



Sustainability goals:

Using less plastic in a better way when designing our packaging

Follow-up:

- Recyclable packaging
- Packaging made of recycled or fossil-free materials
- Reduction of plastics

Milestones 2022:

- Development of a group-wide Scandi Standard packaging strategy
- Introduction of three packaging-related sustainability goals



Maximising use of resources and minimising waste

Efficient use of energy and water

At each production plant, continuous work is undertaken to ensure the efficient use of energy and water, as well as to minimise waste. The basis of these efforts is the Group’s environmental policy and local targets based on Group-wide sustainability goals that are set annually and followed up monthly. Scandi Standard works systematically to map efficiency take actions related to energy optimisation, such as recirculating heat and changing to energy-efficient LED lighting, which has yielded significant energy savings. We have also been working on the gradual phase out of fossil energy sources, and this is explicitly driven by the inclusion of sustainability aspects in the investment process. All electricity purchased for our production plants is origin-labelled renewable electricity.

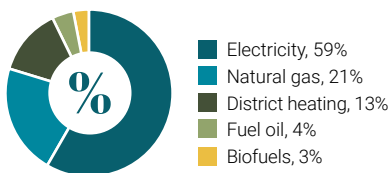
The diagrams below show energy consumption and water use in our production plants.

Responsible water management

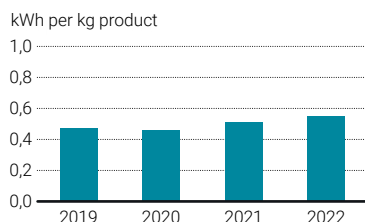
None of our own production sites or growers are located in areas with direct water shortages, but fresh water is a limited resource that must always be used responsibly. We endeavour to use water optimally within the framework of strict rules set for food safety and hygiene. Reduced local water consumption primarily focuses on indirectly reducing energy consumption, and reducing the amount of wastewater that needs to be treated. Local authorities have extensive requirements on the quality of wastewater, which is checked by monitoring the phosphorus and nitrogen content, the Biological Oxygen Demand (BOD) content and the pH of the water. Five of the Group’s production sites currently have their own treatment plants that treat wastewater from the slaughtering and processing of chicken.



Energy consumption, 2022, distribution of energy sources (kWh)

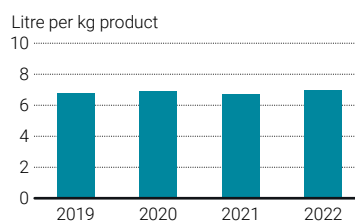


Energy consumption



Total energy consumption in 2022 was 178,986,550 kWh, 0.55 kWh per kg product. Note that compared to 2019 and 2020, also smaller production sites have been included in 2021 and 2022, which impacts comparability.

Water use



Total water use 2022 was 2,249,326 m³, 6.94 liters per kg product. The biggest reason for the increase in water intensity is the decrease in production volume.

Sustainability goals:

Maximising use of resources and minimising waste

Follow-up:

- Recycling
- Food loss and waste within production
- Water targets related to volume and quality

Milestones 2022:

- Collaboration related to excess heat in Farre with the district heating producer
- Decreased water use with 80,000 m³ at our production site in Valla



Minimizing food waste and other waste

The entire chicken is used through processing. An average of 71 per cent of each chicken becomes food, while 29 per cent is used as by-products in for example animal feed, biogas or biofuels. Process waste mainly occurs when animals and meat cannot be utilised for different reasons. As part of the efforts of implementing the new Sustainability Goals, a Group-wide project will be initiated during 2023 with the aim of quantifying and setting goals to reduce food loss and food waste in our own processes. In terms of the value chain as a whole, the customer and consumer stages are also important to the reduction of food waste. In this regard, Scandi Standard's contribution is to provide innovative packaging solutions, guidance for consumers, and to optimise the product flow to and in retail stores.

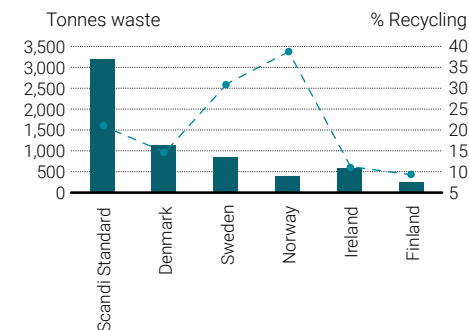
In addition to the biological waste, the waste at our plants primarily comprises of packaging and other flammable materials. All of our major production plants sort their waste and monitor the volumes of each waste category. In the graph on the right, total amount of waster is shown per country, together with the share of recycling.

Efficient and environmentally friendly logistics

Sustainable transport is about the safety and security of our drivers and passengers, the chickens we transport, and also about the delivery quality for our customers. Our aim is also to achieve efficient transport solutions with the least possible impact on the climate. We require our transport suppliers not only to observe our Supplier Code of Conduct, but also to provide us with environmental data and to use EURO 6 environmentally classified vehicles. Currently, more than 90 per cent provide us with emissions data, and we are working continuously to raise this percentage and to decrease our environmental impact from transportation.

In collaboration with our hauliers, we have installed filling stations for HVO biodiesel at our production plants in Sweden. The vast majority of shipments of Kronfågel's products within Sweden therefore use biofuels. All in all, carbon emissions from our distribution transport in 2022 totalled about 7,090 tonnes (7,933), and live animals transport accounted for about 3,071 tonnes (2,006).

Waste generation and recycling



The graph is showing total amount of non-organic waste per country. The line shows the share of recycled waste. Remaining waste is incinerated.



Statutory Sustainability Report

Scandi Standard is covered by the statutory sustainability reporting requirements according to the Annual Accounts Act, as well as reporting according to the EU Taxonomy. In the table below, the coverage of the statutory sustainability reporting is presented. The taxonomy reporting is following on pages 66–68.

Sustainability aspect	Scandi Standard's impact	Comment/reference regarding governance, risk management and KPIs	
Social conditions	Health (for employees and consumers)	Description:	Pages 49–50 Safe and healthy products, pages 52–54 Keeping our employees engaged, safe and healthy and 55–57 Preserving and developing our animal welfare practices.
	Food safety and hygiene, Animal welfare (product responsibility)	Risks and risk management:	Pages 83–87
	Responsibility in the supply chain	Policy:	Code of Conduct, Supplier Code of Conduct as well as policies for Health and Safety, Clean Label, Antibiotics and Animal Welfare.
		KPIs:	Pages 50, 53-54, 57
Environment	Climate and resource efficiency (energy, transport, water and waste management in production, feed efficiency)	Description:	Pages 58–64
		Risks and risk management:	Pages 61, 83–87
		Policy:	Code of Conduct. Permits in compliance with national and local environmental legislation for each plant.
		KPIs:	Pages 59–64
Personnel	Good workplace (work environment, health, safety, gender equality and diversity)	Description:	Pages 52–54 Keeping our employees engaged, safe and healthy.
		Risks and risk management:	Pages 83–87
		Policy:	Code of Conduct and Health and safety policy.
		KPIs:	Pages 53–54
Respect for human rights	Good workplace Responsibility in the supply chain	Description:	Page 51 Responsible supplier relationships, pages 52–54 Keeping our employees engaged, safe and healthy.
		Risks and risk management:	Pages 83–87
		Policy:	Code of Conduct and Supplier Code of Conduct.
		KPIs:	Pages 52–54 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:	Page 54 Business ethics and Whistleblower function.
		Risks and risk management:	Pages 83–87
		Policy:	Code of Conduct and Supplier Code of Conduct
		KPIs:	Page 54

Taxonomy

The Group's revenues according to the taxonomy definition amounted to 12 129 MSEK during the year, this includes net sales, rental income and canteen sales (Note 4). Total capital expenditure (Capex) amounted to 368 MSEK, which includes Intangible assets excluding goodwill (Note 11, row investments), Property, plant and equipment (Note 12, row investments) and Rights of-use assets (Note 13, row Increase of right-of-use assets). Operational expenses (Opex) according to the taxonomy definition 203.9 MSEK and includes primarily reparations and maintenance of buildings as well as short-term leasing agreements (total operating expenses are reported on page 88 as other operating expenses). For the first two environmental objectives, climate change mitigation and climate change adaptation, none of Scandi Standard's revenue-generating activities are considered eligible. However, a smaller part of Capex and Opex is considered eligible. Capex relates mainly to investments and reinvestments in heating and cooling systems at the production sites and this is covered by the activities 7.3 Installation, maintenance and

repair of energy efficiency equipment and 7.6 Installation, maintenance and repair of renewable energy technology as well as 7.7 Acquisition and ownership of buildings, which relates to the Group's renewed leases related to leasing of buildings. Eligible Opex is related to activity 7.2 Renovation of existing buildings. No capital or operational expenses have been considered as taxonomy aligned. Scandi Standard is closely following the developments of the taxonomy, including a potential future inclusion of agricultural and food production economic activities as well as the delegated acts referring to the four upcoming environmental objectives. To ensure taxonomy alignment if additional of Scandi Standard's economic activities would be considered eligible, are we continuously working to do no significant harm (DNSH) to any of the six environmental objectives as well as ensuring the activities meet minimum safeguards as defined in the Taxonomy. During 2023, a project will be undertaken to assess financial reporting processes aiming at integrating taxonomy reporting in existing processes.

Revenue

Economic activities	Code	Absolute turnover (MSEK)	Proportion of turnover (%)	Substantial contribution criteria (%)						Does not significantly harm (Y/N)						Minimum safeguards	Taxonomy-aligned proportion of turnover 2022	Taxonomy-aligned proportion of turnover 2021	Category enabling activity	Category transitional activity
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution prevention	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution prevention	Biodiversity and ecosystems					
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A1. Taxonomy aligned activities																				
<i>Turnover of taxonomy-aligned activities</i>		0.0	0.0%	0.0%	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
A2. Taxonomy eligible but non-aligned activities																				
<i>Turnover of non-aligned activities</i>		0.0	0.0%																0.0%	
Total (A1+A2)		0.0	0.0%																0.0%	
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
<i>Turnover of non-eligible activities</i>		12,129	100%																	
Total (A+B)		12,129	100%																	

CapEx

Economic activities	Code	CapEx (MSEK)	Proportion of CapEx (%)	Substantial contribution criteria (%)						Does not significantly harm (Y/N)						Minimum safeguards	Taxonomy-aligned proportion of CapEx year 2022	Taxonomy-aligned proportion of CapEx year 2021	Category enabling activity	Category transitional activity
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution prevention	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution prevention	Biodiversity and ecosystems					
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A1. Taxonomy aligned activities																				
CapEx of taxonomy-aligned activities		0.0	0.0%	0.0%	0.0%	-	-	-	-	-	-	-	-	-	-	0.0%	-	-		
A2. Taxonomy eligible but non-aligned activities																				
Installation, maintenance and repair of energy efficiency equipment		7.3	3.9	1.1%																
Installation, maintenance and repair of renewable energy technology		7.6	1.1	0.3%																
Acquisition and ownership of buildings		7.7	38.0	10.3%																
CapEx of non-aligned activities		43.0	11.7%																	
Total (A1+A2)		43.0	11.7%													0.0%				
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
CapEx of non-eligible activities		325.0	88.3%																	
Total (A+B)		368.0	100%																	

Operational expenses

Economic activities	Code	Opex (MSEK)	Proportion of Opex (%)	Substantial contribution criteria (%)							Does not significantly harm (Y/N)					Minimum safeguards	Taxonomy-aligned proportion of Opex year 2022	Taxonomy-aligned proportion of Opex year 2021	Category enabling activity	Category transitional activity
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution prevention	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution prevention	Biodiversity and ecosystems					
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A1. Taxonomy aligned activities																				
<i>Opex of taxonomy-aligned activities</i>		0.0	0.0%	0.0%	0.0%	-	-	-	-	-	-	-	-	-	-	0.0%		-	-	
A2. Taxonomy eligible but non-aligned activities																				
Renovation of existing buildings	7.2	30.3	14.9%																	
<i>Opex of non-aligned activities</i>		30.3	14.9%																	
Total (A1+A2)		30.3	14.9%													0.0%				
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
<i>Opex of non-eligible activities</i>		173.6	85.1%																	
Total (A+B)		203.9	100%																	

GRI Index

Description of usage		Scandi Standard has reported pursuant to the GRI Standards 2021 for the period from January 1- December 31	
GRI applied		GRI 1: Foundation 2021	
GRI Standard	Disclosure	Page	Omission
GRI 2: General disclosures 2021	2-1 Organisational details	p. 3, 22, 74, 77	
	2-2 Entities included in the organisation's sustainability reporting	p. 43, 95	
	2-3 Reporting period, frequency and contact point	p. 9, 43	
	2-4 Restatements of information	p. 43	
	2-5 External assurance	p. 43, 72, 141	
	2-6 Activities, value chain and other business relationships	p. 3, 14-16, 19-27, 43, 51	
	2-7 Employees	p. 52-54, 104	
	2-8 Workers who are not employees	p. 53	
	2-9 Governance structure and composition	p. 140, 145-146	Disclosures vi) and viii) are omitted. Information is not available and is not intended to be collected in relation to board members.
	2-10 Nomination and selection of the highest governance body	p. 137-140	
	2-11 Chair of the highest governance body	p. 139, 144	
	2-12 Role of the highest governance body in overseeing the management of impacts	p. 46-47	Disclosure b) is omitted. Information is not available, but work is ongoing to strengthen processes and make reporting available.
	2-13 Delegation of responsibility for managing impacts	p. 46-47	
	2-14 Role of the highest governance body in sustainability reporting	p. 46-47	
	2-15 Conflicts of interest	p. 138, 145-146	
	2-16 Communication of critical concerns	p. 46-47	Disclosure b) is omitted. Information is not available, but work is ongoing to strengthen processes and make reporting available.
	2-17 Collective knowledge of the highest governance body	p. 46-47	
	2-18 Evaluation of the performance of the highest governance body	p. 138-139	Disclosure a) is omitted. Information not available since current evaluation process not includes sustainability and impact.
	2-19 Remuneration policies	p. 47, 81-82, 104-106, 141	
	2-20 Process to determine remuneration	p. 81-82, 104-106, 141	Disclosure iii) is omitted. Information about consultants not available.
	2-21 Annual total compensation ratio	n/a	Disclosure is omitted. Information is not available, but work is ongoing to strengthen processes and make reporting available.
	2-22 Statement on sustainable development strategy	p. 6-9	
	2-23 Policy commitments	p. 29, 47, 51	
	2-24 Embedding policy commitments	p. 47, 51	
	2-25 Processes to remediate negative impacts	p. 49-50, 54, 63	
	2-26 Mechanisms for seeking advice and raising concerns	p. 54	
	2-27 Compliance with laws and regulations	n/a	Disclosure is omitted. Information is not available, but work is ongoing to strengthen processes and make reporting available.
	2-28 Membership associations	p. 46	
	2-29 Approach to stakeholder engagement	p. 46-47	
	2-30 Collective bargaining agreements	p. 53	

GRI Standard	Disclosure	Page	Omission
GRI 3: Material topics 2021	3-1 Process för att identifiera väsentliga frågor	p. 45-47	
	3-2 Lista av väsentliga frågor	p. 45	
Economic performance			
GRI 3: Material topics 2021	3-3 Management of material topics	p. 6-9, 46-47, 61	
GRI 201: Economic performance 2016	201-2 Finansiell påverkan samt andra risker eller möjligheter kopplat till klimatförändringar	p. 61, 85	Disclosure iii) and v) omitted. Information not available. Work is ongoing to develop the information during 2023.
Anti-corruption			
GRI 3: Material topics 2021	3-3 Management of material topics	p. 46-47, 54, 86	
	205-2 Communication and training about anti-corruption policies and procedures	p. 46-47, 54	Disclosure a) and d) is omitted. Information not available. Work is ongoing to develop the information during 2023.
	205-3 Confirmed incidents of corruption and actions taken	p. 54	
Materials			
GRI 3: Material topics 2021	3-3 Management of material topics	s. 45-47, 58, 62	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	s. 62	
	301-2 Recycled input materials used	s. 62	
Energy			
GRI 3: Material topics 2021	3-3 Management of material topics	s. 46-47, 58, 60, 63	
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	s. 59-60, 63	
	302-3 Energy intensity	s. 59-60, 63	
Water and effluents			
GRI 3: Material topics 2021	3-3 Management of material topics	s. 45-47, 63	
GRI 303: Water and effluents 2018	303-5 Water consumption	s. 63	
Emissions			
GRI 3: Material topics 2021	3-3 Management of material topics	s. 45-47, 59-61	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	s. 58-60	
	305-2 Indirect (Scope 2) GHG emissions	s. 58-60	
	305-3 Other indirect (Scope 3) GHG emissions	s. 58-60	
	305-4 GHG emissions intensity	s. 13	
Waste			
GRI 3: Material topics 2021	3-3 Management of material topics	s. 45-47, 64	
GRI 306: Waste 2020	306-3 Waste generated	s. 64	
	306-4 Waste diverted from disposal	s. 64	Disclosure b) is omitted. Information not available.
Supplier environmental assessment			
GRI 3: Material topics 2021	3-3 Management of material topics	s. 46-47, 51	
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	s. 51	Reporting is related to all supplier due to updates in existing Supplier Code of Conduct.

GRI Standard	Disclosure	Page	Omission
Occupational Health and Safety			
GRI 3: Material topics 2021	3-3 Management of material topics	s. 46-47, 52-53	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	s. 52-53	Disclosures b)-d) are omitted. Information is not available.
	403-2 Hazard identification, risk assessment, and incident investigation	n/a	Disclosure is omitted. Information is not available.
	403-3 Occupational health services	n/a	Disclosure is omitted. Information is not available
	403-4 Worker participation, consultation, and communication on occupational health and safety	s. 52-53	Disclosure a) is omitted. Information is not available.
	403-5 Worker training on occupational health and safety	s. 52-53	
	403-6 Promotion of worker health	n/a	Disclosure is omitted. Information is not available
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	n/a	Disclosure is omitted. Information is not available
	403-8 Workers covered by an occupational health and safety management system	s. 52-53	
	403-9 Work-related injuries	s. 52-53	
Diversity and equal opportunity			
GRI 3: Material topics 2021	3-3 Management of material topics	s. 46-47, 52-54	
"GRI 405: Diversity and equal opportunity 2016"	405-1 Mångfald i organisationen	s. 52-54, 103	Disclosures a ii)-iii) and b ii)-iii). Information not available. Work is ongoing to develop the information during 2023.
Own disclosure: Inclusive culture and Employee Engagement	Scandi Pulse Employee Engagement Survey	s. 54	
Non-discrimination			
GRI 3: Material topics 2021	3-3 Management of material topics	s. 46-47, 52-54	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	s. 54	
Supplier Social Assessment			
GRI 3: Material topics 2021	3-3 Management of material topics	s. 46-47, 51	
"GRI 414: Supplier Social Assessment 2016"	414-1 New suppliers that were screened using social criteria	s. 51	Reporting is related to all supplier due to updates in existing Supplier Code of Conduct.
Customer Health and Safety			
GRI 3: Material topics 2021	3-3 Management of material topics	s. 46-47, 49-50	
Own disclosure: Quality and Food Safety	Critical complaints and recalls	s. 50	
Own disclosure: Health and Nutrition	Clean Label Policy compliance	s. 49-50	
Animal welfare and feed efficiency			
GRI 3: Material topics 2021	3-3 Management of material topics	s. 46-47, 55-57, 59	
Own disclosure: Animal welfare and feed efficiency	Use of antibiotics	s. 57	
	Animal welfare indicator: foot score	s. 57	
	Feed conversion ratio	s. 57	
	Transport mortality	s. 57	
	Rearing mortality	s. 57	
	Soy reduction	s. 59	

Auditor's Limited Assurance Report on Scandi Standard AB's Sustainability Report and statement on the Statutory Sustainability Report

To the annual general meeting of Scandi Standard AB (publ), corporate identity number 556921-0627

Introduction

We have been engaged by the Board and Group Management of Scandi Standard AB (publ), to undertake a limited assurance of Scandi Standard AB's Sustainability Report for the year 2022. The company has defined the scope of its sustainability report on page 43, which also constitutes the statutory sustainability report.

Responsibilities of the Board and Group Management

The Board of Directors and Group Management are responsible for the preparation of the Sustainability Report, including the statutory sustainability report, in accordance with the applicable criteria and the Annual Accounts Act. The criteria are described on page 43 of the Sustainability Report, and consists of the parts of the GRI Sustainability Reporting Standards which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the company has developed. This responsibility also includes the internal control which is deemed necessary to establish a sustainability report that does not contain material misstatement, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to provide a statement on the statutory sustainability report. Our assignment is limited to the historical information that is presented and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report and applying analytical and other limited assurance procedures. We have conducted our examination regarding the statutory sustainability report in accordance with FAR's recommendation RevR 12, the Auditor's Opinion on the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 have a different focus and a considerably smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The audit firm applies ISQM 1 (International Standard on Quality Management) and accordingly maintains a comprehensive system of quality control including documented

policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent in relation to Scandi Standard AB according to generally accepted auditing standards in Sweden and have fulfilled our professional ethics responsibility according to these requirements.

The procedures performed in a limited assurance engagement and an examination according to RevR 12 do not allow us to obtain such assurance that we become aware of all significant matters that could have been identified if an audit was performed. The conclusion based on a limited assurance engagement and an examination in accordance with RevR 12, therefore, does not provide the same level of assurance as a conclusion based on an audit has.

Our procedures are based on the criteria defined by the Board of Directors and the Group Management as described above. We consider these criteria as suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Group Management.

A Statutory Sustainability Report has been prepared.

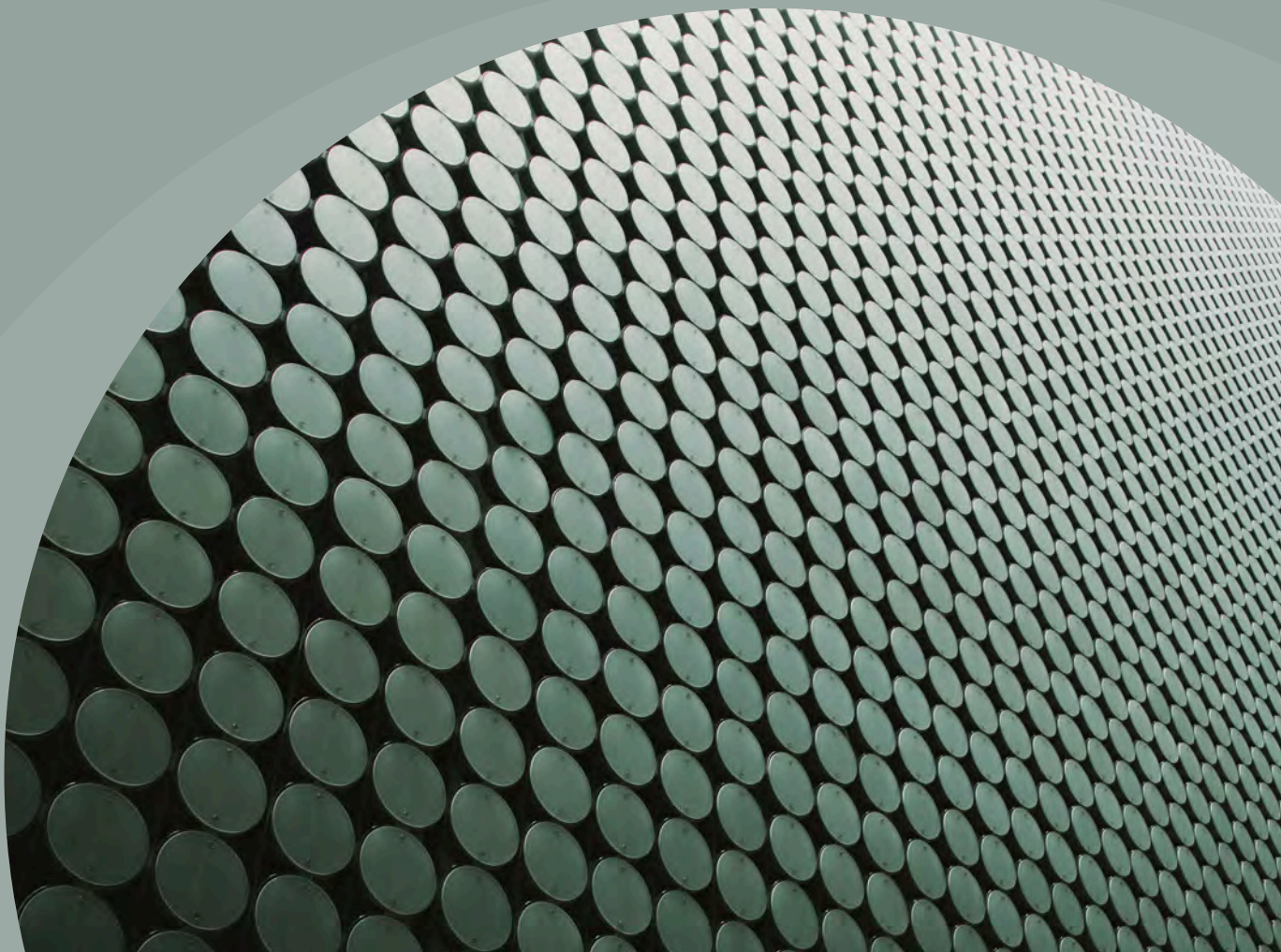
Stockholm,
23 March 2023

PricewaterhouseCoopers AB

Ann-Christine Häggglund
Auditor in Charge

Financials

- The share
- CFO's statement
- Report by the Board of Directors
- Consolidated financial statements
- Parent Company financial statements
- Notes
- Proposed appropriation of earnings and the Board of Directors' and the Managing Director's certification
- Auditor's report
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- Segment information by quarter
- Alternative KPIs



The Scandi Standard share

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

In 2022 a total of 57.7 (77.8) million shares were traded. The average daily volume was 227,913 (307,402) shares.

The final price paid on the last day of trading in 2022 was 49.0 (41.0) SEK, which entails an increase of approximately 20 per cent compared with the same period in the previous year. The share price has therefore increased by approximately 3 per cent since the listing in 2014. The share is a part of the Nasdaq Mid Cap index, which decreased by 31 per cent in 2022.

On 31 December 2022 the market value totalled approximately MSEK 3,237 (2,708).

Ownership structure

On 31 December 2022 the number of shareholders totalled 7,889 (8,520). The holding of the ten largest share owners corresponded to 61 (49) per cent of the share capital. Swedish institutions, unit trusts and private individuals had a holding in the company corresponding to 63 (70) per cent of the share capital as of 31 December 2022.

Dividend

The Board proposes a dividend for the financial year 2022 of SEK 1.15 (-) per share which corresponds to MSEK 75 (-) which is 54% per cent of the year's result adjusted for non-comparable items. The Company's dividend policy is to distribute approximately 60 per cent 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 2020 LTIP 2021 and LTIP 2022. See Notes 1 and 5 for information about these programmes.

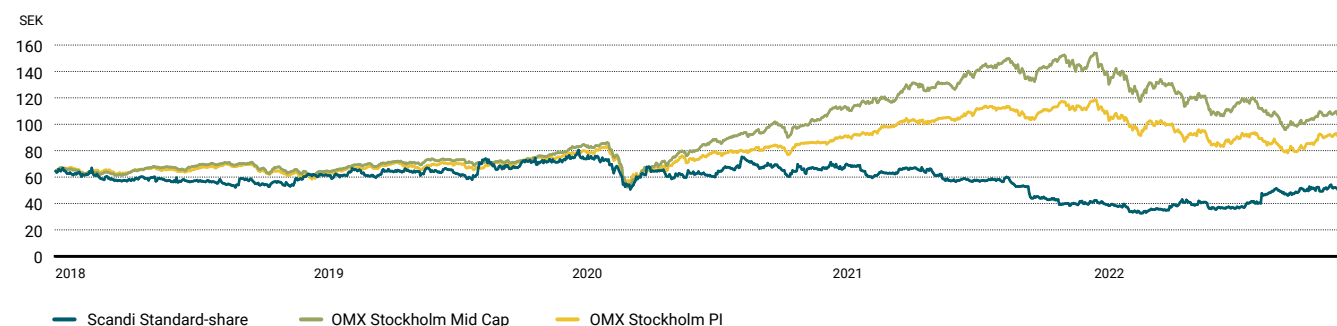
20%

Increase in the share price as of 31 December 2022 compared with the same period previous year

61%

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

The Scandi Standard share price development 1 January 2018 – 31 December 2022



Ownership structure on 31 December 2022

Holding	No. of shareholders	No. of shares	Voting rights and share capital, %
1-500	5,509	764,831	1.2
501-1 000	939	763,313	1.2
1 001-10 000	1,196	3,614,672	5.5
10 001-20 000	99	1,439,488	2.2
20 001-	146	59,478,586	90.0
Total	7,889	66,060,890	100.0

Per share data, SEK

	2022	2021
Earnings per share	2.02	1.60
Adjusted earnings per share ¹⁾	2.02	1.46
Dividend per share	1.15 ²⁾	0.00
Operating cash flow, per share	3.01	5.31
Equity per share	35.69	29.89
Average no of shares ⁴⁾	65,327,164	65,287,762
Number of shares at the end of period	66,060,890	66,060,890

¹⁾ Adjusted for non-comparable items, see page 78

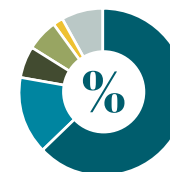
²⁾ Board's proposal to the Annual General meeting 2023

³⁾ In 2022, 0 (520,000) shares were repurchased

Largest shareholder on 31 December 2022

Name	No. of shares	Capital, %
Investment AB Öresund	10 100 000	15,3
Euroclear Bank S.A./N.V, W8-IMY	8 037 146	12,2
Lantmännen Animalieinvest AB	6 606 850	10,0
Eva Qviberg	3 497 000	5,3
Försäkringsbolaget PRI Pensionsgaranti, OMSESI	3 000 000	4,5
Nordnet pensionsförsäkring AB	1 956 515	3,0
Brown Brothers Harriman/Lux	1 864 582	2,8
State Street Bank and Trust CO, W9	1 743 016	2,6
BNY Mellon SA/NV (Former BNY)	1 676 576	2,5
Försäkringsbolaget, Avanza pension	1 647 154	2,5
Övriga	33 085 414	39,3
Total	66,060,890	100.0

Geographic distribution of the share ownership



Sweden, 63%
Belgium, 15%
USA, 6%
Luxembourg, 6%
Switzerland, 2%
Rest of the world, 8%

CFO's statement



“ I am proud that in a year dominated by a challenging operating environment we have nevertheless been able to deliver on our plan of gradually improving earnings.”

Operating income for 2022 amounted to MSEK 290, a year-on-year improvement of MSEK 68 (up 31 per cent), and the operating margin amounted to 2.4 per cent (2.2).

As was the case for many other companies, 2022 was a year unlike any other for Scandi Standard, with war in Europe and soaring inflation as a result. However, the company has gradually been able to pass on the rising costs to our customers over the year and we are now in better balance, which is a prerequisite for delivering the improved earnings we noted in the second half of 2022.

In parallel, rising consumer prices have significantly impacted consumption in most markets, which has led to declining volumes. This will be one of our biggest challenges in 2023, particularly in our Ready-to-cook operations in Denmark, where consumer price sensitivity has affected the transition to slow-growing poultry. While we have modified our action plan based on the changed preconditions, the improvement initiatives will take time.

At the same time, it is pleasing to note another strong year with high growth (40 percent) for the Ready-to-eat segment. This was partly driven by price increases, but also by a strong recovery by the Foodservice sales channel following the Covid-19 pandemic and generally strong demand for processed chicken products from fast-food restaurants among others. This has also contributed to the segment's strong earnings improvement.

Throughout 2022, we maintained considerable focus on defending our financial position in a challenging operating environment, and implemented a number of precautionary measures such as keeping investment levels low in the first half of the year. Furthermore, the Board of Directors also decided not to propose a dividend for the financial year 2021.

As a result of these measures, net interest-bearing debt at the end of the year was in line with the previous year, despite our termination of some expensive factoring solutions and an increase in financing costs.

In the second quarter of 2022, the company signed a sustainability-linked loan agreement totalling MSEK 2,090 with a term of five years. This refinanced the Group's existing bank financing and ensures a stable but also flexible financial foundation for our continued journey, and we appreciate our banks' confidence in our capacity to manage our financial position and regain momentum in our operations.

Our finance net for 2022 was impacted by, inter alia, higher interest expenses driven by increased base rates and temporarily higher margins on our new financing, and landed at MSEK –105 (–82). At year end, the debt/equity ratio was 2.7 (3.4).

In 2022, the Group also continued the work with transformation initiated in 2021 to address our internal challenges and to meet a changing operating environment. Work on updating the strategy will continue into 2023.

To conclude, I am proud that in a year dominated by a challenging operating environment we have nevertheless been able to deliver on our plan of gradually improving earnings, and I look forward to further improvements in 2023 as a result of the actions being continuously implemented.

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 2022 financial year.

- Net sales amounted to MSEK 12,119 (10,101) in the year of 2022. At constant exchange rates net sales increased by 16 per cent.
- Operating income (EBIT) increased to MSEK 290 (222), corresponding to a margin of 2.4 (2.2) per cent. No non-comparable items reported in the period.
- Income after finance net increased to MSEK 186 (140).
- Income for the period amounted to MSEK 138 (103). Earnings per share amounted to SEK 2.02 (1.60).
- Operating cash flow was MSEK 197 (347).
- Net interest-bearing debt increased to MSEK 1,983 (1,980)
- The Board proposes a dividend for the financial year 2022 of SEK 1.15 per share which corresponds to MSEK 75 (0) to the Annual General Meeting 2023 based on the number of outstanding shares as of December 31, 2022. No dividend was paid for the financial year 2021.

Net sales and income

Net sales

Net sales for the Group amounted to MSEK 12,119 (10,101) in the year of 2022. At constant exchange rates net sales increased by 16 per cent.

Net sales for the Ready-to-cook segment, which is the largest segment, increased by 14 per cent, while net sales for the Ready-to-eat segment increased by 40 per cent. The increase in net sales for both segments was primarily driven by necessary price increases to counteract cost increases on input goods. See page 79 for further information on segments.

Income

Operating income for the Group amounted to MSEK 290 (222), corresponding to an operating margin (EBIT margin) of 2.4 (2.2) per cent.

The higher operating income is mainly driven by improved results in Ready-to-eat and the Other segment, while Ready-to-cook reported a decreased operating income.

The significant price increases on several input factors negatively affected the Group's operating income during the first half of the year in particular. All markets have worked intensively during the year to manage the increased cost inflation in a long-term and sustainable way, and to adapt volume to changes in demand. During the second half of the year, a better balance was achieved between price increases and cost increases, which together with improved prices on the export market contributed positively to the result.

At the same time, losses in Ready-to-cook Denmark, mainly related to the implementation of the strategy for slow-growing birds, and new consumption trends, continued to have a negative impact on operating income during the year. The result was also affected by costs related to the write-down of fixed assets and for compensation linked to an old contract dispute.

The finance net for the Group amounted to MSEK –105 (–82) for 2022. The increase in costs refers mainly to higher interest expenses.

Income after finance net for the Group amounted to MSEK 186 (140) for 2021.

Tax on the Group's income for the year amounted to MSEK –47 (–37) for 2022, corresponding to an effective tax rate of approximately 25 (26) per cent.

Income for the year for the Group amounted to MSEK 138 (103) for 2022, corresponding to earnings per share of SEK 2.02 (1.60).

Key figures

MSEK	2022	2021
Net sales	12,119	10,101
EBITDA	722	598
Operating income (EBIT)	290	222
Non-comparable items	–	9
Adjusted EBITDA ¹⁾	722	589
Adjusted operating income (adj. EBIT) ¹⁾	290	213
Income after finance net	186	140
Income for the year	138	103
Earnings per share, SEK	2.02	1,60
Dividend, SEK	1.15 ²⁾	–
Operating cash flow	197	347
Net interest-bearing debt	1,983	1,980

%	2022	2021
EBITDA-margin	6.0	5.9
Operating margin (EBIT-margin)	2.4	2.2
Adjusted EBITDA-margin ¹⁾	6.0	5.8
Adjusted operating margin (adj. EBIT-margin) ¹⁾	2.4	2.1
Return on capital employed (ROCE) ¹⁾	6.7	5.2
Return on equity	6.2	5.5
Equity ratio	33.5	30.0
Average number of employees	3,294	3,215

¹⁾ For the non-comparable items, see page 78

²⁾ Proposed by the Board to the Annual General Meeting 2023

Cash flow and investments

Operating cash flow for the Group in 2022 amounted to MSEK 197 compared to MSEK 347 last year. Cash flow was negatively impacted by affected by a higher working capital level.

Working capital as of 31 December 2022 amounted to MSEK 23 (-105), corresponding to 0.2 (-1.0) per cent of net sales. The deterioration compared with previous year is mainly related to a reduction in factoring solutions but also increased inventory value driven by increased price increases on several input factors.

Non-comparable items in operating income

MSEK	2022	2021
Earn-out Debt adjustment	-	9 ¹⁾
Total	-	9

¹⁾ Income of MSEK 22 related to decreased earn-out debt resulting from the final purchase price payment relating to the acquisition of Manor Farm and cost of MSEK -13 resulting from the final purchase price payment relating to the acquisition of the Finnish business

Capital expenditure

Net capital expenditure for the Group in 2022 amounted to MSEK 311 (306). A significant part is mainly related to investments in Denmark where Scandi Standard have invested in increased capacity within Ready-to-eat in and investment in new ERP for the Group.

Approximately 68 (77) per cent of the capital expenditure in 2022 referred to productivity and capacity improvement measures and approximately 32 (23) per cent to maintenance.

Change in net interest-bearing debt (NIBD)

MSEK	2022	2021
Opening balance net interest-bearing debt	1,980	1,933
EBITDA	722	598
Change in working capital	-136	162
Net capital expenditure	-311	-306
Other operating items	-79	-108
Operating cash flow	197	347
Paid finance items, net	-95	-69
Paid income tax	-55	-56
Dividend	-4	-81
Acquisition	-	-171
Other ¹⁾	-45	-17
Decrease (+) / increase (-) of NIBD	-3	-47
Closing balance net interest-bearing debt	1,983	1,980

¹⁾ 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 2022 amounted to MSEK 2,331 (1,951). The equity to assets ratio improved to 33.5 (30.0) per cent. Return on Equity was 6.2 (5.5) per cent.

Net interest-bearing debt for the Group as of 31 December 2022 amounted to MSEK 1,983 (1,980) which was in line with previous year.

Net interest-bearing debt/adjusted EBITDA as of 31 December 2022, was 2.7 (3.4) per cent. Cash and cash equivalents for the Group amounted to MSEK 3 (350) as of 31 December 2022, a decrease compared to previous year as cash were used to pay off loans. Committed but not utilized credit facilities as of 31 December 2022 amounted to MSEK 917 (1,068)

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

MSEK	2022	2021	Change
Net sales	8,674	7,611	14%
EBITDA	406	424	-4%
Operating income (EBIT)	47	110	-57%
Non-comparable items ¹⁾	-	-	-
Adjusted EBITDA ¹⁾	406	424	-4%
Adjusted operating income (adj. EBIT) ¹⁾	47	110	-57%
EBITDA-margin ¹⁾	4.7%	5.6%	-0,9ppt
Operating margin (EBIT-margin) ¹⁾	0.5%	1.4%	-0,9ppt
Adjusted EBITDA-margin ¹⁾	4.7%	5.6%	-0,9ppt
Adjusted operating margin (EBIT-margin) ¹⁾	0.5%	1.4%	-0,9ppt

¹⁾ For the non-comparable items, see page 78

Net sales for the segment Ready-to-cook (RTC) amounted to MSEK 8,674 (7,611) which was an increase with 14 per cent compared with previous year. The increase was mainly related to price increases as volume decreased following reduction in production and changing consumer behaviour.

Net sales for chilled products increased by 12 per cent while frozen products increased with 21 per cent compared with previous year driven by changed consumer preferences. Net sales in the Retail sales channel increased only by 10 per cent driven by changing consumer behaviour while Foodservice sales channel increased with 39 per cent. Net sales to Export sales channel increased by 24 per cent helped by strengthened exports to Asia after export restrictions related to bird flu were lifted.

Operating income decreased by 57 per cent to MSEK 47 (110), corresponding to a margin of 0.5 (1.4) per cent.

Operating income was negatively affected by increased costs for direct materials and energy which not in full have been compensated by price increases, and lower sales volumes. The challenging situation in Denmark also contributed negatively to the result. During the year costs related to the write-down of fixed assets in Ireland and compensation linked to an old contract dispute in Finland was taken. No non-comparable items was reported during 2022 – (-).

Segment Ready-to-eat

MSEK	2022	2021	Change
Net sales	2,949	2,112	40%
EBITDA	260	187	39%
Operating income (EBIT)	209	138	51%
Non-comparable items ¹⁾	-	-	-
Adjusted EBITDA ¹⁾	260	187	39%
Adjusted operating income (adj. EBIT) ¹⁾	209	138	51%
EBITDA-margin ¹⁾	8.8%	8.8%	0,0ppt
Operating margin (EBIT-margin) ¹⁾	7.1%	6.6%	0,5ppt
Adjusted EBITDA-margin ¹⁾	8.8%	8.8%	0,0ppt
Adjusted operating margin (adj. EBIT-margin) ¹⁾	7.1%	6.6%	0,5ppt

¹⁾ For the non-comparable items, see page 78

Net sales for the segment Ready-to-eat (RTE) amounted to MSEK 2,949 (2,112) which was an increase of 40 per cent compared with previous year. The increase was mainly related to price increases, but also an increase in volume and an improved sales mix between both products and customers, driven by targeted product development and customer strategic decisions

Net sales increased in the Foodservice sales channel with 47 per cent and with 17 per cent in the Retail sales channel. Net sales to Export sales channel increased by 41 per cent and increased by 45 per cent in Industry and other.

Operating income increased by 51 per cent to MSEK 209 (138), corresponding to a margin of 7.1 (6.6) per cent.

Operating income was positively affected by an improved mix of both products and customers and volume increase, while the cost increases could be largely compensated for. At the same time, the segment was negatively affected by approximately MSEK 26 in lost sales related to the fire that occurred at the production facility in Farre, Denmark, in early April 2022. Rebuilds were completed at the end of the fourth quarter.

No non-comparable items was reported during 2022 – (-).

Segment Other

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

Ingredients

Net sales within Ingredients amounted to MSEK 496 (377) with an operating income (EBIT) of MSEK 76 (13). The increase in operating income (EBIT) was driven mainly by increased market prices.

Group cost

Group costs of MSEK -41 (-39) were recognised in the Group operating income (EBIT). No non-comparable items was reported during 2022 – (9)

Acquisition

No acquisitions were made during 2022.

The Scandi Standard share

As of 31 December 2022, the share capital in Scandi Standard AB (publ) amounted to SEK 659,663 (659,663), comprising 66,060,890 (66,060,890) shares with a quota value of SEK 0.009986 (0.009986) per share. Each share carries one vote. All shares have equal rights to the company's assets and profits.

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

As of 31 December 2022, the three largest shareholders were Investment AB Öresund, Grupo Lusiaves och Lantmännen Anima- lieinvest AB with a holding in the company corresponding to 15.3, above 10.0 and 10.0 percent of the share capital respectively. For information on major shareholders, see page 75.

Environmental activities

Scandi Standard operates 13 larger production facilities, of which four in Sweden, three in Denmark, three in Norway, two in the Republic of Ireland and one in Finland. Permits and notification requirements are in accordance with local legislation for all units. The main direct environmental impacts are noise, emissions into the air and water, and temporary storage of hazardous waste. The company works continuously to strengthen routines in order to remedy identified deviations more quickly. For further information on Scandi Standards' environmental work, see the sustainability section stated on page 42.

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 135 and the Sustainability report is stated on page 42.

Personnel

The average number of employees (FTE) in 2022 was 3,294 (3,215), see Note 5.

Annual General Meeting 2023

The Annual General Meeting (AGM) 2023 will be held on 4 May at 10.00 am at 7A Posthuset, Vasagatan 28 in Stockholm, Sweden. More information about the AGM is available on: www.investors.scandistandard.com/en/agm.

Proposed appropriation of earnings

The Board proposes a dividend for the financial year 2022 of SEK 1.15 per share which corresponds to MSEK 75 (0) to the Annual General Meeting 2023 based on the number of outstanding shares as of December 31, 2022 except for shares that are expected to be held by the Company itself on the record date for the dividend. The proposed dividend corresponds to approximately 54 (–) per cent of income for the year adjusted for non-comparable items.

The company's dividend policy is to distribute a dividend of approximately 60 per cent of income for the year, adjusted for non-comparable items, on average over time. The dividend shall be determined taking into account the requirements that the company's and the Group's operations type, scope and risks impose on the size of the company's and the Group's equity and the investment requirements of the company and the Group. The Board proposes that the remaining funds will be carried forward.

SEK	2022	2021
Share premium reserve	645,155,862	645,155,862
Accumulated deficit	-16,712,342	-27,115,487
Income for the year	408,252,088	10,403,145
Total	1,036,695,608	628,443,520
Dividend to shareholders of SEK 1.15 (–) per share	-75,126,239	–
To be carried forward	961,569,369	628,443,520
Total	1,036,695,608	628,443,520

Significant events during the financial year

Significant cost increases on several input factors driven by the war in Ukraine have had a negative effect on operating income, especially during the first half of the year. During the year, the necessary price increases were implemented to achieve a better balance between cost increases and price increases.

In April 2022, a fire incident occurred at the group's production unit in Denmark. A quick extinguishing work helped to reduce the material damage and no one was injured. However, the fire incident contributed to lack of sales.

In May 2022, a binding loan agreement was signed regarding sustainability-linked bank loans totaling SEK 2,090 million with a term of five years.

The Ready-to-eat segment delivered yet another strong result and in 2022 the capacity at the segments production unit in Farre was expanded to meet increasing demand.

On the 1 April 2022 Jonas Tunestål was appointed as the new managing director and CEO.

Events after the end of the period

No significant events after the balance sheet date.

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 Annual General Meeting 2020, which was held on 15 May 2020, resolved to approve the below guidelines for remuneration to senior management. The Annual General Meeting 2022 resolved to approve changes to the guidelines related to pensions. The Board of Directors intends to propose to the 2023 Annual General Meeting a change in the guidelines related to variable salary to senior management. Other guidelines for remuneration to senior management will continue to apply.

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

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

Principles for fixed salary

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

Principles for variable salary

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

The variable salary may not amount to more than 75 per cent 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 2023 (LTIP 2023) which the Board of Directors intends to propose to the 2023 Annual General Meeting or the outstanding share-related long-term incentive programs resolved upon by the Annual General Meetings 2022, 2021 and 2020. 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.scandi-standard.com.

Principles for pensions

Agreements regarding pensions shall, where applicable, be premium based and designed in accordance with the level and practice applicable in the country in which the member of senior management is employed. Pension premiums for premium defined pension may not amount to more than 30 per cent of the annual fixed salary.

Principles for other non-monetary benefits

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

Principles for salary during periods of notice and severance pay

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

Preparation and review of matters regarding remuneration to senior management

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

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

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

Principles for deviations from the guidelines

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

Proposal for share-related long-term incentive program

The board of Directors of the Company has resolved to propose to the AGM 2023 a share-related long-term incentive program 2023 (LTIP 2023) for senior executives and key employees which is designed to promote the long-term value growth of the Company and sustainability of the company and the Group and increase alignment between the interests of the participating individuals in the program and the company's shareholders.

The program is of the same kind as the long-term incentive program adopted in 2022 and retains components from the long-term incentive plans adopted in 2020–2021. The participants are required to invest in Scandi Standard shares in order to participate in LTIP 2023. Each such share will give participants one (1) Retention Share Right which is subject to continued employment and two (2) Performance Share Rights each of which are subject to the satisfaction of a performance requirements during the term of the program. One of the Performance Share Rights are subject to an EPS CAGR requirement and the other Performance Share Right is subject to a new requirement based on annual relative TSR.

The program comprises a maximum of 32 participants.

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.

The participants in the LTIP 2023 undertake to retain all allotted ordinary shares, except for such shares that are sold to cover for employment income tax due to the allotment of shares, for a period of two years from the date of the allotment of the ordinary shares.

In order to be entitled to any allotment of ordinary shares, it shall be required that the participants in the program remain employed and have not given or been given notice of termination of employment within the Group during the vesting period.

The LTIP 2019 program was completed during 2022 with no allotment of shares to the participants in the program.

Apart from LTIP 2020, LTIP 2021 and LTIP 2022, Scandi Standard has no other share- or share price related incentive programs. The intention is that a program similar to LTIP 2023 will be proposed annually to the AGM in the coming years.

Full details of LTIP 2023 are included in the notice to the AGM 2023. For information about the terms and the costs for LTIP 2022, LTIP 2021 and LTIP 2020, 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.

Scandi Standard has implemented an Enterprise Risk Management (ERM) program that covers all business areas and functions within the Group. The management teams analyze risks in their operations and relate to their strategic objectives at least annually. Assessment and management of sustainability risks are integrated parts of the ERM program. The process for risk management involves risks being identified, evaluated, managed and followed up as a natural part of its corporate governance.

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

Risks and uncertainties

Risks connected with Scandi Standard's operations can generally be divided into strategic risks, operational risks, risks related to compliance with external laws and regulations and internal steering documents, reporting risks and financial risks. Sustainability risks are integrated in these risks 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, guide-lines 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 135 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 141.

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.

Insurance as a risk management tool

Scandi Standard has tailored insurance programs that transfer the risks associated with, amongst others, the Group's property, cargo, and liability exposures.

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 2022 and assumes that all other influencing factors remain unchanged.

Sensitivity analysis as of 31 December 2022¹⁾

MSEK	Estimated impact on operating income
<i>In the event of a change of +/-1% on an annual basis</i>	
Average sale price	+/-121 (101)
Cost of goods sold	+/-110 (91)
<i>In the event of a change in exchange rates against SEK by +/-5%</i>	
DKK	+/-1 (5)
NOK	+/-13 (13)
EUR	+/-1 (0)

¹⁾ Figures in parentheses refer to previous year

Strategic risks

Risks	Description	Management
Dependency on a few major customers	The Group's five largest customers represented approximately 45 per cent of net sales in 2022, and the ten largest approximately 61 per cent. This is partly due to the fact that for the Group's markets the food retail market is consolidated with only a few major chains in each country. Loss of customers or volumes with customers can have a substantial negative impact on the Group's net sales and financial results.	<ul style="list-style-type: none"> 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 growers in their local markets that breed chickens. The Group is dependent on buying significant volumes in order to maintain its current operations and achieve growth. Introduction of new breeds complicates the planning of volumes.	<ul style="list-style-type: none"> The Group works closely with its contracted growers on the efficiency and quality of the breeding and to promote good animal husbandry. Continue to strengthen cooperation with the contracted growers 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.	<ul style="list-style-type: none"> Greater focus on sustainability work throughout the organization 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 behavior of consumers, for example, in terms of where the goods are located in the store, shelf space and sales promotion and therefore the Group's net sales. An increase in online sales can lead to changes in volumes and market shares for the Group's most important customers.	<ul style="list-style-type: none"> 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.
Political risks and geopolitical 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. Risk for invasion in geographical vicinity.	<ul style="list-style-type: none"> 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. Crisis management procedures and contingency plans. Impact assessments. Active monitoring of changing regulatory landscapes, often through business associations.
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.	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> 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	<p>Total external purchasing costs of raw materials and supplies in 2022 amounted to approx MSEK 7,809 of which the major part refers to the purchase of live chickens. The chickens are largely sourced from third-party growing farms in each local market.</p> <p>The Group is exposed to changes in the price of feed indirectly as it is the largest cost item for the Group contracted growers as well directly through the feed mill that is part of the Irish business and that produces feed for the Irish contracted growers.</p> <p>The Group is also exposed to general cost changes including energy, transportation, insurance and packaging materials and for cost changes as an effect of geopolitical uncertainty.</p>	<ul style="list-style-type: none"> 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. Group's business model, which generally enables fluctuations in raw material prices to be carried over to customers, provides a good basis for managing price and cost increases over time.
Disease outbreaks among the animals	<p>Outbreaks of diseases among the animals within the Group, in the markets where Scandi Standard operates, other geographical markets or at competitors' facilities can have a negative impact on demand for chicken products.</p> <p>The greatest risk is an outbreak of bird flu or similar viruses, which can result in trade bans that restrict the Group's export sales, even if the disease has not been detected in the Group's value chain. Salmonella infection is a constant challenge for the entire poultry industry.</p>	<ul style="list-style-type: none"> 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 growers, irrespective of their country. The costs of any damage are minimised through insurance solutions, when available.
Product quality and product safety	Supplying food which is safe to eat is decisive for the Group's success and survival. If internal production processes or processes in the rest of the value chain do not work as intended, it can have a negative impact on product quality and product safety, which can lead to lower sales volumes and less trust in the Group and its brands.	<ul style="list-style-type: none"> 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.

Operational risks cont.

Risks	Description	Management
Disruptions in production or in the supply chain	<p>Typically, an order from a customer must be processed within one to three days. Even minor disturbances to production may make it difficult to fulfil obligations to customers, which can increase the risk of customers changing supplier. Customers may sometimes also be entitled to compensation.</p> <p>A large proportion of the Group's products are sold as fresh food, which due to expiration dates must be distributed and sold to customers short time after production.</p> <p>Deviations from the Group's standards can lead to production challenges. There may also be disruptions to the production as a result of illness of the staff, fire, emissions or other damage to material resources.</p> <p>In 2022 the Group has faced insecurity due to electricity and gas supply, mostly due to war in Ukraine.</p>	<ul style="list-style-type: none"> • The costs of any damage are minimized through insurance solutions, when available. • Crisis management procedures and contingency plans. • Fire alarm on all sites. • Cooperation with suppliers. • Group-wide improvement program. • Group procurement to evaluate the supply chain disruption and market situation.
Business Ethics risks and risks relating to health, safety, human rights, the environment and animal welfare (ESG)	<p>Weakened trust in the Group and its brands resulting from unethical behavior, fraud, corruption or bribes.</p> <p>Risks relating to health, safety, human rights, the environment and animal welfare can occur throughout the value chain, including at the Group's facilities. This can put the Group's reputation at risk, which can damage trust in the Group and its brands among investors, customers and consumers, as well as making it more difficult to recruit and retain employees.</p>	<ul style="list-style-type: none"> • Well-defined internal governance system, policies and systematic work and communication to maintain a sound company culture. • Regular follow-up by management and assessment of all work-place injuries to develop measures to create a safe work environment with a minimised risk of injuries. • 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 behavior that violates the Group's Code of Conduct.
Risks related to climate change	<p>A growing awareness of climate change can lead to restrictions in emissions that affect the environment, changed regulation or new taxes on energy and transport, as well as changes in consumers' preferences and buying behavior.</p> <p>Climate change leading to more extreme weather conditions and weather events can have negative impact on our value chain e.g., production of feed and the Group's operations in case of extreme weather events affecting our facilities.</p>	<ul style="list-style-type: none"> • The Group is actively working to secure resource efficiency in all parts of the value chain in terms of the use of energy and water and managing waste and by-products. The Group has committed to set a Science Based Target inline with the Paris Agreement, limiting global warming at 1.5 degrees. This mid- and long-term target is currently under development. For more information, see the section on Sustainability Work on page 42–72.
Pandemic	<p>The outbreak of a pandemic can affect our operations in several ways. The Groups sales to Foodservice can be negatively affected since the hospitality industry is suffering consequences of a pandemic outbreak. The ability to produce may also be affected by high levels of sick leave if employees for other reasons cannot be at work or by government directives that may affect the ability to maintain the production. If the outbreak has major impact on the Groups result, it may affect the liquidity and financial position of the Group.</p>	<ul style="list-style-type: none"> • The work to minimize disruption in the longer term continues as during Covid-19 pandemic. • 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	<p>The Group is through its operations and assets exposed to losses and damages.</p> <p>The costs for any losses and damages are minimized through insurance solutions in line with industry practice.</p> <p>Insurance is only possible if the insurance solutions Scandi Standard wants or has committed to have, are available, and there is no guarantee that available insurance solutions are provided with coverage and/or premiums at the desired level.</p>	<ul style="list-style-type: none"> • 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	<p>If roles and divisions of responsibility are unclear within the organisation and its processes and IT systems, crucial actions including decisions, controls and changes can be delayed or not taken at all until the Group has suffered negative effects or damage, or are taken by the wrong person.</p> <p>Inefficient processes, controls and IT systems can lead to a lack of internal control.</p>	<ul style="list-style-type: none"> • 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. • Mitigating actions are identified, most of them addressed within the Group security improvement program.

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	<p>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.</p> <p>As a Swedish public limited liability company listed on Nasdaq Stockholm, Scandi Standard has to follow the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm Rulebook, Main Market Rulebook for Issuers of Shares, the Swedish Corporate Governance Code, and other Swedish and foreign external laws and regulations but also internal steering documents.</p>	<ul style="list-style-type: none"> • 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. • Group-wide improvement program. • 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. • Audit including follow-up on findings. • Export control compliance. • Systematic training for employees in identified risk positions.

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 141.	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • 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	<p>Interest-bearing liabilities expose the Group to interest rate risks, i.e. changes in market interest rates can negatively affect financial results and cash flow.</p> <p>Risks related to refinancing and liquidity include the risk that refinancing opportunities are limited when loans and credit facilities are to be renewed, or due to non-compliance with loan terms and credit terms, risk of higher costs, as well as the risk of the inability to meet payment obligations as a result of insufficient liquidity.</p> <p>Credit and counterparty risks include the risks that a counterparty in a transaction will be unable to discharge its obligations. For more information, see Note 22.</p>	<ul style="list-style-type: none"> • The interest rate risk is managed by balanced combination of variable and fixed interest rates. Interest rate risk is managed through fixed loans, derivatives or a combination of both. • The Group's outstanding liabilities to credit institutions, including outstanding rate swaps, had a weighted average term of 8 (8) months, as of 31 December 2022. • 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 2022 were 2 (2) years.

Consolidated financial statements

Consolidated income statement

MSEK	Note	2022	2021
	1, 2, 3, 26		
Net sales	4	12,119	10,101
Other operating revenues	4	25	18
Changes in inventories of finished goods and work in progress		112	54
Raw materials and consumables		-7,809	-6,200
Cost of personnel	5	-2,136	-2,041
Depreciation, amortisation and impairment	6	-434	-378
Other operating expenses	7, 9	-1,589	-1,332
Share of income of associates	14	2	2
Operating income		290	222
Finance income	8, 9	1	2
Finance expenses	8, 9	-105	-83
Income after finance net		186	140
Tax on income for the year	10	-47	-37
Income for the year		138	103
Whereof attributable to:			
Shareholders of the parent company		132	104
Non-controlling interests		6	-1
Average number of shares		65,327,164	65,287,762
Earnings per share before dilution, SEK		2.02	1.60
Earnings per share after dilution, SEK		2.02	1.60
Number of shares at the end of the period		66,060,890	66,060,890

Consolidated statement of comprehensive income

MSEK	Note	2022	2021
Income for the year		138	103
Other comprehensive income			
<i>Items that will not be reclassified to the income statement</i>			
Actuarial gains and losses in defined benefit pension plans	23	28	42
Tax on actuarial gains and losses	23	-6	-9
Total		22	33
<i>Items that will or may be reclassified to the income statement</i>			
Cash flow hedges		96	-1
Currency effects from conversion of foreign operations		182	70
Income from currency hedging of foreign operations		-29	-14
Tax attributable to items that will be reclassified to the income statement		-20	0
Total		229	55
Other comprehensive income for the year, net of tax		251	88
Total comprehensive income for the year		389	192
Whereof attributable to:			
Shareholders of the Parent Company		383	193
Non-controlling interests		6	-1

Consolidated statement of financial position

MSEK	Note	Dec 31, 2022	Dec 31, 2021
	1, 2, 3, 26, 27, 31		
ASSETS			
Non-current assets			
Goodwill	11	971	921
Other intangible assets	11	915	876
Property plant and equipment	12	1,995	1,889
Right-of-use assets	13	393	415
Non-current leasing receivables	15	–	–
Participations in associated companies	14	51	46
Surplus in funded pensions	23	64	34
Derivative instruments financial	22	18	–
Derivative instruments operational	22	18	–
Financial assets	15	4	3
Deferred tax assets	10	90	65
Total non-current assets		4,520	4,249
Current assets			
Biological assets	16	110	103
Inventory	17	930	785
Trade receivables and other receivables	18	1,095	811
Other short-term receivables	18	109	92
Prepaid expenses and accrued income	18	150	104
Current leasing receivables	19	–	–
Derivative instruments operational	22	49	–
Cash and cash equivalents	19	3	350
Total current assets		2,446	2,245
TOTAL ASSETS		6,965	6,494

MSEK	Note	Dec 31, 2022	Dec 31, 2021
	1, 2, 3, 26, 27, 31, 34		
EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital		1	1
Other contributed equity		646	646
Reserves		354	125
Retained earnings		1,331	1,180
Capital and reserves attributable to owners		2,331	1,951
Non-controlling interests		2	0
Total equity	20	2,334	1,951
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities	21, 22	1,582	1,884
Non-current leasing liabilities	21, 22	346	367
Derivative instruments	21, 22	–	5
Provisions for pensions	23	3	3
Other non-current provisions	24	11	9
Deferred tax liabilities	10	211	178
Other non-current liabilities	22	71	65
Total non-current liabilities		2,225	2,511
Current liabilities			
Current leasing liabilities	21, 22, 25	75	68
Derivative instruments	21, 22	–	5
Trade payables	25	1,619	1,291
Tax payables	10	56	55
Other current liabilities	22, 25	–	179
Accrued expenses and prepaid income	22, 25	657	433
Total current liabilities		2,047	2,031
TOTAL EQUITY AND LIABILITIES		6,965	6,494

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, 2020		1	727	-10	81	1,077	1,875	1	1,876
Opening balance Jan 1, 2021		1	727	-10	81	1,077	1,875	1	1,876
Income for the year						104	104	-1	103
Actuarial gains and losses on pension plans						42	42		42
Cash flow hedges				-1			-1		-1
Exchange differences on translation of foreign operations					70		70		70
Net gain on hedge of net investments in foreign operations					-15		-14		-14
Tax relating to components of other comprehensive income				0		-9	-9		-8
Other comprehensive income for the year, net of tax				-1	55	138	193	-1	192
Dividend			-81				-81	0	-81
Long term incentive programs						-3	-3		-3
Repurchase of own shares						-32	-32		-32
Transactions with owners			-81			-35	-116	0	-116
Other changes									
Closing balance Dec 31, 2021		1	646	-11	136	1,180	1,951	1	1,951
Opening balance Jan 1, 2022		1	646	-11	136	1,180	1,951	0	1,951
Income for the year						132	132	6	138
Actuarial gains and losses on pension plans						28	28		28
Cash flow hedges				96			96		96
Exchange differences on translation of foreign operations					182		182		182
Net gain on hedge of net investments in foreign operations					-29		-29		-29
Tax relating to components of other comprehensive income				-20		-6	-26		-26
Other comprehensive income for the year, net of tax				76	152	154	383	6	389
Dividend								-4	-4
Long term incentive programs						-3	-3		-3
Transactions with owners						-3	-3	-4	-7
Closing balance Dec 31, 2022		1	646	65	289	1,331	2,331	2	2,334

Consolidated statement of cash flows

MSEK	Note	2022	2021
OPERATING ACTIVITIES			
Operating income		290	222
Adjustment for non-cash items		441	354
Paid finance items, net	29:1	-95	-69
Paid current income tax		-55	-56
Cash flows from operating activities before changes in operating capital		581	451
Changes in inventories and biological assets		-107	-60
Changes in operating receivables		-301	64
Changes in operating payables		272	158
Changes in working capital		-136	162
Cash flows from operating activities		445	613
INVESTING ACTIVITIES			
Business combinations	29:2	-	-171
Investment in right-of-use assets		-3	-1
Investment in intangible assets		-31	-
Investment in property, plant and equipment		-280	-306
Cash flows used in investing activities		-314	-478
FINANCING ACTIVITIES			
New loans	29:4	2,561	-
Repayment of loans	29:4	-2,930	-31
Change in overdraft facility		3	-
Payments for amortisation of leasing liabilities	29:4	-85	-84
Paid dividend		-4	-81
Repurchase of own shares		-	-32
Other		-13	29
Cash flow in financing activities		-468	-199
Cash flows for the year		-337	-63
Cash and cash equivalents at beginning of the period		350	413
Currency effect in cash and cash equivalents		-10	1
Cash flows for the year		-337	-63
Cash and cash equivalents at end of the year	29:3	3	350

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	2022	2021
Net sales		–	–
Operating expenses	30	0	0
Operating income		0	0
Finance net 1)		395	9
Income after finance net		395	9
Group contribution		13	2
Tax on income for the year		–0	–0
Income for the year		408	10

1) Regards mainly dividend from subsidiaries

Parent Company statement of comprehensive income

MSEK	Note	2022	2021
Income for the year		408	10
Other comprehensive income for the year, net of tax		–	–
Total comprehensive income for the year		408	10

Parent Company statement of financial position

MSEK	Note	Dec 31, 2022	Dec 31, 2021
		31,34	
ASSETS			
Non-current assets			
Investments in subsidiaries	32	938	938
Receivables from Group entities	33	–	–
Total non-current assets		938	938
Current assets			
Receivables from Group entities		99	12
Cash and cash equivalents		0	0
Total current assets		99	12
TOTAL ASSETS		1,037	950
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		1	1
Non-restricted equity			
Share premium		645	645
Retained earnings		–17	–27
Income for the year		408	10
Total equity		1,037	629
Current liabilities			
Tax payables		–	0
Liabilities to Group entities	33	0	320
Accrued expenses and prepaid income		–	–
Total current liabilities		0	320
TOTAL EQUITY AND LIABILITIES		1,037	950

Parent Company statement of changes in equity

MSEK	Note	Share capital	Share premium account	Retained earnings	Total equity
	20				
Equity, Jan 1, 2021		1	727	5	732
Income for the year				10	10
Dividend			-81		-81
Repurchase own shares				-32	-32
Equity, Dec 31, 2021		1	645	-17	629
Equity, Jan 1, 2022		1	645	-17	629
Income for the year				408	408
Dividend					
Repurchase own shares				-	-
Equity, Dec 31, 2022		1	645	391	1,037

Parent Company statement of cash flows

MSEK	2022	2021
OPERATING ACTIVITIES		
Operating income	0	0
Paid finance items net	-2	27
Paid current income tax	-	-
Cash flows from operating activities before changes in operating capital	-2	27
Changes in operating receivables	0	-
Changes in operating payables	0	91
Cash flows from operating activities	-2	117
FINANCING ACTIVITIES		
Lending to subsidiaries	-400	-
Dividend	400	-81
Repurchase own shares	-	-32
Paid group contribution	2	-4
Cash flows from financing activities	2	-117
Cash flows for the year	0	0

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, 104 25 Stockholm

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 2022 will be presented for adoption by the AGM, on May 4, 2023.

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 2022

Changes to the accounting policies

No standards, amendments and interpretations effective from January 2022, 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 that have been published and are mandatory after 1 January 2023 reporting periods 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 per cent 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 subsidi-

Note 1 Accounting policies cont.

aries 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, 2022

SEK	Average rate	Closing rate
DKK	1.4290	1.4965
NOK	1.0523	1.0572
EUR	10.6317	11.1283

SEGMENT REPORTING

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

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

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

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

REVENUE

Net sales

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

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

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

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

Other operating revenue

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

BORROWING COSTS

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

Note 1 Accounting policies cont.

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

Customer and supplier relationships

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

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

Research and development

No research is conducted within the Group. Expenditure on development is recognised as an intangible asset only if it is technically and financially feasible to complete the asset, it is expected to provide future economic benefits, the cost of the asset can be measured reliably, and the development is substantial. Currently, this means that all expenditure on the development of commercial products and similar products is expensed as incurred. Expenditure on development of business-related IS/IT-systems is capitalized if the general preconditions according to the above are met and the total expenditure is estimated to exceed MSEK 3. Investments in configuration and customisation costs in cloud computing arrangements should normally be recognised as an expense in line with IFRS Interpretations Committee (IFRS IC) published agenda -decision in April 2021 on configuration or customisation

costs in cloud computing arrangements. As a consequence, certain configuration and customisation costs in cloud computing arrangements that arises in 2022 and later will not meet the requirements to be reported as intangible assets.

However in certain SaaS arrangements, the customer may obtain an intangible asset. IAS 38 defines an intangible asset as 'an identifiable non-monetary asset without physical substance'. It notes that an asset is a resource controlled by the entity and paragraph 13 specifies that an entity controls an intangible asset if it has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits. Scandi Standard has made an evaluation regarding if the cloud computing arrangement for the new ERP system includes an intangible asset and has concluded that this is the case, as there is contractual rights to take possession of the software during the hosting period without significant penalty and it is feasible to run the software on its own hardware or contract with a party unrelated to the supplier to host the software

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 calculat-

Note 1 Accounting policies cont.

ing 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. Excep-

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

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

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

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

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

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

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

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

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

BIOLOGICAL ASSETS

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

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

INVENTORIES

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

FINANCIAL ASSETS AND LIABILITIES**Financial instruments**

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

Note 1 Accounting policies cont.

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. The Group also has derivative instruments for energy hedging and is entered into in order to reduce the uncertainty in future energy costs.

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, for interest rate risks in the debt portfolio as well as for price risk for purchases of electricity and gas.

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.

Note 1 Accounting policies cont.

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.

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

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

Hedging of commitments according to LTIPs

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

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

Variable salary

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

GOVERNMENT GRANTS

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

GROUP CONTRIBUTIONS AND SHAREHOLDER CONTRIBUTIONS

Parent Company

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

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

RELATED PARTIES

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

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

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

Note 2 Significant judgments, accounting estimates and assumptions

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

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

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

Impairment of Goodwill and other assets

Goodwill and other intangible assets with indefinite useful life are tested for impairment annually or whenever there are indications of possible impairment – in situations such as a changed business environment, a divestment decision or closure of operations. The Group's Goodwill and other intangible assets amounted to MSEK 1,866 (1,797) at the end of the year, which corresponds to 27 (28) per cent of the Group's total assets. Other assets are tested for impairment as soon as there is an indication that an asset's recoverable amount is lower than its carrying amount.

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

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

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

Deferred tax assets and tax liabilities

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

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

Pensions

The value of pension obligations for defined benefit pension plans is determined by using actuarial calculations based on assumptions about discount rates, future salary increases, inflation and demographics. The discount rate, which is the most critical assumption, is based on the market return on high-quality corporate bonds, namely mortgage bonds with long maturities. The rate is extrapolated to correspond to the pension plan's obligations. A lower discount rate increases the present value of the pension obligation and pension cost, while a higher discount rate has the reverse effect. A reduction of the discount rate by 0.25 per centage points would increase the pension obligation by MSEK 4 (6) while an increase would reduce the obligation by MSEK 4 (6).

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 per cent 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.

Valuation of inventory and Obsolescence reserve

The 'anatomic balance' is monitored on a regular basis along with its effect on inventory. The inventory of finished goods is measured at the lower of cost or net realisable value. The net realisable value is the estimated sales value less expected selling expenses. An assessment of the estimated sales value requires assumptions and assessments by management that include subjective aspects, such as price competition and expected fluctuations on future prices. Determining the need for impairment is a significant and difficult assessment issue. Historically the average obsolescence reserves amount to 7-12 per cent of the acquisition value. Detailed information about the amounts and changes can be found in note 17.

Note 3 Segment reporting

INFORMATION ABOUT OPERATING SEGMENTS

Financial year, Jan 1–Dec 31 MSEK	Ready-to-cook		Ready-to-eat		Other / Eliminations ^{1) 2)}		Total Group	
	2022	2021	2022	2021	2022	2021	2022	2021
Total net sales	8,674	7,611	2,949	2,112	496	377	12,119	10,101
Adjusted operating income	47	110	209	138	34	-35	290	213
Non-comparable items	-	-	-	-	-	9	-	9
Operating income	47	110	209	138	34	-26	290	222
Of which share of income in associates	2	2	-	-	-	-	2	2
Finance income							1	2
Finance expenses							-105	-83
Tax on income for the year							-47	-37
Income for the year							138	103
Other disclosures								
Assets	5,128	4,737	1,160	958	304	192	6,592	5,887
Holding in associates							51	46
Unallocated Assets							322	561
TOTAL ASSETS	5,128	4,737	1,160	958	304	192	6,965	6,494
Liabilities	1,607	1,363	535	374	137	920	2,279	2,658
Unallocated liabilities							2,352	1,884
Equity							2,334	1,951
TOTAL EQUITY AND LIABILITIES	1,363	1,363	374	374	920	920	6,965	6,494
Net investments	118	284	119	13	73	9	311	306
Depreciation, amortisation and impairment	-362	-315	-51	-49	-21	-14	-434	-378

¹⁾ Where of elimination of group charges in the year of MSEK 240 (266)

²⁾ Net sales within Ingredients amounted to MSEK 496 (377) with an operating income (EBIT) of MSEK 76 (13). Group costs of MSEK -41 (-39) were recognised in the Group operating income (EBIT)

Note 1 Segment reporting cont.

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

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

The successful expansion of the Ready-to-eat business, which has grown from sales of MSEK 500 in 2015 to close to BNSEK 3 in 2022, has accentuated the rationale to follow up Ready-to-cook and Ready-to-eat separately, as they largely represent different skill sets and production processes. In 2020, Scandi Standard conducted a comprehensive strategic review, which further strengthened the view that an increased focus on these two reportable segments will be a better way to identify, nurture and spread best practice to support continued growth and value creation.

The responsibility for the Group's financial assets and liabilities, provisions for taxes, gains and losses on the re-measurement of financial instruments according to IFRS 9 and pension obligations according to IAS 19 are dealt with by the corporate functions and are not allocated to the segments. All capital expenditure on property, plant and equipment and intangible assets, apart from expendable equipment, is included in the segments' investments.

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

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

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

Net sales (external sales) based on customer location

MSEK	2022	2021
Sweden	3,458	2,926
Norway	2,076	1,847
Ireland	1,992	1,768
Denmark	1,964	1,611
Finland	869	664
Germany	827	442
United Kingdom	177	189
Rest of Europe	675	592
Rest of the world	82	63
Total	12,119	10,101

During 2022 one of Scandi Standard's customers accounted for more than 10 per cent of the Group's total net sales. The net sales of the customer accounted for MSEK 1,450 (1,340).

MSEK	Ready-to-cook		Ready-to-eat		Other		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Net sales split								
Sweden	2 462	2 132	649	452	107	69	3 210	2 652
Denmark	1 717	1 532	1 878	1 330	245	197	3 840	3 058
Norway	1 622	1 483	389	309	22	17	2 033	1 809
Ireland	2 138	1 896	12	3	91	69	2 241	1 968
Finland	734	569	28	18	32	26	795	613
Total net sales per country	8 674	7 611	2 949	2 112	496	377	12 119	10 101

Note 4 Breakdown of revenue

MSEK	2022	2021
Net sales		
Sales of goods	12,119	10,101
Total	12,119	10,101
Other operating income		
Capital gains	2	1
Rental income	2	2
Government grants	2	0
Canteen sales	8	8
Insurance compensation	8	1
Other	3	6
Total	25	18

Government grants were received of MESEK 6 (7) and of these MSEK 2 (0) has been recognised as revenue and MSEK 4 (7) 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	2022	of which women	2021	of which women
Group				
Sweden	996	38%	997	37%
Denmark	872	40%	911	39%
Norway	308	56%	312	54%
Ireland	899	47%	749	47%
Finland	219	43%	246	46%
Total, Group¹⁾	3,294	43%	3,215	44%

¹⁾ No employees in the Parent company.

Cost of personnel, MSEK	2022	2021
Salaries and benefits, Board of Directors and MDs	23	32
– of which variable salary	4	3
Salaries and benefits, other employees	1,736	1,651
Social security expenses	216	220
Pension expenses ¹⁾	122	95
Other staff costs	45	50
Capitalised personnel expenses ²⁾	–3	–5
Total	2,138	2,041

¹⁾ MSEK 2 (3) 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

Female representation, %	Group		Parent Company	
	2022	2021	2022	2021
Board of Directors	21	21	29	33
Other senior executives	32	28	–	–

Guidelines for remuneration to senior management

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

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

Principles for fixed salary

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

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

Principles for variable salary

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

Note 5 Employees and employee benefits expenses cont.

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

Agreements regarding pensions shall, where applicable, be premium based and designed in accordance with the level and practice applicable in the country in which the member of senior management is employed. Pension premiums for premium defined pension may not amount to more than 30 per cent of the annual fixed salary unless otherwise applies pursuant to applicable collective bargaining agreements.

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

Principles for deviations from the guidelines

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

Variable salary

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

Pension

Scandi Standard offers its employees occupational pensions unless otherwise regulated in local agreements or other regulations. The Managing Director and CEO of Scandi Standard is entitled to a defined contribution pension scheme, with a premium of 30 per cent of the pensionable salary. Scandi Standard's senior management follows the guidelines for remuneration, which entails a maximum premium of 30 per cent of pensionable salary.

Other employees

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

In Denmark, the pension contribution corresponds to 12 or 15 per cent of the pensionable salary.

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

In Ireland, the pension contribution corresponds to between 4 and 20 per cent of the pensionable salary.

In Finland, the pension contribution corresponds to between 23 and 25 per cent 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 six months' severance pay. The severance pay is not qualified for holiday and pension pay and is paid with one-sixth per month after the notice period has ended. Other senior managers have notice periods of between 6–12 months for termination of employment at the company's request and between 3–6 months for termination at their own request. Certain senior managers have non-competition clauses with financial compensation to be paid to the company if breached, corresponding to between 3–12 months remuneration.

Other benefits

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

Long term incentive program

LTIP 2019 was terminated during 2022 and led to that no shares were allotted to the participants in the program. Participants in the programs are senior managers and key employees.

At the end of 2022 the following incentive programs are ongoing, that have been accepted by the AGM the year they were started:

- LTIP 2021 for 33 participants, and originally a maximum of 432,648 shares could be allotted.
- LTIP 2022 for 28 participants, and originally a maximum of 359,100 shares could be allotted.

For information about LTIP 2021 and LTIP 2022 see previous annual reports.

The Board of Directors have decided to propose to the AGM 2023 a long-term incentive program for 2023 (LTIP 2023) for senior executives and key employees, which is designed to promote the

long-term value growth of the company and the group and increase alignment between the interests of the participating individual and the company's shareholders. LTIP 2023 is of the same kind as LTIP2022. The participants are required to invest in Scandi Standard shares in relation to a fixed per centage of the participants fixed salary in order to participate in LTIP 2023. Each such share will give participants one (1) Retention Share Right which is subject to continued employment and two (2) Performance Share Rights each of which are subject to the satisfaction of a performance requirements during the term of the program. One of the Performance Share Rights are subject to an EPS CAGR requirement and the other Performance Share Right is subject to a new requirement based on annual relative TSR. The vesting period is three years and provided that certain conditions are fulfilled, the participants can exercise their performance share rights through which they will be allotted shares in the company free of charge. In order for Share Rights (both Retention Share Rights and Performance Share Rights) to entitle to allotment of ordinary shares, it shall be required that the participant (a) does not divest its Investment Shares during the Vesting Period and (b) has not given or is not given notice of termination of employment within the group during the Vesting Period.

In order to increase the long term common interest between the participant and the company's shareholders, a requirement for participation in LTIP 2023 must be that the participants undertake to retain all the allotted shares (except to cover payment of tax that arises in connection with the allotment of shares) for a period of two years from the date of the allotment.

Performance requirement

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

Target 1

The performance target is related to the total shareholder return (TSR) on the Scandi Standard ordinary share on Nasdaq Stockholm relative to the OMX Stockholm Mid Cap Index (the "Index") during a certain measurement period as set out below. If the relative TSR during the measurement period is equal to or lower than the Index, no Performance Share Right 1 shall entitle to the allotment of ordinary shares. If the relative TSR during the measurement period is higher than the Index plus 10 per cent, all Performance Share Rights 1 shall entitle to the allotment of ordinary

Note 5 Employees and employee benefits expenses cont.

shares. If the relative TSR during the measurement period is higher than the Index but lower than the Index plus 10 per cent, the number of Performance Share Rights 1 that entitle to the allotment of ordinary shares shall be linear in relation to the allotments set out in items a) and b) above.

Target 2

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

The maximum level of the performance target shall be an EPS CAGR of 35.0 per cent. If the EPS CAGR equals or exceeds 35.0 per cent, the participants shall be allotted ordinary shares for 100 per cent of their Performance Share Rights 2 (maximum allocation). If the EPS CAGR is less than 25 per cent, no Performance Share Right 2 shall entitle to allotment of ordinary shares. Where the EPS CAGR is between the minimum and the maximum level, the number of Performance Share Rights 2 that entitle to allotment of ordinary shares will be calculated on a linear basis.

Value and estimated costs for Long term incentive programs

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

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

The vesting period for LTIP 2020 expires May 15, 2023. As EPS CAGR for the period January 1, 2020– December 31, 2022 did not meet the conditions for the program, no allotment of shares under this program will take place during 2023.

LTIP 2021 is based on an EPS CAGR criterion, where EPS CAGR is calculated based on the Group's quarterly reports which are adjusted for non-comparable items and specific explanatory items. LTIP 2022 is based on criterion in line with the program proposed to the AGM 2023. Assuming full fulfilment of the requirement and based on participants who as of 31 December 2022 were still

Salaries and remuneration of senior management 2022, TSEK	Directors' fees	Fixed salary ¹⁾	Variable salary ²⁾	LTIP ³⁾	Pension ¹⁾	Other benefits ⁵⁾	Total 2022
Board members, specified below	3,455	–	–	–	–	–	3,455
Managing Director and CEO (from April 1, 2022) Jonas Tunestål	–	4,162	3,600	534	1,095	163	9,554
Interim Managing Director (until March 31, 2022) Otto Drakenberg	–	1,985	–	–	240	–	2,225
Group Management, other ⁶⁾	–	23,683	5,825	2,096	3,839	1,204	36,645
Total	3,455	29,829	9,425	2,630	5,174	1,367	51,880

Salaries and remuneration of senior management 2021, TSEK	Directors' fees	Fixed salary ¹⁾	Variable salary ²⁾	LTIP ⁴⁾	Pension ¹⁾	Other benefits ⁵⁾	Total 2021
Board members, specified below	3,215	–	–	–	–	–	3,215
Managing Director and CEO (until June 3, 2021) Leif Bergvall Hansen	–	12,198	–	–	865	122	13,184
Interim Managing Director (from June, 2021) Otto Drakenberg	–	2,768	–	–	420	–	3,188
Group Management, other ⁷⁾	–	29,889	–	5,165	3,783	1,939	40,777
Total	3,215	44,856	–	5,165	5,068	2,061	60,365

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. For 2022 the variable salary includes one-off compensation according to the employment contract for the managing director and CEO

³⁾ The Group's reservation, referring to LTIP 2021 – LTIP 2022

⁴⁾ The Group's reservation, referring to LTIP 2020 – LTIP 2021

⁵⁾ Mainly car, phone and health insurance benefits

⁶⁾ Group Management other includes costs for 2022 for a total of 15 individuals. During the year, a total of 5 people left Group management who received salary and severance pay for part of the year. During 2022, 3 people have been added to the Group Management

⁷⁾ Group Management other includes costs for 2021 for a total of 13 individuals. The figures for 2021 include a fixed salary for a total of 13 people, but for new people in Group management from the time period when they took up their position. During the year, a total of 3 people left Group management who received salary and severance pay for the entire year. During 2021, 3 people have been added to the Group Management (2 people since June 2021 and 1 person since November 2021)

employed and have not been dismissed or resigned, LTIP 2021 and LTIP 2022 will result in allotments of 179,423 and 286,401 shares respectively in the company. The value of the performance share rights amount to MSEK 11,3 for LTIP 2021 and MSEK 10,5 for LTIP 2022, based on share prices of SEK 62.93 and SEK 35.88. As per December 2022, total accumulated accrued costs for LTIP 2021 – LTIP 2022 amounted to MSEK 7 (9).

Social security charges are expected to amount in average to approximately 13,6 (9,2) per cent of the market value of the shares allocated upon exercise of the performance share rights. The average per centage of social charges is dependent on the mix of nationalities participating in the programs. At year-end, Scandi Standard AB (publ) had 733,726 (733,726) shares in own custody.

Board of Directors' Fees, SEK	2022	2021
Johan Bygge, chairman of the Board	935,000	935,000
Øystein Engebretsen	465,000	465,000
Paulo Gaspar ¹⁾	240,000	–
Pia Gideon ²⁾	510,000	–
Henrik Hjalmarsson	460,000	460,000
Cecilia Lannebo	435,000	435,000
Michael Parker	410,000	410,000
Heléne Vibbleus ³⁾	–	510,000
Total	3,455,000	3,215,000

¹⁾ Board member from 2022-08-22

²⁾ Board member from 2022-05-05

³⁾ Board member until 2022-05-04

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

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

MSEK	2022	2021
Depreciation and amortisation		
Intangible assets	62	56
Land and buildings	39	34
Plant and machinery	188	160
Equipment, tools, fixtures and fittings	49	43
Rights-of-use assets, buildings and land	49	46
Rights-of-use assets, plant, machinery and other technical assets ¹⁾	46	38
Total	434	378

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

The successful expansion of the Ready-to-eat business, which has grown from sales of MSEK 500 in 2015 to close to BNSEK 3 in 2022, has accentuated the rationale to follow up Ready-to-cook and Ready-to-eat separately, as they largely represent different skill sets and production processes. The cash generating units are the Groups operating segments which comprise of Ready-to-cook and Ready-to-eat.

Cash flow expectations for the segments are based on business plans agreed by Group management for the next five years and on 2 per cent organic growth thereafter. The cash flows are discounted by a calculated WACC before tax at 10.7–11.4 (8.6) per cent for the segments Ready-to-cook and Ready-to-eat based on current interest rates and the estimated return requirement for the segments.

For the impairment testing at the end of 2022 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 per cent.

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 and interest rates can change. Current WACC has increased by about two per cent compared to previous year. Testing for this variable shows no impairment when increasing the WACC two per centage points for Ready-to-cook and Ready-to-eat.

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

Segment Ready-to-cook has had a challenging 2022 where the operating income was negatively impacted by mainly significant price increases on several input factors, and challenges with the implementation of strategy in Denmark. The expectation is that the margins will recover over the coming years and we have noted an improvement during the second half of 2022. Based on management expectations, this improvement will be driven primarily by price development and operations efficiency. Scandi Standard's business model allows for fluctuations in input prices to be transferred to the customer and provides good possibilities to manage price and cost increases over time. The impairment test shows no impairment need even if the EBITDA margin were to drop by more than one per centage point.

Segment Ready-to-eat has had a strong market development during 2022 with 39 per cent net Sales growth vs 2021 and with improving margins. The development was driven by increased sales in the Foodservice sales channel and we note an increasing demand within this profitable segment. The impairment test shows no impairment need even if the EBITDA margin were to drop by more than three per centage points.

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

Note 7 Fees and reimbursement to auditors

MSEK	2022	2021
<i>PricewaterhouseCoopers (PwC)</i>		
Audit services	7	6
Audit related services	0	1
Tax services	1	1
Other services	1	0
Total	9	8

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

The share of the total fees of MSEK 6 to PwC AB (Sweden) which refers to non-audit services, defined by the EU audit legislation, amounts to MSEK 0 (0) whereof MSEK 0 (0) regarding audit services and MSEK 1 (0) regarding tax services. The services include advice from an accounting perspective for preparation of the financial reports, as well as other guidance regarding accounting and tax.

Note 8 Finance income and finance expenses

MSEK	Income		Expenses		Total	
	2022	2021	2022	2021	2022	2021
Loans and other receivables						
Other income	0	0	-	-	0	0
Other interest income	0	1	-	-	0	1
Total	1	2	-	-	1	2
Derivatives used in hedging						
Interest and currency swaps	-	-	-4	-7	-4	-7
Total	-	-	-4	-7	-4	-7
Other financial liabilities						
Interest expenses, pension plans	-	-	2	-3	2	-3
Interest expenses, borrowing	-	-	-51	-30	-51	-30
Interest expenses, earn-out	-	-	-	-	-	-
Other borrowing expenses	-	-	-8	-8	-8	-8
Other interest expenses	-	-	-22	-13	-22	-13
Financial cost, leasing	-	-	-11	-11	-11	-11
Currency effects	-	-	-12	-2	-12	-2
Change in value of share in pension fund	-	-	-0	-9	-0	-9
Total	-	-	-101	-76	-101	-76
Total	1	2	-105	-83	-105	-82

Note 9 Exchange differences affecting income

MSEK	2022	2021
Exchange differences affecting operating income	-2	5
Exchange differences, financial items	-12	-2
Total	-14	3
<i>Exchange differences in operating income are included in:</i>		
Other operating income/expense	-2	5
Total	-2	5

Note 10 Taxes

Tax on income for the year, MSEK	2022	2021
Current tax expense (-) / tax income (+)		
Tax expense / income for the year	-61	-55
Adjustment of tax attributable to prior years	-3	-4
Total current tax	-65	-59
Deferred tax expense (-) / tax income (+)		
Deferred tax from changes in temporary differences	5	-15
Deferred tax from changes in changed tax rates	-	-
Deferred tax income in capitalized losses carry forward	21	38
Deferred tax expense use of capitalized losses carry forward	-9	-
Reassessment attributable to losses carry forward	0	-1
Total deferred tax	17	22
Total recognised tax expense	-47	-37

Reconciliation of effective tax	2022		2021	
	%	MSEK	%	MSEK
Income after finance net		186		140
Anticipated tax according to enacted Swedish tax rate	-20.6	-38	-20.6	-29
Effect of other tax rates for foreign subsidiaries	-1.9	-4	-1.0	-1
Unrecognised tax loss, incurred during the year	-3.5	-6	-1.1	-2
Non-deductible expenses	-1.6	-3	-1.7	-2
Non-taxable income	0	0	0	0
Effect of tax related to previous year	1.8	3	-1.9	-3
Reversal of income of associates	0.2	0	0.3	0
Change in deferred tax due to changes in tax rates in Sweden and Norway	-	-	-	-
Reassessment of deferred tax on carry forward losses	-	-	-	-
Recognised effective tax	-25.5	-47	-26.0	-37

Tax items recognised in equity through other comprehensive income, MSEK	2022	2021
Actuarial gains and losses on defined benefit pension plans	6	9
Cash flow hedges	20	0
Total tax effects in other comprehensive income	26	8

Note 10 Taxes cont.

Deferred tax assets/tax liabilities MSEK	Deferred tax assets		Deferred tax liabilities		Net	
	2022	2021	2022	2021	2022	2021
Intangible assets	–	–	142	142	–142	–142
Buildings	17	16	3	2	15	14
Machinery and equipment	–	–	71	69	–71	–69
Right-of-use assets	5	6	6	6	0	–1
Other assets	8	6	7	10	0	–4
Pension provisions	–	–	13	7	–13	–7
Other liabilities	–	11	9	–	–9	11
Losses carryforward	124	102	–	–	124	102
Other	–	–	23	17	–23	–17
Total	154	141	275	254	–121	–113
Netting of offsettable assets/liabilities by jurisdiction	–64	–76	–64	–76	–	–
Total net deferred tax asset/ tax liability	90	65	211	178	–121	–113

Deferred tax assets and liabilities nettable within the same jurisdiction were netted in 2022 and 2021.

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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Intangible assets	–142	–146	8	7	–	–	–	–	–8	–3	–142	–142
Buildings	14	16	0	–3	–	–	–	–	1	0	15	14
Machinery and equipment	–69	–55	0	–13	–	–	–	–	–3	–1	–71	–69
Right-of-use assets	–1	–2	1	1	–	–	–	–	0	0	0	–1
Other assets	–4	–5	4	1	–	–	–	–	0	0	0	–4
Pension provisions	–7	2	–1	0	–6	–9	–	–	–	0	–13	–7
Other liabilities	11	16	–1	–6	–20	0	–	–	1	0	–9	11
Losses carryforward	102	63	13	37	–	–	–	–	9	1	124	102
Other	–18	–15	–6	–2	–	–	–	–	0	0	–23	–18
Total	–113	–125	18	22	–26	–8	–	–	0	–2	121	113

Losses carryforward

At the end of the year, the Group had losses carry forward of MSEK 713 (600), of which MSEK 575 (475) were recognised as base for the deferred tax asset MSEK 124 (102). MSEK 25 (24) of the deferred tax assets relates to losses carry forward in Finland, which have been partly capitalized. The maturity for losses in Finland is 10 years and nothing expires before three years. The remaining part of the deferred tax asset for 2022, MSEK 97 (72) is related to Denmark and MSEK 0 (6) is related to Sweden, where the lifetime is unrestricted. Since the operation in Finland was acquired in 2015 it has shown a negative income. It has taken longer than initially planned but has shown strong improvements in last 5 years behind restructuring, optimisation and product improvements. During 2022 the

forecasted sales has been reached and, especially in the second half of 2022, the results have been greatly improved. The business position in the market continues to be strong and it is the assumption of management that a continued increase in sales in connection with the latest capacity investments will further improve earnings. The operations in Denmark showed a negative result for 2022 attributable to the poor result in the Ready-to-cook segment. The negative outcome is mainly related to the implementation of the strategy for slow growing birds in combination with lower demand and cost increases. Adjustments to our product range will be made and also further efficiency enhancements in the value chain will be implemented. Total operating income in Denmark has improved

thanks to strengthened Ready-to-Eat operations. Management estimate that as a result of the structural changes, the company is expected to reach profitability in time to enable the utilization of the tax losses carried forward. The Group has evaluated the recoverabilities based on 5 year long term plan which have shown convincing evidence that sufficient taxable profit will be available against unused tax losses. Hence the management has come to the conclusion that the tax asset reported concerning the losses in Finland and Denmark should be further reported in the statement of financial position.

Note II Intangible assets

MSEK	Goodwill		Other intangible assets									
	2022	2021	Brands		Customer and supplier relationships		Capitalized expenditure on development work		Construction in progress		Total other intangible assets	
			2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Accumulated cost	971	921	473	455	778	726	86	83	44	-	1,381	1,264
Accumulated amortisation	-	-	-72	-66	-348	-283	-47	-40	-	-	-466	-388
Carrying amount	971	921	401	389	431	443	39	44	44	-	915	876
Balance at beginning of year	921	888	389	384	443	479	44	15	-	-	876	878
Investments	-	-	-	-	-	-	6	35	44	-	50	35
Additions	-	-	-	-	-	-	-	-	-	-	-	-
Sale and disposals	-	-	-	-	-	-	-	-	-	-	-	-
Amortisation for the year	-	-	-4	-4	-48	-46	-11	-6	-	-	-62	-56
Reclassifications	-	-	-	-	-	-	-	-	-	-	-	-
Translation differences	50	33	16	9	35	10	0	0	-	-	51	19
Book value	971	921	401	389	431	443	39	44	44	-	915	876
Allocation of Goodwill, brands and customer/supplier relationships												
Ready-to-cook	803	765	324 ¹⁾	315 ¹⁾	431	443						
Ready-to-cook			64 ²⁾	62 ²⁾								
Ready-to-eat	169	156	14 ¹⁾	12 ¹⁾								
Total	971	921	401	389	443	443						

¹⁾ Brands with indefinite useful life (Kronfågel, Ivars, Vitafågel, Bosarp, Danpo, BornholmerHanen, Den Stolte Hane)

²⁾ Brand with a limited useful life (Manor Farm)

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

Note 12 Property, plant and equipment

MSEK	Land and land improvements		Buildings and land		Plant and machinery and other technical assets		Equipment, tools, fixtures and fittings		Construction in progress		Total property, plant and equipment	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Accumulated cost	38	45	1,191	1,017	3,479	3,214	564	455	204	193	5,476	4,924
Accumulated depreciation	-13	-16	-601	-519	-2,506	-2,220	-344	-280	-	-	-3,465	-3,036
Accumulated impairment	-	-	-	-	-15	-	-	-	-	-	-15	-
Book value	25	29	590	498	958	995	220	175	204	193	1,995	1,889
Balance at beginning of the period	29	28	498	507	995	884	175	189	193	209	1,889	1,817
Investments ¹⁾	-	-	7	14	56	163	14	3	185	92	263	273
Acquisitions	-	-	-	-	-	-	-	-	-	-	-	-
Sales and disposals	-	-	-	-	-1	-1	-	-	-	-1	-1	-2
Depreciation for the period	-3	-1	-38	-33	-172	-160	-47	-43	-	-	-261	-238
Write-down for the period ²⁾	-	-	-	-	-15	-	-	-	-	-	-15	-
Reclassifications	-2	1	78	-	39	87	71	23	-186	-110	0	1
Translation differences	1	-	45	9	56	22	7	3	11	3	121	37
Book value	25	29	590	498	958	995	220	175	204	193	1,995	1,889

¹⁾ Does not include capitalised interest

²⁾ Write-down Hatchery machine Ireland

No government grants affecting investment values were received in 2022 or 2021. For further information about the depreciation, amortisation and impairment, see Note 6.

Note 13 Rights-of-use assets

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

MSEK	Buildings and land		Plant and machinery and other technical assets ¹⁾		Total rights-of-use assets	
	2022	2021	2022	2021	2022	2021
Accumulated cost	672	623	153	176	825	799
Accumulated depreciation	-340	-289	-92	-92	-431	-381
Accumulated impairment	-1	-2	-	-	-1	-2
Carrying amount	332	331	61	84	393	415
Balance at beginning of the period	331	351	84	104	415	455
Expenditure/Increase of right-of-use assets	38	14	17	18	55	32
Acquisitions	-	-	-	-	-	-
Sales and disposals/Decrease of right-of-use assets	0	0	0	-1	-	-1
Depreciation for the period	-49	-44	-45	-38	-94	-82
Impairment for the period	-1	-2	-	-	-1	-2
Reclassifications	-	-	-	-1	-	-1
Translation differences	13	12	5	2	18	14
Book value	332	331	61	84	393	375

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

MSEK	2022	2021
Net interest expenses	-11	-11
Leasing fees for		
short term leases	-6	-7
assets with a low underlying value, not included in the fees for short term leases	-1	-2
variable leasing fees not included in leasing liabilities	-13	-12
Reported in the statement of cash flows		
investments in right-of-use assets	-2	-1
payments for amortization of leasing liabilities	-85	-84
Total cash flow for leasing contracts	-119	-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)	2	2

Note 14 Participations in associated companies

MSEK	Dec 31, 2022	Dec 31, 2021
Balance at the beginning of the year	46	43
Share of income in associates	2	2
Other adjustment	–	–
Translation difference	3	2
Carrying amount	51	46

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

Group holdings in associates, December 31, 2022

	Corporate name	Corp. identity no.	Domicile	Number of shares	Share of capital, %	Carrying amount in Group 2022, MSEK	Carrying amount in Group 2021, MSEK
Associates in the Group:							
Denmark	Farmfood A/S	27 121 977	Loegstoer	10,000	33.3	33	30
Norway	Nærbø Kyllingslakt AS	985 228 175	Nærbø, Hå	3,875	50.0	17	16
Total						51	46

Information about investments in subsidiaries, see Note 22

Note 15 Non-current financial assets

MSEK	Dec 31, 2022	Dec 31, 2021
Derivate instruments financial ¹⁾	18	–
Derivate instruments operational ²⁾	18	–
Other shares and interests	4	3
Total	40	3

¹⁾ Consist in its entirety of interest swaps

²⁾ Consist in its entirety of energy hedges

Note 16 Biological assets

MSEK	Dec 31, 2022	Dec 31, 2021
Balance at beginning of the period	103	103
Change in number of hens and age distribution	-6	1
Change in revenue and margin per hen	-0	-0
Change in production cost	0	0
Other	12	-1
Balance at end of the period	110	103

The biological assets consist primarily of parent broiler stock that produces day-old chicks sold to contract broiler producers. The lifespan of the parent broilers is about 60 weeks and the main source of revenue is sales of the day-old chicks that they produce. Each hen produces about 170 chicks between week 25 and week 60. Production costs include direct and indirect costs such as feed, rent and energy used. At the end of the year there were about 473,000 (455,000) hens in stock.

Information of associates in 2022

MSEK	Assets	Liabilities	Net sales	Income for the period
Farmfood A/S	395	202	472	2
Nærbø Kyllingslakt AS	44	29	86	4

Information of associates in 2020

MSEK	Assets	Liabilities	Net sales	Income for the period
Farmfood A/S	162	86	295	3
Nærbø Kyllingslakt AS	29	19	78	0

Note 17 Inventory

MSEK	Dec 31, 2022	Dec 31, 2021
Raw materials and consumables	258	208
Goods in progress	34	23
Finished goods and merchandise	638	554
Total	930	785

MSEK 468 (342) of inventories this year were measured at net realizable value. Impairment losses of MSEK 60 (40) were recognised during the year. Previous impairments of MSEK 0 (4) have been reversed during the year since the impairment is no longer remains. The inventory is not subject for pledge assets or contingent liabilities.

Note 18 Trade receivables and other receivables

MSEK	Dec 31, 2022	Dec 31, 2021
Trade receivables	1,095	811
Other current receivables	109	92
Prepaid expenses and accrued income	150	104
Total	1,354	1,007

The closing loss allowances for trade receivables as follows:	Trade receivables	
	2022	2021
Opening loss allowance as at 1 January 2020 – calculated in accordance with IFRS 9	32	35
Increase in loss allowance, acquired companies	–	–
Increase in loss allowance recognised in the income statement during the year	0	15
Receivables written off during the year as uncollectible	0	–17
Unused amount reversed	–20	0
Translation difference	3	–
Closing balance 31 December	15	32

Prepaid expenses and accrued income, MSEK	Dec 31, 2022	Dec 31, 2021
Prepaid rent	1	0
Prepaid insurance	–	–
Prepayments to contract broiler producers	24	21
Prepaid interest	0	0
Other prepaid expenses	125	83
Other accrued income	1	0
Total	150	104

Age analysis of trade receivables, MSEK	Dec 31, 2022	Expected loss rate in %	Loss allowance	Dec 31, 2021	Expected loss rate in %	Loss allowance
Receivables, not yet due	422	–	–	634	–	–
Receivables, past due						
< 31 days	534	–	–	132	–	–
31–60 days	58	–	–	20	–	–
61–90 days	34	–	–	21	–	–
> 90 days	62	24%	14	36	61%	35
Total	1,110		14	842		35
Provision for doubtful debts	–15			–32		
Total	1,095			811		

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

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

MSEK	Dec 31, 2022	Dec 31, 2021
Cash and bank balances	3	350
Total	3	350

Note 20 Equity

Share capital

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

Other paid-up capital

Related to shareholder's equity paid up by shareholders and dividend to shareholders. No dividend has been paid out during 2022 for the year 2021. In 2021, the dividend amounted to MSEK 81 for the year 2020. No repurchase of own shares were made in 2022. 520,000 shares were repurchased in 2021.

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 per cent of the shares in Rokkedahl Food Aps, which was acquired 1 September 2018.

Earnings per share	2022	2021
Income for the period attributable to owner of the Parent company, MSEK	132	104
Average number of shares	65,327,164	65,287,762
Earnings per share, SEK	2.02	1.60

Equity per share	2022	2021
Equity attributable to owners of the Parent company, MSEK	2,331	1,951
Number of outstanding shares	65,327,164	65,327,164
Equity per share, SEK	35.69	29.87

Changes in share capital

Registered	Transaction	No. of shares		Share capital		
		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, 2022	Dec 31, 2021
Non-current liabilities to credit institutions	1,582	1,884
Derivative instruments	–	5
Financial liabilities, leases	346	367
Total	1,928	2,257

Current interest-bearing liabilities

MSEK	Dec 31, 2022	Dec 31, 2021
Derivative instruments	–	5
Other short-term interest-bearing debt	75	68
Total	75	73

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.

Sustainability linked bank financing

During the year, a five year syndicated sustainability linked loan agreement was signed, replacing previous outstanding debt. The Facilities comprise a MSEK 1,340 multicurrency term loan facility and a MSEK 750 multicurrency revolving loan facility.

The Facilities will generally remain subject to an interest cover ratio covenant of 4.00:1 and a leverage ratio covenant of 4.00:1. However, increased flexibility is extended in relation to the leverage ratio covenant for the first three quarters of 2022, and a corresponding reduction to 3.0x is agreed from the fourth anniversary of the Facilities. The Facilities also include the option to, following the lenders' approval, increase the permitted leverage ratio for a period of twelve months following an acquisition. Such option may be used two times during the term of the Facilities.

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.

As a precautionary measure to continue to secure the Group's liquidity need, the existing credit facility of MSEK 400 were extended during the year. These credit facilities have not been utilised during the year.

Covenants

The syndicated loan agreement sets forth a covenant on leverage (quota ratio of net interest-bearing debt in relation to EBITDA on a rolling twelve-month basis) and a covenant on interest cover (ratio of finance charges in relation to EBITDA on a rolling twelve-month basis). The definition of leverage in the loan agreement is different from the definition used when calculating the Group's financial targets. The sustainability covenants consist of three different factors, a CO₂ target (g CO₂ / kg of produced chicken), a target related to the proportion of flocks treated with antibiotics, and one on lost time injuries per million hours worked. Scandi Standard complied with its covenants at the end of 2022.

Note 22 Financial instruments and financial risk management

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

CURRENCY RISK

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

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

Transaction exposure

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

Distribution of trade receivables by currency

MSEK	Dec 31, 2022	Dec 31, 2021
SEK	94	84
DKK	220	125
NOK	171	134
EUR	584	475
Other currencies	39	24
Total	1,110	842

Distribution of trade payables by currency

MSEK	Dec 31, 2022	Dec 31, 2021
SEK	354	334
DKK	478	404
NOK	277	229
EUR	511	323
Other currencies	–1	2
Total	1,619	1,291

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 per cent, equity would be impacted by MSEK +/- 160 (136), not taking into account the equity hedge. If the equity hedge is taken into account, equity would be impacted by MSEK +/- 102 (78), 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.

Note 22 Financial instruments and financial risk management cont.

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 per cent, this would have an impact of MSEK +/-10 (8) on operating income, all other things being equal. The impact is broken down as follows: DKK/SEK +/-1 (5) MSEK and NOK/SEK +/-13 (13) MSEK and EUR/SEK +/-1 (0) MSEK. The calculation does not take into account any changes in prices and customer behaviour caused by the exchange rate movements.

RISK OF PRICE CHANGES FOR ENERGY

Through its operations, Scandi Standard is exposed to risk of price changes for electricity and gas that will affect the group's income statement and statement of financial position. The objective for the group's risk management of price changes for electricity and gas is to minimize the short-term effect of price changes impact on the group's financial results and financial position. The strategy for managing the risk of energy price changes is to buy derivatives with fixed prices covering a certain percentage of expected consumption of electricity and gas for the next three years, in order to absorb fluctuations in price. The strategy must be revised annually.

INTEREST RATE RISK

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

Derivatives approved by the Board for managing interest rate risk are interest rate swaps (IRS), interest floors, interest caps and currency interest swaps. At December 31, 2022, the Group's outstanding liabilities to credit institutions, including outstanding interest rate swaps, had a weighted average fixed-rate period of 15 (8) months.

As per the end of the reporting period, a 1 per centage 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 per centage point increase/decrease in interest rate on interest-bearing liabilities would be impact by MSEK +/- 20 (23).

REFINANCING RISK AND LIQUIDITY RISK

Refinancing risk is the risk that costs will be higher and opportunities for financing limited when loans and other credit arrangements are renewed. Liquidity risk is the risk in discharging payment obligations. Scandi Standard limits its refinancing risk by having a well-diversified group of counterparties for its loan facilities. The average time to maturity for the Group's interest-bearing liabilities, excluding leasing obligations per December 31, 2022 was 5 (2) 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, 2022 was MSEK 917 (1,068).

Liquidity risk from vendor financing is MSEK 425 (352). This is attributed to reversed factoring arrangements prolonging payment terms in Sweden, Denmark and Norway from 14–25 days to 60–90 days.

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

Maturity structure of liabilities to credit institutions by currency 2022

MSEK	2023	2024	2025	2026	2027–	Total
SEK	20	20	20	20	435	517
NOK	26	26	26	26	474	577
DKK	5	5	5	5	106	125
EUR	25	25	25	25	598	697
Total	76	76	76	76	1,614	1,916
Of which interest	76	76	76	76	25	328

Maturity structure of liabilities to credit institutions by currency 2021

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

Maturity structure of derivative instruments, nominal amounts December 31, 2022

MSEK	2023	2024	2025	2026–	Fair value
Currency derivatives	–	–	–	–	–
Interest rate derivatives	–	320	508	–	18
Energy derivatives	14	9	–	–	68
Total	14	329	508	–	86

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

MSEK	2022	2023	2024	2025–	Fair value
Currency derivatives	214	–	–	–	–5
Interest rate derivatives	307	–	307	–	–5
Energy derivatives	–	–	–	–	–
Total	521	–	307	–	–11

Maturity structure of liabilities regarding leasing by currency 2022

MSEK	2023	2024	2025	2026	2027–	Total
SEK	17	16	16	9	28	87
NOK	33	17	10	8	66	135
DKK	11	7	7	7	99	130
EUR	7	2	1	0	3	13
Total	67	43	34	25	197	365
Of which interest	7	6	5	4	23	46

Maturity structure of liabilities regarding leasing by currency 2021

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

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

Note 22 Financial instruments and financial risk management cont.

CREDIT AND COUNTERPARTY RISK

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

Customer credit risk

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

Hedging instruments with associated hedged items and Derivative instruments

	Average hedging price/-rate	Nominal amount Remaining term		Nominal amount		Assets		Liabilities		Annual change in value 2022	Accumulated change in value Dec 31, 2022
						Booked value		Booked value			
						Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021		
MSEK		< 1 year	> 1 year	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021		
Cash flow hedges											
<i>Interest related contract</i>											
Interest swap	2.02%	–	829	829	615	–	–	18	–5	23	18
Energy hedge		14	9	23	–	–	–	68	–	68	68
<i>Currency related contract</i>											
FX hedges											
GBP/SEK	–	–	–	–	50	–	–	–	–2	2	–
USD/SEK	–	–	–	–	71	–	–	–	–5	–5	–
DKK/SEK	–	–	–	–	92	–	–	–	2	–2	–
Total hedging		14	838	852	829	–	–	86	–11	96	86
Currency hedging of foreign operations											
<i>Currency related contract</i>											
Derivatives instruments – Loan		–	1,160	1,160	1,147	–	–	1,160	1,147	29	–
Hedged item – currency hedging of foreign operations		–	1,160	1,160	1,147	1,160	1,147	–	–	–29	–
Total derivative instrument						–	–	1,160	1,147	–	–

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
Energy price exposure	Forecasted purchase of electricity and gas	Risk of energy price changes	Energy derivatives	Cash flow hedges

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

Note 22 Financial instruments and financial risk management cont.

Financial assets and liabilities by measurement category

December 31, 2022, MSEK	Measured at amortised cost	Measured at fair value through income statement ¹⁾	Derivatives used in hedge accounting ¹⁾
ASSETS			
Financial assets	4	–	–
Trade receivables and other receivables	1,095	–	–
Derivative instruments (Level 2), financial	–	–	18
Derivative instruments (Level 2), operational	–	–	18
Cash and cash equivalents	3	–	–
Total financial assets	1,101	–	36
LIABILITIES			
Non-current interest-bearing liabilities	1,582	–	–
Other non-current liabilities	–	–	–
Derivative instruments (Level 2)	–	–	–
Current interest-bearing liabilities	–	–	–
Trade payables	1,619	–	–
Total financial liabilities	3,200	–	–

Measurement techniques

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

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.

The fair value of energy hedge contracts is estimated based on current forward rates at the reporting date.

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.

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

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 observable for the asset or liability, i.e. quoted prices or data derived therefrom.

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

Note 23 Pensions

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

The obligations in Ireland concern closed pension plans.

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

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

Defined benefit plans, MSEK	Dec 31, 2022	Dec 31, 2021
<i>Funded plans</i>		
Defined benefit obligations under Swedish PRI Pensionsgaranti, plans	123	165
Fair value of plan assets	-188	-199
Total net value of funded plans	-64	-34
Surplus in funded pension plan recognised as asset	64	34
Partially funded pension plan recognised as liability	-	-
<i>Unfunded plans</i>		
Other unfunded obligations	3	3
Total unfunded plans	3	3
Provision for pensions, net value	-62	-32

Defined benefit pension plans are in Sweden and Ireland.

Pension cost in the income statement, MSEK	2022	2021
<i>Defined benefit plans</i>		
Incurred pension expense during the year		
Interest income / expenses	2	-3
Change in value of share in pension fund	-0	-9
Cost of defined benefit plans	2	-12
Cost of defined contribution plans	-122	-95
Total pension cost	-120	-107
<i>The cost is recognised in the following lines in the income statement</i>		
Employee benefits expenses, Note 5	-122	-95
Finance expenses, Note 8	-2	-12
Total pension cost	-120	-107

Pension-related charges in other comprehensive income, MSEK	2022	2021
<i>Defined benefit plans</i>		
Return on plan assets in excess of what is recognised as interest income in the income statement	-7	24
Remeasurement of pension obligations:		
- Experience based adjustment of obligation	-15	5
- Effect of changes in demographic assumptions	5	7
- Effects of changes in financial assumptions	45	6
Total remeasurement of pension obligations	35	18
Total actuarial gains (+) and losses (-)	28	42
Tax in gain / loss	-6	-9
Total recognised in other comprehensive income	22	33

Note 23 Pensions cont.

Changes in obligations, assets and net amount:

	Defined benefit obligations		Plan assets		Net	
	2022	2021	2022	2021	2022	2021
31 December, MSEK						
Opening balance, funded plans	165	190	-199	-181	-34	9
Service cost	-2	-2	-	-	-2	-2
Interest recognised in income statement	3	2	-3	-2	-1	0
Payment of pension benefits	-7	-7	-	-	-8	-7
Compensation received	-	-	8	7	8	7
Return in plan assets in excess of recognised interest	-	-	7	-24	7	-24
Remeasurement of pension obligations recognised in other comprehensive income	-35	-18	-	-	-35	-18
Closing balance, funded plans	122	165	-188	-199	-64	-34
Unfunded plans	3	3	-	-	3	3
Closing balance, pension liability	125	168	-188	-199	-62	-32

A reduction of the discount rate by 0.25 per centage points would increase the pension obligation by MSEK 4 (6) while an increase of the discount rate by 0.25 per centage points would reduce the obligation by MSEK 4 (6). A change in the expected life span of one year would change the obligation by MSEK 5 (8). A change of the inflation rate of 0.25 per centage points would change the obligation by about MSEK 4 (6). The pension fund's return was -2 (13) per cent and a change of 1 per centage point would change the value of plan assets by about MSEK 2 (2).

Funded plans cover to 43.3 (44.9) per cent paid-up policy holders and to 56.7 (55.1) per cent retired persons. Duration is 11 (14) years.

Expected payments under defined benefit pension plans in 2023 are MSEK 9.

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

	2022		2021	
	MSEK	%	MSEK	%
Property	74	39.4	85	42.9
Fixed-interest investments	37	19.9	28	13.9
Equity investments	62	33.1	65	32.4
Alternative investments	9	4.6	20	10.2
Cash and cash equivalents	6	3.0	1	0.5
Total	188	100	199	100

Equity investments are all listed equity.

Actuarial assumptions	2022	2021
Discount rate	4.00%	1.65%
Future pension increase	2.00%	1.50%
Inflation	2.00%	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 122 (95) for defined contribution plans are related to Alecta premiums for ITP plans.

Alecta may distribute its surplus to policy holders and/or the insured. At the end of the year, Alecta's surplus defined as collective funding ratio was 172 (172) per cent. The collective funding ratio reflects the market value of the assets of Alecta as a per centage 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, 2022	Dec 31, 2021
Other provisions	11	9
Total	11	9

Note 25 Trade payables and other current liabilities

MSEK	Dec 31, 2022	Dec 31, 2021
Trade payables ¹⁾	1,619	1,291
Other current liabilities	0	179
Current leasing liabilities	75	68
Accrued expenses and prepaid income	657	433
Total	2,351	1,971

¹⁾ MSEK 546 (449) relates to invoices financed via a vendor financing arrangement.

Accrued expenses and prepaid income

MSEK	Dec 31, 2022	Dec 31, 2021
Accrued personnel-related expenses	297	240
Bonuses and discounts	121	56
Other accrued expenses	249	137
Prepaid income	-9	-
Total	657	433

Note 26 Related party transactions

Salaries and benefits received by senior management are reported in Note 5. Dividend from subsidiary have been received in the Parent Company during the year. No dividends from 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, 2022. Further information about associated companies can be found in Note 14.

Other transactions with key persons in 2022 are related to purchases of feed from Lantmännen ekonomiska förening in which the Group owns a share.

Related party transactions

	2022	2021
Intra-group purchases, share of total purchases, %	9.7	8.1
Intra-group sales, share of total sales, %	8.9	8.4
Purchases of goods and services from associates, MSEK	75	75
Sales of goods and services to associates, MSEK	68	49
Other transactions with associates, MSEK	6	4
Other transactions with key persons, MSEK	22	20

Note 27 Pledged assets and contingent liabilities

Pledged assets MSEK	For own liabilities	
	Dec 31, 2022	Dec 31, 2021
Real estate mortgages	-	-
Total	-	-

Contingent liabilities

MSEK	Dec 31, 2022	Dec 31, 2021
Guarantee multicurrency credit facility	2,090	2,200
Rent guarantee	54	71
Other contingent liabilities	112	113
Total	2,255	2,384

Other contingent liabilities consist for the most part of guarantees for subsidiaries and suppliers.

Note 28 Significant events after the end of the financial year

No significant events after the balance sheet date

Note 29 Notes to the statement of cash flows

1) Paid finance items net, MSEK	2022	2021
Interest received	0	0
Interest paid	-88	-61
Other paid financial items	-8	-7
Total	-95	-69
2) Business combinations, MSEK	2022	2021
<i>Acquired assets and liabilities</i>		
Property, plant and equipment	-	-
Intangible assets	-	-
Inventories	-	-
Trade and other receivables	-	-
Liabilities	-	-
Cash and cash equivalents	-	-
Total	-	-
Additional consideration, recognized liability	-	171
Provision for acquisition of minority	-	-
Loans in acquired business combination	-	-
Paid consideration	-	171
Cash and cash equivalents in acquired business combination	-	-
Cash flow effect	-	171
3) Cash and cash equivalents, MSEK	2022	2021
Cash and bank deposits	3	350
Total	3	350

The Group's total liquidity, defined as cash, bank deposits and credit available under the provisions of applicable loan agreements, amounted to MSEK 917 (1,068) 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	2022	2021
Cash and cash equivalents	3	350
Derivative financial	18	-
Interest-bearing liabilities – repayable within one year	-75	-73
Interest-bearing liabilities – repayable after one year	-1,928	-2,257
Net interest-bearing debt	-1,983	-1,980
Cash and bank deposits	3	350
Derivative financial	18	-
Gross debt – variable interest rates	-2,003	-2,330
Net interest-bearing debt	-1,983	-1,980

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

Changes in gross debt, MSEK	Liabilities from financing activities		Total
	Interest-bearing liabilities	Leasing liability	
Gross debt December 31, 2021 (Note 21)	-1,894	-435	-2,330
Cash flows			
new loans	-2,561	-52	-2,612
repayments	2,930	85	3,015
changes in credit facility	-3	-	-3
<i>Total</i>	366	33	399
Foreign exchange adjustments	-72	-19	-91
Acquisitions	-	-	-
Other non-cash movements	19	-	19
<i>Total</i>	-53	-19	-73
Gross debt December 31, 2022 (Note 21)	-1,582	-421	-2,003

Notes to the Parent Company financial statements

Note 30 Fees and reimbursements to auditors

MSEK	2022	2021
<i>Öhrlings Pricewaterhouse-Coopers AB</i>		
Annual audit	0	0
Total	0	0

Note 31 Pledged assets and contingent liabilities

MSEK	Dec 31, 2022	Dec 31, 2021
Contingent liabilities	2	4
Guarantee for subsidiaries	9	8
Guarantor long-term multi-currency credit facilities	2,090	2,200
Total	2,102	2,211

Parent Company and Group holdings of interests in Group companies, December 31, 2021

The table includes directly-owned subsidiaries and indirectly-owned companies.

Company name	Corporate identity no.	Domicile	Share, %	Carrying amount, MSEK
Scandinavian Standard Nordic AB	556921-0619	Stockholm, Sweden	100	938
Scandi Standard ApS	25 710 029	Farre, Denmark	100	
Naapurin Maalaiskana OY	2644740-9	Lieto, Finland	100	
Kronfågel Holding AB	556529-6372	Stockholm, Sweden	100	
Kronfågel AB	556145-4223	Stockholm, Sweden	100	
SweHatch AB	556033-3386	Stockholm, Sweden	100	
AB Skånefågel	556056-1457	Örkelljunga, Sweden	100	
Bosarpskyckling AB	556673-6608	Stockholm, Sweden	100	
Danpo A/S	31 241 316	Farre, Denmark	100	
Rokkedahl Foods ApS	33 576 382	Nibe, Denmark	51	
Scandi Standard Norway AS	911 561 077	Oslo, Norway	100	
Den Stolte Hane AS	980 403 715	Jæren, Norway	100	
Scandi Standard Ireland Holding AB	559119-0789	Stockholm, Sweden	100	
Carton Bros ULC	7313	Dublin, Ireland	100	
Total, Parent Company				938

Note 32 Investments in subsidiaries

MSEK	Dec 31, 2022	Dec 31, 2021
Accumulated cost of acquisition	938	938
Carrying amount	938	938
MSEK	2022	2021
Balance at the beginning of the period	938	938
Carrying amount	938	938

Note 33 Financial instruments

MSEK	Dec 31, 2022	Dec 31, 2021
Loans and receivables		
Non-current interest-bearing receivables from subsidiaries	–	–
Total	–	–
Financial liabilities measured at amortised cost		
Liabilities to subsidiaries	0	320
Total	0	320

There are no derivative instruments in the Parent Company. See Note 22 for information on interest-bearing liabilities.

Note 34 Proposed appropriation of earnings

The Board proposes a dividend for the financial year 2022 of SEK 1.15 per share which corresponds to MSEK 75 (0) to the Annual General Meeting 2023 based on the number of outstanding shares as of December 31, 2022.

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

SEK	
Share premium reserve	645,155,862
Accumulated deficit	–16,712,342
Income for the year	408,252,088
Total	1,036,695,608
Dividend to shareholders	–75,126,239
To be carried forward	961,569,369
Total	1,036,695,608

Proposed appropriation of earnings and the Board of Directors' and the Managing Director's certification

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

	SEK
Share premium reserve	645,155,862
Accumulated deficit	-16,712,342
Income for the year	408,252,088
Total	1,036,695,608
	SEK
Dividend to shareholders	-75,126,239
To be carried forward	961,569,369
Total	1,036,695,608

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.

The Group's and Parent Company's annual financial statements will be presented for adoption by the Annual General Meeting on 4 May 2023.

Stockholm, 23 March 2023

Johan Bygge
Chairman of the Board

Henrik Hjalmarsson
Board member

Pia Gideon
Board member

Cecilia Lannebo
Board member

Øystein Engebretsen
Board member

Michael Parker
Board member

Paulo Gaspar
Board member

Jonas Tunestål
Managing director and CEO

Our audit report was submitted on 23 March 2023.

Öhrlings PricewaterhouseCoopers AB

Ann-Christine Häggglund
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 2022. The annual accounts and consolidated accounts of the company are included on pages 77–124 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 2022 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 2022 and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and statement of financial position for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit

Regulation (537/2014) Article 5.1 have been provided to the audited company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Scope of the audit

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where the managing director and board of directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

Our group audit includes 11 reporting units operating in four countries in the Nordic region and the Republic of Ireland. We have scoped our audit procedures taking into account the current control environment and business processes at the individual reporting unit level. The Group operational structure, which is an integrated matrix organization, is based on the segments Ready-to-cook, Ready-to-eat and Other.

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 tests of goodwill and other intangible assets with indefinite life, long-term incentive programs for management, business combinations and pension obligations.

The entities in scope for the group audit procedures represent approximately 90 per cent of group net sales.

Our audit is carried out continuously throughout the year. For the interim report covering the period 1 January to 30 September 2021, we issue a public limited review report. In connection with the issuance of the group's interim reports for the third quarter and year-end, we report our observations to group management and the audit committee. We also report our main observations to the entire board of directors when the annual financial statements have been prepared.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgement, 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

Valuation of inventories

Refer to Annual report note 17 and note 1 Accounting policies and Note 2 Significant judgments, accounting estimates and assumptions.

The inventory of finished goods includes frozen, chilled and ready-made chicken products and amounts to SEK 638 million on 31 December 2022. A large share of this item is located in Sweden and Denmark. Inventory of finished goods is a significant asset in the consolidated balance sheet. During the year, the company impaired the inventory of finished goods by an amount of SEK 60 million.

The inventory of finished goods is measured at the lower of cost or net realisable value. The net realisable value is the estimated sales value less expected selling expenses.

An assessment of the estimated sales value requires assumptions and assessments by management that include subjective aspects, such as obsolescence and assessments of future events about demand and price performance, which are subject to uncertainties. The valuation of the inventory of finished goods is therefore a key audit matter in the audit.

Measurement of goodwill and intangible assets (brands, customer and supplier relationships)

Refer to the Annual Report Note 6 Depreciation, amortisation and impairment of intangible assets and property, plant, equipment and rights-of-use assets, Note 11 intangible assets, Note 1 accounting policies and Note 2 Significant judgments, accounting estimates and assumptions.

The majority of Scandi Standard's intangible assets have been acquired externally, mostly through business combinations. Assets with an indefinite useful life such as goodwill and certain brands are not subject to yearly depreciation. Instead, an annual test will show whether the carrying amount for the cash generating unit can still be supported.

Amortisation with respect to acquired customer and supplier relationships and certain brands is conducted according to planned.

In 2021, Scandi Standard changed its segment reporting and CGU from countries to Ready to Cook and Ready to Eat.

The carrying value of goodwill amounts to SEK 921 million on 31 December 2022. Intangible assets relating to brands with an indefinite life that are not subject to amortisation comprise various brand names acquired in Sweden, Denmark and Norway. The carrying value of such brands amounts to SEK 401 million on 31 December 2022. Goodwill and brands are significant assets in the consolidated balance sheet. No impairment charge has been recognised against goodwill or brand with indefinite life in Norway, Denmark and Sweden in 2022.

Management's estimates of the intangible assets' potential to generate future cash flows and other assumptions are decisive when preparing the annual impairment tests. Given the significant elements of assumptions in and estimates within impairment test of goodwill and brand, this constitutes a key audit matter.

How our audit addressed the Key audit matter

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

We have performed spot checks on product calculations for the inventory of finished goods, inward and outward deliveries from inventory and taken part in stock-taking at all relevant inventory sites to verify their existence.

Our audit included the examination of the management's assessments of obsolescence and impairment, by scrutinising the inertia of inventory, anticipated future selling prices for frozen products in particular and products sold on export markets.

We have performed spot checks to ensure the cost of sold products is not less than the net realisable value in the beginning of 2023.

Our audit included the impairment tests of goodwill and other intangible assets with indefinite life have been performed by the use of generally accepted valuation methods, are mathematically correct, and by the use of reasonable assumptions of, among others, future cash-flow estimates and discount rates.

We have also evaluated the model for impairment tests and significant assumptions in impairment testing of future cash-flow estimates and discount rates for calculating the cash-generating unit's value in use.

In our evaluation, we have compared with the historic business performance and the group's forecasts and strategic planning as well as with external data sources when possible and relevant.

We have evaluated management's sensitivity analysis of changes in the assumptions that could lead to impairment.

We held discussions with management to ensure there are no material changes in the customer and supplier portfolio that could lead to a risk for impairment of intangible assets in customer and supplier relationships.

We have assessed that disclosures in Note 6 and 11 relating to goodwill, brands, customer and supplier relationships are appropriate.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–41, 129-134 and 149. Other information also contains the remuneration report which we received before the date of our auditor's report. The board of directors and managing director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure, we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the board of directors and the managing director

The board of directors and managing director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The board of directors and managing director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the board of directors and managing director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the board of directors and managing director intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

The audit committee shall, without prejudice to the board of directors' responsibilities and tasks in general, among other things, oversee the company's financial reporting process.

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 Revisorsinspektionen'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 director of Scandi Standard AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the board of directors and managing director be discharged from liability for the financial year.

Basis for opinion

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those

standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the board of directors and the managing director

The board of directors and managing director are responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place

on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The board of directors and managing director are responsible for the company's organisation and the administration of the company's affairs. This includes, among other things, continuous assessment of the company's and the group's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The managing director shall manage the ongoing administration according to the board of directors' guidelines and instructions and, among other matters, take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's Responsibilities

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the board of directors and managing director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorspektionen's website: www.revisorninspektionen.se/revisornsansvar. This description is part of the auditor's report.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts [and consolidated accounts] in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 as of the Swedish Securities Market Act (2007:528) for ABC AB (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of ABC AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the board of directors and the managing director

The Board of Directors (and the Managing Director) are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors (and the Managing Director) determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including

documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

Öhrlings PricewaterhouseCoopers AB was appointed auditor of Scandi Standard AB (publ) by the general meeting of the shareholders on 4 May 2022 and has been the company's auditor since 9 September 2013.

Stockholm, 23 March 2023
Öhrlings PricewaterhouseCoopers AB

Ann-Christine Häggglund
Authorised Public Accountant
Auditor in Charge

Five-year summary

MSEK, unless otherwise stated	2022	2021	2020	2019	2018 ³⁾
Net sales	12,119	10,101	9,940	9,891	8,797
EBITDA	722	598	699	748	662
Operating income	290	222	351	424	333
Income for the year	138	103	208	237	200
EPS, SEK	2.02	1.60	3.16	3.60	3.05
Adjusted EBITDA ¹⁾	722	589	756	753	696
Adjusted EBITDA-margin ¹⁾ , %	6.0	5.8	7.6	7.6	7.9
Adjusted operating income ¹⁾	290	213	410	431	367
Adjusted operating margin ¹⁾ , %	2.4	2.1	4.1	4.4	4.1
Dividend, SEK ⁴⁾	1.15	–	1.25	–	2.00
Operating cash flow ²⁾	197	347	476	536	354
Capital expenditure, net	311	306	355	419	371
Return on capital employed (ROCE) ¹⁾ , %	6.7	5.2	8.4	10.3	9.5
Equity to assets ratio, %	33.5	30.0	29.4	27.7	26.5
Average number of employees	3,294	3,215	3,220	3,266	3,005

¹⁾ Adjusted for non-comparable items, see table to the right.

²⁾ Reclassification of cash flow effect for leasing assets has been made for 2020 and 2019.

³⁾ When applicable, the comparative figures for 2018 have been restated for changed accounting principles according to IFRS 16 Leases.

⁴⁾ Board proposal for dividend for 2022

Non-comparable items in EBITDA ¹⁾ and operating income	2022	2021	2020	2019	2018
Earn out Debt adjustment ²⁾	–	9	–52	–	–
Restructuring of production ³⁾	–	–	–7	–7	–23
Transaction costs ⁴⁾	–	–	–	–	–11
Total non-comparable items in EBITDA	–	9	–59	–7	–34

¹⁾ Scandi Standard implemented a new definition for treatment of items affecting comparability in the first quarter 2021 which implies a stricter classification of such items. Financial information for the years 2020 to 2017 has been restated related to items affecting comparability for the alternative performance measures adjusted EBITDA and adjusted operating income (adjusted EBIT).

²⁾ Income of MSEK 22 in the year 2021 related to decreased earn-out debt resulting from the final purchase price payment relating to the acquisition of Manor Farm and in 2020 an adjustment of the earn-out debt attributable to the acquisition of Manor Farm of MSEK 52. In addition, for the year 2021, cost of MSEK –13 resulting from the final purchase price payment relating to the acquisition of the Finnish business.

³⁾ For 2020, costs due to restructuring of a Swedish subsidiary during the fourth quarter 2020, with terminating a long-term contract and write-downs of assets. Closing of hatchery in Finland in the second quarter 2019 and change of production in Sweden during 2018.

⁴⁾ Transaction costs for completed and non-completed acquisitions, as well as costs related to the formation of the Scandi Standard Group.

Segment information by quarter

Ready-to-cook, MSEK	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	2022
Net sales	1,899	1,912	1,983	1,824	7,619	1,938	1,943	1,942	1,789	7,611	2,046	2,199	2,265	2,164	8,674
Adjusted EBITDA	138	170	175	139	622	147	142	88	47	424	80	96	116	115	406
Depreciations	-57	-60	-58	-65	-240	-65	-64	-69	-68	-266	-69	-99	-69	-78	-315
Adjusted EBITA	81	111	117	74	382	82	77	20	-21	158	11	-3	46	37	92
Amortizations	-13	-13	-12	-12	-50	-13	-12	-12	-13	-50	-13	-13	-13	-8	-47
Adjusted EBIT	68	98	105	63	333	69	65	7	-32	110	-2	-16	34	31	47
Non-comparable items	-	-	-	-7	-7	-	-	-	-	-	-	-	-	-	-
EBIT ¹⁾	68	98	105	56	326	69	65	7	-32	110	-2	-16	34	31	47
Adjusted EBITDA margin, %	7.3%	8.9%	8.8%	7.6%	8.2%	7.6%	7.3%	4.5%	2.6%	5.6%	3.9%	4.3%	5.1%	5.3%	4.7%
Adjusted EBITA margin, %	4.2%	5.8%	5.9%	4.0%	5.0%	4.2%	4.0%	1.0%	-1.1%	2.1%	0.6%	-0.1%	2.1%	1.7%	1.1%
Adjusted EBIT margin, %	3.6%	5.1%	5.3%	3.4%	4.4%	3.6%	3.3%	0.4%	-1.8%	1.4%	-0.1%	-0.7%	1.5%	1.4%	0.5%
EBIT margin, %	3.6%	5.1%	5.3%	3.0%	4.3%	3.6%	3.3%	0.4%	-1.8%	1.4%	-0.1%	-0.7%	1.5%	1.4%	0.5%

¹⁾ Includes income from associated companies.

Ready-to-eat, MSEK	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	2022
Net sales	476	426	532	476	1,911	444	536	589	543	2,112	643	748	802	756	2,949
Adjusted EBITDA	26	21	55	39	141	38	47	58	44	187	48	64	83	66	260
Depreciations	-12	-12	-11	-11	-47	-12	-12	-12	-12	-49	-13	-13	-12	-13	-51
Adjusted EBITA	13	9	44	28	94	26	35	46	31	138	35	51	70	53	209
Amortizations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted EBIT	13	9	44	29	95	26	35	46	32	138	35	51	70	53	209
Non-comparable items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBIT ¹⁾	13	9	44	29	95	26	35	46	32	138	35	51	70	53	209
Adjusted EBITDA margin, %	5.4%	5.0%	10.4%	8.2%	7.4%	8.6%	8.7%	9.8%	8.1%	8.8%	7.4%	8.5%	10.3%	8.7%	8.8%
Adjusted EBITA margin, %	2.8%	2.2%	8.2%	5.8%	4.9%	5.9%	6.5%	7.8%	5.8%	6.5%	5.5%	6.8%	8.8%	7.0%	7.1%
Adjusted EBIT margin, %	2.8%	2.2%	8.2%	6.1%	5.0%	5.9%	6.5%	7.8%	5.8%	6.6%	5.5%	6.8%	8.8%	7.0%	7.1%
EBIT margin, %	2.8%	2.2%	8.2%	6.1%	5.0%	5.9%	6.5%	7.8%	5.8%	6.6%	5.5%	6.8%	8.8%	7.0%	7.1%

¹⁾ Includes income from associated companies.

Segment information by quarter, cont.

Other, MSEK	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	2022
Net sales	103	110	106	92	411	88	85	102	103	377	104	109	135	149	496
Adjusted EBITDA	2	5	5	0	11	-1	0	5	11	15	10	19	23	26	79
Depreciations	-1	-1	-1	-1	-4	0	-1	-1	0	-3	0	-1	-1	4	2
Adjusted EBITA	1	4	4	-1	7	-2	-1	5	11	13	10	18	22	30	81
Amortizations	-	-	-	-	-	-	-	-	-	-	0	0	0	-5	-5
Adjusted EBIT	1	4	4	-1	7	-2	-1	5	11	13	10	18	22	25	76
Non-comparable items	-	-	-	-	-	-	-	-	-	-	0	0	0	-	-
EBIT ¹⁾	1	4	4	-1	7	-2	-1	5	11	13	10	18	22	25	76
Adjusted EBITDA margin, %	1.8%	4.3%	4.4%	-0.5%	2.6%	-1.5%	-0.1%	5.4%	10.7%	4.0%	9.7%	17.9%	17.1%	17.6%	15.9%
Adjusted EBITA margin, %	0.7%	3.3%	3.6%	-1.2%	1.7%	-2.0%	-1.0%	4.5%	10.3%	3.3%	9.4%	17.0%	16.5%	20.5%	16.3%
Adjusted EBIT margin, %	0.7%	3.3%	3.6%	-1.2%	1.7%	-2.0%	-1.0%	4.6%	10.5%	3.4%	9.4%	17.0%	16.5%	17.1%	15.3%
EBIT margin, %	0.6%	3.3%	3.6%	-1.2%	1.7%	-2.0%	-1.0%	-8.4%	10.5%	-0.1%	9.4%	17.0%	16.5%	17.1%	15.3%

¹⁾ Includes income from associated companies.

Group Cost, MSEK	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	2022
Net sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted EBITDA	-6	-4	-3	-5	-18	-3	-17	-12	-4	-37	-2	-7	-9	-5	-23
Depreciations	-1	-2	-2	-3	-8	-3	-3	-3	-3	-11	-5	-5	-5	-4	-18
Adjusted EBITA	-7	-6	-6	-7	-26	-6	-20	-15	-7	-48	-6	-12	-14	-10	-41
Amortizations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted EBIT	-7	-6	-6	-7	-26	-6	-20	-15	-7	-48	-6	-12	-14	-10	-41
Non-comparable items	-	-	-31	-21	-52	-	-4	-13	26	9	-	-	-	-	-
EBIT ¹⁾	-7	-6	-37	-28	-78	-6	-24	-28	19	-39	-6	-12	-14	-10	-41
Adjusted EBITDA margin, %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted EBITA margin, %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted EBIT margin, %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBIT margin, %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

¹⁾ Includes income from associated companies.

Segment information by quarter, cont.

TOTAL, MSEK	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	2022
Net sales	2,479	2,448	2,621	2,393	9,940	2,469	2,564	2,632	2,435	10,101	2,793	3,056	3,202	3,069	12,119
Adjusted EBITDA	159	192	232	173	756	180	171	139	98	589	136	172	212	202	722
Depreciations	-72	-75	-72	-80	-299	-80	-80	-84	-84	-328	-86	-117	-87	-91	-382
Adjusted EBITA	87	117	159	93	457	100	92	55	14	261	50	55	125	110	340
Amortizations	-13	-13	-12	-12	-50	-13	-12	-12	-12	-50	-13	-13	-13	-13	-52
Adjusted EBIT	75	105	147	83	410	88	79	43	3	213	37	42	112	99	290
Non-comparable items	-	-	-31	-28	-59	-	-4	-13	26	9	-	-	-	-	-
EBIT ¹⁾	75	105	116	56	351	88	75	30	30	222	37	42	112	99	290
Adjusted EBITDA margin, %	6.4%	7.8%	8.8%	7.2%	7.6%	7.3%	6.7%	5.3%	4.0%	5.8%	4.9%	5.6%	6.6%	6.6%	6.0%
Adjusted EBITA margin, %	3.5%	4.8%	6.1%	3.9%	4.6%	4.1%	3.6%	2.1%	0.6%	2.6%	1.8%	1.8%	3.9%	3.6%	2.8%
Adjusted EBIT margin, %	3.0%	4.3%	5.6%	3.5%	4.1%	3.5%	3.1%	1.6%	0.1%	2.1%	1.3%	1.4%	3.5%	3.2%	2.4%
EBIT margin, %	3.0%	4.3%	4.4%	2.3%	3.5%	3.5%	2.9%	1.1%	1.2%	2.2%	1.3%	1.4%	3.5%	3.2%	2.4%

¹⁾ Includes income from associated companies.

Alternative KPIs*

The Scandi Standard Group uses the below alternative KPIs. The Group believes that the presented alternative KPIs are useful when reading the financial statements in order to understand the Group's ability to generate results before investments, assess the Group's opportunities to dividends and strategic investments and to assess the Group's ability to fulfil its financial obligations.

From income statement, MSEK		2022	2021
Net sales	A	12,119	10,101
Income for the year	B	138	103
+ Reversal of tax on income for the year		47	37
Income after finance net	C	186	140
+ Reversal of financial income and expenses, net		105	81
Operating income	D	290	222
+ Reversal of depreciation, amortization and impairment		434	378
+ Reversal of share of income of associates		-2	-2
EBITDA	E	722	598
Non-comparable items in income for the period	F	-	-9
Adjusted operating income for the period	D+F	290	213
Adjusted operating margin, %	(D+F)/A	2.4	2.1
Non-comparable items in EBITDA	G	-	-9
Adjusted EBITDA	E+G	722	589
Adjusted EBITDA-margin, %	(E+G)/A	6.0	5.8

From statement of cash flows, MSEK		2022	2021
Operating activities			
Operating income		290	222
Adjustment for non-cash items			
Depreciation, amortization and impairment		434	378
Share of income of associates		-2	-2
EBITDA		722	598
Non-comparable items in EBITDA	G	-	-9
Adjusted EBITDA		722	589

From statement of financial position, MSEK		Dec 31, 2022	Dec 31, 2021
Total assets		6,965	6,494
Non-current non-interest-bearing liabilities			
- Deferred tax liabilities		-211	-178
- Other non-current liabilities		-71	-65
Total non-current interest-bearing liabilities		-283	-243
Current non-interest-bearing liabilities			
Trade payables		-1,619	-1,291
Tax payables		-56	-55
Other current liabilities		-	-179
Accrued expenses and prepaid income		-657	-433
Total current non-interest-bearing liabilities		-2,332	-1,958
Capital employed		4,351	4,293
Cash and cash equivalents		-3	-350
Operating capital		4,348	3,943
Average capital employed	H	4,322	4,268
Average operating capital	I	4,146	3,887
Operating income, LTM		290	222
Adjusted operating income, LTM	J	290	213
Finance income	K	1	2
Adjusted return on capital employed, % (ROCE)	(J+K)/H	6.7	5.2
Adjusted return on operating capital, % (ROC)	J/I	7.0	5.7
Interest-bearing liabilities			
Non-current interest-bearing liabilities		1,582	1,884
Non-current leasing liabilities		346	367
Derivatives instruments		-18	11
Current interest-bearing liabilities		75	68
Total interest-bearing liabilities		1,985	2,300
Cash and cash equivalents		-3	-350
Net interest-bearing debt		1,983	1,980

Definitions

Adjusted income for the period

Income for the period adjusted for non-comparable items.

CAGR

Yearly average growth.

Capital employed

Total assets less non-interest-bearing liabilities, including deferred tax liabilities.

Average capital employed

Average capital employed as of the two last years.

Adjusted return on capital employed (ROCE)

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

COGS

Cost of goods sold.

Earnings per share (EPS)

Income for the period, attributable to the shareholders, divided by the average number of shares.

Adjusted Earnings per share (EPS)

Adjusted income for the period divided by average number of shares.

EBIT

Operating income.

Adjusted operating income (Adj. EBIT)

Operating income (EBIT) adjusted for non-comparable items.

EBITA

Operating income before amortization and impairment and share of income of associates.

Adjusted EBITA

Operating income before amortization and impairment and share of income of associates adjusted for non-comparable items.

Adjusted EBITA-margin

Adjusted EBITA as a percentage of net sales

EBITDA

Operating income before depreciation, amortization and impairment and share of income of associates.

Adjusted EBITDA

Adjusted operating income before depreciation, amortization and impairment and share of income of associates adjusted for non-comparable items.

EBITDA-margin

EBITDA as per cent of net sales.

Adjusted EBITDA-margin

Adjusted EBITDA as a percentage of net sales.

Equity per share

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

Net interest-bearing debt

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

Net sales

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

Non-comparable items

Transactions or events that rarely occur or are unusual in the ordinary business operations, and hence are unlikely to occur again.

Operating capital

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

Average operating capital

Average operating capital as of the last two years.

Adjusted return on operating capital (ROC)

Adjusted operating income last twelve months (R12M) divided by average operating capital.

Operating cash flow

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

Adjusted operating cash flow

Cash flow adjusted for non-comparable items.

Operating margin (EBIT margin)

Operating income as per cent of net sales.

Adjusted operating margin (Adj. EBIT margin)

Adjusted operating income (Adj. EBIT) as per cent of net sales.

Other operating expenses

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

Other operating revenues

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

Production costs

Production costs include direct and indirect personnel costs related to production and other production-related costs.

Raw materials and consumables

Costs of raw materials and other consumables include the purchase costs of live chicken and other raw materials such as packaging etc.

Return on capital employed (ROCE)

Operating income last twelve months (R12M) plus interest income divided by average capital employed.

Return on equity (ROE)

Income for the period last twelve months (R12M) divided by average total equity.

Return on operating capital (ROC)

Operating income last twelve months (R12M) divided by average operating capital.

RTC

Ready-to-cook. Products that require cooking.

RTE

Ready-to-eat. Products that are cooked and may be consumed directly or after heating-up.

R12M

Rolling twelve months.

Specific Explanatory items (exceptional items)

Transactions or events that do not qualify as non-comparable items as they are likely to occur from time to time in the ordinary business. Disclosure about these items are useful to understand and assess the performance of the business.

Working capital

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

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 2022, 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 2022, 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.

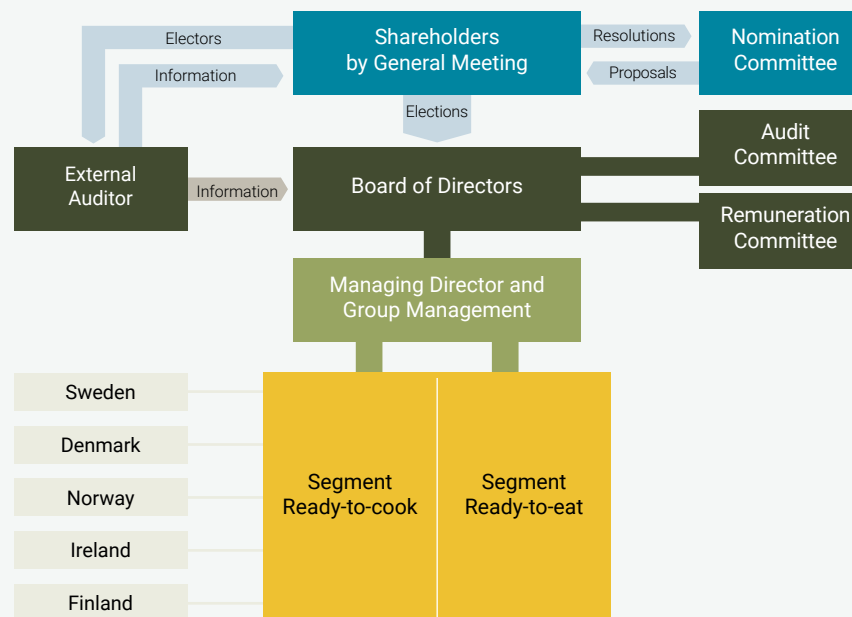
The number of shareholders as of 31 December 2022 was 7,889. The holding of the ten largest owners corresponded to 61 per cent of the share capital and two shareholders, Investment AB Öresund and Grupo Lusiaves had a holding in the company in excess of ten per cent, amounted to 15.3 per cent and above 10 per cent respectively of the share capital as of 31 December 2022.

Approximately 37 per cent of the share capital was owned by foreigners as of 31 December 2022. More information of the share and shareholders, see pages 74–75.

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 the shareholders presence at the meeting, either in person or through proxy. 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 2022

The AGM 2022 was held on May 4. The Board of directors decided that the Annual General Meeting was held without physical presence of shareholders, proxies or external parties in accordance with the Act on Temporary Exemptions to facilitate the conduct of general and general meetings. Instead the shareholders exercised their voting rights by post.

Resolutions by the AGM included, among others:

- Adoption of the income statement and the statement of financial position in the Annual report for the Parent Company and the Group in 2021.

- Dividends would not be paid for the 2021 financial year.
- Discharge of liability for the Board members and the Managing Director for the 2021 financial year.
- Approval of the remuneration report.
- Re-election of Johan Bygge, Øystein Engebretsen, Henrik Hjalmarsson, Cecilia Lannebo and Michael Parker as Board members.
- New election of Pia Gideon as Board member.
- Re-election of Johan Bygge as Chairman of the Board.
- Total fees to the Board for the period up to the end of the next AGM should amount to SEK 3,215,000, of which SEK 875,000 to the Chairman of the Board, SEK 360,000 each to the other five Board members not employed by the company or any of its subsidiaries, SEK 150,000 to the Chairman of the Audit Committee and SEK 75,000 each to the other member of this Committee, SEK 100 000 to the Chairman of the Investment Committee and SEK 50 000 each to the other member of this Committee and SEK 60,000 to the Chairman of the Remuneration Committee and SEK 30,000 each to the other members of this Committee.
- Re-election of Öhrlings PricewaterhouseCoopers AB as Scandi Standard's external auditor until the end of the next AGM and the fees to the auditors.
- Long-term incentive programme 2022 (LTIP 2022), authorisation for the Board of Directors to acquire and transfer own company shares to hedge the commitments under LTIP 2022 and authorisation for the Board of Directors to determine issue of new company shares on the conditions set forth in the AGM 2022 minutes, available at the company web site www.investors.scandistandard.com/en/previous-general-meetings.

Extraordinary General Meeting 2022

The EGM 2022 was held on August 22. The meeting was held by postal voting with the support of temporary legal rules. This meant that the meeting was held without the physical presence of shareholders, proxies or external parties and that voting rights were exercised by advance voting in the order prescribed in the notice. The meeting made the following main resolutions:

- New election of Paulo Gaspar as board member.
- An annual board fee to Paulo Gaspar of SEK 360,000, to be reduced and paid in proportion to the time between the extraordinary general meeting and the 2023 annual general meeting.

Annual General Meeting 2023

The Annual General Meeting (AGM) 2023 will be held on 4 May at 10.00 AM. For more information regarding the AGM see page 149 and at the company website www.investors.scandistandard.com/en/agm.

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, among others, 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 2022 consisted of Andreas Hofmann (chairman, appointed by Investment AB Öresund), Johannes Wingborg (appointed by Länsförsäkringar Fondförvaltning AB), Christian Johansson (appointed by Lantmännen Animalieinvest AB) and Johan Bygge in his capacity as Chairman of the Board of Scandi Standard AB (publ).

The proposals of the Nomination Committee to the 2022 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 30 mars 2022 and on the company's website www.investors.scandistandard.com/eng/agm. The 2022 Annual General Meeting resolved in accordance with all the Nomination Committee's proposals.

The Nomination committee for the AGM 2023 consists of Andreas Hofmann (chairman, appointed by Investment AB Öresund), Paulo Gaspar (appointed by Grupo Lusiaves), Tove Cederborg (appointed by Lantmännen Animalieinvest AB), Tim Floderus (appointed by Eva Qviberg) and Johan Bygge in his capacity as Chairman of the Board of Scandi Standard AB (publ).

The Nomination Committee started its work by reviewing the tasks incumbent on it under the Swedish Corporate Governance Code and the Instruction for the Nomination Committee adopted at the AGM 2020 and a time plan was set for the Nomination Committee's work. The Nomination Committee took note of Chairman of the Board of Director's views on the company's and Group's operations, targets, strategy, financial results and position and other important conditions.

The Nomination Committee reviewed the results of the external evaluation from end of 2022 of the Board work and procedures, including the performance of the Chairman of the Board and its members individually. The Nomination Committee also has conducted individual interviews with all board members. On this basis, the Nomination Committee has assessed the competence, experience and background that the company's Board members elected by the AGM should possess and considered the requirement for diversity and breadth in the Board in terms of gender, age, cultural/geographic background, professional background and ownership representation. An important starting point for the Nomination Committee's proposal to the Annual General Meeting is that each board assignment in the company shall be based on merit and the main assignment shall be to maintain and improve the Board's efficiency. The Nomination Committee also had contacts with the Chairman of the Audit Committee to obtain information on the Audit Committee's assessments of the quality and efficiency of external auditor work. Prior to submitting their proposal to the AGM 2023, the Nomination Committee had held two meetings.

The Nomination Committee's proposals to the AGM 2023

The proposals of the Nomination Committee to the 2023 AGM and a statement for the Nomination Committee work will be available on the company website www.investors.scandistandard.com/eng/.

The proposals and the statement will be included in the notice convening the AGM, which is available on the company website www.investors.scandistandard.com/en/agm.

Nomination Committee for the 2023 AGM

The names of the members of the Nomination Committee as set out below were announced in a press release on 30 November 2022.

Member	Appointed by	Per cent of share capital 2022-12-31	Per cent of share capital 2022-08-31	Independent ¹⁾
Andreas Hofmann	Investment AB Öresund, Chairman	15.3%	15.3%	Yes/No
Paulo Gaspar	Grupo Lusiaves ²⁾	>10%	>10%	Ja/Nej
Tove Cederborg	Lantmännen Animalieinvest AB	10,0%	4,8%	Ja/Ja
Tim Floderus	Eva Qviberg	5,3%	5,3%	Ja/Nej
Johan Bygge	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.

²⁾ Grupo Lusiaves flagged over 10% on May 11, 2022

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 2022, the Board comprised six ordinary members, elected by the AGM 2021 and after the AGM 2022, six ordinary members, elected by the AGM 2022. After EGM 2022 the

Board comprised an additional ordinary member elected by the EGM 2022. For both years the Board comprised with no deputies and no employee representatives. For more information on the Board of Directors, see pages 145–146.

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 140.

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 informa-

tion, management of conflict of interest, 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 2022

In 2022, the Board held 21 meetings, of which one per capsulam including the statutory Board meeting and five by email.

The standing items on the agenda for the ordinary Board meetings

include an operational and financial review of the operations against set goals and an outlook for the coming quarter, a review of investments, and reports from the committee of the Board of Directors.

In addition, the Board continuously addresses strategic issues concerning the market, product development, purchasing, production, personnel, investments, acquisitions and financing. Important issues for the Company and the Group that were addressed during the year included:

- Strategic priorities and goals.
- Continuing development of the sustainability platform.
- Development for the Danish Ready-to-cook operations.
- Investments, financing, cash flow and financial position.
- IT and information security.
- External risk, including the war in Ukraine, bird flu and price increases on input materials.

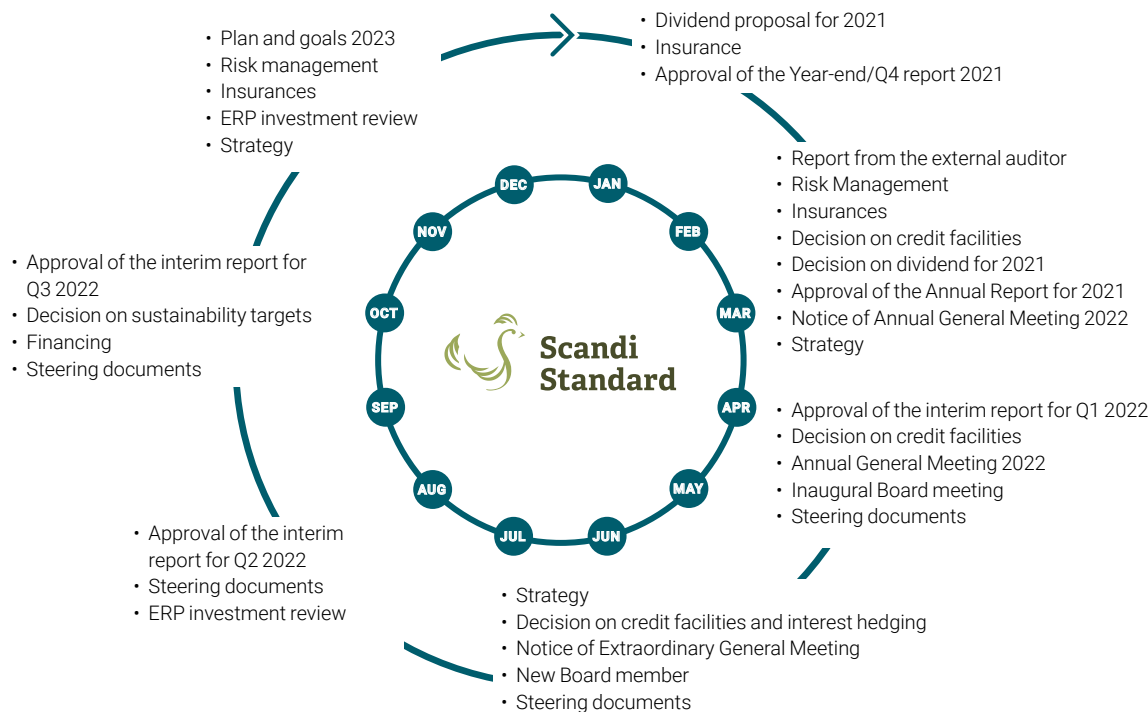
Evaluation of the Board's work

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 2022, the Chairman procured an external evaluation of the Board's work, which was communicated to the Board and reported to the Nomination Committee.

Board Committees

The Board has established an Audit Committee, a Remuneration Committee and an Investment Committee. The work of the committees is mainly of a preparatory and consultative nature, but the Board may delegate decision-making authority to the committees on specific matters. The committees are subordinated to the

The Board of Director's work cycle 2022



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.

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 2022, after the AGM, comprised the three Board members, Pia Gideon (Chairman), Øystein Engebretsen and Cecilia Lannebo. The Audit Committee had a total of nine 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 as well as the Group Compliance Manager attend the meeting when necessary and in accordance with the agenda.

The work was primarily focused on:

- Year-end report and Annual Report 2021.
- Interim reports 2022.
- Preparation of the Annual Report 2022.
- 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.
- Sustainability
- Disputes and insurance.
- Segment reporting.
- Internal control
- 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.
- ERP system implementation.
- Review the efficiency and compliance of the Internal Control Framework.
- 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.

Board of Directors

Name	Nationality	Independence ¹⁾	Attendance 2022				Authorized fees, SEK ²⁾	Shareholdings no of shares ³⁾
			Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Investment Committee Meetings		
Johan Bygge	Chairman/Committee Chairman	Swedish	Yes/Yes	21		7	935,000	59,400
Øystein Engebretsen	Committee member	Norwegian	Yes/No	20	9	7	465,000	1,104,250
Paulo Gaspar ⁴⁾	Member	Portuguese	Yes/No	4/4			510,000	
Pia Gideon ⁵⁾	Committee Chairman	Swedish	Yes/Yes	11/11	5/5		360,000	
Henrik Hjalmarsson	Committee Chairman	Swedish	Yes/Yes	21			460,000	5,000
Cecilia Lannebo	Committee member	Swedish	Yes/Yes	21	9		435,000	10,000
Michael Parker	Committee member	British	Yes/Yes	21			410,000	16,000
Heléne Vibbleus ⁶⁾	Committee Chairman	Swedish	Yes/Yes	10/10	4/4			
Total				21	9	7	3,575,000	1,195,650

¹⁾ Refers to independence in relation to the company and its management, and to the company's major shareholders controlling, directly or indirectly, ten per cent or more of the shares or votes in the company.

²⁾ Fees exclude travel allowances.

³⁾ As of December 31, 2022. Holdings include, when applicable, also holdings by related parties.

⁴⁾ Board member since Extraordinary General Meeting 2022.

⁵⁾ Board member since Annual General Meeting 2022. ⁶⁾ Board member until Annual General Meeting 2022.

Remuneration Committee

The main tasks of the Remuneration Committee include to prepare the Board's decisions on issues concerning guidelines for remuneration, remuneration and other terms of employment for senior management. The main tasks also include to monitor and evaluate both ongoing and completed programs during the year for variable remuneration for senior management and to monitor and evaluate the application of the guidelines for remuneration that the AGM has established as well as the current remuneration structures and levels in Scandi Standard. The Remuneration Committee's main task also includes to prepare and submit to the Board no later than the Board meeting in February each year, a remuneration report in accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance and a report on its monitoring and evaluation of the application of ongoing and completed programs for remuneration to senior executives decided by the AGM and current remuneration structures and remuneration levels in Scandi Standard.

The Remuneration Committee of Scandi Standard shall comprise no fewer than two Board members. The Chairman of the Board may chair the Committee. The other members are to be independent of Scandi Standard and its senior management.

The Remuneration Committee 2022, after the AGM, comprised the two Board members Johan Bygge (Chairman) and Øystein Engbretsen. The Remuneration Committee held a total of seven meetings during the year. The Group's HR director attends the meetings when needed and in accordance with the meeting agenda.

The work mainly focused on reviewing salary processes for remuneration to senior management, including bonus schemes, as well as preparation of proposal for a long-term incentive programme to be proposed to the AGM 2023.

Investment Committee

The main tasks of the Investment Committee is review and monitor that the Company's overall capex pipeline is aligned with the Company's business strategy and its long-term supply chain strategy and prepare and submit proposals to the Board regarding specific investment projects that require the Board's approval.

The Investment Committee of Scandi Standard shall comprise no fewer than two Board members. The Investment Committee 2022, after the AGM, comprised the two Board members, Henrik Hjalmarsson (Chairman) and Michael Parker. The Investment Committee had a total of five meetings during the year. The

Group's CFO attends the meetings when needed and in accordance with the meeting agenda.

Guidelines for remuneration to senior management

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

The General Meeting may resolve on long-term incentive programs such as share and share price-related long-term incentive programs for certain key persons in the company and in the Group and designed to promote the long-term value growth of the company and the Group and improve alignment between the interests of the participating individuals and the company's shareholders. The 2022 AGM resolved on a share-related long-term incentive programme 2022 (LTIP 2022). The resolved share-related long-term incentive programme has parts of the outstanding programmes for LTIP 2021 and LTP 2020 as decided by the Annual General Meetings for each year. However, it is required that participants invest in Scandi Standard shares in order to participate in LTIP 2022.

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 81–82 and Note 5.

Whistle-blowing procedure

Scandi Standard has a whistle-blowing procedure that makes it possible for employees and other stakeholders to anonymously report illegal or unethical behaviour that violates the Group's Code of Conduct. A whistle-blowing policy has been established for the functions operations.

External auditor

Scandi Standard's external auditor is Öhrlings PricewaterhouseCoopers AB (PwC), elected at the AGM 2022 until the end of the AGM 2023, with Ann-Christine Häggglund as the Auditor in charge.

Ann-Christine Häggglund 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. PwC also provide limited assurance of the sustainability report.

Internal control over financial reporting

Good internal control enables efficient, cost-effective and secure operations, reliable financial reporting and compliance with applicable laws and regulations. The Board is responsible for internal control and risk management, including internal control and risk management related to the financial reporting, in accordance with the Swedish Companies Act and the Swedish Corporate Governance Code. This responsibility includes establishing internal steering documents, and monitoring compliance with these, as well as with applicable external laws and regulations.

The Group's risk management and internal control over financial reporting comprises five integrated components; the control environment, risk assessment, control activities, information and communication, and monitoring and governance.

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. Since autumn 2022 there is an in-house Group Compliance Manager, whose main tasks include to implement, train and follow up on the company's work regarding internal control. The work has during the year primarily focused on developing a group wide tool for compliance and follow up of the Internal Control Framework.

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, relevant 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 instructions for the Audit Committee, the Remuneration Committee and the Investment Committee. The main task of the Audit Committee is 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, and more specifically regarding financial reporting in general for the business activities. In addition, the tasks include 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 informs 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.

The 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, Insider Policy, Competition 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 the Internal Control Framework, with control requirements for each business area. In addition to the framework, guidelines for internal control will be established during 2023. The purpose of the guidelines will be to ensure a uniform approach throughout the Group of evaluating and monitoring the internal control procedures and reporting of the control effectiveness.

The internal steering documents are reviewed and updated regularly with reference to for example changes in legislation, accounting standards, listing requirements and internal risk assessment. Controls are performed at a general level by analysing results and key figures as well as at a detailed level by including control activities in processes.

Risk assessment

The Group has a formalised and proactive process for risk management with clearly established roles and areas of responsibility. The process for risk management implies that risks and risks related to financial reporting should be identified, evaluated, managed and followed-up as an integral part of corporate governance. This is done in order to secure that the Group lives up to the aim of internal control related to financial reporting in an efficient way.

In accordance with the risk management process, a risk analysis is carried out with a certain periodicity regarding financial reporting, which among other things comprises items in the income statement and the statement of financial position, and the processes and control activities that are linked to the financial reporting, the financial statements and the IT-environment are analysed on the basis of materiality and the risk for errors. The most recent risk analysis was carried out during 2020.

Control activities

Risks over financial reporting are mitigated through control activities to ensure that the aims for internal control over financial reporting are met.

Control activities are performed at different levels of the Group and its processes including e.g., financial reporting, closing, payroll, procurement and IT. The controls are preventive or detective in nature and include 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 typi-

cally built into the selection and development of the control activities. A continuous work has been carried out during the year for establishing a Group common tool for evaluating the effectiveness of the control activities within the Internal Control Framework. The self-assessment activities throughout the Scandi entities, will be further developed and rolled out during 2023.

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 the Internal Control Framework. The documents can be accessed on the Group's intranet by all relevant personnel. Training of critical policies is also conducted through mandatory e-learning and in connection with introduction of new employees. The content of the Group policies is further communicated during regular information meetings and in written correspondence.

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 and governance

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 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 the Internal Control Framework. 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 the Internal Control Framework. 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. Reviews and analysis of the entity result is performed monthly to the Managing Director and CEO and the CFO.

Group Finance

The central Group Finance function is responsible for the consolidation of the Group's financial reports and to ensure 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 the Internal Control Framework. Group Compliance aims to strengthen the work regarding internal control within the company.

Group Finance consists since 2023 also of a General Counsel.

Group Management

Group management comprises the Managing Director and CEO, the CFO, Group CIO, Group HR Director, Group Business Development Director, Group Sustainability Director, the Director of Group

Live Operations, and the country managers. Group Management holds meetings every month to review the monthly results and position, to update 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 and reliable financial reporting within the respective area of responsibility.

Internal audit

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. An Internal audit function has been insourced from Deloitte since 2015.

The Board is annually evaluating the need for independent assurance, i.e., internal audit, against the Group's own control activities, accountability, internal control maturity and the work performed by Group Compliance, which means that the use of internal audit resources differ from year to year.

The internal audits in 2022 were performed in accordance with the annual internal audit plan, approved by the Audit Committee, and included reviews of Standard Cost and Inventory and Animal welfare. The activities further focused on follow up of previous internal audits, that have been closed by management.

Stockholm, 23 March 2023

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 2022 on pages 135–143 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, 23 March 2023

Öhrlings PricewaterhouseCoopers AB

Ann-Christine Hägglund
Authorised Public Accountant

Board of Directors



JOHAN BYGGE

Chairman of the board

Born 1956.

MSc in Business and Economics, Stockholm School of Economics. Elected 2021.

Other assignments: Chairman of the board of Guard Therapeutics Intl AB. Vice chairman Tredje AP-fonden, Board member of Getinge AB, Lantmännen Ek För and Capman Oyj.

Previous assignments: Johan Bygge has extensive experience of board work in listed and unlisted companies. Johan Bygge has also been deputy CEO of Electrolux, COO of EQT AB and CFO of Investor AB.

Holdings in Scandi Standard:

59,400 shares. In March 2021, Johan Bygge also acquired a three-year call option from Investment AB Öresund, which gives him the right to acquire 300,000 Scandi Standard shares for SEK 80 per share.



PIA GIDEON

Board member

Born 1954.

MSc in Economics, Stockholm School of Economics. Elected 2022.

Other assignments: Chariman of the board of Qlucore AB (publ), board member of Apoteket AB, Devyser Diagnostics AB and Guard Therapeutics International AB (publ).

Previous assignments: Include Chairman of the board of Klöver AB, board member of Proact, MinDoktor.se, Metria, ActionAid Sweden. Held leading positions within the Ericsson group. Worked as a financial journalist and columnist in Veckans Affärer and Dagens Industri.

Holdings in Scandi Standard:

0 shares.



ØYSTEIN ENGBRETSEN

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.

Previous assignments: Board member of Investment AB Öresund, Insr Insurance Group AS and Projektengagemang Sweden AB, Project manager, Viking Sverige AB. Corporate Finance, HQ Bank.

Holdings in Scandi Standard:

1,104,250 shares.



CECILIA LANNEBO

Board member

Born 1973.

MSc in Business and Economics with a major in International Marketing from Mälardalen University and Wirtschaftsuniversität Wien. Elected 2021.

Other assignments: Founder and CEO of i-Core Communications AB. Board member of Boozt AB and Djurgården Fotboll.

Previous assignments: Over 20 years of work experience from capital markets, as an analyst within the retail and services sector and seven years as responsible for investor relations in listed companies.

Holdings in Scandi Standard:

10,000 shares.



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 Repasco AB.

Previous assignments: CEO and other leading positions at Findus and Nomad Foods.

Holdings in Scandi Standard:

5,000 shares.

All shareholdings reported as per 31 December 2022

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

BOARD OF DIRECTORS

Pia Gideon has been a member of the board since May 2022 and Paulo Gaspar since August 2022.

Board of Directors



MICHAEL PARKER

Board member

Born 1953. Bachelor of Science honours 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.

Previous assignments: Deputy CEO of Young's Bluecrest Seafood (Young's Seafood). Board member of Marine Harvest ASA, Karro Food Group and Prospect Publishing Ltd.

Holdings in Scandi Standard: 16,000 shares.



PAULO GASPAR

Board member

Born 1987. MSc in Entrepreneurship, Regent's University, Bachelor in Management, Nova School of Business and Exponential technologies graduate studies, Singularity University. Elected 2022.

Other assignments: Deputy CEO of Media Capital and CIO & CMO of Grupo Lusiaves SGPS.

Previous assignments: Associate på Hoxton Ventures. Founder of Funnyhow ad Agency.

Holdings in Scandi Standard: 0 shares. Shareholders of Grupo Lusiaves SGPS, which holds more than 10% of the shares in Scandi Standard.

All shareholdings reported as per 31 December 2022

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

EXTERNAL AUDITOR

Öhrlings PricewaterhouseCoopers AB.
Ann-Christine Hägglund, Authorised Public Accountant, born 1966, chief auditor.

Other assignments: Principal auditor, among others, for Atrium Ljungberg, NCC, JM and Business Sweden.

Group Management



JONAS TUNESTÅL

Managing Director and CEO

Born 1979.
Executive MBA, University of Lund.
In Group Management since 2022.

Previous assignments:

Having spent his entire career at KLS Ugglarps in a number of different positions, Jonas has extensive experience in the meat industry. Jonas was for many years CEO of Ugglarps and belonged to Danish Crown's management team.

Holdings in Scandi Standard:

49,585 shares.



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:

12,068 shares.



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:

Country manager Denmark and Sweden, Scandi Standard. Managing Director Kronfågel AB, 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:

12,000 shares.



TOMMI SAKSALA

Chef, 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-Tuotajat Oy (Atria Group Abs).

Holdings in Scandi Standard:

68,453 shares.



GÖRAN MATZ

Group CIO

Born 1967.
Bachelor of Science, Stockholm School of Economics.
In Group Management since 2021.

Previous assignments:

Group CIO Martin & Servera, IT Director Servera R&S AB, various positions Enator AB.

Holdings in Scandi Standard:

0 shares.

All shareholdings reported as per 31 December 2022

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

Group Management



KARIN JANSSON

Group HR Director

Born 1963.
Bachelor of Science in HR and Organization.
In Group Management since 2021.

Previous Assignments: HR Manager TNT and Kronfågel. HR assignments in Digital Equipment, Allgon Mobile Communications and DHL Excel Supply chain.

Holdings in Scandi Standard: 2,700 shares.



IDA LJUNGKVIST

Group Sustainability Director

Born 1985.
Master of Science in Civil and Environmental Engineering and Master of Science in Industrial Ecology from Chalmers University of Technology.
In Group Management since 2022.

Previous Assignments: Sustainability advisory and project management at KPMG AB, Head of Sustainability Application and Operations at RobecoSAM AG.

Holdings in Scandi Standard: 1,000 shares.



FREDRIK STRØMMEN

Country Manager, Norway and Country Manager, Sweden

Born 1971.
Master of Science, Norwegian School of Economics, Norway.
In Group Management since 2015.

Other major assignments: Board member in 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: 57,180 shares.



KASPER LENBROSCH

Country Manager, Denmark

Born 1965.
Cand Merc, Marketing, Aarhus University, Executive MBA, International Business, Aalborg University, Executive Board Program INSEAD.
In Group Management since 2022.

Other major assignments: Board member of GASA Nord Grönt.

Previous Assignments: Deputy CEO, Danish Crown, CEO Tulip Company, CEO Riber & Son Danmark A/S, CEO Arla Foods, Saudi Arabia.

Holdings in Scandi Standard: 5,750 shares.



FRANK MCMYLER

Country Manager, Ireland

Born 1969.
Bachelor of Food Business, University College Cork, Ireland.
In Group Management since 2021.

Previous Assignments: Regional COO Hilton Food Group & other leaderships roles in Hilton Food Group 2003–2020

Holdings in Scandi Standard: 5,759 shares.



JEAN GALLEN

Country Manager, Finland

Born 1967.
Graduate, Svenska Handelsläroverket (Business administration, Financing and Accounting).
In Group Management since 2022.

Previous Assignments: CEO of Escamar Seafood Oy, Deputy Managing Director Ab Chipsters Oy and CEO of JWT Helsinki.

Holdings in Scandi Standard: 5,318 shares.

All shareholdings reported as per 31 December 2022

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

Annual General Meeting

The Annual General Meeting 2023 will be held on Thursday 4 May at 10 a.m. at 7A Posthuset, Vasagatan 28 in Stockholm. The entrance and registration will open at 9.00 a.m.

Exercise of voting rights at the meeting

Those who wish to exercise their right to vote at the annual general meeting must:

- be entered as a shareholder in the share register kept by Euroclear Sweden AB on Tuesday 25 April 2023 or, if the share are registered in the name of a nominee, demand that the shares are registered for voting rights in advance so that the registration is completed by Thursday 27 April 2023, and
- give notice of attendance to the company in accordance with the instructions under the headline "Notice of participation".

Notice of participation in person or by proxy

Shareholders who wish to participate in the meeting in person or by proxy must notify the company of this no later than Thursday, April 27, 2023, either

- electronically on the company's website, www.scandistandard.com,
- by mail to Scandi Standard AB (publ), att. Årsstämma", c/o Euroclear Sweden AB, P.O Box 191, SE-101 23 Stockholm, Sweden or,
- by telephone at +46 8 402 90 55 on weekdays between 9.00 a.m. and 4.00 p.m. CET.

The notice should include the shareholder's name, personal or company registration number, if any, address and telephone number, and the number of assistants attending, if any. Shareholders may vote by proxy; in which case a power of attorney should be submitted to Scandi Standard well in advance of the AGM. Proxy forms are available for download in English and Swedish on the Group's website.

For more information, about the AGM see investors.scandistandard.com/en/agm.

Forward looking statement

This report contains forward-looking statements and the actual outcome could be materially different. Factors that could have a material effect on the actual outcome include, but are not limited to, general business conditions, product demand, available credits, available insurance, fluctuations in exchange rates and interest rates, political and geopolitical developments, the impact of competing products and their pricing, product development, commercialization and technological difficulties, availability of production facilities, compliance in production, product quality and safety, interruptions in supply, increased raw material cost, disease outbreaks, loss of major customer contracts, major customer credit losses, effects of a pandemic, bird flue and government decisions. For further information see the sections on Risks and risk management on page 83–87 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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