



The Lantmännens harvest forecast 2022:
**5.3 million tonnes
of grain**

 **Lantmännen**

This year's harvest forecast:

5,3

million tonnes

Lantmännen's forecast for the Swedish harvest amounts to 5.3 million tonnes of grain and 0.5 million tonnes of oilseeds and pulses. This means that we expect this year's grain harvest to be slightly larger than the previous year, when 4.9 million tonnes of grain was harvested, and in line with the 5-year average. Summarized across the country, both autumn crops and springs crops are estimated to produce a good yield, while the lack of precipitation in the eastern parts of the country during spring and early summer, and a harsh early spring in the Mälaren region limit the harvest potential.



"It looks like we are moving towards a medium-sized grain harvest in Sweden this year. The harvest potential looks promising in the south and west of Sweden, but the east of Sweden and the Mälaren region have been affected by both wintering and drought."



– Mikael Jeppsson,
Head of Grain Unit, Lantmännen

Grain harvest volume per year, Sweden

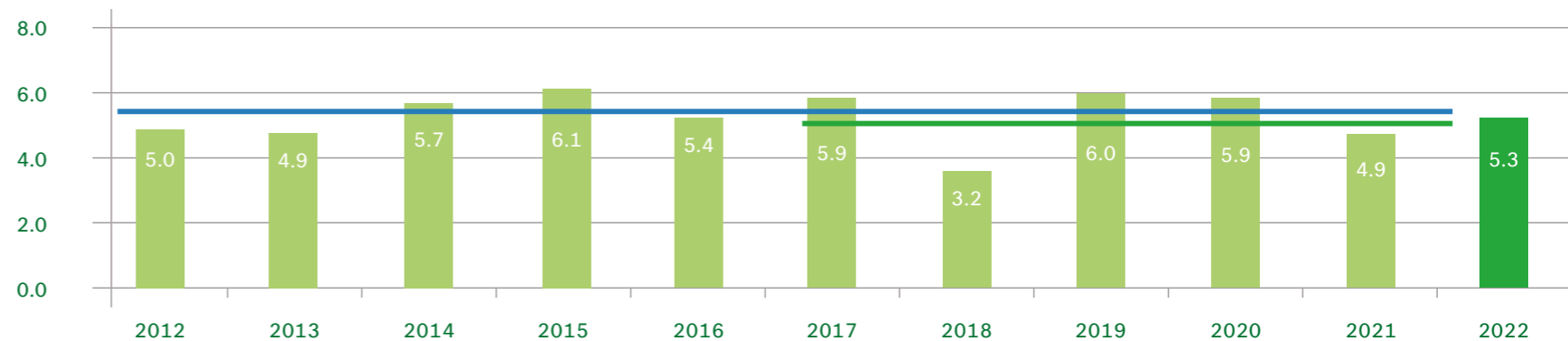
Unit: million tonnes

■ Harvest outcome

■ Forecast 2022: 5.3

■ 5-year average: 5.2

■ 10-year average: 5.6



The journey towards the 2022 harvest

Autumn sowing

September – November: Since harvesting finished early last year, farmers were able to start sowing in early autumn, and the autumn crops were well-established before the winter. It resulted in a large autumn sowing, which usually leads to a good harvest, assuming favorable weather conditions. This is due to the fact that autumn sown crops have several advantages; they are more robust and are usually more high-yielding than spring sown crops.

Winter sleep

December – February: This year's autumn crops were faced with several challenges in different parts of the country; from crops occasionally being under water after persistent rainy weather to game damage by elk, deer and wild boar. In the east and central parts of Sweden, it was occasionally very cold with water on the fields, which resulted in the crop being frozen. In the Mälaren region, there was a severe winter impact and whole or parts of the winter rape fields were affected by wintering, and some areas of autumn wheat were frozen or weakened. The west of Sweden experienced favorable conditions during the winter, which produced positive conditions for a good harvest.

Spring sowing

March – April: Spring sowing started slightly later than usual due to the late spring in large parts of the country. At the beginning of spring, it looked dry but by the end of the season there was plenty of rain, which resulted in good growth and large quantities of side sprouts. In the Northern part of Sweden – where they mainly sow in the spring, and almost exclusively barley – sowing went well.

May: The continued chilly and wet weather favored spring sown crops which developed slowly but well. Recurring calm downfalls of rain usually have a positive impact on yield levels, which most of the country experienced this year, except from the east of Sweden, which was again hit by a very dry period.

Growth season

June: In June, temperatures rose slightly, which is positive for most crops at this stage. A temperature of around 20 degrees and precipitation at equal intervals continued to benefit the crops in many places. The lack of precipitation in the eastern parts of the country limits the yield potential.

July: Summarized across the whole country, autumn crops (autumn wheat, autumn

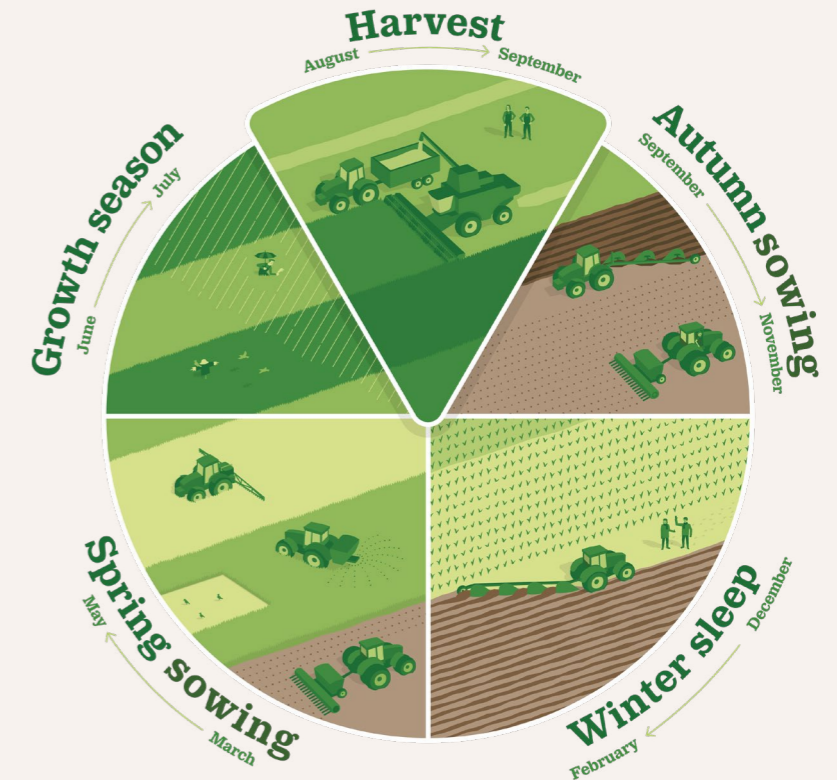
rapeseed and rye) seem to have the potential to provide a normal yield and the spring sown crops (oats, spring barley, spring wheat, spring rapeseed and peas) contribute to a slightly higher total harvest. Even if the conditions look favorable now, the final month before harvest is crucial. Large parts of the country could currently benefit from more rain and sun, and moderate summer temperatures that provide the crops with an opportunity to mature at a normal rate.

Harvest

July – September/October: Farmers all over the country are now focused on a period of intense work with this year's important harvest which started in the southern parts of Sweden in early July.

The grain and other crops are delivered to Lantmännen's reception sites throughout Sweden or are stored by the farmers. Lantmännen has a leading role in grain management and receives grain throughout the country in fifty or so locations.

During August to September/October, the harvest finishes and the harvest results are compiled.



"This year, it is particularly important that farmers are able to have a good harvest and achieve a good quality of the crops. Although grain prices right now are beneficial to growers, the cost of inputs, such as fuel and mineral fertilizers has never been as high as now, which means that Swedish farmers in many cases are exposed to very high risks."



– Mikael Jeppsson,
Head of Grain Unit, Lantmännen

This year's harvest lays the foundation for Sweden's food supply

A new geopolitical landscape

Russia's invasion of Ukraine is first and foremost a humanitarian catastrophe for millions of people. In addition to that, the war has a big impact on the global food supply. Ukraine is a major producer of wheat, barley, corn, sunflower and rapeseed and Russia is the world's biggest exporter of wheat, as well as a big exporter of energy and mineral fertilizer. The wheat harvest in Ukraine is equivalent to around 12 per cent of the total wheat exports in the world and together the two countries account for almost 30 per cent of all the world's exports. In other words, Ukraine and Russia, before the war, accounted for a significant part of the grain market and the supply of, among other things, energy and fertilizer. The war in Ukraine and the subsequent sanctions are affecting the global price levels of both grain and inputs, which has long-term consequences for both the Swedish and the international food systems.

A robust food production

Even before the Russian invasion in Ukraine, the price of agricultural inputs increased, and we now see that prices have doubled since last year. This leads to repercussions for both the Swedish and the global food supply. Agriculture operates in long time cycles, which

means that the effects of the new geopolitical situation and the risks for individual farmers, such as the high price of inputs, will continue to have consequences even in 2023-2024. Europe and Sweden will need to increase their commitment to agriculture, by pursuing food and agricultural politics that consider the changing situation and by creating conditions for long-term investment and increased production, while at the same time the progress for the climate must be taken into account.

A well-functioning infrastructure

Lantmännen's members – Swedish farmers – spend the whole year evaluating what efforts that need to be made in their fields and at what time. It is therefore of particular importance that the infrastructure and logistics around the harvest are planned to meet the needs and manage the volumes in the best possible way. This applies regardless of whether the grain is used for food, feed or energy, and regardless of where the final destination is – within or outside the country's borders.

Lantmännen is constantly working to ensure that grain reception sites, silo facilities and port interests are secured in the long term, in order to create stable conditions for Swedish

farmers and the Swedish food supply. In addition, Lantmännen employs the strategy that salvaged harvests should be controlled according to the principle of a sustainable and efficient flow of goods. This means that the grain travels in a direct flow from field to fork with the least possible transportation and handling – which de facto forms the basis of a good grain price.

In recent years, the pressure on Lantmännen's reception sites has been high during the harvest and we have a large capacity for receiving, drying and storing grain and other crops, which ensures a safe reception of the harvest from the Swedish farmers.

Potential for increased exports

A high demand for and consumption of Swedish grain is a basic prerequisite for a thriving Swedish agriculture – and a stable national supply capacity. At the same time, Swedish farmers contribute to the global food supply. The Baltic Sea region is one of the world's most important and geopolitically stable export areas and normally approximately 30 percent of Swedish grain production is exported, which brings in important revenue to Sweden. Wheat is the biggest export product, followed by malting barley and milling oats.



"It is more important than ever to secure a thriving Swedish farming that contributes to a stable food supply. There is a big uncertainty right now, and the supply of food must be secured. With the harvest as our starting point, we at Lantmännen, together with our members, Swedish farmers, take responsibility from field to fork, and deliver world-class food."



– Per Lindahl,
Chairman of the Board, Lantmännen

The largest Swedish grains

Wheat

Winter wheat is the most common crop in Sweden with an average harvest of 3 million tonnes per year. This constitutes around 41 percent* of the total harvest of grain in Sweden. Autumn wheat is a robust crop with a generally good yield and is mainly used in food production. Only 7 percent of the harvest comes from the extra protein-rich spring wheat. Wheat is a significant international commodity and accounts for the largest share of Swedish grain exports. This year's harvest of wheat is estimated to amount to around 3 million tonnes.

Oats

Every year around 700,000 tonnes of oats are harvested in Sweden, which constitutes around 13 percent* of the total grain harvest. Oats are a key crop for Swedish agriculture and the conditions for growing oats in Sweden are very good. Globally, there is great interest in Swedish oats and the export markets are demanding Swedish and Finnish oats to an increasing extent due to our world-leading quality. The oats harvest in 2022 is estimated to amount to just over 600,000 tonnes.

Rye

Today, rye is grown in about one per cent of the acreage under cultivation in Sweden and on average 200,000 tonnes of rye is harvested per year. Rye grows quickly and has traditionally mainly been used for baking crispbread and bread made from wholemeal rye and sour dough. This year's harvest of rye is forecasted to be a bit more than 100,000 tonnes.

Barley

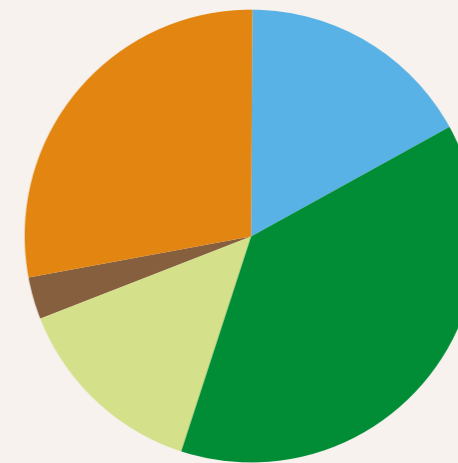
In the Nordic countries, barley has long been a dominant crop which is mainly used for livestock feed, but also as malting barley for beer and whiskey production. Today, barley is grown on 14 percent of the arable land in Sweden and constitutes around 30 percent* of the total grain harvest. This year's harvest of barley is estimated to amount to about 1.3 million tonnes.

*Calculated on the average for the type of grain and the total harvest during the last five years in Sweden.



How grain crops are used

Food	17%
Feed	38%
Industry*	14%
Seed	3%
Export	28%



*Industry: production of ethanol and spirits.

Oilseeds and green protein

Oilseeds

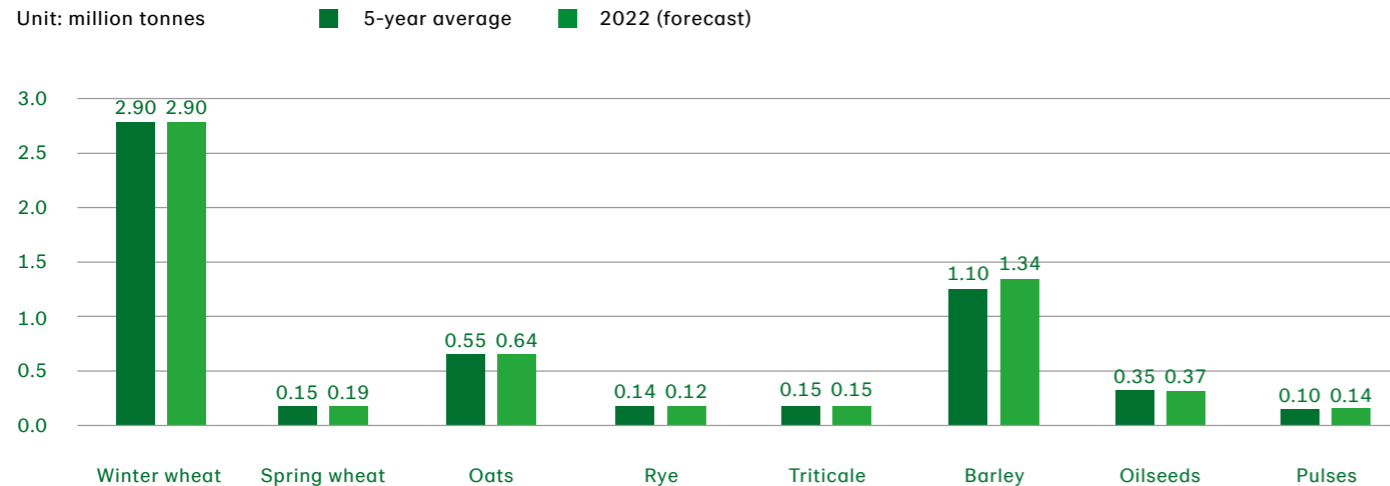
In Sweden, rapeseed, turnip rapeseed and flax are grown. Rapeseed accounts for the largest volume and is mainly grown in the south of Sweden. The total harvest of the closely related crops rapeseed and turnip rapeseed is just over 300,000 tonnes per year, and the total flax crop around 6,000 tonnes. In 2021 and 2022, the Swedish farmers have grown large acreages of rapeseed but after a harsh winter, the crops around lake Mälaren seem to be producing a low yield. This year's harvest of oilseeds is therefore expected to be on a par with the previous year and is forecasted to be 365,000 tonnes.

Pulses

Pulses; peas and beans, have in recent years experienced an enormous boost. The market for green proteins is growing and there is an increasing Swedish interest in refining plant protein from legumes. Protein crops are also of great interest among Swedish livestock farmers, as an alternative to various imported protein sources. Lantmännen estimates that this year's harvest of pulses will amount to almost 140,000 tonnes.

*Calculated on the average for the type of grain and the total harvest during the last five years in Sweden.

Harvest forecast for 2022, by crop



Sustainability, innovation and development of new crops

Plant breeding for more robust crops

Lantmännen's three farms of the future have unique conditions where new solutions and innovations go hand in hand with practical application. With the aim of increasing the size of the harvests while at the same time reducing the climate impact of agriculture, new methods and innovations are undergoing testing in areas such as plant breeding, digitalization, precision cultivation and sustainable plant nutrition. In plant breeding, the goals include developing more robust varieties that can withstand drought and heat, but also more healthy varieties. In addition, it will eventually be possible to develop varieties with specific properties, such as ethanol wheat with extra high starch content, and grain with new health-promoting qualities.

In collaboration with, among others, SLU (Swedish University of Agricultural Sciences), new crops are being developed with the aim to strengthen the food supply in Sweden. Some examples of projects are the development of climate-stable wheat, where the goal is to create new varieties of wheat with an increased capacity for a good yield in a changing climate, and the development of varieties of perennial cereal - multiple-year varieties of

cereal which are similar to wheat and barley, but which have stronger root systems and can manage to gather water at greater depths and therefore withstand droughts and rain better.

Climate & Nature for more sustainable farming

Lantmännen's cultivation program for Farming of the Future - Climate & Nature - includes specific measures to achieve Lantmännen's long-term climate targets and a more sustainable food production.

At the beginning of 2015, Climate & Nature contributed with a climate reduction of 20 percent. In 2020, the criteria of fossil-free fuel in the fields and in drying was added, which enabled Lantmännen to take the step towards a climate reduction of 30 percent. In 2020, flowering zones were also included in the program, which benefit biodiversity. Climate & Nature is continuously being developed in order to remain in line with the Paris Agreement and to drive the farming of the future. In 2023, fossil-free fertilizer will be part of the program with the forecast of reducing the climate impact from cultivation* by 50 percent.

*Compared with average Swedish cultivation 2015



"In the uncertain world we now operate in, it is more important than ever that we continue to invest in the grain value chain and that we work together with our members to increase the demand for sustainable Swedish grain. It is through investments and initiatives in research, development and innovation that we can secure a large part of the Swedish food supply and achieve our highly set climate targets."



– Magnus Kagevik, Group President and CEO, Lantmännen

How Lantmännen calculates its harvest forecast

Lantmännen publishes its harvest forecast - an estimation of this year's harvest - in July. The forecast aims to give Lantmännen data on how much grain that will be delivered by Swedish farmers during the year. The forecast also gives the general public information about the coming harvest.

The harvest forecast is based on a yield assessment that is based on weather data, precipitation, temperatures and areas sown for each county, that farmers in Sweden submit to the Swedish Board of Agriculture.

Historic data, such as yields for similar years, are also factored in. The forecast is then reconciled by Lantmännen sales personnel in

each respective county and updated with any new facts before publication.

Making an assessment of the harvest in advance is difficult, which is why it is important to remember that the harvest forecast is just that, a forecast. We will only know for sure what this year's harvest will look like once the farmers have brought in their crops and the results have been compiled.



Lantmännen is an agricultural cooperative and Northern Europe's leader in agriculture, machinery, bioenergy and food products. Owned by 19,000 Swedish farmers, we have 10,000 employees and an annual turnover of SEK 50 billion. With research and operations throughout the value chain, we take responsibility from field to fork.

