



2021

**Lantmännen Annual Report
with Sustainability Report**

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Financial Reports

Interim 1st four months	June 1, 2022
Interim 2nd four months	October 5, 2022

Lantmännen's financial reports can be downloaded from [→ lantmannen.com/financial-information](https://lantmannen.com/financial-information) or ordered by calling +46 10-556 00 00. The reports are available in Swedish and English.

Sustainability Report

Lantmännen reports in accordance with the Global Reporting Initiative guidelines for sustainability reporting, GRI Standards. Statutory sustainability report [→](#) pages 22-32, 137-160 and 176-181.

Listen to us!

Listen to selected parts of Lantmännen's Annual Report with Sustainability Report on a computer or mobile.

[→ lantmannen.se/lyssna2021](https://lantmannen.se/lyssna2021) (available in Swedish)

Lantmännen's Annual General Meeting

The Annual General Meeting will be held at Clarion Hotel Sign, Norra Bantorget, Stockholm, on Thursday, May 5, 2022. The meeting will also be broadcast digitally.

Cover photo

Image from the Long Live the Earth brand campaign. The message is that Lantmännen works to keep the earth fertile on the planet that is our home today and will be tomorrow. Photographer: Gustav Wiking.

Lantmännen from field to fork with thriving farming!

Our assignment is to contribute to the profitability of members' farms and optimize the return on their capital in the association.

Lantmännen is a farmers' cooperative and Northern Europe's leader in agriculture, machinery, bioenergy and food products. Owned by 19,000 Swedish farmers, we have 10,000 employees, operations in over 20 countries and an annual turnover of SEK 48 billion.

With research, development and operations throughout the value chain, together we take responsibility from field to fork.



The Group's key figures 2021

Net sales MSEK **48,183**

Net sales for the Group amounted to MSEK 48,183 (45,990), an increase of 5 percent.

Operating income MSEK **2,302**

Operating income was MSEK 2,302 (2,223) and adjusted for items affecting comparability MSEK 2,323 (2,223).

Income after financial items MSEK **2,181**

Income after financial items totaled MSEK 2,181 (2,041) and adjusted for items affecting comparability MSEK 2,202 (2,041).

Net income after tax MSEK **1,887**

Net income after tax amounted to MSEK 1,887 (1,797).

Cash flow MSEK **1,704**

Total cash flow before financing activities was MSEK 1,704 (2,803).

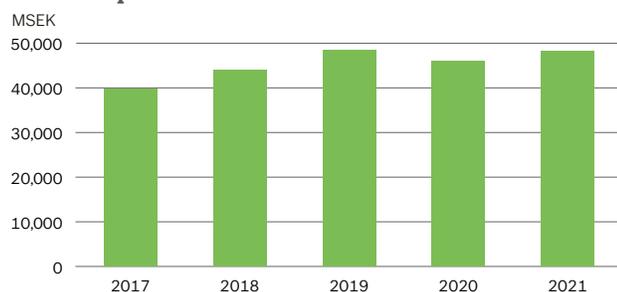
Proposed dividend MSEK **1,000**

The Board proposes a refund and supplementary payment of 2.5 (2.5) percent on trade with Lantmännen Lantbruk Sweden and a 1.5 (1.0) percent refund on purchases from Lantmännen Maskin's and Swecon's Swedish operations. The total proposed refund and supplementary payment is MSEK 341 (305). The Board proposes a contribution dividend of 10 (9) percent of the contributions' nominal value, totaling MSEK 362 (291), and a contribution issue of MSEK 297 (306). The total proposed dividend to the members is therefore MSEK 1,000 (902).

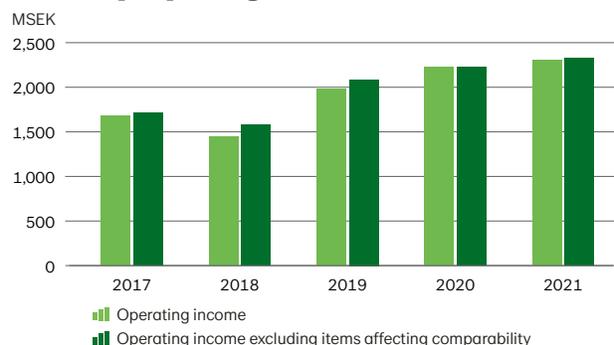
The Board also proposes a 7.25 (7.25) percent dividend on subordinated debentures, totaling MSEK 18 (17).



The Group's net sales



The Group's operating income





Lantmännen's position from field to fork is a unique platform for creating a winning value chain locally and in a global market.

Financial performance measures	2021	2020
Net sales, MSEK	48,183	45,990
Operating income, MSEK	2,302	2,223
Operating margin, %	4.8	4.8
Income after financial items, MSEK	2,181	2,041
Net income after tax, MSEK	1,887	1,797
Cash flow before financing activities, MSEK	1,704	2,803
Return on equity, %	10.0	10.2
Return on operating capital, %	8.4	8.1
Total assets, MSEK	43,347	39,331
Equity ratio, %	46.4	45.8
Investments in non-current assets, MSEK	2,362	1,795
Net debt, MSEK	6,673	7,761
Interest coverage ratio, times	12.0	8.2
Net debt/EBITDA (bank definition)	1.3	1.6

Excl. items affecting comparability	2021	2020
Operating income, MSEK	2,323	2,223
Operating margin, %	4.8	4.8
Income after financial items, MSEK	2,202	2,041
Net income after tax, MSEK	1,904	1,797
Return on equity, %	10.1	10.2
Return on operating capital, %	8.5	8.1

Lantmännen reports alternative performance measures in accordance with the European guidelines from ESMA (European Securities and Markets Authority). A description of financial performance measures can be found on [page 136](#).

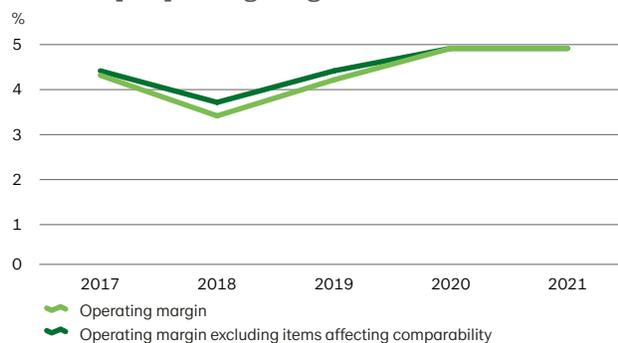
Other key figures	2021	2020
Number of members	18,726	19,172
Average number of employees	10,092	10,017
of which women/men, %	35/65	34/66
CO ₂ emissions, thousand tonnes	122	122 ¹⁾
CO ₂ emissions, tonnes per MSEK net sales, % reduction ²⁾	14.0	-
Employee satisfaction index	70	71 ³⁾
Sick leave, %	4.4	4.3

¹⁾ Adjustment for new emission factors ²⁾ New key figure ³⁾ Refers to 2019

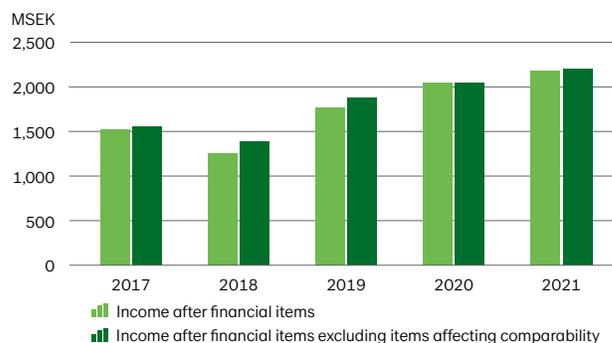
Sales by market, MSEK	2021	2020
Sweden	21,958	20,530
Finland	6,452	6,275
Germany	5,187	5,581
Denmark	3,250	3,136
United Kingdom	1,816	1,670
Norway	1,753	1,638
Netherlands	1,399	889
Baltic region	1,015	1,070
France	734	858
Spain	663	555
Belgium	610	514
Russia	497	587
Poland	294	370
Switzerland	195	326
Rest of Europe	1,096	846
United States	721	617
Australia	353	336
Rest of world	190	192
Total	48,183	45,990



The Group's operating margin



The Group's income after financial items



Agriculture's business partner

Lantmännen is a farmers' cooperative and Northern Europe's leader in agriculture, agricultural machinery, bioenergy and food products. Lantmännen is both a business partner for agriculture and a part of food consumers' daily life.

Agriculture Sector

Learn more on page 33



44% of the Group's sales

Energy Sector

Learn more on page 39



9% of the Group's sales

Food Sector

Learn more on page 43



31% of the Group's sales

Swecon Business Area

Learn more on page 51



15% of the Group's sales

Real Estate Business Area

Learn more on page 55



1% of the Group's sales

Our assignment

Lantmännen's assignment is to contribute to the profitability of members' farms and optimize the return on their capital in the association.

Our mission

We make farming thrive.

Our vision

We lead the refinement of farmland resources in an innovative and responsible way for the farming of tomorrow.

Our business concept

We are a farmers' cooperative that creates value from farmland resources in a responsible way. Our collective knowledge and our operations from field to fork enable us to lead the development in the grain value chain. We operate in an international market, with Sweden as the base for our business activities.



Our business model



Farmers' cooperative

The cooperative contributes to the profitability of our members' farms and optimizes the return on their capital in the association.

Operations from field to fork

With strong operations throughout the value chain, we secure demand for, and increase the value of, the farmers' harvests.

Research, innovation and sustainable development

Every year, more than MSEK 300 is invested in research and innovation for farming, food and bioenergy of the future.

Value from farmland

We refine arable land resources in a responsible way to create the best of what our farmland can provide.

The very best from the land

With farmland and agricultural companies as the basis, Lantmännen drives and develops business throughout the value chain from field to fork. Our work on responsibility from field to fork contributes to thriving farming and sustainable food production.

Good food begins in the field

Together we take responsibility from field to fork. Our customers and consumers should feel confidence in our knowledge and control throughout the value chain. Lantmännen minimizes the impact on the environment, providing good, healthy food that is sustainably produced, both now and in the future.

Sustainable added values

Lantmännen's grain knowledge and proximity to cultivation provides us with unique opportunities to contribute to more sustainable production and at the same time create profitable added values for health and the environment. Our work on innovation and business development has resulted in several good examples that contribute to more sustainable food supply and bioenergy production.

“

The road to good food begins with a seed that is sown, with hopes of a good harvest and good meals.

Green sprout – a guarantee of good food

Our green sprout on the packaging serves as a guarantee, a seal of quality, that the food has been responsibly produced, from cultivation to production and all the way to the store and consumer.

Development of Farming of the Future

As part of the work on Farming of the Future, we are promoting a sustainable growth agenda from field to fork. Our reports on crop cultivation and beef and dairy production provide good opportunities to address sustainability challenges while increasing production.

Aiming for world class

Lantmännen helps to create the conditions for working with agricultural companies to achieve world class by 2030. This ties in closely with the assignment to create profitability at members' farms.

Good food from
Lantmännen



Chairman's comments

We have set the bar high – the goal is for Swedish farming and Lantmännen to reach world class. The Board is therefore proposing the highest dividend ever to members – SEK 1 billion. This feels especially important with cost increases and uncertainly having such a clear effect on agriculture.

We have put another unusual year behind us. The Coronavirus pandemic has made it difficult for us to travel and to meet face to face for talks and discussions. This has restricted us, but at the same time I can say that, despite everything, business on the farms and at Lantmännen has managed to operate and develop very well. From an agricultural perspective, we entered the year with a large fall harvest and high expectations. The heat and drought helped to kick-start the harvest, but then came the rain. The year's harvest was not exactly what we expected, and the crops were also smaller globally, leading to higher grain prices. But it is not just the price of grain that has risen sharply – electricity, fuel and fertilizer have also become much more expensive. In addition, high commodity prices are placing upward pressure on feed prices.

Initially, it is about getting through this period, but we need to think way beyond that. We must create the conditions for long-term profitable and competitive Swedish agricultural companies, which means we need to get higher prices from customers and consumers. Good food must come at a cost, but we must also ensure the right conditions for someone to produce the good food.

Lantmännen makes a difference

For a long time in Sweden, we have focused far too little on the importance of farming. Lantmännen has taken a clear leadership role in contributing to the development of competitive Swedish agriculture and a strong food sector. Together with other companies and organizations, we have created initiatives to strengthen Swedish farming – we call it Lantmännen's Growth package. The Growth package includes investments in plant breeding, exports, data collection, innovation and financing. One of the initiatives focuses on the importance of food security in Sweden. If we sum up the experiences of the fall price increases, the 2018 drought year and the pandemic, it is clear that Sweden has neglected issues of supply and preparedness for far too long. Together with other stakeholders, Lantmännen is now engaged in addressing how the Swedish food chain can contribute to stronger crisis preparedness.

Lantmännen handles very large volumes of grain each year. Every kilo we can process, develop and refine creates significant added value, both for Lantmännen and for us farmers, which contributes to farm profitability and the return on our capital in the association. Our investments in the grain

value chain, from ethanol and gluten to heat-treated oats and starch, are just the beginning of the opportunities offered by the unique grain kernel. Here I would also like to mention Lantmännen's investment in developing Swedish plant breeding. With the latest techniques, we can increase the progress of plant breeding by up to ten times. The properties that plant breeding can contribute are varieties that are more drought resistant, healthier and produce significantly higher yields.

Farming of the Future

The advances that plant breeding can bring are an important enabler for achieving the Farming of the Future goals. The goal of Farming of the Future is to be climate neutral by 2050. In 2019, we presented the report on how to achieve climate neutrality in crop cultivation by 2050. During the year, together with key partners, we presented the report "Farming of the Future: Beef & Dairy". The report shows that Swedish beef and dairy production can also reduce the climate impact and achieve climate neutrality, while increasing productivity and promoting biodiversity. But we want more than that – which is why we are now looking at the possibility of also continuing with other areas of production. I am extremely proud that Lantmännen, as a farmer-owned company, is so far ahead and I see the power that our unique position from field to fork can have in driving the transition to Farming of the Future.



I am very proud that as a farmer-owned company Lantmännen is so far ahead, and I see the drive that our unique position from field to fork can have in the transition to Farming of the Future.

To show that much can be applied even now, the Bjertorp and Viken Farms of the Future were opened during the year. At Bjertorp, the latest research and innovation in the area of crop production is applied and tested. At Viken, Lantmännen's dairy and trial farm, the aim is to make dairy production even



Per Lindahl at the Installation of seven new milking robots, now in full operation at the Viken Farm of the Future, Lantmännen's dairy and trial farm.

more sustainable through digitalization and new methods for measuring feed consumption and animal health.

On the occasion of the AGM, Lantmännen celebrated its 20th anniversary as a company. I have had the opportunity to be part of the whole journey and I can say that the strength of a united company has exceeded all expectations. We have a vibrant member democracy. To lead a company like Lantmännen, it is crucial to have a membership with engagement and interest – and elected representatives who are prepared to be involved in developing the company. The Member 2030 owner dialogue that we held during the year enabled us to increase both knowledge and insight. As part of the follow-up, we have begun work on clearer measurement of our ownership mission – I firmly believe that we can show even more fully how Lantmännen contributes to profitability of the farms.

We are a successful and respected company, both in Sweden and internationally. We have a clear strategy and our business portfolio has the breadth to deal with unexpected situations, while delivering good results. The fact that this is another year in which Lantmännen has succeeded so well in our different businesses, despite extreme challenges both in Sweden and internationally, is evidence of its speed, flexibility and excellent knowledge of the market. Here I would like to mention in particular our food operations, which, despite all the challenges, have found opportunities as they have adapted. It is also pleasing to note that Lantmännen Maskin's targeted work has paid off. The record result means that the Board is once again able to propose the highest dividend ever to members this year. In its proposal, the Board has taken into account Lantmännen's strong financial position but in particular the tough cost situation of our members, so this year we are taking full advantage of all the opportunities our dividend policy offers. The Board of Directors proposes a refund and

supplementary payment of 2.5 percent and 1.5 percent for the machinery operations. The Board also recommends an increased contribution dividend at 10 percent of the contributions' nominal value and a contribution issue of MSEK 297.

Future strategic direction

The Lantmännen we see today is the result of many individual decisions and a clear strategic direction. But most of all, it is about people. The desire to develop and improve. In 2022, Per Olof Nyman steps down as President and CEO of Lantmännen. Per Olof has made his mark on the business by talking about execution, cost leadership and profitable growth, some of his favorite words. But it has also been about always seeing the employees in the organization. Getting everyone to go the extra mile, to stretch a little further. The development Lantmännen has shown under Per Olof's leadership is extraordinary. Thank you Per Olof, and thanks to all the employees who during this special year have contributed to making Lantmännen an even stronger, more profitable and at the same time 'present' company. I would also like to take this opportunity to welcome Magnus Kagevik as new President & CEO. Your genuine interest in Swedish agriculture and your leadership skills are just what we need to continue Lantmännen's successful journey as a responsible and profitably growing company.

And to all members I would say this – Lantmännen contributes decisively to the profitability of our farms. In 2022, we take the next step from field to fork – on the road to world class!

Mosslunda, February 2022

Per Lindahl
Chairman, Lantmännen

President's overview

Lantmännen's income after net financial items and adjusted for items affecting comparability amounts to MSEK 2,202 – the highest result ever and a significant increase compared with the previous year's income of MSEK 2,041.

In the second half of 2021, prices for all types of commodities rose to historically high levels, which has posed major challenges for agriculture. This has resulted in the need for compensatory, cost-based price increases on virtually all agricultural products, and Lantmännen has worked intensively to pass on the price increases to customers in all of its markets.

During the year, several of Lantmännen's businesses continued to be significantly affected by the Coronavirus pandemic and its restrictions – notably those related to travel, hotels and restaurants – and major supply chain disruptions, which affected our machinery businesses in particular.

Despite these challenges, Lantmännen is delivering the strongest ever result and the Board is once again able to propose the highest ever dividend to our members. I would like to say a special thank you to all our employees, who have dealt with another year of challenges in an exemplary way and managed to adapt the business to tougher external conditions.

How our Sectors and Business Areas performed

The Agriculture Sector has reported lower earnings than in the previous year, mainly due to increased commodity prices and lower grain volumes as a result of the summer heat and the initially scarce rainfall. All businesses in the Sector have been affected by higher prices of, among other things, inputs, energy and freight. The Finnish agricultural operations and our agricultural holdings in the Baltic region have delivered higher earnings than in the previous year, and Lantmännen Maskin has shown a significant improvement in earnings during the year.

The Energy Sector has shown a strong increase in earnings compared with the previous year. All of the Sector's businesses have been affected by higher prices of input goods, but this has been more than offset by a strong production result and rising market prices, particularly for ethanol.

The Food Sector's earnings are higher than in the previous year, largely due to the successful adaptation of production to the changed conditions. Sales, particularly in food service, are lower than pre-pandemic levels but have increased compared with the previous year. All businesses are being affected by higher commodity and energy prices, which has led to general cost-based price increases for

customers. Many businesses, particularly in food service, have seen an increased impact from the coronavirus pandemic in the final months of the year.

The Swecon Business Area has delivered another strong and stable result, despite component shortages and shipping and logistics difficulties that have reduced machines availability during the pandemic. The level of activity in construction and infrastructure projects remains high and underlying demand for construction machinery is strong. Machine utilization rates are at a high level and aftermarket demand is good, both in terms of service and spare parts.

The Real Estate Business Area is developing positively and has significantly increased its earnings, both through higher operating income and higher profit shares from partly-owned companies.



We have grown both organically and through acquisitions, entering several new international markets.

A new business landscape

The coronavirus pandemic has affected virtually every sector and industry in the world. A tangible consequence of the challenges of recent years is the current uncertainty in the world market: component and raw material shortages and major challenges in freight and logistics, combined with rising transport costs. At the same time, prices of virtually all inputs and energy have risen sharply, leading to higher global inflation.

An important question in the wake of the pandemic is what long-term effects will it have on society at large, and more specifically on customer and consumer purchasing behavior. After the sharp decline in the food service sector – including catering, lunch restaurants and food for airlines and cruise lines – during the pandemic, demand is gradually picking up, but in view of the continuing coronavirus impact, we believe it will be some time before the overall market returns to previous years' levels.

While companies and organizations need to manage and adapt to the changed conditions and new business landscape,



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I would like to say a warm thank you for my time here to all our skilled and responsible employees, our excellent managers around the world, our suppliers, customers and partners – and in particular our dedicated and knowledgeable members.

we also face the key issue for our generation: tackling and overcoming the climate crisis. The challenges that society faces require appropriate strategies and focused, vigorous execution in order to achieve the necessary and ambitious climate goals. “Sustainable business development” is a long-standing guiding principle for Lantmännen and we have made significant progress in the area of climate change in recent decades: including reducing our CO₂ emissions in relation to sales by 71 percent – or 62 percent in absolute figures – since 2009. We are working continuously to realize our plans for meeting the Paris Agreement targets. One example is our “Farming of the Future” program, which describes methods for achieving climate-neutral farming by 2050.

Lantmännen is equipped for the future

The next few years will bring continued challenges for Lantmännen, for the agricultural and food sectors – and for society at large. It is therefore reassuring to be able to say that Lantmännen is stronger than ever before. Apart from the 2018 drought year, Lantmännen has increased its year-on-year earnings over the last ten years, while strengthening its balance sheet. After a record year in 2021, we are even better equipped for the future and continuing profitable growth.

As previously announced, I will be retiring in the spring of 2018, after ten years as President and CEO, and while there is still great potential for development within Lantmännen, it is with pride that I look back on developments during the last decade. We have grown both organically and through acquisitions, entering several new international markets. We have built a strong, well-balanced business portfolio in the grain value chain. We have increased strategic investments in the infrastructure for grain and Swedish food supply, thereby enabling increased value creation in our industrial operations. The dividend to our members has gradually increased, and for 2021 the Board proposes a dividend of SEK 1 billion.

Lantmännen’s path forward is clearly marked out, and I look forward to leading the work until my successor is in place and then following the continuing success. In recent years, we have taken major steps together on the road towards developing Lantmännen into a world-class company and Swedish farming into a world leader. That is where we belong.

Stockholm, February 2022

Per Olof Nyman
President & CEO

Significant events in 2021



Test activities for carbon sequestration

Lantmännen and Svensk Kolinlagring are starting up test activities at Lantmännen's Farm of the Future in Bjertorp to increase carbon sequestration and achieve climate neutrality by 2050. Several sustainability measures are already being tested at Bjertorp, including precision farming, skylark plots and flowering zones, and efforts to bind more carbon in the soil are now also being intensified at Bjertorp. *February 11, 2021*

Lantmännen invests in seven modern milking robots from DeLaval

Lantmännen is conducting a number of successful projects to improve production results at its Viken experimental Farm of the Future, including new modern milking robots.

February 15, 2021

Recycling hub to refine food waste in Denmark

Lantmännen Agroetanol has opened a new facility in FredERICA to convert residual products from the food industry into raw materials such as ethanol, thereby contributing to recycling and reduced food waste. *February 24, 2021*



2021 Talent Company of the year

Lantmännen has been named Talent Company of the Year for the second consecutive year. The award is given to companies that most successfully attract, recruit, develop and retain talent.

March 19, 2021

1
billion
SEK

Lantmännen growing with new green financing

Lantmännen is financing the transition to a more sustainable agricultural and food industry with a green framework and a green bond of SEK 1 billion. There was impressively keen interest – the bond was oversubscribed and the market was ready to subscribe for more. *April 21, 2021*

Climate Impact Calculator creates value

With the Climate Calculator tool, Lantmännen and Dataväxt will contribute to a new sector standard for measuring the climate footprint and create opportunities to increase the added value of Swedish grain. *April 15, 2021*



Sensor
technology for
more efficient
feed handling

In Lantmännen's digitalization journey, new sensor technology to measure volumes in feed silos is being tested. In an EU-funded project, about 50 silo sensors have been installed on Gotland, which will contribute to the technical and digital development of Swedish agriculture. *May 21, 2021*

MSEK 800 investment in production of Green Proteins

Lantmännen Agroetanol is investing MSEK 800 in the Norrköping biorefinery to strengthen its position in grain-based food ingredients. The investment will contribute to Lantmännen's continued growth in this area and complements the existing production of sustainable grain-based biofuels, carbon dioxide and feed. The new production line is expected to be fully operational in 2023. *May 26, 2021*

Unique robot project for Farming of the Future



In partnership with RISE, Lantmännen is testing Robotti, a self-driving robot, in the Swedish fields. The rapid development of self-driving machinery around the world will change the face of agriculture. Robots that spread fertilizer, sow or harvest, that can minimize the use of crop protection, herd animals and work efficiently around the clock are part of Farming of the Future. *June 17, 2021*



Lantmännen Agroetanol and E.ON sign billion euro agreement

Lantmännen Agroetanol has signed an agreement with E.ON for continued supply of process steam to the Norrköping biorefinery. The contract is for 20 years and comprises 500 GWh of steam, which corresponds to half the district heating needs of a city the size of Norrköping. *August 30, 2021*

Lantmännen acquires 10 percent of Hargs Hamn AB

The investment underlines the importance of continued investments in the grain value chain and Lantmännen's long-term commitment to the port, and provides increased scope to steer the development of grain handling in a positive direction. *August 31, 2021*



European Innovation Award

Lantmännen ThermoSeed received the European Award for Cooperative Innovation in the category "Environmental Value Creation – Biodiversity and Natural Resources" for its unique seed treatment method. The innovative, highly efficient and environmentally-friendly production process treats seed with water vapor, with the same effects as the best chemical-based equivalents. *July 6, 2021*



Lantmännen launches Climate & Nature in Finland

The cultivation program for Farming of the Future – Climate & Nature – is being launched in Finland, with the initial aim of a 15-percent reduction in the climate footprint of Finnish rye crops. Through close and committed cooperation between Lantmännen Agro, Cerealia, Unibake and Vaasan, we now also have a unique position in Finland. From this position of strength, we can positively influence the transition to a more sustainable Finnish food sector. *September 14, 2021*

Lantmännen Research Foundation

The Research Foundation invests MSEK 25 annually in research funding to develop healthy food, domestically produced animal feed and green materials. *September 1, 2021*



Lantmännen expands in Finland

Lantmännen has signed an agreement to acquire the Finnish Myllyn Paras group. The operations of Lantmännen and Myllyn Paras cover the entire value chain for grain-based food products in Finland. The transaction is subject to approval by the Finnish Competition and Consumer Authority. Myllyn Paras is a Finnish food company engaged in grain processing and milling operations. *September 23, 2021*

Sweden's crisis preparedness in focus

The *Food Security and Preparedness report* states that Sweden's emergency preparedness needs to be strengthened. A committed business community and well-informed consumers are the basis for responding to a crisis. Lantmännen calls for a sector-wide preparedness organization with overall responsibility and operational powers, in line with the Finnish model. *October 26, 2021*

Report: Swedish beef and dairy production can achieve climate target

In the report "*Farming of the Future: Beef and Dairy*", large parts of the food industry in Sweden have jointly identified challenges and opportunities for even more sustainable production by 2050. The results show that Swedish beef and dairy production can reduce climate emissions in line with the Paris Agreement, while increasing productivity and promoting biodiversity. *October 18, 2021*

Paulig and Lantmännen start sustainable farming partnership

With effect from the 2022 harvest, Lantmännen Cerealia will supply Paulig with 17,000 tonnes of wheat flour, grown according to Lantmännen's Farming of the Future: Climate & Nature program, which reduces the climate impact by up to 30 percent. The partnership will enable around 20 farms to convert about 2,700 hectares to even more sustainable cultivation methods. *October 12, 2021*



Henrik Samuelsson, Paulig, and Karolina Valdemarsson, Cerealia.



Lantmännen's history, major acquisitions, divestments and ownership interests

SVENSKA
LANTMÄNNEN
IS FOUNDED

2001

ACQUISITIONS

- Elsö Pesti
- Sopps
- Könicke

2010

- DIVESTMENT
- SweChick

ACQUISITION

- Agro Bizz

2013

- DIVESTMENTS
- Kronfågel
 - Cerealia's mill in Riga

ACQUISITION

- Strängnäs Valskvarn

FOUNDED

- Agroenergi Neova Pellets

2014

- DIVESTMENTS
- Byggglant
 - SW Seed Germany & Poland
 - SW WinterOil Seed

ACQUISITIONS

- Vaasan
- Crop Tailor

2015

- DIVESTMENT
- Doggy

Lantmännen invests in SimSuFoodS

Lantmännen is acquiring an ownership share in SimSuFoodS, which produces and sells foods made from plant-based proteins. Lantmännen has been producing ingredients for plant-based foods for many years and the investment in SimSuFoodS strengthens its position in this fast-growing segment. *December 13, 2021*



Lantmännen Unibake and Lantmännen Fastigheter are investing in a new automated cold store, adjacent to the bakery, for storage and processing of bread products. *December 21, 2021*

2021 Harvest

Despite record-breaking fall sowing and good preparations, the year's harvest was poorer than expected. The variable weather in 2021 had an adverse impact on the year's growing season and the total harvest was just under 5 million tonnes. "This has consequences for both the Swedish food sector and our export opportunities. Globally, harvests are also smaller, which is leading to higher grain prices," says Lantmännen's Grain Manager Mikael Jeppsson.

New President & CEO of Lantmännen

Lantmännen's President & CEO Per Olof Nyman is retiring on March 31 after 10 years in the role and 14 years with Lantmännen. Under his leadership, Lantmännen has developed into a profitable and innovative company. The Board has appointed Magnus Kagevik, current COO and Head of Lantmännen's Energy Sector, as Per Olof's successor. Magnus takes up his position on April 1.

New Lantmännen Board member

At Lantmännen's AGM, Jenny Bengtsson was elected as a new Board member as recommended by the Nomination Committee.

Other events after year-end

The City of Västerås and Lantmännen have reached an agreement whereby the City acquires the silo facilities in the center of Västerås. The City of Västerås is expected to take over the facilities in 2029.

Lantmännen and Yara are the first companies to sign a commercial agreement for the launch of fossil-free mineral fertilizer, produced with renewable energy.

Lantmännen Aspen has acquired the UK company Coryton Advanced Fuels, which produces bespoke fuels. The company has operations in the UK, Germany and Korea, sales of approximately MSEK 200 and about 60 employees.

Lantmännen has signed an agreement to acquire Neova Group's 50-percent share in Scandbio, which now becomes a wholly-owned subsidiary. The transaction is subject to approval by the competition authorities in Denmark, Latvia and Sweden.

Lantmännen's business portfolio creates value from farmland

ACQUISITIONS

- Kalmar Lantmän's machinery operations
- Dataväxt
- Frozen Bakery Products

ACQUISITIONS

- Anderson Bakery
- K-maatalous
- Orient Products
- Marline
- Byavärme

ACQUISITIONS

- Raisio's cattle feed business
- ThermoSeed Global

ACQUISITIONS

- Bakery Du Jour
- Tate & Lyle's oat business in Kimstad

ACQUISITIONS

- Parts of French Bakery in Norway

2016

2017

2018

2019

2020

DIVESTMENTS

- LMB Danmark
- Akershus Traktor

“

More than a hundred years ago, a group of farmers came together in a cooperative to create value from grain and manage the land for future generations.

Today, Lantmännen is a large, profitable Group with companies in many industries – rooted in a proud history and with a long-term perspective.



Membership with influence

Lantmännen is a cooperative enterprise owned and governed by active Swedish farmers. Our assignment is to contribute to the profitability of the members' farms and optimize the return on their capital in the association. As a member of Lantmännen, you are both a business partner and an owner, and together we help to making farming thrive.

To become a member of Lantmännen, you must be engaged in farming or food production within the association's area of operation, and have a certain annual turnover with Lantmännen. As a member, you are able to influence how Lantmännen is governed and you share in the annual profits.

Involvement and dialogue in the districts, membership meetings, council of trustees and working groups are key ways of utilizing the strength of the cooperative enterprise. In this way, Lantmännen combines regional activities that are close to the customer with large-scale national and international business operations.

Members' district organization

Lantmännen's 20 districts are the basis for the members' influence and an important link between the members and Lantmännen. *The district boards* work regionally in close cooperation with Lantmännen Lantbruk and Maskin, but also work on overall strategic issues.

District Board Conference

All district board members, member representative auditors and the Group Board are invited to the district board conference. The conference was held on November 30 – December 1, 2021. The conference focused on *Lantmännen's strategy in a changing business landscape and Lantmännen's Growth package for Swedish farming and food production.*

Council of Trustees

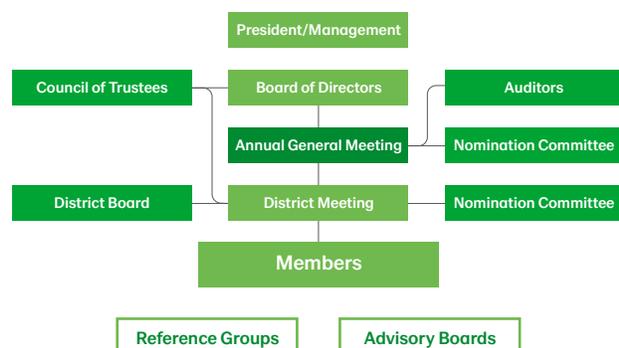
The Council fulfills an important function in communication and information between the Group, Board and districts. The Council of Trustees consists of 30-40 members, including the chairmen of the district boards and others. The Council advises the Board and works to promote positive development for Lantmännen. Activities during the year included work on Member 2030 and reference groups. See → page 163.

Lantmännen's 2021 AGM

The Annual General Meeting was held digitally on May 11, 2021. The Meeting adopted the Board's proposal for a contribution dividend on both paid-in and issued contribution capital, a contribution issue and a refund and supplementary payment. The total dividend for 2020 amounted to MSEK 902.

All Board members, the CEO, Group management, the presiding officers, delegates, authorized auditors and member representative auditors attended the meeting, which could be followed via webcast. The presiding officers, Chairman, CEO and CFO were present at Lantmännen's head office in Stockholm, while the others participated via a digital meeting tool with individual login.

Lantmännen's ownership model



Member forum

Governance and member dialogue are exercised in many forums, including district meetings, the annual general meeting, the Group Board and the council of trustees. Each member has one vote, and can exercise influence at member meetings and district meetings. Active nomination committees give members the opportunity to get involved as elected representatives and develop governance.

Several *reference groups*, which include members, contribute experience and views in areas such as feed, grain and work on Farming of the Future. Three business support organizations, *advisory boards*, within Machinery, Swecon and Energy contribute member-based expertise.

Benefits for members

The cooperative form of enterprise has many advantages, in particular its democratic structure. As a cooperative enterprise, Lantmännen can provide knowledge, advice and assistance, and ease the situation for its members in difficult times such as drought and poor harvests.

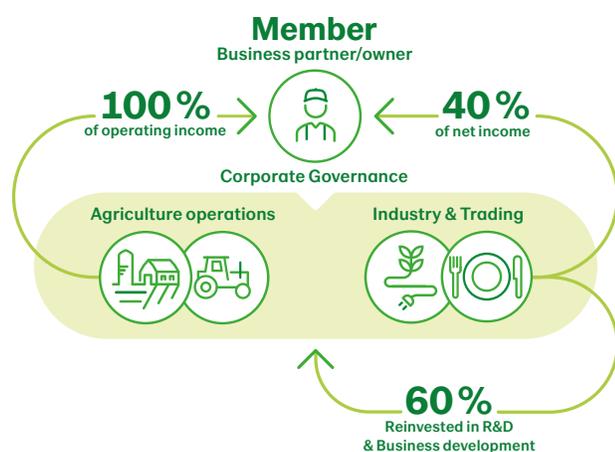
Members always have access to the LM² portal, where there are a number of digital services such as e-commerce for feed and parts and accessories, grain price monitoring, a cash service, ongoing advice for crop growers and a full overview of machinery and equipment with access to current manuals and operating information.



Where earnings are created

Most of the financial earnings within Lantmännen are generated in the processing activities, e.g. processing of grain into food or bioenergy, and through sales of construction machinery. A value-creating industrial and processing business provides a market for members' grain and generates significant added value.

Lantmännen's dividend model



Dividend policy

The Board decides on the principles of the dividend policy. The intention is that the dividend level will be adjusted to the Group's earnings, financial position, cash flow and strategic investment needs. The Board's aim is that Lantmännen will generate regular and stable dividends for members over time.

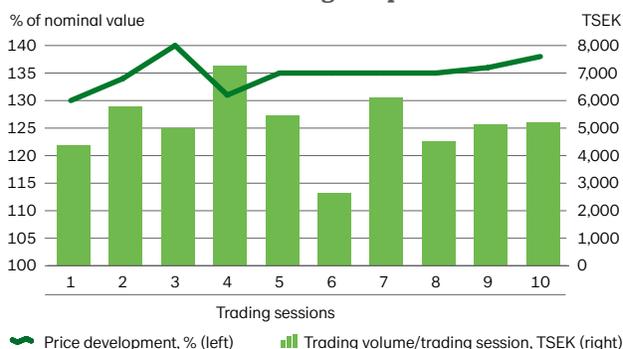
As a member, you receive a dividend through:

- **Refund** – calculated on members' purchases from Lantmännen Lantbruk Sweden, Lantmännen Maskin and Swecon's Swedish operations.
- **Supplementary payment** – calculated on members' sales of grain, oilseeds, pulses and forages to Lantmännen Lantbruk.
- **Contribution dividend** – paid in proportion to members' paid-in and issued contribution capital. The dividend is based on the results of the processing and industrial operations.
- **Contribution issue** – some of the earnings from Lantmännen's industrial operations are distributed to members by transferring collective capital to individual capital. The contribution issue distribution is 50 percent on trading with Lantmännen and 50 percent on paid-in and issued contributions.

Trading in contribution issues Contribution issues are one of many good reasons to be a member of Lantmännen. They are based on the portion of the profit from Lantmännen's industrial operations that is distributed to the members.

Members of Lantmännen have been able to buy and sell contribution issues since 2009. Purchased contribution issues carry the same entitlement to contribution dividends and new contribution issues as paid-in contributions. There were 10 (13) trading sessions in 2021 and the total turnover was MSEK 52 (56). The transaction price varied between 130 and 140 percent of the nominal value.

Contribution issues – trading and price trend



Dividend proposal 2021

Refund, supplementary payment, contribution dividend and contribution issue are terms that keep coming up when we talk about benefits of being a Lantmännen member. All of the terms are linked to the fact that you are a member and that you benefit directly from both trading with and owning Lantmännen.

For 2021, the Board has proposed that the AGM adopt a dividend in the form of a refund and supplementary payment of 2.5 (2.5) percent on trading with Lantmännen Lantbruk Sweden and a 1.5 (1.0) percent refund on members' purchases from Lantmännen Maskin and Swecon's Swedish operations. The total refund and supplementary payment is estimated at MSEK 341 (305).

The Board proposes a contribution dividend of 10 (9) percent of the contributions' nominal value, totaling MSEK 362 (291), and a contribution issue of MSEK 297 (306).

In addition, a 7.25 (7.25) percent dividend on subordinated debentures, totaling MSEK 18 (17), is proposed, based on the conditions in the subordinated debenture offer.

Contributed capital – paid-in and issued

Lantmännen's members invest capital through their contributions in the association. Contributed capital amounted to MSEK 3,624 (3,228) at the end of 2021 and consisted of paid-in contributions of MSEK 1,512 (1,402) and issued contributions of MSEK 2,112 (1,826).

Contributed capital

MSEK	2021	2020	2019	2018	2017
Paid-in contributions	1,512	1,402	1,373	1,318	1,208
Issued contributions	2,112	1,826	1,586	1,346	1,256
Total	3,624	3,228	2,959	2,664	2,464



Oskar Gustafsson and Mikael Ingemarsson in Halland district.

“

Lantmännen is committed to generating regular and stable dividends for its owners over time. The dividend is based on the Group's income after tax generated by operating activities.

Dividend ¹⁾

MSEK	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Refund and supplementary payment ²⁾	341	305	208	157	245	231	188	135	129	120
Extra dividend	-	-	-	-	133	-	-	-	-	-
Contribution dividend ²⁾	362	291	237	213	222	207	193	178	171	88
Contribution issue ²⁾	297	306	288	250	100	70	50	150	-	80
Total	1,000	902	733	620	700	508	431	463	300	288

¹⁾ Reported amounts may include adjustments compared with previous years' proposals. ²⁾ Pursuant to Board's proposal for 2021.

Market and business environment

Lantmännen's principal market is northern Europe, with a focus on the Nordic and Baltic Sea regions. The year has been marked by extreme price movements in commodity markets, a global economic recovery, with rising inflation, and continued challenges from the ongoing pandemic.

Growing global demand for agricultural products

A globally growing population and increased prosperity are driving underlying growth for food and agricultural commodities. At an overall level, two parallel changes are taking place: demand for animal products such as meat and dairy products is increasing globally, while demand for plant-based protein alternatives is growing in Europe. Forecasts from food retail outlets show that green proteins are expected to account for about 20 percent of the range by 2030. Demand for Swedish-produced animal proteins continues to grow in the Nordic region. The emerging economies in China, the rest of Asia and Africa continue to show high growth in animal proteins. European production is increasingly going to these markets. The population in Sweden and the Nordic countries is growing, contributing to underlying and growing volume demand.

Unusual recovery brings rise in inflation

The global recovery during the year has been supported by vaccinations and expansionary economic policies. Many economies, particularly in the West, have been able to relax restrictions at times during the year and the food service sector, for example, has begun to recover. The global recovery continues, albeit at a slightly slower pace than previously expected. Transport problems and labor shortages have worsened, leading to supply problems, notably in the manufacturing sectors, with consequences for agricultural and construction machinery in particular, which is unable to meet the high demand for new machinery. Several key production costs for Lantmännen's industrial operations rose sharply during the fall, including electricity, natural gas and shipping.

High commodity and energy prices have caused inflation to rise to levels not seen for a very long time, reflecting pandemic-related imbalances between supply and demand. The upward trend in inflation is expected to be temporary, but experiences of the food value chain and protracted supply problems increase the risk of more persistently high inflation in this unusual situation. During the year, Lantmännen decision-makers have had to navigate between securing price compensation and our share of the economic recovery, while being prepared to contain costs.

Strong price movements in agricultural commodity markets

The latter part of the year saw strong price movements for key agricultural and input commodities and food ingredients, requiring price adjustments to be made throughout the value chain. Most agricultural commodities are at price levels never seen before, as are key inputs such as commercial fertilizers. The situation poses challenges for agricultural companies, who are putting off their commercial fertilizer purchases, as well as pressure for livestock producers in the form of high feed and energy prices, with the majority of settlement prices being adjusted with a time lag.

The year's harvest levels were below the 5-year average harvest in both Sweden and Finland. This affects the availability of grain raw materials in the region. In Sweden, the year's fall sowing of grain and oilseeds amounted to 605,400 hectares according to the Swedish Board of Agriculture. This is close to the previous fall's record acreage and is 6 percent higher than the average for the last five years, despite a wet fall. Overall, this represents a positive starting point for the 2022 season.

Wheat commodity exchange price trend

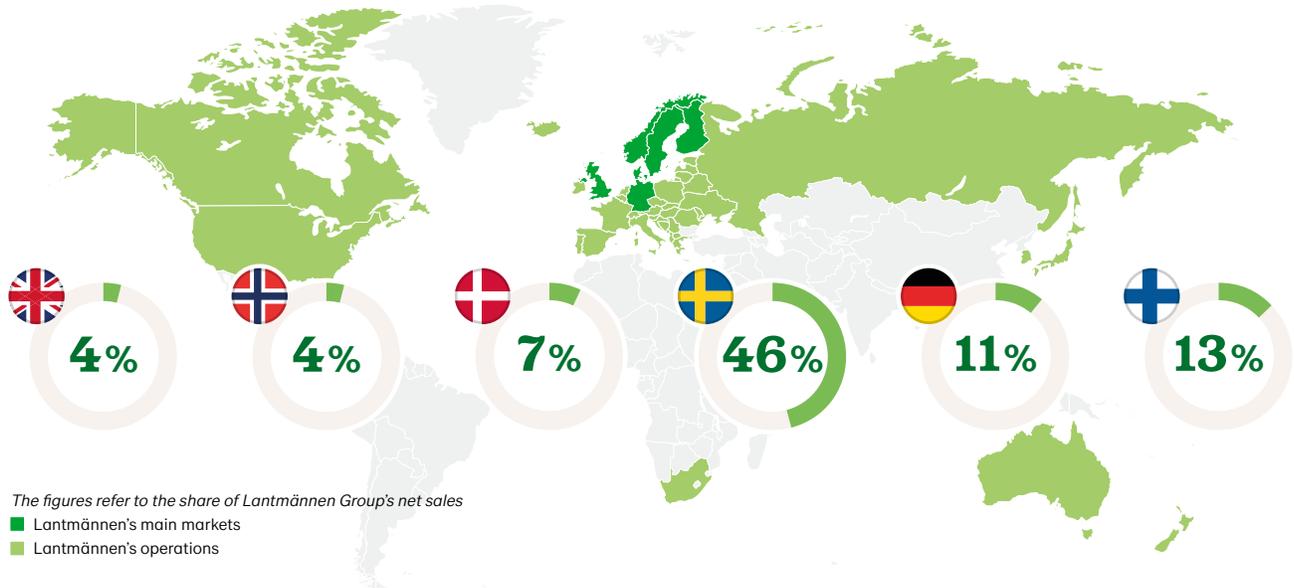


Ethanol commodity exchange price trend



Lantmännen's main markets are in the Baltic Sea region

and we have a presence around the world with operations through wholly and partly-owned companies



A changing business landscape with new opportunities is emerging

The business landscape in which Lantmännen operates is changing, creating new opportunities with its members. Sustainability and climate issues are an important change factor in our strategy and business development. Investment and policy instruments in both the private and public sectors are expected to be increasingly steered towards sustainable growth-oriented initiatives, as underlined by the ongoing development of the EU taxonomy. Digitalization and access to relevant data are the main drivers for developing climate performance and sustainability, and therefore productivity, throughout the value chain and at farm level.

The main issue after the pandemic is the long-term

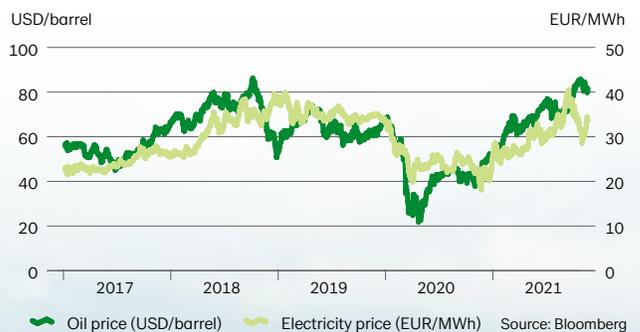
impact on consumer behavior, mainly with regard to consumption in and outside the home, and its effect on Lantmännen's channel strategy. This affects the food businesses in particular. The pandemic has underlined the importance of local production and robust value chains, from both a business and societal perspective.

Issues related to food security have increased. The Swedish National Food Strategy also affirms this, including the need to increase production. Strategic access to sustainable energy, both fuel and electricity, including availability and capacity, is becoming increasingly important for the entire food value chain. Overall, Lantmännen is well positioned in the ongoing transition from fossil energy use to green alternatives based on arable land and photosynthesis.

Chemical fertilizer commodity exchange price trend



Oil and electricity commodity exchange price trend



Strategy – Field to Fork 2030

Lantmännen's strategy is based on the mission and goal to become northern Europe's leading player in the grain value chain. The name of the strategy, Field to Fork 2030, conveys the message that Lantmännen drives and develops business throughout the value chain from field to fork, with farmland and agricultural companies as the basis.

Value-creating portfolio strategy – with the agricultural company at the center



Aiming for world class

Lantmännen's ambition level for the strategy is clear – our sights are set on world class. We are building a strategic position as a leading player in the grain value chain in northern Europe, investing in the Finnish market, among others. Fundamental building blocks are sustainability, digitalization, the relationship with agricultural companies, innovation and leadership. Creating the conditions to achieve world class together with the agricultural companies ties in closely with the assignment to create profitability at members' farms.



Rising demand for raw materials, advances in innovation and sustainability and the strength of being a farmers' cooperative are key components of our strategy. Lantmännen will develop businesses throughout the value chain from field to fork.

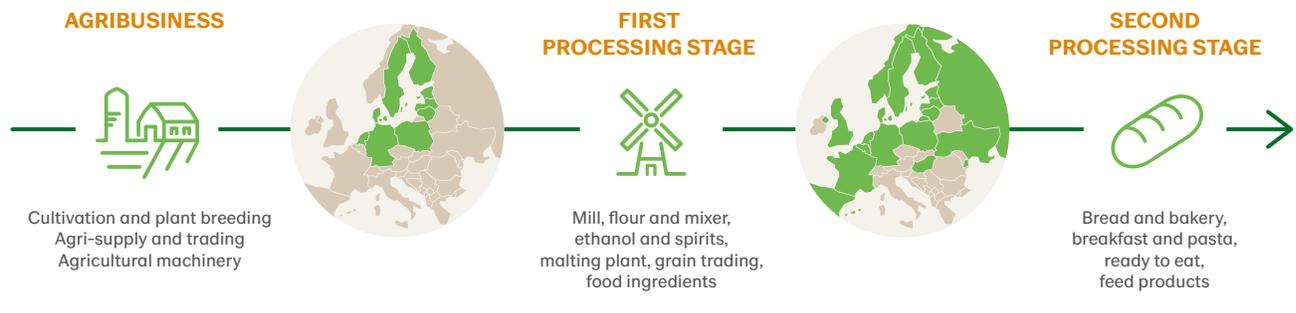
Our desired position in 2030

- Northern Europe's leading agribusiness company, see → page 34
- Leading food company based on farmland resources with a Nordic origin, see → page 44
- Globally leading bakery company with a strong base in northern Europe, see → page 45
- Northern Europe's leading malting company, also targeting global customers, see Viking Malt → page 58
- Well-developed and profitable portfolio of strategic holdings, see → page 58
- Largest producer of circular, farmland-based bioenergy products in Baltic Sea region, see → page 40
- Leading distributor of construction machinery in northern Europe, see → page 52
- Profitable new businesses based on innovation from field to fork, see → page 23



Lantmännen leading player in the value chain in northern Europe

4.5 million tonnes of grain in the Baltic Sea region are processed and distributed in 60+ international markets



Initiatives for profitable growth on members' farms

Grain strategy

The grain strategy from field to fork, with a focus on developing the grain unit and the infrastructure, is a pillar of Lantmännen's strategy. The world's consumption of grain is increasing. Lantmännen also works to expand the grain business through portfolio holdings in northern Europe.

Feed and livestock strategy

Demand for animal products and feed is rising globally. Lantmännen has a leading position in feed in Sweden and Finland.

Our digital agriculture

Lantmännen drives digital agriculture development through digital services and tools in the LM² portal and through ownership interests in Dataväxt and Agronod.

Farming of the Future

Farming of the Future shows how sustainability challenges can be met while developing production. The technology and knowledge are there, but farm profitability needs to be strengthened to make the investments required for food security in the future.

Exports from field to fork

Lantmännen exports agricultural raw materials, processed products and ready foods.

Fossil-free farming

Investments in biofuels for farming, and mineral fertilizers produced with green energy or plant nutrients from circular flows.

Innovation for increased value from farmland

To generate value for agriculture companies, strong emphasis is placed on research and development of products and services in plant breeding, feed, agri-supply, machinery and digitalization.

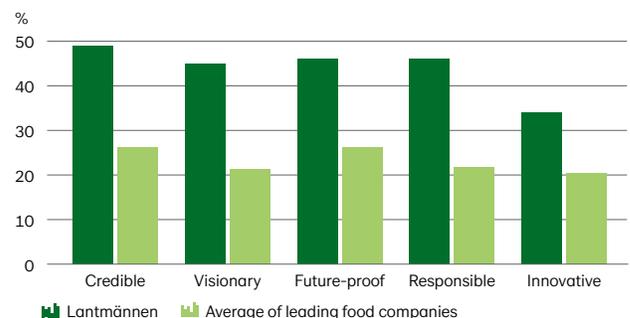
Growth package for Swedish farming and food production

Priority development areas have been identified to create conditions for growth in Swedish farming and food production. These include plant breeding, research on livestock production, venture capital, food exports and digitalization of the farming sector. Within these initiatives, Lantmännen collaborates with the academic world, companies and authorities.

Strategic brand work

Responsibility and sustainability are key components of Lantmännen's Field to Fork 2030 strategy and we have long been a driving force in the development towards sustainable food and bioenergy systems. Lantmännen works continuously and in a long-term framework to develop its brand with the message *making farming thrive*. We build trust by showing how we take responsibility from field to fork and contribute to community building and food security. We are working to clarify the connection of all brands to Lantmännen and our responsibility. Lantmännen has been ranked as one of Sweden's most sustainable brands in customer surveys for many years.

Consumers' brand experience



Source: Lantmännen Brand Tracker, Nepa

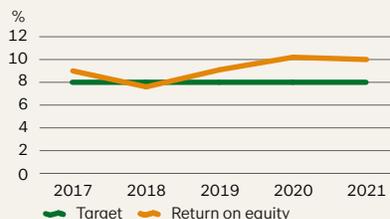
Strategic Group targets

Each Lantmännen business has a business plan with financial targets. The strategic targets for the Group and businesses also include non-financial targets.



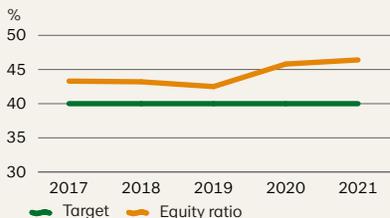
Return on equity Target **>8%** Outcome **10.0%**

The Group's return target is dependent on the composition of the business portfolio. The current business portfolio is estimated as having a total return on equity potential of 8 percent. Return on equity was 10.0 (10.2) percent in 2021. The average return on equity for the last five years is 9.5 percent.



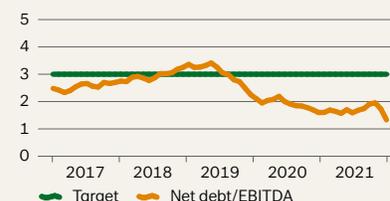
Equity ratio Target **>40%** Outcome **46.4%**

Lantmännen's target for the equity ratio is a minimum of 40 percent, which reflects Lantmännen's desired financial risk profile and the Board's view of long-term financial stability. The equity ratio on December 31, 2021 was 46.4 (45.8) percent.



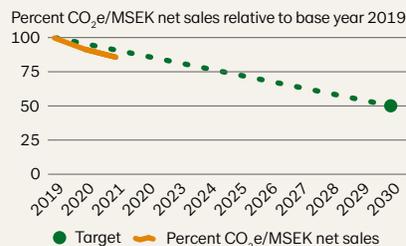
Net debt*/EBITDA* Target **<3** Outcome **1.3**

Net debt/EBITDA indicates how fast a company can repay its debt (expressed in years). Lantmännen's aim is to maintain a net debt/EBITDA ratio of below 3, in order to ensure financial stability. The present net debt/EBITDA ratio is 1.33 (1.60). * According to bank definition.



Climate Target **50% by 2030**

The Group's new target is to reduce climate emissions from its operations by 50 percent in the period 2019-2030, calculated as CO₂e tonnes per MSEK net sales. The target will be achieved by continuing the transition to fossil-free production and energy efficiency. From 2019 to 2021, emissions were reduced by 14 percent.



Employees/Leadership Target **70** Outcome **70/76**

Our employees' job satisfaction and good leadership are key to Lantmännen's success. These indexes are followed up in the Insight employee survey, conducted every two years. The employee survey in fall 2021 showed a strong result and we achieved the job satisfaction target: 70 (71) and exceeded the leadership target: 76 (75).



Description of financial performance measures, see [➔](#) page 136.

Sustainable business development

Lantmännen is a driving force in the development towards sustainable food and bioenergy systems. Based on renewable raw materials from arable land, we develop businesses that optimize cultivation, increase resource efficiency, close cycles and minimize the impact on people and the environment.

With operations throughout the grain value chain, we have a unique opportunity to pursue sustainable business development, which is the basis for Lantmännen's and our members' long-term profitability. The aim is to increase the value from arable land resources with leading performance and develop sustainable solutions for food, energy and bio-based materials. This is the basis for Lantmännen's long-term success as a company.

Integrated into strategy and governance

The work is based on Lantmännen's Code of Conduct, which applies to all operations and employees. The Code of Conduct describes how Lantmännen must conduct itself and make

decisions to take responsibility from an environmental, social and business ethics perspective. It is a tool for steering the business towards ambitions and goals.

Sustainable business development is central to *Lantmännen's strategy and goals* and a response to, and part of, managing risks and opportunities. Responsibility and sustainability are integrated into our processes for governance, implementation and monitoring.

Lantmännen has set Group-wide targets for climate, other environmental issues, employee satisfaction, leadership, health and safety, and provision of training in responsibility and business ethics. The Sectors and Business Areas pursue their own relevant sustainability issues. Read more under each business description.

Lantmännen's Code of Conduct is the starting point for responsibility from field to fork and for the sustainability agenda. Sustainability issues are driven in four focus areas in which we address opportunities and challenges.

Sustainable farming

We drive the development of more sustainable farming, giving increased availability of sustainable food, bioenergy and bio-based materials.

Sustainable products

We develop and offer innovative products and services in agriculture, bioenergy and food, with added values for health, climate and the environment.

Safe and resource-efficient production

Production must be efficient; we work constantly to optimize resources at all stages. Production must be safe for our employees and other parties.

Responsibility in the supply chain

We work methodically for responsibility in the supply chain, knowledge and control, and minimization of negative impacts on people, animals, the environment and natural resources.

Lantmännen's Code of Conduct

The Code of Conduct covers environment, business ethics, society, social conditions, health, safety and working environment, products and services.

Long-term work on sustainability issues and climate targets



Long-term work

We have been working on sustainability issues for over twenty years and report on them annually. Climate targets were adopted back in 2009, which we worked towards and achieved in 2015, when new targets were set. Responsibility and sustainability are a key driver of our business. We are developing customer offerings such as the Climate & Nature cultivation program and have produced important knowledge bases in the form of reports on Farming of the Future and issued a green bond in 2021.

Offerings with sustainable added values

Lantmännen's strength is knowledge and presence throughout the value chain, and large investments in research and innovation. Strategic work with key stakeholders is also of vital importance. This is a basis for the development of our offerings to meet the market's needs for products with added values for health, climate and the environment.



Development of the sustainable added value offering continued in 2021 – from Swedish-grown lentils to Swecon's used parts and bio-based ethanol with world-leading climate performance.

Lantmännen is a major player in the organic market with a focus on inputs and grain trading. This creates the conditions for the development of Swedish organic production. Our offering ranges from agri-supply, feed and grain to organic foods. In 2021, Lantmännen successfully developed an export business for organic gluten.

Cultivation program drives development



Climate & Nature, Lantmännen's cultivation program for Farming of the Future, meets the market's demand for sustainably produced food and creates opportunities for farmers to reduce the climate impact of cultivation. Grain is grown using criteria for reduced climate impact and increased biodiversity. The climate footprint for grain grown under the program has decreased by up to 30 percent since 2015. The program has been expanded to include wheat,

rye and oats. During the year, the program was launched in Finland with the aim of reaching 100 percent of rye volumes for Lantmännen's Finnish operations by 2025. Kungsörnen's flour range comes from the cultivation program, as do their pancake products. In 2021, AXA oatmeal was launched, also grown under the cultivation program. Fossil-free inputs, plant breeding and precision farming are important for continued development with reduced climate impact.

Heading for climate neutrality

Lantmännen's Group-wide climate targets mean a reduction in emissions that is in line with the Paris Agreement. To achieve the Paris agreement target requires carbon emissions to be halved every decade from 2020.

Lantmännen's climate targets apply to the entire value chain from field to fork. The targets are divided into primary production, Lantmännen's own production and purchased transport. The targets focus on fossil-free production and transport, continuing energy efficiency, and investments and measures to reduce the carbon footprint. We describe the climate targets and the work to achieve them on the following pages.

Farming of the Future reports

The Farming of the Future reports identify opportunities to reduce the climate impact and increase productivity by 2050. Swedish farming is well equipped to meet the challenges of the future, which include increasing production, reducing climate impact and ensuring biodiversity. Lantmännen takes a leading role in development and engages in partnerships and collaboration to find solutions for the future.

The reports are a knowledge base that drives development issues internally in Lantmännen and across the industry.



Create conditions for sustainable primary production with **halved climate emissions every decade** and climate neutrality by 2050.



Reduce the climate impact of own production by **50 percent by 2030** in line with the Paris Agreement.



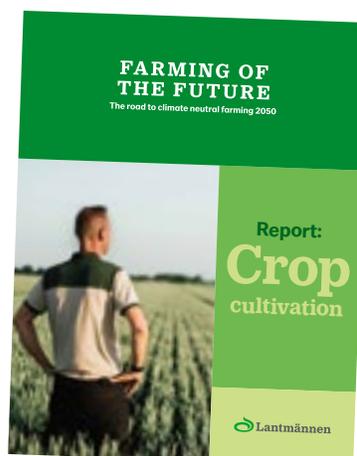
50 percent reduction in emissions from transport and service vans, in relation to sales, by 2030.

Fossil-free transport and service vans in Sweden by 2030, rest of Nordic region by 2040 and all markets by 2050.

The targets cover different scopes, see → pages 144, 153.

Farming of the Future: Crop cultivation

Lantmännen's Farming of the Future report from 2019 shows how cultivation can reduce its climate impact in line with the Paris Agreement, while increasing production and reducing the environmental impact. Eleven focus areas with potential for climate impact reduction were identified. The transition towards Farming of the Future affects parties throughout the value chain, including farmers, business partners, trade, authorities, politicians and consumers.



Farming of the Future: Beef & Dairy

In 2021, Lantmännen worked with eight partners in the industry to develop a common long-term vision for beef and dairy production of the future. The report from the work shows that there are good opportunities to increase productivity while maintaining high animal welfare standards, reducing the climate impact in line with the Paris Agreement and promoting biodiversity. This will require collaboration and extensive research, market demand, political will and drive.



Development of Farming of the Future

Lantmännen will drive the development of knowledge, technology and cultivation methods to achieve our targets, and develop products and services that enable agricultural companies to achieve long-term profitability.

With operations throughout the value chain from field to fork, we have unique opportunities to drive change. Lantmännen's climate targets for primary production will equip the business for challenges of the future.

Agricultural land is the most important and valuable resource in our business, and food production is a key sector in climate change adaptation. We have therefore set a goal to create conditions for sustainable primary production, covering the first part of the cultivation stage, and to halve the climate impact every decade, achieving climate neutrality by 2050. At the same time, biodiversity will be promoted and production increased to ensure food security for a growing population.

In the report *Farming of the Future: Crop cultivation*, we mapped out what is required in eleven critical areas, also



The goal is to create conditions for sustainable primary production and achieve climate neutrality by 2050.

identifying potentials and challenges. The mapping and calculations show that we can achieve the targets – but it will require input from many players, as well as research and innovation. The strategy is being implemented and the systematic work is based on relevant knowledge, testing and proving that the solutions work in practice, offering them to the market and conducting collaborative projects.

Important progress during the year



Knowledge

We continue to build on our knowledge base, with the report as a starting point

With the report **"Farming of the Future: Beef & Dairy"**, we develop our knowledge base for more sustainable future production, in close cooperation with other players in the livestock value chain.



Proof

We test future solutions and demonstrate them in practice on our Farms of the Future

During the year, we developed Nötcenter Viken into **Viken Farm of the Future**, where we conduct experimental activities for sustainable and productive dairy production of the future.

Lantmännen is developing **Plant breeding of the future** with an extensive investment in new technology and equipment for speed breeding in Svalöv. Building work started in fall 2021.

In partnership with RISE, we have tested Robotti, a self-driving robot, in the Swedish fields. An important step towards more efficient and sustainable farming, with benefits for the climate, the environment and farmers' profitability.



Offering

With the knowledge, we develop a concrete offering to the market – wheat, rye and oats grown according to Climate & Nature

Climate & Nature, Lantmännen's program for Farming of the Future, has now been launched in Finland. The roll-out is an important step towards more sustainable Finnish food production, from field to fork.

Climate & Nature has been expanded to more products in Sweden under the Kungsörnen and AXA brands.

ThermoSeed, Lantmännen Bioagri's chemical-free seed treatment method, has won a European Innovation Award and been recognized in Finland.



Collaboration

We work closely with other players to resolve the challenges and close the innovation gap by 2050

Sustainable fertilizers are key to achieving climate neutrality by 2050. Lantmännen is collaborating with **Yara** to develop the world's first fossil-free mineral fertilizer and with **EasyMining/Ragn-Sells** for sustainable recycling of nitrogen and phosphorus for farming.

Lantmännen is involved in the development of **Agronod** – a new platform for data sharing and digital solutions for growing, profitable and sustainable food production in Sweden.

With Fazer, LRF and MTK of Finland, Lantmännen has initiated **Nordic Oats** to increase competitiveness and drive sales of oats from sustainable Nordic farming. Nordic Oats currently has 20 member companies in Sweden and Finland.

New climate targets for 2030

For Lantmännen's *own production*, the transition to fossil-free production and energy efficiency are important keys. Work on reducing the climate impact of *transport* is in progress, with a focus on sustainable fuel choices.

In 2009, Lantmännen set ambitious targets to reduce the climate impact of its own production, which were achieved early. By 2020, we reduced emissions by 71 percent in relation to sales and by 62 percent in absolute figures. We achieved this ambitious target by measures such as switching from fossil fuels to renewable energy in boilers, ovens and dryers, efficiency improvements and purchasing origin-labeled green electricity.

New target from 2021 for own production

During the year, Lantmännen decided on a new climate target for its own production. The target is to reduce the climate impact by 50 percent by 2030, a reduction rate in line with the Paris Agreement target level. The target is to be achieved by continuing to phase out fossil fuels, switching to green electricity and increasing energy efficiency. For 2021, the climate impact in relation to sales was reduced by 14 percent from the base year 2019.

Reduced impact from transport

Lantmännen has a target to reduce the climate impact from transport by 50 percent by 2030 throughout the organization. A sub-target is fossil-free transport and service vans in Sweden by 2030, to achieve fossil freedom in all markets by 2050. The strategy is based on more sustainable fuel choices and more efficient transport flows. In Sweden, we are seeing a transition to biofuels, with domestic biofuels playing a crucial role.

We are working on improved Group-wide processes and calculation methods, and emissions will be reported in the coming years. Learn more in the Sustainability Report on [→](#) page 146.



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Lantmännen has clear targets for fossil-free own production – Sweden and Norway by 2025, Denmark and Finland by 2030 and the rest of Europe by 2040.

Research develops business

Lantmännen's extensive work on innovation and our own research foundation supports knowledge development to meet future challenges and enable profitability for our members' farms.

Lantmännen invests more than MSEK 300 annually in research and development to meet future challenges and ensure its competitiveness. The investments are made in several areas, with the aim of increasing the value from field to fork and creating new businesses in cooperation with agricultural companies.

Making farming thrive

Development of profitable and sustainable farming requires research in both crop and livestock production. The focus is on developing environmentally-friendly cropping systems with high productivity in varying weather and climate conditions. Plant breeding, precision farming and biological pesticides are examples of priority development areas.

Development of sustainable and profitable livestock production requires research on, for example, production of high-quality roughage with minimal wastage and development of domestic feed raw materials to replace soy.

Plant-based raw materials for food

One of Lantmännen's research areas is the development of food from grain and other plant-based raw materials. Examples of project areas include the health effects of grain and legume-based foods, improved bread quality and fractionation to produce new ingredients and foods. Oats are a major focus of Lantmännen's research portfolio.

In 2021, a multi-year investment in protein-rich specialty crops resulted in GoGreen's Swedish-grown dried yellow lentils appearing on store shelves.



Lantmännen conducts research projects that contribute to a more bio-based society based on grain.

Bioenergy and green materials

Grain can contribute to a bio-based society. Research is underway to develop biochemicals such as bioplastics and other renewable materials. Raw materials from farming provide side streams and, with knowledge and different processing methods, components such as starch, protein, fiber, cellulose and lignin can have increased value in innovative applications.

Research collaboration

Strategic partnerships are important for Lantmännen's research initiatives and in 2021 an agreement was signed with SLU for expanded collaboration. Lantmännen participates in Formas' centers for food research and innovation. Under the Mistra Food Futures program, strategies for a sustainable Swedish food system for healthy food will be developed. Other examples are Sweden Food Arena, ScanOats and the SLU Grogrund collaboration.



Lantmännen Research Foundation invests up to MSEK 25 annually in research. The Foundation is an important driving force for development in practical research. In 2021, investments were made in:

- Bread quality, where specially treated starch will extend the shelf life of bread
- Plant breeding, with a focus on the ability of crops to cope with drought and benefit from irrigation
- Innovative feed strategies for free-range laying hens and pigs in large groups

The Foundation's Cerealier magazine presents current research on food and health with a focus on grain and legumes. (In Swedish)

See [➔ lantmannen.se/forskning-och-innovation/tidskriften-c/](https://lantmannen.se/forskning-och-innovation/tidskriften-c/)



The Greenhouse

The Greenhouse is a development program that receives innovative business ideas from employees, members, entrepreneurs and startups. In 2021, a Greenhouse program on the topic of sustainable nutrition was implemented, involving six start-ups and four cross-business internal projects. Learn more at [➔ lantmannen.com/greenhouse](https://lantmannen.com/greenhouse)

Collaboration for increased growth

Lantmännen has a leading role in the development of Swedish agriculture, bioenergy and food production. We drive growth issues and sustainability in priority areas through collaboration.

The Swedish food strategy and events in the wider world, such as climate and food security issues, have laid the foundations for development. Lantmännen pursues an agenda for sustainable growth in the Swedish agricultural and food sector. This creates future opportunities for our members, for Lantmännen and for the entire food sector. Society also benefits from the agenda, which is fully in line with the Swedish food strategy and international sustainability goals.

Key regulatory issues

Lantmännen pursues specific regulatory issues that are of key importance to our businesses and strategies. Important issues in the EU include the view on crop-based biofuels and the roll of farming in climate work. In Sweden, Lantmännen focuses on issues such as the competitiveness of farming and the conditions for Swedish production of biofuels. Food security as part of total defense is a growing issue and one in which Lantmännen is increasingly involved, working with partners that include LRF, the Confederation of Swedish Enterprise and the Swedish Food Federation. The EU has recently launched *the European Green Deal*, which will review virtually all EU regulations and strategies related to agriculture, climate, energy and the environment. This is likely to affect the bioenergy and food value chains, both in the primary production and in industry stages. Although the European Green Deal contains some negative elements in terms of the competitiveness of European agriculture, it is considered generally positive for Lantmännen's business. In particular it increases demand for bio-based alternatives to fossil fuel.

Current dialogue topics

The most important areas of collaboration for us and our stakeholders are *thriving farming*, *bioenergy* and *responsibly produced food*. Examples of current issues during the year include the climate impact of agriculture, sustainable farming, transport, the regulatory framework and direction for biofuels in Sweden and the EU, and the Swedish food strategy. The dialogue is conducted with several players and in forums and networks.

- **Thriving farming:** LRF, KRAV, Sweden Food Arena, Spannmålsodlarföreningen, LRF Plant Breeding and Co-operatives Sweden
- **Responsibly produced food:** Swedish Food Federation, DLF, Consumer associations, Sustainable Supply Chain for Food and Swedish Soy Dialogue
- **Green energy/Bio-economy:** Haga Initiative, Drivkraft Sverige, Copa-Cogeca, Svebio, World Bioenergy Assoc., Klimatneutrala Godstransporter and ePURE



Industry initiatives and collaboration forums

Lantmännen participates in other organizations and collaboration forums and in innovation and research cooperation. Learn more at lantmannen.com/sustainable-development/cooperation-and-dialogue/

Sustainable growth in the sector

Six particularly important areas have been identified and Lantmännen is active in several initiatives within these areas together with academia, other business sector players and authorities. Investing in all six areas will enable growth acceleration.

Grogrund – Crop production with plant breeding



Knowledge hub for animal production & SustAnimal



agroned – Agri data platform



TILLVÄXTBOLAGET – Strengthens investment opportunities



Nordic Oats – Food exports



SWEDEN FOOD ARENA – Innovation



Employees who make a difference

Lantmännen is a large international group that works in a long-term framework to attract and develop employees and leaders. Cooperation and inclusion are high on the agenda and we have an engaging, developing and safe work environment.

During the coronavirus pandemic, Lantmännen had three overall priorities: *to protect our employees, to protect our businesses and to take our social responsibility*. Restrictions, guidelines and new procedures were introduced in all workplaces and have continued to be developed and adapted to local conditions in our different geographical markets.

Through initiatives and training in leadership, employee management and digital tools for remote work, Lantmännen has been successful in providing support for managers and employees.



“**Lantmännen works actively to create an inclusive culture where cooperation, commitment and safety are valued.**”

Annual performance appraisals are held, focusing on individual performance and defined targets, and Lantmännen's values – *openness, a holistic view and drive*. An employee survey to monitor employee satisfaction and leadership is conducted every two years. The results of the 2021 employee survey showed a score of 70 (71) for the Employee satisfaction index and 76 (75) for the Leadership index.

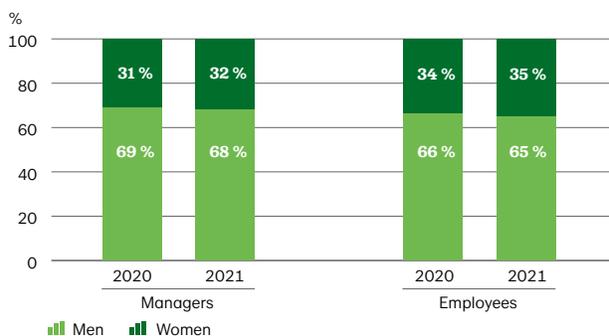
The process of identifying employees' long-term development potential and implementing international development programs continued during the year. Lantmännen's goal is for employees to receive internal growth and development in both specialist and management careers. The target is for half of all managerial recruitments to be filled with an internal candidate; the outcome for 2021 was 51 percent.

Lantmännen works in a long-term framework to increase equality and diversity and strengthen the international perspective in the businesses through defined goals, action plans and regular monitoring. ▶▶

Our employees – Geographic distribution



Gender distribution



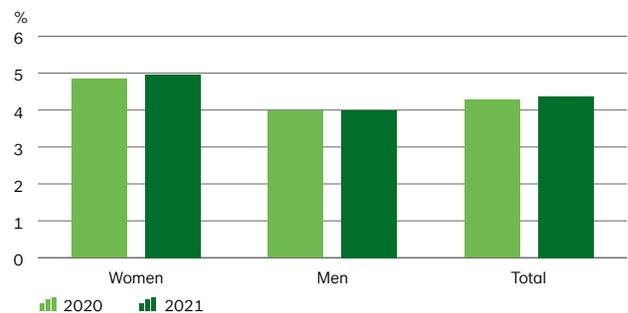


Our employees, work-related accidents and near misses

	2021	2020
Number of fatalities due to accidents	0	0
Number of accidents ¹⁾	247	238
Injury rate ²⁾	14.3	13.7
Number of reported near misses ³⁾	2,831	2,735
Number of risk observations	13,271	8,371

¹⁾ Work-related accident resulting in at least one day's absence after the accident occurred.
²⁾ Injury rate is defined as the number of accidents per million actual hours worked.
³⁾ Near misses are defined as unintended events that could have resulted in ill health or an accident.

Sick leave





Lantmännen Graduate Trainee Program

Lantmännen's Graduate Trainee Program ended in November 2021. During the 15-month program, six trainees worked on assignments and projects in different sectors, business areas and functions within Lantmännen. They received training in leadership, change management and project management, among other things.



We saw double the number of applicants for Lantmännen's 2021 Summer Internship and were able to offer several young potentials an opportunity to build on their experience within the Group's sectors and business areas.

An attractive employer

The purpose of Lantmännen's employer brand and communication is to create pride and engagement among existing employees and to attract and arouse the interest of potential employees. We want to be an employer where employees feel happy and are developed – with a good working environment, good leadership, many development opportunities, and ambitious and challenging goals.

For the second consecutive year, the talent network *4potentials* named Lantmännen 2021 Talent Company of the Year. This is one of Sweden's most prestigious awards in talent management and is awarded to the company that has worked most successfully to attract, recruit, develop and retain talent. 2021 was the fourth time Lantmännen had received the award.

Safe work environment

In 2021, Lantmännen continued its strategic work in health and safety with the goal of achieving "Health & Safety Excellence" by 2030. This involves integrating health and safety work more clearly into leadership, employees, and daily and strategic processes. The priority up to 2023 is to establish a stable base of critical processes, tools and training.

Work on the "Culture Ladder Assessment" continued in 2021, with the aim of creating a common understanding of what health and safety means in the Group, and what needs to be done to improve the safety culture. During the year, "Health & Safety Awareness Training" was introduced to increase knowledge among managers and employees. All business areas continued to develop strategic roadmaps.



With Lantmännen's breadth of business, we can offer varied development and career opportunities in multiple sectors, countries, companies and areas of expertise.

Lantmännen creates and maintains a good health and safety culture by identifying and minimizing risks in the work environment through follow-ups of the 60 or so annual injury prevention inspections in the production facilities and through health and safety training. Due to the coronavirus pandemic, the number of inspections in 2021 was limited to 48 – a combination of physical and digital inspections.

A web-based tool for reporting, investigation and follow-up of accidents, near misses and risk observations is available to all employees. In 2021, the injury rate increased to 14.3 (13.7). The target is for the injury rate to be below 1 by 2030.

Continuous efforts are devoted to identifying and following up areas for improvement, particularly those related to the psychosocial work environment and workload. Sick leave in 2021 increased slightly to 4.4 (4.3) percent.

Lantmännen has an established whistleblowing system giving employees a simple and anonymous way of reporting malpractice and violations of Lantmännen's Code of Conduct, guidelines or policies. A total of 22 (13) reports from five countries were recorded in 2021. All cases have been investigated by Lantmännen's Whistleblowing Committee.

Learn more on → page 143.

Agriculture Sector

Our core business



Agriculture Sector

The Agriculture Sector, which constitutes Lantmännen's core business, develops and offers products and services to promote strong, competitive farming with a focus on profitability. The Sector operates both in Sweden and internationally and accounts for 44 percent of Lantmännen's sales. The Agriculture Sector is based in Sweden and has a strong position in the Baltic Sea region through its international wholly and partly-owned companies.

The Sector includes *Lantmännen Lantbruk Sweden*, *Lantmännen BioAgri*, *Lantmännen Krafft*, *Lantmännen Agro in Finland*, *Lantmännen Agro in Denmark*, *Lantmännen Seed in the Netherlands* and *Lantmännen Maskin*. The Sector is responsible for Lantmännen's ownership interests in the German group HaGe Kiel, Scandagra Group in the Baltic region and Scandagra Polska in Poland. See [page 57](#).

Work in the Agriculture Sector was affected by the coronavirus pandemic, semiconductor shortages, avian flu outbreaks, soaring commodity prices and a lower than normal harvest.

Key sustainability issues

The Agriculture Sector works to promote sustainable agriculture with energy-efficient and safe machinery, resource-efficient, safe production, sustainable cultivation methods, feed raw materials and low-impact transport. The Sector works on innovation and development of smart feed, technological and digital development, precision farming and plant breeding. As part of Farming of the Future, we

have launched our farms of the future, where we work with adapted cultivation methods and feed to meet climate and environmental challenges.

“
Lantmännen works for sustainable, thriving farming with a low climate impact.

Outlook

The volatile commodity market is expected to continue creating uncertainty for suppliers and customers in 2022. *Our goal* is to become northern Europe's leading agribusiness company by continuing to strengthen our agribusiness positions in the Baltic Sea region and driving the positive development of the machinery business in Sweden. We will focus on digital business development, with an increased focus on our sales channels and technological development, and will continue to work within the framework of Farming of the Future.



Agriculture Sector, key figures	2021	2020
Net sales, MSEK ¹⁾	22,834	21,501
Operating income, MSEK	374	439
Operating margin, %	1.6	2.0
Return on operating capital, %	4.5	5.4
Investments in non-current assets, MSEK	186	261
Average number of employees	1,727	1,743
of which women/men, %	24/76	24/76
Women/men in executive management, %	33/67	33/67
Sick leave, %	4.1	3.7
CO ₂ emissions, thousand tonnes	9	10

¹⁾ Including intra-Group sales.

Excl. items affecting comparability	2021	2020
Operating income, MSEK	374	439
Operating margin, %	1.6	2.0
Return on operating capital, %	4.5	5.4



Brands



Nötfor
Fårfor

Piggfor
Renfor

Pullfor
Protect



Lantmännen Lantbruk Sweden

Lantmännen Lantbruk Sweden is the market leader in the grain market and offers a wide range of products for livestock and crop production. Purchased grain, oilseeds, pulses and forages are sold to grain traders and to Swedish and international industry.

The business showed good development during the year. The feed business continued its positive trend, with increased market shares, but was affected by the outbreak of avian flu. The pandemic created concerns about the supply of raw materials, resulting in soaring fertilizer prices, but production and sales have gone according to plan. A low grain harvest resulted in weakened grain business.

Grain

Lantmännen Lantbruk Sweden buys and sells grain, oilseeds and pulses. Half of the quantity is used in Lantmännen's own industries. External sales are significant, and exports account for the largest share, with sales mainly to Europe, North Africa and North America. During the year, a new long-term sourcing and receiving strategy was established to minimize the need for internal transport.



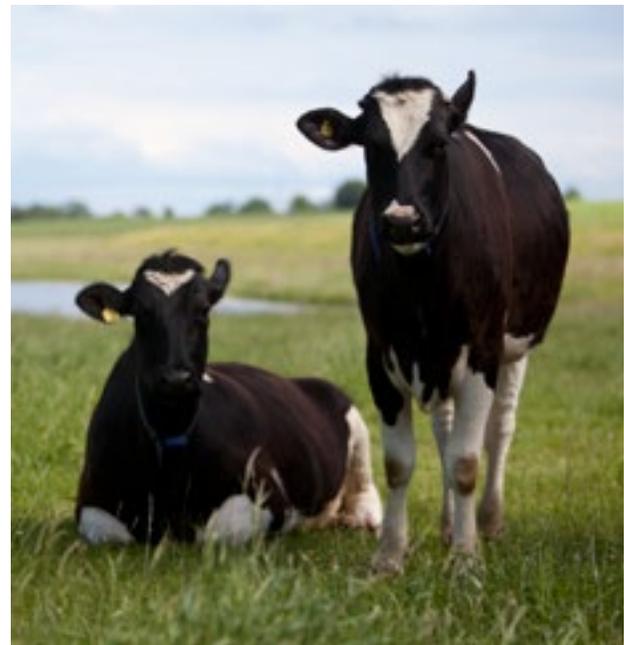
Lantmännen offers everything to ensure successful, thriving farming!

According to the latest forecast from the Swedish Board of Agriculture, the Swedish grain harvest for the year was 5.0 million tonnes, which was lower than the five-year average and what had been forecast. This was mainly due to drought in June and July. Rain in the second half of the harvest period resulted in lower grain quality. Concerns about global availability of grain and oilseed and declining grain stocks led to sharp price increases. Lantmännen's broad trading network continues to be important for our trading activities.

Feed

Lantmännen Lantbruk produces and sells feed and supplements. The feed business developed positively during the year and increased its market shares. The increase in volume is mainly due to good production results on the farms, where new products and a knowledgeable sales force have contributed to a growing customer base. Profitability in the sector declined slightly towards the end of the year due to rising prices for feed materials, energy and logistics. A sharp increase in soy prices, mainly driven by high demand for non-GMO soy, has accelerated the development of new feeds with lower soy content and higher use of amino acids.

The avian flu outbreak led to the culling of two million hens, which caused egg supply problems for a period and shook the egg industry, but the market recovered more quickly than expected.



In *pig production*, use of amino acids is increasing and precision feeding is being strengthened for optimized profitability. In *beef and dairy*, several joint projects to reduce the sector's climate footprint are in progress and the *Farming of the Future* report was issued in October. Operations at the *Viken Farm of the Future*, were expanded with seven milking robots, providing the conditions for further feed trials.



Profitable and sustainable crop production requires strong, high-yielding crops, the right inputs and a successful cultivation strategy.

Crop production

Lantmännen Lantbruk Sweden refines, produces and sells seeds in the areas of seed grain, pulses, oilseeds and grass seed. Winter seed sales in 2021 exceeded the previous record level, but rain meant that areas were unplanted. After a couple of weak forage harvests, the good harvest in 2021 and a strong export market have boosted conditions for the forage seed business.

Merchandise business developed well despite sharply rising commodity prices and raw material shortages.

The *Green Fertilizer* project, conducted in partnership with Yara, is aimed at achieving a more fossil-free food supply chain. In plant breeding, the *Future Fit Breeding* project was initiated to accelerate the development of varieties with higher yields and better disease resistance. We have expanded the *SLU Grogrund* breeding projects to include reduced cadmium uptake in wheat and oats. Learn more at lantmannenlantbrukmaskin.com

Lantmännen BioAgri

Lantmännen BioAgri sells and develops *ThermoSeed*, a unique biological method of heat treatment that makes seeds healthy and resilient. The company also develops and markets biological seed treatment products. During the year, the development of biostimulants continued with on-farm trials. Learn more at lantmannenbioagri.com

Lantmännen Krafft

Lantmännen Krafft is Sweden's largest horse feed supplier and one of the largest in the Nordic region, with additional markets in Europe and the US. The company's position strengthened in 2021, with good growth in all countries of operation. Learn more at kraffthorsenutrition.com



Lantmännen Lantbruk Sweden, key figures

	2021	2020
Net sales, MSEK ¹⁾	14,102	13,096
Operating income, MSEK	159	261
Operating margin, %	1.1	2.0
Return on operating capital, %	3.6	6.6
Investments in non-current assets, MSEK	150	203
Average number of employees	797	805
of which women/men, %	33/67	34/66

¹⁾ Including intra-Group sales.

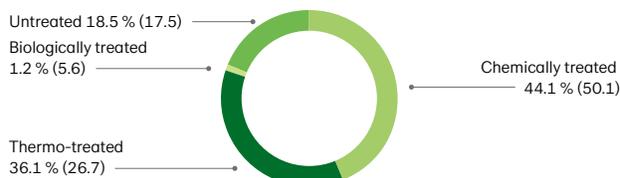
Excl. items affecting comparability

	2021	2020
Operating income, MSEK	159	261
Operating margin, %	1.1	2.0
Return on operating capital, %	3.6	6.6

Use of total volume of sold grain



Seed treatment (calculated as percentage of volume in tonnes)





Lantmännen Lantbruk Finland

Lantmännen Agro

The operations in Finland, Lantmännen Agro Oy, are partly conducted through independent Lantmännen-profiled dealers, with 29 retailers and 60 stores providing agri-supply for crop production, feed, and spare parts and equipment. Lantmännen Agro trades in grain in the Finnish and international markets, and produces and sells feed directly to customers with livestock production and horses.

Drought and heat during the growing period resulted in a very low Finnish harvest, similar to the 2018 drought year. The harvest just covers domestic demand, which means reduced export business. The first batches of ThermoSeed-treated seed were produced in our new facility. *Climate & Nature* was launched in Finland during the fall, and the first 130 farmers planted rye according to the program. Learn more at [👉 lantmannenagro.fi](https://lantmannenagro.fi)

Brands

Opti Melli Maituri Herkku Benemilk NORRA

Lantmännen Lantbruk Finland, Key figures

	2021	2020
Net sales, MSEK ¹⁾	4,479	4,351
Average number of employees	148	147
of which women/men, %	36/64	38/62

¹⁾ Including intra-Group sales.



Lantmännen Lantbruk Other

Lantmännen Agro – Denmark

The main activity of Lantmännen Agro A/S is purchasing grain in Denmark. This is an important asset in Lantmännen's grain sales strategy, but quantities are also sold to external customers directly from Lantmännen Agro. The company also sells large quantities of fertilizer. Lantmännen Agro has shown positive development during the year with higher volumes of both grain and fertilizer. Learn more at [👉 lantmannenagro.dk](https://lantmannenagro.dk)

Lantmännen Seed – Netherlands

The company Lantmännen Seed BV conducts plant breeding of triticale and potato at the processing station in Emmeloord, Netherlands. The operations developed well, with several new varieties of potato and triticale showing promising results. Learn more at [👉 lantmannenseed.com](https://lantmannenseed.com)

“

Lantmännen has long experience of, and is deeply engaged in, issues affecting the land we all live off.

Our physical and digital services help farmers create the most appropriate cultivation and marketing strategies.



Lantmännen Maskin

Lantmännen Maskin imports, markets and sells agricultural machinery and spare parts and offers services in Sweden. The product portfolio contains strong brands, including Valtra, Fendt, Kuhn, Väderstad and Joskin. Lantmännen Maskin is present in 53 locations across the country, with machines, spare parts and workshops.

The company showed positive development during the year with a large order intake for machinery and increased market shares in a relatively stable market in terms of numbers.

“
Lantmännen Maskin provides the market’s best and highest-quality products and services for farmers and efficient e-commerce.

Like other players in the industry, Lantmännen Maskin has been affected by pandemic-related production disruptions at its suppliers. This meant that component shortages and general international logistics problems resulted in delayed deliveries.

After the negative impact of the pandemic in its first months, the workshop business showed positive development with improved target figures. The spare parts business, which was not affected by supply shortages to the same extent as machinery, performed well during the year and improvement measures initiated in the previous year were implemented. During the year, we continued to implement the supplier structure plan, introducing Joskin into the product portfolio while phasing out a number of other brands. The import business of Massey Ferguson returned to AGCO.

Learn more at lantmannenlantbrukmaskin.com



Lantmännen Maskin, key figures	2021	2020
Net sales, MSEK ¹⁾	3,636	3,669
Operating income, MSEK	20	-7
Operating margin, %	0.6	-0.2
Return on operating capital, %	1.7	-0.5
Investments in non-current assets, MSEK	19	19
Average number of employees	750	760
of which women/men, %	10/90	9/91

¹⁾ Including intra-Group sales.

Excl. items affecting comparability	2021	2020
Operating income, MSEK	20	-7
Operating margin, %	0.6	-0.2
Return on operating capital, %	1.7	-0.5

Total market for tractors in Sweden



Energy Sector

**Circular solutions for
energy of the future**



Energy Sector

The Energy Sector is one of Sweden's largest producers of bioenergy products and accounts for 9 percent of the Group's sales. The Sector's companies manufacture and market sustainable ethanol fuel, protein feed, carbon dioxide, starch products, gluten, vodka, beta glucan, oat protein, alkylate petrol, lubricants and other chemical products. The Sector operates in a global market with the main focus on Europe.

The Energy Sector includes *Lantmännen Biorefineries*, which consists of *Lantmännen Agroetanol*, *Lantmännen Functional Foods*, *Lantmännen Oats* and *Lantmännen Reppe*. The Sector also includes *Lantmännen Aspen*. The Sector is responsible for *Lantmännen*'s ownership interests in the partly-owned company *Scandbio*, see → page 57.

The Energy Sector offers environmentally smart energy, food and industrial products. The products are responsibly produced in Sweden, France, Latvia, Finland and Denmark. The Sector has wholly or partly-owned sales companies in the Nordic region, France, Germany and the US. Sales are conducted through distributors or exports.

Bioenergy accounts for more than a third of Sweden's energy use, and sustainable transport and biofuels are crucial to reducing carbon emissions. The Swedish national climate targets are a 70 percent reduction in transport emissions by 2030 and zero net emissions of greenhouse gases by 2045. Increased use of low level blends of ethanol in petrol is a cost-effective way of reducing the transport sector's emissions, and E10 was implemented in Sweden during the year.

Key sustainability issues

The Sector produces ethanol with world-leading climate performance and develops feed and products for the food industry from Swedish raw material and environmentally friendly petroleum products. In ethanol production, residual products from the food industry are recycled.

Our goal is to continue to develop products with added value for the climate, the environment and health. We also work to develop circular business models, efficient production and low-impact transport, safe work environments, and responsible sourcing and business relationships.

Outlook

Demand for *Agroetanol*'s ethanol is expected to increase in the Nordic region and Europe with more stringent requirements on reducing greenhouse gas emissions from transport. We are continuing our work on broadening the raw material base with alternative starchy raw materials used for biofuel production. The prospects for continued growth for *Lantmännen Reppe* and *Lantmännen Aspen* are considered good.



Energy Sector, key figures	2021	2020
Net sales, MSEK ¹⁾	4,595	3,938
Operating income, MSEK	615	530
Operating margin, %	13.4	13.5
Return on operating capital, %	42.3	40.5
Investments in non-current assets, MSEK	312	186
Average number of employees	364	345
of which women/men, %	30/70	27/73
Women/men in executive management, %	27/73	11/89
Sick leave, %	2.6	2.8
CO ₂ emissions, thousand tonnes	18	18

¹⁾ Including intra-Group sales.

Excl. items affecting comparability	2021	2020
Operating income, MSEK	615	530
Operating margin, %	13.4	13.5
Return on operating capital, %	42.3	40.5



Brands





Lantmännen Biorefineries

Lantmännen Biorefineries is a collective organization for *Lantmännen Agroetanol*, *Lantmännen Reppe*, *Lantmännen Functional Foods* and *Lantmännen Oats*, with common functions for sales, purchasing, product development, HR and technical projects.

Lantmännen Agroetanol

Lantmännen Agroetanol is a large-scale biorefinery with grain as its main raw material. The company processes the renewable raw material into alternatives to fossil or non-sustainable products. Grain and starchy waste products are processed into ethanol for the fuel market, carbonic acid, other technical products and protein products for the feed market.

Lantmännen Agroetanol is the Nordic region's largest ethanol producer and produces ethanol with the best climate performance. Lantmännen's ethanol reduces the climate impact by more than 95 percent compared with petrol. The annual production capacity of the Händelö facility in Norrköping is 230,000 m³ of ethanol, 200,000 tonnes of protein-rich feed raw material, Agrodank, and about 90,000 tonnes of carbonic acid. About 10 percent of the grain produced in Sweden is used in the facility.

The product portfolio has been differentiated in 2021 and the broadening of the raw material base is continuing. Projects have been initiated to increase the climate performance of ethanol. In 2021, the market was affected by Covid-19 and ethanol prices started the year relatively low but reached record highs in the fall when the European market experienced a shortage.

Lantmännen Agroetanol's ethanol is sold in the European market where there is demand for biofuels with high climate

performance. The recycling business with residual products from the food industry creates a circular economy and contributes to Lantmännen Agroetanol's profitability. Sweden's reduction obligation for petrol was increased to 6 percent on August 1, 2021, leading to the implementation of E10. The EU Renewable Energy Directive, RED II, was revised during the year, which may affect the future of Lantmännen Agroetanol's products.

Construction of a new gluten production facility in Norrköping started during the year and the project is progressing according to plan. The aim is to separate wheat flour starch, which is used in the production of ethanol, and gluten, which is sold to the food industry.

A provision of MSEK 500 has, for some time, been recognized in connection with the European Commission's investigation of Lantmännen Agroetanol and two other ethanol producers for alleged violation of EU competition law. Lantmännen Agroetanol continues to cooperate with the Commission during the investigation, awaits its statement of position and will make full use of its right of defense. Learn more at lantmannenagroetanol.com

Lantmännen Functional Foods

Lantmännen Functional Foods works on development, marketing and sale of special foods (medical and functional foods), dietary supplements and ingredients with health claims for both food and feed. Brands include Salovum, SPC-Flakes, PromOat, AvenaCare and PrOatein.

Learn more at lantmannenfunctionalfoods.com

Lantmännen Oats

Lantmännen Oats creates value from oats by processing into beta glucan and oat protein. The ingredients are sold to companies operating in bakeries, health food and sports nutrition. Construction of facilities for oat processing, hulling and heat treatment has started and is expected to be completed in 2022. Beta glucan is a soluble fiber found in oats with a proven cholesterol-lowering effect. Oat protein is a tasty ingredient used in sports nutrition and other applications.

Learn more at lantmannenoats.com

Lantmännen Agroetanol, key figures	2021	2020
Net sales, MSEK ¹⁾	2,983	2,434
Operating income, MSEK ²⁾	381	308
Average number of employees	136	127
of which women/men, %	30/70	26/74

¹⁾ Including intra-Group sales.

²⁾ Excluding items affecting comparability.

Lantmännen Reppe

Lantmännen Reppe creates value by processing wheat into wheat gluten, vodka, starch products and animal feed, and is one of Sweden's oldest companies. Reppe is an important player in the grain value chain from cultivation, raw materials sourcing and processing to sales and consumption.

Lantmännen Reppe produces and supplies ingredients and finished goods to the food, paper and beverage industries. Deliveries of starch products to the paper industry increased in 2021. Lantmännen Reppe has one of the Nordic region's largest distilleries, which produces high-quality vodka. The contract with a large vodka sub-contract customer in the US was terminated during the year and contracts have been signed with new customers. Continuing strong demand for Lantmännen Reppe's products has enabled investments in further processing of starch and gluten products. Development work in all product segments has resulted in both new customers and new applications. The packing and packaging industry is growing with sustainable products, which brings increased demand for wheat-based starch products.

Learn more at lantmannenreppe.com



Lantmännen Reppe is a key player in the grain value chain from cultivation, sourcing of raw materials and processing to sales and consumption.



Lantmännen Reppe, key figures	2021	2020
Net sales, MSEK ¹⁾	487	486
Average number of employees	70	69
of which women/men, %	26/74	29/71

¹⁾ Including intra-Group sales.



Lantmännen Aspen

Lantmännen Aspen, with its brands Aspen, Agrol and Marline, manufactures and markets environmentally friendly fuels, lubricants and chemical products. The products are produced in Sweden and France and sold in about 30 countries in Europe and North America.

Aspen offers environmentally friendly fuels, such as alkylate petrol and HVO diesel, and a high-quality range of oils adapted for small engines such as lawnmowers, brush cutters and chainsaws, outboard engines and for motor sports.

Agrol provides high quality lubricants and chemical maintenance products for the professional market for agriculture, forestry and contracting in the Nordic region. The products help to reduce maintenance costs and the environmental impact.

Marline offers fuels for small engines and is the leading brand of alkylate petrol in France. Marline has a strong position in machine rental and hardware retail and complements Aspen's strong position in specialist servicing.

Lantmännen Aspen's total sales increased despite the pandemic. The weather was favorable in much of Europe, increasing the use of smaller machines. The US introduction was slow due to the pandemic but we are seeing good progress. The lubricants market continued to perform well across all customer segments during the year.

In our sustainability work, we strive to ensure the environmental impact of our products is as low as possible.

Learn more at aspenfuels.com, agrol.se (in Swedish) and marline.fr

Lantmännen Aspen, key figures	2021	2020
Net sales, MSEK ¹⁾	1,113	1,016
Average number of employees	116	108
of which women/men, %	31/69	27/73

¹⁾ Including intra-Group sales.

Food Sector

Responsibly produced food

Good food from
Lantmännen



Food Sector

The Food Sector refines grain and other raw materials from arable land and produces, among other things, flour, bread, breakfast products, pasta and ready meals. Lantmännen's green sprout emblem, which can be found on the product packaging, is a guarantee of responsibly produced food. The Sector offers "Good food" to customers in food retail, food service and the food industry, and accounts for 31 percent of the Group's sales.

The Food Sector consists of *Lantmännen Unibake*, *Lantmännen Cerealia* and Lantmännen's ownership interests in the partly owned company *Viking Malt*. The Sector produces food in 47 facilities in 16 countries under well-known brands such as *Kungsörnen*, *AXA*, *START!*, *Bonjour*, *Hatting*, *Korvbrödsbagarn*, *Schulstad*, *Finn Crisp*, *Amo*, *Vaasan*, *GoGreen* and *Gooh!*.

The coronavirus pandemic affected the Sector, particularly in the first half of the year, with reduced food service sales. In the second half of the year, restrictions were lifted in several markets and demand increased slightly. The market has not yet recovered to 2019 levels. The trends of strong price pressure for food and intense competition in all categories continue. Taste, health, origin, sustainability and convenience remain important consumer trends in the Nordic region, together with products with low climate impacts and organic goods. Demand for non-animal-based proteins and *functional foods* is increasing. The pandemic has highlighted the importance of food security.

Key sustainability issues include products and raw materials from a sustainable value chain, resource-efficient production, sustainable packaging solutions, transport with a low climate impact, safe work environments, and responsible sourcing and business relationships.

During the year, Lantmännen entered into an agreement to acquire Myllyn Paras, a Finnish group active in flour, grain, pasta and bakery products. The transaction is subject to approval by the Finnish Competition and Consumer Authority. Myllyn Paras, which has a strong brand, broadens our offering in the Finnish market and enables synergies with other operations in Finland.

Outlook

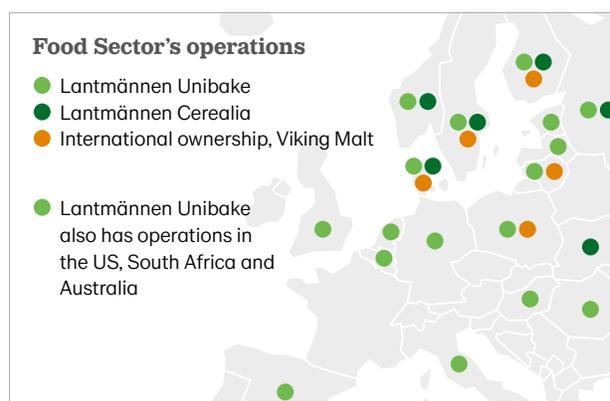
Prices of raw materials, packaging materials, energy and transport have risen sharply, leading to price increases for retailers and consumers. *Our goal* is to be a leading food company, based on arable land resources, through efficiency improvements, digitalization and optimization of production facilities.



Food Sector, key figures	2021	2020
Net sales, MSEK ¹⁾	15,558	15,017
Operating income, MSEK	775	786
Operating margin, %	5.0	5.2
Return on operating capital, %	4.8	4.7
Investments in non-current assets, MSEK	889	552
Average number of employees	6,373	6,347
of which women/men, %	42/58	41/59
Women/men in executive management, %	21/79	21/79
Sick leave, %	4.5	4.8
CO ₂ emissions, thousand tonnes	90	89

¹⁾ Including intra-Group sales.

Excl. items affecting comparability	2021	2020
Operating income, MSEK	850	786
Operating margin, %	5.5	5.2
Return on operating capital, %	5.2	4.7



Sales by market	2021	2020
Nordic countries	61 %	63 %
Rest of Europe	32 %	31 %
Rest of world	7 %	6 %



Lantmännen Unibake

Lantmännen Unibake is one of Europe's largest bakery groups. With more than 30 bakeries, operations in over 20 countries and sales in more than 60 countries worldwide, the company can meet the local needs and preferences of customers and consumers. Lantmännen Unibake supplies bake-off and fresh bakery products to the food retail and service markets, and with its consistently high level of quality and fast delivery, the company is an important partner for many of the world's largest food providers.

In 2021, Covid-19 continued to have a major impact on Lantmännen Unibake's business. The pandemic adversely affected the company's customers in virtually all markets. At the same time, prices of raw materials, other inputs, transport and machinery continued to rise throughout 2021 in the face of strong global demand and supply chain problems.

In the first year of the pandemic, consumers had got used to living in lockdown, while many customers had met demand by adjusting operations to include home delivery and food-to-go. The lessons learned from 2020 meant that the impact on the business was less severe in 2021. Lantmännen Unibake continued to strengthen its e-commerce platform and store offering during the year.

Restrictions were lifted in most markets during the second half of 2021 but a new wave of the pandemic at the end of the year led to new lockdowns and restrictions. As a result, the market has not recovered to the normal level of 2019 and food service sales are still below normal, particularly due to new work-from-home practices and the partial replacement of travel activity with digital meetings.

Good earnings growth compared with 2020

Lantmännen Unibake continued to adjust capacity to the current situation and enforce strict cost discipline across the group in response to the Covid-related challenges in the market.

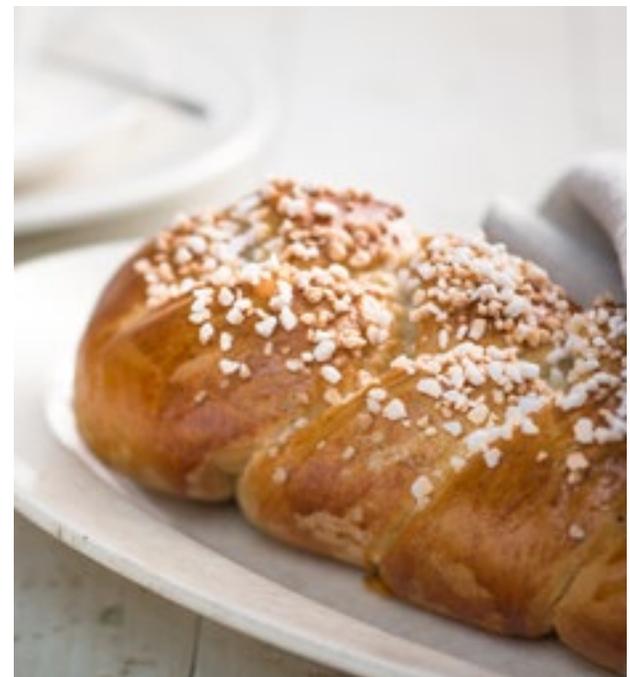
Alongside its short-term adaptation measures, Lantmännen Unibake continued to develop and execute more

long-term plans and strategies, with digital marketing high on the agenda. There was a resurgence in e-commerce in retail and food service.

“

Lantmännen Unibake is a world-leading bakery group with long traditions and an eye for innovative solutions and trends.

– With customer proximity and responsibility at a local level!





The profitability management project, aimed at creating transparency along the value chain, continued during the year, as did the roll-out of the ERP platform and global brand architecture work. Several strategic sustainability investments were made as an important part of the Group's sustainability strategy.

Key sustainability issues

Lantmännen Unibake has embarked on a journey to bring health & safety to the center of its culture. The vision is clear – all employees should feel safe at work and it is the

company's responsibility to enable this through training and monitoring. The foundation is in place for the implementation of a global health & safety organization involving all senior executives.

“
Lantmännen Unibake markets fast food bread for consumers, and develops and launches new brands and products in the bread and pastries categories.

The food industry is an important part of global climate initiatives and Unibake has reduced emissions from its production by 40 percent over the last five years. To accelerate its sustainability work, Lantmännen Unibake is running a project describing the road to a sustainable bakery future.

Outlook

The current inflationary environment is likely to continue, which is expected to bring the highest cost pressure in a decade for Unibake's business. We are continuing our strategy implementation and developing the bakery business with a major investment program for increased cost efficiency and future profitable growth. Our goal is to become a globally leading bakery company with a strong base in northern Europe.

The major investments include a new burger bun line in Nowa Sól, Poland, several new bakery lines in the UK, Finland, the Baltic region and Russia, and a new automated cold store in Örebro, Sweden. Lantmännen Unibake is also planning to establish a new bakery and an ambitious bake-off investment in south-east Europe.



Lantmännen Unibake, key figures	2021	2020
Net sales, MSEK ¹⁾	11,674	11,128
Average number of employees of which women/men, %	5,037 42/58	4,990 41/59

¹⁾ Including intra-Group sales.

Lantmännen Unibake's Brands



Davor Zidaric • product developer & food designer
Lantmännen Unibake



“

We develop our business through acquisitions and organic growth, consolidation and the creation of a highly integrated group structure.

Our aim is to make people all over the world happy and contented with the help of our breads and pastries.





Lantmännen Cerealia

Lantmännen Cerealia develops, produces and markets grain-based products such as flour, hulled grains, muesli, granola, pasta, pancakes and crispbread, a vegetarian range of pulses, food grains, whole grains and vegetarian products, and ready meals.

Lantmännen Cerealia's operations are conducted in Sweden, Norway, Denmark, Finland, Ukraine and Russia, with sales through food retailers, the food service sector and directly to industrial bakeries and food producers. Cerealia also has significant exports, mainly crispbread and breakfast products, to about 30 countries around the world.

“

Our products always have consistent, high quality that meets the needs of Nordic customers.



The pandemic continued to affect the business in 2021, and some investments in market-driving initiatives had to be put on hold. Our Nordic markets saw an easing of restrictions in the fall, leading to some recovery for the food service sector and industrial customers. Sales through food retailers, which developed at a fast rate in the first half of the year, returned to normal levels in the latter part of the year. In Russia and Ukraine, the negative trend continued. Despite weak volume development, we gained market shares in several important markets. We have been able to keep production running without interruption during the pandemic, continuing to manage and navigate according to government recommendations to ensure the health and safety of our personnel, protect our business and uphold our responsibility as a socially critical supplier of food.

The second half of 2021 saw large price increases for raw materials, packaging materials, energy and transport, which has had a short-term impact on profitability before price increases take full effect. Although intense competition has continued in all markets, we have seen good growth in our businesses in the Swedish and Finnish markets, our export business and our ready meals business under the Gooh! brand.

Close to customer and consumer

Lantmännen Cerealia's categories and product offerings are well positioned to meet the trends and preferences of Nordic consumers. Taste remains the single most important parameter for consumers, but more and more of them find health, origin and sustainable production important. Meal solutions and healthy snacks are a strong trend, where we see a clear example in our successful Finn Crisp Snacks.

During the year, we conducted a consumer survey with almost 5,000 Nordic respondents, and we are developing our product portfolio on the basis of it. In the 2021 supplier evaluation by Swedish food retailers, Lantmännen Cerealia was ranked highest out of 118 suppliers evaluated on pro-activity in customer cooperation.

“

Lantmännen Cerealia is the largest supplier of flour and grain-based products to bakeries, wholesalers and the food industry in the Nordic region.

We stay close to the customer, taking responsibility at a local level while bringing the strength of a global organization.





Innovation in focus

A *Growth Businesses* department was established during the year with a focus on growth and innovation to develop new products, concepts and solutions for the longer term. Pulses, oats and other local crops are the focus of our innovation work aimed at developing locally produced crops and concepts that can yield higher volumes.

Key sustainability issues

Lantmännen Cerealia's offering is based on local and sustainably produced food. Two-thirds of Swedish consumers find the climate issue important and say that it influences all or some of their food and grocery purchases, and it is our ambition to create attractive products based on raw materials from sustainable farming.

Our successful commercialization of the *Climate & Nature* cultivation program for Farming of the Future continues. During the year, the program was expanded to include oats and pancakes, and partnerships with more industrial customers have been developed. The cultivation program was also launched in the Finnish market.

The goal is for our Nordic facilities to be fossil-free by 2025 and facilities outside the Nordic region by 2040. We are also working to reduce emissions from transport and have clear guidelines for sustainable sourcing. The majority of our packaging is plastic-free and all packaging will be recyclable during 2022. Fossil-based plastic packaging will be phased out by 2030.

Outlook

The outlook for 2022 is uncertain due to sharply rising costs for raw materials, inputs, transport and energy. The pandemic is expected to affect our operations in Russia and Ukraine in particular. In the Nordic markets, some recovery is expected in food service and B2B.

We will focus on efficiency of processes and working methods, growth creation and better utilization of our facilities to increase profitability. There will be a special focus on growth for the oat-based business.

Learn more at lantmannencerealia.com



“
Interest in green, climate-smart, locally grown, healthy and sustainable food is growing. Lantmännen is now successfully growing Swedish yellow lentils on a larger scale.”

Lantmännen Cerealia, key figures	2021	2020
Net sales, MSEK ¹⁾	4,286	4,267
Average number of employees of which women/men, %	1,336 42/58	1,357 41/59

¹⁾ Including intra-Group sales.

Lantmännen Cerealia's Brands



Swecon Business Area

**Partner and distributor of
construction machinery**



Swecon Business Area

Swecon is a partner of Volvo Construction Equipment and a dealer in machinery for the construction and civil engineering industry in Sweden, Germany, Estonia, Latvia and Lithuania. Swecon offers a broad range of construction machinery, equipment, spare parts, training, servicing and support through its 96 service facilities. The Business Area accounts for 15 percent of the Group's sales.

The market for construction machinery has, in many ways, been operationally stable but has not yet fully recovered from the ongoing Covid-19 pandemic. However, demand is increasing due to generally high activity in the construction industry. Our supply chain is currently experiencing difficulties, resulting in lower availability of machines and longer delivery times. The lack of supply has resulted in lost sales. The market for used machines has also been affected, with lower volumes for Swecon, and it has been hard to maintain market shares in all countries due to the low availability. Despite these challenges, earnings were at a good level, driven by internal efficiency.

The order intake is showing a clear upward trajectory and the order backlog remains at a high level. Demand for servicing has been increasingly strong and external servicing has shown a positive trend. Our rental business is experiencing strong demand and the same is true for used machines. As further support for our customers, new solutions for web and remote support have been implemented and a data center has been set up to analyze how customers use their vehicles.

Protecting employees and ensuring business continuity remain a priority for Swecon. Most sales meetings and training sessions are still held online or as hybrid meetings.

Key sustainability issues

Demand for electric machines has grown, particularly in cities and from authorities. The launch of Volvo's battery electric machines has been successful and Volvo continues its electric journey. As a responsible supplier, Swecon assumes the role of industry leader and works on a climate strategy with targets to reduce the carbon footprint of its operations in relation to sales. This includes energy use in properties, responsible sourcing and business relationships.

By creating a positive impact on society, Swecon also positions itself as an attractive employer. The safe@swecon initiative has further increased awareness among employees and offers training on safety in the workplace.

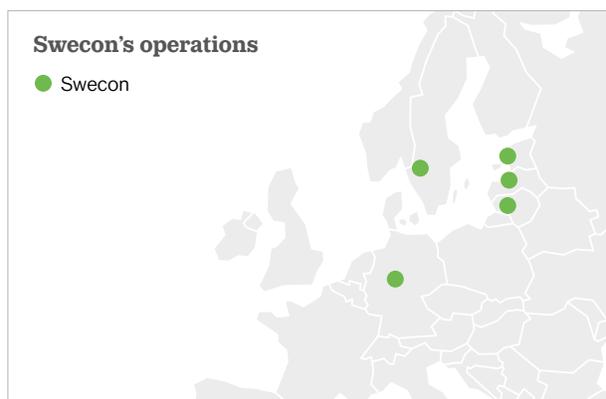


Swecon Business Area, key figures	2021	2020
Net sales, MSEK ¹⁾	7,750	7,827
Operating income, MSEK	471	505
Operating margin, %	6.1	6.5
Return on operating capital, %	33.3	35.3
Investments in non-current assets, MSEK	480	514
Average number of employees	1,266	1,246
of which women/men, %	12/88	12/88
Women/men in executive management, %	22/78	11/89
Sick leave, %	5.1	5.3

¹⁾ Including intra-Group sales.

Swecon is not covered by the measurement of climate emission, see [page 157](#).

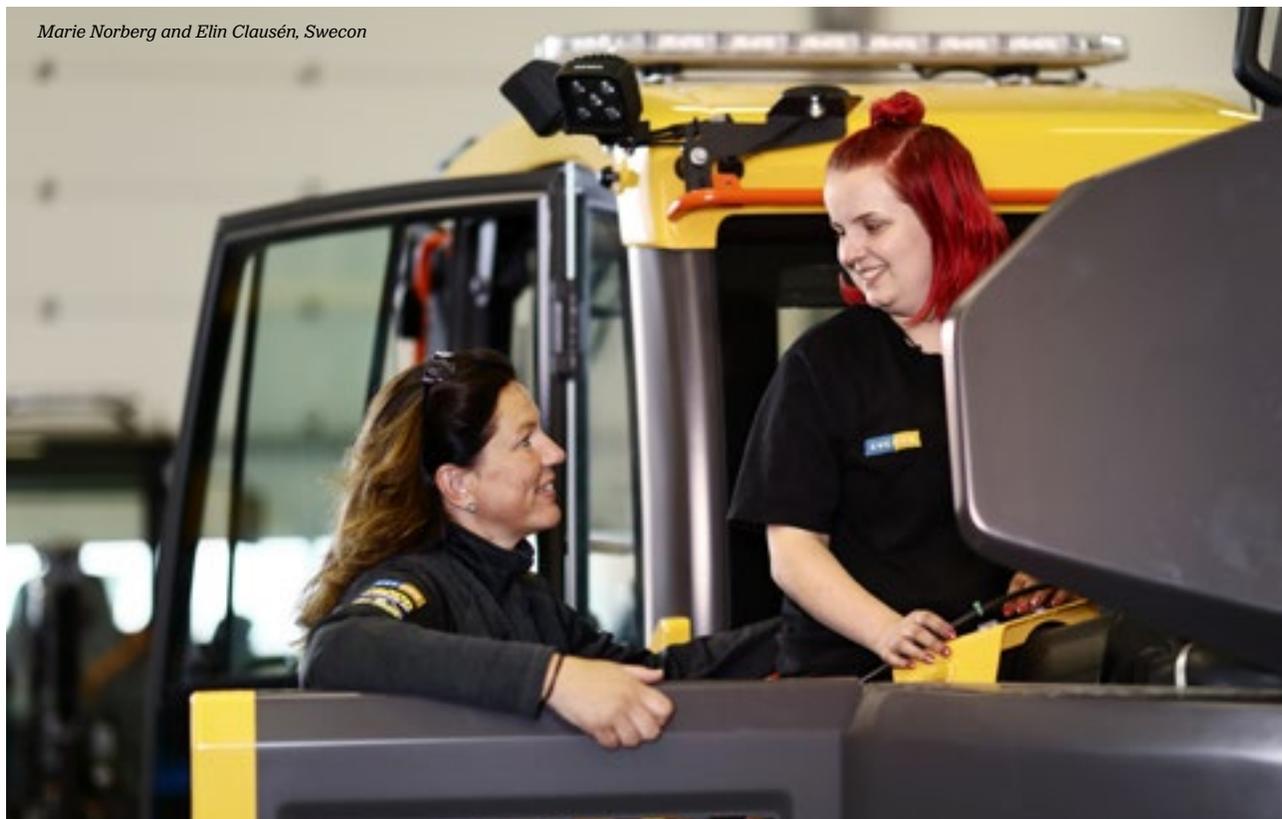
Excl. items affecting comparability	2021	2020
Operating income, MSEK	471	505
Operating margin, %	6.1	6.5
Return on operating capital, %	33.3	35.3



Brands



Marie Norberg and Elin Clausén, Swecon



Outlook

Further growth in demand for new machines is expected in Swecon's markets, but our suppliers expect supply chain disruptions to continue well into 2022, which may mean delayed deliveries. The construction phase of the Rail Baltica project, a rail link through the three Baltic countries, started in late 2021 and will bring stronger demand in the Baltic region in 2022. Major investments in infrastructure projects are expected to continue after the pandemic. Climate-friendly technology will contribute to higher demand for e-machinery. Our goal is to be a leading distributor of construction machinery in Northern Europe.

The recently re-launched website will be further developed and will serve as a hub for all customers. The number of users of the mySwecon service is expected to exceed 3,000 in 2022. Swecon continues to work on digital and technical aids, with robotic automation being piloted in Germany. This will reduce repetitive tasks in the spare parts area and free up capacity for additional customer service.

Operations

Sweden

The positive outlook for the Swedish economy and the construction segment is resulting in an increased order backlog and more need for recruitment. High activity can be seen in

“

At Swecon, we always strive to ensure the highest level of safety in our machines and operations.

Swecon Academy adapts new training for all employees to promote a culture of innovation where learning is integrated into daily working life to ensure efficiency and the necessary knowledge.

all parts of the country, although sales are struggling to manage the long lead times for machines from our suppliers. Few cancellations and a continuous order intake indicate that the entire sector is encountering similar problems. High demand for used machines continues, which is leading to increased prices. Demand in the servicing market remains high, making recruitment of service technicians a key factor.



Volvo L25 Electric wheel loader

“

With our revolutionary electric construction machinery from Volvo, the job gets done with less noise, fewer vibrations and without exhaust fumes.

In 2021, we saw the first EC950F on the Swedish market, the largest excavator in Volvo's product range, which has been delivered to a customer in the mining industry.

More machines have been delivered to the Swedish Armed Forces under the framework agreement signed in 2018 and around 60 wheel loaders of different sizes were delivered in 2021 and early 2022. A large order of 51 machines was delivered to a rental company.

In early 2021, a new central warehouse for Swecon's e-commerce was opened in Eskilstuna.

Germany

The German construction machinery market has shown some recovery from the pandemic during the year but the German market remains under pressure. Swecon's order backlog for new machines has increased. Supply chain disruptions and lower machine stock availability have

constrained Swecon's sales and delivery volumes for new machines.

Revenue from used equipment sales, the rental business and servicing, alongside tight cost control, have enabled Swecon to compensate for the decline in new equipment sales and secure its earnings.

Electric compact machines were successfully introduced on the German market and nine battery-electric L25e wheel loaders were sold to Berlin. In addition, Swecon's first EC950 excavator was delivered to the German market.

The new www.swecon.de website was launched and a new intranet was set up for employees. A team of online service technicians was engaged to support customers.

Baltic region

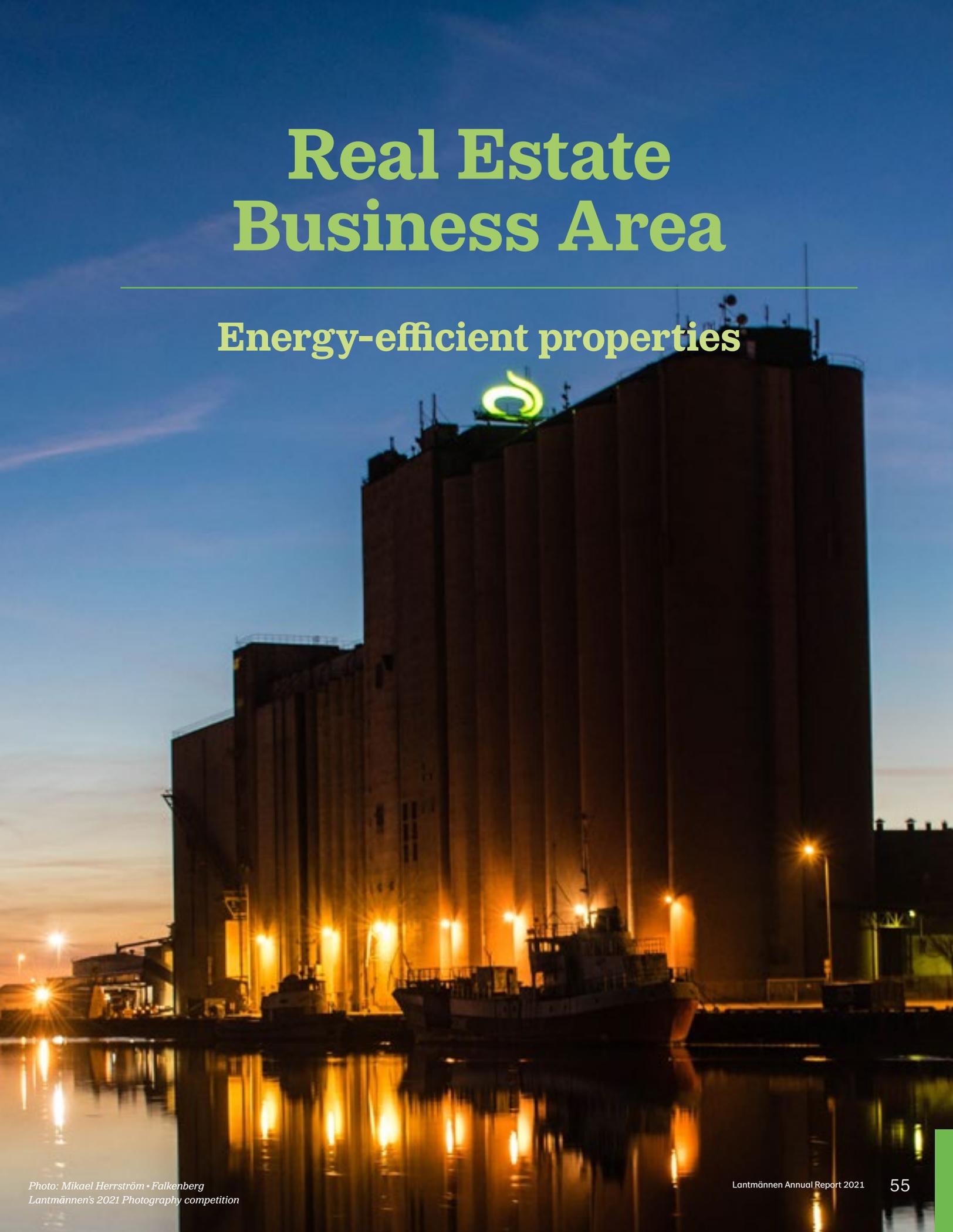
The Baltic region faced a challenging situation during the year due to the pandemic, customers' delayed investment plans and certain supply difficulties.

The order intake was strong in 2021 but the supply difficulties may also continue into 2022 and restrict sales. Work on infrastructure and road maintenance is expected to increase, driven by government support. The Rail Baltica project to provide a high-speed rail link between the three Baltic countries will continue until 2026 and Swecon Baltics expects increased demand.

The first major compact equipment transaction in Lithuania was completed in 2021, comprising 30 compact excavators to a rental company.

Real Estate Business Area

Energy-efficient properties



Real Estate Business Area

The Business Area consists of Lantmännen Fastigheter and Lantmännen Agrovärme and accounts for 1 percent of Lantmännen's sales. Lantmännen Fastigheter's task is to provide the Group's businesses with appropriate properties and optimize the return on externally leased properties. Lantmännen Agrovärme provides customers with environmentally sound heating and biochar.

Lantmännen Fastigheter

In 2021, Lantmännen Fastigheter focused mainly on the internal property portfolio, with a total surface area of approximately 1,200,000 m², to ensure future operation of the Group's strategic properties. In parallel, regular day-to-day management, project development and real estate transactions have been carried out.

During the year, a machinery plant was completed in Vara. A property was acquired in Ilanda, Karlstad, for Lantmännen Maskin, Swecon and Lantmännen Lantbruk. A property in Örebro that houses Lantmännen Unibake's operations was acquired, enabling the construction of a cold store which is expected to be completed in 2023. The construction contract for Lantmännen's new Triton precinct offices in Malmö Port is in progress and occupancy is scheduled for 2022. The contract also includes the construction of a retirement home. Construction of a retirement home and food store under Lanthem's management has begun in Tygelsjö, with occupancy in 2022. Parts of Almby in Örebro have been divested. Property development projects are in progress in Kävlinge, Arboga, Norrköping, Örebro and Nyköping.

Lantmännen Real Estate manages Lantmännen's Grodden pension fund properties. The property portfolio is about 100,000 m² including Lantmännen's head office in Stockholm.

The property market was strong during 2021, despite the pandemic. The market for logistics properties and housing showed the best development, but community properties also

showed growth. International interest in Swedish properties remained strong. The number of publicly listed Swedish property companies increased sharply.

Lantmännen Agrovärme

Lantmännen Agrovärme supplies district heating and ready heat to about 20 locations, both in our own plants and in cooperation with partners. Our heating plants supply about 135 GWh annually from local biofuels. Agrovärme's district heating has almost 100 percent security of supply. Biochar is an important new product in soil improvement and can also be used as a carbon sink. Agrovärme produces biochar in two district heating plants.

Key sustainability issues

Lantmännen's Fastigheter's focus is on energy efficiency of buildings, low carbon heat production, responsible sourcing and sustainable business relationships.

Outlook

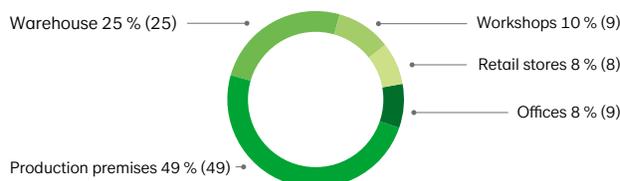
The forecast is for a strong property market. For construction projects, there is uncertainty as higher material prices are making projects much more costly. Electricity prices are expected to remain high. Strategic work to ensure management of the long-term standard of the internal property portfolio continues.



Real Estate Business Area, key figures	2021	2020
Net sales, MSEK ¹⁾	584	551
Operating income, MSEK	344	228
Operating income, excl. property sales, MSEK	279	223
Return on operating capital, %	11.1	8.1
Return on operating capital, excluding property sales, %	9.0	8.0
Investments in non-current assets, MSEK	395	212
Average number of employees	47	44
of which women/men, %	39/61	36/64
Women/men in executive management	40/60	40/60
Sick leave, %	0.3	0.1
Total CO ₂ emissions, thousand tonnes	4	5

Excl. items affecting comparability	2021	2020
Operating income, adjusted for items affecting comparability, MSEK	290	228
Return on operating capital, adjusted for items affecting comparability, %	9.3	8.1

Real Estate Business Area, surface distribution



The properties represent a total surface area of approximately 1,200,000 m².

International ownership

For growth and value creation



“
Lantmännen has ownership interests in a number of international companies with operations primarily in the Nordic region, Germany, Poland and the Baltic countries.

Our strategic portfolio holdings

An important part of Lantmännen's strategy Field to Fork 2030 is to profitably develop strategic portfolio holdings, primarily in the Nordic region, Germany, Poland and the Baltic countries. Sweden is our base and the Baltic Sea region is our expanded home market for international investments.

Lantmännen's joint ownership with DLG

In order to strengthen and expand existing international agricultural cooperation, Lantmännen and the Danish agricultural company DLG (Dansk Landbrugs Grovvarereselskab) have established the company Lantmännen DLG International (LDI). The purpose of the company is to expand the position in markets and businesses where Lantmännen and DLG already have a strong partnership and to expand into new, mainly European, markets.

HaGe Kiel Ownership 41 %

HaGe Kiel engages in grain trading, agri-supply sales and the manufacture and sale of feed. Hauptgenossenschaft Nord (HaGe Kiel) has a turnover of approximately SEK 24 billion and about 1,150 employees. Lantmännen owns 41 percent of HaGe Kiel, while DLG owns 55 percent. HaGe Kiel has well developed logistics chains and port terminals located in Hamburg, Kiel and Rostock which supply the market with grain and oilseeds, both locally and internationally. Lantmännen's share of income is included in the Agriculture Sector. Learn more at hagekiel.de

Scandagra Group Ownership 50 %

Scandagra Group operates in the Baltic region and has a turnover of approximately SEK 5.8 billion and about 370 employees. The company is jointly owned (50-50) by Lantmännen and DLG. The operations are conducted through three sales companies – Scandagra Eesti, Scandagra Latvia and Scandagra Lietuva. The sales companies engage in the sale of crop production inputs and the purchase and sale of grain. Scandagra Eesti also has a feed plant with a production capacity of just over 100,000 tonnes. Lantmännen's share of income is included in the Agriculture Sector. Learn more at scandagra.com

Scandagra Polska Ownership 50 %

Scandagra Polska, which is a merchant of grain and other inputs in the Polish agricultural market, has a turnover of approximately SEK 1.8 billion and about 130 employees. The company is jointly owned (50-50) by Lantmännen and DLG. Scandagra Polska is one of many traders in the large and fragmented Polish market. Lantmännen's share of income is included in the Agriculture Sector. Learn more at scandagra.pl

Lantmännen's other ownership

Scandbio Ownership 50 %

Scandbio is the largest solid processed wood fuel company in Sweden and sells 100 percent renewable energy in the form of heat pellets, briquettes, wood powder, bedding pellets and district heating. The products are manufactured by using residues from the sawmill industry. The company has a turnover of approximately SEK 1 billion and about 140 employees. Scandbio has a strong position in the Swedish market and in the Baltic Sea region. Lantmännen and Neova each own 50 percent of the company. Lantmännen's share of income is included in the Energy Sector¹⁾. Learn more at scandbio.com

¹⁾ After the end of the period, Lantmännen signed an agreement to acquire Neova Group's 50-percent share in Scandbio, which now becomes a wholly-owned subsidiary. The transaction is subject to approval by the competition authorities in Denmark, Latvia and Sweden.

Viking Malt Ownership 37.5 %

Viking Malt refines grain, and supplies about 600,000 tonnes of malt annually to breweries and distilleries in northern Europe, and a number of customers around the world. Viking Malt produces malt in Finland, Sweden, Denmark, Poland and Lithuania. The company has a turnover of approximately SEK 2.4 billion and about 260 employees. Lantmännen owns 37.5 percent of the company, with the remainder being owned by the Finnish company Polttimo. Lantmännen's share of income is included in the Food Sector. Learn more at vikingmalt.com

Lantmännen's Annual Report 2021

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Board of Directors' Report 2021

The Board of Directors and President & CEO of Lantmännen ek för, Corporate Identity No. 769605-2856, hereby present the annual report for the 2021 financial year. The earnings and financial position of the Parent Company and Group are presented in the following income statements, statements of financial position and cash flow statements, with associated comments and notes.

The Group in brief

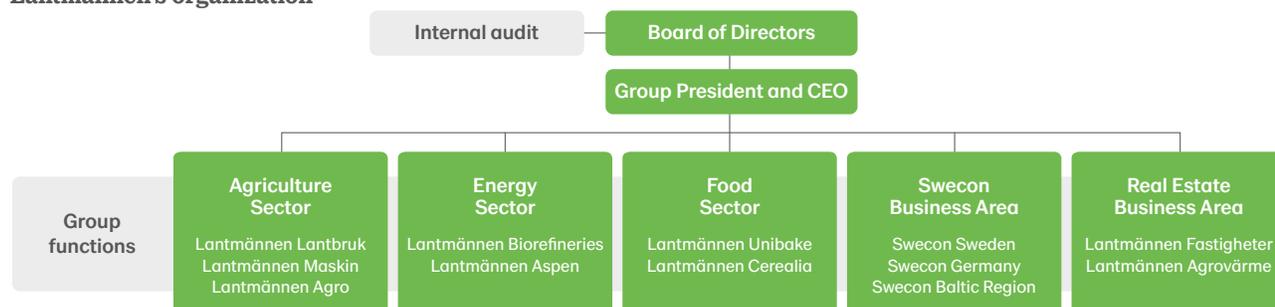
- **Net sales** amounted to MSEK 48,183 (45,990), an increase of 4.8 percent (6.0 percent organic growth and -1.2 percent currency translation effects).
- **Operating income** was MSEK 2,302 (2,223) and adjusted for items affecting comparability MSEK 2,323 (2,223). The Energy Sector, Food Sector and Real Estate Business Area reported improvements in operating income.
- **Income after financial items** totaled MSEK 2,181 (2,041) and adjusted for items affecting comparability MSEK 2,202 (2,041).
- **Net income after tax** was MSEK 1,887 (1,797).
- **Investments** amounted to MSEK 2,362 (1,795).
- **Cash flow before financing activities** was MSEK 1,704 (2,803).
- **The Board** proposes a total dividend of MSEK 1,000 (902) to members, consisting of a refund and supplementary payment of MSEK 341 (305), a contribution dividend of MSEK 362 (291) and a contribution issue of MSEK 297 (306). The Board also proposes a 7.25 (7.25) percent dividend on subordinated debentures, totaling MSEK 18 (17).

Description of financial performance measures → see page 136.



Lantmännen is an agricultural cooperative and Northern Europe's leader in agriculture, machinery, bioenergy and food products. Lantmännen creates value from arable land resources in a responsible way and is part of food consumers' everyday life.

Lantmännen's organization

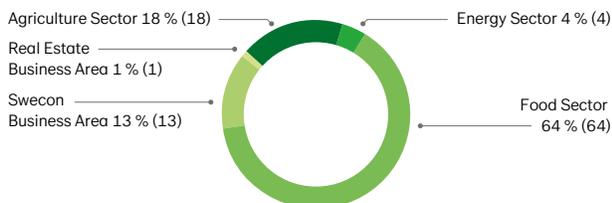


The Group's corporate functions include Finance & Treasury, Owner Relations, HR & Communication, Branding & Marketing, IT, Digital Business Development, R&D, Sustainable Development, Public & Regulatory Affairs, Strategy, Mergers & Acquisitions and Legal & Compliance.

The Group's business

The Group is divided into the *Agriculture Sector*, the *Energy Sector*, the *Food Sector*, the *Swecon Business Area* and the *Real Estate Business Area*. Lantmännen is owned by 19,000 farmers, who are also members, business partners and important customers. Lantmännen has 10,000 employees and operations in about 20 countries.

Distribution of the Group's employees



The Agriculture Sector constitutes the Group's core business, with 44 percent of Lantmännen's sales. The Sector develops and offers products and services to promote strong, competitive farming. The Sector is based in Sweden and has a strong position in the Baltic Sea region through its international wholly and partly-owned companies. *The Swedish operations* offer a wide range of products for crop production, livestock production and agricultural machinery, and are the market leader in grain. *The Finnish operations* trade in grain in the Finnish and international markets, and produce and sell feed. The Sector is responsible for Lantmännen's ownership interests in the German group *HaGe Kiel*, *Scandagra Group* in the Baltic region and *Scandagra Polska* in Poland.

The Energy Sector is one of Sweden's largest producers of bioenergy products and accounts for 9 percent of the Group's sales. The Energy Sector's companies manufacture and market environmentally smart energy, food and industrial products. The Energy Sector includes *Lantmännen Biorefineries*, with *Lantmännen Agroetanol*, *Lantmännen Functional Foods*,

Lantmännen Oats and *Lantmännen Reppe*. The Sector also includes the wholly-owned company *Lantmännen Aspen*. The Sector is also responsible for Lantmännen's ownership interests in the partly-owned company *Scandbio*. See Events after the end of the period → page 62.

The Food Sector refines grain and other raw materials from arable land and produces, among other things, flour, bread, breakfast products, pasta and ready meals. The Sector offers "Good food" to customers in food retail, food service and the food industry, and accounts for 31 percent of the Group's sales. The Food Sector consists of *Lantmännen Unibake*, *Lantmännen Cerealia* and Lantmännen's ownership interests in the partly owned company *Viking Malt*.

The Swecon Business Area is a partner of *Volvo Construction Equipment* and a dealer in machinery for the construction and civil engineering industry in Sweden, Germany, Estonia, Latvia and Lithuania. Swecon offers a broad range of construction machinery, equipment, spare parts, training, servicing and support through its service facilities. The Business Area accounts for 15 percent of the Group's sales.

The Real Estate Business Area consists of *Lantmännen Fastigheter* and *Lantmännen Agrovärme*. *Lantmännen Fastigheter's* task is to provide the Group's businesses with appropriate properties and optimize the return on externally leased properties. *Lantmännen Agrovärme* provides customers with environmentally sound heating and bio char, which is a climate positive soil improver. The Business Area accounts for 1 percent of the Group's sales.

Long-term financial targets and outcomes

Lantmännen defines the overall profitability target as a return on equity of at least 8 percent. Return on equity in 2021 was 10.0 (10.2) percent and adjusted for non-recurring items 10.1 (10.2) percent. Lantmännen's target for the equity ratio is at least



40 percent. The equity ratio was 46.4 (45.8) percent at the end of 2021.

Changes in the Group

No significant acquisitions or divestments were made in the Group during the year.

Lantmännen's Annual General Meeting

The Annual General Meeting was held digitally on May 11, with the Chairman and presiding officers present in Stockholm. Members of the Board of Lantmännen ek för are elected for two-year terms. The Meeting resolved that the Board of Directors of Lantmännen ek för would consist of nine elected members. At the Meeting, Per Lindahl, Gunilla Aschan, Johan Bygge, Henrik Wahlberg and Hans Wallemyr were re-elected to the Board after their term of office expired. Jenny Bengtsson was elected as a new member after Johan Mattsson left the Board at his own request. Maude Fyrenius, Kristina Glantz Nilsson and Jimmy Grinsvall were re-elected as member representative auditors. The auditors are elected for one year at a time. EY was re-elected as the association's authorized auditor. The Meeting also adopted the Nomination Committee's proposal on the remuneration of the Board and other elected representatives, including fixed annual fees and per diem and travel compensation. The Meeting also appointed nine members to the Nomination Committee for the period up to the 2022 AGM.

Other significant events in 2021

In April, Lantmännen issued a SEK 1 billion green bond on the Nasdaq stock exchange. The bond will be used to finance the transition to a more sustainable agricultural and food industry with a green framework. The bond was fully subscribed.

The year's Swedish harvest was lower than the average of the last five years, and grain quality was generally lower, mainly due to repeated and persistent rainfall in several areas.

An agreement has been signed to acquire the Finnish

Myllyn Paras food group. The transaction is subject to approval by the Finnish Competition and Consumer Authority.

Events after the end of the period

Lantmännen Aspen has acquired the UK company Coryton Advanced Fuels, which produces bespoke fuels. The company has operations in the UK, Germany and Korea, sales of approximately MSEK 200 and about 60 employees.

Lantmännen has signed an agreement to acquire Neova Group's 50-percent share in Scandbio, which will become a wholly-owned subsidiary. The transaction is subject to approval by the competition authorities in Denmark, Latvia and Sweden.

Lantmännen's President & CEO Per Olof Nyman is retiring on March 31 after 10 years in the role and 14 years with Lantmännen. The Board has appointed Magnus Kagevik, current COO and Head of Lantmännen's Energy Sector, as Per Olof's successor. Magnus takes up his position on April 1.

Risks and risk management

Risks are inherent in all business activity. Risks can arise from mismanagement or events and decisions outside Lantmännen's control. A properly managed risk can lead to increased opportunities and value creation while an improperly managed risk can involve damage to the business. Risks are identified, assessed and reported annually as part of Lantmännen's strategy and business planning process (ERM). Below is a description of risks that have been assessed as greatest based on probability and impact for Lantmännen.

Weather and climate change

Climate change, with more extreme weather conditions such as drought and heavy precipitation, risks of natural disasters and pressure from pests, affects growing conditions and profitability in the grain value chain. Weather can have a major impact on harvest seasons and create supply-demand imbalances. The transition to a fossil-free, circular economy creates challenges and opportunities for the businesses.



Climate change requires development of cultivation methods, plant breeding and geographical adaptation. Weather impacts require, for example, preparedness for grain trading, increased drying capacity in grain handling, production disruptions and supply disruptions for sensitive raw materials. Weather and climate change also affect the choice of geographical location for building construction and facilities.

Regulatory changes and geopolitical risks

Laws, regulations and policy instruments for plant protection, plant breeding, biofuel production, use of fuel and environmental regulations for agriculture can affect production and profitability. The EU's negative (so far) view of crop-based biofuels is a risk in terms of new regulations.

Political instability in certain EU Member States, Eastern Europe and the US may also have an impact. Changed laws and regulations may restrict or result in higher requirements for Lantmännen's operations partly subject to permit. Developments are constantly monitored and analyzed to adapt the business to changing conditions. Each Sector and business area monitors changes and adapts its operations.

Ethanol price volatility

Operating income for the Norrköping ethanol plant is greatly dependent on the relationship between prices of grain, feed and ethanol, and political decisions such as the EU tariff rules. Prices of grain, ethanol and feed for Lantmännen Agro-ethanol's production and sales are continuously hedged. Scope for ethanol hedging varies but has been improved by more liquidity in the futures market. Extensive development in the ethanol business to broaden the raw material base and product range means less dependence on the ethanol/grain price relationship.

Pandemic consequences

The coronavirus pandemic has presented many challenges for the businesses in the short term. The Food Sector is the

business that is most affected. In the long term, consumer behavior and market demand may change. Lantmännen has taken early, consistent measures to protect employees, protect businesses and take social responsibility, which have produced results. Lantmännen has worked proactively on monitoring and crisis management, and securing raw material supply, customer deliveries and customer credit.

Cyber security and IT operations

There is a clear increase in cyber-crime. As the incentives are often financially driven, prosperous companies are attractive targets for attacks. Lantmännen recognizes this and is prioritizing work in this area, with investments in increased cyber security. All information is classified according to protection value. The classification is the basis for the choice of protection measures for information in IT systems and processes. There will also be additional measures and investments to improve cyber security, starting in 2021 and 2022. Employees are continuously trained in safe handling of information and systems.

Fire and property damage, threats and sabotage, and health and safety

Lantmännen conducts operations with risk of fire, explosion, based on emerging threats through damage or sabotage. Property can be damaged and employees injured, and production downtime affects earnings and market positions. Lantmännen has insurance for operational risks and follows a defined program for risk mitigation through, e.g., loss prevention inspections and systematic health and safety work. The majority of the insurance programs are managed through the Group's own insurance company Dirual Försäkrings AB.

Business ethics risks

Lantmännen operates in countries and industries with varying exposure to corruption and problems relating to competition law. Business ethics is part of the Code of Conduct, and



there are also policies and a business ethics compliance program. A risk analysis, targeted activities to manage risk areas, and systematic monitoring and reporting are conducted every year.

Risks associated with market changes, the economy and supply and demand

Changes in the economy, imbalances in supply and demand for raw materials and inputs, with consequences for price or Lantmännen's relative competitiveness, may affect business. Lantmännen's brand may be adversely affected if operations are not conducted sustainably, do not comply with laws and regulations, or products do not live up to the brand promise. Customers are well-informed and reviews may quickly spread to many people, in particular through social media. Lantmännen works continuously on innovation, brand-building and long-term relationships with business partners. Clear requirements are set for raw materials, suppliers and our own production and we follow market requirements and customers' wishes for relevant services and products. Lantmännen monitors the economic situation and adapts costs accordingly.

Financial risks

Lantmännen is exposed to financial risks that could cause fluctuations in earnings, cash flow and items in the statement of financial position. This risk management is described in the financial policy. Lantmännen's overall governing document for financial risks, adopted annually by the Board. Financial status reporting and compliance with the financial policy are regularly reported to Group Management and the Board. The central treasury function is responsible for financing, control of financial risk, liquidity planning and payment solutions. Risk consolidation and control minimizes the actual risk and also the costs of measures such as hedging currency flows and financing of Lantmännen.

Sustainable business development

Sustainable business development is key to Lantmännen's corporate strategy and focuses on arable land resources in the grain value chain. Sustainable business development work is an answer to, and a part of, risk management.

Working with customers and suppliers offers potential to significantly reduce the impact on the environment and natural resources, while generating profitable growth from new and existing businesses that meet the needs of the outside world and the market for responsibly produced food, bioenergy and bio-based materials. Lantmännen develops and offers products with sustainable added values that reduce environmental and climate impacts, increase resource efficiency and promote better health.

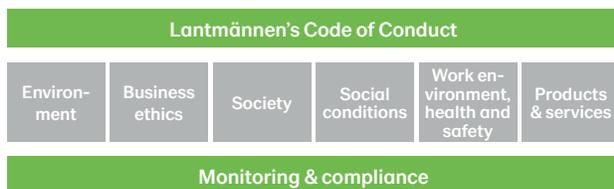
Lantmännen's Group-wide climate targets mean a reduction in emissions that is in line with the Paris Agreement. Lantmännen climate targets apply to the entire value chain from field to fork. The targets are divided into primary production, Lantmännen's own production and purchased transport. The targets focus on fossil-free production and transport, continuing energy efficiency and investments and measures to reduce the carbon footprint throughout the value chain. The aim is to take leadership in driving the development of farming of the future through research, the impact agenda and business development. Lantmännen sees partnership and collaboration as crucial to finding solutions.

Ensuring responsibility and sustainable businesses

Lantmännen's Board of Directors is ultimately responsible for Lantmännen's Code of Conduct and its implementation and for ensuring development of the businesses in a sustainable direction. Responsibility and sustainable business development are a part of strategic business planning.

Lantmännen's Code of Conduct describes how Lantmännen must conduct itself and make decisions to take responsibility from an environmental, social and business ethics





The Code of Conduct applies to all employees and summarizes the Group's guidelines for responsible ethical, social and environmental behavior.

perspective. The Code of Conduct applies to the entire operations and all employees are trained in the Code.

The Code of Conduct is a guiding principle for the behavior and decisions of employees, and also applies to Board members and elected representatives in the member organization and Board members who represent Lantmännen in partly-owned enterprises. The Code also applies in applicable parts to suppliers and partners. All employees can report any deviations from the Code through a whistleblowing system.

Lantmännen's Code of Conduct forms the basis for evaluation of potential acquisitions and holdings. Implementation of the Code is part of the integration process for new acquisitions.

To ensure responsibility in the supply chain, implementation and monitoring of Lantmännen's Supplier Code of Conduct is an integral part of the purchasing process. It applies to all suppliers and is monitored continuously based on risk. Lantmännen's Supplier Code of Conduct contains general guidelines to ensure a good work environment and social conditions, environmental responsibility, good business ethics, and safe, responsibly produced products. The Supplier Code emphasizes that there is zero tolerance for violation of anti-corruption or competition laws.

Lantmännen's business ethics compliance program includes compliance with competition and anti-corruption legislation. Regular risk assessments, communication, control and monitoring and training are carried out under the

program. Lantmännen also has a risk-based due diligence process for managing sustainability risks, with a particular focus on counterparty corruption.

Compliance and monitoring

Each business in the Group is responsible for ensuring compliance with the Code of Conduct and policies, and working for sustainable operations, targets and strategies. Group Management's four-monthly follow-up with the business area managers includes a Sustainability Business Review.

Lantmännen's CSR Committee has overall responsibility for monitoring responsibility issues and the Code of Conduct, and also defines minimum responsibility requirements, which are reviewed on a four-monthly basis, for all businesses. The results are reported to business management and Group management and a report is submitted to the Board annually.

For Lantmännen's production in the food chain, there is an annual internal review of its commitments with regard to raw materials, responsible production and quality. The results are reported to Group management.

Lantmännen's Group Compliance function reports regularly to the Board and Group management on compliance, identified risks and the status of work in the business ethics compliance program.

Operations subject to permit and notification requirements under the Swedish Environmental Code

In Sweden, Lantmännen conducts operations subject to permit requirements at 17 plants, and operations subject to notification requirements at approximately 100 plants, in accordance with the Environmental Code. These activities include mills, workshops and production facilities for feeds, ethanol, food and heating. The main direct environmental impacts are noise, emissions into the air and water, and temporary storage of hazardous waste. Production units in other countries adapt their operations, apply for any required permits and report to the authorities in accordance with local laws.



Reporting under laws, GRI and Global Compact

In accordance with Chapter 6, section 11, of the Swedish Annual Accounts Act, Lantmännen ek för has chosen to present the statutory sustainability report separately from the Annual Report. This sustainability report covers Lantmännen ek för and its subsidiaries.

The sustainability report was submitted to EY at the same time as the Annual Report. The sustainability report can be found in the Annual Report with Sustainability Report on  pages 22-32, 137-160 and 176-181. As Lantmännen reports according to a Group structure of Sectors, reporting for companies is by Sector. Lantmännen is subject to the Annual Accounts Act's requirements on reporting in accordance with the Taxonomy Regulation as a non-financial undertaking, and complies with the requirements for reporting the taxonomy-eligible and non-taxonomy-eligible proportion for 2021. The taxonomy reporting is part of the statutory sustainability report.

Lantmännen reports its sustainability performance annually and applies GRI Sustainability Reporting Standards (GRI Standards). The Board issues the sustainability reporting and the statutory Sustainability Report.

Lantmännen's Annual Report with Sustainability Report also fulfills the requirements on Communication on Progress (COP), which is a disclosure on progress made in implementing the Global Compact principles on responsible business. Lantmännen supports the UN's Agenda 2030 and the global sustainable development goals and has analyzed their implications for the operations and businesses.

Lantmännen supports the recommendations for voluntary disclosures of climate-related risks and opportunities from a financial perspective, the Task Force on Climate-related Financial Disclosures (TCFD). In view of developments in the climate area, the EU Taxonomy Regulation and upcoming changes to the statutory sustainability report, Lantmännen has decided against including additional reporting frameworks at this stage.

Research and development

Lantmännen conducts extensive work on innovation and has its own research foundation that supports knowledge development. Lantmännen invests more than MSEK 300 annually in research and development to meet future challenges and ensure its competitiveness. The investments are made in several areas, with the aim of increasing the value of grain from field to fork and creating new businesses in cooperation with agricultural companies.

Employees

The average number of employees during the year was 10,092 (10,017), and the number of full-time employees at December 31 was 10,018 (9,779). 3,704 (3,676) of the average number of employees were employed in Sweden. Lantmännen's aim is to be an attractive employer, characterized by its inspiring culture where skills are nurtured and developed throughout the Group.

Lantmännen's equal opportunity and diversity policy states that the Group shall safeguard and value the skills, qualities and experience of all employees, regardless of gender, age, ethnicity, beliefs, sexual orientation, disability or other individual differences. Lantmännen does not tolerate discrimination and has routines and guidelines on handling bullying and harassment matters.

Health, work environment and safety program

Lantmännen sees proactive and systematic work environment and safety initiatives as a prerequisite for a sustainable work environment and part of the strategy for achieving business goals. A safe work environment is a high priority and Lantmännen works continuously to identify and address risks in this area. In 2021, Lantmännen continued to work on its work environment, health and safety strategy, with a long-term injury rate target of <1 by 2030. Part of the work environment program includes continuous monitoring throughout the organization, with annual



reporting to Group management. The roll-out of common tools, structured health and safety programs at the facilities, injury prevention inspections and a focus on health and safety issues have strengthened the level of safety and employees' safe behavior.

Remuneration policy

Lantmännen's remuneration policy stipulates that remuneration and benefits at Lantmännen must contribute towards attracting, engaging, motivating and retaining the employees Lantmännen needs for success in our business operations. Remuneration at Lantmännen must always be assessed from an overall perspective, including everything with a perceived value for employees in their employment. The annual remuneration policy review included training in the policy and its implementation in the Sectors and Business Areas. The training participants were given a tool to analyze the remuneration levels, in order to ensure that they are in line with the policy. In addition to monetary compensation and benefits, Lantmännen also takes into account factors such as a good work environment, good leadership, and development and appreciation. Decisions on remuneration and benefits at Lantmännen should always be based on Lantmännen's values of openness, a holistic view and drive, and should be neutral in terms of gender, religion, ethnicity, disability and sexual orientation. For further information about Lantmännen's remuneration, → see note 6.

Outlook

Agriculture Sector

The volatile commodity market is expected to continue creating uncertainty for suppliers and customers in 2022. Rising fertilizer and fuel prices can affect profitability. We will focus on digital business development, with an increased focus on our sales channels and technological development, and will continue to work within the framework of Farming of the Future.

Energy Sector

Demand for Agroetanol's ethanol is expected to increase in the Nordic region and Europe with more stringent requirements on reducing greenhouse gas emissions from transport. We are continuing our work on broadening the raw material base with alternative starchy raw materials used for biofuel production. Prospects for continuing growth are considered good for Lantmännen Reppe and Lantmännen Aspen.

Food Sector

Prices of raw materials, packaging materials, energy and transport have risen sharply, leading to cost increases for retailers and consumers. The rate of investment is expected to increase with a focus on efficient food production.

Lantmännen Unibake continues its strategy work, developing the bakery business with a major investment program for future profitable growth. Lantmännen Cerealia will focus on efficiency of processes and working methods, growth creation and better utilization of facilities to increase profitability.

Swecon Business Area

Further growth in demand for new machines is expected in Swecon's markets, but our suppliers expect supply chain disruptions to continue well into 2022, which may mean delayed deliveries. Major investments in infrastructure projects are expected to continue after the pandemic.

Real Estate Business Area

Lantmännen Fastigheter will focus on management to maintain the standard of the internal property portfolio.

For comments about the Parent Company and the Board's proposed appropriation of profit, see → page 79.



Group Net sales and earnings

- Lantmännen's net sales amounted to MSEK 48,183 (45,990)
- Operating income increased to MSEK 2,302 (2,223)
- Adjusted for items affecting comparability, operating income increased to MSEK 2,323 (2,223)

Net sales

Lantmännen's net sales for 2021 amounted to MSEK 48,183 (45,990), an increase of 4.8 percent (6.0 percent organic growth and -1.2 percent currency translation effects).

Net sales increased in all Sectors and Business Areas apart from Swecon. The Energy Sector showed the greatest increase in sales, due to a strong ethanol market. As in the previous year, sales were affected by the coronavirus pandemic, particularly for Lantmännen Unibake in the Food Sector.

The Group's items affecting comparability ¹⁾

MSEK	2021	2020
Recognized operating income	2,302	2,223
<i>Items affecting comparability in operating income:</i>		
Restructuring costs, Food Sector	-75	-
Capital gains/losses, Real Estate Business Area	54	-
<i>Total items affecting comparability in operating income</i>	-21	-
Operating income, adjusted for items affecting comparability	2,323	2,223
Recognized income after financial items	2,181	2,041
Items affecting comparability in operating income according to above	-21	-
<i>Total items affecting comparability in net financial income</i>	-	-
Income after financial items adjusted for items affecting comparability	2,202	2,041
Net income for the year, adjusted for items affecting comparability	1,904	1,797
Return on equity, adjusted for items affecting comparability, %	10.1	10.2
Return on operating capital, adjusted for items affecting comparability, %	8.5	8.1

¹⁾ See also ➤ note 10.

Operating income

Operating income for 2021, which is the highest in Lantmännen's history, was MSEK 2,302 (2,223) and adjusted for items affecting comparability MSEK 2,323 (2,223). Net items affecting comparability amounted to MSEK -21 (0). The Real Estate Business Area reported a non-recurring capital gain of MSEK 54 on a property sale in Ystad. In the Food Sector, total provisions of MSEK -75 were recognized for changes to Lantmännen Unibake's bakery structure.

Operating income adjusted for items affecting comparability improved in the Energy Sector, the Food Sector and the Real Estate Business Area.

Currency translation effects had a negative impact of MSEK 29 on operating income.

Net financial income and income after financial items

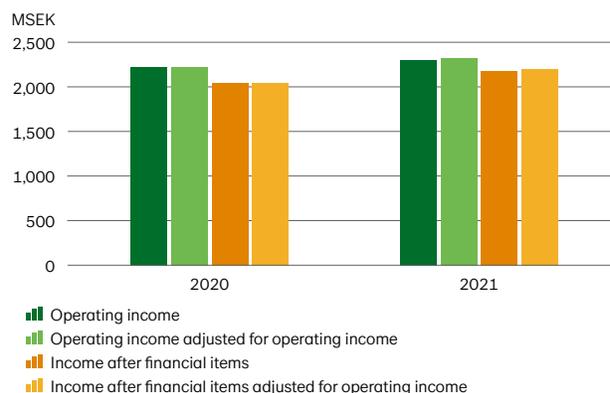
Net financial income amounted to MSEK -121 (-182). The change is mainly due to lower borrowing costs and positive currency translation effects. Income after financial items totaled MSEK 2,181 (2,041) and adjusted for items affecting comparability MSEK 2,202 (2,041).

Tax and income after tax

Tax expense for the year was MSEK 294 (244).

Income after tax amounted to MSEK 1,887 (1,797), with MSEK 1,877 (1,788) of this figure attributable to members of the economic association and MSEK 10 (9) to non-controlling interests (minority ownership) in the Group's subsidiaries.

The Group's operating income



Consolidated Income Statement

MSEK	Note	2021	2020
Net sales	4, 5	48,183	45,990
Other operating income	5	886	429
Changes in inventories of finished goods and work in progress		-1,251	-488
Raw materials and consumables		-15,555	-14,392
Merchandise		-14,149	-14,342
Employee benefits expense	6	-6,506	-6,362
Depreciation, amortization and impairment	7	-2,097	-2,051
Other operating expenses	8	-7,378	-6,713
Share of income of equity accounted companies	16	169	152
Operating income	10, 11	2,302	2,223
Finance income	9	68	109
Finance costs	9	-189	-291
Income after financial items		2,181	2,041
Tax	12	-294	-244
Net income for the year		1,887	1,797
Net income for the year attributable to:			
Members of the economic association		1,877	1,788
Non-controlling interests		10	9

Consolidated Statement of Comprehensive Income

MSEK	Note	2021	2020
Net income for the year		1,887	1,797
Other comprehensive income	22		
<i>Items that will not be reclassified to the income statement</i>			
Actuarial gains and losses on defined benefit pension plans, net before tax	25	327	87
Financial assets at fair value through other comprehensive income, net before tax	17	-115	-98
Tax attributable to items that will not be reclassified	12	-48	-13
Total		164	-24
<i>Items that will be reclassified to the income statement</i>			
Cash flow hedges, net before tax		204	-12
Exchange differences on translation of foreign operations		386	-795
Net gain on hedge of net investment in foreign operations, net of tax		-28	73
Tax attributable to items that will be reclassified	12	-37	-12
Total		525	-746
<i>Share of OCI in equity accounted companies</i>			
Items that will be reclassified to the income statement		32	-104
Total		32	-104
Other comprehensive income, net of tax		721	-874
Total comprehensive income		2,608	923
Total comprehensive income attributable to:			
Members of the economic association		2,598	914
Non-controlling interests		10	9

Performance per segment (for full segment information, see note 4)

MSEK	Agriculture Sector		Energy Sector		Food Sector		Swecon Business Area		Real Estate Business Area		Lantmännen Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net sales	22,834	21,501	4,595	3,938	15,558	15,017	7,750	7,827	584	551	48,183	45,990
Operating income	374	439	615	530	775	786	471	505	344	228	2,302	2,223
Return on operating capital, %	4.5	5.4	42.3	40.5	4.8	4.7	33.3	35.3	11.1	8.1	8.4	8.1
Operating income, adjusted for items affecting comparability	374	439	615	530	850	786	471	505	279 ¹⁾	223 ¹⁾	2,323	2,223
Return on operating capital, adjusted for items affecting comparability, %	4.5	5.4	42.3	40.5	5.2	4.7	33.3	35.3	9.0 ¹⁾	8.0 ¹⁾	8.5	8.1

¹⁾ Operating income and return on operating capital excluding property sales.

Lantmännen Lantbruk Sweden

MSEK	2021	2020
Net sales	14,102	13,096
Operating income	159	261
Return on operating capital, %	3.6	6.6
Operating income, adjusted for items affecting comparability	159	261
Return on operating capital, adjusted for items affecting comparability, %	3.6	6.6

Lantmännen Maskin Sweden

MSEK	2021	2020
Net sales	3,636	3,669
Operating income	20	-7
Return on operating capital, %	1.7	-0.5

Agriculture Sector

The Agriculture Sector's net sales are higher than in the previous year, while operating income is lower: MSEK 374 (439). The decline is mainly due to lower grain volumes as a result of a weaker harvest and increased commodity prices. All businesses in the Sector have been affected by higher prices of input goods, energy and freight – particularly in the latter part of the year. Earnings have been adversely affected by a provision related to ongoing discussions with the Swedish Tax Agency regarding electricity tax.

After a sharp rise in grain prices in the fall, the market stabilized towards the end of the year and the focus has shifted to the 2022 harvest. In particular, availability of malting barley, oats and oilseeds is very low after the 2021 harvest, which has also driven prices up.

Earnings for the feed business are lower than in the previous year. Demand for feed remains good, although rising costs of input goods, logistics and energy have pushed up prices towards the end of the year. Shortages of certain raw materials have also presented challenges.

The Finnish agricultural operations have delivered higher earnings than in the previous year. High commodity and energy prices have had a negative impact on the feed business in particular, while other businesses have improved their earnings. As in Sweden, the high price of fertilizer has created some uncertainty ahead of the spring planting season.

Earnings for the Sector's international holdings are a little lower than in the previous year. The operations in the Baltic region have reported historically strong earnings, while the German operations have delivered lower earnings.

Lantmännen Maskin continues its positive growth, with a significant improvement in earnings during the year. After a long period of shortages of machines and components, conditions improved towards the end of the year, allowing more machines to be delivered to customers. Market demand remains strong, and sales of servicing and spare parts are still good. Continuous process improvements within the company also contribute to improved profitability.

Energy Sector

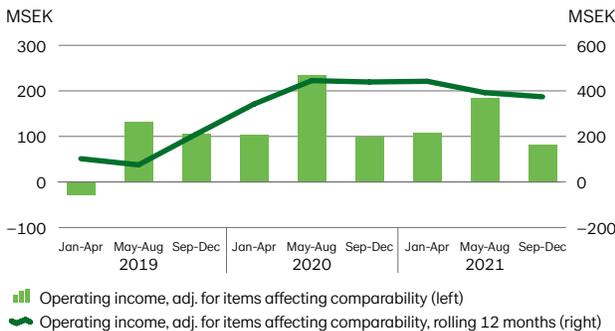
The Energy Sector's net sales are higher than in the previous year and its operating income amounts to MSEK 615 (530). Both of these increases are largely due to the historically high price of ethanol towards the end of the year and record production volumes during the year. All of the Sector's businesses have been affected by significantly higher prices of input goods.

Lantmännen Biorefineries has shown a strong increase in earnings: a higher price of raw materials in ethanol production has been more than offset by rising prices for ethanol and feed products.

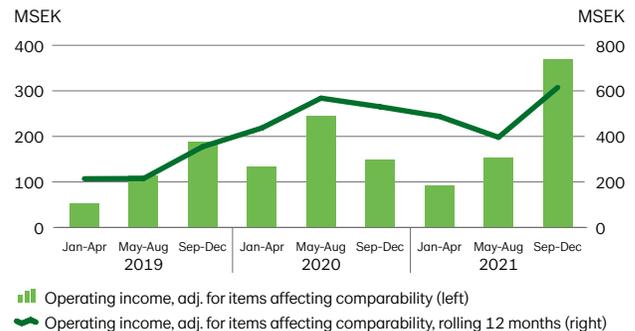
The price of ethanol in particular rose to record levels in the fall and, after a decline towards the end of the year, remains at a historically high level. Demand for gluten and starch remains good. The packing and packaging industry is growing with sustainable products, which has brought increased demand for wheat-based starch products.

Lantmännen Aspen continues its positive growth, with another increase in sales volumes during the year. The lubricants business, with Agrol's products, has also performed well.

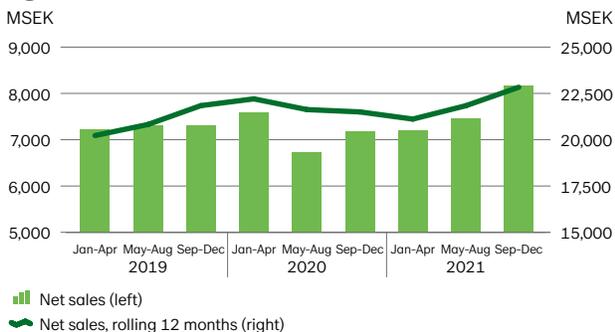
Agriculture Sector, operating income



Energy Sector, operating income



Agriculture Sector, net sales



Energy Sector, net sales



Food Sector

The Food Sector's net sales are higher than in the previous year and operating income adjusted for items affecting comparability has increased to MSEK 850 (786) – largely due to the successful adaptation of production to the changed conditions. Sales, particularly to food service, are lower than pre-pandemic levels but have increased compared with the previous year.

All businesses are being affected by higher commodity and energy prices, which has led, among other things, to general price increases for customers. Many businesses, particularly in food service, have seen an increased impact from the coronavirus pandemic in the final months of the year.

Lantmännen Unibake's sales of frozen bread have increased in virtually all markets compared with the previous year but are still lower than before the pandemic. Sales of fresh bread are slightly down on the previous year, which was a record year due to the pandemic. Despite an increased absence rate for bakeries due to strict quarantine rules, a satisfactory production rate has been maintained.

Lantmännen Cerealia's sales are in line with the previous year. Sales to food service and to industrial bakeries have

increased during the year but remain below the pre-pandemic level. Sales to food retailers are lower than in the previous year, when many consumers were bulk buying basic goods. Lantmännen and the food company Paulig and its subsidiary Santa Maria have begun a collaboration under which Cerealia will supply 17,000 tons of wheat flour cultivated according to the Climate & Nature concept, reducing the climate impact by up to 30 percent.

Earnings for the partly-owned company Viking Malt are lower than in the previous year. Costs have increased, mainly due to higher energy prices.

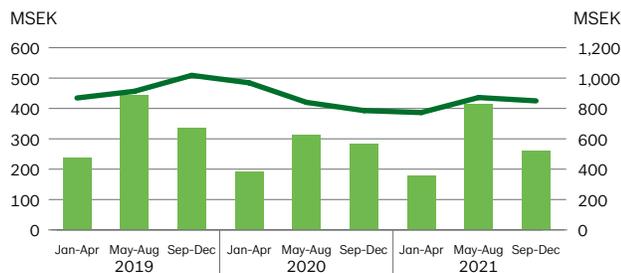
A strategic investment in a new malting plant in Lahti, Finland, has begun.

Swecon Business Area

The Swecon Business Area's net sales are in line with the previous year and its operating income amounts to MSEK 471 (505).

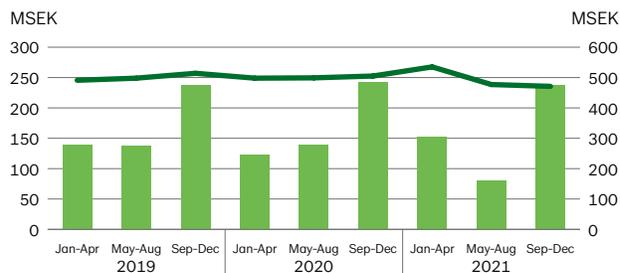
There has been reduced availability of machines during the pandemic as a result of component shortages and difficulties related to shipping and logistics. However, the level of activity in construction and infrastructure projects

Food Sector, operating income



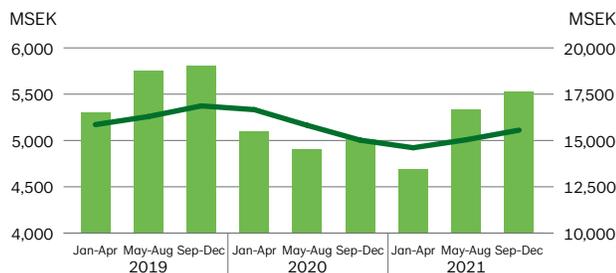
■ Operating income, adj. for items affecting comparability (left)
 — Operating income, adj. for items affecting comparability, rolling 12 months (right)

Swecon Business Area, operating income



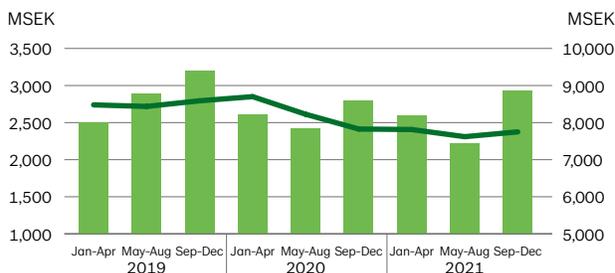
■ Operating income, adj. for items affecting comparability (left)
 — Operating income, adj. for items affecting comparability, rolling 12 months (right)

Food Sector, net sales



■ Net sales (left)
 — Net sales, rolling 12 months (right)

Swecon Business Area, net sales



■ Net sales (left)
 — Net sales, rolling 12 months, (right)

remains high and underlying demand for construction machinery is strong.

Machine utilization rates are at a high level and after-market demand is good, both in terms of service and spare parts.

The used machinery business continues to develop positively, although there has been less availability of machines.

Demand for electric machines is increasing, particularly from authorities and cities, and the launch of new battery electric vehicles from Volvo has been successful during the year.

In November, a major fire broke out at Swecon's facility in Bochum, Germany, destroying a central spare parts warehouse. The adjacent workshop was protected from the fire and has resumed operations. The temporary reduction in spare parts availability since the fire has been managed by increasing stocks at other facilities in the area.

Swecon's continuous improvement program continues, including initiatives to strengthen the brand, a long-term focus on safety and new digital solutions for both customers and technicians in the field.

Deliveries of wheel loaders to the Swedish Defence Materiel Administration continued during the year. In November, 32 new wheel loaders were delivered to the Swedish Army, with further deliveries scheduled during the first half of 2022.

Real Estate Business Area

The Real Estate Business Area is showing positive development. Net sales are higher than in the previous year, and operating income excluding property sales and items affecting comparability is MSEK 279 (223). The higher result is due to both higher operating income and higher profit shares from partly-owned companies.

The city of Västerås and Lantmännen has reached an agreement for the acquisition of the silo facilities in the center of Västerås. The handover is scheduled to take place in the year 2029 and Lantmännen has been offered the opportunity to acquire new land for the operations in the Västerås port area.

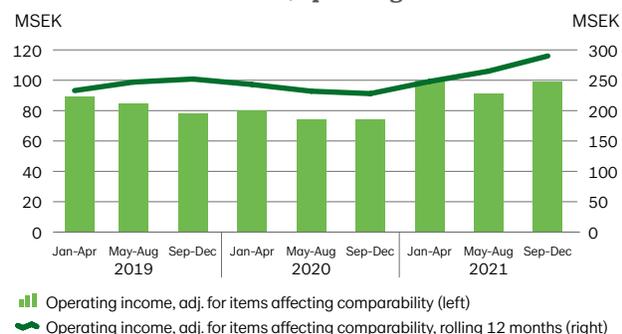
In December, construction began on the new automated cold storage facility in Örebro, which will be adjacent to Lantmännen Unibake's bakery.

Lantmännen Fastigheter has signed an agreement for the sale of building rights for housing in a large project in Örebro. The full development plan for the area includes a city center building with shops, fitness facilities, a health center, a retirement home, student accommodation, a car park, housing and a school.

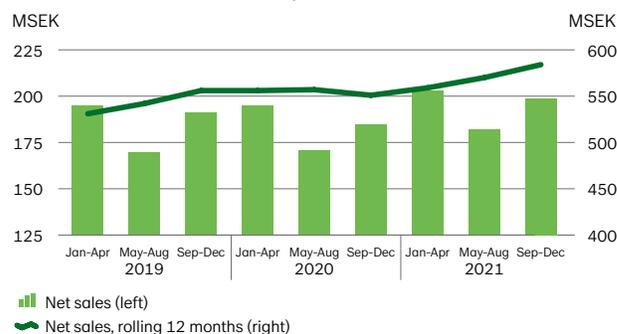
Construction of Lantmännens new offices, along with housing and retirement homes in Malmö continues according to plan.

Lantmännen Agrovärme's sales for the year were higher than in the previous year, due to colder weather.

Real Estate Business Area, operating income



Real Estate Business Area, net sales



Consolidated Statement of Financial Position

- ⇒ The equity ratio was 46.4 (45.8) percent
- ⇒ Return on equity was 10.0 (10.2) percent
- ⇒ Return on operating capital was 8.4 (8.1) percent

Assets and investments

Total assets were MSEK 43,347 (39,331) at the end of the year, an increase of MSEK 4,016, which is largely due to higher operating receivables and liabilities.

Property, plant and equipment amounted to MSEK 13,077, compared with MSEK 12,601 the previous year. Investments in property, plant and equipment totaled MSEK 2,169 (1,690). In addition to replacement investments, investments included the gluten facility in the Energy Sector, Lantmännen Unibake's bakeries and a large property investment in Örebro in the Real Estate Business Area. The pace of new investments and reinvestments gradually increased during the year after being held back in 2020 due to the pandemic.

Investment property amounted to MSEK 692 (687).

Investments in intangible assets for the year amounted to MSEK 193 (105). Total intangible assets amounted to MSEK 8,997 (8,831).

Current assets excluding cash and cash equivalents increased by MSEK 1,914, from MSEK 12,301 to MSEK 14,215. The increase is mainly in trade receivables but also in inventories, and is mainly an effect of higher sales at the end of the year compared with the previous year and higher commodity prices.

Liabilities and equity

Group equity was MSEK 20,098 (18,006) at the end of the year, with MSEK 108 (105) attributable to owners other than the members of the economic association, i.e. non-controlling interests in Group companies. Net income after tax increased equity by MSEK 1,887 (1,797), while dividends and changes in contributed capital reduced equity by MSEK 513 (470). Items recognized in other comprehensive income (e.g. remeasurement effects) increased equity by MSEK 721 (reduced by MSEK 874).

The Group's net debt was MSEK 6,673 (7,761) at the end of the year, a reduction of MSEK 1,088.

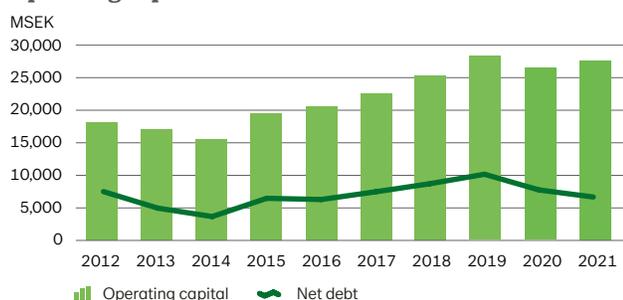
The Group's liquidity reserve at the end of the year was MSEK 9,071 (7,790) and is calculated based on Lantmännen's current loan agreements and covenants.

The equity ratio was 46.4 (45.8) percent at the end of the year.

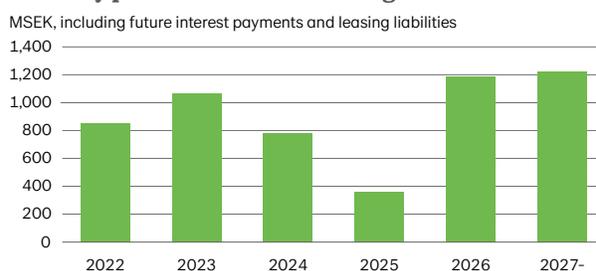
Net debt

MSEK	2021	2020
Liabilities to credit institutions	2,457	2,973
Issued securities, MTN loans	998	-
Savings and deposit accounts, members et al.	3,571	3,407
Pension liabilities	612	897
Subordinated debentures	250	250
Financial liabilities, leases	1,808	2,178
Other interest-bearing liabilities	185	182
Total interest-bearing liabilities including pension liabilities	9,881	9,887
Other interest-bearing assets	504	711
Short-term investments, less than 3 months	65	95
Cash and bank balances	2,639	1,320
Total interest-bearing assets	3,208	2,126
Group's net debt	6,673	7,761

Operating capital and net debt



Maturity profile of interest-bearing financial liabilities



Consolidated Statement of Financial Position

MSEK	Note	2021 Dec 31	2020 Dec 31
ASSETS			
Non-current assets			
Property, plant and equipment	13	13,077	12,601
Investment property	14	692	687
Goodwill	15	5,619	5,461
Other intangible assets	15	3,378	3,370
Equity accounted holdings	16	2,697	2,517
Non-current financial assets	17	440	538
Deferred tax assets	12	273	275
Other non-current assets	18	252	166
Total non-current assets		26,428	25,615
Current assets			
Inventories	19	6,610	6,077
Trade and other receivables	20	7,461	5,967
Current interest-bearing assets	21	64	173
Current tax assets	12	80	84
Cash and cash equivalents	21	2,704	1,415
Total current assets		16,919	13,716
TOTAL ASSETS		43,347	39,331

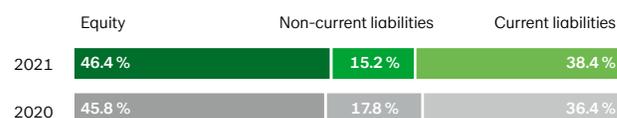
MSEK	Note	2021 Dec 31	2020 Dec 31
EQUITY AND LIABILITIES			
Equity			
Member contributions		3,624	3,228
Other contributed capital		3,110	3,110
Reserves		337	-124
Retained earnings incl. net income		12,919	11,687
Total equity attributable to members of the economic association		19,990	17,901
Non-controlling interests		108	105
Total equity	22	20,098	18,006
Non-current liabilities			
Non-current interest-bearing liabilities	23, 24	4,795	5,034
Provisions for pensions	25	612	897
Deferred tax liabilities	12	898	807
Other non-current provisions	26	285	264
Other non-current liabilities	27	5	27
Total non-current liabilities		6,595	7,029
Current liabilities			
Current interest-bearing liabilities	23, 24	4,474	3,956
Trade and other payables	28	11,111	9,375
Current tax liabilities	12	209	185
Current provisions	26	860	780
Total current liabilities		16,654	14,296
TOTAL EQUITY AND LIABILITIES		43,347	39,331

Pledged assets and contingent liabilities, see → note 34.

Development of the Group's assets



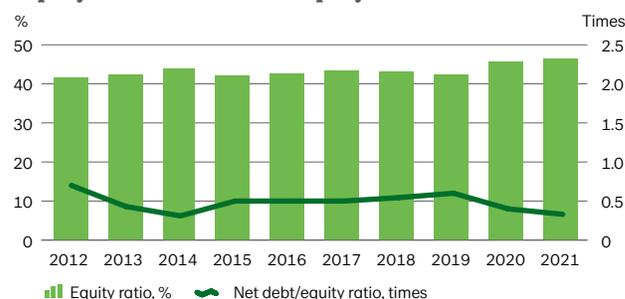
Development of the Group's equity and liabilities



Contributed capital and equity



Equity ratio and net debt/equity ratio



Consolidated Statement of Cash Flows

- ➔ Cash flow from operating activities MSEK 3,927 (4,503)
- ➔ Cash flow from investing activities MSEK -2,223 (-1,700)
- ➔ Cash flow before financing activities MSEK 1,704 (2,803)

Cash flow from operating activities

The cash operating surplus, i.e. cash flow from operating activities before changes in working capital, gave a positive result of MSEK 3,944 (3,811). Cash flow from changes in working capital was MSEK -17 (692).

Cash flow from operating activities was MSEK 3,927 (4,503).

Cash flow from investing activities

Cash flow from acquisitions of operations was MSEK -5 (-54). No operations were divested in 2021 or 2020.

Investments in property, plant and equipment and intangible assets amounted to MSEK -2,362 (-1,795) and in addition to replacement investments, they included the gluten facility in the Energy Sector, Lantmännen Unibake's bakeries and a large property investment in Örebro in the Real Estate Business Area. The pace of new investments and reinvestments gradually increased during the year after being held back in 2020 due to the pandemic.

Sales of property, plant and equipment and intangible assets generated a positive cash flow of MSEK 163 (187), due to, among other things, a large property sale in Ystad and the sale of rental machinery in the Swecon Business Area.

Cash flow from investing activities was MSEK -2,223, compared with MSEK -1,700 the previous year.

Cash flow before financing activities

Cash flow before financing activities totaled MSEK 1,704 (2,803), a decline of MSEK 1,099, which was due to lower cash flow from working capital and a higher investment level compared with the same period the previous year.

Cash flow from financing activities

Financing activities had an impact of MSEK -424 (-2,549) on cash flow. The change in interest-bearing liabilities was MSEK 89 (-2,079). A green bond of SEK 1 billion was issued during the year and a DKK loan corresponding to MSEK 548 was settled. The change from the previous year is due to repayments of Lantmännen's medium term note (MSEK 1,250) and a loan (MSEK 761).

The dividend payment of MSEK -603 (-451) was distributed as follows: contribution dividend of MSEK -291 (-237) and refund and supplementary payment of MSEK -305 (-208) to members of the association.

Cash flow for the year

Cash flow for the year was MSEK 1,280 (254) and the Group's cash and cash equivalents ended the year at MSEK 2,704 (1,415).

Depreciation/investment in property, plant and equipment



Investments in 2016, 2017 and 2018 include investments in Londerzeel, Belgium, as a result of the bakery that burned down in 2015.

Cash flow before financing activities



Consolidated Statement of Cash Flows

MSEK	Note	2021	2020
OPERATING ACTIVITIES			
Operating income		2,302	2,223
Adjustment for non-cash items ¹⁾		1,987	1,939
		4,289	4,162
Financial items paid, net	35:1	-113	-177
Taxes paid		-232	-174
Cash flow from operating activities before changes in working capital		3,944	3,811
<i>Cash flow from changes in working capital</i>			
Change in inventories		-472	412
Change in operating receivables		-1,175	303
Change in operating liabilities		1,630	-23
		-17	692
Cash flow from operating activities		3,927	4,503
INVESTING ACTIVITIES			
Acquisitions of operations (incl. capital contribution)	35:2	-5	-54
Investment in property, plant & equipment		-2,169	-1,690
Investment in intangible assets		-193	-105
Sale of property, plant & equipment and intangible assets		163	187
Change in financial investments		-19	-38
Cash flow from investing activities		-2,223	-1,700
Cash flow before financing activities		1,704	2,803
FINANCING ACTIVITIES			
Change in interest-bearing liabilities incl pension provisions	35:3	89	-2,079
Paid-in contributed capital		184	132
Refunded capital contribution		-94	-151
Dividend paid		-603	-451
Cash flow from financing activities		-424	-2,549
Cash flow for the year		1,280	254
Cash and cash equivalents at beginning of year		1,415	1,183
Exchange differences in cash and cash equivalents		9	-22
Cash and cash equivalents at end of year	35:4	2,704	1,415

1) MSEK	2021	2020
Adjustment for non-cash items		
Depreciation, amortization and impairment of non-current assets	2,097	2,051
Share of income of equity accounted companies	-143	-110
Capital gains/losses on sale of non-current assets and operations	-52	-12
Other non-cash items	85	10
Total	1,987	1,939

Consolidated Statement of Changes in Equity

MSEK	Note	Contributed capital	Other contributed capital	Reserves	Retained earnings incl. net income	Total Lantmännen's owners	Non-controlling interests	Total equity
Opening balance, January 1, 2020		2,959	3,110	819	10,523	17,411	94	17,505
Net income for the year		-	-	-	1,788	1,788	9	1,797
Other comprehensive income, net of tax		-	-	-943	69	-874	-	-874
Total comprehensive income		-	-	-943	1,857	914	9	923
Distributions to owners		288	-	-	-733	-445	-6	-451
Contributed capital paid in by members		132	-	-	-	132	-	132
Contributed capital paid out to members		-151	-	-	-	-151	-	-151
Other change		-	-	-	40	40	8	48
Closing balance, December 31, 2020	22	3,228	3,110	-124	11,687	17,901	105	18,006
2021								
Opening balance, January 1, 2021		3,228	3,110	-124	11,687	17,901	105	18,006
Net income for the year		-	-	-	1,877	1,877	10	1,887
Other comprehensive income, net of tax		-	-	461	260	721	-	721
Total comprehensive income		-	-	461	2,137	2,598	10	2,608
Distributions to owners		306	-	-	-902	-596	-7	-603
Contributed capital paid in by members		184	-	-	-	184	-	184
Contributed capital paid out to members		-94	-	-	-	-94	-	-94
Other change		-	-	-	-3	-3	-	-3
Closing balance, December 31, 2021	22	3,624	3,110	337	12,919	19,990	108	20,098

More information about equity can be found in the Parent Company's statement of changes in equity on [page 83](#) and in note 22.

Equity attributable to members of the economic association, MSEK	2021	2020
Contributed capital, paid in	1,512	1,402
Contributed capital, issued	2,112	1,826
Other equity	16,366	14,673
Total equity attributable to members of the economic association	19,990	17,901

Parent Company **Lantmännen ek för**

Operations

The activities of the Parent Company Lantmännen ek för consist of Lantmännen Lantbruk's Swedish operations in the Agriculture Sector, Agro Oil and the Group functions.

Net sales and operating income

Net sales were MSEK 14,859 (13,590) and operating income amounted to MSEK 87 (132). Net financial items were MSEK 430 (346) and income after financial items was MSEK 517 (478).

Investments

Investments in non-current assets during the year totaled MSEK 265 (278).

Equity ratio

The equity ratio at the end of the year was 47.2 (50.4) percent.

Human resources

The average number of employees was 1,035 (1,035).

Member information

The number of members on December 31, 2021 was 18,726 (19,172). Refunded contributed capital is expected to be MSEK 101 in 2022 (94 in 2021).

Proposed dividend

The Board of Directors proposes that dividends be paid to both direct members and local associations as follows:

Refund and supplementary payment of MSEK 341 (305)

- 2.5 (2.5) percent in refund and supplementary payment on members' trading with Lantmännen Lantbruk Sweden.
- 1.5 (1.0) percent in refund on members' purchases from Lantmännen Maskin's and Swecon's Swedish operations.

Contribution dividend of MSEK 362 (291)

- Contribution dividend of 10 (9) percent on the nominal value of the contributions.

Contribution issue of MSEK 297 (306)

- The issue capital will be distributed as follows: 50 (50) percent based on members' contributions, paid-in and issued contributed capital, and 50 (50) percent on members' contribution-based turnover with the association in 2021.

Dividend on subordinated debentures of MSEK 18 (17)

- Dividend of 7.25 (7.25) percent on subordinated debentures, based on the conditions in the subordinated debenture offer.

Proposal for appropriation of profit

The Board of Directors proposes that the Parent Company's unappropriated earnings of TSEK 9,055,284 be allocated as follows:

	TSEK
Refund and supplementary payment	341,239
Contribution dividend	362,444
Contribution issue	296,500
Dividend on subordinated debentures	18,125
Carried forward	8,036,976
Total	9,055,284

The dividend is calculated on the basis of the membership roll as updated on December 31, 2021. The amounts may be adjusted as a result of changes in the membership roll up to date of the Annual General Meeting.

Due to trading in contribution issues, the Board has decided that the date on which holdings give entitlement to a dividend (contribution dividend and contribution issue) is the date of the Annual General Meeting.

Lantmännen's Annual General Meeting

The 2021 Annual Report will be presented for adoption at the Annual General Meeting to be held at Clarion Hotel Sign, Norra Bantorget, Stockholm, on Thursday, May 5, 2022. The meeting will also be broadcast digitally.

Parent Company Income Statement

MSEK	Note	2021	2020
Net sales	36	14,589	13,590
Other operating income	36	557	263
Change in products in progress, finished goods and work in progress for third parties		539	90
Raw materials and consumables		-10,013	-8,752
Merchandise		-2,325	-2,121
Employee benefits expense	6	-841	-847
Depreciation, amortization and impairment		-164	-162
Other operating expenses	37	-2,255	-1,929
Operating income	38, 41	87	132
Income from financial items			
Income from investments in Group companies	39	367	251
Income from investments in joint ventures/associates	39	25	14
Income from other securities and receivables classified as non-current assets	40	3	0
Interest income from Group companies		222	250
Other interest and similar income		55	85
Interest expenses to Group companies		-79	-94
Other interest and similar expenses		-149	-206
Exchange differences, financial items	41	-14	46
Total financial items		430	346
Income after financial items		517	478
Group contributions received		1,098	607
Group contributions paid		-39	-3
Other appropriations	51	11	-95
Income before tax		1,587	987
Tax on income for the year	42	-107	-26
NET INCOME FOR THE YEAR		1,480	961

Parent Company Statement of Comprehensive Income

MSEK	2021	2020
Net income for the year	1,480	961
Other comprehensive income		
<i>Items that will not be reclassified to the income statement</i>		
Financial assets at fair value through other comprehensive income, net before tax	-24	-79
Total	-24	-79
<i>Items that will be reclassified to the income statement</i>		
Cash flow hedges, net before tax	203	-13
Tax attributable to items that will be reclassified	-42	3
Total	161	-10
Other comprehensive income, net of tax	137	-89
Total comprehensive income	1,617	872

Parent Company Statement of Financial Position

MSEK	Note	2021 Dec 31	2020 Dec 31	MSEK	Note	2021 Dec 31	2020 Dec 31
ASSETS				EQUITY AND LIABILITIES			
Non-current assets				Equity			
Intangible assets				Restricted equity			
Intangible assets	43	353	435	Equity	50		
		353	435	Contributed capital		3,624	3,228
				Subordinated debentures		250	250
				Statutory reserve		3,110	3,110
						6,984	6,588
Property, plant and equipment	44			Non-restricted equity			
Land and buildings		331	324	Retained earnings		7,476	7,434
Investment property	45	19	20	Net income for the year		1,480	961
Plant and machinery		484	440	Fair value reserve		-44	-20
Other non-current assets		188	177	Hedge reserve		143	-18
		1,022	961			9,055	8,357
				Total equity		16,039	14,945
Non-current financial assets				Untaxed reserves			
Investments in Group companies	46	11,614	11,678	Untaxed reserves	51	551	562
Investments in joint ventures/associates	16	1,343	1,343	Provisions			
Receivables from Group companies		7,351	4,114	Provisions for pensions	52	1	1
Other non-current financial assets		256	239	Provisions for deferred tax	42	21	-
Deferred tax asset	42	-	22	Other provisions	53	136	78
Other non-current assets		94	26	Total provisions		158	79
		20,658	17,422	Non-current liabilities			
Total non-current assets		22,033	18,818	Non-current interest-bearing liabilities		2,560	2,492
Current assets				Liabilities to Group companies		506	571
Inventories	47	2,698	2,246	Other non-current liabilities		5	26
Trade receivables	48	1,850	1,551	Total non-current liabilities		3,071	3,089
Receivables from Group companies		5,032	6,780	Current liabilities			
Receivables from joint ventures/associates	48	21	70	Current interest-bearing liabilities	54	2,290	1,645
Other current receivables		849	427	Trade payables		3,259	2,834
Prepayments and accrued income	49	211	175	Liabilities to Group companies		8,359	6,639
		10,661	11,249	Liabilities to joint ventures/associates		0	1
				Tax liabilities		109	5
Short-term investments				Other current liabilities		628	337
Cash and bank balances		2,187	485	Accruals and deferred income	55	417	416
Total current assets		12,848	11,734	Total current liabilities		15,062	11,877
TOTAL ASSETS		34,881	30,552	TOTAL EQUITY AND LIABILITIES		34,881	30,552

Pledged assets and contingent liabilities, see [note 57](#).

Parent Company Statement of Cash Flows

MSEK	Note	2021	2020
OPERATING ACTIVITIES			
Operating income		87	132
Adjustment for non-cash items ¹⁾		186	136
		273	268
Financial items paid, net ²⁾		574	92
Taxes paid		-3	-2
Cash flow from operating activities before changes in working capital		844	358
<i>Cash flow from changes in working capital</i>			
Change in inventories		-452	144
Change in operating receivables		-692	176
Change in operating liabilities		-894	25
		-2,038	345
Cash flow from operating activities		-1,194	703
INVESTING ACTIVITIES			
Acquisition of shares and interests, owner contributions etc.		-11	-699
Divested operations, share capital repayments		136	126
Investment in property, plant & equipment		-170	-231
Investment in intangible assets		-95	-47
Sale of property, plant & equipment and intangible assets		184	1
Change in financial assets		-875	1,845
Cash flow from investing activities		-831	995
Cash flow before financing activities		-2,025	1,698
FINANCING ACTIVITIES			
Group contributions received		604	885
Change in interest-bearing liabilities	56	3,646	-2,511
Paid-in contributed capital		184	132
Refunded capital contribution		-94	-151
Paid-in subordinated debentures		-	250
Dividend paid		-613	-461
Cash flow from financing activities		3,727	-1,856
Cash flow for the year		1,702	-158
Cash and cash equivalents at beginning of year		485	643
Cash and cash equivalents at end of year³⁾		2,187	485
MSEK			
		2021	2020
1) Adjustment for non-cash items			
Depreciation, amortization and impairment of non-current assets		164	162
Capital gains/losses on sale of non-current assets and operations		-61	-1
Fair value adjustment of financial instruments		81	-23
Other items		2	-2
Total		186	136
2) Financial items			
Dividends received		335	193
Interest received		277	338
Interest paid		-211	-292
Realized exchange gains/losses		173	-147
Total		574	92
Cash and cash equivalents at end of year			
3) Cash and bank balances		2,187	485
Total		2,187	485

Parent Company Statement of Changes in Equity

MSEK	Contributed capital	Subordinated debentures	Statutory reserve	Fair value reserve	Hedge reserve	Retained earnings incl. net income	Total equity
Opening balance, January 1, 2020	2,959	-	3,110	59	-8	8,183	14,303
Net income for the year	-	-	-	-	-	961	961
Other comprehensive income, net of tax	-	-	-	-79	-10	-	-89
Total comprehensive income	-	-	-	-79	-10	961	872
Dividend paid ¹⁾	-	-	-	-	-	-461	-461
Paid-in subordinated debentures	-	250	-	-	-	-	250
Contributed capital paid in by members	132	-	-	-	-	-	132
Contributed capital paid out to members	-151	-	-	-	-	-	-151
Appropriation of profit	288	-	-	-	-	-288	0
Closing balance, December 31, 2020	3,228	250	3,110	-20	-18	8,395	14,945
	2021						
Opening balance, January 1, 2021	3,228	250	3,110	-20	-18	8,395	14,945
Net income for the year	-	-	-	-	-	1,480	1,480
Other comprehensive income, net of tax	-	-	-	-24	161	-	137
Total comprehensive income	-	-	-	-24	161	1,480	1,617
Dividend paid ¹⁾	-	-	-	-	-	-613	-613
Contributed capital paid in by members	184	-	-	-	-	-	184
Contributed capital paid out to members	-94	-	-	-	-	-	-94
Appropriation of profit	306	-	-	-	-	-306	0
Closing balance, December 31, 2021	3,624	250	3,110	-44	143	8,956	16,039

¹⁾ Contribution dividend MSEK -291 (-237), refund and supplementary payment MSEK -305 (-208), dividend on subordinated debentures MSEK -17 (-16), reported as interest expense in the Group.

MSEK 41 (102) of the contributed capital paid out comprises refunds to members who have left the association and MSEK 53 (49) is related to changed investment obligation criteria for individual members.

In 2022, an estimated MSEK 101 (94) in contributed capital will be refunded to members, distributed as follows: members who have left the association MSEK 47 (41) and changed investment criteria MSEK 54 (53).

The unmet obligation of members to invest in Lantmännen pursuant to the articles of association amounted to MSEK 476 (513) at December 31, 2021.

Contributed capital, MSEK	2021	2020
Paid-in contributed capital	1,512	1,402
Issued contributed capital	2,112	1,826
Total	3,624	3,228

Subordinated debentures totaling MSEK 250 were issued on January 23, 2020 with a term of 5 years and a maturity date of January 15, 2025. No repayment of debentures will be made before this date.

Notes – Group and Parent Company

Amounts in MSEK unless otherwise stated.

Lantmännen ek för conducts its operations as a cooperative economic association and is headquartered in Stockholm, Sweden.

The address of the main office is S:t Göransgatan 160 A. The corporate identity number is 769605-2856.

The operations of the Lantmännen Group are described in the Board of Directors' report and in note 4, Segment reporting.

The 2021 financial statements for the Group and Parent Company will be presented for adoption by the Annual General Meeting on May 5, 2022.

Notes – Group

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 OF PREPARATION

Lantmännen'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 (IFRIC and SIC). 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.

Lantmännen applies the cost method for measuring assets and liabilities, except for derivative instruments and the categories 'at fair value through profit or loss', 'at fair value through OCI' and 'financial liabilities at fair value through profit or loss'. 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.

Standards, amendments and interpretations effective on or after January 1, 2021

A number of new and amended IFRS standards have entered into force. These new and amended standards or interpretations published by the IASB have not had any material impact on the Group's or the Parent Company's financial reporting.

Standards, amendments and interpretations effective on or after January 1, 2022

A number of new and amended IFRSs have not yet entered into force and have not been adopted early in preparing the Group's and the Parent Company's financial reports. These new or amended standards and interpretations published by the IASB are not expected to have any material impact on the Group's or the Parent Company's financial reporting.

ASSUMPTIONS AND ACCOUNTING ESTIMATES

To ensure preparation of the financial statements in accordance with IFRS, assumptions and estimates must be made that affect reported assets, liabilities, income and expenses, and other information disclosed. The actual outcome may differ from these estimates. The areas in which assumptions and accounting estimates have the greatest impact on carrying amounts are described in more detail in [note 3](#).

JUDGMENTS IN THE APPLICATION OF ACCOUNTING POLICIES

Contributed capital in an economic association is refunded when the member leaves the association. Based on the IAS 32 rules applicable to the contributed capital of cooperative enterprises, Lantmännen has, with reference to the conditions that apply to capital contributions in accordance with its Articles of Association, made the judgment that the association's contributed capital shall be treated as equity in the consolidated financial statements.

Lantmännen has furthermore made the judgment that the refunds and supplementary payments payable to members, and which depend on the association's performance, shall be treated as dividends.

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. A Group entity is consolidated from the date on which the Group obtains control, or for associates significant influence, over the enterprise, while divested Group entities are included in the consolidated financial statements up to and including the date on which the Group still has control, or for associates significant influence, over the enterprise.

Subsidiaries

Subsidiaries are companies in which Lantmännen, directly or indirectly, holds or controls more than 50 percent of the votes or otherwise exercises control. There are no holdings not classified as subsidiaries where these conditions are met. In all companies currently classified as subsidiaries, Lantmännen owns more than 50 percent of the votes and capital.

The consolidated financial statements are prepared according to the acquisition 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 recognized as goodwill on consolidation. 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 recognized directly in the income statement.

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

Associates and joint ventures

Associates are companies over which Lantmännen has a significant, but not controlling, influence. This is normally the case when the Group holds between 20 and 50 percent of the voting rights. Companies over which Lantmännen and other parties have contractual joint control are classified as joint ventures. Companies

Note 1 continued

in which Lantmännen holds between 20 and 50 percent of the voting rights are classified as joint ventures or associates. No companies with a larger or smaller ownership share are classified in this way.

Investments in associates and joint ventures are accounted for using the equity method and are initially recognized at cost. Acquired assets and liabilities are measured in the same way as for subsidiaries, and the carrying amount includes goodwill and other Group adjustments. The Group's share of the company's income after tax arising after the acquisition, adjusted for any depreciation/reversals of the consolidated value, is reported on a separate line in the income statement and is included in operating income. The share of income is calculated on the basis of Lantmännen's share of equity in the company. The equity method means that the consolidated carrying amount of investments in these companies corresponds to the Group's share of the equity of companies 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.

Non-controlling interests (minorities)

The minority interest's share of a subsidiary's net assets is recognized as a separate item in consolidated equity. In the consolidated income statement, the minority's share is included in accounting profit and information is disclosed about the amount in connection with the accounting profit. Shared-based transactions with minority shareholders are recorded as transactions within equity. Any difference between the minority's share of equity and consideration paid or received is recognized directly as a change in equity attributable to the Parent Company's owners.

With each acquisition, Lantmännen assesses whether the minority's share of equity should be measured at fair value or as a proportion of identifiable net assets.

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 reported in the statement of financial position.
- Revenues and expenses are translated at the average rate for each year reported in the income statement and statement of comprehensive income.
- All translation differences that arise are recognized 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 recognized 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 recognized 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.

Parent Company

The Parent Company recognizes all investments in Group entities, associates and joint ventures at cost, adjusted where applicable for shareholder contributions and accumulated impairment.

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 recognized in the income statement. However, exchange differences arising on remeasurement of items that are hedging transactions, and that qualify for hedge accounting, are recognized 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 reported as financial items.

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

SEGMENT REPORTING

Reported 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 Lantmännen, this role is assumed by the President, 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 three Sectors and two Business Areas. The segments are organized around different types of products and services. The three Sectors are Agriculture, Energy and Food and the two Business Areas are Swecon and Real Estate. Activities not reported as a separate segment, mainly corporate functions, are reported as Other operations. A further description of the operating segments can be found in [note 4](#).

The segments are responsible for their operating income and the assets and liabilities used in their own operations, namely the operating capital. Financial items and taxes do not fall within the Sectors' responsibility; these are reported centrally for the Group. The same accounting policies are used for the segments as for the Group, apart from pensions (IAS 19 Group level only) and financial instruments (IFRS 9 Group level only).

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

PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are recognized 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 300 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 recognized as an expense in the period in which it is incurred.

Investment property

Investment properties are recognized at cost less accumulated depreciation and any accumulated impairment. The fair value of investment properties is provided as an additional disclosure, see [notes 14 and 45](#). In the Group, properties where more than 90 percent is rented to parties other than Group entities are classified as investment properties.

Parent Company

In the Parent Company, properties are classified as investment properties when more than 90 percent is rented to companies that are not part of the Lantmännen Group. Properties rented to Group companies are reported as operating properties.

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

Note 1 continued

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 following depreciation schedules are applied:

Buildings	15-100 years
Grain elevators	10-33 years
Property fixtures	10-25 years
Plant and machinery	5-20 years
Equipment, tools	5-15 years
Vehicles	5-10 years
Office equipment	3-10 years

LEASING

The Group is both a lessor and a lessee.

When a contract is signed, an assessment is made as to whether the contract is, or contains, a lease. A contract is, or contains, a lease if:

- There is an identified asset.
- The lessee has the right to substantially all the economic benefits from the use of the identified asset.
- The lessee has the right to control the use of the asset.

If the above conditions are not all met, the contract is not considered to be a lease or contain a lease and is therefore classified as a service contract.

Lessees

Lantmännen recognizes a right-of-use asset and a financial liability at commencement of the lease. Right-of-use assets are measured at cost and include the following:

- the lease liability on initial measurement;
- lease payments made at or before the commencement date, less any incentives received in connection with the signing of the lease;
- initial direct costs; and
- costs of restoring the asset to the condition prescribed in the terms of the lease.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. The right-of-use period has been assessed on the basis of knowledge of the length of underlying agreements as well as termination and extension clauses.

The lease liability is initially measured at an amount equal to the present value of the remaining lease payments on the date on which the leased asset is available for use, discounted at the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease liabilities include the present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if it is reasonably certain that the lessee will exercise the option; and
- payments of penalties for terminating the lease, if the lease term reflects the assumption that the lessee will exercise the option.

The financial liability is recognized at amortized cost using the effective interest method. The liability is remeasured to reflect changes in future lease payments resulting from a change in index or, e.g., new assessments of amounts payable under future residual value guarantees, or the exercise of purchase, extension or termination options. Any remeasurement of the lease liability results in a corresponding adjustment of the right-of-use asset.

Lantmännen reports a right-of-use asset that is not investment property under property, plant and equipment and the lease liability as an interest-bearing liability.

Lantmännen has chosen not to report right-of-use assets and lease liabilities for short-term leases (lease term shorter than twelve months) and for low-value leases (value less than SEK 50,000), such as IT and office equipment. Lease

payments for these contracts are recognized as an expense on a straight-line basis over the lease term.

Parent Company

In the Parent Company, lease payments are recognized as an expense on a straight-line basis over the lease term. The Parent Company only acts as a lessee.

INTANGIBLE ASSETS

An intangible asset is recognized 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 relationships are identified and measured normally in connection with business combinations. Expenditures on internally generated trademarks, customer relationships and internally generated goodwill are recognized 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 carried 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 assessment 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 carried at cost less any accumulated amortization and impairment losses. Trademarks with an indefinite useful life are not amortized but are tested annually for impairment in the same way as goodwill. Trademarks that Lantmännen 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.

Trademarks with a finite useful life are amortized on a straight-line basis over their expected useful life, which varies between 5 and 15 years.

Parent Company

The Parent Company recognizes the value of trademarks at cost less any accumulated amortization and impairment losses.

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 carried at cost less accumulated amortization and impairment losses.

Existing customer relationships are currently considered to have a useful life of between 7 and 15 years.

Research and development

Expenditure on research is recognized as an expense in the period in which it is incurred. Expenditure on development is recognized as an intangible asset only if it is technically and financially feasible to complete the asset, it is expected to provide future economic benefits and the cost of the asset can be measured reliably. For development of seed grain, this means that costs cannot be capitalized until an official variety test has shown potential success for the variety. For development of fuels, expenditure is capitalized only when the product can demonstrate technical acceptance and commercial potential and political decisions have been made. Currently, this means that all expenditure on the development of commercial and similar products is expensed as incurred.

Note 1 continued

Expenditure on development of business-related IC/IT systems is capitalized if the general preconditions according to the above are met and the total expenditure is estimated to exceed MSEK 3.

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

Other intangible assets

Intangible assets also include patents, licenses and other rights. The assets are carried at cost less accumulated amortization and impairment losses. Amortization is straight-line over the expected useful life of the asset, which is estimated at 5-10 years.

Subsequent expenditure on other intangible assets increases the cost only if it is likely that the Group will have future economic benefit from the subsequent expenditure. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

IMPAIRMENT

Intangible assets with an indefinite useful life are not amortized but are tested for impairment annually or more frequently if there is an indication of impairment. The carrying amounts of assets that are amortized 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 lives. 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 recognized if the recoverable amount is less than the carrying amount. A previously recognized 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 recognized in prior years. Impairment of goodwill is never reversed.

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

An asset's value in use is the present value of the estimated future cash flows that are expected from using the asset and its estimated residual value at the end of its useful life. When calculating value in use, future cash flows are discounted using a pre-tax interest rate that takes into account a market assessment of risk-free interest rates and risk associated with the specific asset. At Lantmännen the risk premium is estimated in relation to the proximity of the operation to the farmer. Operations close to the farmer have a lower risk premium level.

INVENTORIES

Inventories are measured 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, in addition to direct costs, 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 the estimated costs to complete and sell the product.

Lantmännen's grain reporting is at weighted average prices. At each reporting date, the cost of grain is calculated on the basis of purchases already made, contracted purchases and grain-related hedging transactions. Based on these factors, an average purchase cost is calculated per crop and relevant volume. This purchase cost is then applied to the grain volumes sold during the reporting period and to existing stocks at the reporting date.

If the calculated cost indicates the existence of loss transactions at any point, these are recognized directly in the income statement.

RECOGNITION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial instruments recognized in the statement of financial position include cash and cash equivalents, trade receivables, securities, loan receivables, derivatives, loan liabilities, trade payables and issued securities. Derivative

instruments include forward contracts and swaps used primarily to cover risks relating to exchange rate and commodity price fluctuations and exposure to interest-rate risks. Derivative instruments are recognized in the statement of financial position when the agreements are made. Trade receivables are recognized in the statement of financial position when the invoice is issued. Trade payables are recognized when an invoice is received. Other financial assets and financial liabilities are recognized in the statement of financial position on the settlement date. A financial asset or part of the asset is derecognized on the settlement date or when it expires. A financial liability or part of a financial liability is derecognized on the settlement date or when it is extinguished in another manner.

CLASSIFICATION OF FINANCIAL INSTRUMENTS

The classification of financial instruments forms the basis for their recognition and measurement.

Financial assets

Classification of financial assets is based on the business model that Lantmännen applies to manage the financial assets and the contractual cash flow characteristics of the financial assets.

The following three measurement categories are applicable to financial assets:

- Amortized cost.
- Fair value through other comprehensive income.
- Fair value through profit or loss.

A financial asset is measured at amortized cost if:

- The financial asset is managed within a business model whose objective is to realize the financial asset's cash flows by collecting contractual cash flows; and
- The contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income if:

- The financial asset is managed within a business model whose objective is to realize the financial asset's cash flows by collecting contractual cash flows and by selling the asset; and
- The contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

For equity instruments not held for trading, Lantmännen may choose to present value changes in other comprehensive income on initial measurement.

All other financial assets are measured at fair value, with value changes reported in the income statement.

Business model assessment

Lantmännen assesses which business model a financial asset is managed in at the portfolio level or by type of financial asset, as this reflects how the financial assets are managed, evaluated and reported to management.

Information on which the business model assessment is based:

- policies and instructions for the current portfolio or type of assets and how they are applied in practice;
- evaluation and monitoring of the portfolio's return;
- risks affecting the return, and their management;
- compensation of staff managing financial assets, e.g. whether the compensation is based on changes in the fair value of assets; and
- frequency and volume of sales of assets, and the reason for the sales.

Financial assets held for trading or which are managed and evaluated based on their fair values are measured at fair value through profit or loss.

Assessment of contractual cash flows

For this assessment, interest is defined as compensation for the time value of money, compensation for credit risk for the principal amount outstanding over a specific period of time and other risks associated with the lending of capital.

To assess whether the contractual cash flows consist solely of payments of principal and interest on the principal amount outstanding, Lantmännen uses the contractual terms of the financial asset as its basis. The assessment is aimed at

Note 1 continued

determining whether there are conditions that may change the time and/or size of the contractual cash flows in such a way that they no longer consist solely of payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost

Financial assets measured at amortized cost consist mainly of long-term and short-term loans, trade receivables and bank funds. The objective of these financial assets is to collect contractual cash flows.

Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income consist of holdings in shares that do not qualify as subsidiaries or associates, held for strategic reasons and to promote Lantmännen's business activities.

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss consist of holdings of bonds, shares held as financial investments and derivative instruments with a positive fair value and not identified as hedging instruments in a hedging relationship.

Financial liabilities

Financial liabilities are measured either at amortized cost or at fair value through profit or loss.

Financial liabilities measured at fair value through profit or loss

Derivative instruments with a negative fair value are assigned to this category unless the instrument has been identified as a hedging instrument in a hedging relationship. Changes in the values of these instruments are recognized in profit or loss.

Other liabilities

This category includes all liabilities except for derivative instruments. Other liabilities are carried at amortized cost. Interest-bearing loans are initially recognized at cost corresponding to the fair value of the performance received. The transaction costs are amortized over the term of the loan using the effective interest method.

Non-current financial assets

Equities and interest-bearing securities acquired for permanent use in operations are reported under non-current financial assets.

Short-term investments

Short-term investments include short-term bank deposits with an original maturity of between 3 and 12 months or instruments that are immediately marketable.

Cash and cash equivalents

Cash and cash equivalents comprise cash, immediately available bank deposits as well as money market instruments with an original maturity of less than three months.

IMPAIRMENT OF FINANCIAL ASSETS

Impairment losses are calculated and recognized for financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income. Impairment is not recognized for holdings of equity instruments. Reserves for credit losses are calculated and reported initially on the basis of twelve months' expected credit losses. If the credit risk has increased significantly since the financial asset's initial recognition, credit loss provisions are calculated and reported based on expected credit losses for the asset's entire remaining life. For trade receivables, which do not contain a significant financing component, a simplified approach is applied and credit loss provisions are calculated and reported based on expected credit losses for the entire remaining life, regardless of whether or not the credit risk has increased significantly.

Lantmännen mainly bases the calculation of expected credit losses on an individual assessment of the relevant receivable, together with information on historical losses for similar assets and counterparties. The historical information is continuously evaluated and adjusted based on the current situation and Lantmännen's expectation of future events.

HEDGE ACCOUNTING

Lantmännen applies hedge accounting, provided the criteria for hedge accounting are in place. The criteria for hedge accounting are as follows:

- The hedging relationship consists only of eligible hedging instruments and hedged items;
- At the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the Company's risk management objective and strategy for undertaking the hedge;
- The hedging relationship meets all of the hedge effectiveness requirements (that there is an economic relationship, that the effect of credit risk does not dominate and that the hedge ratio is the same as that actually used in the hedge).

Most of Lantmännen's derivative contracts have been entered into to hedge risks such as currency risk and commodity risk. The majority of the derivative instruments held by Lantmännen are hedging instruments that qualify for hedge accounting. Financial derivative instruments that are hedging instruments hedge either an asset or a liability, a net investment in foreign operations or are a hedge of an actual or forecast transaction.

IFRS 9 defines three different hedging relationships: cash flow hedges, hedging of net investments and fair value hedges. Lantmännen applies cash flow hedging and hedging of net investments.

Cash flow hedges

A cash flow hedge is a hedge held to reduce the risk of an impact on profit or loss from changes in cash flow relating to a highly probable forecast future transaction or in transactions associated with an asset or liability. In cash flow hedge accounting, fair value changes for the derivative instrument (hedging instrument) are recognized in other comprehensive income and accumulated in equity. When the hedged position is recognized in profit or loss, the result of the revaluation of the derivative instrument is also transferred to profit or loss.

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. Exchange gains or losses arising from remeasurement of the fair value of the instruments used for these hedges are recognized in other comprehensive income and accumulated in equity. The result is reclassified from equity to profit or loss upon disposal of the foreign operation. Net investments are currently hedged by borrowing and currency swaps in the relevant investment currency.

Fair value hedges

A fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment that is attributable to a particular risk and could affect profit or loss. For a fair value hedge, the gain or loss on the derivative instrument's fair value is recognized in profit or loss. The hedged item is remeasured at fair value, taking into account the hedged risk, and is recognized in profit or loss along with the gains or losses on the derivative instrument's fair value.

Parent Company

The Parent Company applies IFRS 9 in accordance with RFR 2. This means that the Parent Company applies the same policies as the Group for recognition and measurement of financial instruments and hedge accounting.

The Parent Company applies the exemption from measuring financial guarantee contracts in favor of subsidiaries, associates and joint ventures in accordance with IFRS 9, and uses instead the principles for measurement contained in IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

DETERMINATION OF FAIR VALUE

If a financial instrument is traded in an active market, the quoted prices are used to determine the fair value. This applies, for instance, to commodity futures and energy derivatives. For unlisted financial instruments, or if the market for a certain financial asset is inactive, the value is determined through the application of generally accepted valuation techniques. Lantmännen makes assumptions based on the market conditions prevailing at the reporting date. The fair value of forward exchange contracts and currency swaps is estimated based on

Note 1 continued

current forward rates at the reporting date. Interest rate swaps are valued using estimates of future cash flows discounted to current market rates. Market rates and current credit margins are the basis for determining the fair value, for information purposes, of long-term borrowings. For financial assets and liabilities with short maturities, the fair value is estimated at cost adjusted for any impairment.

PROVISIONS

Provisions are recognized when Lantmännen 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 is recognized 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 warranty obligations are made and estimated on the basis of previous years' warranty costs and an assessment of the future warranty risk. Provisions are made when the product or service has been sold. Provisions for restructuring measures are made when a detailed, formal plan for measures is in place and well-founded expectations have been created for those who will be affected by the measures. No provisions are made for future operating losses.

EMPLOYEE BENEFITS

Pensions

Lantmännen 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 recognized 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 plans are calculated according to the projected unit credit method. 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 or treasury bonds with a maturity that corresponds to the average term for the obligations and the currency. An interest rate equivalent to the interest rates of high-quality mortgage bonds is used for Swedish 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 assumption changes. Actuarial gains and losses are recognized 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 reported as part of the pension obligation.

Parent Company

The Parent Company applies the Pension Obligations Vesting Act (Tryggarlag) and the Swedish Financial Supervisory Authority's rules relating to defined benefit pensions, which is a requirement for tax deductibility. The accounting follows RFR 2 Accounting for Legal Entities. The most significant differences from the rules in IAS 19 relate to the determination of the discount rate and the fact that the obligation is calculated on the basis of present salary level and that actuarial gains and losses are recognized in the income statement as soon as they arise.

Termination benefits

A provision for costs in connection with termination of personnel is recognized 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 recognized as a provision when a detailed plan for the measure is presented.

Variable salary

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

TAXES

The Group's tax expense consists of current tax and deferred tax. Taxes are recognized in the income statement, except when the underlying transaction is recognized directly in OCI, in which case the related tax effect is also recognized in OCI. However, in the case of contribution dividends, refunds and supplementary payments, which are reported as dividends in the Group's equity, the tax effect of these tax-deductible items is recognized in the income statement as part of the year's tax expense. 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 recognized 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 recognized, as, in each case, Lantmännen 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 carry-forwards are recognized 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.

Parent Company

Because of the relationship between tax expense and accounting profit, the Parent Company recognizes deferred tax liabilities in untaxed reserves. (However, in the consolidated financial statements, untaxed reserves are divided into deferred tax liabilities and equity).

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue recognition

Lantmännen generates its main revenue from the sale of finished products, but also from services rendered, licensing and property leasing. Lantmännen's operations and sales are divided into different segments. The product portfolio is therefore diversified, but the principles for revenue recognition for product or service sales are the same in all segments. Revenue from property leasing is recognized in accordance with the rules for lease revenue.

Performance obligations and timing of revenue recognition

The Group manufactures/processes or imports and sells finished products and accessories. Sales are through dealers/retailers and directly to farmers, industrial customers and consumers. In customer contracts for the sale of products, there are usually 1-2 performance obligations depending on the segment: goods, in some cases an extended warranty and a service. Revenue is recognized at the point in time when control of the asset is passed to the customer, which is dependent on the shipping conditions.

Rights of return and repurchase obligations

When the Group sells goods to customers with rights of return, implicit or explicit, a liability is recognized for the expected repayment and an asset for the right to recover goods from customers on settlement of the repayment liability when the goods are returned. These items are classified in the balance sheet as a return liability and a return asset (under Inventories). Historical experience is used to estimate the proportion of returns at the time of sale ("expected value method") and revenue is recognized only for products not expected to be returned.

Note 1 continued

Some customer contracts are based on an entity's obligation to repurchase the product, i.e. a repurchase agreement. If the Group has an obligation to repurchase the asset at the customer's request, the Group considers at contract inception whether the customer has a significant economic incentive to exercise that right. If the buyer has a significant economic incentive to exercise its right, this results in the customer effectively paying the Group consideration for the right to use an asset for a certain period of time. The Group then accounts for the agreement as a lease in accordance with IFRS 16. If the buyer does not have a significant economic incentive to exercise its right, the Group accounts for the agreement as if it were the sale of a product with a right of return.

Warranty commitments

In certain cases, the Group has customer contracts that include an extended warranty commitment. Revenue from such warranties is reported on a straight-line basis over the warranty period, unless some other method provides a better measure of the fulfillment of the performance obligation. An extended warranty is considered to exist when the customer is able to buy this service, it is separately priced and the warranty extends beyond the standard warranty required by law. The Group's obligation to take back defective products under the standard warranty required by law is accounted for in accordance with IAS 37.

Determination of transaction price

Volume discounts

In sales with volume discounts, the probable outcome of the sales volume and the associated discount is estimated at the time of the sale. The estimated discount is then included in the transaction price, thus reducing revenue. The assessment of the volume outcome is revised on each reporting date.

Joint marketing activities

Certain sales may include an agreement with the customer on joint marketing activities. Sales to retailers (stores) may include listing fees, which are fees paid to the customer in order to receive special product placement in the store. These fees are considered part of the underlying sales transaction and reduce the transaction price, and thus the revenue. Other joint marketing activities with a customer are assessed on a case-by-case basis to determine whether the activity is part of the sales transaction or whether a distinct service or product is purchased in the form of the marketing activity. If the marketing activities are considered part of the sales transaction, their costs reduce the transaction price and thus the revenue for the transaction.

Trade-in products

In product sales (agricultural or construction machinery) where the sale transaction includes the trade-in of an older machine, the transaction is formulated in such a way that the trade-in is classified as a machine purchase. The trade-in takes place as a new sale and at the customer's request, and the trade-in price is the machine's market value.

Services

The Group performs services in crop production and farming, including repairs, servicing and maintenance of products. Revenue from services in crop production and farming is reported when the service is performed. Revenue from maintenance and servicing of products is reported on a straight-line basis over the contract period, unless some other method provides a better measure of the fulfillment of the performance obligation.

Revenue from administrative and property services, both of which are often provided under longer contracts, is reported when the service is performed and the customer can benefit from the service.

Software licenses

The Group licenses intellectual property such as software in machinery. Free-standing software in machinery is classified as a "right-to-use" license and is recognized as revenue at a given point in time, usually the license date of issue. Licenses considered to be an integral part of a machine are recognized as revenue together with the machine, which is when control of the machine passes to the customer.

Royalty revenue

The Group sells seed, forages and other crops with license agreements. License agreements contain royalties that are based on the customer's use or sale of the goods containing the intellectual property. Sales-based or usage-based royalties are recognized when the subsequent sale or use occurs.

Balance sheet items

In cases where the Group receives advance payments from its customers, these are reported as contract liabilities under Trade and other payables in the statement of financial position. A trade receivable is recognized when the goods have been delivered or the service has been performed, and when the right to consideration is unconditional as only the passage of time is required before payment of the consideration is due. Only in exceptional cases does it happen that the Group has partly fulfilled its performance obligation but is not entitled to consideration until further performance occurs. In these cases, a contract asset is recognized and reported under Trade and other receivables. If the claim on the customer is unconditional, but invoicing has not yet taken place, a receivable not yet invoiced is reported under Trade and other receivables. When reporting rights of return, a return liability is reported under Trade and other payables and a return asset under Inventories.

REFUND AND SUPPLEMENTARY PAYMENT

Members of Lantmännen ek may receive a refund on purchases from Lantmännen Lantbruk Sweden and Lantmännen Maskin's and Sweco's Swedish operations and a supplementary payment on sales to Lantmännen Lantbruk Sweden. The refund and supplementary payment represents part of the economic association's dividend to its members and is recognized as a dividend.

GOVERNMENT GRANTS

Government grants are recognized in the statement of financial position and the income statement when there is reasonable assurance that the Group will comply with any conditions attached to the grant and the grant will be received. Grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes 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 recognized as other income.

BORROWING COSTS

Borrowing costs attributable to investments in assets that take more than 12 months to complete, and for which the investment amount is at least MSEK 300, are capitalized as part of the investment amount. Other borrowing costs are expensed in the period in which they are incurred.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Lantmännen only reclassifies assets as held for sale if their value is substantial. The current threshold is MSEK 50.

GROUP CONTRIBUTIONS

Parent Company

Lantmännen accounts for group contributions according to the alternative rule, whereby both group contributions received and group contributions made are reported as an appropriation.

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.

"Lantmännens Gemensamma Pensionsstiftelse Grodden" is a post-employment benefit plan for employees of companies in the Lantmännen Group. As such, the fund is considered to be a related party.

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 Parent Company's strategies, Board members have significant influence over the Parent

Note 1 continued

Company and are therefore considered to be related parties. The purpose of an economic association is to promote the economic interests of its members through the economic activities in which they participate. Accordingly, purchases and sales of goods and services have been conducted during the financial year between the Parent Company and individual Board members who are members of the association. These individual Board members also participate in the financing of the association. Transactions between Board members in their capacity as owners and the economic association have taken place in accordance with the association's objectives. As Board members are subject to the same conditions as other members, the amounts involved in these transactions are not disclosed.

Exchange rates for the Group's major currencies:

	2021		2020	
	Average rate	Closing rate	Average rate	Closing rate
DKK	1.36	1.38	1.41	1.35
EUR	10.14	10.23	10.49	10.04
GBP	11.80	12.18	11.80	11.09
NOK	1.00	1.03	0.98	0.95
RUB	0.12	0.12	0.13	0.11
USD	8.58	9.04	9.20	8.19

Note 2 Significant events after the end of the period

Lantmännen and Yara have signed an agreement for the launch of fossil-free mineral fertilizer, produced with renewable energy. This is a crucial step towards reducing fossil emissions from food production and providing consumers with more sustainable food.

Lantmännen Unibake has announced its intention to reorganize the bakery structure in Belgium. The change means that the bakery in Brussels will be closed and all production moved to Londerzeel, where the organization will be reviewed at the same time. The reorganization is aimed at reducing production costs and strengthening the company's competitiveness. The restructuring is expected to be completed by mid-2023.

Lantmännen Aspen has acquired the UK company Coryton Advanced Fuels, which produces sustainable bespoke fuels in the UK, Germany and Korea. The company has sales of approximately MSEK 200 and about 20 employees.

Lantmännen has signed an agreement to acquire Neova Group's 50-percent share in Scandbio, which will become a wholly-owned subsidiary. The transaction is subject to approval by the competition authorities in Denmark, Latvia and Sweden.

Lantmännen's President & CEO Per Olof Nyman is retiring on March 31 after 10 years in the role and 14 years with Lantmännen. The Board has appointed Magnus Kagevik, current COO and Head of Lantmännen's Energy Sector, as Per Olof's successor. Magnus takes up his position on April 1.

Note 3 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 recognized 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 the Lantmännen Group's financial position and financial statements is 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 intangible assets with indefinite useful lives

Goodwill and other intangible assets with indefinite useful lives 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 8,997 (8,831) at the end of the year, which corresponds to 45 (49) percent of the Group's equity. 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. The estimates are based on the latest financial plan. An impairment loss is recognized 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 established within the Group for the markets in which the cash-generating units are active. See also [note 7](#).

Deferred tax assets and tax liabilities

Assessments are made to determine deferred tax assets and tax liabilities. Deferred tax assets are recognized 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 details about amounts can be found in [note 12](#).

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 0.25 percent change in the discount rate would change the pension obligation by MSEK 110-120. For more information about amounts and further sensitivity analyses, see [note 25](#).

European Commission's ongoing investigation

Provision in connection with the EU Commission's investigation

A provision of MSEK 500 has, for some time, been recognized in connection with the European Commission's investigation of Lantmännen Agroetanol and two other ethanol producers for alleged violation of EU competition law. The size of the provision is based on Lantmännen's best judgment as at December 31, 2021. For information about provisions, see [note 26](#).

Accounting for leases

At the end of the year, the value of right-of-use assets was MSEK 1,778 and the value of lease liabilities was MSEK 1,808. Many leases where Lantmännen is the lessee include extension and termination options which are subject to assessment when the leasing term is determined. The options are negotiated by management to provide flexibility in management of the leases and adaptation to the Group's needs. Management makes continuous assessments about whether it is likely that these extensions and termination options will be exercised. This means that a lease term may be extended or shortened based on changing needs, which affects the value of both the right-to-use asset and the lease liability. For more information about leases, see [notes 13, 23 and 29](#).

Note 4 Segment reporting

INFORMATION ABOUT OPERATING SEGMENTS	Financial year 2021							
	Agriculture Sector	Energy Sector	Food Sector	Swecon Business Area	Real Estate Business Area	Other operations	Group-wide ¹⁾	Total Group
MSEK								
Net sales								
External sales	20,364	4,379	15,470	7,659	252	59	-	48,183
Internal sales	2,470	216	88	91	332	622	-3,819	0
Total net sales	22,834	4,595	15,558	7,750	584	681	-3,819	48,183
Operating income per segment	374	615	775	471	344	-157	-120	2,302
<i>Of which share of income of joint ventures/ associates</i>	72	10	20	-	67	0	-	169
Finance income								68
Finance costs								-189
Tax expense for the year								-294
Net income for the year								1,887
Other disclosures								
Assets	9,273	2,519	18,762	3,309	3,364	1,640	-1,778	37,089
Share of equity in joint ventures/associates	1,858	197	382	-	206	54	-	2,697
Unallocated assets								3,561
Total assets	11,131	2,716	19,144	3,309	3,570	1,694	-1,778	43,347
Liabilities	2,645	1,191	2,863	2,049	301	3,346	-2	12,393
Unallocated liabilities								10,856
Equity								20,098
Total liabilities and equity	2,645	1,191	2,863	2,049	301	3,346	-2	43,347
Investments including right-of-use assets	306	398	1,210	550	437	104	-357	2,648
Depreciation, amortization and impairment ²⁾	-332	-154	-1,125	-546	-108	-66	234	-2,097
Significant non-cash items in addition to depreciation and amortization								0

¹⁾ Internal leases that are reported under IFRS 16 are eliminated from segment assets against unallocated liabilities.

²⁾ Including depreciation of right-of-use assets of MSEK 471 (489).

INFORMATION ABOUT OPERATING SEGMENTS	Financial year 2020							
	Agriculture Sector	Energy Sector	Food Sector	Swecon Business Area	Real Estate Business Area	Other operations	Group-wide ¹⁾	Total Group
MSEK								
Net sales								
External sales	19,220	3,756	14,964	7,740	248	62	-	45,990
Internal sales	2,281	182	53	87	303	634	-3,540	0
Total net sales	21,501	3,938	15,017	7,827	551	696	-3,540	45,990
Operating income per segment	439	530	786	505	228	-138	-127	2,223
<i>Of which share of income of joint ventures/associates</i>	88	15	43	-	6	0	-	152
Finance income								109
Finance costs								-291
Tax expense for the year								-244
Net income for the year								1,797
Other disclosures								
Assets	8,376	2,110	18,094	3,202	3,022	3,108	-3,584	34,328
Share of equity in joint ventures/associates	1,753	206	366	-	137	55	-	2,517
Unallocated assets								2,486
Total assets	10,129	2,316	18,460	3,202	3,159	3,163	-3,584	39,331
Liabilities	2,047	1,002	2,445	1,879	293	4,465	-1,908	10,223
Unallocated liabilities								11,102
Equity								18,006
Total liabilities and equity	2,047	1,002	2,445	1,879	293	4,465	-1,908	39,331
Investments including right-of-use assets	574	208	772	614	222	72	-340	2,122
Depreciation, amortization and impairment ²⁾	-333	-126	-1,117	-551	-96	-60	232	-2,051
Significant non-cash items in addition to depreciation and amortization								0

¹⁾ Internal leases that are reported under IFRS 16 are eliminated from segment assets against unallocated liabilities.

²⁾ Including depreciation of right-of-use assets of MSEK 489 (502).

Note 4 continued

INFORMATION ON GEOGRAPHICAL AREAS

MSEK	2021		2020	
	External sales	Non-current assets	External sales	Non-current assets
Sweden	21,958	9,979	20,530	9,581
Finland	6,452	3,580	6,275	3,550
Germany	5,187	2,198	5,581	2,180
Denmark	3,250	2,267	3,136	2,347
United Kingdom	1,816	1,111	1,670	1,009
Norway	1,753	419	1,638	389
Netherlands	1,399	24	889	24
Baltic region	1,015	743	1,070	754
France	734	367	858	371
Spain	663	0	555	0
Belgium	610	1,867	514	1,878
Russia	497	770	587	702
Poland	294	947	370	703
Switzerland	195	0	326	0
Rest of Europe	1,096	274	846	296
United States	721	334	617	313
Australia	353	583	336	539
Rest of world	190	-	192	-
Total	48,183	25,463	45,990	24,636

No Lantmännen customer accounts for 10 percent or more of the Group's total sales.

Information for external sales is grouped in geographical areas based on the location of the customers and for non-current assets based on the location of the assets, i.e. where the company produces goods and services. The assets include property, plant and equipment, intangible assets and investments in joint ventures and associates.

Lantmännen's operations are divided into three Sectors and two Business Areas.

Internal reporting to Group Management and the Board corresponds with the Group's operational structure, which means the Group's operating segments are its Sectors and Business Areas. The division is based on the Group's operations from a product and customer perspective.

Sales between the Group's entities are conducted at market terms and conditions.

The assets and liabilities used in each segment's operating activities, and for which it is responsible, are attributed directly to the segments. These assets and liabilities include property, plant and equipment, intangible assets, current assets, operating liabilities and provisions attributable to the sale of goods and services, i.e., the segments' operating capital. Assets and liabilities are attributed directly to the segments or allocated to them in a reasonable and reliable manner.

Responsibility for the management of what the Group defines as financial assets and liabilities, and for the Group's tax lies with the corporate functions at the central level. Financial assets and liabilities, remeasurement effects when measuring financial instruments (IFRS 9), lease liabilities (IFRS 16), provisions for pensions and pension liabilities (IAS 19) and taxes have therefore not been allocated to each segment.

All capital expenditure on property, plant and equipment and intangible assets, apart from expendable equipment and company acquisitions, is included in the segments' investments.

The Group's segments consist of three Sectors and two Business Areas, each specializing in different operations. The segment 'other operations' includes a number of small companies which are controlled at central level. The segments are outlined below:

The Agriculture Sector, which constitutes the Group's core business, develops and offers products and services to promote strong, competitive farming. The Sector is based in Sweden and has a strong position in the Baltic Sea region through its international wholly and partly-owned companies.

The Swedish operations are market-leading in the grain market and offer a wide range of products for livestock and crop production. Purchased grain, oilseeds,

pulses and forage seed are sold to grain traders and to Swedish and international industry. The Swedish part of the Sector is also Sweden's, and one of the Nordic region's, largest supplier of horse feed, and also has a market in the rest of Europe. The operations also include sales of agricultural machinery, and spare parts and servicing of agricultural machinery. The machinery operations offer strong brands, including Valtra, Fendt, Kuhn, Väderstad and Joskin.

The Finnish operations trade in grain in the Finnish and international markets, and produce and sell feed.

The Sector works on innovation and development of, among other things, technology and digitalization, sustainable seed, organic products and plant breeding. The Agriculture Sector is responsible for Lantmännen's ownership interests in the partly-owned companies HaGe Kiel, Scandagra Group and Scandagra Polska.

The Energy Sector is one of Sweden's largest producers of bioenergy products. The Sector operates in a global market with the main focus on Europe. The Sector's companies manufacture and market environmentally smart energy, food and industrial products in the form of sustainable ethanol fuel, protein feed, carbon dioxide, starch products, gluten, vodka, beta glucan, oat protein, alkylate petrol, lubricants and other responsibly produced chemical products. The Energy Sector includes Lantmännen Biorefineries, with Lantmännen Agroetanol, Lantmännen Functional Foods, Lantmännen Oats and Lantmännen Reppe. The Sector also includes the wholly-owned company Lantmännen Aspen. The Energy Sector is responsible for Lantmännen's ownership interests in the partly-owned company Scandbio.

The Food Sector refines grain and other raw materials from arable land and produces, among other things, flour, bread, breakfast products, pasta and ready meals. The Sector offers "Good food" to customers in food retail, food service and other parts of the food industry. The Sector consists of Lantmännen Unibake and Lantmännen Cerealia. The Food Sector is also responsible for Lantmännen's ownership interests in the partly-owned company Viking Malt.

- Lantmännen Unibake is one of Europe's largest bakery groups. With more than 30 bakeries, operations in over 20 countries and sales in more than 60 countries worldwide, the company can meet the local needs and preferences of customers and consumers. Lantmännen Unibake supplies bake-off and fresh bakery products to the food retail and service markets, and is an important partner for many of the world's largest food providers.

- Lantmännen Cerealia develops, produces and markets grain-based products such as flour, hulled grains, muesli, granola, pasta, pancakes and crispbread,

Note 4 continued

a range of pulses, food grains and whole grains, vegetarian products and ready meals. Operations are conducted in Sweden, Norway, Denmark, Finland, Ukraine and Russia, with sales through food retailers, the food service sector and directly to industrial bakeries and food producers. Lantmännen Cerealia also has significant exports, mainly crispbread and breakfast products, to about 30 countries around the world.

The Swecon Business Area is a partner of Volvo Construction Equipment and a dealer in machinery for the construction and civil engineering industry in Sweden, Germany, Estonia, Latvia and Lithuania. Swecon offers a broad range of construction machinery, equipment, spare parts, training, servicing and support through its service facilities.

The Real Estate Business Area consists of Lantmännen Fastigheter and Lantmännen Agrovärme. Lantmännen Fastigheter's task is to provide the Group's businesses with appropriate properties and optimize the return on externally leased properties. Lantmännen Agrovärme provides customers with environmentally sound heating and biochar, which is a climate-positive soil improver.

Note 5 Breakdown of revenue

MSEK	2021	2020
Net sales		
Net sales excluding leasing activities:		
Lantmännen Lantbruk Sweden	14,102	13,096
Lantmännen Lantbruk Finland	4,479	4,351
Lantmännen Maskin Sweden	3,636	3,669
Agriculture Sector, other and eliminations	617	385
Agriculture Sector	22,834	21,501
LM Biorefineries	3,486	2,930
LM Aspen	1,113	1,016
Energy Sector, other and eliminations	-4	-8
Energy Sector	4,595	3,938
Lantmännen Unibake	11,673	11,127
Lantmännen Cerealia	4,286	4,267
Food Sector, other and eliminations	-401	-377
Food Sector	15,558	15,017
Swecon Sweden	4,191	4,093
Swecon Germany	2,790	2,919
Swecon Baltic	300	288
Swecon Business Area, other and eliminations	-4	-3
Swecon Business Area	7,277	7,297
Real Estate Business Area	127	117
Other operations	681	696
Eliminations	-3,517	-3,266
Total	47,555	45,300
Net sales from leasing activities		
Swecon Business Area	473	530
Real Estate Business Area	457	434
Eliminations	-302	-274
Total	628	690
Total net sales	48,183	45,990
Other operating income		
Contract income	259	218
Capital gains	80	20
Government grants	14	24
Insurance compensation	67	27
Other	466	140
Total	886	429

Capital gains in 2021 and 2020 are mainly from property sales. Change in Other operating income: Other relates mainly to the earnings effect of currency derivatives.

Note 6 Employees and employee benefits expense

Average number of employees	2021	of which female	2020	of which female
Group				
Sweden	3,704	29 %	3,676	27 %
Denmark	1,041	27 %	1,087	24 %
Finland	977	50 %	982	51 %
Germany	641	14 %	621	14 %
United Kingdom	571	26 %	545	27 %
Russia	526	41 %	502	42 %
Lithuania	392	60 %	390	60 %
Poland	378	44 %	419	42 %
Estonia	372	58 %	358	59 %
Belgium	315	36 %	299	35 %
Norway	286	34 %	255	31 %
Ukraine	244	56 %	256	55 %
Latvia	174	45 %	180	46 %
United States	165	31 %	140	32 %
Romania	121	59 %	107	61 %
Australia	115	49 %	100	50 %
France	31	29 %	25	24 %
Netherlands	24	28 %	23	26 %
Hungary	8	52 %	44	45 %
Spain	7	41 %	8	52 %
Total, Group	10,092	35 %	10,017	34 %
Parent Company				
Sweden	1,035	40 %	1,035	39 %
Total, Parent Company	1,035	40 %	1,035	39 %

Employee benefits expense MSEK	Group		Parent Company	
	2021	2020	2021	2020
Salaries and benefits, CEOs	116	113	21	19
- of which variable component	19	20	8	7
Salaries and benefits, other employees	4,715	4,652	586	591
Social security costs				
- cost for the year	1,051	1,005	219	219
- payroll tax effect on compensation from pension fund	-	-	-15	-16
Pension costs				
- cost for the year ¹⁾	421	397	77	84
- compensation from pension fund	-	-	-64	-65
Other staff costs	203	195	17	15
Total	6,506	6,362	841	847

¹⁾ MSEK 14 (12) of the Group's pension costs relate to Boards and Managing Directors. The outstanding pension obligation to them is MSEK 3 (2). MSEK 4 (3) of the Parent Company's pension costs relate to Boards and Managing Directors. The outstanding pension obligation to them is MSEK 0 (0).

Gender representation in executive management	Group		Parent Company	
	2021	2020	2021	2020
Female representation, %				
Boards of Directors	16	15	25	17
Other senior executives	36	32	30	30

Note 6 continued

SALARIES AND REMUNERATION OF SENIOR EXECUTIVES

Senior executives

Senior executives as referred to in this note are Lantmännen's Group Management, consisting of the President & CEO, the Executive Vice President, three Heads of Sectors, two Managing Directors of business areas and three Directors of Corporate Functions. Members of Group Management may be employed by the Parent Company or by subsidiaries. The composition of senior executives did not change in 2021. Group Management consisted of 10 individuals at both the beginning and the end of the year.

Lantmännen's Remuneration Committee

Lantmännen's Board of Directors has a special Remuneration Committee. The Remuneration Committee's tasks include preparation of the Board's decision regarding the President & CEO's salary and other benefits, and approving the President & CEO's proposal for remuneration of Group Management.

Lantmännen's remuneration policy

The objective of Lantmännen's remuneration policy is to offer remuneration that helps to engage, motivate and attract the expertise that Lantmännen needs in order to be successful in its business operations. The fundamental principles are as follows:

- Remuneration must be neutral in terms of gender, religion, ethnicity, disability, sexual orientation etc.
- Remuneration must be individual and differentiated, and always strongly linked to the employee's performance.
- Remuneration must be based on the necessary skills, duties, qualifications, experience, position and contribution to the business.
- Remuneration must be relevant in relation to the market.
- Remuneration must always be determined on the basis of the business and financial situation within the Lantmännen Group and its companies.

Remuneration within Lantmännen must be considered and assessed from a total remuneration perspective. Decisions on remuneration within Lantmännen must be made on the basis of our values: openness, a holistic view and drive.

Remuneration structure

The Annual General Meeting decides on the remuneration of the Board of Directors for the period until the next AGM. The remuneration is distributed between a fixed annual fee and an hourly fee. The AGM's decisions on the fixed fee cover the Chairman, the Vice Chairman and other Board members.

The AGM adopts guidelines for remuneration of Group Management on the basis of the Board's proposals. The 2020 AGM approved the guidelines that were applied during 2021, and the 2021 AGM adopted the guidelines that are being applied in 2022.

Lantmännen's remuneration structure for Group Management consists of the following components:

- Fixed salary
- Variable salary
 - Short-term incentive program
 - Long-term incentive program
- Pension
- Termination and other benefits

Fixed salary

Members of Lantmännen's Group Management undergo an annual salary review on January 1. The review considers individual performance, market salary growth, changed areas of responsibility, company performance and local agreements and regulations.

Variable salary – Short-term incentive program

Lantmännen has a Group-wide program for short-term (annual) variable salary, which for 2021 covered all members of Group Management. Decisions about target groups and guidelines for short-term variable salary are made annually by the AGM in the case of the Group Management and by the Board of Lantmännen in other cases. For 2021, the program consists of financial and individual targets. The financial targets represent 75 percent of the maximum variable salary and are linked to the economic value added that the operating units generate for Lantmännen. The individual targets represent 25 percent.

The maximum variable salary that could be paid to Lantmännen's Group management in 2021 was 30 percent of the agreed fixed salary, before salary exchange, with full achievement of targets. The total maximum variable salary that could be paid to employees entitled to variable salary in 2021 was approximately MSEK 50, excluding social security costs. The 2021 variable salary was estimated at MSEK 40, excluding social security costs.

Variable salary - Long-term incentive program

Lantmännen's long-term incentive program runs for four years with an initial performance year followed by three lock-in years. The program covers all the members of Group management and a small group of senior executives and business-critical key individuals.

The purpose of the program is to drive and reward exceptional value growth and profitability within the Group. The program also has a construction that links the interests of the owners and participants. An initial allocation under the program is contingent on the Group achieving a predetermined minimum result for return on equity (RoE) in the performance year. The initial allocation increases with a higher RoE, but there is a ceiling at which no further allocation takes place. The maximum allocation as a percentage of the fixed annual salary after completion of the performance year is 40 percent for the President & CEO, 30 percent for other Group management and 20 percent for other participants.

Lantmännen has four ongoing long-term incentive programs. The programs started in 2018, 2019, 2020 and 2021.

The table below shows the initial allocation cost and the changes in reported costs for each program. The changes refer to the previous years. All costs are exclusive of social security contributions.

Program MSEK	Initial allocation	Lock-in year1	Lock-in year 2	Lock-in year 3
2018	14	-0.6	-0.4	1.1
2019	21	-2.0	3.1	-
2020	23	2.9	-	-
2021	25	-	-	-

The changes in the reported cost are attributable to changes in the number of participants and changes in value during the lock-in period according to the program structure and regulations.

Pensions

Lantmännen offers Group management occupational pensions in accordance with national practice, local agreements and other regulations.

Group Management members have a pension entitlement on reaching the age of 65. There are currently three main principles governing pension accrual for members of Lantmännen's Group management, all of whom apart from one are employed in Sweden:

- Occupational pension accrual in accordance with the ITP agreement in Sweden, with a pensionable salary ceiling of 30 income base amounts and payment of sickness benefits as laid down in the ITP agreement. In addition, there is a premium provision corresponding to 30 percent of salary over 30 income base amounts.
- Occupational pension accrual in accordance with the ITP agreement in Sweden up to 7.5 income base amounts. Payment of sickness benefits is as laid down in the ITP agreement. There is also a premium provision corresponding to 30 percent of salary over 7.5 income base amounts. The Executive Vice President's pension accrual follows this structure.
- A defined contribution pension, with a premium of 10-30 percent of the pensionable salary. The President & CEO receives a defined contribution pension, with a premium of 30 percent of the pensionable salary.

Other benefits

In addition to fixed salaries, variable salaries and pensions, Lantmännen offers other benefits in the form of company cars, occupational injury insurance and occupational group life insurance in accordance with local agreements and regulations. Members of Group management are also normally entitled to an annual health check, private health insurance and supplementary health insurance that

Note 6 continued

can give benefits for salary between 30-50 income base amounts. For countries outside Sweden, equivalent benefits are offered in accordance with national practice and legislation.

Termination benefits/notice

Lantmännen and the President & CEO and Executive Vice President have a mutual notice period of six months. If employment is terminated at Lantmännen's request, the President & CEO will receive a salary during the notice period

corresponding to the fixed salary and other benefits (including occupational pension and insurance). In addition, termination benefits corresponding to twelve months' fixed salary will be paid, with full deduction of any salary from a new employer. Other members of Group Management have a notice period of six months for termination of employment at their own request and at Lantmännen's request. If the termination is at Lantmännen's request, termination benefits corresponding to six- or twelve months' fixed salary are paid, with any income from other employment during this period deducted.

Salaries and remuneration of senior executives 2021 TSEK	Directors' fees	Fixed salary ³⁾	Variable salary ⁴⁾	Pension ³⁾	Other benefits ⁵⁾	Total 2021
Elected Board members of Lantmännen ek för, according to specification below ¹⁾	5,736					5,736
President & CEO Per Olof Nyman		8,545	5,945	2,503	155	17,148
Executive Vice President Per Arvidsson		3,800	2,248	1,052	166	7,266
Group management, other ²⁾		25,857	14,803	8,247	1,158	50,065
	5,736	38,202	22,996	11,802	1,479	80,215

Salaries and remuneration of senior executives 2020 TSEK	Directors' fees	Fixed salary ³⁾	Variable salary ⁴⁾	Pension ³⁾	Other benefits ⁵⁾	Total 2020
Elected Board members of Lantmännen ek för, according to specification below ¹⁾	5,255					5,255
President & CEO Per Olof Nyman		8,283	5,107	2,430	123	15,943
Executive Vice President Per Arvidsson		3,665	1,971	1,025	145	6,806
Group management, other ²⁾		25,457	12,182	8,026	1,153	46,818
	5,255	37,405	19,260	11,481	1,421	74,822

¹⁾ Includes remuneration from both Lantmännen ek för and other Group companies and covers fixed annual fee and an hourly fee.

²⁾ Other Group Management consists of 8 individuals, which was also the average for the year. Disclosures regarding Group Management only apply to individuals who are members of Lantmännen's Group Management.

³⁾ Certain members of Group Management are entitled to switch between fixed salary and pension within the framework of current tax legislation.

⁴⁾ Estimated variable salary for each year. For 2021, the initial allocation under the long-term incentive program, the estimated change in value for the ongoing long-term incentive program and the estimated variable salary for the short-term incentive program are included for payment in the following year. The estimated variable salary for 2020 was consistent with the outcome.

⁵⁾ Mainly company cars, but also other benefits such as health insurance and subsistence.

Board of Directors' fees ¹⁾ TSEK	2021	2020
Per Lindahl ²⁾	1,369	1,332
Hans Wallemyr ³⁾	940	622
Gunilla Aschan	489	468
Jenny Bengtsson ⁴⁾	310	-
Sonat Burman-Olsson	473	460
Johan Bygge	473	460
Jan Ehrensverd ⁵⁾	481	280
Ove Gustafsson ⁶⁾	-	187
Johan Mattsson ⁷⁾	195	467
Henrik Wahlberg	512	491
Per Wijkander	494	488
Total	5,736	5,255

¹⁾ Includes remuneration from both Lantmännen ek för and other Group companies and covers fixed annual fee and an hourly fee.

²⁾ Chairman of the Board from May 4, 2017

³⁾ Vice Chairman of the Board from May 4, 2017

⁴⁾ From May 11, 2021

⁵⁾ From May 07, 2020

⁶⁾ To February 11, 2020

⁷⁾ To May 11, 2021

Note 7 Depreciation, amortization and impairment of assets

MSEK	2021	2020
Depreciation and amortization		
Land and buildings	440	461
Plant and machinery	1,055	1,053
Equipment, tools, fixtures and fittings	283	273
Investment property	15	13
Intangible assets	236	249
Total	2,029	2,049
Impairment and reversal of impairment		
Land and buildings	24	-
Plant and machinery	38	-
Equipment, tools, fixtures and fittings	5	-
Other intangible assets	1	2
Total	68	2
Total depreciation, amortization and impairment		
MSEK	2021	2020
Land and buildings	464	461
Plant and machinery	1,093	1,053
Equipment, tools, fixtures and fittings	288	273
Investment property	15	13
Other intangible assets	237	251
Total	2,097	2,051
Impairment by Sector		
MSEK	2021	2020
Agriculture Sector		
- from annual impairment testing	2	-
Energy Sector		
- from annual impairment testing	12	-
Food Sector		
- from annual impairment testing	4	-
- as an effect of restructuring decision	48	-
Swecon Business Area		
- from annual impairment testing	1	-
Other operations		
- from annual impairment testing	1	2
Total	68	2

For further details see also → notes 13, 14 and 15.

Impairment

Lantmännen measures the recoverable amount of assets in predefined cash-generating units when there are indications that there may have been a material decline in value and this is not expected to be temporary.

Lantmännen always conducts annual impairment testing (usually in the third four-month period) of cash-generating units that contain goodwill and other intangible assets with an indefinite useful life, irrespective of whether there is any indication that the assets may be impaired.

Note 7 continued

The recoverable amount of cash-generating units is determined by calculating their value in use. Value in use is the present value of the estimated future cash flows expected to be derived from continuing use of the asset. The estimates for the year are based on adopted budgets for 2022 and adopted strategic plans for 2023 and 2024. The calculation of value in use is also based on what management believes are reasonable market assumptions, and includes cash flow projections for the existing operations, with annual growth after 2024 assumed to be weak, i.e. about 2 percent for most operations.

The discount rates used for the present value calculation of the expected future cash flows correspond to the long-term return requirements, before tax, that have been defined for operations in the cash-generating units. In determining the discount rate, the risk associated with the asset in question is taken into account; proximity of operations to the farmer have a lower risk premium.

The cash-generating units defined within Lantmännen are at a lower organizational level than the segments in Lantmännen's segment reporting, i.e. the Group's Sectors and Business Areas.

The annual measurement of the value of goodwill and intangible assets with indefinite useful lives did not result in any impairment.

Lantmännen Unibake accounts for 73 percent of the Group's total value of goodwill and other assets with indefinite useful lives, and Lantmännen Cerealia accounts for 19 percent.

A pre-tax discount rate of 8 (8) percent was applied during impairment testing of the cash-generating units Lantmännen Unibake and Lantmännen Cerealia. No impairment was identified. An increase of 1 percentage point in the discount rate would have reduced the estimated total value in use for these units by MSEK 2,790, which would still not have resulted in an impairment loss, all other assumptions remaining unchanged.

Other units with goodwill and intangible assets with indefinite useful lives were well within the estimated value in use limit during impairment testing for the year. The pre-tax discount rates used in these impairment tests were within the range 8 to 10 percent.

Note 8 Fees and reimbursement of expenses to auditors

MSEK	2021	2020
Ernst & Young		
Annual audit	17	17
Tax consultancy services	1	2
Other services	0	1
Total	18	20
Other auditors		
Annual audit	1	1
Member representative auditors		
Annual audit	1	1

The annual audit comprises the auditing of the annual financial statements for the Parent Company and Group, the accounting records and the administration of the Board of Directors and President & CEO. It also includes other duties incumbent on the company's auditors, as well as advice and other assistance arising from observations made while performing the audit or carrying out such other duties.

Note 9 Finance income and costs

MSEK	2021			2020		
	Income	Costs	Total	Income	Costs	Total
Financial assets at fair value through profit or loss						
Capital gains/losses	-	-	-	3	-	3
			-			3
Financial assets at amortized cost						
Interest income, receivables from members	43	-	43	47	-	47
Other interest income	5	-	5	30	-	30
			48			77
Financial assets at fair value through other comprehensive income						
Dividend	8	-	8	-	-	-
			8			-
Derivatives used in hedge accounting						
Interest on currency forward contracts and swaps	12	-19	-7	29	-36	-7
			-7			-7
Other financial liabilities						
Interest expense, pension plans	-	-12	-12	-	-15	-15
Interest expense, liabilities to members	-	-24	-24	-	-26	-26
Interest expense, liabilities to the public	-	-11	-11	-	-11	-11
Interest expense, borrowing	-	-74	-74	-	-115	-115
Interest expenses, lease liabilities	-	-46	-46	-	-53	-53
Other borrowing expenses	-	-14	-14	-	-26	-26
Currency effects	-	11	11	-	-9	-9
			-170			-255
Total	68	-189	-121	109	-291	-182

Note 10 Items affecting comparability

The Group's income can be inflated or reduced by certain items that affect comparability. An overview of these items is presented below.

These are one-time items not directly related to the planned future operations and outside the range of MSEK +/-30.

MSEK	2021	2020
Capital gains on sale of operations	54	-
Items affecting comparability in other operating income	54	-
Restructuring costs	-75	-
Total items affecting comparability in operating income	-21	-
Total items affecting comparability in income after financial items	-21	-
Tax effect of items affecting comparability	4	-
Total items affecting comparability in net income for the year	-17	-

Items affecting comparability by Segment/Sector in 2021

MSEK	2021		
	Restructuring costs	Other	Total
Food Sector	-75	-	-75
Real Estate Business Area	-	54	54
Total	-75	54	-21

In the Food Sector, provisions of MSEK -75 were made for restructuring costs as part of Lantmännen Unibake's efficiency measures.

The Real Estate Business Area reported a capital gain of MSEK 54 on a property sale in Ystad.

The Group did not have any items affecting comparability in 2020.

Note 11 Exchange differences affecting income

MSEK	2021	2020
Exchange differences affecting operating income	-54	82
Exchange differences in financial items	11	-9
Total	-43	73

Exchange differences in operating income are included in:

Net sales	6	2
Cost of materials	-62	35
Other operating income/expense	2	45
Total	-54	82

Note 12 Taxes

Tax on income for the year

MSEK	2021	2020
Current tax expense (-)/tax income (+)		
Tax expense/income for the period	-220	-219
Adjustment of tax attributable to prior years	-2	63
Foreign tax	-11	-21
Total current tax	-233	-177
Deferred tax expense (-)/tax income (+)		
Deferred tax from changes in temporary differences	-54	-1
Deferred taxes arising from changes in tax rates	15	10
Deferred tax income in capitalized loss carryforwards	19	17
Utilization of previously capitalized loss carryforwards	-45	-87
Other changes	4	-6
Total deferred tax	-61	-67
Total recognized tax expense	-294	-244

Tax items recognized through other comprehensive income

MSEK	2021	2020
Deferred tax		
Actuarial gains and losses on defined benefit pension plans	-67	-18
Financial assets at fair value through other comprehensive income	19	5
Total	-48	-13
Current tax		
Current tax in hedges of net investments	6	-15
Current tax in cash flow hedges	-43	3
Total	-37	-12
Total tax effects in other comprehensive income	-85	-25

Reconciliation of effective tax	2021		2020	
	Percent	MSEK	Percent	MSEK
Income before tax		2,181		2,041
Anticipated tax according to enacted Swedish tax rate	20.6 %	-449	21.4 %	-437
Items with tax effects on the results and their impact on the effective tax rate:				
Non-deductible expenses	1 %	-23	1 %	-15
Tax-exempt capital gains	0 %	4	0 %	-3
Tax-exempt dividends	0 %	1	0 %	1
Other non-taxable income	0 %	1	-1 %	12
Tax on unrecognized income	0 %	2	0 %	-1
Loss carryforward arising during the year, not capitalized as a deferred tax asset		-	0 %	-1
Capitalization of previously uncapitalized loss carryforwards and tax credits	-1 %	20	0 %	6
Effect of special tax rules for economic associations	-5 %	109	-6 %	113
Tax attributable to prior years	0 %	2	-3 %	57
Effect of changes to tax rates, tax rules and different tax rates in the Group	0 %	10	-1 %	17
Foreign tax that could not be offset	0 %	-9	1 %	-20
Reversal of income of joint ventures/associates	-2 %	37	-2 %	32
Other	0 %	1	0 %	-5
Recognized effective tax	13 %	-294	12 %	-244

According to the tax rules applicable to economic associations, the dividend proposed from the Board, which will be paid to physical persons in the following year, is tax-deductible in the current year and was taken into account in calculating the current tax. Refunds and supplementary payments are also tax-deductible costs; they are not recognized in the income statement but as dividends.

Note 12 continued

Deferred tax asset/tax liability	2021			2020		
	Deferred tax asset	Deferred tax liability	Net	Deferred tax asset	Deferred tax liability	Net
MSEK						
Group						
Land and buildings	395	693	-298	384	784	-400
Machinery and equipment	57	554	-497	59	630	-571
Intangible assets	93	622	-529	88	626	-538
Trade receivables	7	1	6	5	1	4
Pension provisions	149	0	149	204	0	204
Interest-bearing liabilities	660	386	274	966	376	590
Other provisions	50	0	50	32	27	5
Loss carryforwards	157	0	157	174	0	174
Other	214	151	63	84	84	0
Total	1,782	2,407	-625	1,996	2,528	-532
Offsetting of assets/liabilities	-1,509	-1,509	0	-1,721	-1,721	0
Total, net deferred tax asset/liability	273	898	-625	275	807	-532

Deferred tax assets and liabilities attributable to the same tax authority have been offset against each other.

Change in deferred tax in temporary differences and loss carryforwards 2021							
MSEK	Amount at beginning of year	Recognized in income statement	Recognized in OCI	Changes in acquisitions/divestments	Reclassifications	Translation differences	Amount at end of 2021
Group							
Land and buildings	-400	59	-	-	51	-8	-298
Machinery and equipment	-571	-21	-	-	102	-7	-497
Intangible assets	-538	19	-	-	-4	-6	-529
Trade receivables	4	2	-	-	0	0	6
Pension provisions	204	13	-68	-	-1	1	149
Interest-bearing liabilities	590	-248	-	-	-78	10	274
Other provisions	5	44	-	-	1	0	50
Loss carryforwards	174	-21	-	-	0	4	157
Other	0	92	14	31	-71	-3	63
Total	-532	-61	-54	31	0	-9	-625

Change in deferred tax in temporary differences and loss carryforwards 2020							
MSEK	Amount at beginning of year	Recognized in income statement	Recognized in OCI	Changes in acquisitions/divestments	Reclassifications	Translation differences	Amount at end of 2020
Group							
Land and buildings	-534	52	-	-	68	14	-400
Machinery and equipment	-623	40	-	-	-1	13	-571
Intangible assets	-546	-10	-	0	-4	22	-538
Trade receivables	-1	5	-	-	0	0	4
Pension provisions	209	9	-18	-	4	0	204
Interest-bearing liabilities	753	-76	0	-	-66	-21	590
Other provisions	55	-50	-	-	-1	1	5
Loss carryforwards	269	-87	0	-	1	-9	174
Other	-50	50	7	-	-4	-3	0
Total	-468	-67	-11	0	-3	17	-532

Loss carryforwards and tax credits

At the end of the year, the Group had loss carryforwards of MSEK 696 (789), of which MSEK 657 (716) was taken into account in the calculation of deferred tax.

The loss carryforwards not included in the calculation of deferred tax amount to MSEK 39 (73) and have an unlimited life.

The amount not taken into account is related to loss carryforwards in operations in Hungary and Spain. These have not been assigned any value as it is currently uncertain whether they will be utilized.

At the end of the year, the Group had tax credits of MSEK 25 (38) in Poland, which was taken into account in the calculation of deferred tax.

Note 13 Property, plant and equipment

MSEK	Land and land improvements		Buildings		Plant and machinery		Equipment, tools, fixtures and fittings		Construction in progress		Total property, plant and equipment	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Accumulated cost of acquisition	1,335	1,188	8,606	8,508	17,693	17,170	2,781	2,686	1,245	712	31,660	30,264
Accumulated depreciation	-127	-115	-3,642	-3,289	-12,212	-11,683	-1,823	-1,754	-	-	-17,804	-16,841
Accumulated impairment	-60	-59	-213	-192	-463	-532	-43	-39	-	-	-779	-822
Carrying amount	1,148	1,014	4,751	5,027	5,018	4,955	915	893	1,245	712	13,077	12,601
Balance at beginning of year	1,014	1,066	5,027	5,557	4,955	5,310	893	787	712	577	12,601	13,297
Investments including right-of-use assets ¹⁾	110	28	214	213	606	568	233	261	1,292	947	2,455	2,017
Company acquisitions	-	-	-	-	-	35	-	6	-	-	-	41
Sales and disposals	-9	-81	-238	-48	-90	-155	-18	-13	-	-	-355	-297
Regular depreciation for the year	-13	-7	-427	-454	-1,055	-1,053	-283	-273	-	-	-1,778	-1,787
Impairment for the year	-	-	-24	-	-38	-	-5	-	-	-	-67	0
Reclassifications	28	49	89	32	547	471	82	146	-770	-800	-24	-102
Translation differences	18	-41	110	-273	93	-221	13	-21	11	-12	245	-568
Carrying amount²⁾	1,148	1,014	4,751	5,027	5,018	4,955	915	893	1,245	712	13,077	12,601
Right-of-use assets included in property, plant and equipment												
Cost of acquisition												
Value at beginning of year	34	104	2,244	2,259	289	300	542	430	-	-	3,109	3,093
Acquisition of right-of-use assets	42	-	84	147	20	0	140	180	-	-	286	327
Other changes	-	-70	-278	-162	5	-11	-89	-68	-	-	-362	-311
December 31	76	34	2,050	2,244	314	289	593	542	-	-	3,033	3,109
Accumulated depreciation												
Value at beginning of year	0	0	-503	-302	-225	-154	-215	-121	-	-	-943	-577
Depreciation of right-of-use assets	-	-	-252	-261	-65	-80	-154	-148	-	-	-471	-489
Other changes	-	-	92	60	-4	9	71	54	-	-	159	123
December 31	0	0	-663	-503	-294	-225	-298	-215	-	-	-1,255	-943
Carrying amount	76	34	1,387	1,741	20	64	295	327	-	-	1,778	2,166

¹⁾ Investments for the year do not include any capitalized interest. Properties acquired in companies are treated as asset acquisitions and accounted for as acquisitions of property, plant and equipment or investment properties.

²⁾ Includes assets of MSEK 402 (448) leased out under operating leases as part of Swecon Baumaschinen's construction machinery rental operations.

Government grants reduced the year's investments by MSEK 0 (0).

Contractual obligations relating to investments in property, plant and equipment amounted to MSEK 730 (335) at the end of the year.

For further information about depreciation and impairment, see [note 7](#).

For further information about leases, see [note 29 Leases](#) and [note 30 Customer financing](#).

Note 14 Investment property

MSEK	Land		Buildings		Total investment property	
	2021	2020	2021	2020	2021	2020
Accumulated cost of acquisition	128	127	679	663	807	790
Accumulated depreciation	-9	-8	-106	-95	-115	-103
Carrying amount	119	119	573	568	692	687
Balance at beginning of year	119	109	568	521	687	630
Sales and disposals	0	-6	-	-	0	-6
Regular depreciation for the year	-1	-1	-14	-12	-15	-13
Reclassifications	1	17	19	59	20	76
Carrying amount	119	119	573	568	692	687

Properties where less than 10 percent of the space is used for the Lantmännen Group's own activities are classified as investment property in the Group.

For further information about leases, see → note 30 Customer financing.

Investment properties with a carrying amount of MSEK 412 (408) are pledged as security for the Group's borrowing. The estimated fair value is MSEK 739 (720).

Assets leased out under operating leases include all investment properties.

Changes in fair value

MSEK	2021	2020
Fair value at beginning of year	1,227	1,171
Sales and disposals	-5	-7
Fair value changes	49	-20
Reclassifications	20	83
Fair value at end of year	1,291	1,227

All investment properties have been valued according to hierarchy level 3, i.e. based on unobservable inputs and according to the methods described below.

Fair value has been determined on the basis of internal assessments. Property sales carried out during the year have been reconciled.

The value has been estimated using the following measurement methods:

- In the majority of cases the market price method has been used, where sales of equivalent properties in the market are used to support the valuation.
- Capitalization of earnings using cash flow calculations, where the properties' future net operating income and estimated residual value have been calculated.
- In certain cases, net present value using the net capitalization method has been calculated, where a normalized figure for net operating income is seen in relation to a market-adjusted direct return requirement.

Investment properties' impact on income for the period

MSEK	2021	2020
Rental income	112	105
Direct costs, including costs for repair and maintenance		
- Properties that generate rents	-39	-35
Net operating income	73	70

Note 15 Intangible assets

MSEK	Other intangible assets											
	Goodwill		Trademarks		Customer and supplier relationships		Patents, licenses and similar rights		Capitalized expenditure on development, internally generated		Total other intangible assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Accumulated cost of acquisition	5,658	5,500	2,109	2,084	2,177	2,110	316	317	1,319	1,170	5,921	5,681
Accumulated amortization	-	-	-270	-260	-1,166	-1,001	-258	-245	-766	-723	-2,460	-2,229
Accumulated impairment	-39	-39	-	-	-	-	-	-	-83	-82	-83	-82
Carrying amount	5,619	5,461	1,839	1,824	1,011	1,109	58	72	470	365	3,378	3,370
Balance at beginning of year	5,461	5,724	1,824	1,879	1,109	1,314	72	78	365	349	3,370	3,620
Investments	-	-	-	-	-	-	4	4	189	101	193	105
Company acquisitions	-	-	-	-	-	-	-	2	-	-	0	2
Sales and disposals	-	-	-	-	-	-	-1	-	-	-	-1	-
Regular amortization for the year	-	-	-5	-5	-125	-146	-20	-20	-86	-78	-236	-249
Impairment for the year	-	-	-	-	-	-	-	-	-1	-2	-1	-2
Reclassifications	-	-	-	-	-	-	1	11	-	1	1	12
Translation differences	158	-263	20	-50	27	-59	2	-3	3	-6	52	-118
Carrying amount	5,619	5,461	1,839	1,824	1,011	1,109	58	72	470	365	3,378	3,370

Allocation of goodwill, brands and customer/supplier relationships per Sector

Agriculture Sector	220	218	30	32	101	115
Energy Sector	262	259	145 ¹⁾	143 ¹⁾	91	97
Food Sector	5,122	4,969	1,664 ²⁾	1,649 ²⁾	819	897
<i>of which Lantmännen Unibake</i>	4,329	4,199	1,016 ²⁾	1,009 ²⁾	579	639
Swecon Business Area	15	15	-	-	-	0
Total	5,619	5,461	1,839	1,824	1,011	1,109

¹⁾ Of which brand with indefinite useful life, Aspen MSEK 50 (50).

²⁾ Of which brands with indefinite useful lives MSEK 1,587 (1,575), distributed as follows:
Lantmännen Unibake MSEK 994 (985) and Lantmännen Cerealia MSEK 593 (590).

Contractual obligations relating to investments in intangible assets amounted to MSEK 0 (13) at the end of the year.

Further information about amortization, impairment and annual impairment testing of goodwill and trademarks with indefinite useful lives can be found in [note 7](#).

Note 16 Equity accounted holdings

Lantmännen's holdings in associates and joint arrangements classified as joint ventures are accounted for using the equity method.

Lantmännen reports income from associates and joint ventures with a one-month lag, which means that net income for the year includes Lantmännen's share of their income for the period December of the previous year to November of the current year. The lag is a practical measure, as the companies are not able to apply all aspects of Lantmännen's reporting process.

MSEK	Group		Parent Company	
	2021	2020	2021	2020
Accumulated cost of acquisition	2,699	2,519	1,441	1,441
Accumulated impairment	-2	-2	-98	-98
Carrying amount	2,697	2,517	1,343	1,343
Balance at beginning of year	2,517	2,490	1,343	1,365
Acquisitions/shareholder contributions	5	21	-	6
Share of income of associates	169	152	-	-
Dividend for the year	-27	-42	-	-
Reclassifications	-	-4	-	-1
Impairment	-	-	-	-27
Translation difference/OCI	33	-100	-	-
Carrying amount	2,697	2,517	1,343	1,343
Investments in joint ventures	783	669	373	373
Investments in associates	1,914	1,848	970	970
Total	2,697	2,517	1,343	1,343

Any impairment and reversals of impairment are recognized in the income statement under Share of income of equity accounted companies.

In 2021, Lantmännen acquired approximately 21 percent ownership share in SimSuFoods AB.

MSEK	Share of income of joint ventures and associates		Dividends from joint ventures and associates	
	2021	2020	2021	2020
Joint ventures				
Scandagra Group AB	49	25	-	-
Scandagra Polska Sp. z o.o.	7	3	-	-
Scandbio AB	3	12	-20	-
Other	67	7	-	-27
Associates				
HaGe Kiel AG	14	49	-	-
Viking Malt Oy	20	43	-4	-14
Other	9	13	-3	-1
Carrying amount	169	152	-27	-42

Barken Bostadsutveckling Fastighets AB's property sales account for the majority of Joint ventures, Other.

Summary of financial information for joint ventures and associates

Information is for 100 percent in each company

Joint ventures	Scandagra Group AB		Scandagra Polska Sp. z o.o.		Scandbio AB	
	2021	2020	2021	2020	2021	2020
MSEK						
Balance sheet items						
Non-current assets	279	221	93	97	182	185
Current assets	1,921	1,803	343	350	291	436
<i>of which cash and cash equivalents</i>	77	28	8	7	8	8
Total assets	2,200	2,024	436	447	473	621
Non-current liabilities	617	670	2	3	13	13
<i>of which financial liabilities</i>	614	416	-	-	-	-
Current liabilities	889	770	294	317	174	288
<i>of which financial liabilities</i>	311	272	-	-	-	-
Total liabilities	1,506	1,440	296	320	187	301
Net assets, 100 percent	694	584	140	127	286	320
<i>Ownership share in company, %</i>	50 %	50 %	50 %	50 %	50 %	50 %
Lantmännen's share of net assets	347	292	70	64	143	160
Goodwill on consolidation	-	-	-	-	17	17
Carrying amount in Lantmännen	347	292	70	64	160	177

Note 16 continued

MSEK	Scandagra Group AB		Scandagra Polska Sp. z o.o.		Scandbio AB	
	2021	2020	2021	2020	2021	2020
Income statement items						
Net sales	5 805	5 059	1 850	1 648	948	866
Net income for the year	98	50	14	5	6	24
<i>of which depreciation and amortization</i>	-27	-29	-3	-2	-24	-26
<i>of which interest income</i>	45	45	2	4	0	0
<i>of which interest expenses</i>	-21	-29	-6	-7	-3	-3
<i>of which tax expenses/income</i>	-17	-10	-3	-1	-1	-5
Total comprehensive income	98	50	14	5	6	24
Net income for the year, 100 percent	98	50	14	5	6	24
Ownership share in company, %	50 %	50 %	50 %	50 %	50 %	50 %
Lantmännen's share of net income	49	25	7	3	3	12
Carrying amount in Lantmännen	49	25	7	3	3	12

Operating income in other joint ventures was MSEK 134 (14) and Lantmännen's recognized share of income was MSEK 67 (7).

Associates MSEK	HaGe Kiel AG		Viking Malt Oy	
	2021	2020	2021	2020
Balance sheet items				
Non-current assets	2,962	2,744	1,278	986
Current assets	4,182	5,961	1,053	1,016
Total assets	7,144	8,705	2,331	2,002
Non-current liabilities	908	890	840	473
Current liabilities	2,840	4,520	473	552
Total liabilities	3,748	5,410	1,313	1,025
Net assets, 100 percent	3,396	3,295	1,018	977
Ownership share in company, %	41 %	41 %	37.5 %	37.5 %
Lantmännen's share of net assets	1,392	1,351	382	366
Goodwill on consolidation	12	12	-	-
Carrying amount in Lantmännen	1,404	1,363	382	366

Operating income in other associates was MSEK 18 (29), and Lantmännen's recognized share of income was MSEK 9 (13).

Information on contingent liabilities for joint ventures and associates can be found in [note 34](#).

Lantmännen does not have any commitments to the companies over and above these contingent liabilities.

There are no restrictions on the companies' ability to transfer assets to their owners.

MSEK	HaGe Kiel AG		Viking Malt Oy	
	2021	2020	2021	2020
Income statement items				
Net sales	24,032	22,386	2,382	2,402
Net income for the year	33	119	54	115
Other comprehensive income	8	5	-	-
Total comprehensive income	41	124	54	115
Ownership share in company, %	41 %	41 %	37.5 %	37.5 %
Lantmännen's share of net income	14	49	20	43
Lantmännen's share of OCI	3	2	-	-
Comprehensive income recognized in Lantmännen	17	51	20	43

Note 16 continued

Parent and Group holdings of shares in associates and joint ventures

Company name	Corporate ID no.	Domicile	Number of participations	Share of capital, %	12/31/2021	
					Carrying amount, Group, MSEK	Carrying amount, Parent, MSEK
<i>Joint ventures owned by Parent Company:</i>						
Scandagra Group AB	556009-3121	Malmö	85,000	50	347	120
Scandagra Polska Sp. z o.o.	PL 0000138255	Poland	2,686	50	70	74
Scandbio AB	556215-0606	Jönköping	30,000	50	160	179
Lantmännen Dansk Landbrugs Grovareselskab International AB (LDI)	559025-3182	Stockholm	25,000	50	0	0
<i>Joint ventures owned by other Group companies:</i>						
Lanthem Samhällsfastigheter AB	559000-6036	Stockholm	25,000	50	103	
Barken Bostadsutveckling Fastighets AB	559067-6192	Stockholm	25,000	50	77	
Nacka Skarpnäs Fastigheter AB	556831-3661	Stockholm	250	50	1	
Gimmersta Agrovärme AB	559211-4309	Katrineholm	250	50	25	
<i>Associates owned by Parent Company:</i>						
Hauptgenossenschaft Nord AG (HaGe Kiel AG)	DE134852742	Germany	11,435,775	41	1,404	736
Viking Malt Oy	FI 0802004-9	Finland	1,381,387	37.5	382	178
Tillväxtbolaget för Sveriges Lantbrukare AB	556155-9831	Stockholm	203,250	30	35	36
Swevet Holding AB	556892-6108	Sjöbo	18,199,087	42.8	19	20
European Agri Trade A/S	26207177	Denmark	180	50		
European Crop Protection A/S	21538388	Denmark	232	46		
European Fertilizer A/S	20296372	Denmark	155	31		
Piteå Spannmåls AB	556090-8187	Piteå	1,500	30		
Agronod AB	559270-6245	Stockholm	25,000	25		
<i>Associates owned by other Group companies:</i>						
Aspen-Produkte Handels GmbH	HR205654	Germany		50	35	
Åhus Stuveriintressenter	556039-8256	Åhus	5,987	49.9	26	
Vihervakka OY	FI 01381036	Finland	788	39.4	10	
SimSuFoods AB	559195-4697	Norrköping	131	20.7	3	
Total					2,697	1,343

Note 17 Non-current financial assets

MSEK	2021	2020	Financial assets at fair value through OCI		
MSEK	2021	2020	MSEK	2021	2020
Receivables from joint ventures/associates	-	25	Balance at beginning of year	491	574
Financial assets at fair value through profit or loss	13	14	Investments	44	18
Financial assets at fair value through OCI	420	491	Fair value remeasurement for the year	-115	-98
Derivative instruments	4	-	Reclassifications	-	-3
Other non-current financial assets	3	8	Carrying amount	420	491
Total	440	538	Financial assets at fair value through OCI, fair value		
Financial assets at fair value through profit or loss			MSEK		
MSEK	2021	2020	MSEK	2021	2020
Balance at beginning of year	14	8	Copenhagen Malmö Port	13	13
Investments	-	6	HKScan Oyj	128	148
Fair value remeasurement for the year	-1	-	LRF	63	63
Reclassifications	-	-	Norlic	22	22
Carrying amount	13	14	Scandi Standard AB	135	227
			Taurus Energy ¹⁾	-	2
			Hargs Hamn AB	16	-
			Other	43	16
			Carrying amount	420	491

¹⁾ Holding divested in 2021

Note 18 Other non-current assets

MSEK	2021	2020
Non-current derivative instruments, operating	89	20
Other non-current operating assets	163	146
Total	252	166

Other long-term operating assets mainly relate to receivables from Lantmännen's Grodden joint pension fund.

Note 19 Inventories

MSEK	2021	2020
Raw materials and consumables	1,303	853
Products in progress	395	596
Finished goods	2,202	1,864
Merchandise	2,574	2,624
Advances to suppliers	136	140
Total	6,610	6,077

MSEK 39 (125) of inventories for the year were measured at net realizable value. The total cost of goods sold during the year was MSEK 36,242 (34,194).

Note 20 Trade and other receivables

MSEK	2021	2020
Trade receivables	4,918	4,076
Trade receivables, joint ventures/associates	39	73
Trade receivables, finance service	589	561
Contract assets from contracts with customers	74	31
Derivative instruments	471	203
Other operating receivables from joint ventures/associates	1	0
Other current receivables	859	570
Prepayments and accrued income	510	453
Total	7,461	5,967

Age analysis of trade receivables MSEK	2021	2020
Receivables, not yet due	5,053	4,335
Receivables, past due		
≤ 30 days	430	308
31-60 days	67	56
61-90 days	14	16
> 90 days	73	89
Total	5,637	4,804
Allowance for expected credit losses	-91	-94
Total	5,546	4,710

Trade receivables include the financing service, which means that the credit period may be extended by up to 11 months.

Note 20 continued

Provision for doubtful debts MSEK	2021	2020
Provision at beginning of year	-94	-101
New provision for anticipated losses	-27	-27
Utilization of allowance for established losses	8	6
Reversal of unrealized loss	25	24
Exchange differences	-3	4
Provision at end of year	-91	-94

The total cost of doubtful debts for 2021 was MSEK 9 (5).

Costs of doubtful debts are reported as other costs under Operating income.

For information about credit quality of trade receivables, see note 24.

Prepayments and accrued income MSEK	2021	2020
Prepaid rent	53	54
Prepaid insurance	43	36
Accrued bonuses and discounts	40	25
Other prepayments	243	201
Other accrued income	131	137
Total	510	453

Note 21 Current interest-bearing assets and cash and cash equivalents

Current interest-bearing assets MSEK	2021	2020
Receivables from joint ventures/associates	2	2
Interest-bearing receivables	16	16
Other short-term investments	39	31
Derivative instruments	6	120
Other current financial assets	1	4
Total	64	173

Cash and cash equivalents MSEK	2021	2020
Cash and bank balances	2,639	1,320
Short-term investments < 3 months	65	95
Total	2,704	1,415

Receivables with a maturity of up to one year and investments with maturities between three months and one year are recognized as current interest-bearing assets.

As short-term investments normally have a fixed rate period of less than three months, they carry very little interest rate risk.

Note 22 Equity

MSEK	Reserves					Retained earnings	Equity attributable to members of the economic association	Equity attributable to NCI	Total equity
	Contributed capital	Other contributed capital	Hedge reserve	Reserve for financial assets at fair value through OCI	Translation reserve				
Equity, January 1, 2020	2,959	3,110	-12	133	698	10,523	17,411	94	17,505
Net income for the period after tax	-	-	-	-	-	1,788	1,788	9	1,797
Actuarial gains and losses on pension plans	-	-	-	-	-	87	87	-	87
Financial assets at fair value through OCI									
- remeasurement for the year	-	-	-	-98	-	-	-98	-	-98
Cash flow hedges									
- remeasurement for the year	-	-	-1	-	-	-	-1	-	-1
- transferred to income statement ¹⁾	-	-	-11	-	-	-	-11	-	-11
Exchange differences on translation of foreign operations									
Net gain on hedge of net investment in foreign operations									
- net income for the year	-	-	-	-	73	-	73	-	73
Tax relating to components of other comprehensive income	-	-	3	5	-15	-18	-25	-	-25
Other comprehensive income for the period, net of tax	0	0	-9	-93	-841	69	-874	0	-874
Total comprehensive income	0	0	-9	-93	-841	1,857	914	9	923
Dividend paid ²⁾	-	-	-	-	-	-237	-237	-6	-243
Refund and supplementary payment	-	-	-	-	-	-208	-208	-	-208
Contributed capital paid in by members	132	-	-	-	-	-	132	-	132
Contributed capital paid out to members	-151	-	-	-	-	-	-151	-	-151
Appropriation of profit	288	-	-	-	-	-288	0	-	0
Other changes relating to non-controlling interests	-	-	-	-	-	40	40	8	48
Total equity, December 31, 2020	3,228	3,110	-21	40	-143	11,687	17,901	105	18,006

	2021								
Equity, January 1, 2021	3,228	3,110	-21	40	-143	11,687	17,901	105	18,006
Net income for the period after tax	-	-	-	-	-	1,877	1,877	10	1,887
Actuarial gains and losses on pension plans	-	-	-	-	-	327	327	-	327
Financial assets at fair value through OCI									
- remeasurement for the year	-	-	-	-115	-	-	-115	-	-115
Cash flow hedges									
- remeasurement for the year	-	-	209	-	-	-	209	-	209
- transferred to income statement ¹⁾	-	-	-5	-	-	-	-5	-	-5
Exchange differences on translation of foreign operations									
Net gain on hedge of net investment in foreign operations									
- net income for the year	-	-	-	-	-28	-	-28	-	-28
Tax relating to components of other comprehensive income	-	-	-42	19	5	-67	-85	-	-85
Other comprehensive income for the period, net of tax	0	0	162	-96	395	260	721	0	721
Total comprehensive income	0	0	162	-96	395	2,137	2,598	10	2,608
Dividend paid ²⁾	-	-	-	-	-	-291	-291	-7	-298
Refund and supplementary payment	-	-	-	-	-	-305	-305	-	-305
Contributed capital paid in by members	184	-	-	-	-	-	184	-	184
Contributed capital paid out to members	-94	-	-	-	-	-	-94	-	-94
Appropriation of profit	306	-	-	-	-	-306	0	-	0
Other changes relating to non-controlling interests	-	-	-	-	-	-3	-3	-	-3
Total equity, December 31, 2021	3,624	3,110	141	-56	252	12,919	19,990	108	20,098

¹⁾ The entire amount transferred to the income statement has been recognized in operating income.

²⁾ Refers to contribution dividend concerning parent association members.

Note 22 continued

Contributed capital refers to the contribution that a member is obliged to make in order to participate in the association in accordance with the Articles of Association (paid-in contribution) and the contribution that arises as a result of a contribution issue (issued contribution).

Restricted reserves are reported under other contributed capital in the Parent Company.

Where the hedged transaction has not yet occurred, the hedging reserve comprises the cumulative effective portion of gains or losses arising from remeasuring the hedging instruments at fair value. The hedging transactions included are cash flow hedges. The cumulative gain or loss recognized in the hedge reserve will be recycled to profit or loss when the hedged transaction affects profit or loss.

The reserve for financial assets at fair value through other comprehensive income includes the accumulated net change in fair value of assets classified as "financial assets at fair value through other comprehensive income" until the asset is sold, after which it is reported under retained earnings.

The translation reserve comprises all exchange differences arising on translation of financial statements of foreign operations to the Group's presentation currency (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 and recognized there after deduction of tax.

Equity attributable to non-controlling interests is described in [note 1](#).

Management of the Group's capital

Lantmännen has two overall financial objectives:

- return on equity of at least 8 percent over a business cycle and with the present business portfolio
- equity ratio of 40 percent or more over a business cycle.

To achieve these objectives, Lantmännen uses financial instruments for its operations and specific profitability targets for each business. These profitability targets are expressed as a percentage of operating capital and vary according to the type of business and profitability levels for comparable enterprises outside Lantmännen. It is Lantmännen's aim that each business will achieve a return on operating capital that is at least on a par with that of comparable enterprises outside the Group.

Future investments are allocated primarily to areas that meet the profitability target and have potential for profitable growth.

Note 23 Interest-bearing liabilities

Non-current interest-bearing liabilities			
MSEK	Note	2021	2020
Non-current liabilities to credit institutions	24	2,033	2,964
Subordinated debentures		250	250
Issued securities ¹⁾		998	-
Financial liabilities, leases	29	1,453	1,767
Other non-current interest-bearing liabilities		58	42
Derivative instruments		1	9
Liabilities to joint ventures/associates		2	2
Total		4,795	5,034
Current interest-bearing liabilities			
MSEK	Note	2021	2020
Current liabilities to credit institutions	24	424	9
Liabilities to members, savings		1,765	1,621
Deposits with Lantmännen Finans AB from the public		1,806	1,786
Financial liabilities, leases	29	355	411
Other current interest-bearing liabilities		17	108
Derivative instruments		107	21
Total		4,474	3,956
Interest-bearing liabilities, total		9,269	8,990

¹⁾ Recognized at amortized cost.

The bond issued in early 2021 meant that Lantmännen ek för became a public interest entity again.

Deposits with Lantmännen Finans AB from the public are from companies, members, employees and other individuals. The deposit accounts offer unrestricted withdrawals, interest from the first SEK 1 and cover of SEK 950,000 under the national deposit guarantee scheme.

MSEK	2021	2020
Balance at beginning of year	8,990	11,149
Cash flow	109	-2,061
Fair value changes	27	-72
Other	143	-26
Carrying amount	9,269	8,990

Note 24 Financial instruments and financial risk management

RISK MANAGEMENT

Lantmännen 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 earnings and cash flow as a result of changes in commodity market prices, exchange rates, interest rates and refinancing, and also includes credit and counterparty risks. Lantmännen conducts internal banking activities through the corporate function Group Treasury within Lantmännen ek för.

The main task of Group Treasury is to provide cost-effective financing, identify and efficiently minimize financial risks to which the Group is exposed in its daily operations, support management and Group companies and optimize the Group's net financial items and tied-up capital.

The financial policy governs how financial risks shall be handled and specifies the mandate, limits and which financial instruments may be used. The Group's financial policy is established annually by Lantmännen's Board of Directors. The Group's Risk Committee receives regular reports on changes to the Group's financial risks. Group Treasury also handles Lantmännen's netting system and is responsible for handling the Group's liquidity via cash pools in

banks. Only banks and credit institutions that have a high credit rating and essentially participate in the Group's long-term financing are accepted as counterparties to Lantmännen in financial transactions.

CAPITAL STRUCTURE AND FINANCIAL COVENANTS

Lantmännen is actively working on its capital structure to ensure long-term financial stability, meet the organization's need for capital at the lowest cost and ensure opportunities for future acquisitions. Lantmännen uses multiple financial performance measures to measure its capital structure and has, for example, a long-term objective that its equity ratio shall exceed 40 percent. To fund its activities, Lantmännen has loans from several banks and credit institutions. The credit conditions for the loans depend on Lantmännen's financial performance and are described in the covenants contained in the agreements. For further information on Lantmännen's covenants, see "Refinancing risk" below.

Lantmännen also has loans where collateral is pledged as security, mainly in real estate mortgages. For further information see [note 34](#).

Note 24 continued

CURRENCY RISK

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

Transaction exposure

Transaction exposure is the risk of changes in exchange rates having an adverse effect on the Group's operating income. To address this risk, the Group's financial policy requires the Sectors' foreign currency sales and purchases to be hedged with Group Treasury. This can be done either by order or based on a rolling 12-month exposure forecast. The aim is to minimize the effects of currency fluctuations in the first instance by using foreign currency inflows for payments in the same currency. In addition, financial instruments are used to hedge forecast cash flows, in accordance with the guidelines contained in Lantmännen's financial policy.

Lantmännen is primarily exposed to the EUR, DKK, RUB, USD, GBP and NOK. The different currencies represent both inflows and outflows against the Swedish krona and a large proportion of them are hedged. Consequently, the transaction-related earnings impact of an exchange rate change is considered to be minimal.

On translation of operating income, a +/-10 percent change in the Swedish krona against the subsidiaries' currencies would have an approximate effect of MSEK +/- 99 (+/- 109) on operating income, all other things being equal. The calculation does not take into account any changes in prices and customer behavior caused by the exchange rate movements.

Sensitivity analysis for major currencies

Risk	Change	Operating income effect, MSEK	
		2021	2020
EUR/SEK	-10 %	138	-72
RUB/SEK	-10 %	-10	-15
NOK/SEK	-10 %	-2	-5
GBP/SEK	-10 %	-9	-5
USD/SEK	-10 %	-1	16
Other	-10 %	-17	-28
Total		99	-109

The currency derivatives used for hedging purposes are forward exchange contracts.

The currency distribution of the Group's outstanding forward contracts at the end of the year was as follows:

Currency distribution and payment structure, operating forward contracts

MSEK	2022	2023	2024	2025
AUD	-5	-	-	-
CHF	49	-	-	-
DKK	237	-	-	-
EUR	-3,032	-1	-	-
GBP	-89	-	-	-
NOK	-337	-	-	-
PLN	26	-	-	-
RUB	22	-	-	-
USD	27	-	-	-
Total	-3,102	-1	-	-

The nominal net amount per currency is shown in the table above. Negative amounts represent sales of a particular currency and positive amounts represent purchases.

The average remaining maturity of the forward contracts at December 31, 2021 was 1 (2) month.

Translation exposure

Translation exposure is the risk to which Lantmännen is exposed when translating foreign subsidiaries' balance sheets into SEK. Currency hedging of investments in foreign subsidiaries is mainly managed through borrowing in the corresponding foreign currency. This is recognized at the closing rate on the reporting date. The Parent Company's exchange differences attributable to these hedges and translation differences from the net assets of subsidiaries are recognized in other comprehensive income and accumulated in consolidated equity ("Equity Hedge"). Only net investments with significant exposure to a currency are hedged. These are currently net investments in EUR and DKK.

If the Swedish krona weakened against other currencies by 10 percent, equity would increase by MSEK 1,118 (1,108), not taking into account the equity hedge. If the equity hedge is taken into account, equity would increase by MSEK 1,028 (909), all other things being equal.

PRICE RISK

Lantmännen uses the financial markets to manage price risk in commodity trading, such as trade in grain and feed raw materials, ethanol sales and energy purchases. The purpose of using price hedges to manage price risk is to increase predictability and even out price fluctuations, thereby ensuring the right prices are passed on to customers.

Commodity price risk

Lantmännen's main commodity price risk is associated with wheat, rape, barley, oats and soy. The pricing of commodities varies over time as a result of international supply and demand. Commodity risks are primarily attributable to Lantmännen Lantbruk's operations, Lantmännen Agroetanol's ethanol production, Lantmännen Cerealia's operations and Lantmännen Unibake's bakery operations. In addition to hedging prices by means of supply contracts, prices are also hedged by means of financial futures through commodity exchanges and banks. Pricing of most of Lantmännen's traded commodities is based on USD or EUR. Under Lantmännen's financial policy, the currency is considered to be part of the transaction's pricing and must be hedged on or before the transaction date.

Energy price risk

Through its energy-intensive operations Lantmännen is subject to risks associated with price fluctuations, particularly for electricity and gas. If the energy price risk is not hedged, these price fluctuations will have a direct impact on the Group's operating income. The Group's electricity consumption is therefore hedged on a gradual basis according to a strategy established by the corporate function Group Risk Management. The objective of the hedging strategies for electricity and gas is to reduce the volatility of the Group's energy costs. As electricity and gas are traded in EUR, this also gives rise to a currency risk. This is hedged on a continuous basis.

Electricity price hedging for Sweden, Denmark, Finland, Norway and Baltic

Maturity year	2022	2023	2024	2025
Hedged share of forecast annual need	90 %	50 %	30 %	15 %

Electricity price hedging for UK

Maturity year	2022	2023	2024	2025
Hedged share of forecast annual need	90 %	60 %	40 %	20 %

The Group companies' total electricity consumption in 2021 was 606 (595) GWh. The share for the operations in Sweden, Denmark, Finland and Norway was 468 (459) GWh and the UK 25 (23) GWh. A +/-10 percent movement in the price of electricity would affect the valuation of the energy hedges by MSEK +/-28. The Group companies' natural gas and biogas consumption in 2021 was 269 (266) GWh. The share for the operations in Sweden, Finland and Denmark was 120 (121) GWh and the UK 20 (20) GWh. A +/-10 percent change in the price of gas would affect the valuation of the gas hedges by MSEK +/-9.3.

Note 24 continued

Price hedges via ethanol and gasoline contracts

Ethanol price hedges for Agroetanol in the Energy Sector were entered into regularly throughout 2021 in order to mitigate earnings fluctuations attributable to daily market price changes. The hedge ratio at December 31, 2021 was 42 percent. A +/-10 percent movement in the price of ethanol would affect the valuation of the ethanol hedges by MSEK 86.6. Eurobob gasoline price hedges for Aspen in the Energy Sector were entered into regularly throughout 2021 in order to mitigate earnings fluctuations attributable to daily market price changes. Eurobob is priced in USD. The hedge ratio at December 31, 2021 was 96 percent. A +/-10 percent movement in the price of gasoline would affect the valuation of the gasoline hedges by MSEK 10.4.

INTEREST RATE RISK

Lantmännen's financing sources consist mainly of equity, member deposits, cash flow from operating activities and borrowing. Interest-bearing loans expose the Group to interest rate risk and changes in interest rates have a

direct impact on the Group's net interest income. The fixed-rate period is one of the more significant factors that affect interest rate risk.

The Group's debt management is dealt with by Group Treasury to ensure efficiency and risk control. GT ensures that the average fixed-rate period in the long-term debt portfolio remains within the range of 6-36 months. Lantmännen uses interest rate derivatives to adjust fixed-rate periods in the interest-bearing borrowing portfolio. The strategy is to have a spread in the maturity structure and to arrange new borrowings in currencies that match Lantmännen's assets, such as SEK, EUR and DKK. In addition, the aim is to be active in capital markets, both in Sweden and abroad, in order to avoid excessive individual exposure to the Swedish banking and capital markets.

At the end of the year, the weighted average borrowing rate was 0.90 percent, excluding transaction fees. The Group's interest-bearing liabilities at December 31, 2021, including interest rate swaps, had a weighted average fixed-rate period of 24.5 (27.4) months.

HEDGE ACCOUNTING

Types of hedge accounting applied in the consolidated financial statements

Lantmännen applies hedge accounting for the majority of the derivatives used to hedge various types of risks that arise.

Type of exposure	Type of hedged item	Hedged risk	Hedging instrument	Hedge accounting model ¹⁾
Currency exposure	Future foreign currency purchases and sales	Currency risk	Forward exchange contracts	Cash flow hedges
	Investments in foreign subsidiaries	Currency risk	Foreign currency loans	Hedging of net investments
Interest rate exposure	Loans with variable interest	Interest rate risk	Interest rate swaps	Cash flow hedges
Commodity exposure	Future purchases and sales of grain	Grain price risk	Grain futures	Cash flow hedges
	Future purchases of electricity	Electricity price risk	Electricity futures	Cash flow hedges
	Future purchases of gas	Gas price risk	Gas futures	Cash flow hedges
	Future purchases and sales of ethanol	Ethanol price risk	Ethanol futures	Cash flow hedges
	Future sales of alkylate petrol	Gasoline risk	Eurobob futures	Cash flow hedges

¹⁾ Differences in critical conditions between hedging instruments and hedged items are the main source of ineffectiveness for all types of hedging.

Type of exposure	Type of hedged item	Hedged risk	Hedging instrument	Hedge accounting model ¹⁾	Balance sheet item where hedged item is reported	Balance sheet item where hedging instrument is reported	Income statement item affected by hedging of a net investment	Income statement item that includes ineffective portion of hedges	Income statement item affected by hedge reserve/income statement reclassification
Interest rate exposure	Loans with variable interest	Interest rate risk	Interest rate swaps	Cash flow hedging	Non-current/current interest-bearing liabilities	Non-current/current interest-bearing liabilities	Net financial income	Net financial income	Net financial income
Currency exposure	Future foreign currency purchases and sales	Currency risk	Forward exchange contracts	Cash flow hedging	N/A	Non-current/current interest-bearing assets/liabilities	Net financial income	Net financial income	Net financial income
	Investments in foreign subsidiaries	Currency risk	Foreign currency loans	Hedging of net investments	Other financial assets (Parent)	Non-current/current interest-bearing liabilities	Net financial income	Net financial income	Net financial income
Commodity exposure	Future purchases and sales of grain	Grain price risk	Grain futures	Cash flow hedging	N/A				
	Future purchases of electricity	Electricity price risk	Electricity futures	Cash flow hedging	N/A	Other non-current assets/Trade and other receivables	Other operating income/expenses	Other operating income/expenses	Other operating income/expenses
	Future purchases of gas	Gas price risk	Gas futures	Cash flow hedging	N/A	Other non-current liabilities/Trade and other liabilities	Other operating income/expenses	Other operating income/expenses	Other operating income/expenses
	Future purchases and sales of ethanol	Ethanol price risk	Ethanol futures	Cash flow hedging	N/A				
	Future sales of alkylate petrol	Gasoline risk	Eurobob futures	Cash flow hedging	N/A				

¹⁾ Differences in critical conditions between hedging instruments and hedged items are the main source of ineffectiveness for all types of hedging.

Note 24 continued

Hedging instruments with associated hedged items and derivatives without hedge accounting

MSEK	Average hedging price/rate	Nominal amount		Assets				Liabilities		Changes in value for the year	Accumulated value change
		Remaining maturity		Nominal amount		Carrying amount		Carrying amount			
		< 1 year	> 1 year	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020		
Cash flow hedges¹⁾											
Interest-related contracts	-	-	-	-	-	-	-	-	-	-	-
Interest rate swaps	2.02 %	-	923	923	533	5	-	4	11	14	1
Currency-related contracts											
Forward exchange contracts and currency swaps											
EUR	10.06	3,126	-	3,126	2,565	28	76	83	17	-55	-55
Other currencies	-	37	-	37	-164	6	2	5	11	0	0
Commodity-related contracts											
Wheat futures	2,784 SEK/ ton	-992	-	-992	-1,264	118	37	122	82	-4	-4
Electricity futures	313 SEK/MWh	148	133	281	207	204	47	66	63	145	138
Gas futures	308 SEK/MWh	43	51	94	-	182	-	-	-	182	182
Rape futures	5,943 SEK/ ton	-372	-	-372	-86	10	5	71	8	-61	-61
Soy futures	-	-	-	-	-25	-	3	-	16	0	0
Eurobob futures	6,092 SEK/ ton	104	-	104	35	8	9	-	-	8	8
Ethanol futures	7,599 SEK/m ³	-866	-	-866	-205	-	22	117	4	-117	-117
Total hedging instruments		1,228	1,107	2,335	1,596	561	201	468	212	112	92
Derivatives without hedge accounting											
Interest-related contracts		-	100	100	100	-	-	1	3		
Currency-related contracts		3,044	-	3,044	2,748	9	135	105	49		
Commodity-related contracts		-	-	-	67	-	6	-	1		
Total derivative instruments without hedge accounting		3,044	100	3,144	2,915	9	141	106	53		
Total derivative instruments		4,272	1,207	5,479	4,511	570	342	574	265		
Hedging of net investments in foreign operations											
Currency-related contracts											
Hedging instrument – Loans		-	-1,452	-1,452	-1,424	-	-	1,452	1,424	23	12
Hedging instrument – Derivatives		-	-	-	-	-	-	-	-	-	-
Hedged item – Net investments in foreign operations		-	1,849	1,849	1,833	1,849	1,833	-	-	-23	-12

¹⁾ Hedge accounting is only applied when all specified qualifying criteria for hedging instruments and hedged items are fully met. As a result, no outstanding cash flow hedges have any ineffective portions.

REFINANCING RISK, LIQUIDITY RISK AND LIQUIDITY RESERVE

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 that the Group will encounter difficulty in discharging payment obligations. Lantmännen limits its refinancing risk by having a well-diversified group of counterparties and maturities for its loans. The weighted average maturity of loans and borrowing facilities with credit institutions including market financing at the end of the year was 3.84 (3.79) years.

By constantly maintaining cash assets or unused credit facilities, the Group ensures it has a solid liquidity reserve, thereby reducing the liquidity risk. The Group's liquidity reserve (available line of credit) is calculated on the basis of Lantmännen's loan agreement and associated covenants signed with the syndication banks on July 9, 2015. At December 31, 2021, liquidity amounted to MSEK 9,071 (7,790) and net debt/EBITDA according to the bank syndicate's definition was 1.33 (1.60), below the maximum of 3.75 under the agreement.

Maturity structure of interest-bearing financial liabilities¹⁾

MSEK	Group		Parent Company	
	2021	2020	2021	2020
2021	-	59	-	37
2022	473	461	451	439
2023	779	770	557	552
2024	565	569	547	561
2025	198	228	36	69
2026-	1,660	1,128	1,492	964
Total	3,675	3,215	3,083	2,622

¹⁾ Including future interest payments.

Maturity structure of lease liabilities

MSEK, Group	2021	2020
2021		440
2022		382
2023		290
2024		215
2025		165
2026-		755
Total	1,807	2,228

Note 24 continued

MTN program

A medium-term note (MTN) program was established in December 2015. The bond program has a loan limit of SEK 3 billion for issues on the Swedish equity market. As of December 31, 2021, Lantmännen had a bond of MSEK 1,000 under the program.

Schuldschein

In April 2018, the Schuldschein was issued in the German capital market. The Schuldschein is a German debt instrument that includes a basket of bilateral loan contracts/private placements. The documentation is drawn up under German law and the loan is unsecured. On 12/31/2021, a nominal amount of MEUR 49.5 was outstanding, distributed as follows: MEUR 19.5, maturity of 5 years, MEUR 15, maturity of 7 years, and MEUR 15, maturity of 10 years.

The Group has an investment grade rating (BAA3) from Moody's.

Maturity structure of loan liabilities to credit institutions by currency

MSEK	Total	2022	2023-2024	2025-2026	2027-
EUR	409	409	-	-	-
DKK	634	28	91	56	459
SEK	2,070	24	1,033	1,013	-
Total	3,113	461	1,124	1,069	459
Of which interest	129	32	46	25	26
Total excluding interest	2,984	429	1,078	1,044	433

The table above refers to undiscounted contractual amounts, which deviate from the liabilities reported in the balance sheet.

External currency swaps related to financing of Group companies

MSEK	Group	
	2021	2020
AUD	345	298
DKK	384	685
EUR	2,429	1,919
GBP	-400	-344
NOK	-12	-
PLN	120	-73
RON	60	80
RUB	183	42
SEK	-3,011	-2,683
USD	5	29
Total	103	-47

All external currency swaps related to the financing of Group companies are in the Parent Company, Lantmännen ek för.

Other interest-bearing liabilities, savings and capital account

Other current liabilities include members' savings of MSEK 1,765 (1,621). Deposits into the capital account amounted to MSEK 1,806 (1,786) of which MSEK 1,806 (1,786) was through Lantmännen Finans AB. These liabilities are formally short-term and the deposits may be withdrawn with one day's notice. However, experience shows little movement in these liabilities. See note 23.

Other non-current interest-bearing liabilities, consisting mainly of long-term lease liabilities, amount to MSEK 1,453 (1,767).

Maturity structure of derivative instruments, nominal amounts 12/31/2021

MSEK	2022	2023	2024	2025-	Fair value
Currency derivatives	6,207	-	-	-	19
Interest rate derivatives	100	523	-	400	0
Energy derivatives	191	94	58	33	319
Commodity derivatives	-1,364	-	-	-	-66
Ethanol derivatives	-866	-	-	-	-117
Eurobob derivatives	104	-	-	-	8
Total	4,372	617	58	433	163

Maturity structure of derivative instruments, nominal amounts, 12/31/2020

MSEK	2021	2022	2023	2024-	Fair value
Currency derivatives	5,169	-20	-	-	136
Interest rate derivatives	-	100	533	-	-14
Energy derivatives	136	76	42	20	-11
Commodity derivatives	-1,375	-	-	-	-61
Ethanol derivatives	-205	-	-	-	18
Eurobob derivatives	35	-	-	-	9
Total	3,760	156	575	20	77

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 loss for Lantmännen. The Group's main credit and counterparty risk arises from bank funds, derivative instruments with positive market values and trade receivables. The Group's maximum credit risk corresponds to the carrying amount of the financial assets, as reported in the consolidated balance sheet. Counterparty risk is limited by only accepting counterparties with high credit-worthiness according to the established financial policy and by defining the maximum exposure per counterparty according to the counterparty's creditworthiness.

Financial counterparties are selected on the basis of rating criteria, taking into account the spread of counterparty risk and other mutual business interaction. The table below shows the Group's bank funds at December 31, 2021, according to the counterparty's rating at the reporting date.

The Group continuously assesses expected credit losses for bank funds, mainly based on the counterparty's rating. As a result of the counterparties' creditworthiness and the fact that invested bank funds are available on demand, the expected credit losses at the reporting date are immaterial.

Lantmännen has entered into ISDA and CSA agreements with most of the counterparties with which the Group conducts derivative transactions, with the aim of reducing counterparty risk.

Customer credit risk

The credit risk associated with trade receivables is managed through special credit rating reviews. Lantmännen has credit control procedures in place and obtains information about the financial position of customers from various credit-rating agencies. Lantmännen's customer base is well-diversified as a result of the Group having different business areas and operating in several countries and different markets. Lantmännen also conducts active monitoring of trade receivables in order to minimize customer defaults and ensure payment precision. The Group's credit risk in trade receivable is further reduced by the fact that in many cases the Group's customers are also members of the parent association and as such have capital that can be utilized if a customer is unable to discharge its obligations to the Group.

The main basis for the Group's expected credit losses on trade receivables is an individual assessment of each receivable (risk of counterparty failing to discharge its obligation) together with an overall assessment based on the Group's loss history for receivables with similar credit risk.

Note 24 continued

Lantmännen Finans AB has transferred its leasing and hire purchase contracts to Swedbank on an ongoing basis. Swedbank has limited recourse. At 12/31/2020, recourse was MSEK 70 (67). However, the consolidated balance sheet is only affected by the expected loss, which is MSEK 2.7. The amount is reported under other liabilities in the balance sheet.

Further information about trade receivable and the allowance for expected credit losses can be found in [note 20](#).

Financial assets and liabilities measured at fair value in the statement of financial position, 12/31/2021

Assets, MSEK	Level 1	Level 2	Level 3	Total
Derivatives with positive fair value	560	10	-	570
Other financial assets measured at fair value	263	-	170	433
Total assets	823	10	170	1,003
Liabilities, MSEK				
Derivatives with negative fair value	465	109	-	574
Total liabilities	465	109	-	574

Financial assets and liabilities measured at fair value in the statement of financial position, 12/31/2020

Assets, MSEK	Level 1	Level 2	Level 3	Total
Derivatives with positive fair value	222	120	-	342
Other financial assets measured at fair value	377	-	128	505
Total assets	599	120	128	847
Liabilities, MSEK				
Derivatives with negative fair value	235	30	-	265
Total liabilities	235	30	-	265

Fair value hierarchy with information on inputs used to measure fair value

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.

Assets in Level 3 refer to other shares and interests and have been measured at cost of acquisition, which is considered a good reflection of the fair value at the closing date.

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.

Financial assets and liabilities by measurement category, 12/31/2021

MSEK	Financial assets/ liabilities at fair value through profit or loss	Financial assets/liabilities at amortized cost	Financial assets/ liabilities at fair value through OCI	Derivatives used in hedge accounting	Other derivatives	Total carrying amount	Fair value
ASSETS							
Other shares and interests	-	-	420	-	-	420	420
Other financial assets	13	3	-	-	4	20	20
Other non-current assets	-	163	-	89	-	252	252
Trade and other receivables	-	6,480	-	467	4	6,951	6,951
Current interest-bearing assets	-	58	-	5	1	64	64
Cash and cash equivalents	-	2,704	-	-	-	2,704	2,704
Total assets	13	9,408	420	561	9	10,411	10,411
LIABILITIES							
Non-current interest-bearing liabilities	-	4,793	-	2	-	4,795	4,872
Other non-current liabilities	-	-	-	5	-	5	5
Current interest-bearing liabilities	-	4,367	-	3	104	4,474	4,497
Trade and other payables	-	6,847	-	458	2	7,307	7,307
Total liabilities	-	16,007	-	468	106	16,581	16,681

Note 24 continued

Financial assets and liabilities by measurement category, 12/31/2020

MSEK	Financial assets/ liabilities at fair value through profit or loss	Financial assets/liabilities at amortized cost	Financial assets/ liabilities at fair value through OCI	Derivatives used in hedge accounting	Other derivatives	Total carrying amount	Fair value
ASSETS							
Other shares and interests	-	-	491	-	-	491	491
Other financial assets	14	33	-	-	-	47	47
Other non-current assets	-	146	-	20	-	166	166
Trade and other receivables	-	5,311	-	181	22	5,514	5,514
Current interest-bearing assets	-	54	-	-	119	173	173
Cash and cash equivalents	-	1,415	-	-	-	1,415	1,415
Total assets	14	6,959	491	201	141	7,806	7,806
LIABILITIES							
Non-current interest-bearing liabilities	-	5,025	-	7	2	5,034	5,103
Other non-current liabilities	-	1	-	25	1	27	27
Current interest-bearing liabilities	-	3,934	-	3	18	3,955	3,973
Trade and other payables	-	7,447	-	177	32	7,656	7,656
Total liabilities	-	16,407	-	212	53	16,672	16,759

Offsetting of financial assets and liabilities, 12/31/2021

ASSETS MSEK	Recognized in statement of financial position	Gross amount for financial assets offset against financial liabilities	Amounts not offset in statement of financial position	Net amount
Derivatives ¹⁾	570	-	30	540
Total	570	-	30	540
LIABILITIES				
ASSETS MSEK	Recognized in statement of financial position	Gross amount for financial liabilities offset against financial assets	Amounts not offset in statement of financial position	Net amount
Derivatives ¹⁾	574	-	30	544
Total	574	-	30	544

Offsetting of financial assets and liabilities, 12/31/2020

ASSETS MSEK	Recognized in statement of financial position	Gross amount for financial assets offset against financial liabilities	Amounts not offset in statement of financial position	Net amount
Derivatives ¹⁾	342	-	85	257
Total	342	-	85	257
LIABILITIES				
ASSETS MSEK	Recognized in statement of financial position	Gross amount for financial liabilities offset against financial assets	Amounts not offset in statement of financial position	Net amount
Derivatives ¹⁾	265	-	85	180
Total	265	-	85	180

¹⁾ Trading in derivatives is subject to the ISDA agreement, which also regulates the netting of liabilities and receivables in the course of operations and in situations such as breaches of contract or early termination.

Note 25 Provisions for pensions

Lantmännen has both defined contribution and defined benefit pension plans. The defined benefit plans, which are reported in Lantmännen's statement of financial position, are funded and unfunded. The largest defined benefit plans are ITP 2 pensions, which are book reserve pensions.

These pensions are insured through PRI Pensionsgaranti and are secured by a pension fund. PRI Pensionsgaranti is a mutual insurance company that guarantees employees' future pensions. The Grodden pension fund was established in December 2011, when Lantmännen transferred assets into the fund.

As the assets are in a separate fund, the obligations can be reduced by the market value of the fund's assets when reported in the statement of financial position. Six of Lantmännen's Swedish companies are connected to the fund. There is no obligation for the companies in the fund to make additional contributions to the fund. Lantmännen pays a lower risk premium to PRI Pensionsgaranti for the parts of the pension liability that are funded in Grodden. There are also funded pension plans in Norway, where one of the companies has pension obligations safeguarded by funds.

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

Defined benefit plans	2021	2020
MSEK		
<i>Funded plans:</i>		
Defined benefit obligations under Swedish PRI Pensionsgaranti plans	2,803	2,887
Other defined benefit obligations	87	81
Fair value of plan assets	-2,329	-2,125
Total net value of funded plans	561	843
Funded plans recognized as a provision	561	843
<i>Unfunded plans:</i>		
Other unfunded obligations	51	54
Total unfunded plans	51	54
Provisions for pensions, net	612	897

Pension plans by country	2021			2020		
	Obligations	Plan assets	Pension liability	Obligations	Plan assets	Pension liability
MSEK						
Sweden	2,805	-2,255	550	2,889	-2,058	831
Norway	87	-74	13	81	-67	14
Germany	37	-	37	39	-	39
Other countries	12	-	12	13	-	13
Total	2,941	-2,329	612	3,022	-2,125	897

Pension cost in the income statement	2021	2020
MSEK		
<i>Defined benefit plans</i>		
Cost of pensions accrued during the year	47	48
Interest expense, interest income, net	12	15
Cost of defined benefit plans	59	63
Cost of defined contribution plans	374	349
Total pension cost in the income statement	433	412
<i>The cost is recognized on the following lines in the income statement</i>		
Employee benefits expense	421	397
Finance costs	12	15
Total cost relating to pensions	433	412

Pension-related remeasurements in OCI	2021	2020
MSEK		
<i>Defined benefit plans</i>		
Return on plan assets in excess of what is recognized as interest income in the income statement	257	105
Experience-based adjustment of obligation	53	1
Effects of changes in financial assumptions	17	-19
Total actuarial gains (+) and losses (-)	327	87
Tax on above items	-67	-18
Total recognized in OCI	260	69

Note 25 continued

The following summary explains how obligations, assets and the net amount changed during the year:

MSEK	2021			2020		
	Defined benefit obligations	Plan assets	Net	Defined benefit obligations	Plan assets	Net
Opening balance	3,022	2,125	897	3,025	2,083	942
Service cost during the year	47		47	48		48
Interest recognized in income statement	44	32	12	52	37	15
Payment of pension benefits	-110	-1	-109	-110	-4	-106
Compensation paid to employer ¹⁾	-	-95	95	-	-94	94
Payment of contributions by employer ¹⁾	-	6	-6	-	6	-6
Return on plan assets in excess of recognized interest	-	257	-257	-	105	-105
Remeasurement of pension obligations recognized in OCI	-70	-	-70	18	-	18
Translation differences	8	5	3	-11	-8	-3
Closing balance, pension liability	2,941	2,329	612	3,022	2,125	897
<i>Of which funded plans</i>	-	-	561	-	-	843
<i>Of which unfunded plans</i>	-	-	51	-	-	54

¹⁾ Compensation from the Swedish pension fund consists of MSEK 95 (94) to 3 (3) companies in 2021.

No Swedish company made a payment into the pension fund in 2021, MSEK 0 (2). MSEK 6 (4) was paid into Norwegian plans.

Specification of plan assets

	2021 MSEK	2020 MSEK	2021 %	2020 %
Property	979	899	42 %	42 %
Fixed-interest investments	364	394	15 %	19 %
Equity investments	739	607	32 %	29 %
Alternative investments	227	196	10 %	9 %
Cash and cash equivalents	20	29	1 %	1 %
Total	2,329	2,125	100 %	100 %

Equity investments include subordinated debentures of MSEK 49 (47) in Lantmännen ek för. Other holdings under equity investments are mainly related to listed shares.

Actuarial assumptions²⁾

	2021	2020
Discount rate	1.75 %	1.50 %
Future salary increases	2.75 %	2.75 %
Inflation	2.00 %	1.75 %
Life expectancy assumptions, Sweden	DUS14	DUS14
Duration	17 years	18 years

²⁾ Weighted average, corresponding to the Swedish assumptions, as Swedish plans dominate.

A 0.25 percent decrease in the discount rate would increase the Swedish pension obligation (which is 95 percent of the total) by MSEK 118, while a 0.25 percent increase in the rate would reduce it by MSEK 111. A change of one year in mortality assumptions would increase the obligation by approximately MSEK 119 in the case of a longer life expectancy, and would reduce it by MSEK 118 in the case of a shorter life expectancy.

A 0.25 percent change in inflation would reduce the obligation by MSEK 99 in the case of a fall in inflation and would increase it by MSEK 105 in the case of a rise. A 0.25 percent change in salary growth assumptions would increase the obligation by MSEK 26 in the case of a higher assumption and would reduce it by MSEK 25 in the case of a lower assumption.

The Swedish pension fund's return was about 14 (7) percent in 2021, and a 1 percentage point change in the return would increase or decrease the value of the plan assets by about MSEK 23 (22).

The Swedish funded plans cover active members, 13 (14) percent, paid-up policyholders, 36 (35) percent, and retired persons, 51 (51) percent. Expected payments of pensions under defined benefit pension plans in 2022 are MSEK 109 (106).

For certain employees in Sweden insurance premiums are paid to Alecta with regard to commitments under the traditional ITP (individual supplementary pension) plan. The plan is a multi-employer defined benefit plan. At present, Alecta is unable to disclose the information that is required to recognize this plan as a defined benefit plan. Consequently, pensions insured through Alecta, are recognized as a defined contribution plan. Of the above cost of MSEK 374 (349) for defined contribution plans, MSEK 29 (23) relates to Alecta premiums for traditional ITP plans. Alecta's surplus may be distributed to the policyholders and/or the insured. At the end of the year, Alecta's surplus in the form of its collective funding ratio amounted to 172 (148) percent. The collective funding ratio reflects the market value of Alecta's assets as a percentage of its insurance obligations, calculated in accordance with Alecta's actuarial assumptions, which do not follow IAS 19.

Information on pensions for senior executives can be found in [note 6](#).

Note 26 Other provisions

MSEK	Warranty commitments	Actuarial provisions	Restructuring measures	Other	Total 2021	Total 2020
Opening balance	115	143	63	723	1044	1,001
Provisions during the period	32	11	17	143	203	150
Amounts utilized during the period	-37	-	-29	-19	-85	-89
Reversals during the period	-5	-	-7	-6	-18	-11
Reclassifications	-	-	-	-	-	-1
Translation differences	-	-	1	-	1	-6
Carrying amount at end of period	105	154	45	841	1,145	1,044
Of which current provisions	98	41	41	680	860	780
Of which non-current provisions	7	113	4	161	285	264

MSEK 238 of the non-current provisions is expected to be used in 2024 and thereafter.

Increases in previously existing provisions are included in the period's provisions.

The majority of the year's restructuring provisions relate to measures in the Food Sector, most of which are expected to be used in 2022.

The heading Other includes the provision of MSEK 500 reported in previous years in the Energy Sector in connection with the EU Commission's investigation of Lantmännen Agroetanol and two other ethanol producers.

Other also includes provisions of MSEK 61 (63) for silo closure, provisions related to ongoing discussions with the Swedish Tax Agency regarding electricity tax and provisions for Lantmännen's long-term incentive program.

In corporate groups the size of Lantmännen, there are normally a number of ongoing disputes. Lantmännen has assessed the most likely outcome of the disputes currently at issue, and where an outflow of financial resources is probable, a corresponding amount has been recognized as a provision.

Note 27 Other non-current liabilities

MSEK	2021	2020
Non-current derivative instruments, operating	5	26
Other non-current operating liabilities	0	1
Total	5	27

Note 28 Trade and other payables

MSEK	2021	2020
Trade payables	6,842	5,660
Trade payables, joint ventures/associates	5	5
Contract liabilities from contracts with customers:	1,018	963
Other current liabilities	884	819
Derivative instruments	460	209
Accruals and deferred income	1,902	1,719
Total	11,111	9,375
Accruals and deferred income		
MSEK	2021	2020
Accrued personnel-related costs	864	815
Other accruals	910	793
Deferred income	128	111
Total	1,902	1,719

Note 29 Leases – lessees

The Group is both a lessor and a lessee. The Group's commitments as a lessee are reported in this note. The Group as a lessor is reported in [note 30, Leases - lessors](#).

Recognized in income statement

MSEK	2021	2020
Depreciation of right-of-use assets	471	489
Interest expenses, lease liabilities	46	53
Costs attributable to short-term leases	22	15
Costs attributable to low-value leases	54	59
Costs attributable to variable lease payments not included in the lease liability measurement	64	80
Revenue from subleasing of right-of-use assets	65	98

Information on lease liabilities can be found in [note 23, Interest-bearing liabilities](#), and a maturity analysis of lease liabilities is presented [in note 24, Financial instruments and financial risk management](#).

The Group has leases for assets such as premises, construction machinery, trucks and cars. Most of these leases contain extension and termination options. The options are negotiated by management to provide flexibility in management of the lease portfolio and adaptation to the Group's needs. Management assesses whether it is likely that these extensions and termination options will be exercised and included in the lease term. To determine the lease term, management considers all available information that creates an incentive to exercise the extension option or terminate a contract. Assessments of extension and termination options are primarily relevant for the Group's property leases. Extension options have been considered in all material respects and are included in the liability.

Note 29 continued

In the first instance, the discount rate used is the interest rate implicit in the lease. If this cannot be readily determined, Lantmännen's incremental borrowing rate is used, which differs according to the underlying currency and lease term.

The Group has leases for assets with terms of 12 months or less and low-value leases. For these leases, the Group applies the practical expedients in IFRS 16.

Total cash flow for leases, including variable payments and low-value leases, amounted to MSEK 622 (657), of which MSEK 22 (15) was attributable to costs of leases with terms of 12 months or less and MSEK 54 (59) million to low-value leases.

➔ Note 9, Finance income and costs, contains information on interest expenses on lease liabilities.

The carrying amount of the right-of-use assets at the reporting date is reported in ➔ note 13, Property, plant and equipment.

Note 30 Leases – lessors

Lantmännen's main leasing operations comprise the Real Estate Business Area's leasing of premises and the Swecon Business Area's construction machinery rental operations. The construction machinery rental business occurs mainly Swecon's international operations. Swecon's machinery rental customers (lessees) are obliged to ensure that the machines are regularly maintained and are returned in good condition. If the lessee uses the machine in addition to the agreed hours, these hours will also be also invoiced. It is not permitted to sub-lease a machine or transport it abroad.

Leasing out of assets under finance leases occurs to a very limited extent, and outstanding receivables are well below MSEK 1 for both years.

Operating leases

For machines and premises leased to customers and tenants under operating leases, future payments under non-cancelable leases fall due as follows:

Minimum lease payments due MSEK	2021	2020
Within one year	203	250
Between one and five years	329	383
After five years	64	91
Total	596	724

The total minimum lease payments are distributed as follows: premises MSEK 398 (473) and machinery MSEK 198 (251).

Lease revenue amounted to MSEK 628 (690), of which MSEK 23 (26) was attributable to variable lease payments.

Note 31 Related party transactions

The association's Board members have significant influence over the Parent Company and are therefore considered to be related parties.

The purpose of an economic association is to promote its members' economic interests through trade with them. To this end, purchases and sales of goods and services are conducted with individual Board members who are also members of the association. These individual Board members also participate in the financing of the association. As all these transactions have occurred in accordance with the association's purpose and under the conditions applicable to other members, the amounts involved are not disclosed.

Salaries and similar benefits received by senior executives are reported in ➔ note 6. Dividends from subsidiaries and joint ventures/associates are shown in ➔ notes 16 and 39. Receivables from and liabilities to joint ventures/associates are shown in ➔ notes 17, 20, 21, 23, 27 and 28.

Related party transactions	2021	2020
Intra-group purchases, share of total purchases, %	11	11
Intra-group sales, share of total sales, %	9	9
Purchases of goods and services from joint ventures and associates, MSEK	636	543
Sales of goods and services to joint ventures and associates, MSEK	443	408
Transfer of capital to Lantmännens Gemensamma Pensionsstiftelse Grodden (pension fund), MSEK	-	2
Transfer of capital from pension fund to Lantmännen, credited, MSEK	95	94
Rent paid to pension fund, MSEK	56	72
Sales of goods and services to pension fund, MSEK	35	60
Acquisition of property from pension fund, MSEK	186	-

Note 32 Government grants

MSEK	2021	2020
Grants recognized as revenue	14	24
Grants that reduced expenses	62	85
Total	76	109
Grants during the year that reduced the value of non-current assets	-	-

During 2021, a grant corresponding to MSEK 0 (0) was received which reduced the value of non-current assets or was recognized as deferred income at the reporting date.

Note 33 Acquisitions and divestments

Acquisitions 2021

No acquisitions were made in 2021.

Acquisitions 2020

The following acquisitions were made in 2020:

Company	Operations	Acquisition date	2020								
			Purchase price, MSEK	Acquisition-related costs, MSEK	Goodwill, MSEK	Other intangible assets, MSEK	Property, plant & equipment, MSEK	Annual sales, MSEK	Number of employees	Acquired interest	Holding after acquisition
Acquisition of bakery business	Bakery	Jun 20	45	0	-	-	42	30	22	-	-
Other smaller acquisitions			5	0	-	2	0	1	1		

In June, Lantmännen acquired a bakery business from the Norwegian company French Bakery Company AS. The acquisition included production equipment, stock and 22 employees.

The acquisition provides opportunities for expansion with new products for food service and retail. It also enables Lantmännen to produce products normally made by subcontractors.

Divestments 2021

Only minor divestments of subsidiaries took place during 2021.

Divestments 2020

Only minor divestments of subsidiaries took place during 2020.

For information on the fair value of net assets in acquired operations, see [note 35:2](#) in the notes to the statement of cash flows.

Note 34 Pledged assets and contingent liabilities

Pledged assets

MSEK	For own financial liabilities	Other commitments	Total pledged assets	
			2021	2020
Real estate mortgages	839	-	839	1,486
Bank accounts	-	76	76	77
Other	-	52	52	32
Total	839	128	967	1,595

Contingent liabilities

MSEK	2021	2020
Guarantees for joint ventures	699	623
Other contingent liabilities	7	228
Total	706	851

Real estate mortgages have been provided for the liabilities of the Parent Company in the amount of MSEK 839 (1,486), of which MSEK 515 (1,042) relates to properties owned by subsidiaries.

Note 35 Notes to the statement of cash flows

MSEK	2021	2020
1) Interest paid and dividends received		
Dividends received	8	0
Interest received	62	107
Interest paid	-238	-297
Realized exchange gains/losses	69	34
Other financial payments	-14	-21
Total	-113	-177
2) Acquisition of operations		
<i>Assets and liabilities acquired</i>		
Property, plant and equipment	-	42
Inventories	-	3
Trade receivables	-	2
Other current and non-current assets	-	1
Cash and cash equivalents	-	2
Net assets acquired	-	50
Purchased interests in associates*	5	6
Purchase consideration paid	5	56
Cash and cash equivalents in acquired operations	-	-2
Effect on cash and cash equivalents	5	54

MSEK	2021	2020
3) Change in interest-bearing liabilities and pensions		
Change in interest-bearing liabilities, net	109	-2,061
Change of pensions	-20	-18
Total	89	-2,079
4) Cash and cash equivalents		
Cash and bank balances	2,639	1,320
Short-term investments, maturity less than 3 months	65	95
Total	2,704	1,415

The Group's total liquidity reserve, defined as cash, bank deposits and credit available under the provisions of applicable loan agreements, was MSEK 9,071 (7,790) at the end of the year.

Further information about acquired operations can be found in → note 33.

* Including shareholder contribution.

Notes to the Parent Company's financial statements

Note 36 Breakdown of revenue

MSEK	2021	2020
Net sales		
Sales of goods	14,027	12,972
Service contracts	441	489
License revenue, seed and forages	66	64
Leasing activities	53	58
Other	2	7
Total	14,589	13,590
Other operating income		
Services	157	144
Capital gains	61	1
Government grants	0	2
Other license revenue	62	70
Other	277	46
Total	557	263

Services and Other license revenue are primarily revenue from Group companies. Change in Other operating income: Other relates mainly to the earnings effect of currency derivatives. Customers outside Sweden accounted for approximately 19 (20) percent of the Parent Company's total net sales.

Note 37 Fees and reimbursement of expenses to auditors

MSEK	2021	2020
<i>Ernst & Young</i>		
Annual audit	5	4
Tax consultancy services	1	1
Other services	0	1
Total	6	6
<i>Member representative auditors</i>		
Annual audit	1	1

Note 38 Operating income

Related party transactions

Related party transactions in the Parent Company's operating income are shown below. In this context, transactions with members in accordance with the Association's objectives are not considered related party transactions. Salaries and similar benefits received by senior executives are reported in note 6. Dividends from subsidiaries and associates are shown in note 39.

	2021	2020
Intra-group purchases, share of total purchases, %	4	3
Intra-group sales, share of total sales, %	22	22
Purchases of goods and services from joint ventures/associates, MSEK	573	488
Sales of goods and services to joint ventures/associates, MSEK	238	213
Receipts from Grodden pension fund, MSEK	64	65

Leases

Operating expenses include operating lease costs of MSEK 83 (83). Future obligations under non-cancelable operating leases are reported below.

Note 38 continued

Minimum lease payments due MSEK	2021	2020
Within one year	37	50
Between one and five years	111	115
After five years	97	122
Total	245	287

Note 39 Income from investments in Group companies and joint ventures/associates

Income from investments in Group companies MSEK	2021	2020
Dividend	306	152
Capital gain on disposal of shares	105	99
Impairment	-44	-
Total	367	251

Dividends were received from, among others, Lantmännen Finans AB, Lantmännen Cerealia Norge AS and Lantmännen Unibake Holding AB. The capital gain is attributable to the liquidation of Dirual AG in Switzerland and the impairment is mainly attributable to the holding in Lantmännen Animalieinvest AB. The figure for the previous year includes a dividend from Lantmännen Cerealia Norge AS. The capital gain is mainly attributable to the closure of the machinery operations in Norway.

Income from investments in joint ventures/associates MSEK	2021	2020
Dividend	25	41
Impairment	-	-27
Total	25	14

Dividends were received from Viking Malt Oy, Scandbio AB and Swevet Holding AB. The previous year's figure includes dividends from Lantmännen Dansk Landbrugs Grovareselskab International AB and Viking Malt Oy and impairment of the holding in Lantmännen Dansk Landbrugs Grovareselskab International AB.

Note 40 Income from other securities and receivables classified as non-current assets

MSEK	2021	2020
Dividend	3	0
Total	3	0

Dividends were mainly received from HKScan Oyj.

Note 41 Exchange differences affecting income

MSEK	2021	2020
Exchange differences affecting operating income	54	94
<i>Exchange differences in financial items</i>		
Exchange differences in financial items, external	-605	-1,141
Exchange differences in financial items, internal	591	1,187
Total	-14	46

Note 42 Taxes

Tax on income for the year			Reconciliation of effective tax			
MSEK	2021	2020	2021		2020	
			Percent	MSEK	Percent	MSEK
Current tax expense (-)/tax income (+)				1 587		987
Tax expense/income for the period	-59	-5				
Foreign tax	-2	-2				
Adjustment of tax attributable to prior years	-8	-	20,6 %	-327	21,4 %	-211
Total current tax	-69	-7				
Deferred tax expense (-)/tax income (+)						
Deferred tax arising from changes in temporary differences	-38	-1				
Deferred tax expense from utilization of previously capitalized loss carryforwards	-	-16				
Other deferred taxes	-	-2				
Total deferred tax	-38	-19				
Total recognized tax expense	-107	-26				
Tax items recognized through other comprehensive income						
MSEK	2021	2020				
Deferred tax						
Cash flow hedges	-5	3				
Total tax effects in other comprehensive income	-5	3				
Current tax						
Cash flow hedges	-37	0				
Total tax effects in other comprehensive income	-42	3				

Deferred tax asset/tax liability

MSEK	2021			2020		
	Deferred tax asset	Deferred tax liability	Net	Deferred tax asset	Deferred tax liability	Net
Land and buildings	-	4	-4	-	4	-4
Other provisions	27	-	27	22	-	22
Other	2	46	-44	5	1	4
Total	29	50	-21	27	5	22
Offsetting of assets/liabilities	-29	-29	0	-5	-5	0
Total, net deferred tax asset	0	21	-21	22	0	22

Deferred tax assets and deferred tax liabilities are offset against each other and the net receivable is recognized in the balance sheet.

Change in deferred tax on temporary differences and loss carryforwards

MSEK	2021				2020			
	Amount at beginning of year	Recognized in income statement	Recognized in OCI	Amount at end of year	Amount at beginning of year	Recognized in income statement	Recognized in OCI	Amount at end of year
Land and buildings	-4	-	-	-4	-3	-1	-	-4
Other provisions	22	5	-	27	20	2	-	22
Loss carryforwards	0	-	-	0	21	-19	-2	0
Other	4	-43	-5	-44	0	-1	5	4
Total	22	-38	-5	-21	38	-19	3	22

Loss carryforwards

Loss carryforwards amounted to MSEK 0 (0) at the end of the year.

Note 43 Intangible assets

MSEK	Patents, licenses and trademarks		Capitalized development expenses		Total intangible assets	
	2021	2020	2021	2020	2021	2020
Accumulated cost of acquisition	300	300	498	520	798	820
Accumulated amortization	-90	-75	-304	-260	-394	-335
Accumulated impairment	-	-	-51	-50	-51	-50
Carrying amount	210	225	143	210	353	435
Balance at beginning of year	225	240	210	214	435	454
Investments	-	-	95	47	95	47
Sales and disposals	-	-	-118	-	-118	-
Regular amortization for the year	-15	-15	-43	-48	-58	-63
Impairment for the year	-	-	-1	-2	-1	-2
Reclassifications	-	-	-	-1	-	-1
Carrying amount	210	225	143	210	353	435

The Korvbrödsbagarn brand is owned by Lantmännen ek för. This brand is of strategic importance and has an amortization period of 20 years in the Parent Company. It is classified as an asset with an indefinite useful life in the consolidated financial statements, and as such is not amortized.

Note 44 Property, plant and equipment

MSEK	Land ¹⁾		Buildings		Total land and buildings	
	2021	2020	2021	2020	2021	2020
Accumulated cost of acquisition	195	194	852	846	1,047	1,040
Accumulated depreciation	-65	-62	-626	-629	-691	-691
Accumulated impairment	-	-	-25	-25	-25	-25
Carrying amount	130	132	201	192	331	324
Balance at beginning of year	132	98	192	182	324	280
Sales and disposals	-1	-	-1	-	-2	-
Regular depreciation for the year	-4	-3	-12	-12	-16	-15
Reclassifications	3	37	22	22	25	59
Carrying amount	130	132	201	192	331	324

¹⁾ Including land improvements.

MSEK	Plant and machinery		Equipment, tools, fixtures & fittings		Construction in progress		Total other non-current assets	
	2021	2020	2021	2020	2021	2020	2021	2020
Accumulated cost of acquisition	3,325	3,216	502	498	129	120	631	618
Accumulated depreciation	-2,707	-2,642	-424	-422	-	-	-424	-422
Accumulated impairment	-134	-134	-19	-19	-	-	-19	-19
Carrying amount	484	440	59	57	129	120	188	177
Balance at beginning of year	440	333	57	41	120	158	177	199
Investments	-	-	-	-	170	231	170	231
Sales and disposals	-1	-	-1	-	-	-	-1	-
Regular depreciation for the year	-74	-72	-14	-10	-	-	-14	-10
Reclassifications	119	179	17	26	-161	-269	-144	-243
Carrying amount	484	440	59	57	129	120	188	177

Note 45 Investment property

MSEK	Land ¹⁾		Buildings		Total investment property	
	2021	2020	2021	2020	2021	2020
Accumulated cost of acquisition	8	9	28	30	36	39
Accumulated depreciation	-3	-3	-14	-16	-17	-19
Carrying amount	5	6	14	14	19	20
Balance at beginning of year	6	4	14	10	20	14
Regular depreciation for the year	-1	-	-	-	-1	-
Reclassifications	-	2	-	4	-	6
Carrying amount	5	6	14	14	19	20

¹⁾ Including land improvements.

Properties where less than 10 percent of the space is used for the Parent Company's own activities are classified as investment properties.

Changes in fair value

MSEK	2021	2020
Fair value at beginning of year	63	47
Sales and disposals	-1	-
Fair value changes	-	5
Reclassifications	-	11
Fair value at end of year	62	63

All investment properties have been valued according to hierarchy level 3, i.e. based on unobservable inputs and according to the methods described below.

Fair value has been determined on the basis of internal assessments. Property sales carried out during the year have also been reconciled.

The value has been estimated using the following measurement methods:

- In the majority of cases the market price method has been used, where sales of equivalent properties in the market are used to support the valuation.
- Net present value, using cash flow calculations, where the properties' future net operating income and estimated residual value have been calculated at the present value.
- In certain cases, net present value using the net capitalization method has been calculated, where a normalized figure for net operating income is seen in relation to a market-adjusted direct return requirement.

Investment properties' impact on income for the period

MSEK	2021	2020
Rental income	-	6
Direct costs, including costs for repair and maintenance	-	-
- Properties that generate rents	-2	-4
Net operating income	-2	2

Investment properties with a carrying amount of MSEK 9 are pledged as security for the Parent Company's borrowing. The estimated fair value is MSEK 26.

Note 46 Investments in Group companies

MSEK	2021	2020
Accumulated cost of acquisition	13,227	13,247
Accumulated write-ups	200	200
Accumulated impairment	-1,813	-1,769
Carrying amount	11,614	11,678
Balance at beginning of period	11,678	11,012
Acquisitions/shareholder contributions	11	693
Impairment for the year	-44	-
Divestments	-31	-27
Carrying amount	11,614	11,678

Acquisitions/shareholder contributions include shareholder contributions of MSEK 3 to Lantmännen BioAgri AB.

Impairment for the year is distributed as follows: Lantmännen Animalieinvest AB, MSEK 40, and Lantmännen Industrifastigheter i Bjuv AB, MSEK 4.

Divestments refer to the liquidation of Dirual AG in Switzerland.

The previous year's shareholder contributions were as follows: MSEK 350 to Lantmännen Cerealia AB, MSEK 37 to Lantmännen Finans AB and MSEK 300 to Lantmännen Maskin AB.

Note 46 continued

Parent Company and Group holdings of interests in Group companies, December 31, 2021

This overview comprises directly-held subsidiaries, as well as indirectly-held companies with revenues exceeding MSEK 200.

						2021
Company name			Number of			Carrying
<i>Shares and interests in Swedish subsidiaries</i>	Corporate ID no.	Domicile	participations	Share, %		amount, MSEK
Lantmännen Agroetanol AB	556028-0611	Norrköping	50,000	100.0		634
Lantmännen Agrovärme AB	556229-5666	Enköping	10,000	100.0		1
Lantmännen Animalieinvest AB	556951-0687	Stockholm	160,529	100.0		126
Lantmännen Aspen AB	556329-9519	Gothenburg	3,850	100.0		180
SAS Marline	382959039	Brières-les-Scellés	1,200	100.0		
Lantmännen BioAgri AB	556056-1283	Enköping	20,000	100.0		11
Lantmännen Cerealia AB	556017-2222	Malmö	200,000	100.0		1,012
Lantmännen Cerealia A/S	69120717	Vejlø	1	100.0		
JSC Lantmännen Axa	378537	Boryspil	1,265,212,746	100.0		
Lantmännen Energi AB	556118-3954	Stockholm	400	100.0		38
Lantmännen Fastigheter AB	556017-8443	Stockholm	3,000	100.0		34
Lantmännen Finans AB	556664-8118	Stockholm	2,000,000	100.0		287
Lantmännen Functional Foods AB	559199-5104	Stockholm	50,000	100.0		7
Lantmännen Industrifastigheter i Bjuv AB	556679-2353	Malmö	3,650	100.0		12
Lantmännen Kraft AB	556156-4039	Malmö	5,000	100.0		1
Lantmännen Maskin AB	556005-7639	Malmö	10,000	100.0		310
Lantmännen Medical AB	556530-9720	Stockholm	100	100.0		39
Lantmännen Reppe AB	556000-1538	Lidköping	25,000	100.0		28
Lantmännen Service AB	556831-3695	Stockholm	500	100.0		0
Lantmännen Seed AB	556001-5272	Svalöv	298,667	100.0		160
Lantmännen Oats AB	556813-6773	Stockholm	50,000	100.0		30
Lantmännen Unibake Holding AB	556992-5752	Stockholm	1,000	100.0		6,512
Lantmännen Schulstad A/S	10245613	Copenhagen	100,300	100.0		
Lantmännen Unibake Australia Pty Ltd.	ABN 42 082 982 483	Mordialloc	12	100.0		
Lantmännen Unibake Denmark A/S	29219354	Horsens	100,000	100.0		
Lantmännen Unibake Estonia AS	12140752	Tallinn	250	100.0		
Oy Lantmännen Unibake Ab Finland	1463476-8	Helsinki	100	100.0		
Lantmännen Unibake GmbH & Co KG	HRA 27086 HB	Bremen		100.0		
Lantmännen Unibake LLC	1045002352130	Egoryevsk		100.0		
Lantmännen Unibake Londerzeel NV	BE 0427655479	Londerzeel	4,250	100.0		
Lantmännen Unibake Mouscron	BE 0461.118.402	Moeskroen	18,000	100.0		
Lantmännen Unibake Norway AS	989135082	Langhus	3,405,694	100.0		
Lantmännen Unibake Poland Sp. z o.o.	KRS8038	Poznan	23,250	100.0		
Lantmännen Unibake Romania S.A.	J23/1395/2016	Pantelimon	120,908,920	100.0		
Lantmännen Unibake Sweden AB	556186-7796	Örebro	100,000	100.0		
Lantmännen Unibake UK Ltd	3358553	Milton Keynes	48,010,000	100.0		
Lantmännen Unibake USA, Inc	36-4034179	Chicago	50,000	100.0		
AS Leibur	10224864	Tallinn	740	100.0		
Swecon Baumaschinen GmbH	HRB 48780	Ratingen	1	100.0		
UAB Vilniaus daina	125374462	Vilnius	1,000	100.0		
Vaasan Oy	1098322-3	Helsinki	3,995,398	100.0		
Cgrain AB	556932-8023	Uppsala	67,391	77.8		19
DataVäxt AB	556733-2969	Grästorps	530	53.0		76
Dirual Försäkring AB	516406-1078	Stockholm	50	100.0		250
Grästuvan 1 AB	556067-3443	Malmö	1,000	100.0		0
Grästuvan 2 AB	556003-3192	Stockholm	440,000	100.0		61
Grästuvan 3 AB	556301-2771	Örebro	50,000	100.0		31
Gyllebo Gödning AB	556179-2911	Lidköping	2,000	66.7		0
Munlos AB	556066-1687	Kävlinge	1,000	100.0		0
Nötcenter Viken AB	556559-4503	Falköping	9,000	100.0		7
Rural Patent Svenska AB	556530-9654	Stockholm	100	100.0		0
Swecon Anläggningsmaskiner AB	556575-1137	Eskilstuna	500,000	100.0		402
Thermoseed Global AB	559071-9810	Uppsala	500	100.0		5
Åhus Stuveriintressenter AB	556039-8256	Åhus	6,003	50.0		0
<i>Shares and interests in foreign subsidiaries</i>						
Lantmännen Agro A/S	10095921	Nyborg	500	100.0		10
Lantmännen Agro Oy	2825061-8	Helsinki	250	100.0		200
Lantmännen Cerealia AS	910629085	Nesttun	17,968,129	100.0		222
Lantmännen Cerealia Oy	2725608-1	Helsinki	240,100	100.0		898
Lantmännen Fastigheter Naverland A/S	35530592	Glostrup	1,000,000	100.0		11
Total, Parent Company						11,614

Note 47 Inventories

MSEK	2021	2020
Raw materials and consumables	588	219
Products in progress	258	495
Finished goods	1,399	1,115
Merchandise	370	335
Advances to suppliers	83	82
Total	2,698	2,246

MSEK 32 (32) of the total value of inventories relates to goods measured at net realizable value.

Note 48 Trade receivables

MSEK	2021	2020
Age analysis of trade receivable incl. receivables from joint ventures/associates		
Receivables, not yet due	1,758	1,490
Receivables, past due		
≤ 30 days	90	83
31-60 days	28	29
61-90 days	1	7
> 90 days	25	41
Total	1,902	1,650
Allowance for expected credit losses	-31	-29
Total	1,871	1,621

Trade receivables include the financing service, which means that the credit period may be extended by up to 11 months.

MSEK	2021	2020
Allowance for expected credit losses		
Allowance at beginning of year	-29	-27
New allowance for expected losses	-13	-8
Utilization of allowance for established losses	3	2
Reversal of provisions no longer required	8	4
Allowance at end of year	-31	-29

For information about credit quality of trade receivables, see [note 24](#).

Note 49 Prepayments and accrued income

MSEK	2021	2020
Prepaid expenses	129	97
Accrued bonuses and discounts	35	18
Other accrued income	47	60
Total	211	175

Note 50 Equity

The Board of Directors of Lantmännen ek för proposes that the Parent Company's unappropriated earnings of TSEK 9,055,284 be allocated as follows:

TSEK	2021 ¹⁾	2020 ²⁾
Refund and supplementary payment	341,239	305,121
Contribution dividend	362,444	290,657
Contribution issue	296,500	306,003
Dividend on subordinated debentures	18,125	17,082
Carried forward	8,036,976	7,438,407
Total	9,055,284	8,357,270

¹⁾ Proposed distribution of profits

²⁾ Outcome.

Note 51 Other appropriations and untaxed reserves

MSEK	2021	2020
Untaxed reserves		
Accelerated accumulated depreciation/amortization		
- Intangible assets	239	250
- Machinery and equipment	312	312
Total	551	562
Other appropriations		
Change in intangible assets for the year	11	-47
Change in property, plant and equipment for the year	-	-48
Total	11	-95

Note 52 Provisions for pensions

All of the Parent Company's defined benefit pension obligations are governed by the Pension Obligations Vesting Act (Tryggandelagen).

Lantmännen ek för's defined benefit pension obligations have been secured by assets in Lantmännens Gemensamma Pensionsstiftelse Grodden since 2011.

As these pension obligations are secured through a fund, which is completely outside Lantmännen Group, the obligation is offset against Lantmännen ek för's share of the market value of the fund's assets. The fair value measurement of the fund's assets is conducted by external valuers.

The pension liability recognized in the statement of financial position is as follows:

MSEK	2021	2020
Value of pension obligations under fully funded pension plans	868	890
Fair value of Lantmännen ek för's share of pension fund	-868	-890
Net obligation	0	0
Other unfunded pension plans	1	1
Total	1	1

Note 52 continued

Specification of changes in recognized pension liability during the year:

MSEK	2021	2020
Liability at beginning of year	1	1
Pension costs for the year	63	64
Pension payments	-63	-64
Liability at end of year	1	1

The calculation of pension obligations under funded pension plans was carried out by PRI Pensionsgaranti according to their own adopted actuarial assumptions.

Specification of pension-related costs for the period:

MSEK	2021	2020
<i>Book reserve pensions</i>		
Current service cost	6	18
Interest expenses	58	47
	64	65
Compensation received	-64	-65
Total book reserve pension costs	0	0
<i>Pension through insurance</i>		
Insurance premiums	71	66
Net pension costs for the year, excluding taxes	71	66

MSEK	2021	2020
Pensions costs recognized as employee benefits expense in operating income	13	19
Pensions costs recognized as interest expense in net financial items	58	47
Total	71	66

Fair value of Lantmännen ek för's share of the pension fund's assets:

MSEK	2021	2020
Property	591	545
Fixed-interest investments	192	213
Equity investments	447	369
Alternative investments	138	120
Cash and cash equivalents	7	14
Total	1,375	1,261

The difference between the value of Lantmännen ek för's share of assets in the fund and recognized pension obligations above, is attributable to over-consolidation in the fund. Under the current rules, pension liability is not recognized as an asset. Consequently, only assets equivalent to the value of the liability reduce debt. Over-consolidation at the end of the year was MSEK 507 (371).

Equity investments include subordinated debentures of MSEK 30 (29) in Lantmännen ek för.

Next year's projected payments under defined benefit pension plans amount to MSEK 62 (63).

Note 53 Other provisions

MSEK	Restructuring measures	Other	Total 2021	2020
Carrying amount at beginning of period	6	72	78	73
Provisions during the period	1	69	70	11
Amounts utilized during the period	-3	-6	-9	-6
Reversals during the period	-3	-	-3	-
Carrying amount at end of period	1	135	136	78

Provisions under the heading Other consist mainly of provisions of MSEK 61 (63) for silo closure. They also include a provision related to ongoing discussions with the Swedish Tax Agency regarding electricity tax and other provisions.

About 67 percent of the total provisions are expected to be utilized in 2022.

Note 54 Current interest-bearing liabilities

Current interest-bearing liabilities include savings liabilities to members of MSEK 1,765 (1,621).

Note 55 Accruals and deferred income

MSEK	2021	2020
Accrued personnel-related costs	169	165
Other accruals	247	243
Deferred income	1	8
Total	417	416

Note 56 Financial instruments

Financial assets and liabilities by measurement category, 12/31/2021	Financial assets/liabilities at amortized cost	Financial assets at fair value through OCI	Derivatives used in hedge accounting	Other derivatives	Total carrying amount	Fair value
MSEK						
Financial assets at fair value through OCI	-	256	-	-	256	256
Financial assets at amortized cost						
Non-current interest-bearing receivables from Group companies	7,351	-	-	-	7,351	7,351
Non-current interest-bearing receivables from joint ventures/associates	-	-	-	-	-	-
Other non-current interest-bearing receivables	5	-	89	4	98	98
Trade receivables	2,315	-	-	-	2,315	2,315
Current interest-bearing receivables from Group companies	2,262	-	-	-	2,262	2,262
Other current interest-bearing receivables	1	-	467	10	478	478
Short-term investments	-	-	-	-	-	-
Cash and bank balances	2,187	-	-	-	2,187	2,187
Total	14,121	256	556	14	14,691	14,691
Other financial liabilities						
Non-current interest-bearing liabilities	2,066	-	2	-	2,068	2,108
Interest-bearing securities	998	-	-	-	998	1,025
Current interest-bearing liabilities to Group companies	5,936	-	-	-	5,936	5,936
Other current interest-bearing liabilities	2,183	-	3	104	2,290	2,305
Total interest-bearing liabilities	11,183	-	5	104	11,292	11,374
Trade payables	3,321	-	-	-	3,321	3,321
Total	3,321	-	-	-	3,321	3,321

Derivatives are also reported under Other non-current and current liabilities (462).

Financial assets and liabilities by measurement category, 12/31/2020	Financial assets/liabilities at amortized cost	Financial assets at fair value through OCI	Derivatives used in hedge accounting	Other derivatives	Total carrying amount	Fair value
MSEK						
Financial assets at fair value through OCI	-	239	-	-	239	239
Financial assets at amortized cost						
Non-current interest-bearing receivables from Group companies	4,114	-	-	-	4,114	4,114
Other non-current interest-bearing receivables	7	-	19	-	26	26
Trade receivables	2,033	-	-	-	2,033	2,033
Current interest-bearing receivables from Group companies	5,757	-	-	-	5,757	5,757
Other current interest-bearing receivables	-	-	182	140	322	322
Cash and bank balances	485	-	-	-	485	485
Total	12,396	-	201	140	12,737	12,737
Other financial liabilities						
Non-current interest-bearing liabilities	3,055	-	6	2	3,063	3,145
Current interest-bearing liabilities to Group companies	5,056	-	-	-	5,056	5,056
Other current interest-bearing liabilities	1,625	-	3	17	1,645	1,654
Total interest-bearing liabilities	9,736	-	9	19	9,764	11,126
Trade payables	2,882	-	-	-	2,882	2,882
Total	2,882	-	-	-	2,882	2,882

Derivatives are also reported under Accruals and deferred income (30), Prepayments and accrued income (46) and Other non-current and current liabilities (235).

Note 56 continued

Interest-bearing liabilities, MSEK	2021	2020
Balance at beginning of year	9,764	12,429
Cash flow	3,646	-2,511
Other	-2,118	-154
Carrying amount	11,292	9,764

Note 24 also contains other information about the Parent Company's financial instruments.

Note 57 Pledged assets and contingent liabilities

Pledged assets MSEK	For own financial liabilities	Other commitments	Total pledged assets	
			2021	2020
Real estate mortgages	221	-	221	444
Bank accounts	-	76	76	77
Total	221	76	297	521

Contingent liabilities MSEK	2021	2020
Guarantees for joint ventures	653	539
Other contingent liabilities	29	29
Total	2,314	2,291

Statement pursuant to Chapter 13, Section 6, of the Swedish Economic Associations Act (2018:672)

Following the Board's proposed appropriation of profit of TSEK 1,018, as presented in note 50 on page 127, the Board hereby issues the following statement pursuant to Chapter 13, Section 6, of the Economic Associations Act (2018:672).

The Board finds that there is full coverage for the association's restricted equity, in accordance with Chapter 12, Section 3 (1), of the Economic Associations Act, after the proposed dividend.

It is the Board's assessment that the proposed dividend is justifiable in view of the requirements that the nature, scope and risks of the operations place on the size of the association's and the Group's equity.

The Board has considered, among other things, the association's and the Group's historical and planned development, and the economic situation. The Board's proposal is based on the dividend policy adopted on October 4, 2021, with a minor adjustment to allow for the refund and supplementary payment in the agriculture operations.

The Board has examined the association's and the Group's financial situation and, after closer consideration, concludes that a distribution of profits is justifiable in view of the precautionary principle in Chapter 12, Section 4 (2) and (3), of the Economic Associations Act.

The assessment is that, after the adopted and proposed dividend, the association's and the Group's equity ratio is also expected to be good in relation to the industry in which the Group is active. It

is also the assessment that, after the dividend, the association and the Group will have satisfactory liquidity, and consolidation requirements that may be considered satisfied. The dividend will not affect the association's and the Group's ability to discharge their payment obligations in the short or long term. Nor will the adopted the proposed dividend affect the association's and the Group's ability to make any necessary investments.

Following an overall assessment of the association's and the Group's financial circumstances, the Board considers that there is nothing to preclude the distribution of a dividend.

The Board of Directors 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 Group, the Parent Company and companies belonging to the Group.

Stockholm, February 23, 2022

Per Lindahl
Chairman

Hans Wallemyr
Vice Chairman

Gunilla Aschan
Board Member

Jenny Bengtsson
Board Member

Sonat Burman-Olsson
Board Member

Johan Bygge
Board Member

Jan Ehrensward
Board Member

Henrik Wahlberg
Board Member

Per Wijkander
Board Member

Tommy Brunsärn
Board Member
Employee representative

Pär-Johan Löf
Board Member
Employee representative

Tomas Welander
Board Member
Employee representative

Per Olof Nyman
President & CEO

Our audit report was submitted on February 23, 2022

Ernst & Young AB

Anders Kriström
Authorized Public Accountant

Maude Fyrenius
Member Representative Auditor

Kristina Glantz Nilsson
Member Representative Auditor

Jimmy Grinsvall
Member Representative Auditor

The annual financial statements for the Group and Parent Company will be presented for adoption at the Annual General Meeting on May 05, 2022.

Audit Report

This is the translation of the auditor's report in Swedish.

To the annual general meeting of Lantmännen ek för, Corporate identity number 769605-2856

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Lantmännen ekonomisk förening for the year 2021. The annual accounts and consolidated accounts of the association are included in this document on pages 59-131.

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 association as of December 31, 2021 and its financial performance and cash flows 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 December 31, 2021 and its financial performance and cash flows 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 annual general meeting adopt the income statement and balance sheet for the parent association and the Group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report submitted to the parent association's audit committee in accordance with Article 11 of Regulation (EU) No. 537/2014 on the Statutory Audit of Public-Interest Entities.

Basis for opinion

We conducted the 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 association 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 no prohibited services listed in article 5.1 of Regulation (EU) No. 537/2014 on the Statutory Audit of Public-Interest Entities have been provided to the audited association, or where applicable, to its parent association and to its controlled companies within the European Union.

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

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of the annual accounts and consolidated accounts as a whole, and in

forming our opinion thereon, but we do not provide a separate opinion on these matters.

The description below of how the audit was conducted with regard to these matters should be read in this context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. This resulted in audit procedures designed to take into account our assessment of the risk of material misstatements in the annual accounts and consolidated accounts. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of goodwill and other intangible assets with indefinite useful lives

The value of goodwill and other intangible assets with indefinite useful lives was MSEK 7,256 as of December 31, 2021, corresponding to 17 percent of the Group's assets. The association conducts impairment testing annually and also in cases where an indication of impairment has been identified. The recoverable amount of each cash-generating unit is determined as the value in use, which is calculated based on the discounted present value of future cash flows. Key assumptions used in these calculations include future growth, gross profit and the discount rate applied. Impairment testing is a particularly important area, as the process is inherently based on estimates, particularly estimates concerning how the Group's operations will be affected by the market's future development and other economic events, and as the underlying calculations are complex.

In our audit, we evaluated and reviewed the key assumptions, the application of measurement theory, the valuation model used, the discount rate and other source data used by the association. For example, we have compared these with external data sources, such as expected inflation or future market growth, and assessed the sensitivity of the association's valuation model. We have used our valuation specialists in this process. We have focused particularly on the sensitivity of the calculations and have made an assessment of whether there is a risk that a reasonably likely course of events could give rise to a situation where the recoverable amount would be lower than the carrying amount. We have also assessed the association's historical forecasting ability. Finally, we have assessed the appropriateness of the information provided in note 7 (Depreciation, amortization and impairment of assets) and note 15 (Intangible assets) in the Group's notes, in particular regarding the information about which of the stated assumptions are most sensitive when calculating value in use.

Valuation of inventories

Inventories represent a significant part of total assets. The value of inventories, after necessary reserves for obsolescence etc., was MSEK 6,610 as of December 31, 2021, corresponding to 15 percent of the Group's assets. The association's inventories are reported

at the lower of cost and net realizable value. Net realizable value reflects estimated write-offs of obsolete products, older items, stock surplus and costs to sell. The association's areas of business that hold inventories are spread among four different Sectors/Business Areas with different operations and conditions. Overall, this means that the valuation of inventories represents a particularly significant area of the audit.

We carried out examinations of the costs of different parts of the inventories, from components to finished goods. The examination also included an age analysis and inventory turnover analysis for each product area, and an analysis of obsolete goods. We conducted an analytical examination of changes in the value of inventories, including changes in reserves for internal profits. We also examined whether the association has made appropriate disclosures in note 19 (Inventories) regarding the valuation of inventories.

Fines for infringement of competition law

The association and its subsidiary Lantmännen Agroetanol have been under investigation by the European Commission for alleged infringement of competition law in the European ethanol market. The European Commission's sanctions against companies that violate current competition laws normally take the form of fines.

The association's overall assessment of the size of a possible fine is MSEK 500. A provision for this amount has been recognized in the association as of December 31, 2021. See also note 26 (Provisions). This is a particularly important area of the audit with regard to the relative size of the amount, combined with the uncertainty about the estimates and assumptions underlying the provision amount.

Our audit procedures have involved examining the viewpoints and analyses made by the association's internal and external lawyers based on the European Commission's ongoing investigation, in order to assess whether the association's conclusions regarding the provision for the fine amount are consistent with the rules of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and assessing the suitability of the disclosures provided in note 26 Provisions.

Information other than the annual accounts and consolidated accounts

This document also contains information other than the annual accounts and consolidated accounts, which is presented on pages 1-58 and 136-185. The Board of Directors and the 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 appears to be materially misstated.

If, based on the work performed concerning this information, we 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 the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and for ensuring 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 the Managing Director 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 the Managing Director are responsible for the assessment of the association's ability to continue as a going concern. They disclose, as applicable, matters related to the going concern and use of the going concern basis of accounting. The going concern basis of accounting is, however, not applied if the Board of Directors and the Managing Director intend to liquidate the association, cease operations, or have no realistic alternative but to do so.

The Board's Audit Committee shall, without prejudice to the Board's responsibilities and tasks in general, among other things, oversee the association's financial reporting process.

Auditor's responsibility

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 made on the basis of these annual accounts and consolidated accounts. The elected auditors conducted the audit in accordance with generally accepted standards for elected auditors in Sweden.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of the Company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- draw a conclusion on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause a company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform them of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks of material misstatement, and these are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

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 the Managing Director of Lantmännen ekonomisk förening for the financial year 2021 and the proposed appropriations of the association's profit or loss.

We recommend to the annual general meeting 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 the 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 in this are further described in the Auditor's Responsibilities section. We are independent of the parent association 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 is responsible for the proposed appropriations of the parent association's profit or loss. Proposing a dividend includes an assessment of whether the dividend is justifiable considering the requirements that the nature, scope and risks of the parent association's and the Group's operations place on the size of the parent association's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the association's organization and the administration of its affairs. This includes, among other things, continuous assessment of the association's and the Group's financial situation and ensuring that the association's organization is designed so that accounting, management of assets and the association's financial affairs are otherwise 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, shall take measures that are necessary to fulfill the association's accounting in accordance with law and to conduct the management of assets in a reassuring manner.

Auditor's responsibility

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 or the Managing Director in any material respect has:

- undertaken any action or been guilty of any omission which could give rise to liability to the association; or
- in any other way acted in contravention of the Economic Associations Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the association's profit or loss, and thereby our opinion about this, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Economic Associations 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 association, or that the proposed appropriations of the association's profit or loss are not in accordance with the Economic Associations Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the association's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment, with the starting point in risk and

materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the association's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the association's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Economic Associations Act.

Ernst & Young AB, Box 7850, 103 99 Stockholm, was appointed Lantmännen ekonomisk förening's auditor at the Annual General Meeting on May 1, 2021 and has been the association's auditor since 2006.

Stockholm, February 23, 2022

Ernst & Young AB

Anders Kriström
Authorized Public Accountant

Kristina Glantz Nilsson
Member Representative Auditor

Maude Fyrenius
Member Representative Auditor

Jimmy Grinsvall
Member Representative Auditor

Description of financial performance measures

Key figure	Description	Reason for use
Adjusted income	Adjusted income is income net of items affecting comparability.	An adjustment to exclude items affecting comparability.
Average equity/operating capital	Average capital is computed on the closing balance of each month in the accounting period, i.e. twelve periods for the full year. All average capital ratios are calculated in this way.	Ensures accurate calculation of return on equity and operating capital.
Capital turnover rate	Net sales divided by average operating capital.	Shows the efficiency of the use of operating capital.
Cash flow from operating activities	Net income for the period adjusted for items that are not cash inflows or outflows but accounting costs, such as depreciation and capital gains/losses. Adjustments are also made for financial items and income taxes paid, and changes in inventories, operating receivables and operating liabilities.	Shows cash flow from operations that can be used for investments and acquisitions.
EBITDA according to bank definition	Operating income, excluding income from associates, and excluding depreciation, amortization and impairment. Operating income is also adjusted for acquired and divested companies, and refers to the last 12 months.	To calculate the key ratio Net debt according to bank definition/EBITDA according to bank definition.
Equity ratio	Equity divided by total assets.	Shows the proportion of the assets that are financed by the owners.
Interest coverage ratio	Interest coverage ratio is calculated as income after financial items plus interest expenses divided by interest expenses.	Shows the ability to cover interest expenses.
Investments in non-current assets	Total of the period's investments in property, plant & equipment and intangible assets, excluding right-of-use assets.	The size of the investments made to maintain existing capacity and to achieve expansion and growth.
Items affecting comparability	The Group's income can be inflated or reduced by certain items that affect comparability. These are one-time items not directly related to the planned future operations and outside the range of MSEK +/-30.	Accounting for items that have been adjusted due to specific events that otherwise affect comparability between different periods. Provides a better understanding of the operating activities.
Liquidity reserve	Cash and cash equivalents and loans granted under the provisions in the existing loan agreements.	Shows the available borrowing capacity based on the current loan agreements.
Net debt	Net debt comprises interest-bearing liabilities, including pension liabilities and accrued interest, less financial assets.	Shows the net of interest-bearing assets and interest-bearing liabilities.
Net debt/equity ratio	Net debt divided by equity.	Shows financial risk and is therefore used to view the level of debt funding.
Net debt according to bank definition	Net debt according to bank definition is based on net debt, but it is calculated as the effect of no financial assets being included, except cash and cash equivalents and certain listed (liquid) shares, and less subordinated debentures.	To calculate the key ratio Net debt according to bank definition/EBITDA according to bank definition.
Net debt according to bank definition/EBITDA according to bank definition	Net debt according to bank definition divided by EBITDA according to bank definition.	Indicates how fast a company can repay its debt (expressed in years).
Net financial income	Net financial income is finance income less finance costs.	Shows the net result of the company's financial operations.
Operating capital	Operating capital is calculated as non-interest-bearing assets minus non-interest-bearing liabilities. Tax assets and tax liabilities are not included in operating capital's assets and liabilities.	Shows how much capital is used in the operations.
Operating income	Operating income consists of net sales and other operating income less operating expenses.	Shows the result of operating activities.
Operating margin	The operating margin is operating income as a percentage of net sales for the period.	Shows operating income as a percentage of net sales in operating activities.
Return on equity	Return on equity is calculated as annualized net income for the period divided by average equity.	Shows owners the return on their invested capital.
Return on operating capital	Return on operating capital is calculated as annualized operating income for the period divided by average operating capital.	Measures the return on the capital used in the business.

Sustainability Report

President's overview

Lantmännen's operations are based on the land and farming, making the ecosystem a fundamental part of our business. We work with a continuous focus on sustainability issues, and responsibility and sustainability are key components of Lantmännen's long-term strategy.

Lantmännen has supported the Global Compact's principles for responsible business since 2009. We also support the UN Agenda 2030 and can contribute to several of the Global Goals through our focus on sustainable business development.

A key success factor is that our employees enjoy their work and are developed within Lantmännen. We work consistently to improve leadership, health and safety at all our workplaces and have defined Group targets for employee engagement and injury rate reduction.

Lantmännen has long been a driving force in the transition towards sustainable food and bioenergy systems, and works with long-term climate targets for primary production and increased resource efficiency in Swedish agriculture. Since 2009, we have defined ambitious targets to reduce the climate impact of our own production: the previous target was achieved in 2020, and new climate targets for 2030 were set in 2021. The overall goal is to reduce climate emissions in line with the Paris Agreement.

In April, we received a clear sign of the market's confidence in our sustainability work, when we issued our first green bond. Investor interest was high and an external reviewer gave us a very positive rating.

The *Farming of the Future* report, published in 2019, shows how cultivation can reduce its environmental and climate impact, while increasing production. The report was followed up in 2021 with a long-term vision for beef and dairy production of the future, presenting potential areas for increased productivity while maintaining high animal welfare standards, reduced climate impact and promotion of biodiversity. Achieving this requires collaboration, market demand, political will and drive, as well as investment in research.

Lantmännen is working in close cooperation with our members and other stakeholders to commercialize sustainable added values. The Climate & Nature cultivation program is continuously updated to improve climate and environmental performance, and more farmers are being contracted for cultivation. The program has also been taken to Finland and more countries are showing interest. The product range has increased, and more customers and consumers can choose grain products with 30 percent lower climate impact and positive effects on biodiversity. Fossil-free plant nutrients will be included in the program in the future, which means we are creating a fossil-free food value chain.

Stockholm, February 2022

Per Olof Nyman
President & CEO, Lantmännen



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Introduction

Lantmännen's sustainability report describes our sustainability work throughout the value chain, which includes plant breeding, agri-supply, cultivation, raw materials purchasing and processing, sales and consumption of the products we offer. The Board issues the Sustainability Report and the statutory sustainability report.

Reporting framework and communication for initiatives

Lantmännen reports according to the GRI (Global Reporting Initiative) Standards, Core option, including the Food Processing sector supplement. Learn more about GRI at [➔ globalreporting.org](https://globalreporting.org)

Lantmännen supports the recommendations for voluntary disclosures of climate-related risks and opportunities from a financial perspective, the Task Force on Climate-related Financial Disclosures. In view of developments in the climate area, the EU Taxonomy Regulation, upcoming changes to the statutory sustainability report and a new version of GRI, Lantmännen has decided against including additional reporting frameworks at this stage. For reporting in accordance with the Taxonomy Regulation, see [➔](#) pages 180-181.

In 2009, Lantmännen signed the Global Compact, the UN initiative for responsible business, which involves a commitment to implement the Global Compact's ten principles for responsible business. The Global Compact also requires annual disclosure of progress and performance in the form of a Communication on Progress. Lantmännen's Annual Report with Sustainability Report is structured in such a way as to meet the requirements. The GRI Index on [➔](#) pages 156-159 contains references to how we work with the principles. Learn more about the Global Compact at [➔ unglobalcompact.org](https://unglobalcompact.org)

Lantmännen supports Agenda 2030 and the UN Global Goals, and has analyzed what they mean for Lantmännen's operations and businesses. Five of the goals are directly linked to Lantmännen's mission and business: Zero hunger, Affordable and clean energy, Responsible consumption and production, Climate action and Life on land. Several other of the goals are important for our impact and operations. The GRI Index on [➔](#) pages 156-159 contains page references to descriptions of our work on the Global Goals. More information can be found on our website [➔ lantmannen.com/sustainable-development](https://lantmannen.com/sustainable-development).

Membership of initiatives such as the Haga Initiative, RSPO and RTRS involves annual reporting in the particular area of commitment, such as emissions or purchases of palm oil or soy. Reporting is submitted directly to the organizations.

Sustainability reporting legislation

Reporting for all Group companies covered by the Swedish Annual Accounts Act's sustainability reporting requirements is contained in Lantmännen's Annual Report with Sustainability

Report. This reporting can be found on [➔](#) pages 22-23, 137-160 and 176-181. The auditor's report is on page 160.

External review of the Sustainability Report

Lantmännen's Sustainability Report for 2021 has undergone an external assurance procedure. Read the Assurance Report on [➔](#) page 160.

Contact information

Claes Johansson, Director Sustainable Development
+46 10 556 10 05, claes.johansson@lantmannen.com

Lantmännen's sustainable development work

Materiality analysis

Lantmännen places greatest focus on topics that are of importance to our stakeholders and where we can drive sustainable development through profitable business. The materiality analysis has been used to prioritize the most important issues, which have been developed for our focus areas, see [➔](#) the next page and page 23. The content of the Sustainability Report is based on the materiality analysis. The analysis is based on our long-term goal of being a leading player in the grain value chain from field to fork in northern Europe and the Field to Fork 2030 strategic focus, the UN Agenda 2030 with its Global Goals, Global Compact, external and market trends, and results from stakeholder dialogue. A review of the materiality analysis will be conducted in 2022.

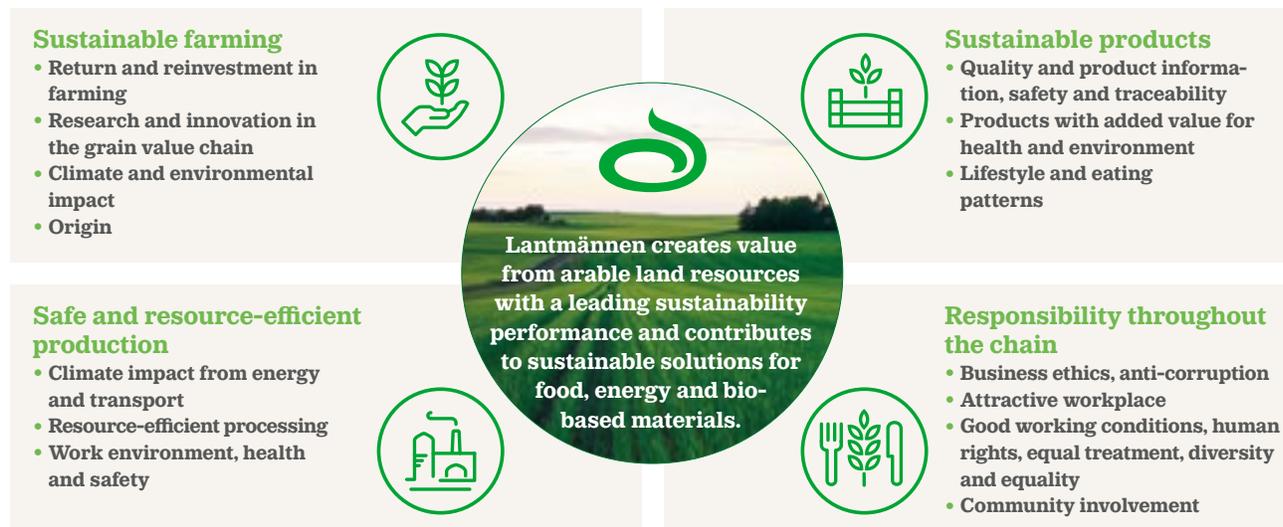
Lantmännen's ambition

The focus for sustainable development is to create value from arable land resources with a leading sustainability performance and contribute to sustainable solutions for food, energy and bio-based materials. To achieve the ambition, we must join with customers, suppliers and other business partners in developing sustainable cultivation methods, optimizing cultivation and its yields with minimal impact on people and the environment, utilizing side flows and switching to bio-based circular business.

The cooperative ownership model provides the right conditions for both a business focus and a long-term approach.

For good results we need focus and input. Lantmännen works in four areas encompassing our important responsibility issues throughout the value chain and where we manage

Focus areas and material responsibility issues



opportunities and challenges. We have also defined targets within the focus areas. See ➔ page 23.

The Sectors and Business Areas pursue their own specific sustainability issues. See “Key sustainability issues” on the sector and business area pages. For a materiality analysis see Sustainability Report 2019.

Organization and governance

Group-wide policies and governing documents

Lantmännen’s Code of Conduct applies to the entire operations, all employees, the Board and elected representatives. The Code of Conduct describes how Lantmännen must conduct itself and make decisions to take responsibility from an environmental, social and business ethics perspective. The Code also describes how we work for sustainable consumption and development with our products. All employees undergo training in the Code and the completion rate is monitored every four months. The Code of Conduct and training are available in 17 languages. The Code also provides guiding principles for Board members and elected representatives, and for Board members who represent Lantmännen in partly-owned enterprises.

Lantmännen’s Supplier Code of Conduct applies to all suppliers. Suppliers with an annual purchase volume over MSEK 1 or with high risk must be approved based on a self-assessment, which is followed up on a four-monthly basis. Learn more on ➔ pages 65 and 141.

For distributors, there is a special Distributor Code of Conduct and we work on implementation and defining procedures for monitoring.

In addition to the Code of Conduct, guidance in several areas can be found in policies, directives and guidelines. Read more under each special area in the sustainability report.

Organization, responsibility and monitoring

Lantmännen’s Board of Directors is ultimately responsible for responsibility and sustainability work. Responsibility and sustainable business development are a part of strategic business planning that is adopted and monitored in both Group management and the Board. Monitoring and analysis of business development is conducted at different levels and frequencies.

The Group’s CSR Committee, headed by the Executive Vice President, has overall responsibility for ensuring that the organization is able to implement and monitor the Code of Conduct and the areas covered by the Code. The CSR Committee consists of representatives from Group management and other managers responsible for areas in the Code of Conduct. The Committee meets four times a year.

Each business unit is responsible for systematic work on risk management and responsibility. Group management follows up responsibility issues with management of the businesses on a four-monthly basis by means of key figures for minimum responsibility requirements and in discussions with them in an annual sustainability business review.

Lantmännen’s work in the area of being a good and attractive employer is conducted by managers and Group management with the support of Group Human Resources. Learn more on ➔ pages 30 and 150.



Maria and Lars Nilsson check their third harvest of grass and alfalfa. It is important that the feed is sufficiently dried before being placed in round bales.

Lantmännen's business ethics compliance program includes compliance with competition and anti-corruption legislation. Regular risk assessments, communication, control and monitoring and training are carried out under the program.

Lantmännen also has a risk-based due diligence process for managing sustainability risks, with a particular focus on counterparty corruption. Lantmännen's Group Compliance function reports regularly to the Board and Group management on compliance, identified risks and the status of compliance work in the business ethics compliance program.

During acquisitions, areas contained in the Code of Conduct are included in the due diligence process and implementation of the Code is part of the integration of new businesses. Sustainability criteria are included in investment decisions from MSEK 10 upwards.

Businesses in the food value chain are monitored annually for quality and sustainability performance, including implementation of policy documents and specific commitments.

Compliance with the Code of Conduct is reviewed annually by Group management and the Board follows up devia-

tions from the Code. All employees can report any deviations from the Code through a whistleblower system or some other method of reporting.

Lantmännen strives for transparency towards its stakeholders.

Risk management

Lantmännen's businesses and operations have impacts throughout the value chain. With the impacts come risks of negative effects on people, the environment and/or society and therefore our business.

We identify and assess sustainability-related risks based on the Code of Conduct's areas and special issues. The risk assessment is part of Lantmännen's annual Group-wide Enterprise Risk Management process.

It is every business manager's responsibility to implement and monitor the risk work in the daily operations. Sustainable business development work is an answer to, and a part of, strategic and operational risk management.

Learn more about Lantmännen's risk management and risk analysis on [pages 177-179](#).

Economic topics

Return and reinvestment in farming plays a key part in Lantmännen's assignment and our mission to make farming thrive. By conducting responsible and profitable business, we can create value for our owners and suppliers and many other stakeholders in our value chain.

Economic performance

Management approach

Lantmännen's assignment is to contribute to the profitability of owners' farms and optimize the return on their capital in the association. The dividend policy and financial objectives and policies govern the work in this area. See [👉](#) pages 16-17 and 22.

Created and distributed economic value is not reported in accordance with GRI. See *Consolidated income statement* on [👉](#) page 69 and the *Dividend* table in note 50. These pages show the value of products and services sold, personnel expenses, dividends to owners, supplier purchases, other operating expenses and taxes.

Financial implications and other risks and opportunities due to climate change (GRI 201-2)

Climate-related risks and opportunities are described in the following sections: "*Strategy – Field to Fork 2030*", "*Sustainable business development*", "*Heading for climate neutrality*", "*Development of Farming of the Future*" and "*New climate targets*" in the *Board of Directors' Report* and "*Significant risks and risk management*".

Lantmännen's risk process has assessed the impact of climate change. Risk is assessed using defined assessment criteria, one of which is financial impacts. Climate change may have a significant impact on most of Lantmännen's businesses and the risk is identified in separate risk analyses for all businesses. In the Group's overall risk analysis, the potential impact is assessed as extreme. The probability is assessed as high. Learn more on [👉](#) page 177.

Sourcing

Management approach

Lantmännen's sourcing is governed by the sourcing policy. The evaluation and selection of suppliers is governed by the procurement process.

Lantmännen's Supplier Code of Conduct is one of several support tools for evaluating and selecting suppliers. The Code is signed by the supplier as part of the contractual process. To ensure compliance with the requirements, we monitor suppliers' performance through risk-based assessment.

Lantmännen has about 20,000 suppliers, 10,000 of whom are regular. About 2,000 of them account for 95 percent of

our purchase volume. A first step in the evaluation and selection of suppliers is to assess the risk of the supplier failing to comply with the Supplier Code of Conduct based on purchasing category and country. For suppliers with an annual purchase volume of more than MSEK 1 and high-risk suppliers (based on product category and country) with over SEK 300,000, the risks are followed up through self-assessment and/or third-party audit or other equivalent inspections. For suppliers in particularly risky markets, background checks in the form of due diligence are carried out.

Additional requirements apply to certain companies – e.g. suppliers of raw materials for food, special product categories such as palm oil or suppliers in high-risk countries. The requirements are monitored and reported based on Lantmännen's specific commitments and objectives.

In addition to requirements and supplier monitoring, we assess sustainability risks for materials, based on factors such as country of origin, cultivation and/or production methods. The assessment may be followed by an analysis providing a detailed description of the risks for our most important purchasing categories and which is used as a basis for risk management decisions such as audits, switching to other materials or suppliers, or specific measures such as certification. A governing document, the Directive Raw Materials, rejects deforestation and clarifies measures for raw materials with a deforestation risk.

Annual prioritization plans show which suppliers are to be audited. The Group's sourcing committee ensures that the audit is carried out and reports to Group management. Training is provided as required for relevant professional roles.

In 2022, sustainability criteria will be strengthened in the purchasing process to include, among other things, identifying suppliers with good climate or other sustainability performance.

Percentage of purchased volume from suppliers compliant with company's sourcing policy (G1-FP1)

Supplier Code of Conduct (SCoC) requirement

%	2021	2020	2019	2018	2017
Proportion of purchase volume (SEK)	92 %	95 %	92 %	92 %	90 %

The objective, which applies to all Lantmännen's purchases of goods and services, both direct (inputs) and indirect, is for all suppliers to have SCoC in their contract and for all suppliers with an annual purchase volume over MSEK 1 or high-risk suppliers over SEK 300,000 to be monitored by self-evaluation and/or a third-party audit. The outcome shows that 92 (95) percent have been monitored and approved, which is slightly below the target of 95 percent.

Since our supplier audit work began, 55 audits have been conducted, 5 (11) of which were in 2021. The aim is to further increase the work on audits. Since 2019, Lantmännen and other players have been engaged in the Responsible Shipping Initiative. This is a cross-industry cooperation that promotes responsible shipping transport through joint inspections and common standards, with audits being one of the important tools for improvement.

Percentage of purchased volume verified as being in accordance with credible, internationally recognized responsible production standards (GRI-FP2)

Lantmännen reports this indicator for two raw materials: soy as an ingredient in feed and palm oil based products as an ingredient in food and feed.

Soy as an ingredient in feed

Lantmännen continues its work to ensure responsibly produced soy for import as a feed raw material. The objective is 100 percent purchases of responsibly produced soy as defined by the Soy Dialogue. In 2021 the outcome was 100 percent and the total volume of purchased soy was 133,000 (127,100) tonnes. The volume is in line with previous years. For several years, Lantmännen has been working on alternative raw materials to soy, and synthetic amino acids have proved to be a success factor in reducing use of soy in feed while increasing feed efficiency.

The Soy Dialogue is a collaboration between participants in the Swedish food value chain – from feed companies, slaughterhouses, dairies, to retailers, industry associations and the WWF. Learn more about the Soy Dialogue at sojodialogen.se (in Swedish). Learn more about our work on the soy issue at lantmannen.com/sustainable-development

Learn more about RTRS, Round Table on Responsible Soy, at responsiblesoy.org.

Learn more about ProTerra at proterrafoundation.org

Palm oil as an ingredient in food

	2021	2020	2019	2018	2017
Purchased volumes of palm oil as an ingredient in food, tonnes	9,000	8,200	10,300	10,300	9,600
Proportion of RSPO-certified	100 %	100 %	100 %	100 %	100 %
of which RSPO Book & Claim	-	-	-	-	0.5 %
of which RSPO Mass Balance	3 %	3 %	2 %	1 %	0.5 %
of which RSPO Segregated ¹⁾	97 %	97 %	98 %	99 %	99 %

¹⁾ Segregated and traceable RSPO-certified palm oil.

Palm oil as an ingredient in feed

	2021	2020	2019	2018	2017
Palm kernel expeller as an ingredient in feed, tonnes	6,000	6,000	19,300	16,000	13,500

Our palm oil strategy is to ensure responsibly produced palm oil for the volumes we use in our food products. We achieve this by only purchasing RSPO-certified palm oil, which we have been doing since 2011. The target is a full transition to physically traceable certified palm oil, according to the certification level RSPO Segregated. For 2021, the outcome was 97 (97) percent. The transition is still to be completed for all volumes in the production of brands we produce for other players. We are also working to accelerate the market's transition together with companies in the industry and stakeholders.

For palm kernel expeller, a by-product of oil palm used in feed production and other areas, the market for certified raw materials is so far not as well developed. Lantmännen has set a target of 100 percent RSPO Book & Claim or Mass Balance for palm by-products by 2025. In parallel, Lantmännen engages in dialogue with other industry players to ensure responsible management of this flow and to replace the products with more sustainable alternatives. For some feed, Lantmännen can replace palm kernel expeller with Swedish raw materials such as bran in a cost-effective way. The result is more climate-smart and efficient feed. The volume of palm kernel expeller in 2021 was in line with the previous year. Learn more about our work on this area at lantmannen.com/sustainable-development

Learn more about the Roundtable on Responsible Soy at rspo.org

Anti-corruption

Management approach

Corruption affects people, the environment, organizations, companies and countries in negative ways. Lantmännen rejects all forms of corruption, bribery, money laundering and illegal competition. Business ethics is included as an area of Lantmännen's Code of Conduct. There are also special policies and a business ethics compliance program. Learn more in the Board of Directors' report on [pages 64-65](#).

Annual risk assessments are conducted based on, among other things, available and independent international risk indexes, and the analysis is reported to Lantmännen's Management and Board. The analysis shows that the majority of Lantmännen's businesses operate in industries and countries with a relatively low risk of corruption. However, there is risk exposure, particularly in the agriculture and food businesses, through direct operations in high and medium-risk countries (e.g. Russia, Ukraine and Baltic countries), in risk sectors and through counterparties operating in high and medium-risk countries. There are some risks associated with competition law, as several of Lantmännen's businesses operate in



markets that involve contact with competitors. Lantmännen adjusts its risk management to the assessed risk exposure.

For key personnel and employees in leading and/or particularly vulnerable positions, Lantmännen also has requirements for in-depth business ethics training. The in-depth training consists of anti-corruption and competition law e-learning and is provided on commencement of employment and then updated at two-year intervals.

For distributors, there is a special Distributor Code of Conduct that communicates Lantmännen's expectations of these parties.

Communication and training about anti-corruption policies and procedures (GRI 205-2)

89 (70) percent of Lantmännen's employees have completed training in Lantmännen's Code of Conduct, which is below the target of 95 percent. See table. The results for completion of Code of Conduct training have been affected by the coronavirus pandemic, which has limited the opportunities to complete the training for those with no access to Lantmännen's platform for e-learning. In 2020, a new training program was introduced, to be completed by all employees.

In 2021, the business ethics training target group completed

their training in accordance with the procedure. The total completion rate (new employees and updated training) was 94 (95) percent.

Confirmed incidents of corruption and actions taken (GRI 205-3)

A total of 22 (13) reports from five countries were recorded through the whistleblowing system in 2021. 3 (1) of the cases concerned suspected corruption. After the investigation, the suspected corruption turned out to be unfounded. All cases coming in through the whistleblowing system were dealt with by Lantmännen's Whistleblowing Committee and investigations have been made in all cases. After the Whistleblowing Committee's comments, a number of reports have resulted in redeployment, development of culture and leadership, investigation of conflict of interest, monitoring of supplier agreements and clarification of guidelines.

Systematic follow-up of compliance with the anti-corruption policy is conducted through screening, analyses and internal control systems, and annual company questionnaires on issues such as the occurrence of corruption incidents. All 67 (all 67) companies answered the questions in 2021. During the year, Lantmännen had 0 (0) confirmed corruption incidents.

Number and percentage of employees having completed training in the Code of Conduct

	2021		2020		2019		2018		2017	
	Number	%	Number	%	Number	%	Number	%	Number	%
Nordic countries	5,531	94 %	4,268	72 %	5,325	90 %	5,404	92 %	5,580	87 %
Rest of Europe ²⁾	3,080	83 %	2,417	66 %	3,042	84 %	3,317	88 %	2,909	75 %
Other countries ²⁾	90	54 %	70	46 %	407	95 %	179	98 %	163	88 %
Total	8,701	89 %	6,755	70 %¹⁾	8,775	88 %¹⁾	8,900	90 %	8,652	83 %

¹⁾ The target was raised from 90 percent to 95 percent from 2020.

²⁾ Ukraine was moved to the category Rest of Europe from 2020.

Environmental topics

Lantmännen is active in the grain which operates chain and is dependent on natural resources and well-functioning ecosystems. At the same time, we have an impact on the environment through our production and cultivation.

Management approach

We engage in systematic efforts to continuously improve operations and reduce our environmental impact. Our measures are based on the precautionary principle and life cycle thinking. Particularly important issues are energy consumption, emissions into the air, soil and water, impacts from transport, impacts on land and biodiversity in our operations, and through our purchasing in the supply chain. Lantmännen's Code of Conduct clarifies our approach, special policies and guidelines, while goals and strategies govern the focus of work.

Lantmännen's climate strategy is based on reducing emissions at the rate required by the Paris Agreement. This means halving emissions every decade to achieve climate neutrality by 2050. Lantmännen's climate target is divided into primary production, its own production and purchased transport. The targets focus on fossil-free production and transport, continuing energy efficiency and investments and measures to reduce the carbon footprint throughout the value chain. Learn more under Energy, Emissions to air on the following pages.

In 2019, a climate target for primary production was adopted, aimed at creating the conditions for sustainable primary production with halved carbon emissions every decade.

The climate target for Lantmännen's own production is to reduce carbon emissions by 50 percent by 2030, with 2019 as the base year. The target is to be achieved by phasing out fossil fuels, switching to green electricity and increasing energy efficiency. A sub-target is fossil-free own production in Sweden and Norway by 2025. For the other Nordic countries the target year is 2030 and for the rest of Europe 2040.

The target for reducing emissions from purchased transport is 50 percent by 2030. A sub-target is fossil-free transport and service vans in Sweden by 2030, to achieve fossil freedom in all markets by 2050.

In addition to climate mitigation targets, Lantmännen is working on measures to monitor and manage the impact of climate change on areas such as growing conditions and profitability in the grain value chain. Learn more on [pages 62 and 178](#).

At various stages of our production, waste and residual products arise. We are working on identifying and limiting waste, and increasing recycling for other uses, such as ethanol production and feed. Recycling waste products from the food industry for ethanol production creates profitable circular business that produces ethanol with a low carbon footprint.

We work on measurability of waste from our own food production to set goals.

Lantmännen has a guideline for packaging with guiding criteria for material selection. For certain risk raw materials such as wood, there are targets on origin and certified raw material approval. There is a specific plastic strategy, which is to improve the efficiency of plastic consumption, reduce the use of unnecessary plastic and create circular flows. Single-use plastics have been phased out. The annual target is to improve the efficiency of plastic consumption by 1 percent by reducing the thickness and size of plastic packaging. We ensure that materials can be recycled for increased circular flows, with a target of 100 percent recyclability by 2022.

We aim to replace virgin fossil-based plastic with recycled and renewable materials by 2030.

The Climate & Nature cultivation program is central to the rollout of Farming of the Future. We are working for increased volumes, more crops, a broader product range, more customer offerings and wider geographies. In parallel, the concept is being developed to include criteria that provide additional climate mitigation and biodiversity measures. The transformation of agriculture involves many other areas, such as production of non-chemically treated seed, biological crop protection, precision farming, testing of renewable fuels, plant breeding for future robust, productive varieties, and development and collaboration for inputs with lower climate and environmental impact.

Materials

Materials used by weight or volume (GRI 301-1)

Materials used, grain and flour

Thousand tonnes	2021	2020	2019	2018	2017
Total volume of weighed grain	2,422	2,758	2,261	1,819	2,720
Grain grown according to					
Climate & Nature	94 ¹⁾	61 ¹⁾	34	59	78
Organic grain	111	156	131	73	126
Grain grown according to Natur+	222	154	146	127	158
Purchased flour	374	363	374	395	430

¹⁾ Volume calculated from contracted hectares, 20,200 hectares, and average harvest per hectare.

The 2021 Swedish harvest had large variations, with significant local differences. Difficult growing conditions in spring reduced the sown acreage and dry weather with high temperatures in summer resulted in lower yields than normal.

Much of the organic acreage is located in areas that were severely affected by the challenges of the growing season, which resulted in a lower overall harvest for organic grain.

Lantmännen continues to invest in premium crops such as Natur+, which is free of stem-shortening agents and sludge and is Swedish-grown, and Climate & Nature, which reduces climate impact and promotes biodiversity. We are seeing increased customer and consumer demand for sustainable raw materials, which explains the increased volume for 2021 and 2020 from lower volumes in previous years. The criteria that create the environmental benefits of Climate & Nature are contracted per hectare and are not therefore dependent on harvest results. The cultivation program contains fixed criteria for climate reduction measures and for biodiversity, with some adaptation to customer-specific requirements. In 2020, Climate & Nature moved from traceability to mass balance for more efficient logistics and more resources to create environmental benefits. Read more about mass balance in [Reporting principles under Materials](#). Cultivation in 2021 resulted in a saving of 9,700 (6,400) tonnes of CO₂e compared with cultivation without climate measures. Biodiversity measures included 14,200 (9,400) skylark plots, and flower zones of 933,000 (695,000) m². Learn more on [pages 24-26](#).

Lantmännen is a major player in the organic value chain, from agri-supply, feed and grain to food. The organic grain market has generally been positive with a good price scenario and Lantmännen continues to work actively to create businesses that make a positive difference in this area. The organic feed market remains the strongest driver for organic grain and pulses. Our position also enables us to take advantage of export opportunities for organic grain when they arise. In Lantmännen's consumer-facing categories, organic is not a large proportion of the market. Lantmännen's Bjertorp Farm of the Future is investing in organic development by means of demonstration organic farming. For continuing development of organic production, it is important to follow market demand and adapt production. The challenge is to deal with the rapid fluctuations in the market using the time frames that are needed to restructure agricultural production.

More information on our grain concepts can be found at lantmannenlantbruk.com

For soy and palm oil, see under Sourcing [page 142](#).

Packaging materials

Targets for risk raw materials for packaging and for Lantmännen's plastic strategy are monitored internally. A number of measures to reduce plastic use were implemented in 2021 and we achieved the efficiency improvement target of 1 percent for plastic consumption.

The majority of packaging has been replaced with recyclable solutions. For the Agriculture Sector's operations, the transition to recyclable plastic, e.g. for bales, has reached the target of 100 percent.

The phase-out of single-use plastics for food consumption has been completed for the essential production facilities and offices. The pandemic has complicated both work and follow-up in this area, and the target will be evaluated in 2022.

Energy

Energy consumption within the organization (divided into renewable and non-renewable energy sources) (GRI 302-1)

Energy demand has increased slightly, by 1.5 percent, as a result of the increase in sales. The proportion of renewable energy has increased to 81 (79) percent, driven by district heating production investing in renewable fuel plants. It was also affected by the fact that purchased electricity and heat had a higher renewable proportion. The distribution between energy types varies according to harvest conditions and is within previous years' levels. Energy efficiency work is in progress in the businesses, with a target of 3 percent per year. Further work is needed to find alternatives



Energy consumption

Energy consumption, producing facilities	2021		2020		2019		2018		2017	
	TJ	GWh								
Non-renewable fuels ¹⁾	1,039	289	1,039	289	1,126	313	1,119	311	1,326	368
of which oil	50	14	64	18	61	17	60	17	140	39
of which natural gas	913	254	913	254	976	271	974	271	1,069	297
of which LPG	77	21	61	17	88	25	84	23	117	32
Renewable fuels ¹⁾	868	241	807	224	813	226	778	216	686	191
Indirect energy	4,405	1,224	4,378	1,216	4,512	1,253	4,068	1,130	4,310	1,197
of which district heating	2,361	656	2,358	655	2,410	669	2,092	581	2,343	651
of which renewable	2,311	642	2,200	611	2,157	599	1,873	520	2,060	572
of which electricity	2,044	568	2,022	561	2,102	584	1,976	549	1,967	546
of which renewable	1,957	543	1,929	536	1,981	550	1,729	480	1,683	468
of which sold electricity and heating	501	139	508	141	539	150	476	132	436	121
Total net energy ²⁾	6,312	1,753	6,224	1,729	6,451	1,792	5,965	1,657	6,322	1,756

¹⁾ Adjustment of 2019 and 2020 after split between renewable and non-renewable share in each fuel.

²⁾ Minor adjustment of 2020 and 2019 net energy.

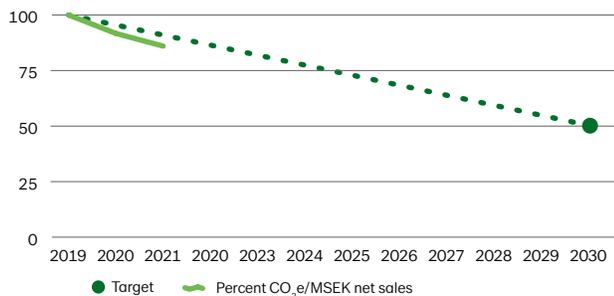
to natural gas in the bakery ovens and establish a long-term fossil phase-out plan. Adjustment for biofuel share in vehicle fuels changes information from 2020.

Emissions to air

Direct (Scope 1) GHG emissions, Energy indirect (Scope 2) GHG emissions and Other indirect (Scope 3) GHG emissions (GRI 305-1, 305-2 and 305-3)

Greenhouse gas emissions intensity: Carbon dioxide emissions in relation to sales (GRI 305-4)

Percent CO₂e/MSEK net sales relative to base year 2019



Climate emissions from own production in relation to sales have reduced by 14 percent from the base year 2019. For 2021, Lantmännen Maskin, Swecon and Fastigheter are not included. The key figure will be expanded with more business units included from 2022.

GHG emissions, scope 1, 2 and 3

CO ₂ e emissions, thousand tonnes	2021	2020	2019	2018	2017
Scope 1 (Fuel incl. own transport)	61.4	61.4	66.6	66.3	79.9
Scope 2 (Electricity and heating)	32.8	33.5 ¹⁾	45.5 ¹⁾	57.8	73.4
Scope 3 (Production (LCI) of electr. and fuel, transport/travel)	27.4	26.7 ¹⁾	27.3 ¹⁾	26.9	30.4
Scope 3 (Purchased freight transport) ²⁾	113	96	120	120 ³⁾	119
Scope 3 (Business travel) ²⁾	4.5	3.2	6.7	7.3	2.7
Total, including origin-labeled (market-based)	239	220¹⁾	267¹⁾	278²⁾	306
Total, excluding origin-labeled (location-based)	310	291¹⁾	339¹⁾	-	-

¹⁾ Adjustment for updated emission factors for parts of the energy mix from 2019, e.g. inclusion of distribution losses in electricity grids.

²⁾ Some included information relates to November–November, rolling 12 months.

³⁾ Adjustment from 2018 figure.

For boundaries, see [👉 Reporting principles](#).

The Group works to reduce carbon dioxide emissions from energy and its own transport. The previous target of –40 percent for the period 2009–2020 was achieved in 2015. Lantmännen therefore set a target for a further 40 percent reduction in emissions from its own production by 2020, with 2015 as the base year. 2020 was the end year for the previous climate target. Over the period, emissions in relation to sales



fell by 71 percent and by 62 percent in absolute figures, well in line with the reduction rate needed to reach the Paris Agreement, see Carbon Law on [👉 page 184](#). New long-term climate targets for own production and for transport mean that the level of ambition is to continue the Paris Agreement reduction rate towards 2030. Learn more on [👉 pages 25 and 144](#).

Climate emissions from own production in absolute figures are at the same level as in 2020, despite an increase in sales. This is due to a number of factors, such as an increased share of renewable fuels and energy efficiency in the Group. Just over half of the total emissions come from use of natural gas in the bakery operations. This year's harvest was lower but had some need for drying. The feed business developed positively with increased volumes, but at the same time Lantmännen Lantbruk reduced its climate impact. Lantmännen Agroetanol has a contract for renewable biogas, but with supply problems late in the year it was temporarily replaced by fossil LPG. For emissions by Sector and Business Area, see the Annual Report from page [👉 35](#) onwards.

Lantmännen's target is to reduce climate emissions from purchased transport by 50 percent in relation to net sales by 2030. We are working towards improved Group-wide processes and methods for collecting and calculating emissions. Outcomes in relation to sales will be reported in 2022. Learn more on [👉 page 156](#). In absolute figures, emissions have increased from 2020, which was more affected early on in the pandemic. Emissions are back to previous years' levels,

mainly due to increased sales. There has been a decline in biofuels because of a lack of HVO availability. The proportion of biofuels for transport in Sweden was 45 (60) percent, partly due to the Agriculture Sector's decline and the inclusion of the reduction obligation for diesel in the result. For Unibake's Swedish operations, the proportion remained high at 90 (75) percent.

Further work is needed to find innovative logistics solutions and efficiency measures in cooperation with transport providers and ensure availability of biofuels.

The pandemic is still affecting business travel, which is up on the 2020 level but still lower than in previous years.

Water

Water withdrawal	2021	2020	2019	2018	2017
Total, thousand m ³	1,940	1,980	2,110	2,190	2,040

Lantmännen's water consumption is relatively constant. However, collection of data is not yet complete. Water comes mainly from the municipal water supply.

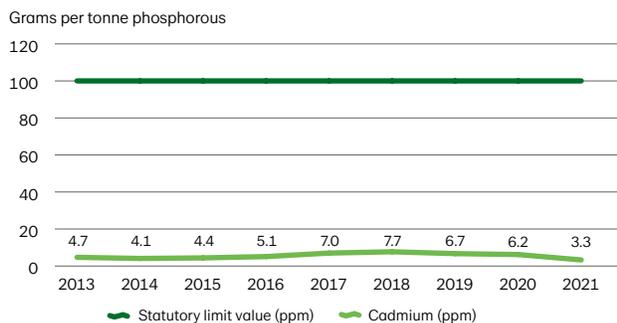
In addition to consumption monitoring, facilities undergo risk screening for impacts on water supplies using WBSCD's (World Business Council for Sustainable Development) Water Tool.

Four facilities have been identified as located in high-risk areas with regard to water consumption: one seed plant and one workshop in Sweden, and two bakeries in the UK.

Products and services, environmental impact in the cultivation stage

Lantmännen reports specific key figures for certain agricultural products, with a link to the environmental impact in the cultivation stage.

Cadmium in phosphate fertilizer



The level for 2021 was 3.3 (6.2) grams of cadmium per tonne of phosphorus fertilizer. Levels have remained low for a decade and are well under the statutory limit value of 100 mg Cd/kg phosphorus. It is important to ensure minimal cadmium input to Swedish arable land. The slightly higher values in recent years are due to a change in demand for

certain products that naturally have a higher cadmium uptake and therefore content, and a slightly higher average value of large-volume products.

Seed treatment (proportion of biologically treated, thermally treated and untreated seed, and chemically treated seed)

Non-chemically treated seed accounted for 56 (50) percent of the total treated seed.

Seed treatment (calculated as percentage of volume in tonnes)



In 2021, Lantmännen opened a new ThermoSeed facility in Skänninge, increasing the proportion of thermally treated seed significantly in line with Lantmännen's strategy.

Learn more on [page 36](#).

Organic seed	2021	2020	2019	2018	2017
Proportion of organic seed	13.1 %	14.8 %	12.2 %	13.3 %	12.7 %

Production and sales of organic seed remain at about the same volumes as in previous years as a result of good supply and stable demand. Lantmännen has seed and varieties that are adapted for organic farming. As sole supplier, we are also able to effectively eradicate seedborne infection with the ThermoSeed technology, which is approved for organic farming.

Organic feed	2021	2020	2019	2018	2017
Proportion of organic feed	9.4 %	9.4 %	9.8 %	9.7 %	9.5 %

Sales of organic feed are at the same levels as in 2020, 9.4 percent. There is still some overproduction of organic animal products, which affects Swedish feed production. Organic feed for cattle and pigs decreased slightly over the year but increased for laying hens and broilers. The decline in cattle and pig feed volumes is due to the very high feed prices that affected organic feed when organic raw materials were scarce during most of 2021. Market shares continue to be maintained. Learn more on [page 35](#).

Fines and non-monetary sanctions for non-compliance with environmental laws and regulations (GRI 307-1)

0 (0) significant fines or non-monetary sanctions in 2021.

Labor Practices and Decent Work

Lantmännen is a responsible player and aims to be an attractive employer. We work systematically for a good, safe work environment, and for equal treatment, gender equality and diversity.

Management approach

Lantmännen has a zero vision for work-related accidents and ambitious targets for job satisfaction, motivation and leadership. No employee shall be exposed to danger or injured at the workplace. Our health and safety work follows national legislation in the countries where we operate, but in many cases we maintain a higher standard in order to achieve defined business goals. In 2021, Lantmännen continued to work on its health and safety strategy to achieve *Health & Safety Excellence*. The injury rate target is <1 by 2030. The target will be achieved with a risk-based and proactive approach, in which health and safety are part of day-to-day work, with a focus on continuous improvement. The focus of the strategy is on integrating health and safety work more clearly into Lantmännen's leadership, organization and daily and strategic processes. The priority up to 2023 is to develop a stable base for critical processes, training and tools.

Our work on health and safety is characterized by close collaboration between management, employees, the safety organization, occupational health and other partners.

We use the IA system as a tool for reporting, investigating and monitoring work health and safety. Significant risks are summarized from the different operations every six months. Investigation of near misses includes an analysis of the underlying causes. The aim is to investigate all near misses reported in the IA system.

Lantmännen works to maintain and create a good health and safety culture. Part of this includes working to identify and minimize risks in the work environment by regular monitoring. Monitoring also includes about 60 annual injury prevention inspections at the production facilities. Health and safety training is provided continuously in all operations.

To strengthen the safety culture and integrate risk management, we continued to focus on risk observations in 2021. We also implemented the Culture Ladder Assessment – a self-assessment tool for the businesses, aimed at creating a common picture of what health and safety means at Lantmännen and what needs to be done to improve the safety culture.

We also invest in wellness activities. A global wellness initiative called Lantmännen Move was run in 2021 and all employees were invited to participate based on their own circumstances. The goal was to get moving and have fun together.

Lantmännen also offered digital exercise sessions. Lantmännen's businesses also have access to healthcare in the different countries of operation.

A survey of Lantmännen's employees is conducted every two years and is a way of monitoring the effectiveness of employee participation and leadership. The result is the basis for continuous improvement work at each level and each manager's area of responsibility. Learn more on [pages 30-32](#).

Occupational health and safety

Types of injury and rates of injury, occupational diseases, lost days, and absenteeism (GRI 403-9)

Sick leave, % of normal working hours	2021	2020	2019	2018	2017
Group, total	4.4 %	4.3 %	4.3 %	4.5 %	4.4 %
Agriculture Sector ¹⁾	4.1 %	3.7 %	2.7 %	3.6 %	-
Food Sector	4.5 %	4.8 %	4.9 %	4.9 %	4.9 %
Energy Sector	2.6 %	2.8 %	2.4 %	2.5 %	2.7 %
Swecon Business Area ¹⁾	5.1 %	5.3 %	4.2 %	4.4 %	-
Real Estate Business Area	0.3 %	0.1 %	0.5 %	1.0 %	0.5 %

¹⁾ New organization from 2018.

Sick leave, % of normal working hours	2021	2020	2019	2018	2017
Women	5.0 %	4.8 %	5.3 %	5.6 %	5.7 %
Men	4.0 %	4.0 %	3.7 %	3.8 %	3.7 %
Total	4.4 %	4.3 %	4.3 %	4.5 %	4.4 %

The spread of Covid-19 was high again in 2021 and overall sick leave was slightly up on the previous year, particularly at the end of the year. Sick leave for women increased a little and remains higher, 5.0 (4.8) percent, than men's, 4.0 (4.0) percent.

Accidents and near misses	2021	2020	2019	2018	2017
Number of fatalities due to work-related injuries	0	0	1 ¹⁾	0	0
Number of accidents	247	238	221	227	231
Injury rate	14.3	13.7	12.7	13.4	13.9
Number of reported near misses	2,831	2,735	3,027	2,896	2,869
Number of risk observations	13,271	8,371	5,334	4,834	4,895

¹⁾ In 2019, a tragic car accident occurred on a public road, in which a Lantmännen employee died. The causes of the accident were beyond Lantmännen's control.

For definitions, see [page 153](#).

Covid-19 has presented challenges in many ways, and employees' health and safety has been of key importance. Lantmännen's priorities in the pandemic are to protect



our employees, protect our businesses and take our social responsibility.

The injury rate increased to 14.3 (13.7) The number of accidents also showed an increase, rising to 247 (238). The preventive work on risk observations and closure rates for reported risk observations and near misses achieved the improvement targets. The number of reported risk observations increased by 58 percent from the previous year. A new target has been set for the risk observation rate. In 2021, the result was 696, exceeding the target of 450. The closure rate was 80 percent which is above the new target of 75. Common accidents are falls, cuts and crush injuries.

Lantmännen has a target for the injury rate to be below 1 by 2030. All business areas produced strategic roadmaps during 2021. Awareness of the importance of successful health and safety work has increased and the vision “I – You – We, Healthy and Safe Every Day” is now well embedded in all business areas.

Work on further development of Lantmännen’s main reporting system (IA) continued during 2021.

Diversity and equal opportunity

Management approach

We actively promote equal treatment, gender equality and diversity. We do not accept discrimination, intimidation, oppression or harassment in any form. Lantmännen works on long-term initiatives to improve equality in recruitment and career development. Lantmännen has implemented a tool for more objective and inclusive potential assessment.

Our employee survey includes a question about whether discrimination has been experienced in the organization, and if so in what way. This is done in order to identify and manage risks and areas of improvement. Any deviations are followed up in the form of reported cases through the whistleblowing and HR functions. Learn more on [pages 32 and 143](#).

It is important that each employee understands Lantmännen’s assignment and goals, so that they can contribute in their work and continuously develop their skills. All employees are required to have regular evaluation and monitoring of their performance and career development through performance appraisals with their managers at least twice a year. One of the questions in the employee survey is about whether an appraisal has been held.

Diversity of governance bodies and employees (GRI 405-1)

For more information, see [pages 30, 66, note 6](#) and the Sector and Business Area descriptions.

	Number of women/men		Women/men, %	
	2021	2020	2021	2020
Group Board ¹⁾	3/9	2/9	25/75	22/78
Group Management	3/7	3/7	30/70	30/70
Managers	397/839	378/827	32/68	31/69
Employees	3,534/6,558	3,433/6,584	35/65	34/66

¹⁾ Including 3 employee representatives.

Employee data is based on average number of employees, data for others is based on numbers.

Age distribution	Managers, %		Employees, %	
	2021	2020	2021	2020
<30 years	1	2	12	13
30-50 years	55	58	50	50
>50 years	44	40	38	37

Lantmännen works in a long-term framework to increase gender equality. All Sectors and Business Areas have defined targets and action plans.

Human rights

Lantmännen has a significant responsibility for human rights as a player in all stages of the grain value chain. Human rights can be affected directly and indirectly through land use, environmental impacts, in the supply chain, production, marketing and through use of our products.

Management approach

We support and respect internationally proclaimed human rights and work on the basis of the UN's guiding principles for business and human rights, which we are integrating into our governance and processes.

We work actively to ensure that our employees are treated fairly, equally and with respect, and to manage human rights risks in our operations. We expect our suppliers and business partners to act in the same way towards their employees and the people affected by the operations. This is made clear in the Code of Conduct and Supplier Code of Conduct, which reflect Lantmännen's view on work environment and social conditions, including freedom of association, working hours, salaries, forced labor, child labor, discrimination and oppression.

Lantmännen works to establish and implement procedures and systems that identify risks associated with human rights throughout our value chain. We have chosen to integrate risk screening into existing internal processes and into our Group-wide Enterprise Risk Management process. All risks in the Group's operations are assessed on the basis of the impact on people and we use the criteria in the UN's guiding principles for business and human rights. We endeavor to maintain an up-to-date analysis of our significant human rights risks and their management. Learn more on [pages 139-140 and 177-179](#).

Our risk assessment is based on, for example, available and independent international risk indexes covering both our own operations and suppliers, materials, products and services as business partners. Based on these independent international risk indexes, Russia, Ukraine and Latvia have been identified as high-risk countries in terms of human rights for our own operations. Some of Lantmännen's food business is in these countries, but we do not have any indications of violations of the Code of Conduct in terms of human rights.

In our supply chain – e.g. in the production of raw and other materials, there are risks of human rights violations. We analyze risk materials and suppliers based on the Code of Conduct's areas, and special handling is required in the case of high risk. Learn more in the Sourcing section on [pages 141-142](#).

For food, there are special requirements on food safety in production and Lantmännen's Directive with criteria

for responsibly produced food. The criteria include origin, safety, high-risk countries and materials, and ingredients and nutrition.

For acquisitions, areas such as human rights, corruption and other financial crimes are part of the due diligence process.

An important factor in ensuring responsibility is competence and capacity within Lantmännen to identify and manage risks. Responsibility for managing risks lies with management of the business units, supported by central functions with relevant expertise. We work to increase understanding and knowledge of risks, and Lantmännen's responsibility in all parts of the organization.

Employees can report cases of violations through the whistleblowing function. Learn more on [page 143](#). Due to significantly different risks and a differentiated value chain, Lantmännen does not yet have a Group-wide routine and management for externally received complaints and compensation.



Oil palm fruit

Society and Product Responsibility

Lantmännen conducts responsible business and offers safe and healthy products. We may decide to define higher standards for our own business than those required by local laws when we consider this to be appropriate.

Management approach

Lantmännen's products and services must be of good quality and safe for the user. We comply with international standards in food and feed to protect our customers, consumers and animals. Our responsibility is based on the precautionary principle.

We work systematically to continuously improve our products and services and to develop and offer sustainable solutions to customers, consumers and partners. Our research and innovation activities must ensure a level of knowledge and skills that makes us competitive.

Lantmännen's green sprout on the packaging is a guarantee of responsibly produced food. We create more sustainable food consumption by developing products and ranges, and by spreading knowledge and inspiration. The focus is on foods that promote good health and wellbeing. We also develop foods with special, documented health benefits.

The governing documents for health and nutrition provide criteria on how products can promote good health.

Increased whole grain content, reduced amounts of salt and sugar, and reduced proportion and use of saturated fat are criteria for health.

For food, there are special requirements on food safety in production and Lantmännen's Directive for responsibly produced food. Learn more on [page 65](#). All products must be traceable in accordance with applicable regulatory requirements and industry standards.

Products sold with added value for climate or the environment are calculated based on current methods and third-party verification. Lantmännen's Climate & Nature program, which provides grain products with up to 30 percent lower climate impact and positive biodiversity effects, is being reviewed by third parties.

We follow rules and good practice in the marketing of our products. All Lantmännen's product information and marketing must be correct and in compliance with existing legal frameworks and other guidelines. Added value in the form of health-promoting or environmental benefits is communicated



only when these benefits are well documented and scientifically proven. Read more under Materials, Organic seed and Organic feed. Learn more on [☞](#) pages 144 and 147.

We conduct regular risk analyses and have systems for identifying and, where necessary, recalling faulty products that may pose a risk to the user. Product deviations and complaints are identified through several customer service and customer contact channels and are dealt with according to the processes of each business areas. For products that are critical to our customers' operations, delivery contingency plans shall be in place.

Our distributors, who are often the party that consumers of Lantmännen's products meet in a marketplace, must comply with our Distributor Code of Conduct. The Code is based on our Code of Conduct and Supplier Code of Conduct. Learn more on [☞](#) page 139.

Percentage of production volume manufactured in sites certified according to food safety standards (FP5)

100 (100) percent of Lantmännen's food producing facilities are certified according to international standards for food safety, either ISO or approved by the Global Food Safety Initiative (GFSI), and are reviewed by third parties.

Requirements for product information and labeling and percentage of products subject to such requirements (GRI 417-1)

Information on nutritional content and ingredients is provided on all, 100 (100) percent, of Lantmännen's food and feed products. We endeavor to identify the origin of the ingredients, for example, where the main raw materials come from. Questions about origin, nutritional content and ingredients, in addition to the information on the packaging, can be directed to Lantmännen's consumer contact or via the web. Some work still remains to be done in providing information about packaging recycling and sorting on consumer packaging. Learn more on [☞](#) pages 144-145.

Healthy and affordable food

Lantmännen offers responsibly produced food that promotes good health and wellbeing. We conduct leading-edge research¹⁾ in areas such as the health effects of eating habits, carbohydrates and fiber. It is also important to increase consumers' knowledge and awareness about diet, health and environment by spreading information, new knowledge and inspiration based on official recommendations and science.

Some examples of the results of our work during the year:

- Swedish beans, bean pasta and flour made from root crops
- Increased bread range based on rye and whole grain
- Large breakfast selection with oats as the main ingredient
- Many products with health labeling such as the Nordic keyhole, the Finnish heart symbol and the Danish whole grain partnership
- Broader range for persons with celiac disease, gluten intolerance
- Participation in national initiatives for reducing sugar and salt content in products
- Inspiration and collaboration with public customers for more climate-smart cooking and more healthy snacks
- Recipes and inspiration for healthy foods, e.g. online
- The magazine Cerealier with research news on grains and health for those whose work involves food and health advice. More information can also be found at [☞](#) lantmannen.com/good-food

Non-compliance with laws and regulations in the social and economic area (GRI 419-1)

0 (0) significant fines or non-monetary sanctions in 2021.

¹⁾ Lantmännen invests significant amounts in research and development. Health and food is a priority area. Learn more on [☞](#) page 28 and at lantmannen.com/research-and-innovation

Reporting principles

Scope of the report

The reporting refers to the 2021 calendar year, unless otherwise specified. The report is issued annually and refers to the Lantmännen Group, which reports by Sector or Business Area. Companies/operations acquired in 2021 and reported in the financial statements are included in the sustainability report. Associates and joint ventures are not included.

Reporting takes place by segment for relevant key figures, such as carbon dioxide emissions, sick leave and gender distribution.

Data collection

Data collection is primarily conducted through LUPP, Lantmännen's proprietary reporting system. LUPP covers all Lantmännen's facilities and collects environmental and energy data, production data such as volumes, certifications and other information about the business ethics compliance program and working conditions.

Emissions from purchased transport are calculated according to the TRIM model, which is based on transport work per tonne-km, purchase amounts in SEK and emission factors.

Data on monitoring compliance with the supplier Code of Conduct comes from Contract Management System (CMS), a system for managing purchase contracts, and SPEND, a proprietary system for monitoring purchasing.

HR-related data comes from HR's system and Nuvview. Work-related incidents (incl. accidents and near misses) are reported in the IA health and safety reporting system, a web-based system provided by AFA Försäkring, although Lantbruk uses a separate reporting system, from which data is entered into Lantmännen's health and safety reporting. Both employees and entrepreneurs and others working in our operations are covered by work environment management and accident reporting. However, only Lantmännen's employees are included in the external reporting.

The number of employees having undergone various e-learning courses is collected directly from the E-campus e-learning platform.

Data on legislative compliance is collected from the business through LUPP and from the Legal Affairs and HR departments.

Definitions

Facility

The term "Facility" refers to production facilities within the Agriculture, Energy and Food Sectors and Lantmännen Agrovärme in the Real Estate Business Area, and workshops

in the machinery operations in the Agriculture Sector and Swecon.

Work-related accidents, near misses, risk observations and sick leave

Work-related accidents are defined as accidents that result in at least one day's absence after the accident occurred (travel accidents to and from work are not included). Lost-time accidents are counted as serious accidents.

Injury rate is calculated as the number of lost-time accidents per million actual hours worked.

Near misses are defined as unintended events that could have resulted in ill health or an accident.

Risk observations are defined as identified risks that could have resulted in ill health or an accident.

Risk observation rate is calculated as the number of risk observations per million actual hours worked.

Sick leave is days on which employees are absent from work due to illness as a percentage of normal working hours.

Reporting of accidents, near misses, risk observations and sick leave includes Lantmännen employees in each Sector, Business Area and country.

Consultants and temporary workers are covered by the monitoring of work-related incidents (incl. accidents and near misses) but are not included in external reporting.

Certificates, certification

Certificates and certification relate to third-party certification that guarantees a certain sustainability performance, such as RSPO for palm oil and KRAV for organic produce. Food certifications refer to international standards such as ISO 22000 or standards in line with the Global Food Safety Initiative.

Energy

Energy consumption encompasses Lantmännen's producing facilities but does not include energy consumption in Lantmännen Fastigheter's externally leased premises, Lantmännen Agro Oy's franchise-run stores, Lantmännen Maskin's and Swecon's workshops and Lantmännen's office properties and district cooling (only cooling for the office in Stockholm). Energy consumption for the non-included units has been calculated and comes to about 6 percent of total consumption.

In Sweden, Norway, Finland, Denmark, the UK, Estonia, Latvia, Lithuania, Poland, Romania, Australia, Belgium and Germany, Lantmännen only purchases origin-labeled green electricity, from renewable sources. For Russia, the US, Ukraine and France, the transition to origin-labeled electricity is still to be implemented.

Compliance

Describes legal compliance and compliance related to laws, international declarations, conventions or agreements, regional and local legislation and regulations in environmental and socio-economic areas.

Non-compliance with the law is an infringement that incurs administrative or legal penalties such as sanctions, injunctions and/or significant fines. Significant fines are penalties which exceed SEK 500,000 or which, due to or the nature of the non-compliance, may significantly affect the Group's finances or reputation.

Supplier

The reporting includes suppliers with an annual purchase volume (goods and services, both direct as inputs and indirect) of MSEK 1 and high-risk suppliers over SEK 300,000 on a rolling 12-month basis. About 90 percent of the purchase volume is covered by the reporting (registered in the Contract Management System). Suppliers from owners, authorities and industry associations are not included in the follow-up and reporting.

An approved supplier is defined as a supplier that has the Supplier Code of Conduct in its contract and has an approved self-assessment and/or third-party inspection/audit.

Equal treatment

The definition of equal treatment and discrimination is based on Lantmännen's Code of Conduct, and the number of incidents of discrimination refers to cases reported to HR, the whistleblowing function, the immediate supervisor or a judicial body, which are considered to be infringements.

Anti-Corruption

Corruption cases are counted as cases confirmed during the current year, i.e. reported cases where investigations are in progress.

Employees

Employees refers to persons employed at Lantmännen. Consultants and temporary workers are included in the reporting to varying degrees. See the scope for each indicator. Most of Lantmännen's employees are permanent employees. The Agriculture Sector uses seasonal workers, mainly during summer and fall. In the information about the number of employees, the average is used.

Material

Lantmännen reports on use of our most important raw materials: grain for food production, feed and energy, flour, soy and palm oil, all defined as renewable materials, with some having particular sustainability challenges. Packaging materials are not reported; data not available.

Reported volumes of grain from Lantmännen's farmers

refer to weighed grain, including pulses and oilseeds, to the Agriculture Sector. Other grain flows, e.g. from trading or imports, are not included and constitute about 10 percent of the traded grain volume. For the Climate & Nature cultivation program, the mass balance principle is applied. Volume is calculated on the basis of contracted hectares per harvest year, which is from July 1 to June 30, and average harvest per hectare. The average harvest calculation is based on Statistics Sweden's data on the seven most recent harvests for the relevant crop (e.g., "winter wheat"). The highest and lowest harvests are removed to adjust for extremes. To obtain the average harvest, the five remaining harvests are totaled and divided by five. Flour includes purchased flour and other grain-based raw materials in Cerealia and Unibake.

The volumes of soy refer to use in feed production, not use in food, where the share is low, less than 0.5 percent of the total soy volume. Responsible production of soy according to the industry-wide Swedish Soy Dialogue agreement. Certification according to a credible system such as RTRS, ProTerra, organic soy according to IFOAM approved certification, Donau Soja/Europe Soya or verification through external assurance.

The volumes of palm oil refer to use in food production. Definition of responsible production is palm oil certified under RSPO (Roundtable on Sustainable Palm Oil). Palm kernel expeller, the residue from pressed palm kernels, used for animal feed production, is not included in the measurable goals and indicators for certified palm oil but is reported as volume.

Environmental impact in the cultivation stage

Lantmännen reports specific key figures for certain agricultural products, with a link to the environmental impact in the cultivation stage. The reporting relates to Lantmännen's Swedish operations.

Cadmium in phosphate fertilizer is calculated as ppm Cd in phosphorus = grams/tonne phosphorus (in fertilizer).

Seed treatment is calculated as percentage in tonnes/total grain seed produced, tonnes. Alternatives to chemical seed treatment are biological treatment using natural micro-organisms (Cedomon and Cerall methods) and thermal treatment (with heat, ThermoSeed method) to achieve increased resistance to pests.

The proportion of organic seed is calculated based on total seed sales.

The proportion of organic feed is calculated based on total feed sales, tonnes.

Human rights

Human rights refers to internationally declared human rights such as the UN's Universal Declaration of Human Rights and the ILO Conventions.

Training

Refers to completed training, for permanent Lantmännen employees, who are registered for follow-up. The compulsory training in Lantmännen's Code of Conduct must be completed no later than three months after the start of employment.

Water

Reporting of water covers Lantmännen's production facilities. Lantmännen Fastigheter's externally leased premises, Lantmännen Agro Oy's franchise-run stores, Lantmännen Maskin's workshops and Lantmännen's office properties are not included. There are deficiencies in the quality of the data, both in number of reporting units and specification of water sources. However, the assessment is that the majority of the unspecified water sources category is from the municipal water supply. Water is used for ethanol production processes, in the bakery operations as an ingredient and for cleaning. Total water withdrawal and a risk analysis for operations in areas of water scarcity are reported.

Emissions to air

Lantmännen reports greenhouse gas emissions. Reporting is in CO₂ equivalents, and where data is present, all greenhouse gases are included. In some cases, emissions other than CO₂ may be missing – e.g. for business travel in Scope 3. Emissions in accordance with WBCSD GHG Protocol in Scope 1 include emissions from energy use in Lantmännen's own facilities. Indirect emissions from use of electricity, cooling and district heating in producing units are reported in Scope 2. Emissions from purchased transport, business travel and production of fuel and electricity are reported in Scope 3. Emissions from the cultivation of grain and other raw materials are not included in the reporting. Grain grown under the Climate & Nature program is monitored for both volume and climate performance.

In Scope 2, Emissions from electricity consumption do not include Lantmännen Fastigheter's externally leased premises, Lantmännen Agro Oy's franchise-run stores, Lantmännen Maskin's and Swecon's workshops and Lantmännen's office properties. Complete data is not available but we are working on robust reporting and inclusion of these operations in the Group's climate targets for 2022 reporting. Emissions for the non-included units have been estimated and account for about 7 percent of total emissions. Emissions for purchased electricity and heating are reported using both the market-based and location-based method. The latter means that emissions from purchased electricity and heating are calculated with an average value for the grid in question, regardless of whether there are guarantees of origin. From 2017, a new calculation method with other conversion factors for emissions from electricity use has been used, which means that the previous base year 2009 will have a slightly higher calculated value for emissions. Emission factors for

electricity in Sweden are taken from the Haga Initiative, based on IEA. For origin-labeled electricity, factors are taken from the product specification. From 2019, the effects of distribution losses have been included in the emissions calculation. For Nordic countries, emissions are calculated based on Nordic residual electricity, with data from the Swedish Energy Markets Inspectorate and for electricity in other countries, emissions are calculated based on national electricity mix, with data from the Association of Issuing Bodies. Emission factors for district heating are taken from Energiföretagen, Finnish Energy or the relevant heating supplier.

Lantmännen reports emissions intensity as CO₂e tonnes per MSEK net sales, with the base year 2019.

The Scope 3 category of business travel includes air and rail travel in the Nordic region and car hire in Sweden booked through a travel agency. For air and rail business travel, the reporting covers December 1, 2019 to November 30, 2021. Travel and car rental in the Nordic region not booked through travel agencies, all coach, boat and taxi journeys, air and rail travel and car rental in countries outside the Nordic region are not included; data is not available. Business travel not included is estimated at 20 percent. Emissions from company cars cover the whole of Lantmännen, apart from operations in the US and Australia. Emissions from service vans will be added to Scope 1 in the coming years. Emissions from business travel using private cars are not included. Business travel emissions are calculated based on data from suppliers, i.e. travel companies, car rental companies' reports of kilometers driven and actual fuel consumption, and emission factor for fuel according to EU standards and car manufacturers' data on emissions per car model.

The targets for emissions from purchased transport include trucks and other transport, such as maritime transport. The calculations are based on the best available data, with standard calculations having been used in some cases. Reporting is based on internally registered transport volumes in tonne-km and standardized data based on purchasing data. We are developing the methodology and aim to move from standard calculations to reporting based on transport volumes.

For emission factors (per tonne-km), actual fuel consumption from transporters is used, and calculated values from NTM, the Network for Transport Measures. The calculation of CO₂e/MSEK net sales includes net sales for the corresponding units that are included in the calculation of emissions data. Net sales for the non-included units have been calculated at about 20 percent, which is estimated at 10 percent of total emissions.

GRI Index

Lantmännen has reported according to the Global Reporting Initiative guidelines for several years, including the sector-specific GRI Food Processing Sector Supplement. This 2021 report has been prepared in accordance with GRI Standards: Core option, version 2016, unless otherwise indicated. Learn more about GRI at globalreporting.org

The following cross-reference index indicates the compulsory and selected GRI disclosures that are included in Lantmännen's Sustainability Report, and where the information is reported. For some disclosures, the reporting and/or comments are submitted directly in the index table. For definitions, see Reporting principles. The index also contains references to the UN Global Compact's principles as Lantmännen's Sustainability Report represents our Communication on Progress to the UN Global Compact and the UN's Global Goals.

Agenda 2030 and the Global Goals

In 2015, nations of the world signed Agenda 2030, comprising the UN's 17 Global Goals for sustainable development. Joint efforts are required at international, national and local level to achieve these goals. All companies and enterprises

are encouraged to implement the sustainability goals in their strategy and reporting.

Lantmännen supports Agenda 2030 and the UN Global Goals, and has analyzed what they mean for Lantmännen's operations and businesses. Five of the goals are directly linked to Lantmännen's assignment and business, see below. References to the goals for different sustainability issues that Lantmännen works with are set out on the pages that follow.



- 2 Zero hunger
- 7 Affordable and clean energy
- 12 Responsible consumption and production
- 13 Climate action
- 15 Life on land



GRI Content Index Standards, Core Option, with supplement for the Food Sector

GENERAL DISCLOSURES					
Disclosure	Description	Comments	Page	UN Global Compact principle	Agenda 2030
Organizational profile					
102-1	Name of the organization	Lantmännen ek för			
102-2	Activities, brands, products and services		4, 20-21, 61		
102-3	Location of headquarters	Stockholm			
102-4	Location of operations		3, note 4, note 6		
102-5	Ownership and legal form		60		
102-6	Markets served		3, 19, 34-56 for each Sector and business		
102-7	Scale of the organization		2-3, note 4, note 6		
102-8	Information on employees and other workers		30-32, 66, 148-150, note 6	Principle 4	12
102-9	Supply chain		141-142, 150		12
102-10	Significant changes to the organization and its supply chain		note 33		
102-11	Precautionary principle or approach	For chemicals-related issues, and internal environmental and health and safety work, the precautionary principle is applied.	64-65, 177-179	Principle 7	12, 13, 15
102-12	External initiatives		28-29, 138	Principles 1 and 8	
102-13	Membership of associations		29	Principles 1 and 8	
Strategy					
102-14	Statement from senior decision-maker		6-9, 137	CEO Statement	
Ethics and integrity					
102-16	Values, principles, standards and norms of behavior		64-65, 139	Principles 1-10	
Management approach					
102-18	Management approach		20-22, 139-140, 142, 144, 148-151, 162-170, 172-175.		
Stakeholder engagement					
102-40	List of stakeholder groups		29, 138	Principle 8	
102-41	Collective bargaining agreements	There are several different collective agreements for manual and non-manual workers within Lantmännen. In Sweden, 100 percent of the employees are covered by collective agreements. For the total Group, the figure is about 69 percent.		Principle 3	12
102-42	Identifying and selecting stakeholders		29, 138		
102-43	Approach to stakeholder engagement	No special dialogue has been conducted for the sustainability report.	29, 138		12
102-44	Key topics and concerns raised		29, 138-139		
Reporting practice					
102-45	Entities included in the consolidated financial statements		153, note 46		
102-46	Defining report content and topic boundaries		138-139		
102-47	List of material topics		139		
102-48	Restatement of information	Any changes are commented on for each key figure.	153		
102-49	Changes in reporting		153		
102-50	Reporting period	January 1, 2021 – December 31, 2021.			
102-51	Date of most recent report	February 2022.			
102-52	Reporting cycle	Annual.			
102-53	Contact point for questions regarding the report	Claes Johansson, Director Sustainability, Lantmännen.	139		
102-54	Claims of reporting in accordance with the GRI Standards	Reporting according to GRI Standards, Core option.			
102-55	GRI index	See this index.			
102-56	External assurance		160		

MATERIAL TOPICS, BOUNDARIES, MANAGEMENT AND INDICATORS					
Disclosure	Description	Deviations and explanation	Page	UN Global Compact principle	Agenda 2030
Financial statements – Includes Lantmännen's own businesses, suppliers, customers, owners and society				Principles 7-9	
103-1-103-3	Management approach	Economic value generated and distributed, 201-1, is no longer reported in accordance with GRI. For Lantmännen's value creation and distribution, see references on page 141.	16-17, 22, 141		
201-2	Financial implications and other risks and opportunities due to climate change	Quantification of impacts and risks; data not available.	20-21, 23-28, 62, 177-178		7 12 13 15
FP procurement practices – Covers Lantmännen's own operations and suppliers				Principles 1-10	
103-1-103-3	Management approach		64-65, 141-143		
G4-FP1	Percentage of purchased volume from suppliers compliant with organization's sourcing policy		141-142		12 15
G4-FP2	Percentage of purchased volume verified as being in accordance with internationally recognized responsible production standards		142		12 15
Anti-corruption – covers Lantmännen's own operations and suppliers and other business partners				Principle 10	
103-1-103-3	Management approach		63, 65, 142-143, 177-178		
205-2	Communication and training on anti-corruption policies and procedures	Not reported by employment type as this is not registered and the training is mandatory. Distribution by regions not reported, data not available. Business partners not reported; they sign the Supplier Code of Conduct and this is reported in FP1. All (100%) members of the Board participate and are trained in the Code of Conduct and anti-corruption.	143		12
205-3	Confirmed incidents of corruption and actions taken		143		12
Material – Covers Lantmännen's own operations				Principles 7-9	
103-1-103-3	Management approach		141, 144		
301-1	Materials used by weight or volume	Packaging materials are not reported; data not available.	144-145		2 7 12 13 15
Energy – Covers Lantmännen's own operations				Principles 7-9	
103-1-103-3	Management approach		27, 144, 177-179		
302-1	Energy consumption within the organization (divided into renewable and non-renewable energy sources)	Deviation for cooling and energy from Lantmännen Fastigheter's externally leased premises, Maskin's and Swecon's workshops and our offices. Reporting planned from 2022.	145		7 13
Emissions into the air – Includes Lantmännen's own operations and suppliers				Principles 7-9	
103-1-103-3	Management approach		22, 24-27, 144, 177-179		
305-1	Direct (Scope 1) greenhouse gas Scope 1	Deviation for cooling and energy from Lantmännen Fastigheter's externally leased premises, Maskin's and Swecon's workshops and our offices. Reporting planned from 2022.	146		13
305-2	Indirect (Scope 2) GHG emissions	Deviations see above.	146		13
305-3	Other indirect (Scope 3) GHG emissions	For scope and deviations, see Reporting principles.	146-147		13
305-4	Greenhouse gas emissions intensity: Carbon emissions in relation to sales	See above. Description of efficiency measures, see Reporting principles.	22, 27, 146		13

MATERIAL TOPICS, BOUNDARIES, MANAGEMENT AND INDICATORS					
Disclosure	Description	Deviations and explanation	Page	UN Global Compact principle	Agenda 2030
Own topic Products and services - Covers Lantmännen's own operations and owners				Principles 7-9	
103-1 - 103-3	Management approach		144		
Own indicator	Cadmium in phosphate fertilizer		147		12 13 15
Own indicator	Seed treatment (proportion of biologically treated, thermally treated and untreated seed, and chemically treated seed)		147		12 13 15
Own indicator	Proportion of organic seed		147		12 13 15
Own indicator	Proportion of organic feed		147		12 13 15
Compliance – environmental – Covers Lantmännen's own operations				Principles 7-9	
103-1 - 103-3	Management approach		64-65, 139, 144, 179		
307-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		147		12 13 15
Work environment, health and safety – Covers Lantmännen's own operations (2018 version)				Principles 1-2	
103-1 - 103-3	Management approach		30-32, 66, 148		
403-9	Work-related injuries	Deviation for key figure for lost days, data not available.	32, 148,		12
Diversity and equal opportunity – Covers Lantmännen's own operations				Principles 1-2, 6	
103-1 - 103-3	Management approach		30-32, 66, 149-150		
405-1	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	Deviation for breakdown according to employee categories, data unavailable, and deviation for minority group membership and other indicators of diversity, illegal to register these.	30, 149, 172-175		
Human rights risk assessment – Covers Lantmännen's own operations, suppliers, customers and consumers				Principles 1-6, 10	
103-1 - 103-3	Management approach	No indicator.	139-140, 148-151, 177		12
Own topic Healthy and affordable food – Covers Lantmännen's own operations, suppliers, customers and consumers				Principles 1-2, 7-8	
103-1 - 103-3	Management approach	No indicator.	23-24, 28-29, 139-140, 151-152		12 15
Customer and consumer health and safety – Covers Lantmännen's own operations, suppliers, customers and consumers				Principles 1-2, 10	
103-1 - 103-3	Management approach		23, 139-140, 151-152, 179		
FP5	Percentage of production volume manufactured in sites certified according to food safety standards	Volume not reported; data not available. Percentage of sites reported.	152		2 12
Marketing and labeling – Covers Lantmännen's own operations				Principles 1-2, 7-8.	
103-1 - 103-3	Management approach		140, 151		
417-1	Type of product information required and percentage of products subject to such information requirements	Proportion of labeling of raw material origin not reported; data not available.	152		2 12
Socioeconomic compliance – Covers Lantmännen's own operations				Principles 1-10	
103-1 - 103-3	Management approach		140-142, 148, 150-151,		
419-1	Monetary value of significant fines and number of non-monetary sanctions for non-compliance with laws and regulations		151		12

Auditor's Limited Assurance Report on Lantmännen ekonomisk förening's Sustainability Report and statement regarding the Statutory Sustainability Report

This is the translation of the auditor's report in Swedish.

To Lantmännen ekonomisk förening, Corp Id 769605-2856

Introduction

We have been engaged by the Board of Directors of Lantmännen ekonomisk förening to undertake a limited assurance engagement of Lantmännen ekonomisk förening's Sustainability Report for the year 2021. Lantmännen ekonomisk förening has defined the scope of the Sustainability Report to the pages referred to in the GRI index on pages 156-159, the Statutory Sustainability Report is defined on page 66.

Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 153-155 in the Sustainability Report, and are part of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative), that 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 relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our review is limited to the information in this document and to the historical information and does therefore not include future oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of 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. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR12. The auditor's opinion regarding the statutory sustainability report. A limited assurance engagement and an examination according to

RevR 12 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.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Lantmännen ekonomisk förening in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

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

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

Conclusions

Based on the limited review 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 Executive Management.

A Statutory Sustainability Report has been prepared.

Stockholm, February 23, 2022

Ernst & Young AB

Anders Kriström
*Authorized
Public Accountant*

Charlotte Söderlund
*Authorized
Public Accountant*

Corporate Governance

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Corporate Governance Report

Lantmännen ek för is a Swedish cooperative economic association headquartered in Stockholm, Sweden. The association is the parent company of a group. The Group's governance is based on the Association's Articles of Association, the Economic Associations Act, other applicable laws and rules and the code for the governance of cooperative and mutual enterprises (the Code). The Code was adopted by Lantmännen's Annual General Meeting on May 7, 2020. Its objective is to promote member dialogue and democratic decision-making processes in cooperative enterprises and increase transparency of the Board's work.

The 2021 Corporate Governance report has been prepared in accordance with the Code. The Code is built on principles and is based on reporting in accordance with the concept of comply and explain. Each principle is presented as a heading and description, followed by comments on how the principle was managed by the association during the year.

The Group's Parent Company is Lantmännen ek för, a cooperative company, which had 18,726 members as owners at the end of 2021. Members of Lantmännen can be both direct members and local associations.

Lantmännen's Board of Directors and Group management endeavor to ensure the enterprise is able to respond in the best possible way to the openness and information that members, employees and other stakeholders expect.

Principle 1. Objective and benefits for members

The Board shall ensure that the objective, values and strategies of the enterprise are based on the opinions of the members, and that the enterprise can deliver benefits for its members in the long term.

The Board shall ensure that the enterprise maintains open

communication with its members, employees and other stakeholders, set out guidelines for the behavior of the enterprise in society and state the regulations and principles the enterprise follows.

Lantmännen's assignment is to contribute to the profitability of members' farms and optimize the return on their capital in the association. The long-term goal is to be a leading participant in the grain value chain from field to fork in northern Europe. At the Annual General Meeting on May 11, 2021, several motions related to the association's membership benefits and strategy were discussed.

The Sustainability Report describes how Lantmännen is involved in sustainability throughout the value chain. Lantmännen reports according to the GRI guidelines and has signed the Global Compact. Lantmännen's Sustainability Report undergoes an external review, see → page 160.

"Collaboration for increased growth" on → page 29 describes collaboration with different organizations and work at the intersection between politics, industry and interest groups. There is also information about some of the organizations of which Lantmännen is a member.



President & CEO Per Olof Nyman
and Chairman of the Board Per Lindahl

Annual General Meeting

The AGM was conducted digitally on May 11, 2021. Lantmännen's 101 delegates participated, voted and contributed by means of a digital meeting tool.

The presiding officers, Chairman, CEO and CFO were present at Lantmännen's head office in Stockholm. The Board, Group management, delegates, authorized auditors and member representative auditors participated via a digital meeting tool with individual login. The proceedings could be followed on a webcast.

Principle 2. Democratic processes

Cooperative enterprises have democratic processes whereby members' opinions have a clear impact. The processes must openly and transparently promote the involvement of members in different forums and provide opportunities for influence and insight in the business. Members also appoint representatives to the highest decision-making bodies.

The Board shall continuously evaluate the company's democratic organization and initiate changes if necessary.

Each member of the Association has one vote, regardless of turnover or size of investment. The district meeting and different members' meetings provide an opportunity for members to express their views to the Board of Directors and management in various ways, including motions and written communication.

Corporate governance and the democratic processes at Lantmännen take place in many different forums and forms, including district meetings, membership meetings, reference groups, nomination committees, the general meeting and the council of trustees. Pages 15-16 describe the democratic organization and how members can participate and gain insight into the business in different ways. Each member is entitled to have business considered at the AGM.

The Board's Owner Committee, see page 168, has the task of evaluating the Company's democratic organization and initiating changes if necessary.

Council of Trustees

The Association has a Council of Trustees. The Council consists of the chairmen of the district boards, the Group Board and the member representative auditors. The five largest districts in terms of members are entitled to appoint two persons. The role of the Council of Trustees is to advise the Group Board on development issues of a more long-term nature as well as communicate information between the Board of Directors and the districts. The Council of Trustees is also charged with the preparation of matters of principle



Mårten Olsson and Lena Ohlsson

and the nomination of members to the Association's Nomination Committee at the Annual General Meeting.

Council of Trustees in 2021

In addition to the obligatory members as stated above, the Board of Directors appointed one representative of the local associations and the Nomination Committee chairman to the Council of Trustees. The Council of Trustees had three minuted meetings during the year.

Member 2030

On the basis of various motions at the EGM held in November 2020, it was decided that the Owner Committee, together with the Council of Trustees, would conduct a discussion and training project for Lantmännen's elected representatives in 2021.

The aim was to increase the elected representatives' knowledge in the areas of strategy, capital structure and dividends, to clarify and concretize the ownership mission and to contribute input to Lantmännen's strategy.

During the year, the project was implemented through a variety of activities such as working groups, regional owner meetings, training seminars and active discussions at the fall districts meetings.

Owner Relations 2021

The Owner Relations department is responsible for member communication and assists members and elected representatives in corporate governance. Jesper Broberg took over as the Head of Owner Relations in March 2021. The department had seven employees during the year: five member services staff, the editor of Grodden and the Head of Owner Relations. The cost of the department and its total activities amounted to approximately MSEK 24.9 (22.8) in 2021. MSEK 6.8 (6.4) of this amount related to costs for the 20 districts and included fixed fees of MSEK 4.1 (4.1) adopted by the AGM, (61.3 percent), and variable fees of MSEK 1.6 (1.1), 23.6 percent.

Member activities during 2021

Winter: Year-end Report, Council of Trustees, Annual Report, District Meetings, Ambassador Program.

Spring: Annual General Meeting, Inaugural Council of Trustees, Interim Report 1, Training elected representatives.

Summer: Summer Meetings, District Meetings.

Fall: Council of Trustees, Interim Report 2, District Board Conference, Regional Nomination Committee preliminaries, District Meetings.

The other MSEK 1.0 (1.2), 15.1 percent, related to costs of the districts' activities and travel. Other activities handled by the department include training of elected representatives, the Council of Trustees, District Board Conference, Nomination Committee and the members' newsletter "Grodden".

Principle 3. Participation of the members in the enterprise's value creation

The cooperative business model is based on members participating in the enterprise's value creation through two roles: a business relationship and an owner relationship.

The Board shall ensure that these relationships are designed so as to promote the members' economic position, commitment and loyalty.

Lantmännen's cooperative ownership model is based on business partnership and ownership. Members of Lantmännen are both direct members and local associations. A direct member is assumed to be a natural person or legal entity conducting business in Sweden. Pursuant to the Articles of Association, direct members shall be engaged in farming, primary food production or have as their principal activity the sale of services to agriculture. Members' participation in value creation is through trade with the association, e.g., supply of grain, purchase of feed, machinery and inputs. Members also invest capital through, among other things, their contributions.

The dividend policy sets out the principles for dividends, see → page 16. A value-creating industrial and processing business provides a market for members' grain and generates significant added value. Refunds and supplementary payments are based on earnings from the Swedish agriculture operations in Lantmännen Lantbruk, Lantmännen Maskin and Swecon. Contribution dividends and contribution issues are mainly based on the results of the processing and industrial operations in Sweden and internationally: food, energy, construction machinery and real estate.

Refunds are calculated on members' purchases from Lantmännen Lantbruk, Lantmännen Maskin's and Swecon's Swedish operations. Supplementary payments are calculated on members' sales of grain, oilseeds and pulses to Lantmännen Lantbruk Sweden. Contribution dividends are paid in proportion to members' paid-in and issued contribution capital. Contribution issues mean that some of the earnings, mainly from Lantmännen's industrial operations, are distributed among the members by transferring collective capital to individual capital.

With 100 percent of operating profit from agricultural operations going back to the farmers as a refund and supplementary payment, there is a clear connection between the business relationship and member relationship. 50 percent of the contribution issue is based on trading with the association, which also strengthens the business relationship with the association. Lantmännen also contributes to the development of farming and the profitability of members' farms by investing in research and development in many areas.

Principle 4. General Meeting

The General Meeting shall be prepared and conducted in such a way as to ensure the creation of good conditions to allow the members to exercise their membership rights.

At the General Meeting, one or more persons shall be selected to review the business from a member perspective and present a report on this review to the General Meeting.

The Annual General Meeting is Lantmännen's supreme decision-making body. The meeting consists of representatives of members, delegates, who are elected at the district meetings. The districts are the basis of the members' role as owners of the Association. Delegate seats are distributed on the basis of a divisor in proportion to the number of members in a district. If a district has only one delegate seat, the district vice chairman may join the meeting, but without voting rights.



Each delegate has one vote at the meeting and each member is entitled to have business considered at the meeting. Information about the AGM is available on Lantmännen's website no later than three months before the meeting. The meeting is webcast so that as many members as possible can take part in the proceedings.

2021 Annual General Meeting

Due to Covid-19, the AGM was held digitally on May 11, with the Group Chairman and presiding officers present in Stockholm. Members of the Board of Lantmännen ek för are elected for two-year terms. The meeting resolved that the Board of Directors of Lantmännen ek för would consist of nine elected members. At the meeting, Per Lindahl, Gunilla Aschan, Johan Bygge, Henrik Wahlberg and Hans Wallemyr were re-elected to the Board after their term of office expired. Jenny Bengtsson was elected as a new member after Johan Mattsson left the Board at his own request. Maude Fyrenius, Kristina Glantz Nilsson and Jimmy Grinsvall were re-elected as member representative auditors. The auditors are elected for one year at a time. The accounting firm Ernst & Young AB was re-elected as the Association's authorized auditor. The meeting also adopted the Nomination Committee's proposal on the remuneration of the Board and other elected representatives, including fixed annual fees and per diem and travel compensation. The meeting also appointed nine members to the Nomination Committee for the period up to the 2022 AGM.

The meeting adopted the Board's proposal for a contribution dividend on both paid-in and issued contribution capital, a contribution issue and a refund and supplementary payment. The total dividend amounted to MSEK 902. The meeting also adopted a dividend on subordinated debentures of MSEK 17.

The total number of appointed delegates was 101 and all 101 delegates and deputies participated in the Meeting digitally. All serving Board members, the CEO and elected auditors participated in the meeting digitally.



Principle 5. Nomination Committee

All elections – to the Board, as auditor and other elected representative positions – must take place openly and transparently and be prepared through a structured nomination committee process. The Nomination Committee shall also submit proposals for fees for elected representatives.

Nomination Committees may exist at multiple levels in the organization and each committee should be given guidelines for its assignment. Regardless of how they are appointed, the members of the nomination committee must safeguard the interests of the enterprise and the members.

Nomination Committee

The Nomination Committee is tasked with preparing and presenting proposals for the election and remuneration of Group Board members and auditors, and making recommendations on the remuneration of other elected representatives. The Nomination Committee is elected at the AGM following a proposal from the Council of Trustees. The Nomination Committee elects a chairman from among its members.

Based on the Association's current situation and future direction, the Nomination Committee assesses whether the Board is appropriately composed with regard to collective expertise. This is based in part on an evaluation of the Board's work methods and decision processes conducted every two years by an independent party at the request of the Chairman of the Board. The Nomination Committee's work on diversity and equality issues is based on, among other things, Lantmännen's equality and diversity policy. Lantmännen's Nomination Committee works according to rules of procedure adopted by the AGM.

Nomination Committee 2021

In 2021, the Nomination Committee consisted of nine members: Göran Brynell (Chairman), Inge Erlandsson, Gunilla Carlsson, Marianne Andersson, Desirée Nyman, Leif Karlsson, Anders Rickardsson, Michael Hübsch and Henrik Claesson.



At the statutory meeting after the AGM, Göran Brynell was elected Chairman and Anders Rickardsson as Vice Chairman.

The Nomination Committee's final minutes and proposals were available on the association's website prior to the meeting and were sent out to delegates with the meeting documents.

At regional level, there is a nomination committee in each district. These committees make proposals on members of the district boards. Training and preliminaries for the district nomination committees are held during fall. Representatives of the Group's Nomination Committee participate in these training sessions.

Principle 6. Board of Directors

The Board's competence shall match the complexity and scope of the business. In addition to members of the association, the Board may, where necessary, also have external members who bring in additional competence.

The Chairman of the Board leads the work of the Board and is responsible for ensuring that the Board works in an efficient manner. The Chairman shall objectively promote open debate and constructive discussions within the Board. Each member shall act independently and with integrity.

Board of Directors

The overall task of the Board of Directors is to manage Lantmännen's affairs on behalf of its members, in such a way that their economic interests are served in the best possible way. The Board shall ensure that the Company's purpose and strategies are based on the members' views. The Board is responsible for the association's organization and management of its affairs and for ensuring satisfactory control of accounting, asset management and financial affairs. The Board decides the Group's overall goals, strategic plans and significant policies and monitors their compliance and updating. The Board also decides on acquisitions, divestments and major investments and approves the annual accounts and

interim reports. The Board is also tasked with overseeing the President & CEO and regularly assessing the performance of the Group Management. The Board shall ensure that there is an effective system for follow-up and control of the association's operations and financial position, that external information is characterized by transparency and objectivity, that there is adequate monitoring of compliance with laws and regulations and that the necessary ethical guidelines, such as the Code of Conduct and overall objectives, are in place.

The work of the Board is directed by a work plan that governs the division of work and responsibility between the Board of Directors, the Chairman and the President & CEO. The work plan is updated and adopted annually at the statutory meeting of the Board. The Board elects a chairman and vice chairman from among its members. The Board has an Audit Committee, a Remuneration Committee and an Owner Committee. The purpose of the committees is to develop and streamline the Board's work as well as prepare business within the respective areas. The committees are advisory to the Board and do not have any decision-making power. Members of the committees are appointed by the Board at the statutory Board meeting. In addition to distributing the minutes of committee meetings to the Board, the committee chairman makes an oral report at the subsequent Board meeting.

The work of the Board of Directors in 2021

Lantmännen's Board consists of nine elected members and three employee representatives. None of the elected Board members has an employment-like relationship with Lantmännen.

Per Lindahl was elected Chairman of the Board and Hans Wallemyr Vice Chairman. The composition of the Board is shown in the presentation on pages 172-173.

The Board held 16 meetings during the year. The table shows Board members' attendance at the meetings. At three of the meetings, the association's auditors reported on the year's auditing.



Board meetings, attendance 2021

	Feb 8	Feb 23	Apr 20	Apr 21	May 11	Jun 1	Jun 17	Jun 18	Aug 25	Oct 4	Nov 18	Nov 24	Dec 10	Dec 16	Dec 17	Dec 27
	Digital	Digital	Digital	Extra digital	SM ¹⁾	Digital	Digital	Digital			Extra digital		Extra			Per capsulam
Per Lindahl	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Gunilla Aschan	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Jenny Bengtsson ²⁾	-	-	-	-	●	●	●	●	●	●	●	●	●	●	●	●
Tommy Brunsärn	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Johan Bygge	●	●	●	●	●	●	●	●	●	●	●	●	●	●	○	●
Jan Ehrensvärd	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Pär-Johan Lööf	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Sonat Burman-Olsson	●	●	●	●	●	●	○	●	●	●	●	●	●	●	●	●
Johan Mattsson ³⁾	●	●	●	●	-	-	-	-	-	-	-	-	-	-	-	-
Henrik Wahlberg	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Hans Wallemyr	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Tomas Welander	●	●	●	●	●	●	●	●	●	●	●	○	●	●	●	●
Per Wijkander	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

● Attended ○ Did not attend ¹⁾ Statutory Board meeting ²⁾ Newly elected at 2021 AGM. ³⁾ Left at own request at 2021 AGM

The Board also participates actively in district meetings, fall meetings, Council of Trustees and more. Board meetings were held digitally until August 2021.

During fall 2021, the Board worked on the recruitment of a new President and CEO to succeed Per Olof Nyman.

Board Committees

Audit Committee

The Audit Committee is tasked with preparing materials for the Board in matters relating to risk assessment, internal control, financial reporting and auditing. It also serves as a forum for dialogue between different parties, such as external and internal auditors. The Committee also works to ensure appropriate risk management, compliance with established financial reporting and internal control principles and the maintenance of proper relations with external auditors. The Committee also ensures that the independence of external

auditors is maintained, evaluates the audit and informs the Nomination Committee of the results.

Before the AGM, the Committee consisted of Hans Wallemyr (Chairman), Gunilla Aschan and Johan Mattsson. After the 2021 AGM, the Committee consisted of Hans Wallemyr (Chairman), Gunilla Aschan and Johan Bygge. The Head of Lantmännen's Internal Audit is secretary of the Audit Committee. The Committee held three minuted meetings.

Remuneration Committee

The Remuneration Committee is tasked with preparing matters and drafting principles related to pay and other terms of employment for Group Management. These principles must be approved by the AGM. The Committee prepares and submits decision-support material to the Board of Directors concerning conditions of employment for the President & CEO, and to the President & CEO for the other members of Group



Management. Before the AGM, the Committee consisted of Per Lindahl (Chairman), Sonat Burman-Olsson and Johan Bygge, with President & CEO Per Olof Nyman as rapporteur. After the 2021 AGM, the Committee consisted of Per Lindahl, Sonat Burman-Olsson and Jan Ehrensvärd. The Group's Senior Vice President Human Resources serves as secretary. The committee held three minuted meetings during the year.

Owner Committee

The Owner Committee is tasked with preparing matters relating to members and the member organization in the Group. The Committee's work is aimed at ensuring that member issues and democratic processes are dealt with in accordance with the Economic Associations Act, the Cooperatives Code and the Articles of Association. The Committee also works to ensure that the Articles of Association, organization and relationship with elected representatives and members are developed in such a way as to ensure that the operations are marked by transparency and adapted to changes in society and the business environment. The Owner Committee's tasks, which are linked to the Code, are to evaluate the Company's democratic organization and initiate changes if necessary.

After the 2021 AGM, the Committee consisted of Henrik Wahlberg, Per Wijkander and Jenny Bengtsson. The Head of the Legal & Compliance corporate function attends the meetings. The Group's Head of Owner Relations serves as the secretary of the Committee. The Committee held seven minuted meetings during the 2021.

President & CEO and Group Management

The President & CEO is appointed by the Board and is responsible for the Association's day-to-day management. The division of work between the Board and the President & CEO is regulated in the Board's work plan. Lantmännen's Group Management consists of 10 members. The composition of Group Management is shown in the presentation on ↗ pages 174-175. Group Management meets 10 times a year and as required.



Principle 7. Remuneration of senior executives

The enterprise shall have overall guidelines for remuneration, terms and conditions for senior executives (CEO and Management team). The guidelines shall clearly state how remuneration, terms and conditions for the CEO and senior executives are determined.

The Board shall establish a remuneration committee or fulfill the task itself.

Principles on remuneration of senior executives shall be decided by the General Meeting. The enterprise's auditors shall examine how the principles have been applied and submit a written statement to the General Meeting. See ↗ note 6.

Each year, the Annual General Meeting decides on principles for remuneration of senior executives. The support material is included in the documents that are sent out to delegates prior to the Meeting. The proposal is prepared by the Board's Remuneration Committee (see above) and discussed by the Board. Incentive program conditions and the structure of variable salary are reported on for the Council of Trustees. The Company's auditors review how the principles have been applied since the previous AGM, comment on this at the meeting and submit a written statement to the meeting, which is available in the meeting room.

Variable salary – Short-term incentive program

Lantmännen has a Group-wide variable salary program, which for 2021 covered all members of Group Management and a number of senior executives in the Group. Decisions about target groups and guidelines for variable salary are made annually by the AGM in the case of the Group Management and by the Board of Lantmännen in other cases. For 2021, the program consists of financial and individual targets. The financial targets represent 75 percent of the maximum variable salary and are linked to the economic value added that the operating units generate for Lantmännen. The individual targets represent 25 percent.



The purpose of the short-term variable salary program is to act as a motivation to improve the Group's performance, as the individual Group management member's annual remuneration varies according to the Group's results. The program also supports initiatives that relate to individual performance benefiting the Group.

Variable salary – Long-term incentive program

Lantmännen's long-term incentive program runs for four years with an initial performance year followed by three lock-in years. The program covers all the members of Group management and a small group of senior executives and business-critical key individuals. The purpose of the program is to drive and reward exceptional value growth and profitability within the Group. The program also has a construction that links the interests of the owners and participants. An initial allocation under the program is contingent on the Group achieving a predetermined minimum result for return on equity (RoE) in the performance year. The initial allocation increases with a higher RoE, but there is a ceiling at which no further allocation takes place.

Principle 8. Audit, risk and Internal control

The Board shall establish a framework and processes for risk management and internal control. This shall be adapted to the complexity and scope of the business and be subject to annual evaluation.

The Board shall establish an audit committee or fulfill the task itself.

The Board shall ensure that persons selected to review of the business from a member perspective have access to relevant information about the business and a regulated working relationship with the external auditors.

Risk management and Internal control

Group-wide policies and governing documents

Lantmännen's Code of Conduct applies to the entire operations,

all employees, the Board and elected representatives. The Code of Conduct describes how Lantmännen must conduct itself and make decisions to take responsibility from an environmental, social and business ethics perspective. The Code of Conduct also provides guidance for Board members and elected representatives. In addition to the Code of Conduct, guidance in several areas is provided in policies and guidelines.

Lantmännen's Board is responsible to the members for the Company's risk management. Group management regularly reports on risk issues to the Board and its Audit Committee. The ongoing process of controlling risk mandates and policies takes place in the Risk Committee, which reports monthly to the Board's Audit Committee. Every year, an Enterprise Risk Management process is conducted, when each business unit's risks are identified. See also pages 177-179.

Lantmännen's business ethics compliance program includes compliance with competition and anti-corruption legislation. Regular risk assessments, communication, control and monitoring and training are carried out under the program. Lantmännen's Group Compliance function reports regularly to the Board and Group management on compliance, identified risks and the status of compliance work in the business ethics compliance program.

Internal control over financial reporting

The Board has overall responsibility for internal control over financial reporting. A written work plan that clarifies the responsibilities of the Board and governs the division of work between the Board and its committees has been adopted. An Audit Committee regularly reports to the Board. Lantmännen's process for internal control over financial reporting is designed to provide assurance of the reliability of the financial reporting. Lantmännen's Sectors, Business Areas and companies are responsible for their operational activities, which includes responsibility for internal control in financial reporting.

The most important elements of Lantmännen's system for internal control are the control environment, risk assessment,



control activities, information and communication, and monitoring.

The control environment is the basis of internal control within Lantmännen and consists of the decisions on organization, authority and guidelines made by the Board. The Board's decisions have been translated into a functioning management and control system by executive management. The organizational structure, decision-making channels, authority and responsibilities are documented and communicated in governing documents such as Group policies, instructions and other regulations. Internal control is also based on Group-wide accounting and reporting instructions, instructions on authority and authorization rights and manuals.

Risk assessment includes identifying and assessing the risk of material errors in accounting and reporting at all levels in the Group. Risk assessments are made on an ongoing basis.

Control activities are part of normal control and financial reporting activities at all levels and play an important role in ensuring reliability of financial information. The controller organization, like financial responsibility, follows the Company's organizational and responsibility structure. Business controllers are in place at all levels within the organization.

For *information and communication* in the area of financial reporting, Lantmännen has formal information and communication channels for relevant personnel with regard to policies, guidelines and reporting manuals. The formal information and communication channels are complemented by dialogue between the finance and treasury function at different levels.

Monitoring is conducted regularly in order to ensure the efficiency of internal control over financial reporting. The monitoring process includes analysis of regular financial reports against historical figures, budgets and forecasts as well as monitoring of reported activities.

Internal Audit

Internal audit is an independent and objective function that evaluates, recommends and monitors improvements in the efficiency of Lantmännen's risk management, internal controls and control processes throughout the Group. The internal audit unit reports material observations and improvement proposals to the Group Board, both through the Audit Committee and directly to the operating units. The function is under the direct authority of the Board and the Audit Committee and performs its tasks in accordance with an established internal audit plan. It also audits the review function for Lantmännen Finans AB in accordance with the requirements of the Swedish Financial Supervisory Authority.

External Audit

The auditors are tasked with auditing the annual report, consolidated financial statements, accounting records and administration of the Board and President & CEO. At Lantmännen, the persons appointed to review the business from a member perspective are called member representative auditors. All auditors are elected by the AGM for one year at a time. There are four regular auditors. One is authorized and the other three are member representative auditors. The authorized auditor is the accounting firm Ernst & Young AB. The member representative auditors are Maude Fyrenius, Jimmy Grinsvall and Kristina Glantz Nilsson. The member representative auditors submit a review report to the general meeting, in accordance with the Code. They also report regularly to the Council of Trustees, the Board and the Audit Committee.



Member Representative Auditors' Review Report and Statement on the Corporate Governance Report

This is a translation from the Swedish original.

To the annual general meeting of Lantmännen ek för, Corporate identity number 769605-2856

Engagement and responsibility

We have reviewed the Board's Corporate Governance Report for 2021 and the application of the principles of the Swedish Code for the Governance of Cooperative and Mutual Enterprises (the Code). The Board is responsible for ensuring that the Code's principles are followed and that this is reported and described in the Corporate Governance Report.

Scope of the audit

We have conducted a review, which is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

Our review has taken place from a member perspective in accordance with the eight principles of the Code and in

line with Co-operatives Sweden's guidelines for member representative auditors. Particular emphasis has been placed on the Code's principles Objective and benefits for members, Democratic processes and Members' participation in the company's value creation. The Member 2030 work was a priority audit area in 2021.

We believe that this review has provided us with sufficient basis for our opinion.

Opinion

A corporate governance report has been established, in accordance with the Swedish code for the governance of cooperative and mutual enterprises. Our review shows that the code's eight principles have been followed in all material respects.

Stockholm, February 23, 2022

Maude Fyrenius
Member Representative Auditor

Kristina Glantz Nilsson
Member Representative Auditor

Jimmy Grinsvall
Member Representative Auditor

Group Board



Per Lindahl *Chairman*
 Kristianstad
 Born: 1964
 Director since 2011
 Member of Lantmännen
Other functions at Lantmännen:
 Remuneration Committee, Lantmännen
 Research Foundation
Education: Agriculture
Main occupation: Farmer
Production: Crops (potatoes and grain),
 broiler breeding, egg production,
 machinery workshop
Directorships: Lantmännen Dansk Land-
 brugs Grovvarereselskab International AB
 (Chairman), Viking Malt Aktieföretag,
 Fellow of The Royal Swedish Academy of
 Agriculture and Forestry (KSLA)
Contribution issues: 4,809,703*
Subordinated debentures: SEK 300,000*



Hans Wallemyr *Vice Chairman*
 Falköping
 Born: 1956
 Director since 2007
 Member of Lantmännen
Other functions at Lantmännen: Audit
 Committee, Lantmännen Research
 Foundation
Education: Agriculture and economics
Main occupation: Farmer
Production: Wind power, potatoes,
 forestry, breeding/training showjumpers
 and dressage horses
Directorships: Källeberg Vind AB
 (Chairman), Scandbio AB and Åsle Vind AB
Contribution issues: SEK 718,403*



Gunilla Aschan
 Linköping
 Born: 1960
 Director since 2015
 Member of Lantmännen
Other functions at Lantmännen: Audit
 Committee
Education: Agricultural Economics,
 Swedish University of Agricultural Sciences
Main occupation: Farmer
Production: Forestry, crops, beef
Directorships: Landshypotek Bank AB,
 Fyrklövern ekonomi och juridik AB and
 Ellen Key's stiftelse Strand
Contribution issues: SEK 56,533*
Subordinated debentures: SEK 300,000*



Jenny Bengtsson
 Vessigebo
 Born: 1984
 Director since 2021
 Member of Lantmännen
Other functions at Lantmännen: Owner
 Committee
Education: Veterinary
Main occupation: Veterinarian and farmer
Production: Dairy, beef crops
Contribution issues: SEK 47,214*



Sonat Burman-Olsson
 Lidingö
 Born: 1958
 Director since 2018
 Not a member of Lantmännen
Other functions at Lantmännen:
 Remuneration Committee
Education: M.Sc. (Business and
 Economics), Executive MBA, Strategic Man
 Oxford & Harvard
Main occupation: Directorships
Directorships: PostNord AB, NESTE
 Corporation, Lindab International AB and
 Raizen S.A.



Johan Bygge
 Lidingö
 Born: 1956
 Director since 2019
 Not a member of Lantmännen
Other functions at Lantmännen:
 Audit Committee
Education: MBA, Stockholm School of
 Economics
Main occupation: Directorships
Directorships: Nobina AB (Chairman),
 Scandi Standard AB (Chairman), Guard
 Therapeutics Intl AB (Chairman), AP3 (Vice
 Chairman), Getinge AB, Capman OYJ and
 Praktikertjänst AB
Subordinated debentures: SEK 250,000



Jan Ehrensward
 Tomelilla
 Born: 1968
 Director since 2020
 Member of Lantmännen
Other functions at Lantmännen:
 Remuneration Committee
Education: MBA, Stockholm School of
 Economics
Main occupation: Farmer
Directorships: Tosterups Gård AB (Chair-
 man), TreForm Packaging AB (Chairman),
 Äppelriket Österlen ek för (Chairman),
 ALSOCA Förvaltning AB and Viking Malt
Contribution issues: SEK 1,039,093*



Henrik Wahlberg
 Soukolöjvä, Övertorneå Municipality
 Born: 1967
 Director since 2017
 Member of Lantmännen
Other functions at Lantmännen: Owner
 Committee
Education: Aeronautical engineer,
 agriculture
Main occupation: Farmer
Production: Dairy, beef
Directorships: Övertorneå Energi
 Försäljning AB, Sparbanken Nord,
 Övertorneå Energi AB and Luttugården AB
Contribution issues: SEK 342,149*



Per Wijkander

Upplands-Bro
 Born: 1977
 Director since 2019
 Member of Lantmännen
Other functions at Lantmännen: Owner Committee, Beirat (Advisory Board) HaGe Kiel, LRF Växtodling
Education: Agricultural Economics, Swedish University of Agricultural Sciences
Main occupation: Farmer
Production: Crops
Directorships: 4 Tunnländ AB, Håtunaholm AB, Håtunaholm H.T.H. AB, Håtunalab AB and Håbo Häradsallmänning
Contribution issues: SEK 2,865,253*
Subordinated debentures: SEK 1,500,000



Tommy Brunsärn

Employee representative
 Södertälje
 Born: 1959
 Director since 2007
 Employee representative Unionen
Main occupation: Lead Buyer
 MRO/Capex



Pär-Johan Lööf

Employee representative
 Uppsala
 Born: 1966
 Director since 2013
 Employee representative the Union for Professionals
Education: Agriculture, Swedish University of Agricultural Sciences
Main occupation: R&D Manager
 Agri Lantmännen R&D
Directorships: Naturbutiken på Öland AB, non-profit association Cultivation in Balance (Odling i Balans), Stiftelsen Jordbruks- och Miljöteknisk Forskning and Stiftelsen JTI
Subordinated debentures: SEK 100,000



Tomas Welander

Employee representative
 Gothenburg
 Born: 1961
 Director since 2012
 Employee representative IF Metall
Main occupation: Service technician, Swecon
Other directorships: Employee representative, Swecon Anläggningsmaskiner AB

Member representative auditors

Maude Fyrenius

Lärbo
 Born: 1973
 Auditor for Lantmännen since 2014
Education: Agrotechnician
Main occupation: Farmer, Consultancy and skills development, Gotland County Administrative Board
Production: Crops, lamb and beef, nature conservation
Contribution issues: SEK 95,141*

Kristina Glantz Nilsson

Håbo
 Born: 1975
 Auditor for Lantmännen since 2020
Education: Agriculture
Main occupation: Business Advisor Danske Bank Västerås, Farmer
Production: Grain, on-farm tourism
Contribution issues: SEK 46,083
Subordinated debentures: SEK 200,000

Jimmy Grinsvall

Sätilla
 Born: 1974
 Auditor for Lantmännen since 2019
Education: Agricultural and Rural Management
Main occupation: Farmer
Production: Beef, crops and forestry
Contribution issues: SEK 351,300

Authorized Public Accountant

Anders Kriström

Ernst & Young AB, Stockholm
 Born: 1974
 Auditor since 1999
 Auditor for Lantmännen since 2015
Other assignments: Skanska Sverige AB, Stanley Security Sverige AB and Lundin Energy

Board Secretary

Tove Cederborg

Head of Legal Affairs
 Born: 1964
 Hired: 2011
Education: LLB, Lund University 1992
Directorships: Pensionsstiftelsen Grodden AB

Board members of Lantmännen ek för are elected for two-year terms. The Annual General Meeting will be held on May 05, 2022. Holdings of contribution issues are reported in SEK, as at December 31, 2021. Holdings of subordinated debentures are reported as at December 31, 2021.

* Together with related parties, or through wholly or partly-owned companies.

Group Management



Per Olof Nyman

President & CEO, Head of Food Sector

Born: 1956

Hired: 2008

Education: M.Sc. (Industrial and Management Engineering) Linköping Institute of Technology

Directorships: Intercoop Europe (Chairman), Swedbank, HKScan Oy and Hauptgenossenschaft Nord AG

Subordinated debentures: SEK 4,000,000



Per Arfvidsson

Executive Vice President, Head of IT, Digital Development, Public and Regulatory Affairs, Sustainable Development and R&D

Born: 1962

Hired: 2011

Education: M.Sc. (Mechanical Engineering, Industrial Organization & Logistics) Chalmers University of Technology

Directorships: Sweden Food Arena (Chairman), Agronod (Chairman) and Foodhills AB

Subordinated debentures: SEK 2,000,000



Tove Cederborg

Head of Legal Affairs

Born: 1964

Hired: 2011

Education: LLB, Lund University

Directorships: Pensionsstiftelsen Grodden

Subordinated debentures: SEK 300,000



Werner Devinck

Senior Vice President Lantmännen Unibake

Born: 1958

Hired: 2013

Education: Economist, University of Leuven, Belgium



Christian Johansson

Senior Vice President & Group CFO

Born: 1963

Hired: 2020

Education: M.Sc. (Business and Economics), Stockholm University, INSEAD (Fontainebleau, France)

Directorships: Lantmännen Dansk Landbrugs Grovvarereselskab International AB



Magnus Kagevik

COO, Head of Energy Sector

Born: 1967

Hired: 2018

Education: M.Sc. (Mechanical Engineering) Linköping Institute of Technology

Directorships: Scandbio AB, Drivkraft Sverige AB, Viking Malt Aktieföretag, Hauptgenossenschaft Nord AG and Lantmännen Dansk Landbrugs Grovvarereselskab International AB

Subordinated debentures: SEK 2,000,000



Niklas Lindberg

Head of Swecon Business Area

Born: 1974

Hired: 2015

Education: Master of Business Science

Directorships: X-Innovations AB (Chairman) and Hyttbäcken Invest AB



Elisabeth Ringdahl

Head of Agriculture Sector

Born: 1965

Hired: 2015

Education: M.Sc. (Business and Economics), Uppsala University

Directorships: Rezekne JSC (Chairman), Scandagra Group AB and Scandagra Polska Sp.z o.o.
Subordinated debentures: SEK 500,000



Carl-Peter Thorwid

Senior Vice President Lantmännen Cerealia

Born: 1964

Hired: 2016

Education: M.Sc. (Industrial and Management Engineering), Linköping Institute of Technology

Directorships: HKScan Oy (Deputy)
Subordinated debentures: SEK 400,000



Elisabeth Wallin Mononen

Senior Vice President HR & Communications

Born: 1959

Hired: 2005

Education: LLB, Lund University, and MBA, University of Illinois at Chicago

Directorships: Hagabergs Mekaniska Aktiebolag (Deputy)

Holdings of subordinated debentures are reported as at December 31, 2021.

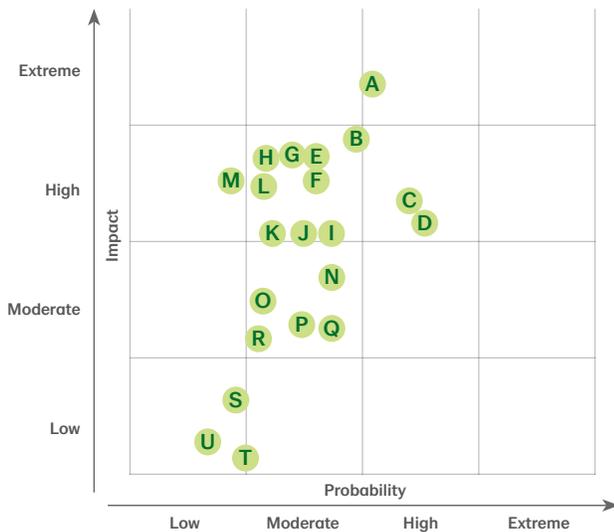
Risks and facts

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Significant risks and risk management

Risks are inherent in all business activity. Risks can arise from mismanagement or events and decisions that affect Lantmännen's business goals. Identifying and managing risks is an integral part of strategic planning and operational management and control.

Lantmännen's risk analysis



- A** Weather and climate risks
- B** Regulatory changes
- C** Volatility in raw materials and inputs, supply and demand imbalances
- D** Ethanol price volatility
- E** Cyber security and IT operations
- F** Fire and property damage, incl. threats and sabotage
- G** Pandemic consequences
- H** Business ethics risks
- I** Work environment and safety
- J** Cyclical changes
- K** Trademark and reputational risk
- L** Customer and consumer trends, market dynamics
- M** Quality and product safety
- N** Attracting, retaining and developing key skills
- O** Sustainability risks in the supply chain
- P** Political, incl. geopolitical, risks
- Q** Compliance with environmental legislation
- R** Currency risk
- S** Credit and counterparty risk
- T** Refinancing/liquidity risk
- U** Interest rate risk

The risk assessment scale ranges from low to moderate, high and extreme for both probability and impact. The risk assessment for 2021 was conducted in the ERM process, with the support of internal expertise, during the period August-December.

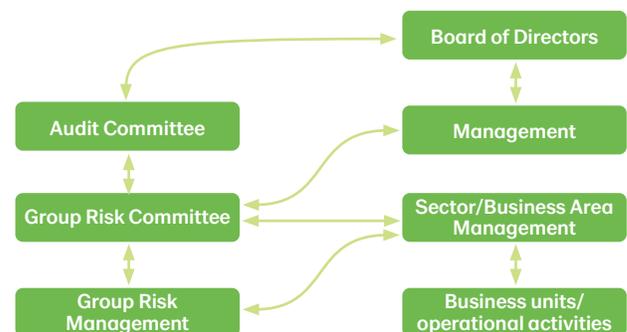
Risk management process

Lantmännen's Board is responsible to the members for the Company's risk management. Group management regularly reports on risk issues to the Board and its Audit Committee.

The ongoing process of controlling risk mandates and policies takes place in the Risk Committee, which reports monthly to the Board's Audit Committee. The business managers are responsible for implementing risk management in the daily operations, while risk identification and continuity planning are an important part of every manager's responsibility. Each year, a Group-wide Enterprise Risk Management process is implemented with all business units. This takes place in workshops with the management teams and the Group Risk Management, Group Compliance, Sustainable Development, Health and Safety, Information and IT Security and Internal Audit functions.

The risks of the business are identified and assessed on the basis of probability and impact on results, reputation

and people. The Group's risks are aggregated and the most significant ones are dealt with by the Risk Committee, Group Management and the Board, with continuous monitoring. The business managers ensure that risk measures for the businesses are in place.



A Weather and climate risks

Risk level ● High probability ● Extreme impact

Climate change, with more extreme weather conditions such as drought, heavy precipitation and increased pressure from pests, affects growing conditions and profitability in the grain value chain. Weather can have an impact on individual seasons and create supply-demand imbalances. The transition to a fossil-free economy creates both challenges and opportunities for businesses.

Management: Development of cultivation methods, variety breeding and adaptation to climate change. Preparedness for grain trading and increased drying capacity, production disruptions and supply disruptions for sensitive raw materials. Climate target and phasing-out of fossil energy sources.

B Regulatory changes

Risk level ● Moderate probability ● High impact

Laws, regulations and policy instruments can affect production and profitability. Agriculture and energy production are regulated areas and the EU's negative (so far) view of crop-based biofuels is a risk in terms of new regulations. Some of Lantmännen's operations are subject to permit.

Management: Monitoring issues, including through Swedish and European industry organizations. Each Sector and Business Area monitors changes in specific areas and adapts its operations.

C Volatility in raw materials and inputs, supply and demand imbalances

Risk level ● High probability ● High impact

There is global volatility in supply and demand for raw materials and inputs. Pandemics, political instability and weather affect the price of raw materials, packaging materials, semiconductors and supply, such as electricity, gas and steam. They also have implications for logistics and transport. Price volatility is expected to increase with strong demand for raw materials, limited global scope to increase land use for farming and more uncertainty about harvest outcomes due to climate change.

Management: Price risk and supply risk are linked, but managed differently. Commodity hedging is carried out in accordance with current regulations and policies. Electricity and gas price reductions through active management in the futures markets to get the lowest possible price and increase predictability over time. Dialogue internally and with the supply chain is important, as is systematic work to find alternatives.

D Ethanol price volatility

Risk level ● High probability ● High impact

Operating income for the Norrköping ethanol plant is greatly dependent on the relationship between prices of grain, feed and ethanol, and political decisions such as the EU tariff rules.

Management: Prices of grain, ethanol and feed for Lantmännen Agroetanol's production and sales are hedged. Scope for ethanol hedging varies but has been improved by more liquidity in the futures market. Development work is in progress in the ethanol business to broaden the raw material base and product range to reduce dependence on the ethanol/grain price relationship.

E Cyber security and IT operations

Risk level ● Moderate probability ● High impact

There is a clear trend of increased cyber-crime. As the incentives are often financial, prosperous companies are attractive targets for attacks.

Management: Lantmännen is prioritizing the work, taking measures and investing in increased cybersecurity. All information is classified for selection of protection measures for information in IT systems and processes. There will also be additional measures and investments to improve cyber security, starting in 2021 and 2022. Employees are continuously trained in safe handling of information and systems.

F Fire and property damage, incl. threats and sabotage

Risk level ● Moderate probability ● High impact

Lantmännen conducts operations with risk of fire, explosion, based on emerging threats through damage or sabotage. Property can be damaged, and production downtime affects earnings and market position.

Management: Loss and injury prevention work through inspections. Adequate insurance for operational risks – partly channelled via the Group's own insurance company Dirual Försäkrings AB, which reduces premium costs.

G Pandemic consequences

Risk level ● Moderate probability ● High impact

The pandemic has posed challenges for the businesses, with the Food Sector being most affected, but overall Lantmännen has managed and coped well. In the long term, consumer behavior and demand may change, while changes in working methods and access to the supply chain and logistics must also be taken into account.

Management: Lantmännen took early, consistent measures to protect employees, protect businesses and take social responsibility, which have produced results. Lantmännen works proactively on monitoring and crisis management, and securing raw material supply, customer deliveries and customer credit.

H Business ethics risks

Risk level ● Moderate probability ● High impact

Lantmännen operates in countries and industries with varying exposure to corruption and problems relating to competition law.

Management: Business ethics is part of the Code of Conduct, and there are also policies and a business ethics compliance program. A risk analysis, targeted activities to manage risk areas, and systematic monitoring and reporting are conducted every year.

I Work environment and safety

Risk level ● Moderate probability ● Moderate impact

Some operations have hazardous work environments and activities that could pose a danger or risk to health.

Management: Systemization, reporting and monitoring. Health & safety training is obligatory for all our managers.

J Cyclical changes

Risk level ● Moderate probability ● High impact

Operations can be affected by cyclical changes or changes in demand or competitiveness. Price competition is strong. A cyclical change also affects customers' purchasing power and purchasing patterns.

Management: Lantmännen monitors the economic situation and adapts costs accordingly. Action plans are in place for major changes in demand. We manage price competition by working on price, mix and innovation and by brand building.

K Trademark and reputational risk

Risk level ● Moderate probability ● High impact

Lantmännen's brand may be adversely affected if operations are not conducted sustainably, do not comply with laws and regulations, or do not live up to Lantmännen's brand promise.

Management: Lantmännen has requirements for its own production, raw materials and suppliers, and works on employee engagement and leadership, with external stakeholder dialogue and transparent reporting.

L Customer and consumer trends, market dynamics

Risk level ● Moderate probability ● High impact

The market is affected by external trends and competitor activities, with increasing requirements for speed of development, content and investment levels, particularly in terms of responsibility and sustainability.

Management: Lantmännen identifies market and customer requirements and develops relevant services and products, including e-commerce.

M Quality and product safety

Risk level ● Low probability ● High impact

Product safety and quality are important in all businesses. Requirements are particularly high in the food and feed value chain and production follows standards. For grain, there are specific quality-related risks.

Management: The work is conducted and developed by each Group company with follow-up at Group level and includes continuous development of requirements and monitoring of qualities and volumes, compliance with standards for food safety, contract farming, training and third-party audits. Lantmännen's products are marked with clear information. Organization, procedures and insurance are in place for recalls.

N Attracting, retaining and developing key skills

Risk level ● Moderate probability ● Moderate impact

Shortage of leadership and competence can leave Lantmännen unable to implement strategies, develop businesses and achieve defined business goals.

Management: Lantmännen pursues systematic, strategic work with a focus on succession planning and skills supply to strengthen its employer brand.

O Sustainability risks in the supply chain

Risk level ● Moderate probability ● Moderate impact

Lantmännen has suppliers in, and purchases certain commodities from, high-risk countries and industries in terms of sustainability, e.g. human rights and biodiversity.

Management: The Supplier Code of Conduct clarifies requirements and the process for approving suppliers. For high-risk commodities such as soy and palm oil, there are programs that manage risk and ensure responsibility.

P Political, incl. geopolitical, risks

Risk level ● Moderate probability ● Moderate impact

Political instability in the EU and Eastern Europe and a new EU Commission and European Parliament may affect the conditions. Global instability in trade and trade agreements and actions by the US have an impact on trading in agricultural products.

Management: Developments are constantly monitored and analyzed to adapt the business to changing conditions.

Q Compliance with environmental legislation

Risk level ● Moderate probability ● Moderate impact

Lantmännen conducts operations subject to permit and notification requirements under the Environmental Code in Sweden and national legislation in other countries. Changes to surrounding operations may lead to restrictions or higher requirements for Lantmännen's operations. An increase in production or a change in the type of production may affect permits.

Management: Monitoring and reporting to authorities. Active work on chemical handling. Environmental inspections and surveying industrial land for the need for remediation.

R Currency risk

Risk level ● Moderate probability ● Moderate impact

Changes in exchange rates affect Lantmännen's earnings, equity and competitive situation. Payment flows and agreements in different currencies create currency risks.

Management: Lantmännen's currency risks are managed centrally to minimize currency effects and achieve matching of currency transactions within the Group for optimal hedging. Financial instruments are used to hedge expected payment flows using the guidelines contained in Lantmännen's financial policy.

S Credit and counterparty risk

Risk level ● Low probability ● Low impact

Lantmännen's financial transactions give rise to credit risks associated with financial and commercial counterparties.

Management: Lantmännen only works with banks that have a high credit rating and in particular those that participate in the Group's long-term financing. In order to minimize the credit risk associated with outstanding trade receivables, Lantmännen has a policy of conducting special credit checks. If there is a special need, customers are insured.

T Refinancing/liquidity risk

Risk level ● Low probability ● Low impact

When renewing loans and credit, there is a risk of higher costs and less access to refinancing. Liquidity risk is the risk of inability to discharge payment obligations due to insufficient liquidity.

Management: Refinancing risk is limited by having a spread of counterparties and maturity profiles of interest-bearing liabilities. The financial policy regulates liquidity risk by stipulating that guaranteed unused credit facilities and cash resources must exceed MSEK 1,500.

U Interest rate risk

Risk level ● Low probability ● Low impact

Changes in the market rate may have adverse effects on earnings and cash flows. Their impact on net interest income depends on the fixed rate period for the loans.

Management: Lantmännen's strategy is to take out loans with short fixed-interest periods but long maturities. Lantmännen may enter into interest rate swaps and extend the fixed-interest period for existing loans.

Lantmännen and the EU Taxonomy Regulation

The EU Taxonomy Regulation entered into force in 2021. At present, Lantmännen has a low proportion of taxonomy-eligible economic activities. This is due to the fact that many of the industries in which Lantmännen operates are not included in the current implementation phase of the taxonomy.

The European Commission has developed an action plan for making the EU a climate-neutral continent by 2050. To achieve this, capital needs to be allocated to the green transition. Part of this action plan is the Taxonomy Regulation, a system that classifies sustainable activities and imposes reporting requirements on companies.

Lantmännen is subject to the Annual Accounts Act's requirements on reporting in accordance with the Taxonomy Regulation as a non-financial undertaking. These reporting requirements are being phased in and for 2021 will require Lantmännen to report the taxonomy-eligible proportion and the non-taxonomy-eligible proportion for the three key performance indicators: turnover, capital expenditure (CapEx) and operating expenditure (OpEx). For definitions of the three KPIs, see below.

Lantmännen is following developments and, in the coming year, intends to report in line with the Taxonomy Regulation's expanded disclosure requirements for included sectors. This also includes KPIs for the taxonomy-aligned proportion related to environmental objectives 1-6, according to technical screening criteria.

In accordance with the Taxonomy Regulation, the information is reported as part of the statutory sustainability report.

Definition of indicators and boundaries

Data for each KPI is taken from Lantmännen's existing reporting and monitoring systems.

Reporting for 2021 will be at an aggregated level for the Group's total turnover, CapEx and OpEx related to the Taxonomy Regulation's environmental objectives 1-2. The risk of double counting has been addressed by excluding internal transactions. Associates (joint ventures) are not included in the taxonomy reporting.

Turnover KPI

Turnover is defined as the amount received from the sale of goods and services after deduction of sales rebates, VAT and other taxes directly related to turnover.

CapEx KPI

CapEx, capital expenditure, is calculated as the sum of investments in assets accounted for under IAS 16 Property, Plant and Equipment, IAS 38 Intangible Assets, IAS 40 Investment Property and IFRS 16 Leases (additions to right-of-use assets), and assets acquired through business combinations.

OpEx KPI

OpEx includes expenditure associated with maintaining the value of assets, such as direct costs of R&D, building refurbishment, short-term leases, maintenance and repair, and other costs relating to the day-to-day servicing of the asset and ensuring its continued and proper functioning.

Disaggregation

Disaggregation occurs when several economic activities are integrated into a single production facility. If needed, an allocation key based on turnover is used for disaggregation and can be applied to OpEx and to CapEx.

Assessments

Lantmännen has implemented the requirements of the Taxonomy Regulation. Lantmännen has a diversified business and an analysis has identified the following as taxonomy-eligible activities for 2021: "4. Energy", "5. Water supply, sewerage, waste management and remediation activities" and "7. Construction and real estate activities". The analysis was based on the EU standard that classifies legal entities with NACE codes. To complete the analysis, Lantmännen's

Reporting

	Total, SEK	Proportion of taxonomy-eligible economic activities	Proportion of non-taxonomy-eligible economic activities
Turnover	48,183	5 %	95 %
Operating expenditure	1,318	8 %	92 %
Capital expenditure	2,573	4 %	96 %



Photo: Henrik Sigfridsson • Agroetanol, Händelö
Third prize in Lantmännen's 2021 photography competition

activities were assessed based on the economic activities described in the Taxonomy Regulation's delegated acts.

In cases where an economic activity is listed in the Taxonomy Regulation but is only a minor part of Lantmännen and/or has a different main business focus, Lantmännen has chosen to classify the activity as taxonomy-non-eligible.

Background information

As an important player in the grain value chain, Lantmännen recognizes its responsibility to combat climate change. Lantmännen's business strategy has ambitious climate and environmental targets that support the Global Goals. Lantmännen is committed to reducing the climate impact of its own production by 2030 in accordance with the Paris Agreement. It also has targets for fossil-free operations in Sweden and Norway by 2025, other Nordic countries by 2030 and the rest of Europe by 2040. Lantmännen also has climate targets for impacts outside direct production, such as primary production and purchased transport. Lantmännen has its own research foundation and invests in research and innovation for productive, climate- and environmentally efficient agriculture, bioenergy and food of the future. Also important is the commercialization of research results for the benefit of agriculture and our business operations.

Taxonomy-eligible activities

Lantmännen's biorefinery in Norrköping, Sweden, produces ethanol from grain and from residues from the food industry. The result is ethanol with a reduced carbon footprint of more than 90 percent compared with fossil fuels. (*Eligibility: DA Annex 1 and 2, "4. Energy" and "5. Water supply, sewerage, waste management and remediation activities"*)

Lantmännen Agrovärme supplies district heating and ready heat from biofuel of Swedish origin to about 20 locations in central and southern Sweden in our own plants and in cooperation with partners. A couple of facilities produce biochar, which is sold commercially as a soil improver and can also act as a carbon sink. (*Eligibility: DA Annex 1 and 2, "4. Energy"*)

Lantmännen Fastigheter is one of Sweden's largest real estate companies, with 150 properties in 80 locations, mainly in Sweden but also in Finland and Denmark. The business is conducted on a long-term basis and has an action plan for energy efficiency and phasing out fossil energy. Climate adaptation is part of continuous improvement work and development of new properties. (*Eligibility: DA Annex 1 and 2, "7. Construction and real estate activities"*)

The Group's Ten-year overview

Condensed income statements

MSEK	2021	2020	2019	2018 ¹⁾	2017 ¹⁾	2016 ¹⁾	2015 ¹⁾	2014 ¹⁾	2013 ¹⁾	2012 ¹⁾
Net sales	48,183	45,990	48,523	43,962	39,686	37,244	35,660	32,666	33,802	36,526
EBITDA	4,399	4,274	4,046	2,806	2,919	2,771	2,573	2,556	2,193	1,698
Depreciation, amortization and impairment	-2,097	-2,051	-2,063	-1,363	-1,242	-1,165	-1,222	-1,103	-2,104	-1,185
Operating income	2,302	2,223	1,983	1,443	1,677	1,606	1,351	1,453	89	513
Finance income and costs	-121	-182	-210	-193	-156	-149	-105	-111	-4	-182
Income after financial items	2,181	2,041	1,773	1,250	1,521	1,457	1,246	1,342	85	331
Tax, minority	-294	-244	-222	-68	-216	-183	-156	-117	15	-91
Net income for the year	1,887	1,797	1,551	1,182	1,305	1,274	1,090	1,225	100	240

Condensed statements of financial position

MSEK	2021	2020	2019	2018 ¹⁾	2017 ¹⁾	2016 ¹⁾	2015 ¹⁾	2014 ¹⁾	2013 ¹⁾	2012 ¹⁾
Property, plant and equipment	13,769	13,288	13,927	10,673	10,030	9,098	7,699	7,178	7,337	8,928
Goodwill	5,619	5,461	5,724	5,350	5,238	4,611	4,424	2,915	2,594	2,554
Other intangible assets	3,378	3,370	3,620	3,451	3,327	2,980	2,782	752	814	875
Other non-current assets	3,662	3,496	3,499	3,233	3,204	2,825	2,780	2,762	2,542	2,151
Total non-current assets	26,428	25,615	26,770	22,707	21,799	19,514	17,685	13,607	13,287	14,508
Inventories	6,610	6,077	6,561	6,943	5,948	5,270	5,545	5,379	5,249	5,946
Other current assets	7,605	6,224	6,680	6,725	5,866	5,933	5,599	5,087	5,170	5,561
Cash and cash equivalents	2,704	1,415	1,183	720	927	1,773	1,252	3,058	2,295	352
Total current assets	16,919	13,716	14,424	14,388	12,741	12,976	12,396	13,524	12,714	11,859
Total assets	43,347	39,331	41,194	37,095	34,540	32,490	30,081	27,131	26,001	26,367
Equity, members of the Parent	19,990	17,901	17,411	15,935	14,859	13,795	12,660	11,859	11,016	10,899
Equity, NCI	108	105	94	92	89	88	21	17	28	33
Total equity	20,098	18,006	17,505	16,027	14,948	13,883	12,681	11,876	11,044	10,932
Non-current liabilities	6,595	7,029	7,190	7,005	5,983	6,219	6,135	3,598	4,939	5,919
Current liabilities	16,654	14,296	16,499	14,063	13,609	12,388	11,265	11,657	10,018	9,516
Total equity and liabilities	43,347	39,331	41,194	37,095	34,540	32,490	30,081	27,131	26,001	26,367
Net debt	6,673	7,761	10,165	8,719	7,274	6,289	6,476	3,674	4,963	7,506
Refund and supplementary payment ^{2) 3)}	341	305	208	156	245	231	188	135	129	120
Extra dividend	-	-	-	-	133	-	-	-	-	-
Contribution dividend and contribution issue ³⁾	659	597	525	463	322	277	243	328	171	168

¹⁾ In accordance with previously applied accounting policies for leasing.

²⁾ Reported amounts may include adjustments compared with previous years' proposals.

³⁾ According to Board's proposal 2021.

The Group's Ten-year overview

Key figures	2021	2020	2019	2018 ¹⁾	2017 ¹⁾	2016 ¹⁾	2015 ¹⁾	2014 ¹⁾	2013 ¹⁾	2012 ¹⁾
Operating margin, %	4.8	4.8	4.1	3.3	4.2	4.3	3.8	4.4	0.3	1.4
Capital turnover rate, times	1.8	1.7	1.7	1.8	1.8	1.8	1.8	2.1	2.0	2.0
Return on equity, %	10.0	10.2	9.1	7.6	9.0	9.6	8.9	10.6	0.9	2.2
Return on operating capital, %	8.4	8.1	6.8	6.0	7.8	8.0	7.5	9.1	0.5	2.8
Equity ratio, %	46.4	45.8	42.5	43.2	43.3	42.7	42.2	43.8	42.5	41.5
Net debt/EBITDA (bank definition)	1.33	1.60	2.25	3.25	2.70	2.53	2.85	2.02	2.62	4.31
Net debt/equity ratio, times	0.3	0.4	0.6	0.5	0.5	0.5	0.5	0.3	0.4	0.7
Average number of employees	10,092	10,017	10,250	9,940	9,850	9,880	8,911	8,311	9,133	10,249

Excl. items affecting comparability	2021	2020	2019	2018 ¹⁾	2017 ¹⁾	2016 ¹⁾	2015 ¹⁾	2014 ¹⁾	2013 ¹⁾	2012 ¹⁾
Operating income, MSEK	2,323	2,223	2,087	1,580	1,708	1,697	1,351	851	805	747
Operating margin, %	4.8	4.8	4.3	3.6	4.3	4.6	3.8	2.6	2.4	2.0
Income after financial items, MSEK	2,202	2,041	1,877	1,387	1,552	1,548	1,246	740	683	565
Net income after tax, MSEK	1,904	1,797	1,652	1,289	1,353	1,457	1,066	595	494	457
Return on equity, %	10.1	10.2	9.7	8.2	9.4	11.0	8.7	5.1	4.4	4.2
Return on operating capital, %	8.5	8.1	7.2	6.6	7.9	8.4	7.5	5.3	4.7	4.1

Condensed statement of cash flows MSEK	2021	2020	2019	2018 ¹⁾	2017 ¹⁾	2016 ¹⁾	2015 ¹⁾	2014 ¹⁾	2013 ¹⁾	2012 ¹⁾
Cash flow from operating activities before changes in working capital	3,944	3,811	3,637	2,268	2,453	2,571	2,159	1,362	1,570	1,358
Cash flow from operating activities	3,927	4,503	4,226	1,023	2,398	3,136	2,167	1,767	2,294	983
Cash flow from investment in/sale of property, plant and equipment and intangible assets, net	-2,199	-1,608	-1,929	-1,626	-2,274	-1,884	-811	-697	-862	-1,163
Cash flow from operations	1,728	2,895	2,297	-603	124	1,252	1,356	1,070	1,432	-180
Cash flow from acquisitions and divestments of operations, net ²⁾	-5	-54	-473	-333	-852	-357	-4,154	1,065	1,196	0
Cash flow before financing activities	1,704	2,803	1,837	-824	-703	826	-2,674	2,077	2,450	-222
Cash flow for the year	1,280	254	454	-219	-852	489	-1,775	778	1,943	-379
Cash and cash equivalents at end of year	2,704	1,415	1,183	720	927	1,773	1,252	3,058	2,295	352

¹⁾ In accordance with previously applied accounting policies for leasing.

²⁾ 2020 includes acquisition of a bakery business in Norway.

2019 including acquisitions of Bakery Du Jour and Tate & Lyle's oat business.

2018 includes acquisition of Raisio's cattle feed business and ThermoSeed Global.

2017 includes acquisition of Anderson Bakery, K-maatalous, Orient Products and Marline and divestment of LMB Danmark and 50 percent of Akershus Traktor.

2016 includes acquisitions of Kalmar Lantmän's machinery business, DataVäxt and Frozen Bakery Products.

2015 includes acquisition of Vaasan and sale of Lantmännen Doggy

2014 includes acquisition of Strängnäs Valskvarn, sale of shares in Scandi Standard and divestment of Lantmännen Lantbruk's German and Polish plant breeding and seed operations (SW Seed Poland, SW Seed Germany, SW Winter Oil Seed).

2013 includes acquisition of 46 percent of Scandi Standard and divestment of Kronfågel Group and Rigas Dzirnavnieks.

Glossary

For description of financial performance measures, see → page 136

Agenda 2030 • The UN's 17 Global Goals in Agenda 2030, adopted by the UN countries in September 2015, are a common vision with goals for achieving sustainable development for all.

Agrodrank • Protein-rich animal feed produced at Agroetanol in Norrköping.

Amino acids • Amino acids are the building blocks of proteins.

Audit • Third-party inspection of suppliers through notified or unannounced visits, with follow-up of requirements in the Supplier Code of Conduct.

B2B • Business-to-business, non-consumer related sales.

Biodiversity • Describes the variation between species, within species and habitats found on Earth.

Carbon Law • Researchers' name for the rate required to reduce the climate impact in line with the Paris Agreement target, which is to keep the global warming increase well below 2 degrees, with the ultimate aim of 1.5 degrees. To achieve this, the Carbon Law requires carbon dioxide emissions to be halved every decade from 2020.

CO₂e, carbon dioxide equivalents • Measurements of greenhouse gas emissions. All emissions, apart from carbon dioxide, are multiplied by a Global Warming Potential (GWP) to allow comparisons for all greenhouse gases.

Code of Conduct • Guidelines on ethical and responsible business operations for companies and organizations.

CSA • A credit support annex is an agreement that governs how a party with an outstanding debt must provide collateral in the form of cash or securities.

CSR • Corporate Social Responsibility. Also describes companies' efforts to integrate social and environmental considerations into their business.

Due diligence • The process of gathering and analyzing information about a company prior to an acquisition or other strategic changes.

Ecosystem services • Describes functions in the cycle that nature's ecosystems contribute to – e.g. air and water purification, crop pollination, bacteria and worms that make the soil fertile.

ERM process • Enterprise Risk Management, a structured and proactive risk management process.

Functional food • Food with documented health benefits.

Global Compact • UN corporate social responsibility initiative. An international framework of ten principles in the areas of human rights, labor, environment and anti-corruption.

GRI • Global Reporting Initiative. Provides guidelines for sustainability reporting that can be used by organizations to report environmental, social and economic aspects of their business, products and services.

IFRS • International Financial Reporting Standards. Learn more at ifrs.com

ISDA agreement • A standardized contract for financial trading.

LCR • Liquidity coverage ratio, can also be described as the proportion of highly liquid assets that can be used to settle current liabilities.

Pulses • Cultivated large-seeded legumes, such as peas, vetches, lupins and beans.

R&D • Research and Development.

RSPO • Round Table on Sustainable Palm Oil. International round table process to develop criteria for sustainable palm oil. More about the RSPO certification levels Book & Claim, Mass Balance and Segregated can be found at rspo.org

RTRS • Round Table on Responsible Soy. International round table process to develop criteria for sustainable soy.

Stem-shortening agent • An agent that reduces the risk of crop lodging. A stem-shortening agent is basically the only plant protection agent that can be sometimes found in detectable residue levels in the grain raw material.

Value added • EBITDA plus employee benefits expense.

Addresses

Lantmännen ek för

Visiting Address: S:t Göransgatan 160 A
Postal Address: Box 30192
SE-104 25 Stockholm
Tel: +46 10 556 00 00
Corporate Identity No: 769605-2856
lantmannen.com/financialinformation
President & CEO: Per Olof Nyman

Agriculture Sector

SE-205 03 Malmö
Tel: +46 10 556 00 00
Lantmannen.com
Head of Sector: Elisabeth Ringdahl

Lantmännen Lantbruk

Visiting address: von Troils väg 1
Postal address: SE-205 03 Malmö
Tel: +46 10 556 56 00
lantmannenlantbrukmaskin.com

Lantmännen Maskin

Visiting Address: Bjurögatan 26
Postal Address: Box 174
SE-201 21 Malmö
Tel: +46 771 38 64 00
lantmannenlantbrukmaskin.com

Lantmännen Krafft

Visiting address: von Troils väg 1
Postal Address: SE-205 03 Malmö
Tel: +46 10-556 55 70
kraffthorsenutrition.com

FINLAND

Lantmännen Agro

Jaakonkatu 2
FI-01620 Vantaa
Tel: +358 207-708 800
lantmannenagro.fi

DENMARK

Lantmännen Agro

Lindholm Havnevej 27
DK-275800 Nyborg
Tel: +45 70 20 49 03
lantmannenagro.dk

NETHERLANDS

Lantmännen Seed

Visiting Address: von Troils väg 1
Postal Address: SE-205 03 Malmö
Tel: +46 10 556 56 00
lantmannenseed.com

Financial information

Senior Vice President & Group CFO:
Christian Johansson
christian.johansson@lantmannen.com

Energy Sector

Visiting Address: S:t Göransgatan 160 A
Postal Address: Box 30192
SE-104 25 Stockholm
Tel: +46 10 556 00 00
lantmannen.com

Head of Sector: Magnus Kagevik

Lantmännen Agroetanol

Visiting Address: Hanholmsvägen 69
Postal Address: Box 932
SE-601 19 Norrköping
Tel: +46 10 556 01 50
lantmannenagroetanol.se/en

Lantmännen Functional Foods

Visiting Address: S:t Göransgatan 160 A
Box 30192
SE-104 25 Stockholm
Tel: +46 10 556 00 00
lantmannenfunctionalfoods.com

Lantmännen Oats

Älvsvägen 1
SE-617 71 Kimstad
Tel: +46 10 556 00 00
Lantmannenoats.com

Lantmännen Reppe

Jungmansgatan 8
SE-531 40 Lidköping
Tel: +46 10 556 15 40
lantmannenreppe.com

Lantmännen Aspen

Visiting Address: Iberovägen 2
Postal Address: Box 54
SE-438 05 Hindås
Tel: +46 301 23 00 00
aspenfuels.com

Owner Relations

Head of Owner Relations:
Jesper Broberg
jesper.broberg@lantmannen.com

Food Sector

Visiting Address: S:t Göransgatan 160 A
Postal Address: Box 30192
SE-104 25 Stockholm
Tel: +46 10 556 00 00
lantmannen.com

Head of Sector: Per Olof Nyman

Lantmännen Unibake

Visiting Address: Kay Fiskers Plads 9, 2
DK-2300 Copenhagen S
Postal Address: Oensvej 28
DK-8700 Horsens
Tel: +45 762 850 00
lantmannenunibake.com

Lantmännen Cerealía

Visiting Address: S:t Göransgatan 160 A
Postal Address: Box 30192
SE-104 25 Stockholm
Tel: +46 10 556 22 00
lantmannencerealía.com

Press contact

press@lantmannen.com
+46 010 556 88 00

Swecon Business Area

Visiting Address: S:t Göransgatan 160 A
Postal Address: Box 30192
SE-104 25 Stockholm
Tel: +46 10 556 00 00
lantmannen.com

Head of Business Area: Niklas Lindberg

Swecon

Visiting Address: Bolindervägen 104
Postal Address: Box 55
SE-631 02 Eskilstuna
Tel: +46 10 556 08 50
swecon.com

Real Estate Business Area

Visiting Address: S:t Göransgatan 160 A
Postal Address: Box 30192
SE-104 25 Stockholm
Tel: +46 10 556 00 00

Head of Business Area: Joachim Haas

Design & production: Wildecó

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