



2020

**Lantmännens Annual Report
with Sustainability Report**

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Financial Reports

Interim 1st four months June 2, 2021

Interim 2nd four months October 5, 2021

Lantmännen's financial reports can be downloaded from lantmannen.com/financialinformation 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, 139-162 and 179-181.

Listen to us!

Listen to selected parts of Lantmännen's Annual Report with Sustainability Report on a computer or mobile. *(Available in Swedish).*

➔ lantmannen.se/lyssna2020

Lantmännen's Annual General Meeting

The Annual General Meeting will be held digitally on Tuesday, May 11, 2021.



Welcome to Lantmännen!

Lantmännen is an agricultural cooperative and Northern Europe's leader in agriculture, machinery, bioenergy and food products. Owned by 19,000 Swedish farmers, we have 10,000 employees, operations in over 20 countries and an annual turnover of SEK 45 billion.

Our company is founded on knowledge and values built up through generations of owners. With research, development and operations throughout the value chain, together we take responsibility from field to fork.



The Group's key figures

Net sales MSEK 45,990

The Group's net sales for the year were MSEK 45,990 (48,523), a decline of 5 percent mainly due to the coronavirus pandemic.

Operating income MSEK 2,223

Operating income was MSEK 2,223 (1,983) and adjusted for items affecting comparability MSEK 2,223 (2,087).

Income after financial items MSEK 2,041

Income after financial items was MSEK 2,041 (1,773) and adjusted for items affecting comparability MSEK 2,041 (1,877).

Net income after tax MSEK 1,797

Net income after tax amounted to MSEK 1,797 (1,551).

Cash flow MSEK 2,803

Total cash flow before financing activities was MSEK 2,803 (1,837).

Lantmännen's AGM May 11

The Annual General Meeting will be held digitally on Tuesday, May 11, 2021.

Proposed dividend MSEK 902

The Board proposes a refund and supplementary payment of 2.5 (1.75) percent on trade with Lantmännen Lantbruk Sweden and a 1.0 (1.0) percent refund on purchases from Lantmännen Maskin's and Swecon's Swedish operations. The total proposed refund and supplementary payment is MSEK 305 (208). The Board proposes a contribution dividend of 9 (8) percent of the contributions' nominal value, totaling MSEK 291 (237), and a contribution issue of MSEK 306 (288). The total proposed dividend to the members is therefore MSEK 902 (733).

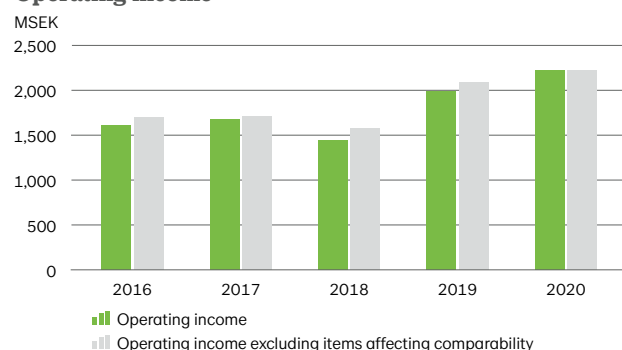
The Board also proposes a 7.25 (6.5) percent dividend on subordinated debentures, totaling MSEK 17 (16).

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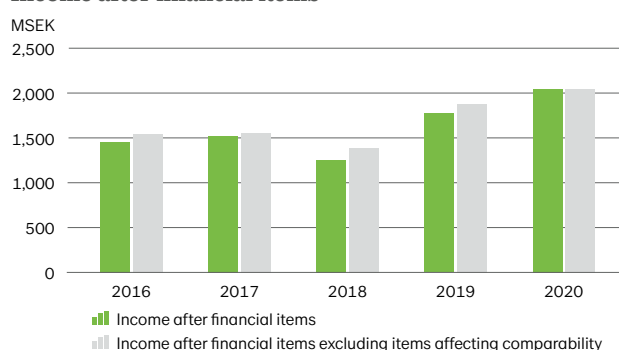
Lantmännen has delivered its highest result ever, underlining our strong position as a company.



Operating income



Income after financial items



“ Our position from field to fork is a unique basis to create a winning value chain – locally and globally.

Financial performance measures	2020	2019
Net sales, MSEK	45,990	48,523
Operating income, MSEK	2,223	1,983
Operating margin, %	4.8	4.1
Income after financial items, MSEK	2,041	1,773
Net income after tax, MSEK	1,797	1,551
Cash flow before financing activities, MSEK	2,803	1,837
Return on equity, %	10.2	9.1
Return on operating capital, %	8.1	6.8
Total assets, MSEK	39,331	41,194
Equity ratio, %	45.8	42.5
Investments in non-current assets, MSEK	1,795	2,201
Net debt, MSEK	7,761	10,165
Interest coverage ratio, times	8.2	7.4
Net debt/EBITDA (bank definition)	1.60	2.25

Excl. items affecting comparability	2020	2019
Operating income, MSEK	2,223	2,087
Operating margin, %	4.8	4.3
Income after financial items, MSEK	2,041	1,877
Net income after tax, MSEK	1,797	1,652
Return on equity, %	10.2	9.7
Return on operating capital, %	8.1	7.2

Lantmännen reports alternative performance measures in accordance with the European guidelines from ESMA (European Securities and Markets Authority).

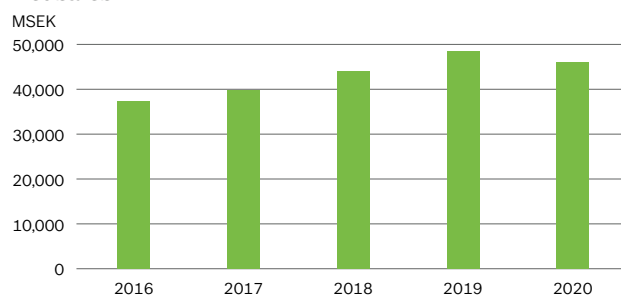
A description of financial performance measures can be found on → page 138.

Other key figures	2020	2019
Number of members	19,172	19,690
Average number of employees	10,017	10,250
of which women/men, %	34/66	35/65
CO ₂ emissions, thousand tonnes	119	138
CO ₂ emissions, tonnes per MSEK net sales	2.60	2.85
Employee satisfaction index ¹⁾	71	71
Sick leave, %	4.3	4.3

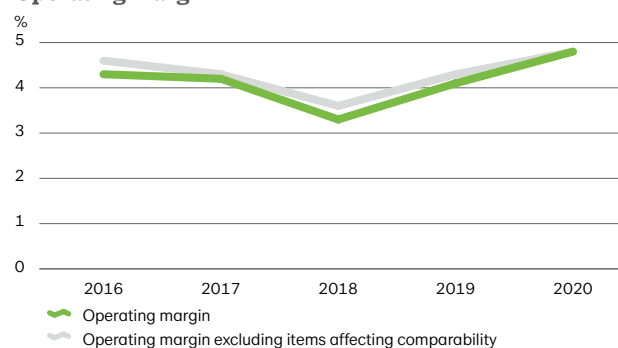
¹⁾ Refers to 2019, as survey is conducted every two years.

Sales by market, MSEK	2020	2019
Sweden	20,530	20,999
Finland	6,275	6,661
Germany	5,581	5,507
Denmark	3,136	3,234
United Kingdom	1,670	1,845
Norway	1,638	2,031
Baltic region	1,070	1,229
Netherlands	889	1,281
France	858	553
Russia	587	717
Spain	555	474
Belgium	514	594
Poland	370	510
Switzerland	326	432
Rest of Europe	846	933
United States	617	1,027
Australia	336	306
Rest of world	192	190
Total	45,990	48,523

Net sales



Operating margin



Business overview

Lantmännen's operating activities are conducted in three Sectors and two Business Areas. We contribute to the profitability of the members' farms through efficient agribusiness. We are both a business partner for agriculture and part of food consumers' daily life.



44%
of the Group's
sales

Agriculture Sector

The Agriculture Sector, which constitutes Lantmännen's core business, develops and markets products and services to promote strong, competitive farming. The Sector operates in Sweden and internationally. Net sales amount to MSEK 21,501. Learn more → on page 35.



8%
of the Group's
sales

Energy Sector

The Energy Sector is one of Sweden's largest producers of bioenergy products. The Sector's companies manufacture and market environmentally smart energy, food and industrial products in a global market, with a focus on Europe. Net sales amount to MSEK 3,938. Learn more → on page 41.



31%
of the Group's
sales

Food Sector

The Sector refines grain into, among other things, flour, bread, breakfast foods, pasta and ready-to-eat meals. The base is in the Nordic countries with a global presence through Lantmännen Unibake's and Lantmännen Cerealia's sales in more than 60 countries. Net sales amount to MSEK 15,017. Learn more → on page 45.



16%
of the Group's
sales

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, with a broad range of machines, equipment, service and support. Net sales amount to MSEK 7,827. Learn more → on page 53.



1%
of the Group's
sales

Real Estate Business Area

The Business Area consists of Lantmännen Fastigheter and Lantmännen Agrovärme. The real estate operations provide Lantmännen with appropriate properties and premises, and optimize the return through active management. Net sales amount to MSEK 551. Learn more → on page 57.



We make farming thrive

We exercise responsible stewardship of the earth's resources and work to promote greener energy and a sustainable food chain. With innovative and responsible use of arable land resources, we help to make farming thrive.

Our business model



Farmer cooperative

Lantmännen is a cooperative company with 19,000 Swedish farmers as both owners and business partners. Together, we utilize the strength and benefits of the cooperative to contribute to the profitability of our members' farms and optimize the return on their capital in the association.



Operations from field to fork

With strong operations throughout the grain value chain, we secure the demand for, and increase the value of, the farmers' harvests. Our presence, both locally and globally, creates business opportunities, stability and reliability. And not least; a unique opportunity to influence and take responsibility from field to fork.



Research, innovation and sustainable development

Our profits are reinvested in making farming thrive, either directly on the members' farms or in research and innovation. Every year, for example, more than MSEK 250 is invested in research and innovation for farming, bioenergy and food of the future.



Value from farmland

We refine arable land resources in a responsible manner to create the best of what our farmland can provide. In this way, we create value for our members, develop innovative products and are part of food consumers' daily life.

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 arable land resources in an innovative and responsible manner for the farming of tomorrow.

Our business concept

We are an agricultural cooperative that creates value from arable land resources in a responsible manner. 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 values

Openness, a holistic view and drive.



Chairman's comments

Lantmännen is no ordinary company – and 2020 was no ordinary year. In a time of uncertainty and restrictions, farming and the food industry have shown their strength and Lantmännen has delivered its best result ever.

For all of us, it has been a relief to put 2020 behind us in order to face a better 2021. For Lantmännen, 2020 has meant great uncertainty and a high level of preparedness to meet the effects of the pandemic in various ways – both for employees and in the businesses. We can now say that Lantmännen not only succeeded in managing the pandemic and its effects, but also had the ability to step up operations. Looking back a few months, we remember the shops were empty of oatmeal and pasta, but Cerealia adapted its operations and was able to quickly fill the shelves. With concern from consumers, we wanted to be sure that they would at least have a supply of food at home. Food is security. During the same period, food and agriculture were classified as socially critical industries. Consumers, politicians and the media talked about the importance of securing food supply and the need to increase food self-sufficiency. There are never any winners in a situation where a virus means that countries are locked down and we are unable to meet friends and relatives – or lose them. But the effects of the pandemic have meant that issues to which very few decision-makers previously gave any thought suddenly find themselves high on the agenda.

Lantmännen has engaged itself in these issues in several ways, and with our long-term approach and stable ownership model, we can argue our case with great credibility. In a report produced on behalf Lantmännen and others, 40 recommendations for more secure food supply were presented. Measures that directly affect agriculture include the importance of ensuring access to agri-supply – but also raising awareness of the importance of the food industry. Everything from grain reception facilities to mills and dairies. On the same theme, we wrote a topical article during summer about the importance of protecting strategic food facilities. The overall debate on the importance of food supply in Sweden has been carefully steered from pure discussion to more concrete measures. With Lantmännen's operations from field to fork, we are directly affected, and we have both the experience and competence to contribute to future food security.

Grain is our green thread

A good harvest is important to farming and to Lantmännen, and the year's harvest was both large and of good quality. Dry weather and large harvesting capacity contributed to the grain facilities filling up quickly and grain deliveries were

shipped from our export ports at an early stage. And another large harvest is highly likely next year – according to the data, winter wheat sowing has never been so extensive. But we are ready! Facilities such as Hammenhög and Hargshamn, which have been given new reception platforms and increased drying capacity in several places, made this year's harvest work relatively smooth. I would like to mention that Lantmännen has also made other investments in the grain value chain in recent years – the Kimstad oat facility, gluten production at Agroetanol and the upgrading of Unibake's Örebro bakery are some examples. It is only natural for Lantmännen to invest in activities close to farming in order to contribute to the profitability of members' farms – one of our assignments.

Farming of the future

A year ago, Lantmännen launched the Farming of the Future report, in which the plan is for farming to reduce emissions year after year and become climate-neutral by 2050. As a farmer, I feel that the perspective is long, but not excessively long. You could say it is about four crop rotations away. The bar is high, but if different players work together it is entirely possible. It requires continuing research, commitment from politicians, investments on the farm and an understanding that good food must come at a cost. In a topical article, I launched Sweden's most sustainable food basket as a challenger to the cheapest food basket. Food has reached the stage where it is so cheap that the average Swede throws away every fifth food basket. Sustainability issues are here to stay and Lantmännen we have launched climate-smart flour and are increasing our efforts through new cultivation methods and sustainable agri-supply. At our important experimental farms, there is an opportunity to follow the progress in practice.

Despite a challenging year, Lantmännen's result for 2020 is the highest ever. That is impressive. Once again, the breadth of the business portfolio – with its geographical spread and different customer categories – and strong execution shows the ability to manage risks and deliver results. It is also proof that our strategic direction is stable. The strong result means that the Board will once again propose the highest dividend ever to members this year. Strong earnings for Lantmännen Lantbruk mean that the Board is able to recommend a refund and supplementary payment of 2.5 and 1.0 percent on machinery operations. The Board also recommends an increased contribution

dividend at 9 percent of the contributions' nominal value and a contribution issue of MSEK 306. The Board follows the dividend policy but has also been influenced by the discussions at the Extraordinary General Meeting.

At the EGM, it was decided to follow up the 2018 Owner Dialogue in a structured but informal way. Topics include owner assignments, strategy, capital and dividends. It is my ambition for elected representatives and members to work with the Board to carve out and describe even more clearly how Lantmännen contributes to the profitability of members' farms. Owner dialogue is constantly in progress within Lantmännen. It contributes to development and involvement. So, yet another reason to look forward to 2021!

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Being able to contribute cash to members while investing significant resources in research, innovation and business development is a clear example of the strength of our cooperative business model.

As Lantmännen Chairman, it is my privilege to take part in everything from the fall district meetings to major investment decisions and meetings with decision-makers that affect the competitiveness of Swedish farming. Lantmännen has the mandate and potential to take strategic responsibility for farming and large parts of the food sector. How we act affects the entire value chain. Lantmännen and farming have the future ahead of them – we work in a forward-looking industry that delivers food, energy and climate benefits. Sound decisions over the years have laid the foundation for the strong and stable company that we have today and the goal is to be at least as powerful in the future. The aim is for Lantmännen to eventually be the leading player in northern Europe's grain value chain. Standing still is not an option – new times require new solutions. This is what I call a company without an expiry date!

I am proud of all the competent and committed employees who have taken responsibility this special year – both for the Company and each other. Thank you. I would also like to thank all the elected representatives who have contributed to many constructive meetings despite limited opportunities to meet and discuss. Thank you. In conclusion, I would like to thank our President and CEO Per Olof Nyman, whose combination of inspiring leadership and stability enabled Lantmännen to achieve a fantastic result despite a very different year. Thank you.

We look forward to 2021, as we head towards world class!

Kristianstad, February 2021

Per Lindahl
Chairman, Lantmännen



President's overview

Lantmännen's income after net financial items, adjusted for items affecting comparability, is MSEK 2,041 – Lantmännen's highest result ever. This is despite a negative earnings impact of approximately MSEK 325 as a result of the global coronavirus pandemic. The return on equity is 10.2 percent – this too is a historically high level and means that we are ahead of our financial plan.

2020 has been an unusual and challenging year. The coronavirus pandemic, which has held the whole world in an iron grip since the beginning of the year, has had major social and economic consequences. Despite the global pandemic and generally weaker world economy, Lantmännen has succeeded in delivering its highest result ever, underlining our strong position as a company, with a solid strategy and a broad, stable business portfolio. I would particularly like to thank all our employees, who have handled the challenges in an excellent way and adapted operations to the changing conditions. The good result also means that we are able to propose the highest dividend ever to our members once again.

It is still difficult to assess the overall consequences of the coronavirus pandemic, which will continue to have a major impact on our businesses in 2021. Lantmännen's three main priorities in the last year have been to protect our employees, to protect our businesses – and to take our social responsibility. Successful risk elimination efforts and strong execution in all businesses mean that we are well equipped for 2021 and ready to return to creating profitable growth in all parts of the Company.

How our Sectors and Business Areas performed

The Agriculture Sector performed well during the year and operations were relatively unaffected by the coronavirus pandemic. The 2020 harvest was very intensive, with historically high volumes delivered and generally good grain quality. The fall sowing acreage was among the largest ever, which also bodes well for 2021.

Grain prices generally developed well during the year, and final settlement prices in the pool were higher than in the previous year. Futures prices for grain for the 2021 harvest are also at good levels; in combination with favorable prices for input goods, this means that the calculations for most crops have strengthened for 2021. Operations in Finland and the Baltic region continue to develop positively, while the German operations have developed less well than expected, partly due to a poorer harvest result in eastern Germany. Lantmännen Maskin achieved good effects from the ongoing improvement program and showed strong underlying development during the year.

All businesses in the Energy Sector continue to develop positively and deliver good financial results, due in particular to improved yields and higher produced volumes. The price of ethanol, which has a major impact on the Sector's earnings, was extremely volatile during the year, rising from a low in March 2020 to its highest level ever in August and then returning to a more normal level at the end of the year.

In the Food Sector, Foodservice operations, mainly in Lantmännen Unibake, have been hit hard by the coronavirus pandemic. The largest sales decline has occurred in Unibake's markets where customers consist mainly of hotels, restaurants, fast food chains and airlines. At the same time, demand for staple goods and fresh bread in the food retail sector has increased during the pandemic. Lantmännen Unibake carried out intensive and successful work to reduce costs and adapt production to the new situation during the year. Cerealia has continued the process of stabilizing and streamlining operations, and also scaled up production quickly and in exemplary way during spring to meet increased demand from trade.

The total market for construction machinery declined at the beginning of the year, and the Swecon business area has conducted extensive cost savings work to compensate for the reduced sales. The order backlog, which was large at the beginning of the year, has helped to keep earnings at a good level, even though closures of Volvo's factories in late spring had a negative impact on availability of machines. During the second half of the year, the market showed a slight upturn again and Swecon delivered its second-highest operating income ever.

The Real Estate Business Area delivered at a stable level during the year as planned, and its major projects are progressing according to schedule.

Back to profitable growth

Lantmännen's stated ambition is to be a world-class company contributing to developing Swedish farming into the best in the world by 2030. This places great demands on all parts of our business and during the year, we took several steps in our progress towards achieving this goal.

In the space of three years, the agricultural and food industry has experienced two external events that have had

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Lantmännen has a strong financial position, we are well positioned in all business areas and we have established strong underlying momentum in our growth strategy.



a major impact on operations: the 2018 drought and the pandemic in 2020. Both of these events have underlined the importance of well-functioning food supply. A priority issue for Lantmännen is to safeguard the Swedish infrastructure for grain: increasing harvests and higher harvesting rates mean that the infrastructure needs to be built in a long-term perspective based on the needs of primary production. Another important area is to review our supply chain, in order to – where possible – create shorter, more regional and robust value chains.

Several important investments in the grain infrastructure have been made in recent years. These include the Hargshamn, Hammenhög and Kumla facilities, increased oat processing in Kimstad and increased capacity at Lantmännen's feed factories. Several other areas will be brought to the fore during 2021, including opportunities in biofuel, gluten production and green proteins.

We achieved our ambitious climate target for 2020 and our climate work is continuing at a rapid pace. Our work on "Farming of the Future" is based on how we can achieve climate-neutral Swedish farming by the year 2050 while increasing harvests through, for example, fossil-free solutions, precision farming and plant breeding. The recently defined climate targets for primary production create new business opportunities and value for Lantmännen, our members, business partners, customers and consumers.

In 2020, Lantmännen also established a clear leadership role in the development of the Swedish agricultural and food industries together with society's other players in both the public and private sectors. Among many ongoing initiatives, worthy of special mention are the established knowledge hubs for crop and animal production, the Agri Data Platform investment and continuing work on innovation and exports of Swedish food.

In recent years, Lantmännen has had strong underlying growth that has driven increased profitability and benefited our members both directly as dividends and through value creation in the grain value chain. The drastic and unexpected events in the world markets in 2020 are a notch in the growth curve – but we are ready for a quick return to profitable growth in 2021 and the following years.

Lantmännen has a strong financial position, we are well positioned in all business areas and we have established strong underlying momentum in our growth strategy. In combination with our committed members and skilled employees, this means that we have everything in place to develop as an even better company with profitable growth in 2021 and beyond.

Stockholm, February 2021

Per Olof Nyman
President & CEO, Lantmännen

Significant events 2020

Lantmännen is Sweden's most sustainable brand say business customers

Lantmännen is ranked as Sweden's most sustainable brand in the 2019 Sustainable Brand Index, B2B category, based on responses from Swedish business customers. 01/30/2020



Common data platform for increased profitability, sustainability and innovation

Digital development in agriculture is accelerating and becoming increasingly advanced. Hushållningssällskapet, Lantmännen, LRF and Växa Sverige have reached a partnership agreement to create the Agri Data Platform. 05/14/2020



Lantmännen developing Triton district in Malmö

Under contracts signed in late 2019, Lantmännen Fastigheter is developing the port area near Lantmännen Cerealia's mill in Västra Hamnen, Malmö, where among other things, an office block will be built. On completion, Lantmännen will rent most of the space when we relocate from the Tre Skåne building in 2022. The property will be owned by Lantmännen's Grodden pension fund. Lantmännen also plans to build a retirement home and the construction company Veidekke is building 40 apartments in the area. 02/11/2020

Lantmännen Agroetanol and Linde AG expanding Norlic CO₂ plant

Lantmännen Agroetanol and Linde have decided to expand their joint Norlic plant in Norrköping, where CO₂ from sustainable ethanol production is purified and re-used. The expansion will increase production efficiency and storage capacity. 03/26/2020

Lantmännen named Talent Company of the Year

In February 2020, Lantmännen was named Talent Company of the Year – an award that goes to the company with the best performance in attracting, recruiting and developing talent. 02/14/2020



Lantmännen Unibake expanding in Norway

Lantmännen Unibake acquired the bakery business from French Bakery Company AS, a Norwegian bakery. This is an important step towards providing sustainable products and bakery solutions in Norway and meeting consumer demand for locally produced bakery products. 06/12/2020

Lantmännen shifted production to raw material for hand sanitizer

With the spread of coronavirus, hand sanitizer was in short supply and Lantmännen Reppe and Lantmännen Agroetanol shifted production during spring. 04/16/2020



New ThermoSeed facility for chemical-free seed treatment

Lantmännen already has ThermoSeed facilities in Eslöv and Skara. We are now investing further in the technology by treating seed with ThermoSeed at the Skänninge seed facility, which is beneficial from a quality and an environmental point of view. 08/27/2020

Lantmännen participates in new Baltic Sea initiative

WWF has launched the Baltic Stewardship Initiative – an international network aiming to get food value chain players to increase circulation and minimize leakage of plant nutrients through sustainable and profitable methods. The goal is to reduce eutrophication in watercourses, lakes and the Baltic Sea. WWF, Lantmännen and LRF are behind the initiative, with funding from the Swedish Board of Agriculture. 09/14/2020

Lantmännen invests MSEK 125 in heat-treated oats

Lantmännen continues to invest in oats – a strategically important crop with huge potential – by expanding capacity for heat-treated oats at the mill in Kimstad. The investment, which paves the way for new innovations and commercial investments in oats, includes increased capacity for receiving, storing and cleaning oats, plus new equipment for heat-treating dehusked oat kernels. 09/29/2020



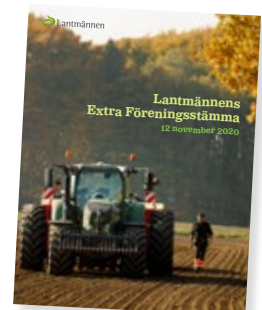
Unusually intensive harvest in 2020 – and a record-breaking oat harvest

“Ensuring good food supply is of key importance, particularly in times of crisis. So this year’s harvest is more important than ever, and we as a company, and our members – Swedish farmers – have an important social responsibility,” says Chairman Per Lindahl.

In July, Lantmännen issued its harvest forecast, which estimated the size of the Swedish harvest at 6.1 million tonnes of grain, oilseed crops and pulses. The Swedish Board of Agriculture’s final figure was almost 6.5 million tonnes. The intensive harvest led to a high tempo at Lantmännen’s 51 grain facilities, which received a total of 1.7 million tonnes during the 2020 harvest period.

EGM held on November 12, 2020

In late spring, the Board decided to hold an extraordinary general meeting to consider motions received. Delegates participated in the meeting digitally, as they did for the AGM. Other participants followed the meeting via Lantmännen’s website. Five motions were dealt with. Delegates had been given the opportunity to discuss the motions and the Board’s answers during two digital “motion marketplaces”. 11/12/2020



New positions at Lantmännen

Jan Ehrensvärd new member of Lantmännen Board

At Lantmännen's AGM, Jan Ehrensvärd was elected to the Board, as recommended by the nomination committee.

Christian Johansson, new CFO

Christian Johansson, who comes most recently from SKF, has succeeded Ulf Zenk as Lantmännen's CFO, taking up his position on February 3, 2020.

Magnus Kagevik assumes expanded leadership role

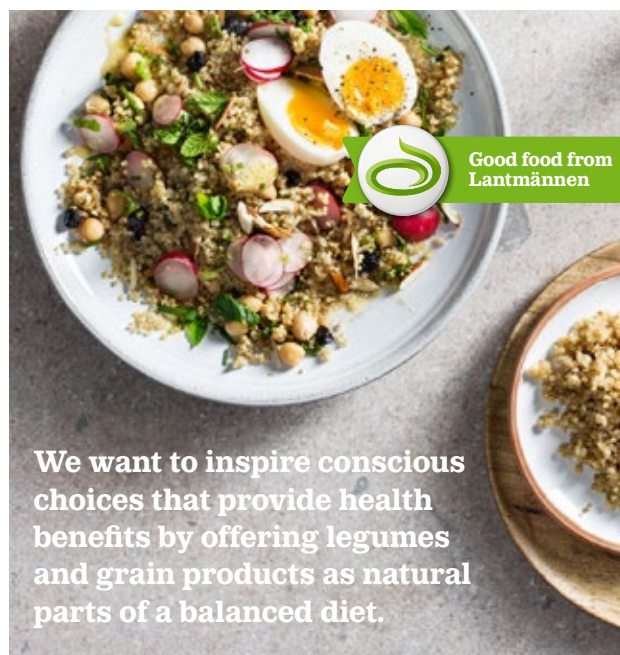
Head of Lantmännen's Energy Sector, Magnus Kagevik, has assumed the role of Chief Operating Officer and in connection with this, takes overall responsibility for the Agriculture and Energy Sectors. The purpose is to strengthen the Group's management and the focus on Lantmännen's grain flow.

Niklas Lindberg new Head of Swecon Business Area

Niklas Lindberg succeeds Håkan Pettersson, who retired after 18 years as Head of Swecon. Niklas, former Swecon CFO, took up his position on October 1 and is also part of Lantmännen's Group Management.

Jesper Broberg, new Head of Owner Relations

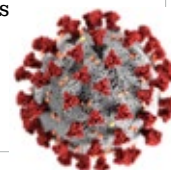
Jesper Broberg takes over as Head of Owner Relations in spring 2021. He succeeds Anna Carlström, who has taken the initiative to hand over the role. Jesper is 51 years old and trained as an agronomist with a financial focus from SLU. Anna will remain in a senior advisory role within Owner Relations at Lantmännen to contribute her extensive knowledge and experience of owner communication and membership issues.



Coronavirus/Covid-19 Lantmännen's priorities

Lantmännen's priorities are to *protect our employees, protect our businesses and take our social responsibility*. Crisis management teams were quickly activated at all levels and early measures and restrictions have produced good results.

- The first guidelines and restrictions were created rapidly and have been regularly updated at global and local level.
- Communication plans have been developed and regular briefings are held.
- Digital tools have been launched and training has been provided for efficient digital remote work.
- An employee survey was conducted during the summer – generally very strong results and high confidence in leadership, communication and cooperation during the coronavirus pandemic.
- Risk reduction measures have been implemented at all workplaces and communication materials have been produced.
- Employees who can work from home have been encouraged to do so.



Report on food supply

The Covid-19 pandemic shows that robust food supply is important to society's viability. LRF and Lantmännen have therefore presented a report containing 40 recommendations for more secure food supply.

The report provides input into the important work needed to strengthen society's food security, with a focus on primary production (agricultural production) and the processing stage.

"Several components of primary production and the food processing stage need to be strengthened to be able to function even in crisis or war. The food industry in Sweden has undergone major structural changes and there are now only a few major facilities left in the country. There is a great need to protect strategically important food facilities against, among other things, expansion of residential areas," says Lantmännen Vice President Per Arfvidsson. 11/13/2020

2021 After year-end



In January, Lantmännen went through to the final of Talent Company of the Year 2021 – an award by 4Potentials to the company best at attracting, recruiting and developing talent.

“

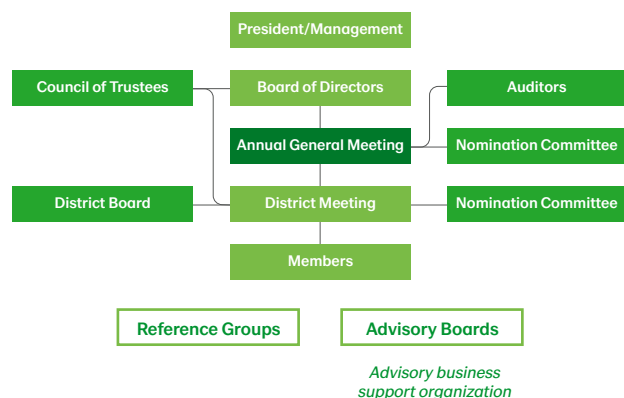
**As a member of Lantmännen,
you are both a business partner
and owner of Lantmännen.
You are a partner in a business
that processes the grain that is
produced and are involved in
stewardship of the earth for
future generations.**



Lantmännen creates value from arable land

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 the members' capital in the association. In this way, we help to make farming thrive and ensure long-term food production.

Lantmännen's ownership model



Governance and member dialogue are exercised in many different forums at Lantmännen, including district meetings, the annual general meeting, the Group Board and the council of trustees. Each member has one vote, and an equal opportunity to exercise influence at member meetings and district meetings

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.

Active nomination committees at all levels are an important factor in inspiring members to become involved as elected representatives and in developing 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 *advisory boards* within Machinery, Swecon and Energy contribute member-based expertise.

Lantmännen's 2020 AGM

Annual General Meeting

The Annual General Meeting was held on May 7, 2020 as a hybrid meeting with the presiding officers in Stockholm. Delegates participated digitally. The AGM adopted Lantmännen's highest dividend ever. As there was some uncertainty as to whether the digital meeting could deal with motions satisfactorily, the meeting decided in favor of the Board's recommendation to defer the motion business.



Extraordinary General Meeting

On November 12, an EGM was held to consider the motions that were not dealt with at the Annual General Meeting. Delegates participated in the meeting digitally, as they did for the AGM. Other participants were able to follow the meeting via Lantmännen's website. Five motions were dealt with. Delegates had been given the opportunity to discuss the motions and the Board's answers in advance during two digital "motion market-places". Among other things, the meeting decided that during 2021, Lantmännen would develop a discussion and training program focusing on *owner assignments, strategy, capital and dividends*.



“

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.

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 on a regional basis. During the year, member dialogue mainly took place digitally, with several district meetings and fall meetings being held remotely. The new ways of meeting the members have partly limited activities, but have also given an opportunity to reach new member categories.

Council of Trustees

The Council fulfills an important function in communication and information between the Group, Board and districts. The Council of Trustees, which includes the chairmen of the district boards and others, advises the Board and works to promote positive development for Lantmännen. During the year, the work focused on development of the grain business.

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 digitally on November 26, 2020. The program focused on the Company's strategy, and research and innovation. The digital format created an active meeting with good dialogue.

Governance code for cooperatives

At Lantmännen's AGM, it was decided to adopt the Swedish Code for the Governance of Cooperative and Mutual Enterprises. The code was drawn up by Co-operatives Sweden, and its objective is to promote member dialogue and democratic decision-making processes in cooperative enterprises, and increase transparency of the board's management work. The Corporate Governance Report on → pages 164-173 follows the code. The member representative auditors examine how well Lantmännen measures up to the code's principles.

Where are earnings created?

Lantmännen's broad business portfolio, a sound economy and strong finances are a strength in uncertain times and contribute to a stable dividend.

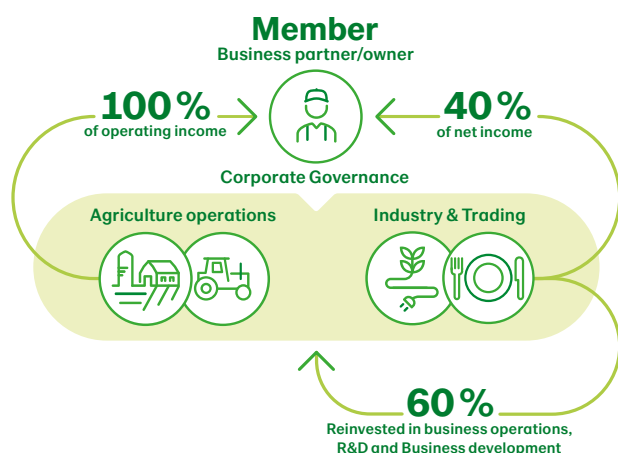
Most of the financial earnings within Lantmännen are generated in the processing activities, e.g. processing of grain into food or bioenergy, and through sales of construction machinery. A value-creating industrial and processing business provides a market for members' grain and generates significant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

Dividend policy

The principles for dividends are set out in the dividend policy adopted by the Board. The intention is that the dividend level will be adjusted to the Group's earnings, financial position, cash flow and strategic investment needs. It is the Board's aim that Lantmännen will generate regular and stable dividends for its members over time in the form of refunds and supplementary payments, contribution dividends and contribution issues. The contribution issue distribution is 50 percent on trading with Lantmännen and 50 percent on paid-in and issued contributions.

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.

As a member of Lantmännen, you share in the profits both as a business partner and owner



Dividend in four ways

As a member of Lantmännen, you receive a dividend from the association in the form of:

- Refund – calculated on members' purchases from Lantmännen Lantbruk, Lantmännen Maskin and Swecon's Swedish operations.
- Supplementary payment – calculated on members' sales of grain, oilseeds and pulses to Lantmännen Lantbruk.
- Contribution dividend – paid in proportion to members' paid-in and issued contribution capital.
- Contribution issue – some of the earnings, mainly from Lantmännen's industrial operations, are distributed to members by transferring collective capital to individual capital.

Contributed capital – paid-in and issued

Lantmännen's members invest capital through their contributions in the association. Contributed capital amounted to MSEK 3,228 (2,959) at the end of 2020 and consisted of paid-in contributions of MSEK 1,402 (1,373) and issued contributions of MSEK 1,826 (1,586).

Contributed capital

MSEK	2020	2019	2018	2017	2016
Paid-in contributions	1,402	1,373	1,318	1,208	1,101
Issued contributions	1,826	1,586	1,346	1,256	1,198
Total	3,228	2,959	2,664	2,464	2,299





“ Our long-term perspective and ownership model are a guarantee of stability in an uncertain time.

Dividend proposal

For 2020, the Board has proposed that the AGM adopt a dividend in the form of a refund and supplementary payment of 2.5 (1.75) percent on trading with Lantmännen Lantbruk Sweden and a 1.0 (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 305 (208).

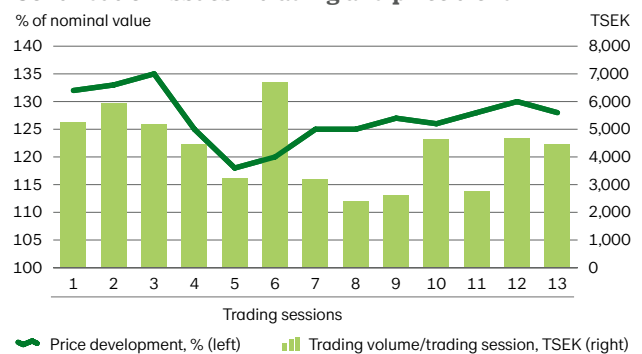
The Board proposes a contribution dividend of 9 (8) percent of the contributions' nominal value, totaling MSEK 291 (237), and a contribution issue of MSEK 306 (288).

In addition, a 7.25 (6.5) percent dividend on subordinated debentures, totaling MSEK 17 (16), is proposed, based on the conditions in the subordinated debenture offer. The previous program matured on December 30, 2019. New subordinated debentures totaling MSEK 250 were issued in January 2020 with a term of 5 years.

Trading in contribution issues

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 13 (13) trading sessions in 2020 and the total turnover was MSEK 56 (53). The transaction price varied between 118 and 135 percent of the nominal value.

Contribution issues – trading and price trend



Dividend¹⁾

MSEK	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Refund and supplementary payment ²⁾	305	208	157	245	231	188	135	129	120	110
Extra dividend	-	-	-	133	-	-	-	-	-	-
Contribution dividend ²⁾	291	237	213	222	207	193	178	171	88	78
Contribution issue ²⁾	306	288	250	100	70	50	150	-	80	152
Total	902	733	620	700	508	431	463	300	288	340

¹⁾ Reported amounts may include adjustments compared with previous years' proposals. ²⁾ Pursuant to Board's proposal for 2020.

Market and business environment

Lantmännen's principal market is northern Europe, with a focus on the Nordic and Baltic Sea regions. During the year, most of Lantmännen's geographic markets were affected by the coronavirus crisis and it is still difficult to assess the consequences.

The grain and feed market

Natural conditions for Lantmännen's agricultural operations mean that grain and ley are the dominant field crops in the Baltic Sea region, representing the basis for both crop and livestock production. The market is dominated by competition and a price focus. It is also affected by temporary changes in the weather and, in the longer term, climate change.



Growing markets for both plant and animal

A globally growing population and increased prosperity are driving underlying growth for food. At an overall level, two parallel changes are taking place: global demand for animal products such as meat and dairy products is increasing, while demand for plant-based protein alternatives is growing in Sweden and Europe. Forecasts show that green proteins are expected to account for about 20 percent of Swedish food retail trade by 2030. Of the animal proteins, it is mainly demand for chicken that continues to increase in the Nordic region. The emerging economies in China, the rest of Asia and Africa continue to show rapid general growth in animal proteins. European production is increasingly going to these markets.

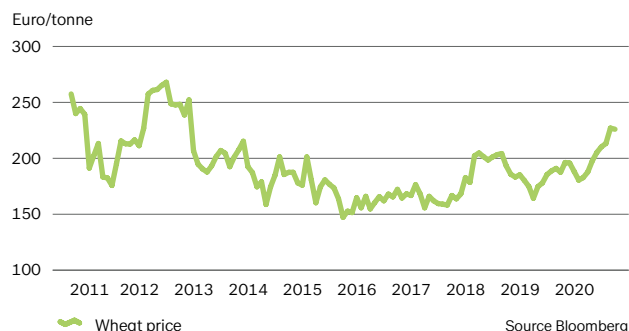
Bioenergy

Bioenergy is one of Lantmännen's growth areas and there is increasing interest in a bio-economy and bioenergy in Sweden and the rest of the EU. The common target for the EU is for 10 percent of energy in the transport sector to come from renewable energy by 2020 and 14 percent by 2030. The EU's energy and climate targets are currently being revised and the ambition levels are expected to increase for both 2030 and the longer term.

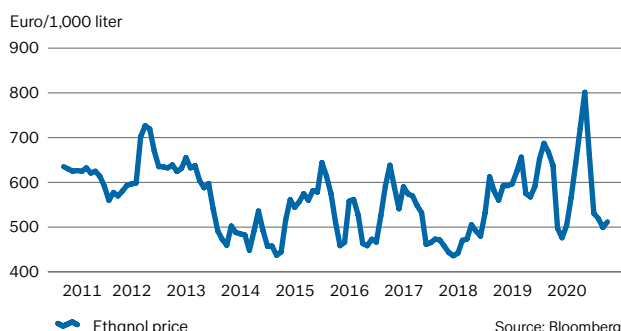
The coronavirus crisis has affected market conditions

The coronavirus crisis quickly changed normal consumption patterns in all markets. Distancing and work from home brought a dramatic reduction in consumption in food service channels in favor of consumption at home through the food

Price trend on the commodity exchange for wheat



Volatile price trend on the commodity exchange for ethanol



Lantmännen has a unique position in the Baltic Sea region



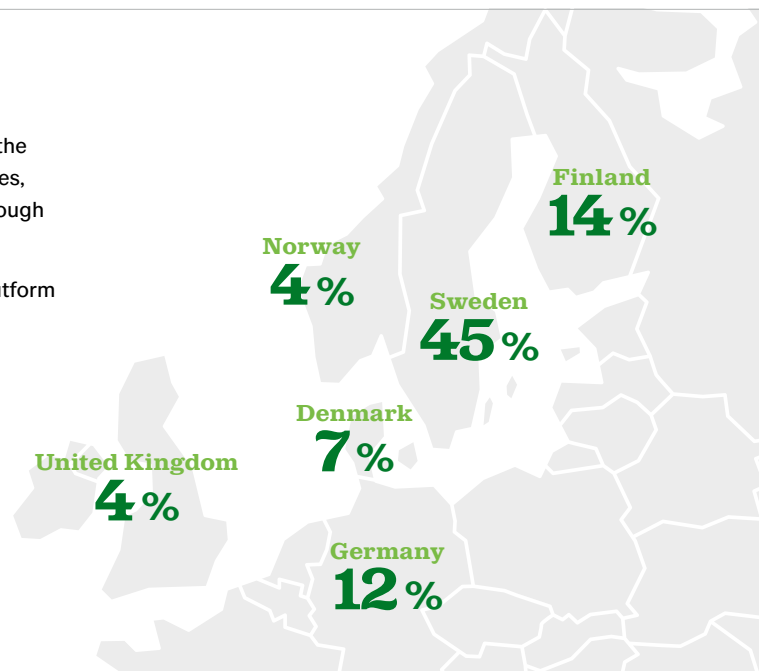
Six markets account for 86 percent of Lantmännen's sales

Lantmännen is well-positioned in our main markets in the Baltic Sea region. This is where we have our largest sales, but we also operate in global growth markets, both through wholly and partly owned companies and partnerships.

Lantmännen's position from field to fork is a unique platform to create a winning value chain – locally and globally.

Long-term increase in global demand

The middle class in Asia-Pacific is expected to grow by two billion people by 2030. The underlying need for increased food production is obvious when demand for protein drives the need for grain and feed.



retail channel. Increased consumption at home has led to increased demand for locally produced food. The coronavirus crisis has highlighted the need for robust and functioning food value chains and reminded market players and the public about their importance.

Swedish agriculture and our food production around the world are socially critical functions that must also function in times of crisis. Lantmännen has a particularly important role to play in terms of food supply and social responsibility. Our position and opportunity to take responsibility throughout the value chain from field to fork is unique, and places great demands on our operations. Covid-19 affects both local and global conditions for growth. The possibility of stemming the spread of the virus through measures such as vaccination affects growth conditions.

Global GDP development

Sweden's GDP fell by about 3 percent in 2020, slightly less than in several other countries. Behind the decline is a large reduction in household consumption as a result of the coronavirus pandemic.

Significant falls in GDP were noted in both Europe and the US during the year, resulting in a weak world economy. The US is experiencing the largest decline since World War II. The effects of the coronavirus crisis are likely to have a long-term impact on all markets globally and in Europe.

Long-term external conditions

Global and urban middle class: Increased trade and exports to Asia and Africa – growth is likely to slow in the short to medium term.

Consumer trends affect demand: *Taste, health, origin, sustainability and convenience* are still the main consumer trends.

Continuing growth for both plant and animal protein in emerging economies, but an acceleration of plant-based consumption in developed economies – development progressing in parallel.

Customer channel shift in new direction: The channel shift from food retail stores to restaurants and e-commerce, which has been in progress for decades, has implications for the whole of Lantmännen and brings new opportunities.

Digitalization and data exchange creates new scope for productivity improvement, sustainability improvements and new customer experiences.

Sustainability: Continued focus on climate; widening of the scope of biodiversity is taking place.

Political and economic risks and external shocks:

Increased protectionism and uncertain trade policy; concerns about the economy after the coronavirus crisis; sharper focus on securing value chains and self-sufficiency in food. Animal epidemics, zoonoses and pandemics are obvious risks.

Strategy from Field to Fork 2030

Lantmännen's strategy Field to Fork 2030 has the agricultural company at the center and involves continuing development of operations in northern Europe. The aim is for Lantmännen to eventually be the leading player in northern Europe's grain value chain.

Lantmännen's business portfolio creates value from arable land – with the agricultural company at the center



Our assignment is the basis for the strategy

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

Our long-term goal

Lantmännen will be a leading participant in the grain value chain from field to fork in northern Europe.



Our position from field to fork is a unique platform to create value from arable land – both locally and globally.

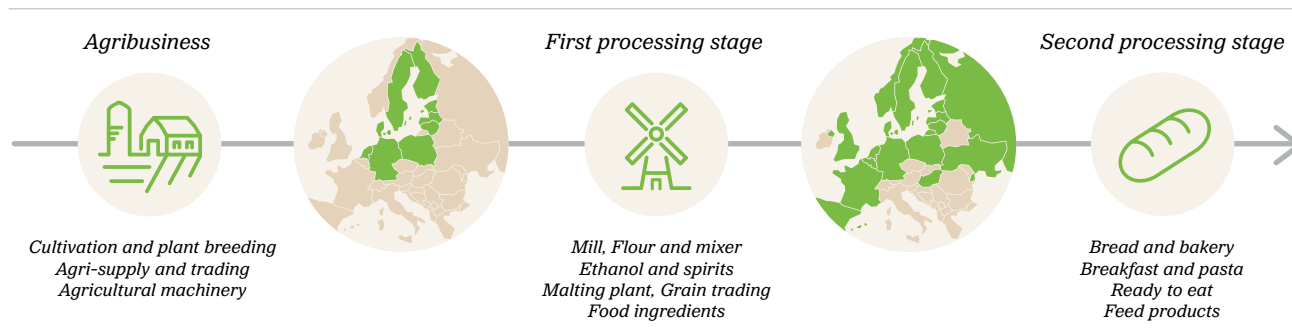
Today and in the future, we see increasing demand for raw materials, new advances in innovation and sustainability, and the strength of being an agricultural cooperative as key issues for our strategy. The market development creates great potential to increase both volumes and profitability in all parts of the value chain, thereby increasing competitiveness and dividends to our members. Lantmännen will develop businesses throughout the value chain from field to fork.

The strategy is based on four main areas

- 1 As a business partner to agriculture, to develop long-term, profitable agricultural companies with arable land as the basis – through advice, development of feed, cultivation methods and plant breeding. Agricultural machinery and digitalization increase farming productivity.
- 2 To develop an internationally competitive grain business – through grain trading and increased value creation in the grain value chain, we also enable more profitability on the farm.
- 3 To exploit our unique position throughout the value chain from field to fork and enable the creation of new business concepts in the processing industry. Through leadership in sustainability and innovation and development of new businesses, e.g., a leading position in oats, we create increased profitability.
- 4 On the basis of our value chain, to invest in businesses close to or complementing our core business through strategic portfolio holdings.

Lantmännen in the role of 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

Grain strategy

The grain strategy from field to fork, with a focus on developing the grain unit and further developing the infrastructure, is a pillar of Lantmännen's strategy. 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 ownership interests in Dataväxt.

Exports from field to fork

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

Farming of the future

Farming of the future advances the positions in the area of climate and production on the farm. Responsibility for sustainable cultivation is clarified for players in the value chain. Profitability of the farm is strengthened to deal with, among other things, climate change.

Innovation for increased value from arable land

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 of farming.

Growth package for Swedish farming and food production

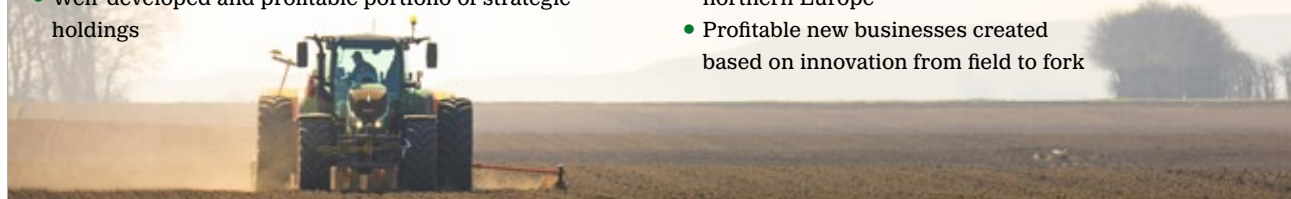
Priority development areas have been identified to create conditions for growth in Swedish farming and food production. These include plant breeding, research on animal production, venture capital, food exports and digitalization of the farming sector. Within these initiatives, Lantmännen collaborates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

Lantmännen's desired strategic position in 2030

FIELD TO FORK
2030

- Northern Europe's leading agribusiness company
- Leading food company based on arable land resources with a Nordic origin
- Northern Europe's leading malting company, also targeting global customers
- Well-developed and profitable portfolio of strategic holdings

- Leading player in circular and arable land based biorefinery in Baltic Sea region
- Globally leading bakery company with a strong base in northern Europe
- Leading distributor of construction machinery in northern Europe
- Profitable new businesses created based on innovation from field to fork

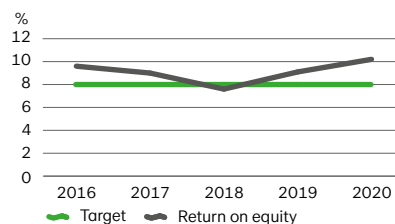


Strategic Group targets

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

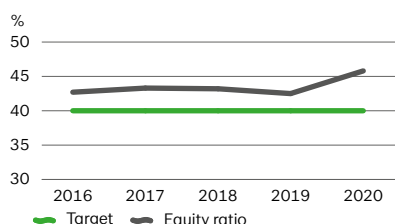
Return on equity Target **8 %** Outcome **10.2 %**

The Group's return target is dependent on the composition of the portfolio. The current business portfolio is estimated as having a total return on equity potential of 8 percent. Return on equity was 10.2 (9.1) percent in 2020. The average return on equity for the last five years is 9.1 percent.



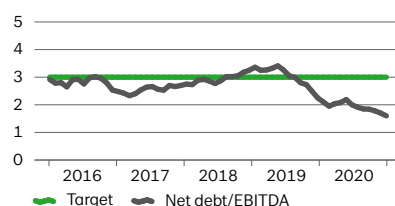
Equity ratio Target **40 %** Outcome **45.8 %**

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 at December 31, 2020 was 45.8 (42.5) percent.



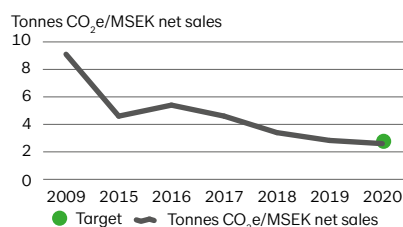
Net debt*/EBITDA* Target **<3** Outcome **1.60**

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 1.60 (2.25). * According to bank definition.



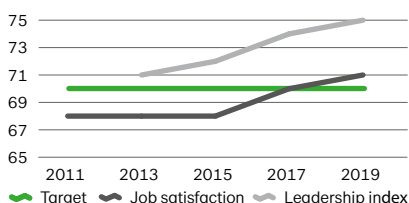
Climate Target **40 %** Outcome **45 %**

The Group's target is to reduce climate emissions from its operations by 40 percent in the period 2015-2020, calculated as CO₂e tonnes per MSEK net sales. The 2020 outcome was 45 (39) percent, which means that we have reached the target for 2020. Transition to renewable electricity and heating, energy efficiency measures and conversion to renewable fuels reduced climate emissions.



Employees/Leadership Target **70** Outcome **71/75**

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 2019 showed a strong result. We exceeded the job satisfaction target: 71 (70) and the leadership target: 75 (74).



Description of financial performance measures → page 138.

Good food begins in the field

Our ambition is to create the best of what the soil can provide. With this as our guiding principle, we produce sustainable and innovative food that promotes health and well-being. Our work on responsibility from field to fork contributes to long-term sustainable food production and thriving farming.

Together we take responsibility from field to fork

Our customers and consumers must feel confident that we have knowledge and control throughout the value chain, we minimize our impact on the environment and we contribute good, healthy and sustainably produced food – now and in the future.

The 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 produced in a responsible way – from cultivation to production and all the way to the store and consumer.

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.

Leading the development of Farming of the Future

In our work on Farming of the Future, Lantmännen has shown that it is possible to increase production from farming while also halving the climate impact every decade. In this way we can meet the need for more food, customers' demand for sustainable products and help to achieve the target to limit global warming to well below 2 degrees, preferably to 1.5 degrees.

“

By choosing Good food from Lantmännen, you help to make farming thrive.



Sustainable business development for long-term profitability

Lantmännen is driving development towards more 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.

For us, sustainable business is about creating business opportunities and managing risks. With operations throughout the grain value chain, we have a unique opportunity to pursue sustainable business development, which is the basis for our Company'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.

Integrated in strategy and governance

The work is based on Lantmännen's Code of Conduct and is an integral part of our business strategy and our processes for governance, implementation and follow-up. There are Group-wide targets for climate, other environmental issues, employee satisfaction, leadership, health and safety, and provision of training in sustainability and business ethics.

Developing the offering 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 together 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. Learn more ➞ in the Sustainability Report.

Four focus areas

We have four focus areas in our work, in which we manage opportunities and challenges.



Sustainable farming: Lantmännen drives the development of more sustainable farming, giving increased availability of sustainable food, bio-energy and bio-based materials.



Sustainable products: Lantmännen develops and offers 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.

The Sectors and Business Areas pursue their own specific sustainability issues. See ➞ "Key sustainability issues" on the Sector and Business Area pages.



Farming of the Future

– Lantmännen takes leading role

Swedish farming is considered to be among the most sustainable in the world. Even so, there are still many challenges for the future, such as reducing the climate impact, increasing environmental benefits and safeguarding biodiversity. We drive development based on knowledge and collaboration for new business solutions.

The cultivation method must allow the cropland's long-term soil fertility to be maintained and at the same time production needs to increase to meet growing demand for food and bio-based raw materials.

Profitable Swedish farms are a prerequisite for ensuring continued investments in thriving Swedish farming. Big leaps in innovation are also needed. This will require engagement from participants throughout the value chain right to the end consumer; sustainably produced Swedish food must be valued higher.

Arable land is the most important and valuable resource in our business. It is in the fields that the nutrient and value are built up. It is therefore natural that this is where resources are consumed and the environmental impact arises. During the cultivation stage, carbon dioxide is also bound into the crop and some remains in the soil, mainly in the root systems. Lantmännen, together with Swedish farmers, has always taken responsibility for the development of farming. With operations throughout the value chain from field to fork, we have unique conditions to drive change and continue the transition.

11 focus areas

- Precision farming, digitalization and optimal management
- Sustainable plant nutrients
- Plant breeding
- Fossil-free farming
- Cropping systems
- Carbon sequestration and renewable energy
- Reduced nitrogen losses
- Reduced leakage of plant nutrients
- Sustainable plant protection
- Adapting farming to climate change
- Biodiversity



Lantmännen takes leading role

Lantmännen's Farming of the Future report has identified eleven focus areas. The transition affects parties throughout the value chain, including farmers, business partners, trade, government authorities, politicians and consumers. In addition, it requires:

- Access to sustainable agri-supply such as fuel, plant nutrition and plant protection; applying and using best available techniques to realize the potential.
- Policy instruments that reward sustainable cultivation methods and agri-supply.
- Significantly increased resources for research and innovation.

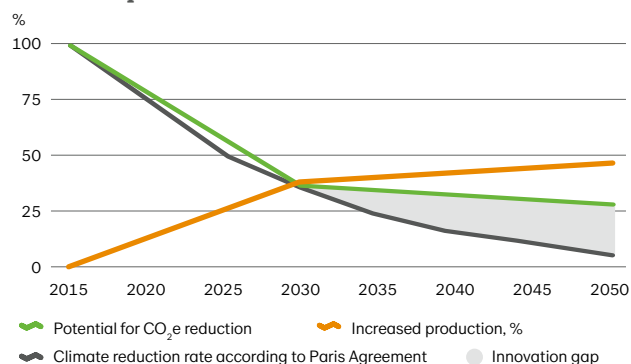
Lantmännen takes a leading role, actively seeking partnership and collaboration to find the solutions to take us to Farming of the Future.

The organic value chain

Lantmännen is also a leader in the Swedish organic market and works to strengthen the conditions for organic production and exports.

Our offering ranges from agri-supply, feed and grain to organic foods. In 2020, trade in organic grain was 140,000 tonnes. Learn more in the Sustainability Report on → page 146.

Potential for reduced climate impact and increased production



Potential to reduce farming's climate impact in line with the Paris Agreement target of halved emissions every decade, and potential for harvest increase 2015-2050 calculated per hectare of winter wheat. Learn more at → lantmannen.com/farming-of-the-future

“ **With operations throughout the value chain from field to fork, we have unique conditions to drive the transition to Farming of the Future.** ”



Significant steps in 2020

During the year, several activities and collaborations for Farming of the Future were initiated and new business solutions were brought to market:

Phasing out fossil-based agri-supply

Phase out of for example fuels and mineral fertilizers, to be replaced with renewable fuels and fossil free plant nutrients.

- RME (rape methylester) testing, together with Energi-fabriken, in two new Valtra tractors with good results.
- The collaboration with Yara to introduce fossil-free mineral fertilizers has been developed.
- Fossil-free fuel is a new criterion in the Climate & Nature cultivation program.

Resource efficiency and productivity

- Additional investment in plant breeding; one example is genomic selection for more crops.
- Increased investment in cultivation strategy experiments for higher productivity.
- Development of Bjertorp as a demonstration farm for future cultivation methods.

Developing cropping systems and new technology

- Investment in a new Thermoseed plant in Skänninge where seeds are heat-treated rather than chemically treated.
- Continued development and experiments in biological plant protection.
- Increased supply and interest in intermediate crops and seeds in flower zones for biodiversity and reduced leakage.



Bjertorp shows the way

In 2020, Bjertorp was established as a pilot farm where we test the latest in agricultural research and innovation on 880 hectares to realize the ambition of the Farming of the Future report. The goal is to implement and further develop the opportunities identified in the report and deliver results that confirm the potential.

The data we collect from the experiments is a valuable asset that gives us knowledge about how we should sow and harvest in the future.

We will understand which inputs work together and which ones can be implemented in commercial farming.



Cultivation program driving development

Climate & Nature, Lantmännen's cultivation program for Farming of the Future, meets the market's demand for sustainably produced food. Grain is grown using criteria for reduced climate impact and increased biodiversity. The climate footprint of wheat and rye grown under the program has decreased by 30 percent since 2015.

For the 2020-2021 harvest year, the program has been expanded to include oats and during the year, Axa is launching oatmeal grown under the program.

Fossil-free agri-supply, plant breeding and precision farming will be key to reducing climate impacts.

Towards climate neutrality 2050

Lantmännen's climate program has targets that follow the Paris Agreement. This means halving emissions every decade to achieve climate neutrality by 2050. The climate targets cover the entire Lantmännen value chain, from field to fork.

The climate target for primary production includes the first part of the cultivation stage – what happens on the farm. Learn more on → pages 25-26.



Swedish farming is a leader in sustainable production, has high expertise, efficient production and already makes extensive use of new technology

Climate target achieved

Climate targets for production and operations have been in place since 2009. In the period to 2015, emissions were reduced by 40 percent and a new target for a further 40 percent reduction by 2020 was set. We have achieved this target, with a reduction of 45 percent from 2015. The key figure we use for monitoring is CO₂e per MSEK net sales. Learn more on → page 148.

The process of defining new climate targets for our own production has begun.

Towards fossil freedom

Lantmännen is already well on the way to achieving fossil-free production in Sweden and Norway by 2025 and are working towards fossil freedom for the rest of Europe by 2040.

During the year, business sectors presented their *Roadmap for Fossil Free Competitiveness* to the government under the *Fossil Free Sweden* initiative. Lantmännen has been involved in producing the agricultural industry's roadmap. The roadmaps show how different industries can become fossil-free or climate-neutral and how this strengthens their position in the market. The pace of this transition is determined by the relationship between the agricultural industry's competitiveness and production costs and society's and the consumer market's valuation of the sustainability benefits provided. With the roadmaps now entering the implementation phase, Lantmännen is pursuing issues such as increased utilization of biofuel potential in Sweden.

Reduced impact from transport

Lantmännen and the rest of society share the great challenge of the transport sector's transition. Government policy instruments have a major impact on how and when the transition will take place and therefore also what is economically sustainable in the transition to fossil-free freight transport.

Lantmännen third climate target is to reduce the climate impact from purchased transport by 70 percent by 2030. We have worked on the basis of strategies for more sustainable fuel choices and for monitoring methods that drive improvements. The outcome for the year is a reduction of 17 percent from the base year 2009. Learn more on → page 148.

In Sweden, we are seeing a transition to biofuels, with domestic biofuels playing a crucial role. In practice, Lantmännen's Group targets mean that freight transport within Sweden needs to be fossil-free by 2030. Biofuel is already used for almost 60 percent of our goods transportation in Sweden, which is way above the national average.



Collaboration for increased growth

In the last year, Lantmännen has taken a leading role in the development of the Swedish agricultural and food sector. We pursue growth issues in identified areas and have established collaboration with central organizations.

Growth package for Swedish farming and food production

The Swedish national food strategy and events in the outside world have laid the foundation for development. Lantmännen has identified the opportunities and is pursuing an agenda for growth in the Swedish agricultural and food sector. This means growth and future opportunities for our members, our Group and the food sector. Society also benefits from the agenda, which is completely in line with the Swedish food strategy.

Key regulatory issues

Lantmännen pursues specific regulatory issues that are of key importance to our businesses and strategies. Examples of important issues in the EU are the view on crop-based biofuels and the climate impact of farming. In Sweden, Lantmännen focuses on issues such as use of fossil energy in farming and the conditions for Swedish production of biofuels. The EU has recently launched the *European Green Deal*, which will review virtually all regulations and strategies connected with 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. The European Green Deal contains certain negative elements but is still generally considered to be positive for Lantmännen's businesses.

Current dialogue topics

The most important areas for our stakeholders, and in which we engage in structured dialogue, are thriving farming, bio-based energy and responsibly produced food. A theme that is common to all areas is sustainable development. Examples of current issues during the year are Sweden's national food strategy, transport and climate policy instruments, regulatory framework and focus for biofuels in Sweden and the EU, climate impact of agriculture, sustainable farming, and innovation and research collaboration.

The dialogue is conducted with several players and in forums and networks, such as:

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

Industry initiatives and collaboration forums

Lantmännen participates in other organizations and collaboration forums. Learn more → at lantmannen.com/cooperation-and-dialogue

Growth package

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



Tillväxtbolaget – Strengthened investment opportunities



Knowledge hub for animal production & SustAinimal – Animal production



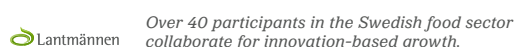
Nordic Oats – Food exports



Agri Data Platform – Digitalization



Sweden Food Arena – Innovation



Innovation for new business

We invest more than MSEK 250 annually in R&D to meet challenges of the future and ensure our 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.

Whole grain for health and nutrition

Lantmännen works continuously to develop new high-fiber food products with whole grain. Through plant breeding and research, we can, for example, increase the amount of healthy grain fiber. This is also an area for this year's call for project proposals to Lantmännen Research Foundation. Rye and oats are the focus of our research. Rye is our Nordic grain with the highest dietary fiber content and oats, with good protein and fat, contain the soluble, cholesterol-lowering fiber beta-glucan. With innovative methods, we can maintain a high level of nutritional values during processing or create fractions that can be used in new ways, for example in food products in our stores.

Making farming thrive

Innovations in farming and food are important in promoting thriving farming. Lantmännen Research Foundation has launched a project to develop a rapid method for vigor testing of grain. The method will be an important aid in seed treatment with Thermoseed. An interesting area is increased availability of Swedish-grown plant proteins. We are working to scale up cultivation of important crops that are good for both people and nature. A project on lentils, a nitrogen-fixing crop, is being conducted. The aim is that sufficiently large

volumes in a few years' time will remove the need to import the crop to meet demand. The lentils will be commercially available as early as 2021.

Circular flows

Lantmännen conducts research projects that contribute to a bio-based society. One example is the development of starch-based adhesives for recyclable fiberboard in the construction industry. The project is funded by Vinnova. A number of projects in the area of materials were started in 2020. Starch is being evaluated as a raw material in 3D printing and a new material based on fiber and gluten is being evaluated for use in films.

Research collaboration

Lantmännen will participate in the establishment of new centers for food research and innovation, which were granted multi-million sums in funding from Formas during the year. 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, which, among other things, runs projects on plant-based protein-rich products.




Lantmännen Research Foundation

Lantmännen Research Foundation invests up to MSEK 25 annually in research. A key goal of the research is to increase agricultural production with minimized environmental impacts. Another goal is to create business opportunities for agriculture in a bio-based society. The goal for food is to increase knowledge about grain and legumes for sustainable food of the future. The Foundation's own magazine, Tidskriften Cerealier, presents current research on food and health with a focus on grain and legumes.

The Greenhouse

Lantmännen Greenhouse

Lantmännen Greenhouse is a development program that receives innovative business ideas from employees, members, entrepreneurs and startups. In 2020, a Greenhouse program on bread innovations of the future was conducted with Lantmännen Unibake. Learn more  at lantmannen.com/greenhouse

A woman with blonde hair in a ponytail, wearing a black sleeveless top and purple work gloves, is operating a piece of machinery in a field. She is looking down at her work. The background shows a vast, golden field under a clear blue sky with a few distant trees.

“

**At Lantmännen,
everyone can make
a difference – to our
success and to future
sustainable solutions
from field to fork.**

Employees who make a difference

Lantmännen works with a long-term approach to attract and develop leaders and employees, and to create safer and more engaging workplaces. At Lantmännen, drive, passion and a desire to develop are valued qualities.

The coronavirus pandemic has affected the everyday lives of all our employees and managers. Lantmännen prioritizes protecting all employees around the world, while also protecting our businesses. Restrictions, guidelines and new procedures have been introduced at all facilities and offices, and employees who have been able to have largely worked from home. To support good leadership, good performance and well-being, we have introduced initiatives and training in leadership, employee commitment and digital tools. A completed employee survey has shown that employees, to a very large extent, think that change, leadership, communication and digital tools have been effective. Total sick leave during the year was in line with 2019 but increased in some months when the spread of infection in society was also higher.

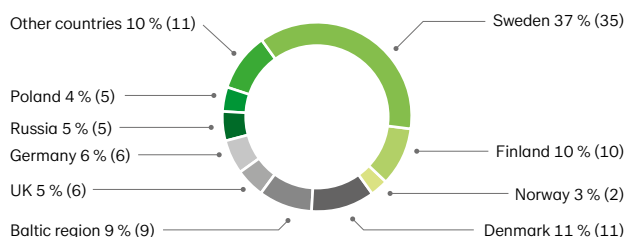
Developing employees and businesses together

Annual performance appraisals are held, focusing on individual performance in relation to defined targets and Lantmännen's values – *openness, a holistic view and drive*. An important part of the appraisals and the continuous dialogue between manager and employee is to give feedback and develop through this feedback. An employee survey is conducted every two years to monitor the effectiveness of employee commitment and leadership. In the most recent survey in 2019, the job satisfaction and management index results improved.

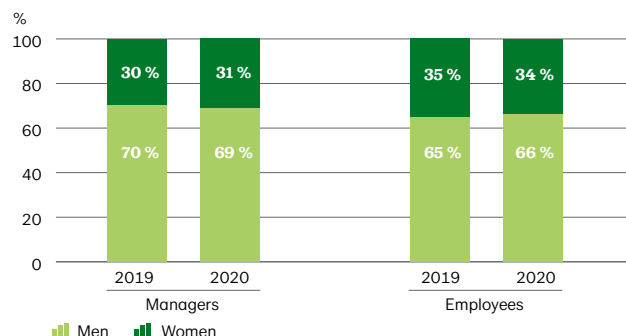


“**Wherever you work at Lantmännen, we want you to contribute to the whole we are creating together. That is why we work to promote an inclusive culture with a strong focus on cooperation.**”

Our employees – Geographic distribution



Gender distribution



Lantmännen focuses on learning and skills development. The process of identifying long-term development potential and implementing our international development programs has continued. We focus on creating opportunities for internal mobility in the Group. The target is for internal candidates to account for 50 percent of all managerial recruitment. The outcome for 2020 was 57 percent.

All Sectors and Business Areas within Lantmännen work in a long-term framework to improve equality and strengthen the international perspective in the businesses through, among other things, defined targets and action plans.



In August 2020, a new session of *Lantmännen's trainee program* began. Six trainees are undergoing the 15-month program, which provides good insight into the entire Group through placements and assignments in different Sectors and functions, together with leadership and business development training.

An attractive employer

The overall purpose of Lantmännen's employer brand and communication is to create pride and passion among existing employees and to attract potential employees and arouse their interest in Lantmännen. 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.

The talent network 4 *potentials* named Lantmännen "Sweden's Talent Company of the Year" for successful work in attracting, recruiting and developing talent.

Learn more at lantmannen.com/career

Safe work environment

In 2020, a new health and safety strategy for Lantmännen was adopted and implemented, the goal of which is to achieve "Health & Safety Excellence" in the period to 2030. The focus of the strategy is on integrating health and safety work more clearly into leadership, employeeship, organization and daily and strategic processes. The main priority up to 2023 is to develop a stable base in the work with critical processes, tools and training. In 2020, workshops were introduced for management teams to develop long-term strategic health and safety road maps for each business area.

Lantmännen maintains and creates a good health and safety culture, including working to identify and minimize risks in the work environment by regular monitoring. Preventive health and safety work also includes about 60 annual injury prevention inspections at production facilities, and health and safety training. Due to the coronavirus pandemic, the number of inspections in 2020 was limited to 37. A web-based tool for reporting, investigation and follow-up of accidents, near misses and risk observations is available to everyone. In 2020, the injury rate increased to 13.7 (12.7). Lantmännen has adopted a target for the injury rate to be below 1 by 2030.

Continuous efforts are devoted to identifying areas for improvement and improving health aspects, particularly for the psychosocial work environment and workload. Sick leave in 2020 was at the same level as the year before.

Lantmännen has established a whistleblowing procedure, which gives all employees a simple and anonymous way of reporting malpractice or anything that is contrary to the law or Lantmännen's Code of Conduct, guidelines or policies. A total of 13 (12) reports from five countries were recorded in 2020. All cases have been investigated by Lantmännen's Whistleblowing Committee. Learn more on [page 66](#).



At Lantmännen, commitment and a desire to develop are valued qualities.

Our employees, work-related accidents and near misses

	2020	2019
Number of fatalities due to accidents	0	1 ¹⁾
Number of accidents ²⁾	238	221
Injury rate ³⁾	13.7	12.7 ⁴⁾
Number of reported near misses ⁵⁾	2,735	3,027
Number of risk observations	8,371	5,334

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.

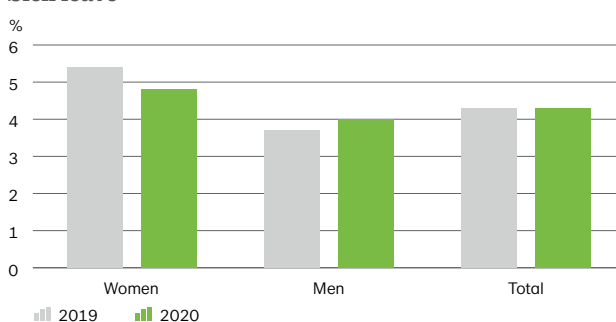
²⁾ Work-related accident resulting in at least one day's absence after the accident occurred.

³⁾ Injury rate is defined as the number of accidents per million actual hours worked.

⁴⁾ Adjusted information from 2019 reporting after reclassification of two accidents.

⁵⁾ Near misses are defined as unintended events that could have resulted in ill health or an accident.

Sick leave





Our operations

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Agriculture Sector

The Agriculture Sector, which constitutes Lantmännen's core business, develops and markets products and services to promote strong, competitive farming. The Sector operates 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 Sverige*, *Lantmännen Maskin*, *Lantmännen Krafft*, *Lantmännen Agro Oy*, *Lantmännen Agro A/S* and *Lantmännen Seed BV*. 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 59.

The *Swedish operations* are the market leader in the grain market and offer a wide range of products for crop production, livestock production, equine operations, advisory services, agricultural machinery sales and servicing, equipment and spare parts. In *Finland*, the Sector provides feed, agri-supply for crop production and spare parts and equipment.

The Sector works on innovation and development of, among other things, technology and digitalization, sustainable seed, organic products and plant breeding.

Market and business environment

The coronavirus pandemic has had a limited effect on the Agriculture Sector's operations. However, a generally cautious investment appetite affected the machinery business in both Sweden and Finland. The year's large grain harvest was

positive for the Sector and all production segments are showing a positive trend in the area of livestock.

Key sustainability issues

The Sector works to promote sustainable agriculture with energy-efficient and safe machinery, resource-efficient production, sustainable cultivation methods, feed raw materials and low-impact transport. We focus on safe working environments, and responsible sourcing and business relationships. Within the framework of Farming of the Future, we work on plant breeding to meet demand and a changing climate, and on adapted cultivation methods for increased carbon sequestration, reduced nitrogen losses and increased biodiversity.

Outlook for 2021

With a good grain harvest in 2020 and extensive fall sowing, the outlook for 2021 looks good. There is a continuing focus on ensuring the right capacity and quality within the Sector's businesses and creating new customer offerings. The aim is to work for stronger profitability in the machinery business and to strengthen our positions in the Baltic Sea region. We continue to work on digital development. An important area here is the sales channel strategy and how we meet the customer in the future.



Agriculture Sector, key figures	2020	2019
Net sales, MSEK ¹⁾	21,501	21,841
Operating income, MSEK	439	83
Operating margin, %	2.0	0.4
Return on operating capital, %	5.4	1.0
Investments in non-current assets, MSEK	261	189
Average number of employees	1,743	1,734
of which women/men, %	24/76	24/76
Women/men in executive management, %	33/67	33/67
Sick leave, %	3.7	2.7
CO ₂ emissions, thousand tonnes	9	11

¹⁾ Including intra-Group sales.

Excl. items affecting comparability	2020	2019
Operating income, MSEK	439	210
Operating margin, %	2.0	1.0
Return on operating capital, %	5.4	2.5



Brands



Nötfor
Fårfor

Piggfor
Renfor

Pullfor
Protect

Lantmännen Lantbruk Sweden

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

The business showed positive development during the year. The feed business continued its positive trend, with increased market shares. The coronavirus pandemic brought concern about the supply of raw materials, but production and sales have followed the defined plan. A good grain harvest resulted in stronger grain business. In the grain business, the focus has also been on the facility structure, with new facilities opening during the year.



The year's early harvest and good growing conditions led to record-breaking fall sowing.

Grain

Lantmännen Lantbruk Sweden buys and sells grain, oilseeds and pulses. Half of the quantity is used in Lantmännen's own industries. The export business is significant and sales are mainly to Europe and North Africa, but also to North America. Prior to the year's harvest, some conditions regarding the drought scale were amended and a changed range for the 2021 harvest was announced.

The year's Swedish harvest of grain, oilseeds and pulses amounted to almost 6.5 million tonnes according to the Swedish Board of Agriculture. Warm, dry weather in August resulted in low water content and a high rate of deliveries into Lantmännen's grain reception facilities. The new facilities in Kumla and Hammenhög were efficient. The crops maintained good quality for the majority of the delivered volume. The oat harvest was 854,000 tonnes, which is 30 percent more than in the previous year. Drying capacity was upgraded and streamlined at several facilities.

Large purchase volumes for the 2019 and 2020 harvests, lower quality deficiency costs and an efficient harvesting apparatus contributed to increased profitability in the grain business. Lantmännen's trading team has a large network of customers and traders.

Feed

Lantmännen Lantbruk produces and sells feed and supplements. The feed business continued to develop positively. 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 industry is generally good in all segments, which may lead to new investments. The exception is the egg industry,

Lantmännen Lantbruk Sweden, key figures

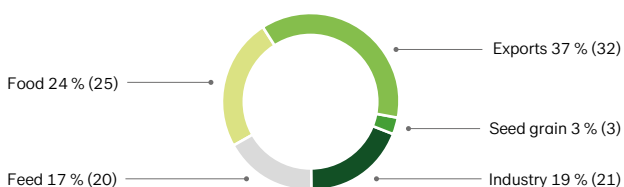
	2020	2019
Net sales, MSEK ¹⁾	13,096	13,181
Operating income, MSEK	261	109
Operating margin, %	2.0	0.8
Return on operating capital, %	6.6	2.6
Investments in non-current assets, MSEK	203	181
Average number of employees	805	791
of which women/men, %	34/66	35/65

¹⁾ Including intra-Group sales.

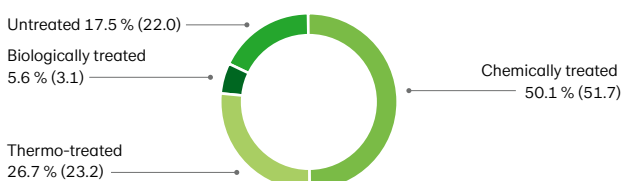
Excl. items affecting comparability

	2020	2019
Operating income, MSEK	261	109
Operating margin, %	2.0	0.8
Return on operating capital, %	6.6	2.6

Use of total volume of sold grain



Seed treatment (calculated on a percentage of the volume in tonnes)





where surpluses have led to a market under pressure with falling prices. The coronavirus pandemic has favored consumption of Swedish products. Overall, the country's farmers brought in a large, good-quality forage harvest.

During the year, Lantmännen and the association *Foder och Spannmål* developed a national standard for calculating climate data of feed raw materials for feed recipes. At its Viken experimental farm, and in collaboration with a startup company, Lantmännen is testing whether red algae helps to reduce methane emissions from dairy cows. Lantmännen and AgroVäst are testing different feed rations for high-yielding cows to see if amino acids can increase the proportion of locally produced protein raw materials. The goal is to find the optimal combination of raw materials with regard to production and sustainability.

Crops

Lantmännen Lantbruk refines, produces and sells seeds in the areas of seed grain, pulses, oilseeds and grass seed. An early harvest with good conditions resulted in extensive fall sowing and Lantmännen's sales volume for winter seed broke a new record, for both grain and winter rape. The grass seed business showed a sharp increase due to exports, which for the first time exceeded sales in the Swedish market. Sales of intermediate crops, catch crops and mixtures of seeds for flower zones also increased. All merchandise business showed good growth during the year, with fertilizer excelling in particular, but plant protection, plastic, net and yarn also increased. The investment in Lantmännen's strategic trials in crop production was successful during the year, and an expansion of the trials is planned for 2021.

The SLU Grogrund projects continued and during fall, funds were granted for the processing of cooking peas, canned peas and protein peas. The integration of Lantmännen Maskin into Lantmännen Lantbruk is progressing well and Lantmännen's experimental farms are being used to demonstrate the latest technology. Learn more at lantmannenlantbrukmaskin.com



To demonstrate the effectiveness of crop production strategies, we need to look at the whole picture, such as inputs used, growing area, time and product interaction.

Lantmännen BioAgri

Lantmännen BioAgri develops and markets eco-friendly products for plant pest control, plant nutrients and products for growth regulation. During the year, the focus was on trials and demonstration cultivation of new products. International expansion of ThermoSeed resulted in three new facilities in Sweden, Finland and Switzerland. Learn more at bioagri.se (in Swedish)

Lantmännen Krafft

Lantmännen Krafft is Sweden's, and one of the Nordic region's, largest supplier of horse feed, and also has a market in the rest of Europe. Increased sales, mainly in Sweden and a stable cost level resulted in strong earnings and the focus on increased sales through retailers in the domestic market produced good results. Learn more at kraffthorsenutrition.com



“

Lantmännen Agro is one the largest players in the Finnish agriculture market, with retailers providing agri-supply for crop production, feed, and spare parts and equipment.

Lantmännen Seed develops varieties that can meet future requirements for food safety, yield potential and agronomic properties, and that suit future growing conditions.

Lantmännen Lantbruk Finland

Lantmännen Agro

The operations in Finland, Lantmännen Agro Oy, are conducted through independent Lantmännen-profiled dealers, with 33 retailers and 66 stores providing agri-supply for crop production, feed, and spare parts and equipment. The company also trades in grain in the Finnish and international markets and produces and sells feed directly to customers with livestock production and horses.

During the year, great focus was placed on the integration of Lantmännen Feed and Lantmännen Agro. From September 1, 2020, the Finnish operations are conducted by Lantmännen Agro Oy.

The Finnish harvest was below normal levels and of lower quality than normal. After the year's harvest, there are no surplus volumes of grain in the Finnish market, with the exception of oats where there are volumes for export. The feed business developed positively and a new e-commerce service for feed product sales was launched in September.

The coronavirus pandemic has had an impact on operations, as much of Finland's society was in lockdown during spring and Lantmännen had to focus on safeguarding logistics and production. Learn more at [→ lantmannenagro.fi](https://lantmannenagro.fi)

Brands

Opti Melli Maituri Herkku Benemilk 

Lantmännen Lantbruk Finland key figures

	2020	2019
Net sales, MSEK ¹⁾	4,351	4,617
Average number of employees	147	150
of which women/men, %	38/62	37/63

¹⁾ Including intra-Group sales.

Lantmännen Lantbruk Other

Lantmännen Agro – Denmark

The company Lantmännen Agro A/S is mainly engaged in the purchase of grain in Denmark, but also sells significant quantities of fertilizer. The focus on fewer reception facilities, and the lower harvest volume meant lower stocks and handling costs during the harvest. Exports in larger tonnage than before brought increased competitiveness. 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 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 and Väderstad.

Competition in the industry is fierce, with over-establishment and a shrinking tractor market that is squeezing profitability. Equipment is an important part of the operations and showed good development during the year. Several efficiency projects were implemented during the year, contributing to positive development for both the workshop and spare parts business.

The launch of a modern new e-commerce service for the spare parts business has been a factor in the positive development.

Sales of machinery declined during the first half of the year as a result of the coronavirus pandemic. A number of measures to kickstart sales produced results and sales moved in a positive direction towards the end of the year.

After an operational review, a reorganization was conducted in the first four-month period, with a new regional distribution. A largely new management team was installed and the company moved from ten to five regions, with separate regional managers for machine sales and service markets in each region. In this way, clear areas of responsibility were created, which will ultimately lead to better control and a better customer offering. Learn more at lantmannenlantbrukmaskin.com



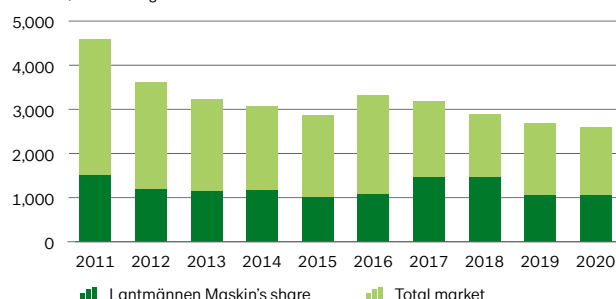
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Lantmännen Maskin is present in 54 locations across the country, with machines, spare parts and workshops – always close to you.

Lantmännen Maskin, key figures	2020	2019
Net sales, MSEK ¹⁾	3,669	3,753
Operating income, MSEK	-7	9
Operating margin, %	-0.2	0.2
Return on operating capital, %	-0.5	0.6
Investments in non-current assets, MSEK	19	3
Average number of employees	760	759
of which women/men, %	9/91	9/91
¹⁾ Including intra-Group sales.		
Excl. items affecting comparability	2020	2019
Operating income, MSEK	-7	9
Operating margin, %	-0.2	0.2
Return on operating capital, %	-0.5	0.6

Total market for tractors in Sweden

Tractors, number registered





Energy Sector

The Energy Sector's companies manufacture and market environmentally smart energy, food and industrial products and are one of Sweden's largest producers of bioenergy products. The Sector accounts for 8 percent of the Group's sales.

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* and the Sector is responsible for Lantmännen's ownership interest in the partly-owned company *Scandbio*, Sweden's largest solid processed wood fuel company, see ➔ page 59. The Sector operates in a global market with the main focus on Europe and offers sustainable ethanol fuel, protein feed, carbon dioxide, starch products, gluten, vodka, beta glucan, oat protein, alkylate petrol, lubricants and other chemical products that are produced responsibly. The Sector has wholly or partly-owned sales companies in the Nordic region, France, Germany and the US. Sales are conducted through distributors and the export business.

Market and business environment

Bioenergy is Sweden's most widely used type of energy, accounting for over a third of our energy consumption. Sustainable transport is key to reducing carbon dioxide emissions. The Swedish parliament's targets for the country 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. Increased use of the ethanol fuel ED95 is effective in reducing emissions and the fossil dependence of heavy vehicles. Demand for the Agrodrank feed product continues to rise. Demand for Lantmännen Reppe's wheat starch for the paper and packaging industry fell due to the pandemic. Lantmännen Aspen's alkylate petrol took market shares in the small engine segments and made inroads in the US during the year.

Key sustainability issues

Key sustainability issues include continuing development of products with added value for climate, environment and health, driving development of circular business models, efficient production, transport with a low climate impact, safe work environments, and responsible sourcing and business relationships.

Outlook for 2021

Lantmännen Agroetanol's ethanol has previously been in demand mainly in Germany, but interest has increased in Sweden. Competition in the European ethanol market is intense. Lantmännen's work on complementing the raw material base with alternative starchy raw materials continues. Prospects for continuing growth are considered good for Lantmännen Reppe and Lantmännen Aspen.



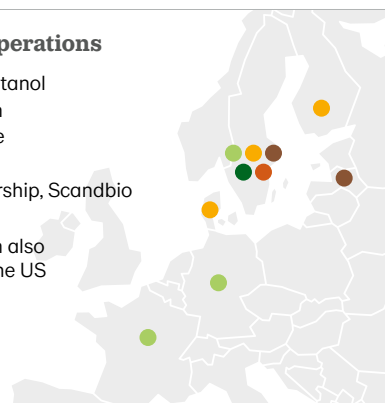
Energy Sector, key figures	2020	2019
Net sales, MSEK ¹⁾	3,938	3,741
Operating income, MSEK	530	375
Operating margin, %	13.5	10.0
Return on operating capital, %	40.5	30.3
Investments in non-current assets, MSEK	186	80
Average number of employees	345	301
of which women/men, %	27/73	27/73
Women/men in executive management, %	11/89	36/64
Sick leave, %	2.8	2.4
CO ₂ emissions, thousand tonnes	18	21

¹⁾ Including intra-Group sales.

Excl. items affecting comparability	2020	2019
Operating income, MSEK	530	355
Operating margin, %	13.5	9.5
Return on operating capital, %	40.5	28.7

Energy Sector's operations

- Lantmännen Agroetanol
- Lantmännen Aspen
- Lantmännen Reppe
- Lantmännen Oats
- International ownership, Scandbio
- Lantmännen Aspen also has operations in the US



Brands



Lantmännen Biorefineries

In 2020, the collective organization Lantmännen Biorefineries was created for Lantmännen Agroetanol, Lantmännen Functional Foods, Lantmännen Oats and Lantmännen Reppe, and their common functions for sales, purchasing, product development and technical projects.

Lantmännen Agroetanol

Lantmännen Agroetanol is a large-scale biorefinery with grain as its main raw material. At our facility, we mainly refine grain but also other raw materials, such as starchy waste from the food industry. The products are processed into ethanol for the fuel market, carbonic acid and other technical products, and protein products for the feed market.

Lantmännen Agroetanol is a leading player in sustainable solutions and in the transition to a fossil-free and climate-smart society. The company is the Nordic region's largest ethanol producer and produces ethanol with the best climate performance. The ethanol is among the most sustainable in the world and reduces the climate impact by more than 90 percent compared with petrol. The annual production capacity of the Händelö facility in Norrköping is 230,000 m³ of ethanol, 200,000 tonnes of high-protein feed under the name Agrodrank and about 90,000 tonnes of carbon dioxide that is processed into carbonic acid.

The product portfolio has been differentiated and the broadening of the raw material base is continuing. Projects to further increase the climate performance of ethanol have been initiated. The market in 2020 was initially affected by the coronavirus pandemic and the price of ethanol fell sharply. The price recovered in summer, reaching record highs in late summer and in fall when there was a shortage situation in the European market. In response to the coronavirus pandemic, production was adapted in order to deliver ethanol for hand sanitizer and surface disinfectants in the Nordic market.

During the year, more than half of Lantmännen Agroetanol's production was exported to Germany, where the market for climate-efficient ethanol was favorable. In Germany,

climate policy instruments are creating demand for biofuels with high climate performance. During the year, a new hub was set up in Fredericia in Denmark, where waste products are collected from the Danish market. Development of the recycling business with waste products from the food industry creates a circular economy and contributes to Lantmännen Agroetanol's profitability.

The government has announced an increased reduction obligation, which is expected to come into effect in 2021. Implementation of the EU Renewable Energy Directive, RED II, in 2021 may affect the future of Lantmännen Agroetanol's products. 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 has cooperated with the EU Commission during the investigation and is now engaged in a settlement process.

Learn more at lantmannenagroetanol.se/en

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. These ingredients are sold to companies operating in bakery products, health food and sports nutrition. In 2020, integration of the company was completed and an investment in heat-treated oats was initiated.

Beta glucan is a soluble fiber found in oats with a proven cholesterol-lowering effect. Oat protein is a tasty ingredient used mainly in sports nutrition but it also has other applications.

Learn more at lantmannenoats.com

Lantmännen Agroetanol, key figures	2020	2019
Net sales, MSEK ¹⁾	2,434	2,282
Operating income, MSEK ²⁾	308	164
Average number of employees	127	111
of which women/men, %	26/74	28/72

¹⁾ Including intra-Group sales.

²⁾ Operating income, 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.

As part of Lantmännen, Lantmännen Reppe is an important player in the grain value chain from cultivation, raw materials sourcing and processing to sales and consumption.

Lantmännen Reppe supplies ingredients and finished goods to the food, paper and beverage industries. Deliveries of starch products to the paper industry fell in 2020 when the paper industry was adversely affected by the coronavirus pandemic. This resulted in the factory switching to delivering spirits to hand sanitizer manufacturers, mainly in Sweden. Lantmännen Reppe has one of the Nordic region's largest distilleries, which produces high-quality vodka. 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, key figures	2020	2019
Net sales, MSEK ¹⁾	486	479
Average number of employees	69	66
of which women/men, %	29/71	26/74

¹⁾ Including intra-Group sales.

Energy Sector

Lantmännen Aspen

Lantmännen Aspen, with the brands Aspen, Agro Oil and Marline, manufactures and markets alkylate petrol, lubricants and chemical products.

Aspen alkylate petrol is virtually free of hazardous components such as benzene and is used in lawn mowers, chainsaws and boats. Lantmännen Aspen's alkylate petrol is market leader in large parts of Europe and Canada. Sales were negatively affected by the coronavirus pandemic during the year when key markets such as France went into lockdown. Demand rose during summer when northern Europe reached record levels. Inroads have been made in the US and agreements have been signed with a number of distributors.

Agro Oil manufactures high quality lubricants and chemical maintenance products for the professional market for agriculture, forestry and contracting under the Agrol brand. The products are optimized based on customers' needs and with the best support on the market, they help to reduce maintenance costs and environmental impacts.

Marline is the leading distributor of alkylate petrol in France. With its position in machine rental and construction, Marline complements Aspen's already strong position in servicing specialized trade.

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



Lantmännen Aspen, key figures	2020	2019
Net sales, MSEK ¹⁾	1,016	971
Average number of employees	108	94
of which women/men, %	27/73	27/73

¹⁾ Including intra-Group sales.



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 areas such as 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, see ➔ page 59. The Sector produces food in 50 facilities in 18 countries under well-known brands such as *Kungsörnen*, *Axa*, *Start*, *Bonjour*, *Hatting*, *Korvbrödsbagarn*, *Schulstad*, *Finn Crisp*, *Amo*, *Vaasan*, *GoGreen* and *Gooh!*.

Market and business environment

The effects of the global coronavirus pandemic have had a significant impact on the Sector's operations. Foodservice sales have fallen sharply as a result of lockdowns of society in large parts of the world. At the same time, other product categories have benefited from more people eating more at home.

The trends we have seen in recent years, with strong price pressure on food and competition from private labels, continue. Online food shopping continues to increase, both in the Nordic region and in the global market.

Health, sustainability and origin remain important consumer trends in the Nordic region, together with interest in products with low climate impacts and organic goods. Demand for non-animal-based proteins and functional foods is increasing.

The coronavirus pandemic has highlighted the importance of secure and robust food supply. A likely effect of the pandemic is that many countries and food producers are reviewing their value chains to make them shorter and more regional.

Key sustainability issues

Key sustainability issues for the Sector 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.

Outlook for 2021

Lantmännen's investments in research, development and innovation throughout the value chain means that we are well equipped to meet external trends. The Food Sector will generate profitable growth with measures such as continued efficiency improvements, digitalization and factory optimization. Through investments in production and our brand portfolio, we continue to create efficiency throughout the value chain, developing and producing food products with clear added values and in line with consumer preferences.



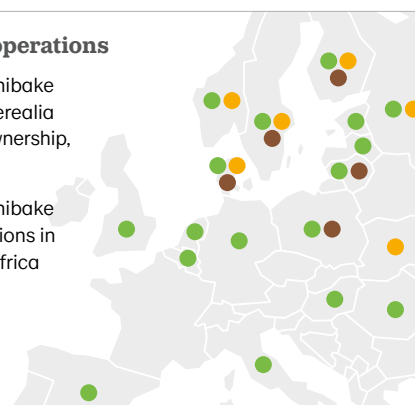
Food Sector, key figures	2020	2019
Net sales, MSEK ¹⁾	15,017	16,867
Operating income, MSEK	786	924
Operating margin, %	5.2	5.5
Return on operating capital, %	4.7	5.2
Investments in non-current assets, MSEK	552	619
Average number of employees	6,347	6,694
of which women/men, %	41/59	42/58
Women/men in executive management, %	21/79	19/81
Sick leave, %	4.8	4.9
CO ₂ emissions, thousand tonnes	88	101

¹⁾ Including intra-Group sales.

Excl. items affecting comparability	2020	2019
Operating income, MSEK	786	1,018
Operating margin, %	5.2	6.0
Return on operating capital, %	4.7	5.7

Food Sector's operations

- Lantmännen Unibake
- Lantmännen Cerealia
- International ownership, Viking Malt
- Lantmännen Unibake also has operations in the US, South Africa and Australia



Sales by market	2020	2019
Nordic countries	63 %	59 %
Rest of Europe	31 %	33 %
Rest of world	6 %	8 %

Lantmännen Unibake

Lantmännen Unibake is one of Europe's largest bakery groups. With a presence in more than 20 countries, bakeries in 15 and sales in more than 60 countries worldwide, the company can quickly respond to its customers' local needs. Unibake provides bake-off and fresh bakery products for food retail and food service markets.

Following the implementation of a well-defined strategy in recent years, Lantmännen Unibake entered 2020 stronger. Unibake's commercial strategy focuses on organic growth and cost optimization in its operations, which has proven to be a successful path. But when the coronavirus pandemic hit Europe, Russia and the United States in March, the company adapted to new market conditions.

Foodservice channels, which account for almost half of Unibake's sales, were particularly hard hit by the corona pandemic.

With lockdowns in virtually all markets, sales were negatively affected. In retail, national guidelines and restrictions led to significantly reduced shopping and lower impulse-driven sales.

Bake-off was hit hard by the coronavirus pandemic, while Lantmännen Unibake's fresh bread business increased sales thanks to a change in consumer behavior which focused on pre-packed bread and products for home cooking. Unibake's pre-packed products are well suited for e-commerce and enable optimization of sales also through these channels.



“

Lantmännen Unibake has launched a new product concept of healthy pastries for consumers seeking convincing sweet alternatives.

Well-adapted business

When the markets closed, Lantmännen Unibake acted decisively and focused on three key areas: *employee safety*, *business continuity* and *cost control*. The business quickly switched to remote work and the entire organization implemented extensive safety measures, which were coordinated so that the business units could develop solutions for adapting to local conditions.



Lantmännen Unibake, key figures	2020	2019
Net sales, MSEK ¹⁾	11,128	12,853
Average number of employees	4,990	5,311
of which women/men, %	41/59	42/58

¹⁾ Including intra-Group sales.

Lantmännen Unibake's Brands





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With consistently high quality and fast deliveries, Lantmännen Unibake is the perfect partner for some of the world's largest food suppliers.

We offer frozen and fresh bakery products for retail and food markets in 60 markets around the world.



“ A variety of freshly baked treats, whenever you want.



“ Welcome to a world of bakery products for all tastes!



Reduced demand due to the pandemic affected operations. Some business units adapted to shifts while others were shut down for a period. Despite volatile forecasts, the businesses were able to adapt and quickly increase capacity as demand rose again. Lantmännen Unibake implemented a number of global cost mitigation initiatives including travel bans and the freezing of marketing and recruitment activities.

New commercial initiatives were launched in several markets, such as fast-food bread and frozen bread for consumers, and e-commerce. Lantmännen Unibake marketed fast-food bread for consumers in its main markets, and developed and launched new brands and products in the bread and pastry categories.

Lantmännen Unibake is looking ahead

Due to the pandemic, Unibake carried out activities during the year to ensure a safe working environment for all employees by implementing comprehensive measures in all bakeries and offices.

Unibake is preparing for certain changes to remain, such as the balance between work at the office and at home, and direct selling. E-commerce in retail and foodservice increased and Unibake expects growth in these segments to continue. The trend of health and sustainability is expected to continue.

In addition to the necessary adaptation to the current situation, Lantmännen Unibake continues to develop and implement its long-term plans. In 2020, the focus was mainly on developing product categories and digital marketing.

Despite the pandemic, several important projects continued as planned, including the acquisition of the bakery operations of the Norwegian *French Bakery Company*. Among other things, the focus on fast-food bread in the main markets was strengthened and new launches were carried out. Lantmännen Unibake's development of a global brand structure is an ambitious project to increase profitability, and is aimed at increasing transparency throughout the value chain and implementation of a global business system in the fresh bread business in Denmark.

Outlook for 2021

During early summer 2020, consumers returned to previous consumption patterns as restrictions were lifted. This may indicate a recovery when the pandemic is under control in the future. The pandemic is expected to affect Lantmännen Unibake at least during the first half of 2021. Lantmännen Unibake continues to operate and develop its business with agile management, strict cost control and the ability to quickly adapt to short-term and long-term changes in customer and consumer patterns.

Learn more at lantmannen-unibake.com

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 vegetables, 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. Lantmännen Cerealia also has significant exports, mainly crispbread and breakfast products, to about 30 countries around the world.

Business environment

Consumer trends in the Nordic region continue to focus on health and sustainability. Simplicity and eating between meals are persisting trends. However, the coronavirus pandemic has affected consumers during the year, with an interruption to the strong trend of easily accessible consumption outside the home we previously saw. The two sales channels Foodservice and B2C are increasingly overlapping, with consumers being given more choices.

During the pandemic, there has been growing demand for healthy and sustainable products with clear information on origin and content. At the same time, the pandemic exposed the vulnerability of long supply chains, and the Nordic countries are seeing increasing retail and consumer demand for domestically produced food.

Sustainability aspects have recently become increasingly important for both retail and industrial customers. Lantmännen Cerealia is well positioned in the area of sustainability.

Lantmännen has launched the *Climate & Nature* cultivation program in the Swedish market, which has been well received by customers and consumers alike. Continuing the dialogue with customers to create conditions for farming of the future together is a focus area for the coming year.

Demand for both legume-based and grain-based protein continues to increase. Major Swedish trade players estimate that plant-based protein will account for about 20 percent of protein consumption in 2025. Annual growth for oats in food and beverages is about 4 percent, with a strong positive trend, and conditions for growing oats in Sweden and Finland are very good.

During the year, we examined how consumer trends vary in our home markets. The common denominator is that taste is always the highest priority, although preferences vary considerably across the Nordic countries in terms of what tastes best. This calls for a product portfolio that meets local conditions.

Consumer trends are relatively stable, apart from an interruption in growth for the food service sector. If anything, the pandemic has strengthened the existing trends. This works to Lantmännen Cerealia's advantage now and in the long term.



Our customers and consumers should feel confident that we have knowledge and control throughout the value chain and do what we can to minimize negative impacts on people, the environment and natural resources.

Lantmännen Cerealia, key figures	2020	2019
Net sales, MSEK ¹⁾	4,267	4,419
Average number of employees	1,357	1,383
of which women/men, %	41/59	41/59

¹⁾ Including intra-Group sales.

Lantmännen Cerealia's Brands





“ **High-quality products based on Nordic grain.**



“ **Our brands can be found on dining tables both in Sweden and globally.**



Market and market performance

Good earnings for the operations were generated in early 2020 and when the pandemic struck, we benefited from changed working methods, processes and the organization we put in place in 2019. During March and April, there was a strong increase in demand for our consumer products as a result of the wave of hoarding in the Nordic countries. Efficient working methods and good dialogue with customers enabled us to prioritize and reorganize production, thereby ensuring availability of our most popular products.

The local management teams in each country and at our production units have worked continuously on tightened guidelines and rules of conduct during the pandemic in order to protect the health and safety of our personnel, to protect our business and to uphold our responsibility as a socially critical supplier of food.

The competitive situation in Cerealia's home markets – Sweden, Norway, Denmark, Finland, Ukraine and Russia – remains intense. The highly consolidated food retail sector, retailers' continued rationalization of the product range, private labels and new suppliers chasing market shares create a challenging situation.

During the year, Cerealia gained market shares in all categories in Sweden. After many years of decline, the baking category has shown an upturn. We see that consumers have rediscovered the pleasure and benefits of baking at home. The same trend can be seen in Denmark and Norway.

All countries delivered above expectations during the year and the organization has managed the challenges of the pandemic in a highly effective way. We have been able to deliver significantly higher volumes to the food retail sector without incurring significant costs in the production system. This has had a clear impact on profitability but has also shown that the measures to stabilize and streamline production and planning are now producing results.

During the year, as part of Lantmännen's plastic strategy, the black plastic trays for our ready meals from Gooh were replaced by transparent trays that are more easily recyclable.

Outlook for 2021

Conditions are still very uncertain and highly dependent on how the pandemic develops. Cerealia has a good B2B-B2C balance, but the big risk lies in how personnel and facilities are affected by the pandemic.

Lantmännen Cerealia's strategy stands firm, and the focus is on continuing efforts to further improve the efficiency of processes and working methods, thereby increasing profitability. To take maximum advantage of the measures implemented in 2019 and 2020, we will also devote our energies to growing the business. We will take the initiative to achieve more long-term targets, based on the more efficient and profitable platform for which we have laid the foundation.

Learn more at lantmannencerealia.com



“

With sustainability underpinning our business, our goal is to make meals and food products of the highest quality.

Durum wheat is a demanding crop that thrives in Gotland's calcareous soil. It is locally grown, where it tastes best!



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 16 percent of the Group's sales.

Business environment and market

After years of very high demand, the total market for construction machinery has decreased significantly, the main reason being the pandemic. Swecon has still managed to strengthen its market share in Sweden and the Baltic region, but competition has intensified in Germany, notably in the heavy machinery segment. Demand for servicing has been good. Spare part sales have declined due to lower utilization of older machines. Our rental business has been stable.

During the coronavirus pandemic, Swecon has prioritized protecting employees, ensuring business continuity and taking social responsibility. Volvo Construction Equipment closed its factories for a couple of months and Swecon introduced furloughs and temporary wage cuts.

In Estonia, two spare parts delivery points have been introduced to keep availability high while reducing the spread of infection. In Germany, spare parts have been sent to service technicians or directly to the customer. In Sweden and Germany, sales meetings and training sessions have been held online.

Key sustainability issues

Swecon is working on a climate strategy and sees machine manufacturers investing in electrification, as well as hybrids and alternative fuels. The long-term *safe@swecon* initiative will create safer workplaces through, among other things, increased awareness and training. Other important sustainability aspects are energy use in properties, responsible sourcing and business relationships.

Outlook for 2021

Demand for new machines is expected to stabilize in Swecon's markets in 2021, but with a somewhat more cautious assessment for Germany. Major infrastructure projects are expected to continue in Swecon's main markets next year, including Rail Baltica, a rail connection through all three Baltic countries, which goes into production in 2021. We anticipate an increased need for construction machinery from fall 2021.

Swecon continues to invest in digitalization, such as the *mySwecon* service, and more developed e-commerce.

New business systems are being introduced in Sweden and the Baltic region, and Swecon's new website will be



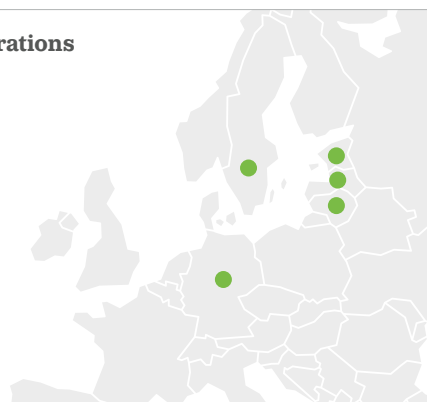
Swecon Business Area, key figures	2020	2019
Net sales, MSEK ¹⁾	7,827	8,588
Operating income, MSEK	505	514
Operating margin, %	6.5	6.0
Return on operating capital, %	35.3	37.4
Investments in non-current assets, MSEK	514	939
Average number of employees	1,246	1,198
of which women/men, %	12/88	11/89
Women/men in executive management, %	11/89	13/87
Sick leave, %	5.3	4.2

¹⁾ Including intra-Group sales.

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

Swecon's operations

● Swecon



Excl. items affecting comparability	2020	2019
Operating income, MSEK	505	514
Operating margin, %	6.5	6.0
Return on operating capital, %	35.3	37.4

Brands





“ **Swecon works continuously to improve the safety culture.** ”



“ **Swecon continues to develop the mySwecon service and e-commerce.** ”



launched this summer, with a customer portal for easier e-commerce.

Swecon continues to work on digital and technical aids, such as augmented reality. The goal is to reduce travel and the time taken to resolve customers' problems, and to improve and digitalize internal training and machinery demonstrations.

Spring 2021 will see the first deliveries of Volvo's electric machines in the smaller size classes. Learn more at swecon.se (in Swedish)

Operations

Sweden

Demand for new machines declined in 2020 but is still at a high level. A strong order intake at the beginning of the year was weakened by the pandemic but recovered to normal levels later. The construction and mining industry is less affected by coronavirus effects than other industries.

The Yrkesakademin training institution invested in 34 machines, both excavators with assist systems and compact wheel loaders, for training construction machine operators in various locations. Instrumental in the customer's choice was the *mySwecon* app, where the customer can follow up and find information about all of the machines, servicing, driving hours, etc.

In 2020, Swecon delivered wheel loaders to the Swedish Defence Materiel Administration. This was the third delivery under the framework agreement signed in 2018. A number of wheel loaders were also delivered to the Swedish Air Force during 2020.

In October, Volvo CE and Swecon Anläggningsmaskiner launched two compact electrical construction machines in the Swedish market with low maintenance levels, improved operator comfort and compliance with strict environmental and noise regulations.

Germany

In February, Swecon Baumaschinen GmbH was named "Best Dealer" in the TCO Services category by Volvo CE.

Due to the coronavirus pandemic, the market for construction machinery in Germany declined significantly. Sales of new larger machines, such as wheel loaders, excavators and dumpers, were adversely affected. Competition has intensified, mainly for large wheel loaders in the German market, with both sales volumes and market shares declining.

In June, Swecon opened a service facility in Berlin in accordance with the latest energy standards. The workshop gives employees a good, modern work environment and, among other things, offers short service times.

In July, a large transaction was signed with a customer for 40 dumpers and wheel loaders, which were delivered at the end of the year.

Despite the challenges related to the coronavirus pandemic, our service, spare parts and rental operations have contributed in a stable and positive way, which has also ensured a satisfactory result for 2020.



Baltic region

The energy and forestry sector has continued to perform well, partly due to a good geographical spread of end customers.

A general decline has been noted in property construction and road maintenance, partly due to reduced EU funding. Customers' investments in machinery have been negatively affected by the coronavirus situation, but it has also led to increased demand for rental and financial solutions. The flow of goods through the ports of the Baltic countries has remained good, although there has been growing uncertainty about the future in the outside world.

In February, Swecon opened a service facility in Tallinn to increase servicing and availability for customers in Estonia.

In spring 2020, Swecon Latvia delivered the Baltic region's largest ever single machine transaction, consisting of ten large machines, including Volvo's largest excavator, the EC950.

“

Swecon offers everything from used and renovated spare parts to brand new original parts from Volvo.

Energy-efficient, high-quality and safe machines that contribute to sustainable development.



Lantmännen
Pettersson
Paradise
Grown

Real Estate Business Area

The Business Area consists of Lantmännen Fastigheter and Lantmännen Agrovärme and accounts for 1 percent of the Group's sales. The real estate operations provide Lantmännen with appropriate properties and premises, and optimize the return through active management. Lantmännen Agrovärme provides customers with environmentally sound heating.

Lantmännen Fastigheter

Lantmännen Fastigheter focused on the internal property portfolio in 2020. To safeguard future operations and development, a project for the Group's strategic properties was initiated.

A machinery plant has been built in Vara, with occupancy in 2021. The Triton precinct project in Malmö Port, which will include Lantmännen's new offices and be owned by Lantmännen's Grodden pension fund, is in progress, with occupancy scheduled for 2022. The construction contractor Veidekke is also building about 40 apartments. The project includes construction of a retirement home, which is in progress and will be owned by Lantmännen's community property company Lanthem (jointly owned by Lantmännen Fastigheter and the property company Hemsö). Construction of a retirement home has begun in Tygelsjö outside Malmö, where Lantmännen's silo facility once stood. Occupancy is scheduled for 2022. Property development projects are in progress in locations including Kävlinge, Örebro, Karlstad, Arboga, Kristianstad and Nyköping. The company is responsible for managing the properties of the Group's Grodden pension fund. The portfolio is about 100,000 m² and includes the head office in Stockholm. Learn more at lantmannenfastigheter.se (in Swedish)

Market developments

The property market remained strong during 2020, despite the coronavirus pandemic. The market for logistics properties showed the best development, but community properties also continued to show strong 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 in central and southern Sweden in our own plants and with partners. Our heating plants supply about 135 GWh annually from local biofuels. Agrovärme's district heating has almost 100 percent security of supply, which creates confidence. In 2020, Agrovärme rebuilt two district heating plants to enable biochar to be produced during heat production. Biochar has the potential to become an important new commercial product, both in soil improvement and as a carbon sink, as one kilo of biochar binds about 2.6 kilos of carbon dioxide. Learn more at lantmannenagrovärme.se (in Swedish)

Key sustainability issues

Key sustainability issues include energy-efficient properties and heat production with low climate impacts, future-proofing properties for climate change, and responsible sourcing and business relationships. An environmental and sustainability project has been initiated to develop a long-term plan for our environmental work.

Outlook for 2021

Lantmännen Fastigheter's work on strategic properties continues. A major focus is directed on management to ensure the long-term standard of the internal property portfolio.

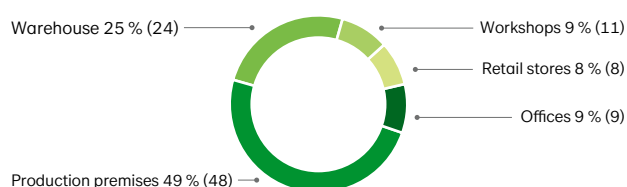


Real Estate Business Area, key figures	2020	2019
Net sales, MSEK ¹⁾	551	556
Operating income, MSEK	228	349
Operating income, excl. property sales	223	223
Return on operating capital, %	8.1	12.8
Return on operating capital, excl. prop. sales, %	8.0	8.2
Investments in non-current assets, MSEK	212	259
Average number of employees	44	46
of which women/men, %	36/64	38/62
Women/men in executive	40/60	40/60
Sick leave, %	0.1	0.5
Total CO ₂ emissions, thousand tonnes	5	5

¹⁾ Including intra-Group sales.

Excl. items affecting comparability	2020	2019
Operating income, adjusted for items affecting comparability, MSEK	228	252
Return on operating capital, adjusted for items affecting comparability, %	8.1	9.3

Real Estate Business Area, surface distribution



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



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



International ownership

An important part of Lantmännen's strategy Field to Fork 2030 is to profitably develop strategic portfolio holdings, mainly 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 Grovvaarelskab) 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 an annual turnover of approximately EUR 2 billion and about 1,400 employees. Lantmännen owns 41 percent of HaGe Kiel, while DLG owns 55 percent. Operations include grain trading and sales of agri-supply. 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](https://hagekiel.de)

Scandagra Group Ownership 50 %

Scandagra Group operates in the Baltic region. The Group has an annual turnover of approximately EUR 500 million and about 350 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](https://scandagra.com)

Scandagra Polska Ownership 50 %

Scandagra Polska, a merchant of grain and other agri-supply in the Polish agricultural market, has an annual turnover of about PLN 700 million (about EUR 160 million) and about 120 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](https://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 an annual turnover of approximately MSEK 900 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 Sector. Learn more at [➡ scandbio.com](https://scandbio.com)

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 an annual turnover of approximately EUR 230 million and about 250 employees. Lantmännen owns 37.5 percent of the company, with the remainder being owned by the Finnish company Polttime. Lantmännen's share of income is included in the Food Sector. Learn more at [➡ vikingmalt.com](https://vikingmalt.com)

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Board of Directors' Report 2020

The Board of Directors and President & CEO of Lantmännen ek för, Corporate Identity No. 769605-2856, hereby present the annual report for the 2020 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

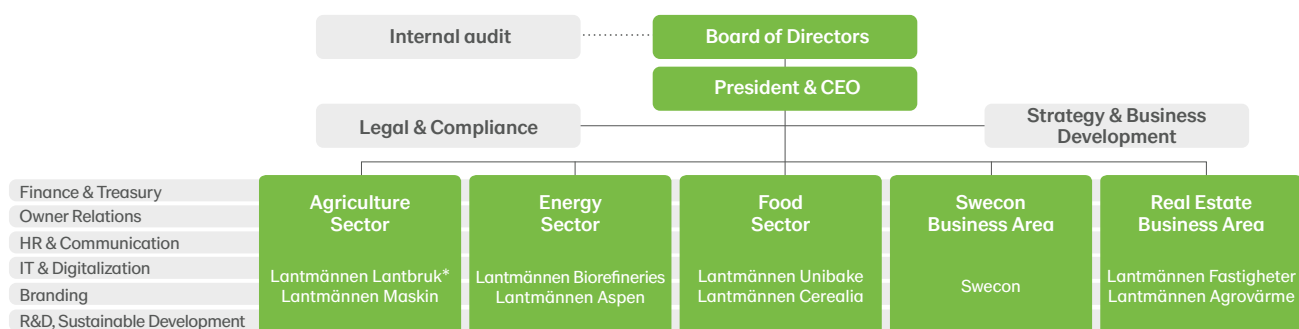
- **Net sales** for the year were MSEK 45,990 (48,523), a decline of 5 percent mainly due to the coronavirus pandemic.
- **Operating income** was MSEK 2,223 (1,983) and adjusted for items affecting comparability MSEK 2,223 (2,087).
- **Income after financial items** totaled MSEK 2,041 (1,773) and adjusted for items affecting comparability MSEK 2,041 (1,877).
- **Net income after tax** was MSEK 1,797 (1,551).
- **Investments** amounted to MSEK 1,795 (2,201).
- **Cash flow before financing activities** was MSEK 2,803 (1,837).
- **The Board** proposes a total dividend of MSEK 902 (733) to members, consisting of a refund and supplementary payment of MSEK 305 (208), a contribution dividend of MSEK 291 (237) and a contribution issue of MSEK 306 (288). The Board also proposes a 7.25 (6.5) percent dividend on subordinated debentures, totaling MSEK 17 (16).

Description of financial performance measures → see page 138.



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 manner and is part of food consumers' everyday life.

Lantmännen's organization

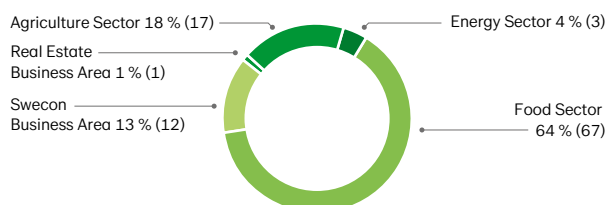


* Lantmännen Lantbruk Sweden and international operations.

The Group's business

The Group is divided into three Sectors and two Business Areas: 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 Lantmännen's core business, with products and services to promote strong, competitive farming both in Sweden and internationally. The Sector's base is in the Nordic countries. The Sector accounts for 44 percent of Lantmännen's sales. The Swedish operations offer products for crop production, livestock production and agricultural machinery and are a major player in the grain market. The Finnish operations offer feed and agri-supply for crop production. The Sector is also 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 8 percent of the Group's sales. The Energy Sector's companies manufacture and market environmentally smart energy, food and industrial products. The Sector includes *Lantmännen Biorefineries*

with the businesses *Lantmännen Agroetanol*, *Lantmännen Reppe*, *Lantmännen Oats* and *Lantmännen Functional Foods*, and the company *Lantmännen Aspen*. The Sector also has responsibility for Lantmännen's ownership interests in the partly-owned company *Scandbio*, Sweden's largest solid processed wood fuel company.

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 consists of *Lantmännen Unibake* and *Lantmännen Cerealia*. The Food Sector offers "Good food" to customers in food retail, food service and other parts of the food industry. The Sector accounts for 31 percent of the Group's sales.

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, servicing and support. The Sector accounts for 16 percent of the Group's sales.

The Real Estate Business Area consists of *Lantmännen Fastigheter* and *Lantmännen Agrovärme*. *Lantmännen Fastigheter* has both internal and external tenants. Its primary task is to provide the Lantmännen Group with appropriate properties and premises. The Sector 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 8 percent. Return on equity in 2020 was 10.2 (9.1) percent and adjusted for non-recurring items 10.2 (9.7) percent. Lantmännen's target for the equity ratio is at least 40 percent. The equity ratio was 45.8 (42.5) percent at the end of 2020.



Changes in the Group

In June, Lantmännen Unibake acquired a bakery business in Norway through the acquisition of production equipment and warehouses. The business has annual sales of just under MSEK 30 and approximately 20 employees were covered by the acquisition.

Lantmännen's Annual General Meeting

The Annual General Meeting was held on May 7, 2020 as a hybrid meeting with the presiding officers in Stockholm. Delegates participated digitally. At the meeting, Jan Ehrens-värd was elected as a new Board member for two years, and Board members Sonat Burman-Olsson and Per Wijkander were re-elected for two years. The meeting adopted a refund and supplementary payment, contribution dividend and contribution issue, which together represent a dividend of MSEK 733 to members. In addition, the Swedish code for the governance of cooperatives and mutual undertakings was adopted. As there was some uncertainty as to whether the digital meeting could deal with motions satisfactorily, the meeting decided in favor of the Board's recommendation to defer the motion business.

Extraordinary General Meeting

On November 12, an EGM was held to consider the motions that were not dealt with at the Annual General Meeting. Delegates participated in the meeting digitally, as they did for the AGM. Other participants followed the meeting via Lantmännen's website. Five motions were dealt with. Delegates had been given the opportunity to discuss the motions and the Board's answers in advance during two digital "motion marketplaces". Among other things, the meeting decided that during 2021, Lantmännen would develop a dialogue and training program focusing on strategy, capital and dividends.

Other significant events in 2020

The Swedish harvest has been very intensive this year, particularly during August when historically high volumes of grain were delivered to Lantmännen's facilities in a short space of time. The Swedish Board of Agriculture's final figure for the year's total harvest was almost 6.5 million tonnes of grain, oilseed crops and pulses. The intensive harvest led to a very high tempo at Lantmännen's 51 grain facilities, which received a total of 1.7 million tonnes during the 2020 harvest period.

Lantmännen has achieved the target to reduce climate emissions from its own operations by 40 percent during the years 2015-2020. Since 2009, when the first Group-wide climate target was set, emissions have been reduced by 71 percent – through measures such as a transition to renewable electricity, energy efficiency and conversion to renewable fuels.

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 other parts of the Group with regard to, e.g., building construction and geographical location of 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 so far negative view of crop-based biofuels is a risk in terms of new regulations. Brexit uncertainty and unpredictability represents a direct and indirect risk to Lantmännen's UK-related operations. 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 monitors changes and adapts its operations – one example is the work on Brexit.

Price relationship in ethanol production

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-etanol'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 presents 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 sees this and prioritizes cyber security work. 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.

Lantmännen continuously trains employees in safe handling of information.

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 programs 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, market demand, suppliers' capacity or Lantmännen's relative competitiveness may affect the businesses. 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. We work on innovation, brand-building and long-term relationships with business partners. We set clear requirements for raw materials, suppliers and our own production and 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, there is 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 climate target is to reduce carbon dioxide emissions by 40 percent in the period 2015-2020 for its own production (achieved) and to reduce emissions from purchased transport by 70 percent in the period 2009-2030. 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. In 2019, Lantmännen adopted a new climate target for primary production, which is to halve the climate impact every decade and achieve climate neutrality by 2050. The aim is to take leadership in driving development through research, the impact agenda and business development. Lantmännen sees partnership and collaboration as crucial to finding solutions for farming of the future.

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



Lantmännen's Code of Conduct					
Environ- ment	Business ethics	Society	Social conditions	Work-en- vironment, health and safety	Products & services
Monitoring & compliance					

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

from an environmental, social and business ethics 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.

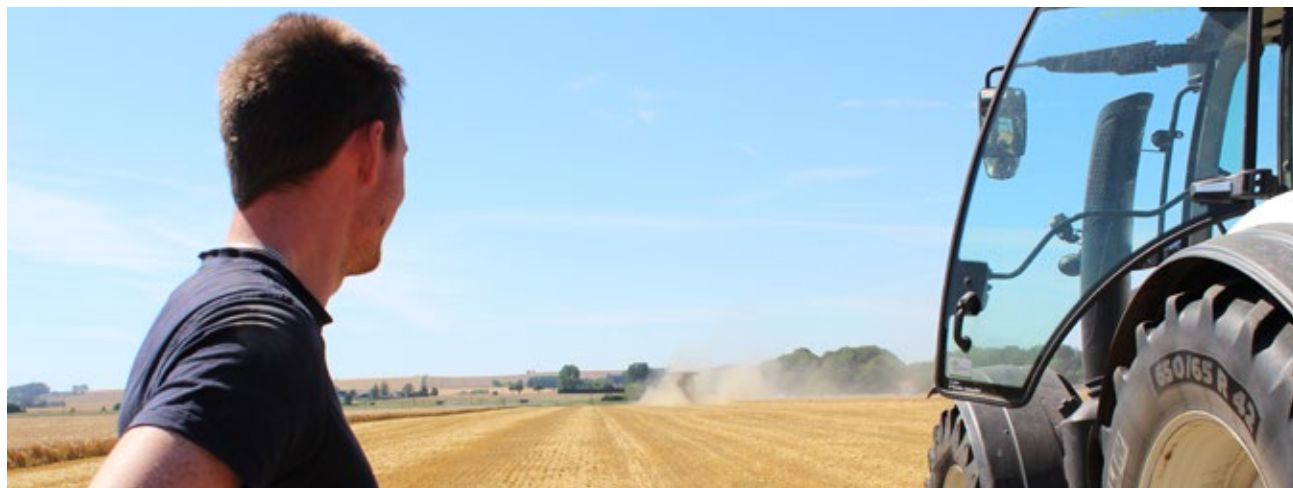
Lantmännen's CSR Committee has overall responsibility for monitoring responsibility issues and the Code of Conduct, and also defines minimum responsibility requirements, which are reviewed on a four-monthly basis, for all businesses. The results are reported to business management and Group management 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 19 plants, and operations subject to notification requirements at about 90 plants, in accordance with the Environmental Code. These activities include mills, workshops and production facilities for feed, ethanol and food. 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, 139-162 and 179-181](#). As Lantmännen reports according to a Group structure of Sectors, reporting for companies is by Sector. Lantmännen reports its sustainability performance annually and applies Global Reporting Initiative Standards. The Board issues the Sustainability Report and the statutory sustainability report.

Lantmännen's Annual Report with Sustainability Report also fulfills the requirements on Communication on Progress, 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 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. We are working to include these in our future reporting.

Research and development

Lantmännen has a long tradition of research and development and invests in both its own and external research projects to promote new knowledge. Every year, more than MSEK 250 is invested in research and innovation projects – from product and process development to strategic Group-wide

research projects. The research projects are conducted primarily within the grain value chain.

Employees

The average number of employees during the year was 10,017 (10,250), and the number of full-time employees at December 31 was 9,779 (10,059). 3,676 (3,602) 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. It also states that the Group does not tolerate any bullying, harassment or discrimination. Lantmännen has routines and guidelines on the practical handling of bullying and harassment matters.

The Group's contingency plan has information on how a person should act and obtain help, the manager's responsibility, etc.

Health, work environment and safety program

Lantmännen sees proactive work environment and health and safety initiatives as a prerequisite for a sustainable work environment and as 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. Lantmännen has a new strategy for work environment and health and safety, with an 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. Constant improvements in work environment and safety training at the facilities, injury prevention inspections and an increased focus on this area have resulted in a significant improvement in 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. Remuneration policy work continued in 2020 and, among other things, training in the policy and its implementation was provided in the Sectors and Business Areas. The training participants have also been 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

With a good grain harvest in 2020 and extensive fall sowing, the outlook for 2021 appears positive. The Agriculture Sector works for stronger profitability in the machinery business and strengthened positions in the Baltic Sea region. Digital development is an important area for the sales channel strategy and how the Sector meets the customer in the future.

Energy Sector

Interest in Lantmännen Agroetanol's ethanol has increased in Sweden. Competition in the ethanol market in Europe is likely to become tougher as climate performance increases.

Prospects for continuing growth are considered good for Lantmännen Reppe and Lantmännen Aspen.

Food Sector

The Food Sector is well equipped to meet external trends through profitable growth, continued efficiency improvements, digitalization and factory optimization. With investments in production and the brand portfolio, efficiency is created throughout the value chain. The Food Sector's conditions are affected by how the pandemic develops. Lantmännen Unibake continues to operate and develop its business with agile management, strict cost control and adaptation to changes in customer and consumer patterns. Lantmännen Cerealia's strategy stands firm, with the focus on continuing efforts to further improve efficiency.

Swecon Business Area

Demand for new machines is expected to stabilize in Swecon's markets in 2021, but with a somewhat more cautious assessment for Germany. Major infrastructure projects are expected to continue next year, with an increased need for construction machinery.

Real Estate Business Area

Lantmännen Fastigheter will direct a major focus on management to ensure the long-term standard of the internal property portfolio.

For comments about the Parent Company and the Board's proposed appropriation of profit, see ➔ page 80.



Group Net sales and earnings

- ➔ Lantmännen's net sales amounted to MSEK 45,990 (48,523)
- ➔ Operating income increased to MSEK 2,223 (1,983)
- ➔ Adjusted for items affecting comparability, operating income increased to MSEK 2,223 (2,087)

Net sales

Lantmännen's net sales for 2020 amounted to MSEK 45,990 (48,523), a decline of 5 percent, 1 percent of which was due to currency translation effects. The decline was largely due to the coronavirus pandemic.

Sales increased in the Energy Sector but declined in all other segments. The decline was greatest in Lantmännen Unibake in the Food Sector, which was negatively affected by lockdowns due to the coronavirus pandemic.

Operating income

Lantmännen's operating income for the year was MSEK 2,223 (1,983). Operating income for 2020 did not include any adjustments for items affecting comparability, but in 2019,

net items affecting comparability amounted to MSEK -104 and adjusted operating income was therefore MSEK 2,087. Operating income for 2020 was significantly higher in the Agriculture Sector, the Energy Sector and Lantmännen Cerealia in the Food Sector. Operating income for Lantmännen Unibake, which has been seriously affected by the coronavirus pandemic, was significantly lower than in the previous year. Total operating income for the Food Sector was lower than in the record year 2019, but in line with 2018.

Lantmännen's operating income was negatively affected by MSEK 60 from currency translation effects.

Net financial income and income after financial items

Net financial income amounted to MSEK -182 (-210). The change is mainly due to positive currency translation effects. Income after financial items totaled MSEK 2,041 (1,773) and adjusted for items affecting comparability MSEK 2,041 (1,877).

Tax and income after tax

Tax expense for the year was MSEK 224 (222). Lantmännen's tax expense was affected by the fact that dividends, including refunds and supplementary payments, from economic associations are tax deductible.

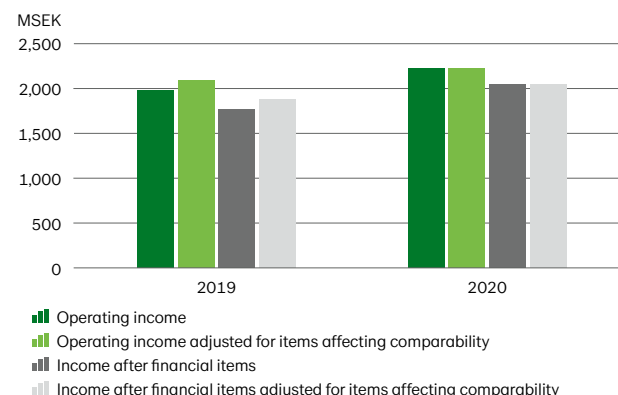
Income after tax amounted to MSEK 1,797 (1,551), of which MSEK 1,788 (1,545) was attributable to members of the economic association and MSEK 9 (6) to non-controlling interests (minority ownership) in the Group's subsidiaries.

The Group's items affecting comparability ¹⁾

MSEK	2020	2019
Recognized operating income	2,223	1,983
<i>Items affecting comparability in operating income:</i>		
Competition case, associate, Agriculture Sector	-	-127
Adjusted provision, Energy Sector	-	-60
Fair value adjustment, Energy Sector	-	80
Restructuring costs, Food Sector	-	-94
Capital gains/losses, Real Estate Business Area	-	97
<i>Total items affecting comparability in operating income</i>	0	-104
Operating income, adjusted for items affecting comparability	2,223	2,087
Recognized income after financial items	2,041	1,773
Items affecting comparability in operating income according to above	0	-104
<i>Total items affecting comparability in net financial income</i>	0	0
Income after financial items adjusted for items affecting comparability	2,041	1,877
Net income for the year, adjusted for items affecting comparability	1,797	1,652
Return on equity, adjusted for items affecting comparability, %	10.2	9.7
Return on operating capital, adjusted for items affecting comparability, %	8.1	7.2

¹⁾ See also note 10.

Operating income



Consolidated Income Statement

MSEK	Note	2020	2019
Net sales	4, 5	45,990	48,523
Other operating income	5	429	482
Changes in inventories of finished goods and work in progress		-488	-207
Raw materials and consumables		-14,392	-14,298
Merchandise		-14,342	-16,734
Employee benefits expense	6	-6,362	-6,573
Depreciation, amortization and impairment	7	-2,051	-2,063
Other operating expenses	8	-6,713	-7,113
Share of income of equity accounted companies	16	152	-34
Operating income	10, 11	2,223	1,983
Finance income	9	109	112
Finance costs	9	-291	-322
Income after financial items		2,041	1,773
Tax	12	-244	-222
Net income for the year		1,797	1,551
Net income for the year attributable to:			
Members of the economic association		1,788	1,545
Non-controlling interests		9	6

Consolidated Statement of Comprehensive Income

MSEK	Note	2020	2019
Net income for the year		1,797	1,551
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	87	-298
Financial assets at fair value through other comprehensive income, net before tax	17	-98	121
Tax attributable to items that will not be reclassified	12	-13	53
Total		-24	-124
<i>Items that will be reclassified to the income statement</i>			
Cash flow hedges, net before tax		-12	-60
Exchange differences on translation of foreign operations		-795	317
Net gain on hedge of net investment in foreign operations, net of tax		73	-31
Tax attributable to items that will be reclassified	12	-12	9
Total		-746	235
<i>Share of OCI in equity accounted companies</i>			
Items that will be reclassified to the income statement		-104	30
Total		-104	30
Other comprehensive income, net of tax		-874	141
Total comprehensive income		923	1,692
Total comprehensive income attributable to:			
Members of the economic association		914	1,686
Non-controlling interests		9	6

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

	Agriculture Sector		Energy Sector		Food Sector		Swecon Business Area		Real Estate Business Area		Lantmännen Group	
MSEK	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Net sales	21,501	21,841	3,938	3,741	15,017	16,867	7,827	8,588	551	556	45,990	48,523
Operating income	439	83	530	375	786	924	505	514	228	349	2,223	1,983
Return on operating capital, %	5.4	1.0	40.5	30.3	4.7	5.2	35.3	37.4	8.1	12.8	8.1	6.8
Operating income, adjusted for items affecting comparability	439	210	530	355	786	1 018	505	514	223 ¹⁾	223 ¹⁾	2,223	2 087
Return on operating capital, adjusted for items affecting comparability, %	5.4	2.5	40.5	28.7	4.7	5.7	35.3	37.4	8.0 ¹⁾	8.2 ¹⁾	8.1	7.2

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

Lantmännen Lantbruk Sweden

MSEK	2020	2019
Net sales	13,096	13,181
Operating income	261	109
Return on operating capital, %	6.6	2.6
Operating income adjusted for items affecting comparability	261	109
Return on operating capital adjusted for items affecting comparability, %	6.6	2.6

Lantmännen Maskin Sweden

MSEK	2020	2019
Net sales	3,669	3,753
Operating income	-7	9
Return on operating capital, %	-0.5	0.6

Agriculture Sector

The Agriculture Sector performed well during the year, with the coronavirus pandemic only having a relatively limited impact on operations. The Sector's net sales for 2020 are in line with the previous year, while operating income adjusted for items affecting comparability is significantly higher: MSEK 439 (210). The higher operating income is primarily due to improved earnings in the Swedish operations. However, the first half of 2019 was seriously affected by the consequences of the 2018 drought.

The Swedish Board of Agriculture's preliminary statistics indicate a total harvest for 2020 of over 6 million tonnes. The quality is generally very good, with good protein levels and low water content. Fall sowing was the most extensive ever, with much higher demand for seed than in the previous year, which also provides favorable conditions for 2021. Grain prices developed strongly during fall and in combination with favorable prices for input goods, this means that farmers entered 2021 with stronger profitability calculations for most crops.

Sales of feed were high during the year, although not at the previous year's volumes, which soared due to the 2018

drought. Commodity prices were generally high during the year. The proportion of Swedish beef and pork consumption continues to increase and settlement prices for all production categories are stable – the price of Swedish pig meat reached record levels during the year. Horse feed manufacturer Lantmännen Krafft has increased its sales volume in Sweden, which in turn has boosted its earnings significantly.

Sales for the Finnish agricultural operations are lower than in the previous year, mainly due to the Finnish harvest being 15 percent lower than in the previous year as a result of unfavorable weather. Synergies and lower overheads mean that earnings are in line with the year before and the process of integrating the Swedish and Finnish agricultural operations further continues.

The Sector's international holdings in the Baltic region have delivered significantly higher earnings than in the previous year. However, the first half of 2019 was seriously affected by the consequences of the 2018 drought. The German operations developed less well than expected, partly due to a poorer harvest result in eastern Germany.

Lantmännen Maskin's sales are slightly lower than in the previous year, which also applies to the total market

for tractors. Demand in early 2020 was low; the market then strengthened during fall and the sales trend in the third four-month period was very strong. Demand for servicing and spare parts remains stable. The underlying development for Lantmännen Maskin is positive: the lower sales have been compensated for by continuing improvement measures and reduced costs, while impairment of inventories has had a negative effect on earnings for 2020. During the year, a new management team was appointed, an organizational review was conducted and a new e-commerce solution was launched.

Energy Sector

The Energy Sector's net sales are higher than in the previous year, and operating income adjusted for items affecting comparability is MSEK 530 – a significant improvement from MSEK 355 the previous year.

All businesses in the Energy Sector continue to show positive development. The main increase in earnings was in Lantmännen Agroetanol and is mainly due to a higher ethanol price, improved yields and higher produced volumes. In 2020, the Norrköping facility set a new production record for the full year. The price of ethanol was extremely volatile during the year, rising from a low in March 2020 to its

highest level ever in August. The price returned to a more normal level towards the end of the year, but with continued volatility. Higher commodity prices during the final months of the year have had a negative effect on earnings.

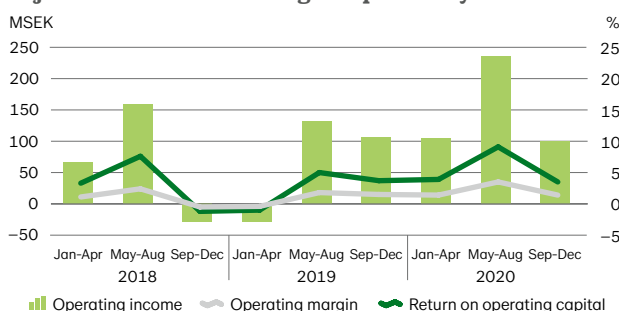
Lantmännen Reppe showed stable development. During the year, parts of its distribution were reorganized in order to also supply raw material for the production of hand sanitizer and disinfectants. Demand for starch for the paper industry was low during the year, due to reduced use of fine paper during the coronavirus pandemic.

At the beginning of the year, Lantmännen Aspen experienced reduced demand due to lockdowns in Europe to halt the spread of the coronavirus – particularly in the French operations. However, sales showed a marked increase in the second half of the year, and the total sales volume for the full year is higher than in the previous year.

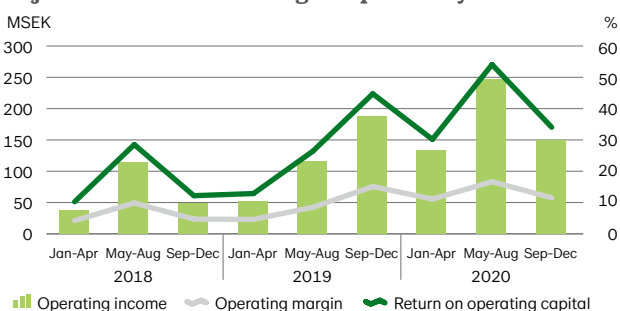
Lantmännen Oats improved production efficiency at the Kimstad facility and increased its sales during the year. The project to expand capacity for refined oat products is continuing as planned.

In December, it was decided to make a large investment in gluten production at the Norrköping facility. Construction is scheduled to start in 2021.

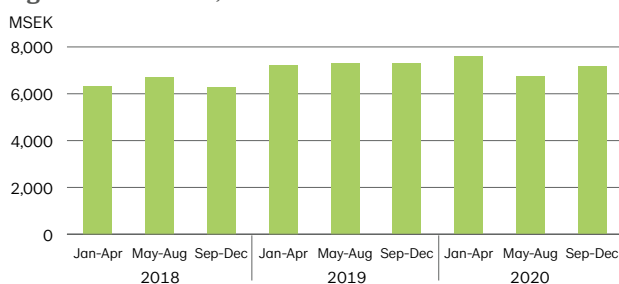
Agriculture Sector, adjusted for items affecting comparability



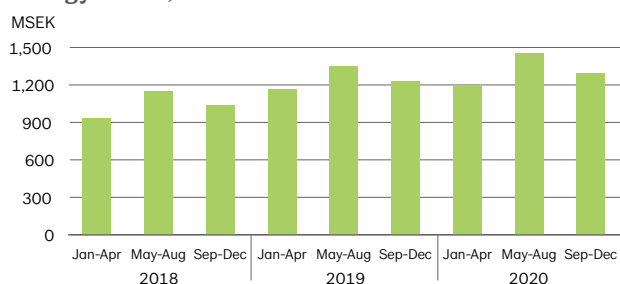
Energy Sector, adjusted for items affecting comparability



Agriculture Sector, net sales



Energy Sector, net sales



Food Sector

Net sales for the Food Sector are lower than in the previous year, mainly due to reduced Foodservice sales within Lantmännen Unibake as a result of lower demand during the coronavirus pandemic. Operating income adjusted for items affecting comparability was MSEK 786 (1,018), lower than the record year 2019, but in line with 2018.

The largest sales decline for Unibake has occurred in markets where customers consist mainly of hotels, restaurants, fast food chains and airlines. Demand for bake-off products has also fallen, while sales of fresh bread have increased slightly. Intensive and thorough work has been carried out to reduce costs and adapt production to the new situation.

At the end of the year, a new production line at Unibake's bakery in Avedøre, Denmark was opened – at the same time, the older bakery in Viborg was closed. In December, it was decided to make a major investment in the bakery in Nowa Sól, Poland, for continuing growth in Europe. The existing bakery will be expanded with a further production line for hot dog and burger buns.

Lantmännen Cerealia showed a marked improvement in earnings compared with the previous year. This was partly

due to increased sales of consumer products during the coronavirus pandemic and partly due to a well-implemented improvement program. The process of stabilizing and streamlining operations has continued and production was scaled up in spring to meet increased demand from retail. B2B and Foodservice demand has been lower during the year.

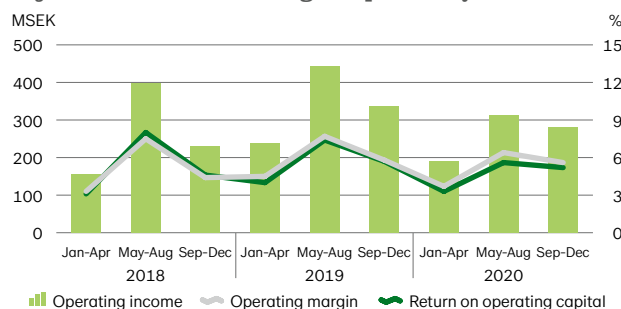
Three of Cerealia's products were named by Swedish consumers as "2020 Product of the Year" in their respective categories: Gooh's sausage stroganoff and meatballs with mashed potatoes in two of the ready meals categories – and Finn Crisp Creamy Ranch in the snacks category.

Earnings for the partly-owned company Viking Malt are in line with the previous year. This is despite demand for malting barley from breweries and distilleries having declined, mainly due to canceled sporting and entertainment events.

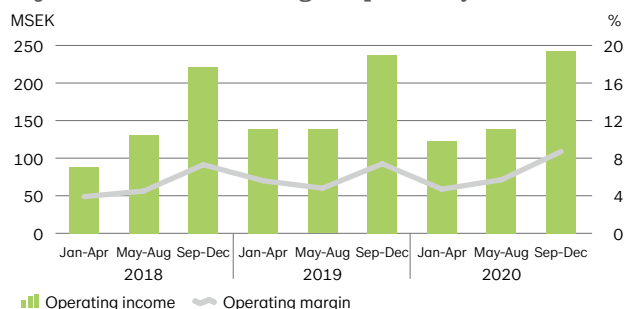
Swecon Business Area

The Swecon Business Area's net sales are lower than in the previous year. The reduced sales have been offset by successful work on cost savings throughout the business, and Swecon has delivered its second-highest operating income ever: MSEK 505 (514).

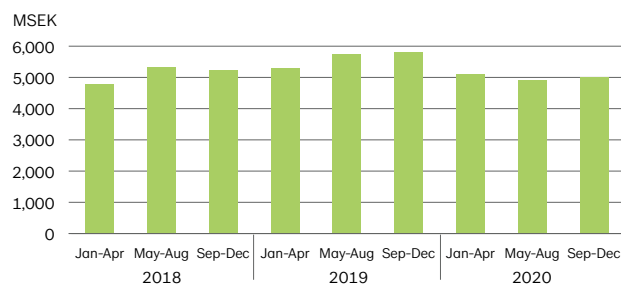
Food Sector, adjusted for items affecting comparability



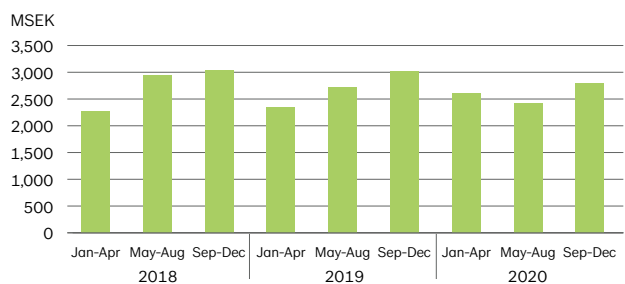
Swecon Business Area, adjusted for items affecting comparability



Food Sector, net sales



Swecon Business Area, net sales



The total market for construction machinery decreased during the first six months of the year. However, the general downturn in the economy as a result of the coronavirus pandemic has not hit the construction industry as hard as other areas and the market showed an upturn again in the second half of the year due to a strong underlying level of activity in many customer segments.

The coronavirus pandemic has had a major impact on the working methods for the Swedish operations. However, customers have managed to keep their projects going, which has meant that demand in the Swedish market has been good – and Swecon has maintained or strengthened its market shares in 2020. Competition in Germany remains tough, particularly in the heavy machinery segment – the pandemic has had a major impact during the year. The after-market is showing positive development in general, with good demand in the service market continuing.

In October, two new fully electric compact machines were launched: a compact wheel loader and a mini excavator. The machines are well suited for work sites in cities or other sensitive environments, particularly due to their zero exhaust emissions and low noise levels.

In 2020, Swecon delivered wheel loaders to the Swedish Defence Materiel Administration, which was the third delivery of machines under the framework agreement signed in 2018. A number of wheel loaders were also delivered to the Swedish Air Force during 2020.

Real Estate Business Area

The Real Estate Business Area's net sales in line with the previous year, and operating income excluding property sales is MSEK 223 (223).

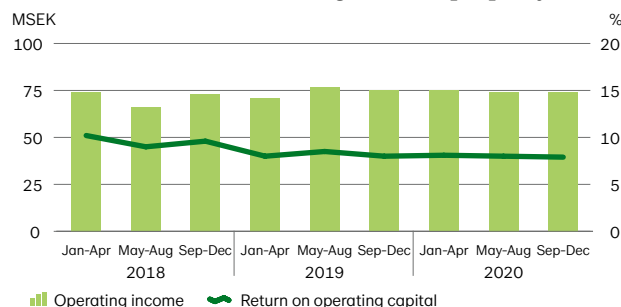
Activity in the property market was low in the first half of the year, which means that few property transactions were conducted and the focus was primarily on day-to-day management.

The Business Area's major projects are proceeding according to plan and include the construction of Lantmännen's new offices, along with housing and retirement homes in Malmö. The schedule for the project is fixed, and Lantmännen plans to move into the new property in April 2022. Property development projects were started in locations including Kävlinge, Örebro, Karlstad, Arboga, Kristianstad and Nyköping during the year.

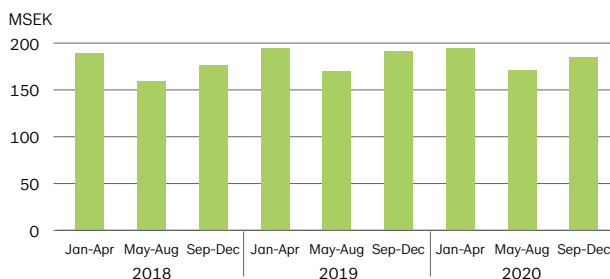
Lantmännen is continuing its review of properties that are strategically important from a preparedness and contingency perspective – with a focus on, for example, food supply and logistics for agriculture.

Lantmännen Agrovärme's earnings are lower than in the previous year, due to the generally mild climate during the year.

Real Estate Business Area, adjusted for property sales



Real Estate Business Area, net sales



Consolidated Statement of Financial Position

- ➔ The equity ratio was 45.8 (42.5) percent.
- ➔ Return on equity was 10.2 (9.1) percent.
- ➔ Return on operating capital was 8.1 (6.8) percent.

Assets and investments

Total assets were MSEK 39,331 (41,194) at the end of the year, a decline of MSEK 1,863, which is largely due to repayment of financial liabilities.

Property, plant and equipment amounted to MSEK 12,601, compared with MSEK 13,297 the previous year. Investments in property, plant and equipment amounted to MSEK 1,690 (2,086) and were mainly replacement investments. The year's investment level was lower than in previous years as a result of the adaptation to the coronavirus pandemic.

Investment property amounted to MSEK 687 (630).

Investments in intangible assets for the year amounted to MSEK 105 (115). Total intangible assets income amounted to MSEK 8,831 (9,344), a decline of MSEK 513.

Current assets excluding cash and cash equivalents declined by MSEK 940, from MSEK 13,241 to MSEK 12,301. The decline was spread equally between inventories and trade receivables, and is partly an effect of the coronavirus pandemic.

Liabilities and equity

Group equity was MSEK 18,006 (17,505) at the end of the year, with MSEK 105 (94) 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 1,788 (1,551), while dividends and changes in contributed capital reduced equity by MSEK 470 (329). Items recognized in other comprehensive income (e.g., remeasurement effects) reduced equity by MSEK 874 (increased by MSEK 141).

The Group's net debt amounted to MSEK 7,761 (10,165) at the end of the year, a decline of MSEK 2,404, which was due to a positive cash flow from the business.

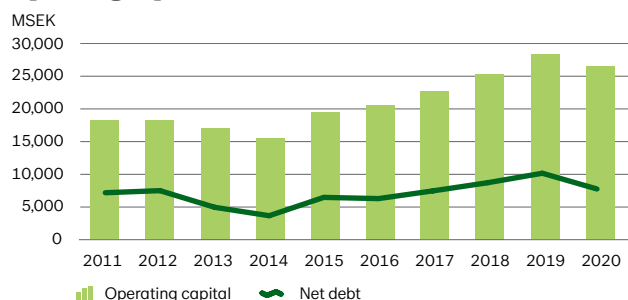
The Group's liquidity reserve at the end of the year was MSEK 7,790 (6,716) and is calculated based on Lantmännen's current loan agreements and covenants.

The equity ratio was 45.8 (42.5) percent at the end of the year.

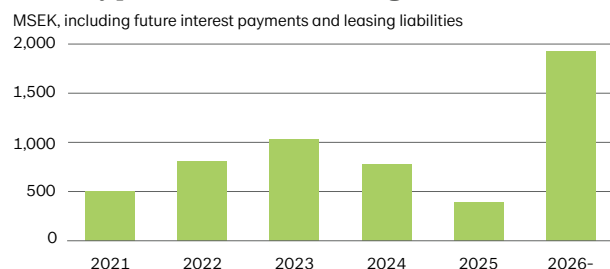
Net debt

MSEK	2020	2019
Liabilities to credit institutions	2,973	3,841
Issued securities, MTN loans	-	1,249
Savings and deposit accounts, members et al.	3,407	3,283
Pension liabilities	897	942
Subordinated debentures	250	-
Financial liabilities, leases	2,178	2,512
Other interest-bearing liabilities	182	264
Total interest-bearing liabilities including pension liabilities	9,887	12,091
Other interest-bearing assets	711	743
Short-term investments, less than 3 months	95	169
Cash and bank balances	1,320	1,014
Total interest-bearing assets	2,126	1,926
Group's net debt	7,761	10,165

Operating capital net debt



Maturity profile of interest-bearing financial liabilities



Consolidated Statement of Financial Position

MSEK	Note	2020 Dec 31	2019 Dec 31
ASSETS			
Non-current assets			
Property, plant and equipment	13	12,601	13,297
Investment property	14	687	630
Goodwill	15	5,461	5,724
Other intangible assets	15	3,370	3,620
Equity accounted holdings	16	2,517	2,490
Non-current financial assets	17	538	620
Deferred tax assets	12	275	252
Other non-current assets	18	166	137
Total non-current assets		25,615	26,770
Current assets			
Inventories	19	6,077	6,561
Trade and other receivables	20	5,967	6,488
Current interest-bearing assets	21	173	123
Current tax assets	12	84	69
Cash and cash equivalents	21	1,415	1,183
Total current assets		13,716	14,424
TOTAL ASSETS		39,331	41,194

MSEK	Note	2020 Dec 31	2019 Dec 31
EQUITY AND LIABILITIES			
Equity			
Member contributions		3,228	2,959
Other contributed capital		3,110	3,110
Reserves		-124	819
Retained earnings incl. net income		11,687	10,523
Total equity attributable to members of the economic association		17,901	17,411
Non-controlling interests		105	94
Total equity	22	18,006	17,505
Non-current liabilities			
Non-current interest-bearing liabilities	23, 24	5,034	5,263
Provisions for pensions	25	897	942
Deferred tax liabilities	12	807	720
Other non-current provisions	26	264	251
Other non-current liabilities	27	27	14
Total non-current liabilities		7,029	7,190
Current liabilities			
Current interest-bearing liabilities	23, 24	3,956	5,886
Trade and other payables	28	9,375	9,714
Current tax liabilities	12	185	149
Current provisions	26	780	750
Total current liabilities		14,296	16,499
TOTAL EQUITY AND LIABILITIES		39,331	41,194

Pledged assets and contingent liabilities, see → note 34.

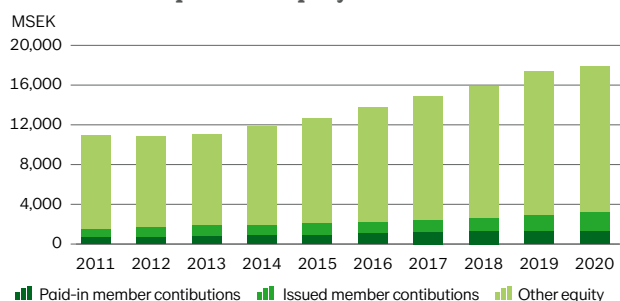
Development of the Group's assets

	Non-current assets	Current assets
2020	65.1 %	34.9 %
2019	65.0 %	35.0 %

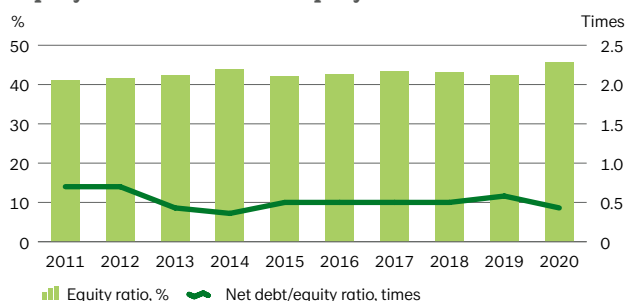
Development of the Group's equity and liabilities

	Equity	Non-current liabilities	Current liabilities
2020	45.8 %	17.8 %	36.4 %
2019	42.5 %	17.5 %	40.0 %

Contributed capital and equity



Equity ratio and net debt/equity ratio



Consolidated Statement of Cash Flows

- ➔ Cash flow from operating activities MSEK 4,503 (4,226)
- ➔ Cash flow from investing activities MSEK –1,700 (–2,389)
- ➔ Cash flow before financing activities MSEK 2,803 (1,837).

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 3,811 (3,637). Cash flow from changes in working capital was MSEK 692 (589).

Cash flow from operating activities was MSEK 4,503 (4,226).

Cash flow from investing activities

Cash flow from acquisitions of operations was MSEK –54 (–669), primarily attributable to the acquisition of a bakery business in Norway. Divestments of operations generated a cash flow of MSEK 0 (196).

Investments in property, plant and equipment and intangible assets amounted to MSEK –1,795 (–2,201) and were mainly replacement investments. The year's investment level was lower than in previous years as a result of the adaptation to the coronavirus pandemic.

Sales of property, plant and equipment and intangible assets generated a positive cash flow of MSEK 187 (272), mainly attributable to the sale of rental machinery in the Swecon Business Area.

Cash flow from investing activities was MSEK –1,700, compared with MSEK –2,389 the previous year.

Cash flow before financing activities

Cash flow before financing activities was MSEK 2,803 (1,837).

Cash flow from financing activities

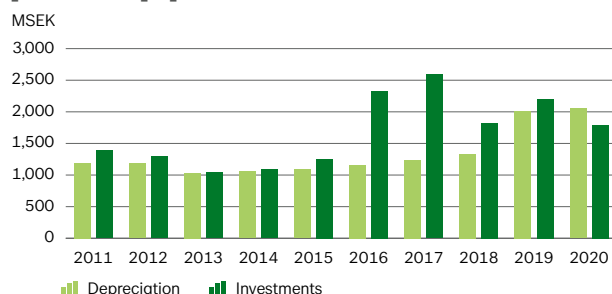
Financing activities had an impact of MSEK –2,549 (–1,383) on cash flow. The change in interest-bearing liabilities was MSEK –2,079 (–1,054) and is due to Lantmännen's medium term note (MTN) of MSEK 1,250, a loan repayment of MSEK 761 in December and Lantmännen's subordinated debenture program of MSEK 250 issued in January.

The dividend payment of MSEK –451 (–374) was distributed as follows: contribution dividend of MSEK –237 (–213) and refund and supplementary payment of MSEK –208 (–157) to members of the association.

Cash flow for the year

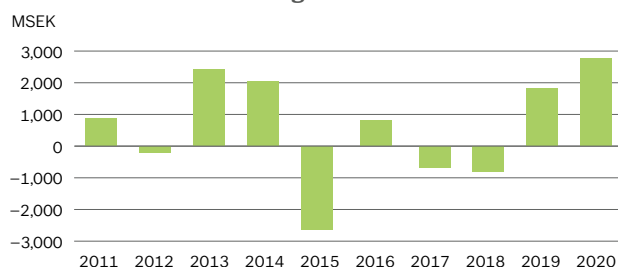
Cash flow for the year was MSEK 254 (454) and the Group's cash and cash equivalents ended the year at MSEK 1,415 (1,183).

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	2020	2019
OPERATING ACTIVITIES			
Operating income		2,223	1,983
Adjustment for non-cash items ¹⁾		1,939	2,037
		4,162	4,020
Financial items paid, net	35:1	-177	-210
Taxes paid		-174	-173
Cash flow from operating activities before changes in working capital		3,811	3,637
<i>Cash flow from changes in working capital</i>			
Change in inventories		412	468
Change in operating receivables		303	68
Change in operating liabilities		-23	53
		692	589
Cash flow from operating activities		4,503	4,226
INVESTING ACTIVITIES			
Acquisitions of operations (incl. capital contribution)	35:2	-54	-669
Divestment of operations	35:3	0	196
Investment in property, plant & equipment		-1,690	-2,086
Investment in intangible assets		-105	-115
Sale of property, plant & equipment and intangible assets		187	272
Change in financial investments		-38	13
Cash flow from investing activities		-1,700	-2,389
Cash flow before financing activities		2,803	1,837
FINANCING ACTIVITIES			
Change in interest-bearing liabilities incl pension provisions	35:4	-2,079	-1,054
Paid-in contributed capital		132	114
Refunded capital contribution		-151	-69
Dividend paid		-451	-374
Cash flow from financing activities		-2,549	-1,383
Cash flow for the year		254	454
Cash and cash equivalents at beginning of year		1,183	720
Exchange differences in cash and cash equivalents		-22	9
Cash and cash equivalents at end of year	35:5	1,415	1,183

1) MSEK	2020	2019
Adjustment for non-cash items		
Depreciation, amortization and impairment of non-current assets	2,051	2,063
Share of income of equity accounted companies	-110	92
Capital gains/losses on sale of non-current assets and operations	-12	-130
Other non-cash items	10	12
Total	1,939	2,037

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, 2019		2,664	3,110	442	9,834	16,050	92	16,142
Net income for the year		-	-	-	1,545	1,545	6	1,551
Other comprehensive income, net of tax		-	-	377	-236	141	-	141
Total comprehensive income		-	-	377	1,309	1,686	6	1,692
Distributions to owners		250	-	-	-620	-370	-4	-374
Contributed capital paid in by members		114	-	-	-	114	-	114
Contributed capital paid out to members		-69	-	-	-	-69	-	-69
Closing balance, December 31, 2019	22	2,959	3,110	819	10,523	17,411	94	17,505
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

More information about equity can be found in the Parent Company's statement of changes in equity on [page 84](#) and in note 22.

Equity attributable to members of the economic association, MSEK	2020	2019
Contributed capital, paid in	1,402	1,373
Contributed capital, issued	1,826	1,586
Other equity	14,673	14,452
Total equity attributable to members of the economic association	17,901	17,411

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 corporate functions.

Net sales and operating income

Net sales were MSEK 13,590 (13,627) and operating income amounted to MSEK 132 (–179). Net financial items were MSEK 346 (130) and income after financial items was MSEK 478 (–49).

Investments

Investments in non-current assets during the year totaled MSEK 278 (273).

Equity ratio

The equity ratio at the end of the year increased to 50.4 (45.2) percent.

Human resources

The average number of employees was 1,035 (1,010).

Member information

The number of members on December 31, 2020 was 19,172 (19,690). Refunded contributed capital is expected to be MSEK 97 (151) in 2021.

Proposed dividend

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

- 2.5 (1.75) percent in refund and supplementary payment on members' trading with Lantmännen Lantbruk Sweden.
- 1.0 (1.0) percent in refund on members' purchases from Lantmännen Maskin's and Swecon's Swedish operations.

Contribution dividend of MSEK 291 (237)

- Contribution dividend of 9 (8) percent on the nominal value of the contributions.

Contribution issue of MSEK 306 (288).

- 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 2020.

Dividend on subordinated debentures of MSEK 17 (16)

- Dividend of 7.25 (6.5) 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 8,357,270 be allocated as follows:

	TSEK
Refund and supplementary payment	305,126
Contribution dividend	290,537
Contribution issue	306,000
Dividend on subordinated debentures	17,082
Carried forward	7,438,525
Total	8,357,270

The dividend is calculated on the basis of the membership roll as updated on December 31, 2020. 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 2020 Annual Report will be presented for adoption at the AGM, which will be held digitally on May 11, 2021.

Parent Company Income Statement

MSEK	Note	2020	2019
Net sales	36	13,590	13,627
Other operating income	36	263	252
Change in products in progress, finished goods and work in progress for third parties		90	-268
Raw materials and consumables		-8,752	-8,730
Merchandise		-2,121	-2,071
Employee benefits expense	6	-847	-835
Depreciation, amortization and impairment		-162	-171
Other operating expenses	37	-1,929	-1,983
Operating income	38, 41	132	-179
Income from financial items			
Income from investments in Group companies	39	251	25
Income from investments in joint ventures/associates	39	14	36
Income from other securities and receivables classified as non-current assets	40	0	1
Interest income from Group companies		250	328
Other interest and similar income		85	96
Interest expenses to Group companies		-94	-97
Other interest and similar expenses		-206	-197
Exchange differences, financial items	41	46	-62
Total financial items		346	130
Income after financial items		478	-49
Group contributions received		607	885
Group contributions paid		-3	-
Other appropriations	51	-95	0
Income before tax		987	836
Tax	42	-26	-45
NET INCOME FOR THE YEAR		961	791

Parent Company Statement of Comprehensive Income

MSEK	2020	2019
Net income for the year	961	791
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	-79	79
Total	-79	79
<i>Items that will be reclassified to the income statement</i>		
Cash flow hedges, net before tax	-13	-60
Tax attributable to items that will be reclassified	3	2
Total	-10	-58
Other comprehensive income, net of tax	-89	21
Total comprehensive income	872	812

Parent Company Statement of Financial Position

MSEK	Note	2020 Dec 31	2019 Dec 31
ASSETS			
Non-current assets			
Intangible assets	43	435	454
Intangible assets		435	454
Property, plant and equipment			
Land and buildings	44	324	280
Investment property	45	20	14
Plant and machinery		440	333
Other non-current assets		177	199
		961	826
Non-current financial assets			
Investments in Group companies	46	11,678	11,012
Investments in joint ventures/associates	16	1,343	1,365
Receivables from Group companies		4,114	4,694
Other non-current financial assets		239	300
Deferred tax asset	42	22	38
Other non-current assets		26	18
		17,422	17,427
Total non-current assets		18,818	18,707
Current assets			
Inventories	47	2,246	2,390
Trade receivables	48	1,551	1,731
Receivables from Group companies		6,780	8,380
Receivables from joint ventures/associates	48	70	9
Other current receivables		427	442
Prepayments and accrued income	49	175	173
		11,249	13,125
Short-term investments		-	93
Cash and bank balances		485	550
Total current assets		11,734	13,768
TOTAL ASSETS		30,552	32,475

MSEK	Note	2020 Dec 31	2019 Dec 31
EQUITY AND LIABILITIES			
Equity			
Restricted equity	50		
Contributed capital		3,228	2,959
Subordinated debentures		250	-
Statutory reserve		3,110	3,110
		6,588	6,069
Non-restricted equity			
Retained earnings		7,434	7,392
Net income for the year		961	791
Fair value reserve		-20	59
Hedge reserve		-18	-8
		8,357	8,234
Total equity		14,945	14,303
Untaxed reserves	51	562	466
Provisions			
Provisions for pensions	52	1	1
Other provisions	53	78	73
Total provisions		79	74
Non-current liabilities			
Non-current interest-bearing liabilities		2,492	2,579
Liabilities to Group companies		571	516
Other non-current liabilities		26	14
Total non-current liabilities		3,089	3,109
Current liabilities			
Current interest-bearing liabilities	54	1,645	3,831
Trade payables		2,834	2,677
Liabilities to Group companies		6,639	7,289
Liabilities to joint ventures/associates		1	25
Tax liabilities		5	-
Other current liabilities		337	361
Accruals and deferred income	55	416	340
Total current liabilities		11,877	14,523
TOTAL EQUITY AND LIABILITIES		30,552	32,475

Pledged assets and contingent liabilities, see ➡ note 57.

Parent Company Statement of Cash Flows

MSEK	Note	2020	2019
OPERATING ACTIVITIES			
Operating income		132	-179
Adjustment for non-cash items ¹⁾		136	317
		268	138
Financial items paid, net ²⁾		92	808
Taxes paid		-2	-2
Cash flow from operating activities before changes in working capital		358	944
<i>Cash flow from changes in working capital</i>			
Change in inventories		144	499
Change in operating receivables		176	113
Change in operating liabilities		25	-119
		345	493
Cash flow from operating activities		703	1,437
INVESTING ACTIVITIES			
Acquisition of shares and interests, owner contributions etc.		-699	-1,989
Divested operations, share capital repayments		126	15
Investment in property, plant & equipment		-231	-185
Investment in intangible assets		-47	-88
Sale of property, plant & equipment and intangible assets		1	4
Change in financial assets		1,845	1,584
Cash flow from investing activities		995	-659
Cash flow before financing activities		1,698	778
FINANCING ACTIVITIES			
Group contributions received		885	514
Change in interest-bearing liabilities	56	-2,511	-166
Paid-in contributed capital		132	114
Refunded capital contribution		-151	-69
Paid in/repaid subordinated debentures		250	-250
Dividend paid		-461	-383
Cash flow from financing activities		-1,856	-240
Cash flow for the year		-158	538
Cash and cash equivalents at beginning of year		643	105
Cash and cash equivalents at end of year ³⁾		485	643
MSEK			
1) Adjustment for non-cash items			
Depreciation, amortization and impairment of non-current assets		162	171
Capital gains/losses on sale of non-current assets and operations		-1	44
Fair value adjustment of financial instruments		-23	101
Other items		-2	1
Total		136	317
2) Financial items			
Dividends received		193	698
Interest received		338	416
Interest paid		-292	-277
Other financial payments		0	1
Realized exchange gains/losses		-147	-30
Total		92	808
3) Cash and cash equivalents at end of year			
Cash and bank balances		485	550
Short-term investments, maturity less than 3 months		-	93
Total		485	643

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, 2019	2,664	250	3,110	-20	50	8,025	14,079
Net income for the year	-	-	-	-	-	791	791
Other comprehensive income, net of tax	-	-	-	79	-58	-	21
Total comprehensive income	-	-	-	79	-58	791	812
Dividend paid ¹⁾	-	-	-	-	-	-383	-383
Subordinated debentures paid	-	-250	-	-	-	-	-250
Contributed capital paid in by members	114	-	-	-	-	-	114
Contributed capital paid out to members	-69	-	-	-	-	-	-69
Appropriation of profit	250	-	-	-	-	-250	0
Closing balance, December 31, 2019	2,959	-	3,110	59	-8	8,183	14,303
2020							
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

¹⁾ Contribution dividend MSEK -237 (-213), refund and supplementary payment MSEK -208 (-157), dividend on subordinated debentures MSEK -16 (-13), reported as interest expense in the Group.

MSEK 102 (29) of the contributed capital paid out comprises refunds to members who have left the association and MSEK 49 (40) is related to changed investment obligation criteria for individual members.

In 2021, an estimated MSEK 97 (151) in contributed capital will be refunded to members, distributed as follows: members who have left the association MSEK 43 (102) and changed investment criteria MSEK 54 (49).

The unmet obligation of members to invest in Lantmännen pursuant to the articles of association amounted to MSEK 513 (523) at December 31, 2020.

Contributed capital, MSEK	2020	2019
Paid-in contributed capital	1,402	1,373
Issued contributed capital	1,826	1,586
Total	3,228	2,959

Lantmännen ek för's subordinated debentures of MSEK 250 from the 2015 issue matured and were repaid on December 30, 2019. New 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 to the annual financial statements

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 2020 financial statements for the Group and Parent Company will be presented for adoption by the Annual General Meeting on May 11, 2021.

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 from 2020

In the 2020 Annual Report, the Group and Parent Company have applied, for the first time, the amended standards and interpretations effective for annual periods beginning on January 1, 2020. This includes application of Amendments to IFRS 9 and IFRS 7 Interest Rate Benchmark Reform. These amendments, like other amendments, have not had any material impact on the Group's or the Parent Company's reporting.

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

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 rules contained in IAS 32 that are applicable to the contributed capital of cooperative enterprises, Lantmännen has, on the basis of 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.

Note 1 continued

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 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.

Note 1 continued

Depreciation policies for property, plant and equipment

Land is assumed to have an indefinite useful life and is therefore not depreciated. Depreciation of other property, plant and equipment is based on cost less estimated residual value. Depreciation is straight-line over the asset's estimated useful life. Each component of a larger item of property, plant and equipment with a cost that is significant in relation to the asset's total cost and with a useful life significantly different from the rest of the asset, is depreciated separately.

The 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.

Note 1 continued

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. 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 LOSSES

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 through profit or loss.

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.

Note 1 continued

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 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 measured 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.

Note 1 continued

Parent Company

From January 1, 2019, IFRS 9 is applied for the Parent Company 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 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 (Trygghandelagen) 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 carryforwards 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.

Note 1 continued

(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.

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 market

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 market activity. If the market 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 for may receive a refund on purchases from Lantmännen Lantbruk Sweden and Lantmännen Maskin's and Swecon'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

Note 1 continued

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 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:

	2020		2019	
	Average rate	Closing rate	Average rate	Closing rate
DKK	1.41	1.35	1.42	1.4
EUR	10.49	10.04	10.59	10.43
GBP	11.8	11.09	12.07	12.21
NOK	0.98	0.95	1.07	1.06
RUB	0.13	0.11	0.15	0.15
USD	9.2	8.19	9.46	9.32

Note 2 Significant events after the end of the period

No significant events, other than ordinary operations, have occurred after the end of the financial year.

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 8,831 (9,344) at the end of the year, which corresponds to 49 (53) 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

Note 3 continued

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, 2020.

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 2,178 and the value of lease liabilities was MSEK 2,166. 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

MSEK	Financial year 2020							
	Agriculture Sector	Energy Sector	Food Sector	Swecon Business Area	Real Estate Business Area	Other operations	Group-wide ¹⁾	Total Group
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
Of which share of income of joint ventures/associates	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								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

Financial year 2019								
MSEK	Agriculture Sector	Energy Sector	Food Sector	Swecon Business Area	Real Estate Business Area	Other operations	Group-wide ¹⁾	Total Group
Net sales								
External sales	19,337	3,560	16,797	8,501	252	76	0	48,523
Internal sales	2,504	181	70	87	304	572	-3,718	0
Total net sales	21,841	3,741	16,867	8,588	556	649	-3,719	48,523
Operating income per segment	83	375	924	514	349	-162	-100	1,983
Of which share of income of joint ventures/associates	-105	13	48	-	4	6	-	-34
Finance income								112
Finance costs								-322
Tax expense for the year								-222
Net income for the year								1,551
Other disclosures								
Assets	8,555	2,025	19,738	3,524	2,970	3,518	-3,872	36,458
Share of equity in joint ventures/associates	1,731	193	353	-	131	82	-	2,490
Unallocated assets								2,246
Total assets	10,286	2,218	20,091	3,524	3,101	3,600	-3,872	41,194
Liabilities	2,177	968	2,840	2,012	251	4,468	-2,204	10,512
Unallocated liabilities								13,177
Equity								17,505
Total liabilities and equity	2,177	968	2,840	2,012	251	4,468	-2,204	41,194
Investments including right-of-use assets	367	87	850	1 086	339	117	-260	2 586
Depreciation, amortization and impairment ²⁾	-328	-119	-1,169	-511	-108	-56	228	-2,063
Significant non-cash items in addition to depreciation								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 502 due to the introduction of IFRS 16.

INFORMATION ABOUT GEOGRAPHIC AREAS

MSEK	2020		2019	
	External sales	Non-current assets	External sales	Non-current assets
Sweden	20,530	9,581	20,999	9,471
Finland	6,275	3,550	6,661	3,813
Germany	5,581	2,180	5,507	2,329
Denmark	3,136	2,347	3,234	2,315
United Kingdom	1,670	1,009	1,845	1,194
Norway	1,638	389	2,031	325
Baltic region	1,070	754	1,229	811
Netherlands	889	24	1,281	25
France	858	371	553	392
Russia	587	702	717	980
Spain	555	0	474	3
Belgium	514	1,878	594	2,012
Poland	370	703	510	837
Switzerland	326	0	432	0
Rest of Europe	846	296	933	327
United States	617	313	1,027	379
Australia	336	539	306	548
Rest of world	192	-	190	-
Total	45,990	24,636	48,523	25,761

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

Note 4 continued

The information presented regarding distribution of revenue by geographical area is grouped according to customer location.

Information regarding assets is based on geographical areas grouped according to asset location, i.e., where the entity carries on its production of goods and services, and includes property, plant and equipment, intangible assets and investments in 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 operates in Sweden and internationally. The Swedish operations offers a wide range of products for livestock and crop production and are market leading in the grain market through purchasing of grain, oilseeds, pulses and forages, which are sold on to grain traders and 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 and Väderstad.

In Finland, the Sector provides feed, agri-supply for crop production and spare parts and equipment.

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 and operates in a global market with the main focus on Europe. The Sector's companies offer sustainable ethanol fuel, protein feed, carbon dioxide, starch products, gluten, vodka, beta glucan, oat protein, alkylate petrol, lubricants and other chemical products that are produced responsibly. The Energy Sector includes Lantmännen Agroetanol, Lantmännen Functional Foods, Lantmännen Oats and Lantmännen Reppe, which are part of the collective organization Biorefineries. Lantmännen Aspen is also part of the Sector. The Energy Sector is responsible for Lantmännen's ownership interests in the partly-owned company Scandbio, Sweden's largest solid processed wood fuel company.

The Food Sector processes grain and other raw materials from arable land into, among other things, flour, bread, breakfast products, pasta and ready meals. The base is in the Nordic countries with a global presence through sales in more than 60 countries. 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 a presence in more than 20 countries, bakeries in 15 and sales in more than 60 countries worldwide, the company can quickly respond to its customers' local needs. Unibake provides bake-off and fresh bakery products for food retail and service markets.

- 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 vegetables, and ready meals. The operations are conducted in Sweden, Norway, Denmark, Finland, Ukraine and Russia, with sales in the Nordic markets 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 96 service facilities.

The Real Estate Business Area consists of Lantmännen Fastigheter and Lantmännen Agrovärme. The real estate operations provide Lantmännen with appropriate properties and premises and optimize the return through active management. Lantmännen Agrovärme provides customers with environmentally sound heating.

Note 5 Breakdown of revenue

MSEK	2020	2019
Net sales		
Net sales excluding leasing		
Lantmännen Lantbruk Sweden	13,096	13,181
Lantmännen Lantbruk Finland	4,351	4,617
Lantmännen Maskin Sweden	3,669	3,753
Agriculture Sector, other and eliminations	385	290
Agriculture Sector	21,501	21,841
Lantmännen Agroetanol	2,434	2,282
Lantmännen Reppe	486	479
Lantmännen Aspen	1,016	971
Energy Sector, other and eliminations	2	9
Energy Sector	3,938	3,741
Lantmännen Cerealia	4,267	4,419
Lantmännen Unibake	11,127	12,852
Food Sector, other and eliminations	-377	-404
Food Sector	15,017	16,867
Swecon Sweden	4,093	4,478
Swecon Germany	2,919	3,333
Swecon Baltic	288	293
Swecon Business Area, other and eliminations	-3	-5
Swecon Business Area	7,297	8,099
Real Estate Business Area	117	116
Other operations	696	649
Eliminations	-3,266	-3,443
Total	45,300	47,870
Net sales from leasing activities		
Swecon Business Area	530	489
Real Estate Business Area	434	440
Eliminations	-274	-276
Total	690	653
Total net sales	45,990	48,523
Other operating income		
Contract income	218	48
Capital gains	20	159
Government grants	24	18
Insurance compensation	27	11
Other	140	246
Total	429	482

Capital gains in 2020 and 2019 are mainly from property sales.

'Other' in 2019 includes an adjustment of MSEK 80 to the value of non-current assets, attributable to the acquisition of the oat operations in Kimstad.

Note 6 Employees and employee benefits expense

Average number of employees	2020	of which female	2019	of which female
Group				
Sweden	3,676	27 %	3,602	27 %
Denmark	1,087	24 %	1,121	27 %
Finland	982	51 %	1,004	52 %
Germany	621	14 %	597	14 %
United Kingdom	545	27 %	643	29 %
Russia	502	42 %	526	41 %
Poland	419	42 %	509	37 %
Lithuania	390	60 %	397	59 %
Estonia	358	59 %	374	66 %
Belgium	299	35 %	310	34 %
Ukraine	256	55 %	261	53 %
Norway	255	31 %	251	32 %
Latvia	180	46 %	180	48 %
United States	140	32 %	169	31 %
Romania	107	61 %	97	60 %
Australia	100	50 %	88	52 %
Hungary	44	45 %	72	44 %
France	25	24 %	20	18 %
Netherlands	23	26 %	21	28 %
Spain	8	52 %	8	54 %
Total, Group	10,017	34 %	10,250	35 %
Parent Company				
Sweden	1,035	39 %	1,010	39 %
Total, Parent Company	1,035	39 %	1,010	39 %
Employee benefits expense	Group		Parent Company	
MSEK	2020	2019	2020	2019
Salaries and benefits, CEOs	113	104	19	18
- of which variable component	20	14	7	7
Salaries and benefits, other employees	4,652	4,781	591	559
Social security costs				
- cost for the year	1,005	998	219	217
- payroll tax effect on compensation from pension fund	-	-	-16	-16
Pension costs				
- cost for the year ¹⁾	397	413	84	95
- compensation from pension fund	-	-	-65	-65
Other staff costs	195	277	15	27
Total	6,362	6,573	847	835

¹⁾ MSEK 12 (13) of the Group's pension costs relate to Boards and Managing Directors. The outstanding pension obligation to them was MSEK 2 (2). MSEK 3 (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	
Female representation, %	2020	2019	2020	2019
Boards of Directors	15	13	17	17
Other senior executives	32	31	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 changed during 2020. Group Management consisted of 9 individuals at the beginning of the year. One individual joined Group Management, which meant that Group Management consisted of 10 individuals at 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 2019 AGM approved the guidelines that were applied during 2020, and the 2020 AGM adopted the guidelines that are being applied in 2021.

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 2020 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 2020, 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 2020 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 2020 was approximately MSEK 48, excluding social security costs. The 2020 variable salary was estimated at MSEK 26, 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 three ongoing long-term incentive programs. The programs started in 2018, 2019 and 2020. For the 2018 program, the initial allocation cost was MSEK 14. The cost recognized in the lock-in year 2019 changed by MSEK -0.6 and in the lock-in year 2020 by MSEK -0.4, partly due to changes in participant numbers and partly due to the program's structure and rules on value changes during the lock-in period. The initial allocation cost for the program that started in 2019 was MSEK 21. The cost recognized during the lock-in year 2020 changed by MSEK -2, partly due to changes in participant numbers and partly due to the program's structure and rules on value changes during the lock-in period. The initial allocation cost for the program that started in 2020 is estimated at MSEK 23, excluding social security contributions.

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. The majority also have 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 can give benefits for salary between 30-50 income base amounts.

Note 6 continued

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 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 Arfvidsson		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

Salaries and remuneration of senior executives 2019 TSEK	Directors' fees	Fixed salary ³⁾	Variable salary ⁴⁾	Pension ³⁾	Other benefits ⁵⁾	Total 2019
Elected Board members of Lantmännen ek för, according to specification below ¹⁾	5,041					5,041
President & CEO Per Olof Nyman		8,210	4,786	2,358	134	15,488
Executive Vice President Per Arfvidsson		3,695	1,793	967	127	6,582
Group management, other ²⁾		24,278	11,272	7,191	1,109	43,850
	5,041	36,183	17,851	10,516	1,370	70,961

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 switch between fixed salary and pension within the framework of current tax legislation.

⁴⁾ Estimated variable salary for each year. For 2020, 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 estimate for 2019 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	2020	2019
Per Lindahl ²⁾	1,332	1,272
Hans Wallemyr ³⁾	622	673
Gunilla Aschan	468	473
Sonat Burman Olsson	460	445
Johan Bygge ⁴⁾	460	263
Jan Ehrensverd ⁵⁾	280	-
Ulf Gundemark ⁶⁾	-	182
Ove Gustafsson ⁷⁾	187	472
Johan Mattsson	467	451
Henrik Wahlberg	491	490
Per Wijkander ⁴⁾	488	320
Total	5,255	5,041

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 8, 2019

⁵⁾ From May 7, 2020

⁶⁾ To May 8, 2019

⁷⁾ To February 11, 2020

Note 7 Depreciation, amortization and impairment of assets

MSEK	2020	2019
Depreciation and amortization		
Land and buildings	461	456
Plant and machinery	1,053	1,045
Equipment, tools, fixtures and fittings	273	256
Investment property	13	12
Intangible assets	249	244
Total	2,049	2,013
Impairment and reversal of impairment		
Land and buildings	-	2
Plant and machinery	-	42
Equipment, tools, fixtures and fittings	-	2
Other intangible assets	2	4
Total	2	50
Total depreciation, amortization and impairment		
MSEK	2020	2019
Land and buildings	461	458
Plant and machinery	1,053	1,087
Equipment, tools, fixtures and fittings	273	258
Investment property	13	12
Other intangible assets	251	248
Total	2,051	2,063
Impairment by Sector		
MSEK	2020	2019
Agriculture Sector		
- from annual impairment testing	-	1
Food Sector		
- from annual impairment testing	-	9
- as an effect of restructuring decision	-	22
Swecon Business Area		
- from annual impairment testing	-	2
Other operations		
- from annual impairment testing	2	16
Total	2	50

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.

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 2021 and adopted strategic plans for 2022 and 2023. 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 2023 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 2,848, 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	2020	2019
Ernst & Young		
Annual audit	17	17
Tax consultancy services	2	2
Other services	1	2
Total	20	21
Other auditors		
Annual audit	1	2
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	2020			2019		
	Income	Costs	Total	Income	Costs	Total
Financial assets at fair value through profit or loss						
Dividend ¹⁾	-	-	-	-	-	-
Capital gains/losses	3	-	3	1	-	1
			3			1
Financial assets measured at amortized cost						
Interest income, receivables from members	47	-	47	42	-	42
Other interest income	30	-	30	34	-	34
			77			76
Financial assets at fair value through other comprehensive income						
Dividend ¹⁾	-	-	-	7	-	7
			-			7
Derivatives used in hedge accounting						
Interest on currency forward contracts and swaps	29	-36	-7	28	-37	-9
			-7			-9
Other financial liabilities						
Interest expense, pension plans	-	-15	-15	-	-13	-13
Interest expense, liabilities to members	-	-26	-26	-	-24	-24
Interest expense, liabilities to the public	-	-11	-11	-	-10	-10
Interest expense, borrowing	-	-115	-115	-	-113	-113
Interest expenses, lease liabilities	-	-53	-53	-	-58	-58
Other borrowing expenses	-	-26	-26	-	-24	-24
Other interest expenses	-	-	-	-	-	-
Currency effects	-	-9	-9	-	-43	-43
			-255			-285
Total	109	-291	-182	112	-322	-210

¹⁾ 2019: MSEK 0 attributable to shares sold in the financial year

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.

An item affecting comparability is a one-time item that is not directly related to the planned future operations and is outside the range of MSEK +/- 30.

The Group did not have any items affecting comparability in 2020.

MSEK	2020	2019
Capital gains on sale of operations	-	97
Items affecting comparability in other operating income	-	97
Restructuring costs	-	-94
Other	-	-107
Total items affecting comparability in operating income	-	-104
Total items affecting comparability in income after financial items	-	-104
Tax effect of items affecting comparability	-	3
Total items affecting comparability in net income for the year	-	-101

Items affecting comparability by Segment/Sector in 2019

MSEK	2019		
	Restructuring costs	Other	Total
Agriculture Sector	-	-127	-127
Energy Sector	-	20	20
Food Sector	-94	-	-94
Real Estate Business Area	-	97	97
Total	-94	-10	-104

The Agriculture Sector was affected by MSEK -127 attributable to the associated company Hauptgenossenschaft Nord AG (HaGe), whose subsidiary Betriebsmittel Service Logistik GmbH & Co. KG (BSL) had reached a settlement agreement with the German competition authority in a case concerning the German plant protection wholesale market.

The provision previously reported in the Energy Sector in connection with the EU Commission's investigation of Lantmännen Agroetanol and two other ethanol producers was adjusted up by MSEK 60 as a result of a weaker Swedish krona. The Energy Sector was positively affected by MSEK 80 as a result of

Note 10 continued

a value adjustment of non-current assets related to the acquisition of the oat operations in Kimstad.

The Food Sector was affected by restructuring costs of MSEK –94, of which MSEK –35 was attributable to Lantmännen Cerealia and MSEK –59 to Lantmännen Unibake, which decided to close three bakeries in Poland, Hungary and Denmark as part of the streamlining of Unibake's European production platform.

The Real Estate Business Area reported capital gains of MSEK 97 on property sales.

Note 11 Exchange differences affecting income

MSEK	2020	2019
Exchange differences affecting operating income	82	–79
Exchange differences in financial items	–9	–43
Total	73	–122

Exchange differences in operating income are included in:

Net sales	2	–6
Cost of materials	35	–63
Other operating income/expense	45	–10
Total	82	–79

Note 12 Taxes

Tax on income for the year MSEK	2020	2019
Current tax expense (–)/tax income (+)		
Tax expense/income for the period	–219	–176
Adjustment of tax attributable to prior years	63	1
Foreign tax	–21	–
Total current tax	–177	–175
Deferred tax expense (–)/tax income (+)		
Deferred tax from changes in temporary differences	–1	44
Deferred taxes arising from changes in tax rates	10	1
Deferred tax income in capitalized loss carryforwards	17	96
Utilization of previously capitalized loss carryforwards	–87	–194
Other changes	–6	6
Total deferred tax	–67	–47
Total recognized tax expense	–244	–222

Note 12 continued

	2020		2019	
Reconciliation of effective tax	Percent	MSEK	Percent	MSEK
Income before tax		2,041		1,773
Anticipated tax according to enacted Swedish tax rate	21.4 %	–437	21.4 %	–379
Items with tax effects on the results and their impact on the effective tax rate:				
Non-deductible expenses	1 %	–15	2 %	–35
Tax-exempt capital gains	0 %	–3	–1 %	22
Tax-exempt dividends	0 %	1	0 %	1
Other non-taxable income	–1 %	12	0 %	8
Tax on unrecognized income	0 %	–1	0 %	1
Loss carryforward arising during the year, not capitalized as a deferred tax asset	0 %	–1	0 %	–1
Capitalization of previously uncapitalized loss carryforwards and tax credits	0 %	6	–4 %	67
Effect of special tax rules for economic associations	–6 %	113	–5 %	81
Tax attributable to prior years	–3 %	57	0 %	7
Effect of changes to tax rates, tax rules and different tax rates in the Group	–1 %	17	–1 %	13
Foreign tax that could not be offset	1 %	–20	–	–
Reversal of income of joint ventures/as-sociates	–2 %	32	0 %	–5
Other	0 %	–5	0 %	–2
Recognized effective tax	12 %	–244	13 %	–222

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.

Tax items recognized through other comprehensive income MSEK	2020	2019
Deferred tax		
Actuarial gains and losses on defined benefit pension plans	–18	62
Financial assets at fair value through other comprehensive income	5	–9
Cash flow hedges	3	2
Total	–10	55
Current tax		
Current tax in hedges of net investments	–15	7
Total tax effects in other comprehensive income	–25	62

Note 12 continued

Deferred tax asset/tax liability	2020			2019		
	Deferred tax asset	Deferred tax liability	Net	Deferred tax asset	Deferred tax liability	Net
MSEK						
Group						
Land and buildings	384	784	-400	379	913	-534
Machinery and equipment	59	630	-571	69	692	-623
Intangible assets	88	626	-538	122	668	-546
Trade receivables	5	1	4	0	1	-1
Pension provisions	204	0	204	210	1	209
Interest-bearing liabilities	966	376	590	1,122	369	753
Other provisions	32	27	5	56	1	55
Loss carryforwards	174	0	174	269	0	269
Other	84	84	0	49	99	-50
Total	1,996	2,528	-532	2,276	2,744	-468
Offsetting of assets/liabilities	-1,721	-1,721	0	-2,024	-2,024	0
Total, net deferred tax asset/liability	275	807	-532	252	720	-468

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 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

Change in deferred tax in temporary differences and loss carryforwards 2019								
MSEK	Amount at beginning of year	Opening tax on assets and liabilities recognized under IFRS 16	Recognized in income statement	Recognized in OCI	Changes in acquisitions/divestments	Reclassifications	Translation differences	Amount at end of 2019
Group								
Land and buildings	-102	-411	-3	-	-16	0	-2	-534
Machinery and equipment	-462	-139	-18	-	-	0	-4	-623
Intangible assets	-468	-	-2	-	-66	-	-10	-546
Trade receivables	0	-	-1	-	-	-	0	-1
Pension provisions	139	-	8	62	-	-	0	209
Interest-bearing liabilities	165	550	19	0	16	-	3	753
Other provisions	49	-	6	-	-	0	0	55
Loss carryforwards	321	-	-59	2	-	-	5	269
Other	-44	-	3	-9	0	0	0	-50
Total	-402	0	-47	55	-66	0	-8	-468

Loss carryforwards and tax credits

At the end of the year, the Group had loss carryforwards of MSEK 789 (1,254), of which MSEK 716 (1,200) was taken into account in the calculation of deferred tax.

The loss carryforwards that have not been taken into account are mainly relate to loss carryforwards in operations in Hungary, Spain and a non-wholly owned company in Sweden. These have not been assigned any value as it is currently uncertain whether they will be utilized.

The loss carryforwards not included in the calculation of deferred tax amount to MSEK 73 (54) and have an unlimited life.

At the end of the year, the Group had tax credits of MSEK 38 in Poland, which was taken into account in the calculation of deferred tax.

Note 13 Property, plant and equipment

	Land and land improvements		Buildings		Plant and machinery		Equipment, tools, fixtures and fittings		Construction in progress		Total property, plant and equipment	
MSEK	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Accumulated cost of acquisition	1,188	1,223	8,508	8,788	17,170	17,207	2,686	2,450	712	577	30,264	30,245
Accumulated depreciation	-115	-108	-3,289	-3,037	-11,683	-11,383	-1,754	-1,622	-	-	-16,841	-16,150
Accumulated impairment	-59	-49	-192	-194	-532	-514	-39	-41	-	-	-822	-798
Carrying amount	1,014	1,066	5,027	5,557	4,955	5,310	893	787	712	577	12,601	13,297
Balance at beginning of year	1,066	896	5,557	3,404	5,310	4,248	787	369	577	1,095	13,297	10,012
Effect of introduction of new accounting policy for leases (IFRS 16) January 1	-	34	-	2,042	-	227	-	329	-	-	-	2,632
Investments including right-of-use assets ¹⁾	28	87	213	260	568	1,011	261	186	947	917	2,017	2,461
Company acquisitions	-	-	-	12	35	124	6	3	-	-	41	139
Sales and disposals	-81	-5	-48	-162	-155	-147	-13	-11	-	-	-297	-325
Regular depreciation for the year	-7	-5	-454	-451	-1,053	-1,045	-273	-256	-	-	-1,787	-1,757
Impairment for the year	-	-	-	-2	-	-42	-	-2	-	-	0	-46
Reclassifications	49	42	32	330	471	863	146	164	-800	-1,468	-102	-69
Translation differences	-41	17	-273	124	-221	71	-21	5	-12	33	-568	250
Carrying amount ²⁾	1,014	1,066	5,027	5,557	4,955	5,310	893	787	712	577	12,601	13,297
Right-of-use assets included in property, plant and equipment												
Cost of acquisition												
Value at beginning of year	104	-	2,259	242	300	86	430	8	-	-	3,093	336
Effect of introduction of new accounting policy for leases (IFRS 16) January 1	-	34	-	2,042	-	227	-	329	-	-	-	2,632
Acquisition of right-of-use assets	-	72	147	178	0	12	180	123	-	-	327	385
Other changes	-70	-2	-162	-203	-11	-25	-68	-30	-	-	-311	-260
December 31	34	104	2,244	2,259	289	300	542	430	-	-	3,109	3,093
Accumulated depreciation												
Value at beginning of year	-	-	-302	-96	-154	-78	-121	-2	-	-	-577	-176
Depreciation of right-of-use assets	-	-	-261	-266	-80	-97	-148	-139	-	-	-489	-502
Other changes	-	-	60	60	9	21	54	20	-	-	123	101
December 31	-	-	-503	-302	-225	-154	-215	-121	-	-	-943	-577
Carrying amount	34	104	1,741	1,957	64	146	327	309	-	-	2,166	2,516

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 448 (553) 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 (2).

Contractual obligations relating to investments in property, plant and equipment amounted to MSEK 335 (158) 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	
	2020	2019	2020	2019	2020	2019
Accumulated cost of acquisition	127	115	663	602	790	717
Accumulated depreciation	-8	-6	-95	-81	-103	-87
Carrying amount	119	109	568	521	687	630
Balance at beginning of year	109	116	521	545	630	661
Investments in properties	-	10	-	-	-	10
Sales and disposals	-6	-38	-	-22	-6	-60
Regular depreciation for the year	-1	-1	-12	-11	-13	-12
Reclassifications	17	22	59	9	76	31
Carrying amount	119	109	568	521	687	630

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 408 (405) are pledged as security for the Group's borrowing. The estimated fair value is MSEK 720 (714).

Assets leased out under operating leases include all investment properties.

Changes in fair value

MSEK	2020	2019
Fair value at beginning of year	1,171	1,122
Investments in properties	-	10
Sales and disposals	-7	-33
Fair value changes	-20	72
Reclassifications	83	-
Fair value at end of year	1,227	1,171

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.
- 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	2020	2019
Rental income	105	112
Direct costs, including costs for repair and maintenance		
- Properties that generate rents	-35	-37
Net operating income	70	75

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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Accumulated cost of acquisition	5,500	5,763	2,084	2,137	2,110	2,226	317	328	1,170	1,098	5,681	5,789
Accumulated amortization	-	-	-260	-258	-1,001	-912	-245	-267	-723	-680	-2,229	-2,117
Accumulated impairment	-39	-39	-	-	-	-	-	17	-82	-69	-82	-52
Carrying amount	5,461	5,724	1,824	1,879	1,109	1,314	72	78	365	349	3,370	3,620
Balance at beginning of year	5,724	5,350	1,879	1,842	1,314	1,228	78	68	349	313	3,620	3,451
Investments	-	-	-	-	-	-	4	2	101	113	105	115
Company acquisitions	-	253	-	20	-	213	2	12	-	-	2	245
Regular amortization for the year	-	-	-5	-5	-146	-152	-20	-18	-78	-69	-249	-244
Impairment for the year	-	-	-	-	-	-	-	-	-2	-4	-2	-4
Reclassifications	-	-	-	-	-	-	11	12	1	-6	12	6
Translation differences	-263	121	-50	22	-59	25	-3	2	-6	2	-118	51
Carrying amount	5,461	5,724	1,824	1,879	1,109	1,314	72	78	365	349	3,370	3,620

Allocation of goodwill, brands and customer/supplier relationships per Sector

Agriculture Sector	218	223	32	35	115	144
Energy Sector	259	265	143 ¹⁾	147 ¹⁾	97	109
Food Sector	4,969	5,221	1,649 ²⁾	1,697 ²⁾	897	1,051
<i>of which Lantmännen Unibake</i>	4,199	4,385	1,009 ²⁾	1,031 ²⁾	639	735
Swecon Business Area	15	15	-	-	0	10
Total	5,461	5,724	1,824	1,879	1,109	1,314

¹⁾ Of which brand with indefinite useful life, Aspen MSEK 50 (50).

²⁾ Of which brands with indefinite useful lives MSEK 1,575 (1,608), distributed as follows:
Lantmännen Unibake MSEK 985 (1,001) and Lantmännen Cerealia MSEK 590 (607).

Contractual obligations relating to investments in intangible assets amounted to MSEK 13 (0) 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	
	2020	2019	2020	2019
Accumulated cost of acquisition	2,519	2,492	1,441	1,436
Accumulated impairment	-2	-2	-98	-71
Carrying amount	2,517	2,490	1,343	1,365
Balance at beginning of year	2,490	2,299	1,365	1,240
Acquisitions/shareholder contributions	21	184	6	161
Divestments	-	-27	-	-
Share of income of associates	152	-34	-	-
Dividend for the year	-42	-58	-	-
Reclassifications	-4	-	-1	-
Impairment	-	-	-27	-21
Other	-	96	-	-15
Translation difference/OCI	-100	30	-	-
Carrying amount	2,517	2,490	1,343	1,365
Investments in joint ventures	669	667	373	400
Investments in associates	1,848	1,823	970	965
Total	2,517	2,490	1,343	1,365

Any impairment and reversals of impairment are recognized in the income statement under Share of income of equity accounted companies.

In 2020, Lantmännen acquired additional shares in the former associated company Åhus Stuveriintressenter AB, which was reclassified as a subsidiary.

Åhus Stuveriintressenter AB owns an associated company, Åhus Stuveri & Hamn AB. Lantmännen's share of the company amounts to 45.5 percent.

In 2020, Lantmännen acquired part of Lantbrukets Dataplattform Sverige AB.

MSEK	Share of income of joint ventures and associates		Dividends from joint ventures and associates	
	2020	2019	2020	2019
Joint Ventures				
Scandagra Group AB	25	6	-	-
Scandagra Polska Sp. z o.o.	3	0	-	-
Scandbio AB	12	9	-	-
Other	7	12	-27	-52
Associates				
HaGe Kiel AG	49	-118	-	-
Viking Malt Oy	43	48	-14	-4
Other	13	9	-1	-2
Carrying amount	152	-34	-42	-58

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	
	2020	2019	2020	2019	2020	2019
MSEK						
Balance sheet items						
Non-current assets	221	254	97	109	185	209
Current assets	1,803	2,011	350	392	436	416
<i>of which cash and cash equivalents</i>	28	17	7	17	8	10
Total assets	2,024	2,265	447	501	621	625
Non-current liabilities	670	720	3	3	13	13
<i>of which financial liabilities</i>	416	715	-	-	-	-
Current liabilities	770	988	317	366	288	319
<i>of which financial liabilities</i>	272	601	-	-	-	-
Total liabilities	1,440	1,708	320	369	301	332
Net assets, 100 %	584	557	127	132	320	293
<i>Ownership share in company, %</i>	50 %	50 %	50 %	50 %	50 %	50 %
Lantmännen's share of net assets	292	279	64	66	160	147
Goodwill on consolidation	-	-	-	-	17	17
Carrying amount in Lantmännen	292	279	64	66	177	164

Note 16 continued

	Scandagra Group AB		Scandagra Polska Sp. z o.o.		Scandbio AB	
MSEK	2020	2019	2020	2019	2020	2019
Income statement items						
Net sales	5,059	4,206	1,648	1,296	866	923
Net income for the year	50	11	5	0	24	18
of which depreciation and amortization	-29	-28	-2	-3	-26	-28
of which interest income	45	49	4	5	0	0
of which interest expenses	-29	-30	-7	-10	-3	-3
of which tax expenses/income	-10	-5	-1	0	-5	-4
Total comprehensive income	50	11	5	0	24	18
Net income for the year, 100 %	50	11	5	0	24	18
Ownership share in company, %	50 %	50 %	50 %	50 %	50 %	50 %
Lantmännen's share of net income	25	6	3	0	12	9
Carrying amount in Lantmännen	25	6	3	0	12	9

Operating income in other joint ventures was MSEK 14 (24) and Lantmännen's recognized share of income was MSEK 7 (12).

	HaGe Kiel AG		Viking Malt Oy	
MSEK	2020	2019	2020	2019
Balance sheet items				
Non-current assets	2,744	2,508	986	994
Current assets	5,961	5,839	1,016	1,098
Total assets	8,705	8,347	2,002	2,092
Non-current liabilities	890	721	473	666
Current liabilities	4,520	4,303	552	485
Total liabilities	5,410	5,024	1,025	1,151
Net assets, 100 %	3,295	3,323	977	941
Ownership share in company, %	41 %	41 %	37,5 %	37,5 %
Lantmännen's share of net assets	1,351	1,362	366	353
Goodwill on consolidation	12	12	-	-
Carrying amount in Lantmännen	1,363	1,374	366	353

	HaGe Kiel AG		Viking Malt Oy	
MSEK	2020	2019	2020	2019
Income statement items				
Net sales	22,386	21,507	2,402	2,643
Net income for the year	119	-287	115	128
Other comprehensive income	5	-1	-	-
Total comprehensive income	124	-288	115	128
Ownership share in company, %	41 %	41 %	37,5 %	37,5 %
Lantmännen's share of net income	49	-118	43	48
Lantmännen's share of OCI	2	0	-	-
Comprehensive income recognized in Lantmännen	51	-118	43	48

Operating income in other associates was MSEK 29 (18), and Lantmännen's recognized share of income was MSEK 13 (9).

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.

Note 16 continued

Parent and Group holdings of shares in associates and joint ventures

					12/31/2020	
Company name	Corporate ID no.	Domicile	Number of participations	Share of capital, %	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	292	120
Scandagra Polska Sp. z o.o.	PL 0000138255	Poland	2,686	50	64	74
Scandbio AB	556215-0606	Jönköping	30,000	50	177	179
Lantmännen Dansk Landbrugs Grovvarereselskab 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	98	
Barken Bostadsutveckling Fastighets AB	559067-6192	Stockholm	25,000	50	13	
Nacka Skarpnäs Fastigheter AB	556831-3661	Stockholm	250	50	1	
Gimmersta Agrovärme AB	559211-4309	Katrineholm	250	50	24	
<i>Associates owned by Parent Company:</i>						
Hauptgenossenschaft Nord AG (HaGe Kiel AG)	DE134852742	Germany	11,434,775	41.1	1,363	736
Viking Malt Oy	FI 0802004-9	Finland	1,381,387	37.5	366	178
Tillväxtbolaget för Sveriges Lantbrukare AB	556155-9831	Stockholm	203,250	37.5	35	36
Swevet Holding AB	556892-6108	Sjöbo	18,199,087	40.5	20	20
European Agri Trade A/S	26207177	Denmark	180	50	0	0
European Crop Protection A/S	21538388	Denmark	232	46	0	0
European Fertilizer A/S	20296372	Denmark	155	31	0	0
Piteå Spannmåls AB	556090-8187	Piteå	1,500	30	0	0
Lantbrukets Dataplattform Sverige AB	559270-6245	Stockholm	25,000	25	0	0
<i>Associates owned by other Group companies:</i>						
Aspen-Produkte Handels GmbH	HR205654	Germany		50	29	
Åhus Hamn & Stuveri AB	556436-3850	Åhus	1,366	45.5	24	
Vihervakka OY	FI 01381036	Finland	788	39.4	11	
Total					2,517	1,343

Note 17 Non-current financial assets

MSEK	2020	2019
Receivables from joint ventures/associates	25	25
Financial assets at fair value through profit or loss	14	8
Financial assets at fair value through OCI	491	574
Other non-current financial assets	8	13
Total	538	620

Financial assets at fair value through profit or loss

MSEK	2020	2019
Balance at beginning of year	8	-
Investments	6	-
Reclassifications	-	8
Carrying amount	14	8

Financial assets at fair value through other comprehensive income

MSEK	2020	2019
Balance at beginning of year	574	363
Investments	18	75
Fair value remeasurement for the year	-98	121
Reclassifications	-3	15
Carrying amount	491	574

Financial assets at fair value through other comprehensive income, fair value

MSEK	2020	2019
Copenhagen Malmö Port	13	13
HKScan Oyj	148	217
LRF	63	63
Norlic	22	22
Scandi Standard AB	227	246
Taurus	2	2
Other	16	11
Carrying amount	491	574

Note 18 Other non-current assets

MSEK	2020	2019
Non-current derivative instruments, operating	20	8
Other non-current operating assets	146	129
Total	166	137

Other long-term operating assets mainly relate to receivables from Lantmännen's Grodden joint pension fund.

Note 19 Inventories

MSEK	2020	2019
Raw materials and consumables	853	900
Products in progress	596	502
Finished goods	1,864	1,998
Merchandise	2,624	3,067
Advances to suppliers	140	94
Total	6,077	6,561

MSEK 125 (87) of inventories for the year were measured at net realizable value. The total cost of goods sold during the year was MSEK 34,194 (36,557).

Note 20 Trade and other receivables

MSEK	2020	2019
Trade receivables	4,076	4,491
Trade receivables, joint ventures/associates	73	19
Trade receivables, finance service	561	638
Contract assets from contracts with customers:	31	40
Derivative instruments	203	235
Other operating receivables from joint ventures/associates	0	0
Other current receivables	570	611
Prepayments and accrued income	453	454
Total	5,967	6,488
Age analysis of trade receivables		
MSEK	2020	2019
Receivables, not yet due	4,335	4,551
Receivables, past due		
≤ 30 days	308	494
31-60 days	56	65
61-90 days	16	23
> 90 days	89	116
Total	4,804	5,249
Allowance for expected credit losses	-94	-101
Total	4,710	5,148

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	2020	2019
Provision at beginning of year	-101	-129
New provision for anticipated losses	-27	-15
Utilization of allowance for established losses	6	8
Reversal of unrealized loss	24	37
Exchange differences	4	-2
Provision at end of year	-94	-101

The total cost of doubtful debts for 2020 was MSEK 5. In 2019, the cost was also positive and amounted to MSEK 22.

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	2020	2019
Prepaid rent	54	51
Prepaid insurance	36	37
Accrued bonuses and discounts	25	23
Other prepayments	201	182
Other accrued income	137	161
Total	453	454

Note 21 Current interest-bearing assets and cash and cash equivalents

Current interest-bearing assets MSEK	2020	2019
Receivables from joint ventures/associates	2	2
Interest-bearing receivables	16	28
Other short-term investments	31	-
Derivative instruments	120	87
Other current financial assets	4	6
Total	173	123
Cash and cash equivalents		
MSEK	2020	2019
Cash and bank balances	1,320	1,014
Short-term investments < 3 months	95	169
Total	1,415	1,183

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, 2019	2,664	3,110	46	21	375	9,834	16,050	92	16,142
Net income for the period after tax	-	-	-	-	-	1,545	1,545	6	1,551
Actuarial gains and losses on pension plans	-	-	-	-	-	-298	-298	-	-298
Financial assets at fair value through OCI									
- remeasurement for the year	-	-	-	121	-	-	121	-	121
Cash flow hedges									
- remeasurement for the year	-	-	-22	-	-	-	-22	-	-22
- transferred to income statement	-	-	-38	-	-	-	-38	-	-38
Exchange differences on translation of foreign operations	-	-	-	-	347	-	347	-	347
Net gain on hedge of net investment in foreign operations									
- net income for the year	-	-	-	-	-31	-	-31	-	-31
- transferred to income statement	-	-	-	-	-	-	0	-	0
Tax relating to components of other comprehensive income	-	-	2	-9	7	62	62	-	62
Other comprehensive income for the period, net of tax	0	0	-58	112	323	-236	141	0	141
Total comprehensive income	0	0	-58	112	323	1,309	1,686	6	1,692
Dividend paid ¹⁾	-	-	-	-	-	-213	-213	-4	-217
Refund and supplementary payment	-	-	-	-	-	-157	-157	-	-157
Contributed capital paid in by members	114	-	-	-	-	-	114	-	114
Contributed capital paid out to members	-69	-	-	-	-	-	-69	-	-69
Appropriation of profit	250	0	-	-	-	-250	0	-	0
Total equity, December 31, 2019	2,959	3,110	-12	133	698	10,523	17,411	94	17,505
2020									
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 ²⁾	-	-	-11	-	-	-	-11	-	-11
Exchange differences on translation of foreign operations	-	-	-	-	-899	-	-899	-	-899
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 ¹⁾	-	-	-	-	-	-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	0	-	-	-	-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

¹⁾ Refers to contribution dividend concerning parent association members.

²⁾ The entire amount transferred to the income statement has been recognized in operating income.

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	2020	2019
Non-current liabilities to credit institutions	24	2,964	3,048
Subordinated debentures		250	-
Financial liabilities, leases	29	1,767	2,101
Other non-current interest-bearing liabilities		42	71
Derivative instruments		9	41
Liabilities to joint ventures/associates		2	2
Total		5,034	5,263

Current interest-bearing liabilities			
MSEK	Note	2020	2019
Current liabilities to credit institutions	24	9	793
Liabilities to members, savings		1,621	1,651
Deposits with Lantmännen Finans AB from the public		1,786	1,632
Issued securities ¹⁾		-	1,249
Financial liabilities, leases	29	411	411
Other current interest-bearing liabilities		108	7
Derivative instruments		21	143
Total		3,956	5,886
Interest-bearing liabilities, total		8,990	11,149

¹⁾ Recognized at amortized cost.

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	2020	2019
Balance at beginning of year	11,149	9,495
Effect of introduction of new accounting policy for leases (IFRS 16) January 1	-	2,593
Cash flow	-2,061	-1,035
Fair value changes	-72	120
Other	-26	-24
Carrying amount	8,990	11,149

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 +/- 109 (+/- 127) 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		Operating income effect MSEK	
Risk	Change	2020	2019
EUR/SEK	-10 %	-72	-67
RUB/SEK	-10 %	-15	-17
NOK/SEK	-10 %	-5	-15
GBP/SEK	-10 %	-5	-9
USD/SEK	-10 %	16	-7
Other	-10 %	-28	-12
Total		-109	-127

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				
	2021	2022	2023	2024
AUD	-65	-	-	-
CHF	44	20	-	-
DKK	179	-	-	-
EUR	-2,318	-	-	-
GBP	-111	-	-	-
NOK	-312	-	-	-
PLN	78	-	-	-
RUB	-11	-	-	-
USD	180	-	-	-
Total	-2,336	20	-	-

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, 2020 was 2 (2) months.

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 1,108 (1,154), not taking into account the equity hedge. If the equity hedge is taken into account, equity would increase by MSEK 909 (948), 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	2021	2022	2023	2024
Hedged share of forecast annual need	82 %	41 %	20 %	10 %

Electricity price hedging for UK

Maturity year	2021	2022	2023	2024
Hedged share of forecast annual need	90 %	60 %	40 %	20 %

The Group companies' total electricity consumption in 2020 was 595 (619) GWh. The share for the operations in Sweden, Denmark, Finland and Norway was 459 (469) GWh and the UK 23 (29) GWh. A +/-10 percent movement in the price of electricity would affect the valuation of the energy hedges by MSEK +/-21. The Group companies' natural gas consumption in 2020 was 266 (271) GWh. The share for the operations in Sweden, Finland and Denmark was 121 (102) GWh and the UK 20 (24) GWh. A +/-10 percent change in the price of gas would affect the valuation of the gas hedges by MSEK +/-7.2.

Note 24 continued

Price hedges via ethanol and gasoline contracts

Ethanol price hedges for Agroetanol in the Energy Sector were entered into regularly throughout 2020 in order to mitigate earnings fluctuations attributable to daily market price changes. The hedge ratio at December 31, 2020 was 16 percent. A +/-10 percent change in the price of ethanol would affect the valuation of the gasoline hedges by MSEK 18.8. Eurobob gasoline price hedges for Aspen in the Energy Sector were entered into regularly throughout 2020 in order to mitigate earnings fluctuations attributable to daily market price changes. Eurobob is priced in USD. The hedge ratio at December 31, 2020 was 65 percent. A +/-10 percent movement in the price of gasoline would affect the valuation of the gasoline hedges by MSEK 4.4.

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 0.94%, excluding transaction fees. The Group's interest-bearing liabilities at December 31, 2020, including interest rate swaps, had a weighted average fixed-rate period of 27.4 (23.1) 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 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 assets/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				
	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 and sales of ethanol	Ethanol price risk	Ethanol futures	Cash flow hedging	N/A	Other non-current liabilities/Trade and other liabilities			
	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 Remaining maturity		Assets				Liabilities		Changes in value for the year	Accumulated value change
				Nominal amount	Carrying amount		Carrying amount				
		<1 year	>1 year		12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020		
Cash flow hedges ¹⁾											
Interest-related contracts											
Interest rate swaps	1.79 %		533	533	2,078		1	11	14	2	-11
Currency-related contracts											
Forward exchange contracts and currency swaps											
EUR	10.34	2,565	-	2,565	2,380	76	109	17	50	59	59
Other currencies	-	-164	-	-164	-47	2	4	11	7	-9	-9
Commodity-related contracts											
Wheat futures	SEK 2,023/tonne	-1,264	-	-1,264	-840	37	42	82	59	-45	-45
Electricity futures	SEK 278/MWh	108	99	207	193	47	28	63	33	-13	-16
Rape futures	SEK 4,003/tonne	-86	-	-86	-71	5	7	8	15	-3	-3
Soy futures	SEK 3,296/tonne	-25	-	-25	-43	3	2	16	1	-13	-13
Eurobob futures	SEK 3,076/tonne	35	-	35	77	9	7	-	-	9	9
Ethanol futures	SEK 5,702/m³	-205	-	-205	-303	22	4	4	30	18	18
Total hedging instruments		964	632	1,596	3,424	201	204	212	209	5	-11
Derivatives without hedge accounting											
Interest-related contracts		-	100	100	300	-	-	3	4		
Currency-related contracts		2,768	-20	2,748	3,079	135	117	49	213		
Commodity-related contracts		28	39	67	67	6	9	1	24		
Total derivative instruments without hedge accounting		2,796	119	2,915	3,446	141	126	53	241		
Total derivative instruments		3,760	751	4,511	6,870	342	330	265	450		
Hedging of net investments in foreign operations											
Currency-related contracts											
Hedging instruments - Loans			-1,424	-1,424	-1,862	-	-	1,424	1,834	-28	-11
Hedging instruments - Derivatives			-	-	-198	-	-	-	9	9	-
Hedged item – net investments in foreign operations		-	1,833	1,833	2,060	1,833	1,843	-	-	-19	11

¹⁾ Hedge accounting is only applied when all specified qualifying criteria for hedging instruments and hedged items are fully met. As a result, none of the 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 3.79 (5.9) 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, 2020, liquidity reserve amounted to MSEK 7,790 (6,717) and net debt/EBITDA according to the bank syndicate's definition was 1.60 (2.25), below the maximum of 3.75 under the agreement.

Maturity structure of interest-bearing financial liabilities ¹⁾

MSEK	Group		Parent Company	
	2020	2019	2020	2019
2020	-	2,118	-	2,092
2021	59	55	37	29
2022	461	472	439	446
2023	770	759	552	530
2024	569	2,094	561	1,749
2025-	1,356	-	1,033	-
Total	3,215	5,498	2,622	4,846

¹⁾ Including future interest payments.

Maturity structure of lease liabilities

MSEK, Group	2020	2019
2020	-	450
2021	440	388
2022	351	296
2023	259	225
2024	214	1,394
2025-	964	-
Total	2,228	2,753

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. At December 31, 2020, Lantmännen had no outstanding bond 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 12/31/2020, 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	2021	2022-2023	2024-2025	2026-
EUR	402	-	402	-	-
DKK	1,202	31	78	129	964
SEK	1,049	16	532	501	-
Total	2,653	47	1,012	630	964
Of which interest	147	27	53	19	48
Total excl.interest	2,506	20	959	611	916

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	
	2020	2019
AUD	298	300
DKK	685	661
EUR	1,919	2,470
GBP	-344	-
PLN	-73	626
RON	80	98
RUB	42	388
SEK	-2,683	-4,610
USD	29	-
Total	-47	-67

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 1,621 (1,651). Deposits into the capital account amounted to MSEK 1,786 (1,632) of which MSEK 1,786 (1,632) 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 1,767 (2,101).

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

Maturity structure of derivative instruments, nominal amounts, 12/31/2019

MSEK	2020	2021	2022	2023-	Fair value
Currency derivatives	5,105	307	-	-	-40
Interest rate derivatives	1,733	-	100	545	-17
Energy derivatives	98	55	25	15	-5
Commodity derivatives	-843	11	-	-	-31
Ethanol derivatives	-281	-	-	-	-27
Total	5,812	373	125	560	-120

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, 2020, 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 67 (62). However, the consolidated balance sheet is only affected by the expected loss, which is MSEK 3.1. 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, 12/31/2020

Assets, MSEK	Level 1	Level 2	Level 3	Total
Derivatives with positive fair value ¹⁾	222	120	-	342
Other financial assets measured at fair value ²⁾	377	-	128	505
Total assets	599	120	128	847
Liabilities, MSEK				
Derivatives with negative fair value ³⁾	235	30	-	265
Total liabilities	235	30	-	265

¹⁾ Included in Other non-current assets, Trade and other receivables and Current interest-bearing assets

²⁾ Included in Shares and interests

³⁾ Included in Non-current interest-bearing liabilities, Other non-current liabilities, Current interest-bearing liabilities and Trade and other payables

Financial assets and liabilities measured at fair value in the statement of financial position, 12/31/2019

Assets, MSEK	Level 1	Level 2	Level 3	Total
Derivatives with positive fair value ¹⁾	243	87	-	330
Other financial assets measured at fair value ²⁾	465	-	117	582
Total assets	708	87	117	912
Liabilities, MSEK				
Derivatives with negative fair value ³⁾	266	184	-	450
Total liabilities	266	184	-	450

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, 12/31/2020

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

Note 24 continued

Financial assets and liabilities by measurement category, 12/31/2019

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	8	-	574	-	-	582	582
Other financial assets	-	38	-	-	-	38	38
Other non-current assets	-	129	-	8	-	137	137
Trade and other receivables	-	5,799	-	226	9	6,034	6,034
Current interest-bearing assets	-	36	-	87	-	123	123
Cash and cash equivalents	168	1,014	-	-	-	1,182	1,183
Total assets	176	7,016	574	321	9	8,096	8,097
LIABILITIES							
Non-current interest-bearing liabilities	-	5,222	-	41	-	5,263	5,429
Other non-current liabilities	-	-	-	11	3	14	14
Current interest-bearing liabilities	-	5,743	-	-	143	5,886	5,929
Trade and other payables	-	7,713	-	252	-	7,965	7,965
Total liabilities	-	18,678	-	304	146	19,128	19,337

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				
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

Offsetting of financial assets and liabilities, 12/31/2019

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⁾	330	-	167	163
Total	330	-	167	163
LIABILITIES				
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⁾	450	-	167	283
Total	450	-	167	283

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		
MSEK	2020	2019
<i>Funded plans:</i>		
Defined benefit obligations under Swedish PRI Pensionsgaranti plans	2,887	2,883
Other defined benefit obligations	81	85
Fair value of plan assets	-2,125	-2,083
Total net value of funded plans	843	885
Funded plans recognized as a provision	843	885
<i>Unfunded plans:</i>		
Other unfunded obligations	54	57
Total unfunded plans	54	57
Provisions for pensions, net	897	942

Pension plans by country	2020			2019		
	Obligations	Plan assets	Pension liability	Obligations	Plan assets	Pension liability
MSEK						
Sweden	2,889	-2,058	831	2,885	-2,007	878
Norway	81	-67	14	85	-76	9
Germany	39	-	39	42	-	42
Other countries	13	-	13	13	-	13
Total	3,022	-2,125	897	3,025	-2,083	942

Pension cost in the income statement		
MSEK	2020	2019
<i>Defined benefit plans</i>		
Cost of pensions accrued during the year	48	37
Interest expense, interest income, net	15	14
Cost of defined benefit plans	63	51
Cost of defined contribution plans	349	376
Total pension cost in the income statement	412	427
<i>The cost is recognized on the following lines in the income statement</i>		
Employee benefits expense	397	413
Finance costs	15	14
Total cost relating to pensions	412	427

Pension-related remeasurements in OCI		
MSEK	2020	2019
<i>Defined benefit plans</i>		
Return on plan assets in excess of what is recognized as interest income in the income statement	105	141
Experience-based adjustment of obligation	1	-43
Effects of changes in financial assumptions	-19	-396
Total actuarial gains (+) and losses (-)	87	-298
Tax on above items	-18	62
Total recognized in OCI	69	-236

Note 25 continued

The following summary explains how obligations, assets and the net amount changed during the year:

MSEK	2020			2019		
	Defined benefit obligations	Plan assets	Net	Defined benefit obligations	Plan assets	Net
Opening balance	3,025	2,083	942	2,594	1,983	611
Service cost during the year	48	-	48	37	-	37
Interest recognized in income statement	52	37	15	64	50	14
Payment of pension benefits	-110	-4	-106	-112	-6	-106
Compensation paid to employer ¹⁾	-	-94	94	-	-93	93
Payment of contributions by employer ¹⁾	-	6	-6	-	6	-6
Return on plan assets in excess of recognized interest	-	105	-105	-	141	-141
Remeasurement of pension obligations recognized in OCI	18	-	18	439	-	439
Effects of acquired/divested operations	-	-	-	1	-	1
Translation differences	-11	-8	-3	2	2	0
Closing balance, pension liability	3,022	2,125	897	3,025	2,083	942
<i>Of which funded plans</i>	-	-	843	-	-	885
<i>Of which unfunded plans</i>	-	-	54	-	-	57

¹⁾ compensation from the Swedish pension fund consists of MSEK 94 (93) to 3 (3) companies in 2020.

One Swedish company made a payment of MSEK 2 (0) into the pension fund in 2020. MSEK 4 (6) was paid into Norwegian plans.

Specification of plan assets

	2020 MSEK	2019 MSEK	2020 %	2019 %
Property	899	819	42 %	39 %
Fixed-interest investments	394	566	19 %	27 %
Equity investments	607	457	29 %	22 %
Alternative investments	196	119	9 %	6 %
Cash and cash equivalents	29	122	1 %	6 %
Total	2,125	2,083	100 %	100 %

Equity investments include subordinated debentures of MSEK 51 (0) in Lantmännen ek för. Other holdings under equity investments are mainly related to listed shares.

Actuarial assumptions ²⁾	2020	2019
Discount rate	1.50 %	1.75 %
Future salary increases	2.75 %	2.75 %
Inflation	1.75 %	2.0 %
Life expectancy assumptions, Sweden	DUS14	DUS14
Duration	18 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 121, while a 0.25 percent increase in the rate would reduce it by MSEK 114. 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 the same amount in the case of a shorter life expectancy.

A 0.25 percent change in inflation would reduce the obligation by MSEK 101 in the case of a fall in inflation and would increase it by MSEK 107 in the case of a rise. A 0.25 percent change in salary growth assumptions would increase the obligation by MSEK 27 in the case of a higher assumption and would reduce it by MSEK 26 in the case of a lower assumption.

The Swedish pension fund's return was about 7 (11) percent in 2020, and a 1 percentage point change in the return would increase or decrease the value of the plan assets by about MSEK 22 (22).

The Swedish funded plans include active members, 14 (14) percent, paid-up policyholders, 35 (36) percent, and retired persons, 51 (50) percent. Expected payments of pensions under defined benefit pension plans in 2021 are MSEK 106 (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 349 (375) for defined contribution plans, MSEK 23 (25) 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 148 (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 2020	Total 2019
Opening balance	113	107	91	690	1,001	886
Provisions during the period	27	36	18	69	150	242
Amounts utilized during the period	-19	0	-43	-27	-89	-108
Reversals during the period	-5	-	0	-6	-11	-18
Reclassifications	-	-	-	-1	-1	-2
Translation differences	-1	0	-3	-2	-6	1
Carrying amount at end of period	115	143	63	723	1,044	1,001
Of which current provisions	107	38	52	583	780	750
Of which non-current provisions	8	105	11	140	264	251

MSEK 219 of the non-current provisions is expected to be used in 2023 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 2021.

The heading Other includes the provision reported in previous years in the Energy Sector in connection with the EU Commission's investigation of Lantmännen Agroetanol and two other ethanol producers. In 2019, the provision

was adjusted up by MSEK 60 due to a weaker Swedish krona, resulting in a total provision of MSEK 500 at the end of 2020.

Estimated costs of MSEK 63 (63) for decommissioning of silo facilities are reported under Other.

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	2020	2019
Non-current derivative instruments, operating	26	14
Other non-current operating liabilities	1	0
Total	27	14

Note 28 Trade and other payables

MSEK	2020	2019
Trade payables	5,660	5,777
Trade payables, joint ventures/associates	5	17
Contract liabilities from contracts with customers:	963	1,139
Other operating liabilities, associates	0	8
Other current liabilities	819	772
Derivative instruments	209	252
Accruals and deferred income	1,719	1,749
Total	9,375	9,714

Accruals and deferred income

MSEK	2020	2019
Accrued personnel-related costs	815	817
Other accruals	793	755
Deferred income	111	177
Total	1,719	1,749

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	2020	2019
Depreciation of right-of-use assets	489	502
Interest expenses, lease liabilities	53	58
Costs attributable to short-term leases	15	18
Costs attributable to low-value leases	59	47
Costs attributable to variable lease payments not included in the lease liability measurement	80	97
Revenue from subleasing of right-of-use assets	98	143

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.

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. On transition to IFRS 16 on January 1, 2019, Lantmännen's incremental borrowing

Note 29 continued

rate was used for all leases, in accordance with the guidelines in IFRS 16. The average discount rate at the time was 2.0 percent.

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 657 (674), of which MSEK 15 (18) was attributable to costs of leases with terms of 12 months or less and MSEK 59 (47) 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.

Reconciliation and disclosure of operating leases under IAS 17 and lease liabilities recognized under IFRS 16, 2019

MSEK	2019
Commitments under operating leases, December 31, 2018	2,341
Short term and low-value leases	-93
Effects of new assessment of extension and termination options etc.	616
Discounting effect	-271
Effect of IFRS 16 introduction on lease liabilities, January 1, 2019	2,593
Financial lease liabilities, December 31, 2018	120
Lease liabilities recognized, January 1, 2019	2,713

In the transition to IFRS 16, the Group has used the practical expedient to exclude initial direct costs in the measurement of the right-of-use asset on initial application.

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 sublease 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	2020	2019
Within one year	250	209
Between one and five years	383	389
After five years	91	111
Total	724	709

The total minimum lease payments are distributed as follows: premises MSEK 473 (469) and machinery MSEK 251 (240).

Lease revenue amounted to MSEK 690 (653), of which MSEK 26 (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. Similarly, 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	2020	2019
Intra-group purchases, share of total purchases, %	11	11
Intra-group sales, share of total sales, %	9	8
Purchases of goods and services from joint ventures and associates, MSEK	543	773
Sales of goods and services to joint ventures and associates, MSEK	408	453
Transfer of capital to Lantmännens Gemensamma Pensionsstiftelse Grodden (pension fund), MSEK	2	-
Transfer of capital from pension fund to Lantmännen, credited, MSEK	94	93
Rent paid to pension fund, MSEK	72	71
Sales of goods and services to pension fund, MSEK	60	54
Divestment of property to pension fund, MSEK	-	95

Note 32 Government grants

MSEK	2020	2019
Grants recognized as revenue	24	18
Grants that reduced expenses	85	32
Total	109	50
Grants during the year that reduced the value of non-current assets	-	2

The increase is mainly due to grants received as a result of the coronavirus pandemic, mainly within Lantmännen Unibake and its countries outside Sweden.

Note 33 Acquisitions and divestments

Acquisitions 2020

The following acquisitions of subsidiaries were made in 2020.

		2020									
Company	Operations	Acquisition date	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.

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.

Acquisitions 2019

The following acquisitions of subsidiaries were made in 2019.

		2019									
Company	Operations	Acquisition date	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
Bakery Du Jour Pty Ltd	Bakery	Jan 19	461	4	243	232	25	200	90	100 %	100 %
Acquisition of oat business	Oats	Mar 19	31	2	-	-	115	50	35	-	-

Lantmännen acquired the Australian pastry manufacturer Bakery du Jour (renamed Lantmännen Unibake Australia), based in Melbourne, Australia. The company is a leading manufacturer of frozen croissants and Danish pastries for the retail and food service sectors, with sales under both its own and customers' brands.

Lantmännen acquired the UK company Tate & Lyle's oat business in Kimstad. The acquisition included production of mainly beta glucan and oat proteins, non-current assets, personnel and their associated personnel liabilities, and supplier and customer contracts. The fair value of assets and liabilities, apart from the mechanical equipment, was estimated as corresponding to the purchase price. The mechanical assets were valued, partly through access to the seller's fixed asset register, which specifies costs of acquisition and acquisition

dates, and partly using Lantmännen's experience and knowledge of corresponding equipment. The fair value was MSEK 115, i.e., MSEK 80 higher than the purchase price for these assets. The result of the adjustment was recognized in the income statement as follows: MSEK 80 in Other operating income and MSEK -17 in Tax, i.e., MSEK 63 net.

Divestments 2020

Only minor divestments of subsidiaries took place during 2020.

Divestments 2019

Only minor divestments of subsidiaries took place during 2019.

Note 34 Pledged assets and contingent liabilities

Pledged assets

MSEK	For own financial liabilities	Other commitments	Total pledged assets	
			2020	2019
Real estate mortgages	1,486	-	1,486	1,440
Bank accounts	-	77	77	88
Other	-	32	32	26
Total	1,486	109	1,595	1,554

Real estate mortgages have been provided for the liabilities of the Parent Company in the amount of MSEK 1,486 (1,440), of which MSEK 1,042 (983) relates to properties owned by subsidiaries.

Contingent liabilities

MSEK	2020	2019
Guarantees for joint ventures	623	556
Other contingent liabilities	228	81
Total	851	637

Note 35 Notes to the statement of cash flows

MSEK	2020	2019
1) Interest paid and dividends received		
Dividends received	0	7
Interest received	107	101
Interest paid	-297	-278
Realized exchange gains/losses	34	-19
Other financial payments	-21	-21
Total	-177	-210
2) Acquisition of operations		
<i>Assets and liabilities acquired</i>		
Property, plant and equipment	42	60
Intangible assets, including goodwill	-	475
Inventories	3	13
Trade receivables	2	13
Other current and non-current assets	1	2
Cash and cash equivalents	2	6
	50	569
Trade payables	-	8
Operating liabilities	-	65
	0	73
Net assets acquired	50	496
Purchased interests in associates*	6	179
Purchase consideration paid	56	675
Cash and cash equivalents in acquired operations	-2	-6
Effect on cash and cash equivalents	54	669

Further information on acquired operations can be found in ➔ note 33.

* Including shareholder contributions

MSEK	2020	2019
3) Divestment of operations		
Other current and non-current assets	-	33
	-	33
Capital gains/losses	-	7
	-	7
Consideration received	-	26
Repayment of loans in divested companies	-	170
Effect on cash and cash equivalents	-	196
Further information on divested operations can be found in ➔ note 33.		
4) Change in interest-bearing liabilities and pensions		
Change in interest-bearing liabilities, net	-2,061	-1,035
Change of pensions	-18	-19
Total	-2,079	-1,054
5) Cash and cash equivalents		
Cash and bank balances	1,320	1,015
Short-term investments, maturity less than 3 months	95	168
Total	1,415	1,183

The Group's total liquidity reserve, defined as cash, bank deposits and credit available under the provisions of applicable loan agreements, was MSEK 7,790 (6,716) at the end of the year.

Notes to the Parent Company's financial statements

Note 36 Breakdown of revenue

MSEK	2020	2019
Net sales		
Sales of goods	12,972	13,085
Service contracts	489	415
License revenue, seed and forages	64	63
Leasing activities	58	64
Other	7	-
Total	13,590	13,627
Other operating income		
Services	144	157
Capital gains	1	1
Government grants	2	1
Other license revenue	70	76
Other	46	17
Total	263	252

Services and Other license revenue are primarily revenue from Group companies. Customers outside Sweden accounted for approximately 20 (21) percent of the Parent Company's total net sales.

Note 37 Fees and reimbursement of expenses to auditors

MSEK	2020	2019
<i>Ernst & Young</i>		
Annual audit	4	5
Tax consultancy services	1	2
Other services	1	1
Total	6	8
<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.

	2020	2019
Intra-group purchases, share of total purchases, %	3	4
Intra-group sales, share of total sales, %	22	23
Purchases of goods and services from joint ventures/associates, MSEK	488	764
Sales of goods and services to joint ventures/associates, MSEK	213	292
Receipts from Grodden pension fund, MSEK	65	65

Leases

Operating expenses include operating lease costs of MSEK 83 (74). Future obligations under non-cancelable operating leases are reported below.

Note 38 continued

Minimum lease payments due MSEK	2020	2019
Within one year	50	47
Between one and five years	115	123
After five years	122	142
Total	287	312

Note 39 Income from investments in Group companies and joint ventures/associates

Income from investments in Group companies MSEK	2020	2019
Dividend	152	641
Capital gain on disposal of shares	99	7
Impairment	-	-623
Total	251	25

Dividends were received from Lantmännen Cerealia Norge AS and others. The capital gain is attributable to the closure of the machinery operations in Norway.

The previous year's income includes dividends from Dirual AG, Doofmas & Co AB and Lantmännen Cerealia Norge AS and impairment of the holding in Doofmas & Co AB, Lantmännen Cerealia Oy and Lantmännen Maskin Sydost AB.

Income from investments in joint ventures/associates MSEK	2020	2019
Dividend	41	56
Impairment	-27	-20
Total	14	36

Dividends were received from Lantmännen Dansk Landbrugs Grovvarerelskab International AB and Viking Malt Oy. Impairment of shares during the year is related to the holding in Lantmännen Dansk Landbrugs Grovvarerelskab International AB.

The previous year's figure includes dividends from Lantmännen Dansk Landbrugs Grovvarerelskab International AB and Viking Malt Oy and impairment of the holding in Lantmännen Dansk Landbrugs Grovvarerelskab International AB.

Note 40 Income from other securities and receivables classified as non-current assets

MSEK	2020	2019
Dividend	0	1
Total	0	1

Note 41 Exchange differences affecting income

MSEK	2020	2019
Exchange differences affecting operating income	94	-70
<i>Exchange differences in financial items</i>		
Exchange differences in financial items, external	-1,141	-791
Exchange differences in financial items, internal	1,187	729
Total	46	-62

Note 42 Taxes

Tax on income for the year

MSEK	2020	2019
Current tax expense (-)/tax income (+)		
Tax expense/income for the period	-5	-2
Foreign tax	-2	-
Total current tax	-7	-2
Deferred tax expense (-)/tax income (+)		
Deferred tax arising from changes in temporary differences	-1	46
Deferred tax expense from utilization of previously capitalized loss carryforwards	-16	-101
Other deferred taxes	-2	12
Total deferred tax	-19	-43
Total recognized tax expense	-26	-45

Reconciliation of effective tax	2020		2019	
	Percent	MSEK	Percent	MSEK
Income before tax		987		836
Anticipated tax according to enacted Swedish tax rate	21.4 %	-211	21.4 %	-179
Non-deductible expenses	0 %	-1	0 %	-1
Impairment of shares	1 %	-6	16 %	-138
Tax-exempt capital gains/losses	-2 %	21	0 %	2
Tax-exempt dividend	-4 %	41	-18 %	149
Tax attributable to prior years	0 %	-2	-1 %	12
Effect of special tax rules for economic associations	-11 %	113	-10 %	81
Effect of negative net interest income taken over from Group companies	-2 %	19	-3 %	28
Other	0 %	-	0 %	1
Recognized effective tax	3 %	-26	5 %	-45

Tax items recognized through other comprehensive income

MSEK	2020	2019
Deferred tax		
Cash flow hedges	3	2
Total tax effects in other comprehensive income	3	2

Deferred tax asset/tax liability

MSEK	2020			2019		
	Deferred tax asset	Deferred tax liability	Net	Deferred tax asset	Deferred tax liability	Net
Land and buildings	-	4	-4	-	3	-3
Other provisions	22	-	22	20	-	20
Loss carryforwards	-	-	0	21	-	21
Other	5	1	4	1	1	0
Total	27	5	22	42	4	38
Offsetting of assets/liabilities	-5	-5	0	-4	-4	0
Total, net deferred tax asset	22	0	22	38	0	38

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	2020				2019			
	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	-3	-1	-	-4	-3	-	-	-3
Other provisions	20	2	-	22	18	2	-	20
Loss carryforwards	21	-19	-2	0	64	-45	2	21
Other	0	-1	5	4	0	0	-	0
Total	38	-19	3	22	79	-43	2	38

Loss carryforwards

Loss carryforwards amounted to MSEK 0 (96) at the end of the year. The loss carryforward for 2019 was taken into account in the computation of deferred tax assets.

Note 43 Intangible assets

MSEK	Patents, licenses and trademarks		Capitalized development expenses		Total intangible assets	
	2020	2019	2020	2019	2020	2019
Accumulated cost of acquisition	300	300	520	474	820	774
Accumulated amortization	-75	-60	-260	-212	-335	-272
Accumulated impairment	-	-	-50	-48	-50	-48
Carrying amount	225	240	210	214	435	454
Balance at beginning of year	240	305	214	172	454	477
Investments	-	-	47	88	47	88
Sales and disposals	-	-45	-	-	-	-45
Regular amortization for the year	-15	-20	-48	-43	-63	-63
Impairment for the year	-	-	-2	-4	-2	-4
Reclassifications	-	-	-1	1	-1	1
Carrying amount	225	240	210	214	435	454

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	
	2020	2019	2020	2019	2020	2019
Accumulated cost of acquisition	194	157	846	826	1,040	983
Accumulated depreciation	-62	-59	-629	-619	-691	-678
Accumulated impairment	-	-	-25	-25	-25	-25
Carrying amount	132	98	192	182	324	280
Balance at beginning of year	98	79	182	184	280	263
Sales and disposals	-	-2	-	-	0	-2
Regular depreciation for the year	-3	-2	-12	-11	-15	-13
Reclassifications	37	23	22	9	59	32
Carrying amount	132	98	192	182	324	280

¹⁾ Including land improvements.

MSEK	Plant and machinery		Other non-current assets				Total other non-current assets	
	2020	2019	Equipment, tools, fixtures & fittings		Construction in progress		2020	2019
Accumulated cost of acquisition	3,216	3,079	498	498	120	158	618	656
Accumulated depreciation	-2,642	-2,612	-422	-438	-	-	-422	-438
Accumulated impairment	-134	-134	-19	-19	-	-	-19	-19
Carrying amount	440	333	57	41	120	158	177	199
Balance at beginning of year	333	312	41	46	158	114	199	160
Investments	-	-	-	-	231	185	231	185
Regular depreciation for the year	-72	-82	-10	-9	-	-	-10	-9
Reclassifications	179	103	26	4	-269	-141	-243	-137
Carrying amount	440	333	57	41	120	158	177	199

Note 45 Investment property

	Land ¹⁾		Buildings		Total investment property	
MSEK	2020	2019	2020	2019	2020	2019
Accumulated cost of acquisition	9	7	30	24	39	31
Accumulated depreciation	-3	-3	-16	-14	-19	-17
Carrying amount	6	4	14	10	20	14
Balance at beginning of year	4	4	10	10	14	14
Reclassifications	2	-	4	-	6	-
Carrying amount	6	4	14	10	20	14

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	2020	2019
Fair value at beginning of year	47	45
Investments in properties	4	-
Fair value changes	5	2
Reclassifications	7	-
Fair value at end of year	63	47

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	2020	2019
Rental income	6	5
Direct costs, including costs for repair and maintenance		
- Properties that generate rents	-4	-3
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 25.

Note 46 Investments in Group companies

MSEK	2020	2019
Accumulated cost of acquisition	13,247	12,581
Accumulated write-ups	200	200
Accumulated impairment	-1,769	-1,769
Carrying amount	11,678	11,012
Balance at beginning of period	11,012	9,808
Acquisitions/shareholder contributions	693	1,827
Impairment for the year	-	-623
Divestments	-27	-
Carrying amount	11,678	11,012

Acquisitions/shareholder contributions include shareholder contributions of MSEK 687, distributed as follows: MSEK 350 to Lantmännen Cerealia AB, MSEK 37 to Lantmännen Finans AB and MSEK 300 to Lantmännen Maskin AB.

Divestments refer to the closure of the Norwegian machinery operations.

Impairment for the previous year was distributed as follows: Lantmännen Cerealia Oy, MSEK 360, Lantmännen Maskin Sydost AB, MSEK 25, and Doofmas & Co AB, MSEK 238. Impairment is recognized in the income statement under Income from investments in Group companies.

Note 46 continued

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

This overview comprises directly-held subsidiaries, as well as indirectly-held companies with revenues exceeding MSEK 200.

Company name <i>Shares and interests in Swedish subsidiaries</i>	Corporate ID no.	Domicile	Number of participations	Share, %	2020
					Carrying amount, MSEK
Lantmännen Agroetanol AB	556028-0611	Norrköping	50,000	100.0	634
Lantmännen Agrovärme AB	556229-5666	Enköping	10,000	100.0	2
Lantmännen Animalieinvest AB	556951-0687	Stockholm	160,529	100.0	166
Lantmännen Aspen AB	556329-9519	Gothenburg	3,850	100.0	180
Lantmännen BioAgri AB	556056-1283	Enköping	20,000	100.0	8
Lantmännen Bränsleteknik AB	556301-2771	Örebro	50,000	100.0	31
Lantmännen Cerealia AB	556017-2222	Malmö	200,000	100.0	1,012
Lantmännen Cerealia A/S	69 120 717	Vejle	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	16
Lantmännen Invest AB	556003-3192	Stockholm	440,000	100.0	61
Lantmännen Kraft AB	556156-4039	Malmö	5,000	100.0	1
Lantmännen Maskin AB	556005-7639	Malmö	10,000	100.0	310
Lantmännen Maskin Sydost AB	556067-3443	Malmö	1,000	100.0	0
Lantmännen Medical AB	556530-9720	Stockholm	100	100.0	39
Lantmännen Reppe AB	556000-1538	Växjö	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 42082982483	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 27086HB	Bremen		100.0	
Lantmännen Unibake LLC	1045002352130	Egoryesvsk		100.0	
Lantmännen Unibake Londerzeel NV	BE 0427655.479	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 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	53,061	75.2	14
DataVäxt AB	556733-2969	Grästorp	530	53.0	76
Dirual Försäkring AB	516406-1078	Stockholm	50	100.0	250
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	451	90.2	1
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	Nestun	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
Dirual AG	CH-020.3.002.439-0	Baar	199,997	100.0	31
Total, Parent Company					11,678

Note 47 Inventories

MSEK	2020	2019
Raw materials and consumables	219	277
Products in progress	495	404
Finished goods	1,115	1,216
Merchandise	335	416
Advances to suppliers	82	77
Total	2,246	2,390

MSEK 32 (19) of the total value of inventories relates to goods measured at net realizable value.

Note 48 Trade receivables

Age analysis of trade receivable incl. receivables from joint ventures/associates		
MSEK	2020	2019
Receivables, not yet due	1,490	1,526
Receivables, past due		
≤ 30 days	83	150
31-60 days	29	37
61-90 days	7	9
> 90 days	41	45
Total	1,650	1,767
Allowance for expected credit losses	-29	-27
Total	1,621	1,740

Trade receivables include the financing service, which means that the credit period may be extended by up to 11 months.

Allowance for expected credit losses

MSEK	2020	2019
Allowance at beginning of year	-27	-31
New allowance for expected losses	-8	-8
Utilization of allowance for established losses	2	3
Reversal of provisions no longer required	4	9
Allowance at end of year	-29	-27

For information about credit quality of trade receivables, see ➡ note 24.

Note 49 Prepayments and accrued income

MSEK	2020	2019
Prepaid expenses	97	112
Accrued bonuses and discounts	18	16
Other accrued income	60	45
Total	175	173

Note 50 Equity

The Board of Directors of Lantmännen ek för proposes that the Parent Company's unappropriated earnings of TSEK 8,357,270 be allocated as follows:

TSEK	2020 ¹⁾	2019 ²⁾
Refund and supplementary payment	305,126	208,441
Contribution dividend	290,537	236,684
Contribution issue	306,000	287,999
Dividend on subordinated debentures	17,082	16,250
Carried forward	7,438,525	7,484,936
Total	8,357,270	8,234,310

¹⁾ Proposed dividend

²⁾ Outcome

Note 51 Other appropriations and untaxed reserves

UNTAXED RESERVES		
MSEK	2020	2019
Accelerated accumulated depreciation/amortization		
- Intangible assets	250	202
- Machinery and equipment	312	264
Total	562	466

Other appropriations

MSEK	2020	2019
Change in intangible assets for the year	-47	47
Change in property, plant and equipment for the year	-48	-47
Total	-95	0

Note 52 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	2020	2019
Value of pension obligations under fully funded pension plans	890	901
Fair value of Lantmännen ek för's share of pension fund	-890	-901
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	2020	2019
Liability at beginning of year	1	2
Pension costs for the year	64	65
Pension payments	-64	-66
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	2020	2019
<i>Book reserve pensions</i>		
Current service cost	18	31
Interest expenses	47	34
	65	65
Compensation received	-65	-65
Total book reserve pension costs	0	0
<i>Pension through insurance</i>		
Insurance premiums	66	65
Net pension costs for the year, excluding taxes	66	65

MSEK	2020	2019
Pensions costs recognized as employee benefits expense in operating income	19	31
Pensions costs recognized as interest expense in net financial items	47	34
Total	66	65

Fair value of Lantmännen ek för's share of the pension fund's assets:

MSEK	2020	2019
Property	545	500
Fixed-interest investments	213	321
Equity investments	369	276
Hedge funds	120	74
Cash and cash equivalents	14	67
Total	1,261	1,238

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 371 (337).

Equity investments include subordinated debentures of MSEK 29 (0) in Lantmännen ek för.

Next year's projected payments under defined benefit pension plans amount to MSEK 63 (63).

Note 53 Other provisions

MSEK	Restructuring measures	Other	Total 2020	2019
Carrying amount at beginning of period	0	73	73	93
Provisions during the period	8	3	11	3
Amounts utilized during the period	-2	-4	-6	-20
Reversals during the period	-	-	0	-3
Carrying amount at end of period	6	72	78	73

MSEK 63 (63) of the provisions under Other relates to the estimated costs of closing down grain elevators.

About 26 percent of the total provisions are expected to be utilized in 2021.

Note 54 Current interest-bearing liabilities

Current interest-bearing liabilities include savings liabilities to members of MSEK 1,621 (1,651).

Note 55 Accruals and deferred income

MSEK	2020	2019
Accrued personnel-related costs	165	149
Other accruals	243	189
Deferred income	8	2
Total	416	340

Note 56 Financial instruments

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).

Financial assets and liabilities by measurement category, 12/31/2019	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	-	300	-	-	300	300
Financial assets at amortized cost						
Non-current interest-bearing receivables from Group companies	4,694	-	-	-	4,694	4,694
Other non-current interest-bearing receivables	10	-	8	-	18	18
Trade receivables	2,177	-	-	-	2,177	2,177
Current interest-bearing receivables from Group companies	7,051	-	-	-	7,051	7,051
Other current interest-bearing receivables	91	-	196	39	326	326
Short-term investments	6	-	-	87	93	93
Cash and bank balances	550	-	-	-	550	550
Total	14,579	-	204	126	14,909	14,909
Other financial liabilities						
Non-current interest-bearing liabilities	3,056	-	5	34	3,095	3,302
Interest-bearing securities	1,249	-	-	-	1,249	1,271
Current interest-bearing liabilities to Group companies	5,503	-	-	-	5,503	5,503
Other current interest-bearing liabilities	2,440	-	8	134	2,582	2,591
Total interest-bearing liabilities	12,248	-	13	168	12,429	12,667
Trade payables	2,759	-	-	-	2,759	2,759
Total	2,759	-	-	-	2,759	2,759

Derivatives are also reported under Accruals and deferred income (35), Prepayments and accrued income (19) and Other non-current and current liabilities (266).

Interest-bearing liabilities, MSEK	2020	2019
Balance at beginning of year	12,429	12,430
Cash flow	-2,511	-166
Other	-154	165
Carrying amount	9,764	12,429

➔ Note 24 also contains other information about the Parent Company's financial instruments.

Note 57 Pledged assets and contingent liabilities

Pledged assets	For own financial liabilities	Other commitments	Total pledged assets	
MSEK			2020	2019
Real estate mortgages	444	-	444	457
Bank accounts	-	77	77	88
Total	444	77	521	545

Contingent liabilities		
MSEK	2020	2019
Guarantees for Group companies	1,723	2,364
Guarantees for joint ventures	539	556
Other contingent liabilities	29	39
Total	2,291	2,959

Statement pursuant to Chapter 13, Section 6, of the Swedish Economic Associations Act (2018:672)

Following the Board's proposed appropriation of profit of MSEK 919, as presented in note 50 on page 129, 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 in line with the dividend policy updated at the Board meeting on November 22, 2018 and ratified on November 24, 2020.

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, 2021

Per Lindahl
Chairman

Hans Wallemyr
Vice Chairman

Gunilla Aschan
Board Member

Sonat Burman-Olsson
Board Member

Johan Bygge
Board Member

Jan Ehrensärd
Board Member

Johan Mattsson
Board Member

Henrik Wahlberg
Board Member

Per Wijkander
Board Member

Tommy Brunsärn
Board Member
Employee representative

Pär-Johan Lööf
Board Member
Employee representative

Tomas Welanders
Board Member
Employee representative

Per Olof Nyman
President & CEO

Our audit report was submitted on February 23, 2021

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 Group's and Parent Company's annual financial statements will be presented for adoption at the Annual General Meeting on May 11, 2021.

Audit Report This is a translation from the Swedish original

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 2020. The annual accounts and consolidated accounts of the association are included in this document on pages 60-133.

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, 2020 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, 2020 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 7,086 as of December 31, 2020, corresponding to 18 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 6,077 as of December 31, 2020, 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, 2020. 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 1-59 and 138-189. 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 2020 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 7, 2020 and has been the association's auditor since 2006.

Stockholm, February 23, 2021

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 figures	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.
CAGR	Compound annual growth rate.	Shows the return on an investment.
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 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 debt/equity ratio	Net debt divided by equity.	Shows financial risk and is therefore used to view the level of debt funding.
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

Responsibility and sustainability are key components of Lantmännen's Field to Fork 2030 strategy, and Lantmännen has long been a driving force in the development towards sustainable food and bioenergy systems. We work to increase resource efficiency in Swedish farming, and since 2009 have established ambitious targets for reducing the climate impact from our own production.

The pandemic made 2020 a challenging year. Employee commitment, leadership and the corporate culture have supported us in our priorities: to protect our employees, to protect our businesses and to take our social responsibility. Lantmännen has acted incisively and vigorously to stem the spread of infection and find new solutions and working methods in an uncertain situation, while maintaining our long-term focus on sustainable business development.

This year, we can see the result of having long-term, ambitious targets. We have achieved our climate target for the period 2009-2020, with a reduction of 71 percent in emissions relative to net sales and in absolute figures 62 percent.

Since 2019, Lantmännen has had a climate target for farming – to create the conditions for sustainable primary production by halving the climate impact every decade and achieving climate neutrality by 2050.

We see that we can increase harvests by 2050 and at the same time achieve the climate targets, but this requires cooperation, extensive research activity, market demand and political will and drive. The new target gives us a platform for developing farming of the future, where issues such as resource scarcity, climate and other sustainability challenges can be addressed.

During the year, we developed tools for sustainability analysis of our investments and acquisitions to minimize risks and ensure long-term value creation.

Research is needed to meet challenges of the future and ensure continuing competitiveness for Swedish agriculture.

A key success factor is that our employees enjoy their work and are developed within Lantmännen. We continue the process of improving leadership, health and safety at all our workplaces and we have a new Group target for injury rate reduction. This target is supported by a solid program for preventive work that plays a large part in achieving the target.

We have been following the Global Compact's principles for responsible business since 2009. We also support Agenda 2030 and see that we can contribute to several of the global goals by taking a leading role where we see business opportunities.

In close cooperation with our members and other stakeholders, Lantmännen works purposefully to strengthen our responsibility, while successfully commercializing the sustainable added values we can offer. I am proud that during the year we broadened the range with grain products grown by farmers under the Climate & Nature program. This enables consumers and customers to contribute to more sustainable cultivation of the future by choosing products with a 30 percent lower climate impact and with positive biodiversity effects. We look forward to taking the next step towards a fossil-free food value chain!

Stockholm, February 2021

Per Olof Nyman
President & CEO, Lantmännen

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Introduction

About the Report

Lantmännen's Sustainability Report describes our sustainability work throughout the value chain, which includes plant breeding, agri-supply, cultivation, raw materials purchasing and processing to 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 has reported according to the GRI (Global Reporting Initiative) guidelines, including the Food Processing sector supplement, for several years. For the 2020 report, we use GRI Standards, Core option. Learn more about GRI at 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 (TCFD). We are also working to include these in our future reporting and we are also following the development of disclosure obligations under the EU's Sustainable Finance.

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 158-161 contains references to how we work with the principles. Learn more about Global Compact at 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 158-161](#) contains page references to descriptions of our work on the Global Goals. More information can be found on our website 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 22-32](#), [139-162](#), and [179-181](#). The auditor's opinion is on [page 162](#).

External review of the Sustainability Report

Lantmännen's Sustainability Report for 2020 has undergone an external assurance. Read the Assurance report on [page 162](#).

Contact information

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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 diagram [on the next page](#) and on [page 24](#). 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.

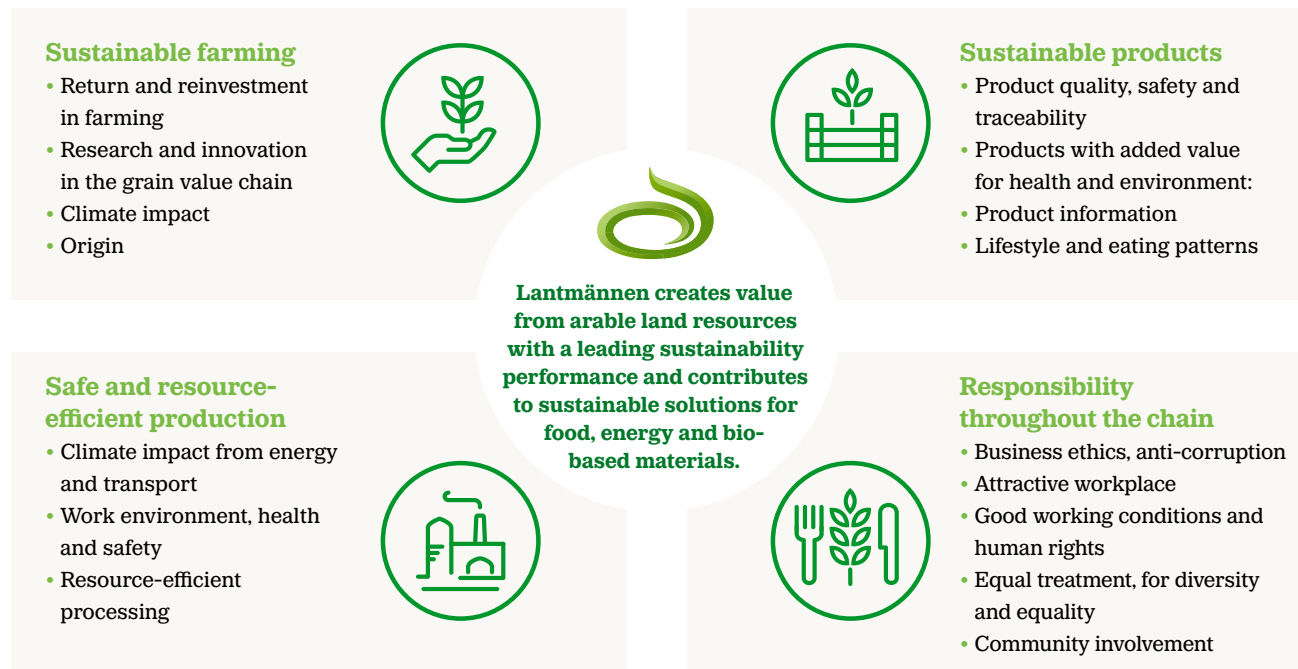
Lantmännen's ambition

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 work. Lantmännen works in four areas encompassing our important responsibility issues throughout the value chain and where we manage opportunities and challenges. It is also within the focus areas that we have defined targets for what we want to achieve.

Focus areas and material responsibility issues



Read more about our focus areas and responsibility issues on ➔ page 24 and at lantmannen.com/sustainable-development. For the 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 of Conduct. 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. Learn more on ➔ page 143.

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 business unit management on a four-monthly basis by means of key figures for



minimum responsibility requirements and in discussions with the management of each business unit 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 31 and 150-152](#).

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.

Businesses in the food value chain undergo an annual review, which includes quality and sustainability performance. It also includes an analysis of how food production has implemented governing documents and specific measures.

Compliance with the Code of Conduct is reviewed annually by Group management and the Board follows up deviations from the Code. All employees can report any deviations from the Code through a whistleblower system or another 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 179-181](#).

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* and the *Dividend* table on [👉](#) page 70 and 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: "Our strategy from Field to Fork 2030", "Sustainable business development", "Farming of the future", "Towards climate neutrality 2050", the *Board of Directors' Report* and "Risks and risk management".

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 per cent 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 Raw Materials Directive, 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 for purchasers, product managers and other relevant professional roles is provided as needed.

Percentage of purchased volume from suppliers compliant with company's sourcing policy (G1-FP1)

Definition: "Compliant" means that the supplier has the Supplier Code of Conduct (SCoC) in the contract and an approved self-assessment and/or third-party audit.

Percentage of purchased volume from suppliers compliant with company's sourcing policy (G1-FP1)

Outcome: Supplier Code of Conduct (SCoC) requirement

%	2020	2019	2018	2017	2016
Proportion of purchase volume (SEK)	95 %	92 %	92 %	90 %	83 %

Comments: 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 95 (92) percent have been monitored and approved, which is in line with the target of 95 percent.

Since our supplier audit work began, 50 audits have been conducted, 11 (3) of which were in 2020. 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:

Definition: Responsibly produced 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.

Outcome and Comments: 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 2020 the outcome was 100 percent and the total volume of purchased soy was 127,100 (141,700) tonnes. The volume is in line with previous years, and the large volume in 2019 was driven by feed demand after the poor harvest in 2018. 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 and initiatives on soy at

lantmannen.com/sustainable-development

Learn more about RTR, Round Table on Responsible Soy, at responsiblesoy.org.

Learn more about ProTerra at proterrafoundation.org

Palm oil as an ingredient in food:

Definition: Purchased volume of palm oil certified under RSPO (Roundtable on Sustainable Palm Oil).

Outcome:	2020	2019	2018	2017	2016
Purchased volumes of palm oil as an ingredient in food, tonnes	8,200	10,300	10,300	9,600	9,900
Proportion of RSPO-certified	100 %	100 %	100 %	100 %	100 %
of which RSPO Book & Claim	-	-	-	0.5 %	9 %
of which RSPO Mass Balance	3 %	2 %	1 %	0.5 %	-
of which RSPO Segregated ¹⁾	97 %	98 %	99 %	99 %	91 %

¹⁾ Segregated and traceable RSPO-certified palm oil

Palm oil as an ingredient in feed:

Definition: Purchased volume of palm kernel expeller

Outcome:	2020	2019	2018	2017	2016
Palm kernel expeller as an ingredient in feed, tonnes	6,000	19,300	16,000	13,500	14,750

Comments: 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 2020, the outcome was 97 (98) 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 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 showed a significant decline in 2020 due to the high price of expeller and good availability of domestic fiber sources such as wheat bran. 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 65-66](#).

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)

Definition: Percentage of employees having completed the current version of training in the Code of Conduct.

Outcome: 70 (88) percent of Lantmännen's employees have completed training in Lantmännen's Code of Conduct, well below the target of 95 percent. The target was raised from 90 percent in 2019 to 95 percent with effect from 2020. See table below.

Number and percentage of employees having completed training in the Code of Conduct

	2020		2019		2018		2017	
	Number	%	Number	%	Number	%	Number	%
Nordic countries	4,268	72 %	5,325	90 %	5,404	92 %	5,580	87 %
Rest of Europe ²⁾	2,417	66 %	3,042	84 %	3,317	88 %	2,909	75 %
Other countries ²⁾	70	46 %	407	95 %	179	98 %	163	88 %
Total	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.

Comments: In 2020, a new Code of Conduct training program was introduced, to be completed by all employees during the year. The results for completion of Code of Conduct training have been affected by the coronavirus pandemic, which has significantly limited the opportunities to complete the training for those with no access to Lantmännen's platform for e-learning.

In 2020, a large number of the business ethics training target group completed their training in accordance with the procedure. The total completion rate (new employees and updated training) in 2020 was 95 (91) percent.

Confirmed incidents of corruption and actions taken (GRI 205-3)

Outcome and Comments: A total of 13 (12) reports from five countries were recorded through the whistleblowing system in 2020. 1 (0) 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 led to, among other things, a warning, strengthened leadership, briefing and training of managers and improved local procedures.

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 2020. During the year, Lantmännen had 0 (0) confirmed corruption incidents.



Environmental topics

Lantmännen is active in the grain value 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. 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, are issues that are particularly important. Our Code of Conduct clarifies our approach, special policies and guidelines, while goals and strategies govern the focus of work.

Lantmännen's Group-wide climate targets mean a reduction in emissions that is in line with the Paris Agreement. The rate required to achieve this is to halve carbon dioxide emissions every decade from 2020, referred to as the Carbon Law curve. 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, which follows the Carbon Law reduction rate.

Lantmännen's climate target for its own production has been to reduce carbon dioxide emissions by 40 percent in the period 2015-2020. The process of defining new targets for the period after 2020 has begun.

The target for reducing emissions from purchased transport is 70 percent in the period 2009-2030.

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. Development of recycling of waste products from the food industry for ethanol production creates circular business and contributes to profitability. We work on measurability of waste from our own food production to set goals. Lantmännen's Group strategy for organic business includes a target to double trading in organic grain for animal feed and food by 2020.

Materials

Materials used by weight or volume (GRI 301-1)

Definition: Lantmännen reports the use of our most important raw materials: grain and flour, but also soy and palm kernel

expeller as ingredients in feed and palm oil as an ingredient in food as they have special sustainability challenges.

Outcome: Materials used, grain and flour

Thousand tonnes	2020	2019	2018	2017	2016
Total volume of weighed grain	2,758	2,261	1,819	2,720	2,400
Grain grown according to Climate & Nature	61 ¹⁾	34	59	78	70
Organic grain	156	131	73	126	98
Grain grown according to Natur+	154	146	127	158	132
Purchased flour	363	374	395	430	-

¹⁾ Volume calculated from contracted hectares, 11,300 hectares, and average harvest per hectare.

Comments: The Swedish grain harvest in 2020 was both large and of good quality.

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 demand for sustainable raw materials from both customers and consumers, which explains the increased volume for 2020 from lower volumes the previous year. The raw material in Climate & Nature is grown according to Natur+. The extra measures that make up Climate & Nature are contracted and the value is generated per hectare. 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 2020 resulted in a saving of 6,400 tonnes of CO₂e compared with cultivation without climate measures. The measures for biodiversity included 9,400 skylark plots, and flower zones of 695,000 m². Learn more on [page 26](#).

Lantmännen is a major player in the organic value chain, from agri-supply, feed and grain to food. The organic grain volume was good and reflective of the harvest which was large and of good quality. Although organic grain volumes shown a marked increase over the last five years, the target of doubling the volumes by 2020 was not achieved. The outcome was 140,000 tonnes. The main reason is that market demand has not been as strong as market forecasts indicated, which has

pushed down the price of organic grain and slowed the pace of the shift to organic. 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 lantmannenlantbrukmaskin.com

For soy and palm oil, see under Sourcing [page 144](#).

Packaging materials

Lantmännen has a guideline for packaging with guiding criteria for material selection. For plastic, there is a special strategy, which is to reduce the use of unnecessary plastic, create circular flows and phase out disposable plastic.

- One annual target is to make plastic use more efficient by 1 percent through smaller and thinner plastic packaging.
- We ensure that materials can be recycled for increased circulation, with a target of 100 percent recyclability by 2022.
- We aim to replace virgin fossil-based plastic with recycled and renewable materials by 2030.
- For disposable plastic, we worked for a phasing-out in 2020.

The targets are monitored internally and the outcomes for 2020 were positive, with reduced plastic use through efficiency and innovative solutions helping to achieve the targets.

Energy

Energy consumption within the organization (divided into renewable and non-renewable energy sources) (GRI 302-1)

Definition: The indicator includes all Lantmännen's producing facilities.

Outcome: See table Energy consumption below.



Comments: Energy use has declined from the previous year, as a result of the coronavirus pandemic. It has affected production with closures of facilities and reduced energy use. Favorable harvesting conditions, with little need for drying have contributed to lower use. The work on energy efficiency is in progress in the businesses, with a target of 3 percent per year. Work remains on finding alternatives to natural gas in the bakery ovens and establishing a long-term fossil phase-out plan. The proportion of renewable energy increased to 79 (77) percent.

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)

Definition: Lantmännen reports direct emissions of carbon dioxide from the use of fuels produced at its facilities and in its vehicles, indirect emissions from use of electricity and emissions from transport, fuel and electricity production, and business travel.

Greenhouse gas emissions intensity: Carbon dioxide emissions in relation to sales (GRI 305-4)

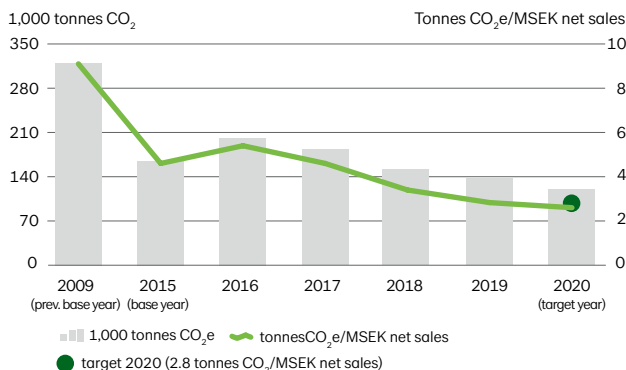
Definition: Lantmännen reports intensity as: CO₂e emissions, total, tonnes per MSEK net sales.

Outcome: See diagram and table [page 148](#).

Energy consumption

	2020		2019		2018		2017		2016		2015 (base year)	
Energy consumption, producing facilities	TJ	GWh	TJ	GWh	TJ	GWh	TJ	GWh	TJ	GWh	TJ	GWh
Non-renewable fuels	1,024	284	1,122	312	1,119	311	1,326	368	1,289	358	1,240	344
of which oil	66	18	61	17	60	17	140	39	115	32	120	33
of which natural gas	897	249	975	271	974	271	1,069	297	1,066	296	988	275
of which LPG	61	17	86	24	84	23	117	32	108	30	132	37
Renewable fuels	769	214	816	227	778	216	686	191	714	198	691	192
Indirect energy	4,384	1,218	4,520	1,255	4,068	1,130	4,310	1,197	4,120	1,144	3,805	1,057
of which district heating	2,358	655	2,410	669	2,092	581	2,343	651	2,249	625	2,000	556
of which renewable	2,200	611	2,157	599	1,873	520	2,060	572	-	-	-	-
of which electricity	2,026	563	2,110	586	1,976	549	1,967	546	1,870	520	1,805	501
of which renewable	1,921	534	1,981	550	1,729	480	1,683	468	1,468	408	1,385	385
Of which sold electricity and heating	508	141	539	150	476	132	436	121	390	108	437	121
Total net energy	6,178	1,716	6,457	1,794	5,965	1,657	6,322	1,756	6,123	1,701	5,736	1,593

Carbon dioxide emissions in relation to net sales



Carbon dioxide emissions in relation to net sales

	2020	2019	2018	2017 (base year)	2015
CO ₂ use of fuel from facilities, production and vehicles (thousand tonnes)	119	138	151	184	167
Tonnes CO ₂ /MSEK net sales	2.60	2.85	3.43	4.63	4.68
Target 2020	2.80	2.80	2.80	2.80	2.80

Definition: Lantmännen's target is a 40 percent reduction in emissions for the Group's producing facilities (scope 1 and 2) from 2015 to 2020.

Comments: The indicator for emissions has fallen by 45 (39) percent from the base year 2015 and means that we have achieved the climate target for 2020, which is 2.8 tonnes CO₂e/MSEK net sales.

GHG emissions, scope 1, 2 and 3

CO ₂ e emissions, thousand tonnes	2020	2019	2018	2017	2016
Scope 1 (Fuel incl. own transport)	60.5	66.5	66.3	79.9	78.1
Scope 2 (Electricity and heating)	33.6	45.5	57.8	73.4	94.7
Scope 3 (Production (LCI) of electr. and fuel, transport/travel)	25.3	26.2	26.9	30.4	27.4
Scope 3 (Purchased freight transport) ¹⁾	96	120	120 ²⁾	119	122
Scope 3 (Business travel) ¹⁾	3.2	6.7	7.3	2.7	-
Total, including origin-labeled (market-based)	218	265	278 ²⁾	306	322
Total, excluding origin-labeled (location-based)	289	338	-	-	-

¹⁾ Some included information relates to November 2019–November 2020, rolling 12 months.

²⁾ Adjustment from 2018 figure.

For boundaries, see 📍 Reporting principles.

Comments: 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 long-term climate target from 2009 and the target has been achieved.

During the period, emissions relative to net sales declined by 71 percent. In absolute figures, emissions have fallen by 62 percent, which is in line with the reduction rate in the Paris Agreement, 📍 see Carbon Law page 187. A new long-term target for climate impact from energy use will be developed in 2021.

In absolute figures, emissions from the Group's own production have decreased by 13 percent from the previous year. This is a consequence of lower energy use, the transition to origin-labeled electricity and a number of conversions to renewable energy, e.g., to biogas and RME in Swedish operations. Just over half of the total emissions come from use of natural gas in the bakery operations. The year's dry harvest has reduced energy needs and therefore the climate impact for Lantmännen Lantbruk. Clearer agreements have enabled us to obtain better climate performance for purchased heating. 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 70 percent in relation to net sales in the period 2009–2030. The outcome for 2020 was a reduction of 17 percent from 2009 and a positive trend from previous years. Outside the Nordic region, the reduction is mainly a result of Covid-19, which has led to lower sales and less transport. In the Nordic region, the reduction in emissions is mainly due to an increased proportion of biofuel, with the work that began in 2019 producing full effects in 2020. Unibake's transition to fossil-free in Sweden is having a good effect and the proportion of biofuel is now 60 percent.

Continuing work is required to broaden biofuel use and find innovative logistics solutions and efficiency opportunities in collaboration with transport suppliers – particularly when transport is increasing for operations in markets where biofuels have not yet made a breakthrough.

Emissions from business travel have been significantly reduced, which is due to travel restrictions and increased use of digital meeting tools as a consequence of Covid-19.

Water

Water withdrawal

Outcome:

Water withdrawal, 000 m ³	2020	2019	2018	2017	2016
Total	1,980	2,114	2,189	2,043	1,972

Comments: 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.

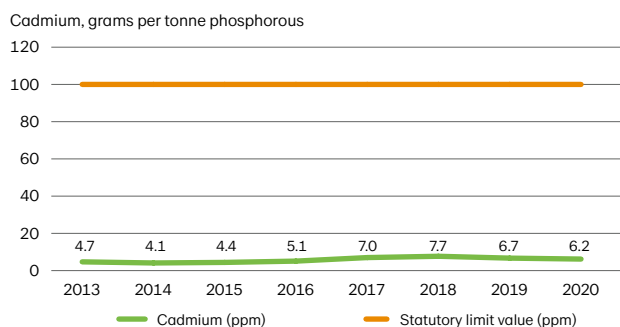
Products and services, environmental impact in the cultivation stage

Lantmännen's specific key figures regarding our products, with a link to the environmental impact in the cultivation stage:

Cadmium in phosphate fertilizer

Definition: ppm Cd in phosphorus = grams/tonne phosphorus (in fertilizer)

Outcome: 6.2 (6.7) grams of cadmium per tonne of phosphorus in fertilizer in 2020.



Comments: Cadmium content in mineral fertilizers is still at a low level, between 4-8 mg Cd/kg phosphorus, and has been for over ten years. This is 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)

Definition: 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.

Outcome: Non-chemically treated seed accounted for 50 (48) percent of the total treated seed.

Seed treatment (calculated as percentage of volume in tonnes)



Comments: Lantmännen increased the proportion of thermally treated seeds in 2020 and the new ThermoSeed facility in Skänninge could increase the proportion further in 2021. Learn more on [page 37](#).

Organic seed

Definition: (Sales of organic seed, tonnes/total sales of seed, tonnes) • 100 = % organic seed

Outcome:	2020	2019	2018	2017	2016
Proportion of organic seed	14.8 %	12.2 %	13.3 %	12.7 %	11.7 %

Comments: Production and sales of organic seed remain at about the same volumes as in previous years as a result of good supply and increased market shares. Lantmännen has seed and varieties that are adapted for organic farming. As sole supplier, we are also able to effectively eradicate seed-borne infection with the ThermoSeed technology, which is approved for organic farming.

Organic feed

Definition: (Sales of organic feed, tonnes/total sales of feed, tonnes) • 100 = % organic feed.

Outcome:	2020	2019	2018	2017	2016
Proportion of organic feed	9.4 %	9.8 %	9.7 %	9.5 %	9.4 %

Comments: Sales of organic feed have stagnated in 2020 and stand at 9.4 percent. There is some overproduction of organic animal products, which affects Swedish feed production. Conventional production has continued to increase. This, and the fact that increased demand for organic feed after the 2018 drought has now stopped, means that the organic proportion is lower than in the previous year. Nötfor accounts for the largest decline, but with a maintained market share. Learn more on [page 36](#).

Environmental compliance

Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations (GRI 307-1)

Definition: Significant fines are penalties which, due to their level or the nature of the non-compliance, may significantly affect the Group's finances or reputation.

Outcome: 0 (0) significant fines or non-monetary sanctions in 2020.

Labor Practices and Decent Work

Lantmännen is a responsible company and aims to be an attractive employer. We work systematically for a good and safe work environment, and for equal treatment, gender equality and diversity.

Occupational health and safety

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. Lantmännen has a new strategy for health and safety. 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, health and safety 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 health and 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 annually from the different operations. Investigation of near misses includes an analysis of the underlying causes. All near misses reported in the IA system are to be investigated.

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.

In order to strengthen the safety culture and integrate risk management, during 2020 we defined targets for an increased number of risk observations and for investigation and follow-up of measures reported in the system.

We also invest in wellness activities. Lantmännen's operations have access to health care in the different countries where we operate.

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 31-32](#).

Work-related injuries (GRI 403-9)

Outcome:

Sick leave, % of normal working hours	2020	2019	2018	2017	2016
Group, total	4.3 %	4.3 %	4.5 %	4.4 %	4.8 %
Agriculture Sector ¹⁾	3.7 %	2.7 %	3.6 %	-	-
Food Sector	4.8 %	4.9 %	4.9 %	4.9 %	5.7 %
Energy Sector	2.8 %	2.4 %	2.5 %	2.7 %	2.2 %
Swecon Business Area ¹⁾	5.3 %	4.2 %	4.4 %	-	-
Real Estate Business Area	0.1 %	0.5 %	1.0 %	0.5 %	0.9 %

¹⁾ New organization from 2018.

Sick leave, % of normal working hours	2020	2019	2018	2017	2016
Women	4.8 %	5.3 %	5.6 %	5.7 %	6.1 %
Men	4.0 %	3.7 %	3.8 %	3.7 %	4.2 %
Total	4.3 %	4.3 %	4.5 %	4.4 %	4.8 %

Comments: Sick leave in 2020 was 4.3 (4.3) percent, the same level as in the previous year. Sick leave increased in March and April and during fall. This was due to Covid-19-related effects, such as restrictions on returning to work after illness.

Sick leave for women fell to 4.8 (5.3) percent but is still higher than for men. Men's sick leave was 4.0 (3.7) percent. The decline in women's sick leave is mainly attributable to parts of the Agriculture Sector, Food Sector and Swecon Business Area.

Accidents and near misses	2020	2019	2018	2017	2016
Number of fatalities due to work-related injuries	0	1 ¹⁾	0	0	0
Number of accidents ²⁾	238	221	227	231	239
Injury rate ³⁾	13.7	12.7 ⁴⁾	13.4	13.9	14.5
Number of reported near misses ⁵⁾	2,735	3,027	2,896	2,869	3,072
Number of risk observations	8,371	5,334	4,834	4,895	4,181

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.

²⁾ Work-related accident resulting in at least one day's absence after the accident occurred.

³⁾ Injury rate is defined as the number of accidents per million actual hours worked.

⁴⁾ Adjusted information from 2019 reporting after reclassification of two accidents.

⁵⁾ Near misses are defined as unintended events that could have resulted in ill health or an accident.

Comments: In 2020, Covid-19 presented challenges in many ways and employees' health and safety was of key importance. Lantmännen's priorities in the pandemic are to protect our employees, protect our businesses and take our social responsibility. Read more about our measures on [page 12](#).

The injury rate increased to 13.7 (12.7) The number of accidents also showed an increase, rising to 238 (219). 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 73 percent (base year 2018) against the target 25 percent. The closure rate was 74 percent, which is above the target of 70 percent. Common accidents are falls, cuts and crush injuries.

Lantmännen has a target for the injury rate to be below 1 by 2030. In 2020, workshops were introduced for management teams to develop long-term H&S road maps for each business area.

Awareness has increased about how and why reporting should be done, and there is more understanding of the difference between a non-lost time accident, near miss and risk observation. Work on further development of Lantmännen's main reporting system (IA) continued during 2020.



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, 66, 145](#).

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 31-32, 179-180, note 6](#) and the Sector and Business Area descriptions.

Outcome:

	Number of women/men		Women/men, %	
	2020	2019	2020	2019
Group Board ¹⁾	2/9	2/10	22/78	17/83
Group Management	3/7	3/7	30/70	30/70
Managers	378/827	358/853	31/69	30/70
Employees	3,433/6,584	3,572/6,678	34/66	35/65

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, %	
	2020	2019	2020	2019
<30 years	2	2	13	14
30-50 years	58	59	50	50
>50 years	40	39	37	36

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, in production, marketing and 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 63-65, 141, 145, and 179-181.

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 143-144.

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 145. Due to significantly different risks and a differentiated value chain, Lantmännen does not have a Group-wide routine and management for externally received complaints and compensation.



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 152](#). 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 about 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 146 and 149](#).

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. It is based on our Code of Conduct and Supplier Code of Conduct. Learn more on [pages 65 and 141](#).

Customer and consumer health and safety

Percentage of production volume manufactured in sites certified according to food safety standards (FP5)

Outcome: 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.

Labeling

Type of product information required and percentage of products subject to such information requirements (GRI 417-1)

Outcome: 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 [page 147](#).



Healthy and affordable food

Definition: Responsibly produced food that promotes good health and wellbeing.

Outcome and comments Lantmännen conducts leading-edge research¹⁾ in areas such as the health effects of eating habits, carbohydrates and fiber. We work for increased knowledge and awareness among consumers 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

¹⁾ Lantmännen invests significant amounts in research and development. Health and food is a priority area. Learn more on [page 29](#) and at lantmannen.com/research-and-innovation

- 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 and the Matsamtalet podcast
- 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

Socioeconomic compliance

Non-compliance with laws and regulations in the social and economic area (GRI 419-1)

Definition: Significant fines are penalties which, due to their level or the nature of the non-compliance, may significantly affect the Group's finances or reputation.

Outcome: No (0) significant fines or sanctions were imposed on Lantmännen in 2020.

Reporting principles

Scope of the report

The reporting refers to the 2020 calendar year, unless otherwise specified. The report is issued annually and refers to the Lantmännen Group, which reports by Sector or Business Area. The organizational changes during the year do not affect the 2020 report. Companies/operations acquired in 2020 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 Nuview. Work-related accidents, injuries and near misses are reported in the IA work environment reporting system, a web-based system provided by AFA Försäkring, although Lantbruk uses a separate reporting system from where data is entered into Lantmännen's work environment 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 and boundaries

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 defined as the number of 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.

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 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 5 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 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 input goods 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 the use of our most important raw materials: grain for food production, feed and energy, flour, soy and palm oil, all defined as renewable materials. 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 insignificant, less than 0.5 percent of the total soy volume.

The volumes of palm oil refer to use in food production. 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.

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 Real Estate'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 direct emissions of carbon dioxide. 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.

In Scope 2, Emissions from electricity consumption do not include Lantmännen Real Estate's externally leased premises, Lantmännen Agro Oy's franchise-run stores, Lantmännen Maskin's and Swecon's workshops and Lantmännen's office properties. Data is not available but we are working on robust reporting and inclusion of these operations in the Group's climate targets for 2021. 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. 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, Norsk Fjernvarme, Finnish Energy or the relevant heating supplier.

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, 2020. 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 company cars 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 on standardized data.

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 2020 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 for 2020, and where the information is reported. For some disclosures, the reporting and/or comments are submitted directly in the index table. 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 goals. Joint efforts are required at international, national and local level to achieve these goals. All companies and enterprises are encouraged to implement the Global 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		pages 4-5, 20-21, 62		
102-3	Location of headquarters	Stockholm			
102-4	Location of operations		page 3, note 4, note 6		
102-5	Ownership and legal form		page 61		
102-6	Markets served		pages 3, 19, 35-57 for each Sector and business		
102-7	Scale of the organization		pages 2-3, note 4, note 6		
102-8	Information on employees and other workers		pages 31-32, 67, 150-152, note 6	Principle 4	12
102-9	Supply chain		pages 143-146, 156		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.	pages 65-66, 179-181	Principle 7	12 13 15
102-12	External initiatives		pages 28-29, 142	Principles 1 and 8	
102-13	Membership of associations		page 28	Principles 1 and 8	
Strategy					
102-14	Statement from senior decision-maker		pages 6-9, 139	CEO Statement	
Ethics and integrity					
102-16	Values, principles, standards and norms of behavior		pages 65-66, 141	Principles 1-10	
Management approach					
102-18	Management approach		pages 20-22, 140-142, 164-172, 174-177		
Stakeholder engagement					
102-40	List of stakeholder groups		pages 28, 142	Principle 8	
102-41	Collective bargaining agreements	There are several different collective agreements for manual and non-manual workers within Lantmännen. In Sweden, 99 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		pages 28, 142		
102-43	Approach to stakeholder engagement	No special dialogue has been conducted for the sustainability report.	pages 28, 142		12
102-44	Key topics and concerns raised		pages 28, 141		
Reporting practice					
102-45	Entities included in the consolidated financial statements		note 46, page 155		
102-46	Defining report content and topic boundaries		pages 140-141		
102-47	List of material topics		page 141		
102-48	Restatement of information	Any changes are commented on for each key figure.	page 155		
102-49	Changes in reporting	GRI 201-1 is not reported in accordance with GRI from 2019.	page 155		
102-50	Reporting period	Full year 2020.			
102-51	Date of most recent report	February 2020.			
102-52	Reporting cycle	Annual.			
102-53	Contact point for questions regarding the report	Claes Johansson, Director Sustainability, Lantmännen.	page 141		
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		page 162		

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 143.	pages 16-17, 22, 143		
201-2	Financial implications and other risks and opportunities due to climate change	Quantification of impacts and risks; data not available.	pages 20-21, 24-27, 63, 179-181		7 12 13 15
FP procurement practices – Covers Lantmännen's own operations and suppliers				Principles 1-10	
103-1 - 103-3	Management approach		pages 66, 143-145		
G4-FP1	Percentage of purchased volume from suppliers compliant with organization's sourcing policy		pages 66, 143-144		12 15
G4-FP2	Percentage of purchased volume verified as being in accordance with internationally recognized responsible production standards		page 144		12 15
Anti-corruption – covers Lantmännen's own operations and suppliers and other business partners				Principle 10	
103-1 - 103-3	Management approach		pages 65-66, 142, 145, 179-180		
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.	page 145		12
205-3	Confirmed incidents of corruption and actions taken		page 145		12
Material – Covers Lantmännen's own operations				Principles 7-9	
103-1 - 103-3	Management approach		pages 143, 146		
301-1	Materials used by weight or volume	Packaging materials are not reported; data not available.	page 146		2 7 12 13 15
Energy – Covers Lantmännen's own operations				Principles 7-9	
103-1 - 103-3	Management approach		pages 27, 146, 179-180		
302-1	Energy consumption within the organization (divided into renewable and non-renewable energy sources)	Deviation for cooling and energy from Real Estate's externally leased premises, Maskin's and Swecon's workshops and our offices. Data not available.	page 147		7 13
Emissions into the air – Includes Lantmännen's own operations and suppliers				Principles 7-9	
103-1 - 103-3	Management approach		pages 22, 24-27, 146-148, 179-180		
305-1	Direct (Scope 1) greenhouse gas Scope 1	Deviation for cooling and energy from Real Estate's externally leased premises, Maskin's and Swecon's workshops and our offices. Data not available.	pages 147-148		13
305-2	Indirect (Scope 2) GHG emissions	Deviations see above.	pages 147-148		13
305-3	Other indirect (Scope 3) GHG emissions	For scope and deviations, see Reporting principles. Adjustment of 2018 outcome for emissions from transport.	pages 147-148		13
305-4	Greenhouse gas emissions intensity: CO ₂ emissions in relation to value added and sales	See above. Description of efficiency measures, see Reporting Principles in Sustainability Report.	pages 22, 27, 147-148		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		page 146		
Own indicator	Cadmium in phosphate fertilizer		page 149		12 13 15
Own indicator	Seed treatment (proportion of biologically treated, thermally treated and untreated seed, and chemically treated seed)		page 149		12 13 15
Own indicator	Proportion of organic seed		page 149		12 13 15
Own indicator	Proportion of organic feed		page 149		12 13 15
Compliance – environmental – Covers Lantmännen's own operations				Principles 7-9	
103-1 - 103-3	Management approach		pages 66, 141, 146, 182		
307-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		page 149		12 13 15
Work environment, health and safety – Covers Lantmännen's own operations (2018 version)				Principles 1-2	
103-1 - 103-3	Management approach		pages 31-32, 67, 150		
403-9	Work-related injuries	Deviation for key figure for lost days, data not available.	pages 30, 153, 180		12
Diversity and equal opportunity – Covers Lantmännen's own operations				Principles 1-2, 6	
103-1 - 103-3	Management approach		pages 31-32, 67, 150, 152		
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 not available, and deviation for minority group membership and other indicators of diversity, illegal to register these.	pages 31, 151, 174-177		
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.	pages 143-144, 153, 179-181		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.	pages 23, 29, 142, 153, 181		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		pages 29, 142, 152-153, 181		
FP5	Percentage of production volume manufactured in sites certified according to food safety standards	Volume not reported; data not available. Percentage of sites reported.	page 153		2 12
Marketing and labeling – Covers Lantmännen's own operations				Principles 1-2, 7-8	
103-1 - 103-3	Management approach		pages 143, 153		
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.	page 154		2 12
Socioeconomic compliance – Covers Lantmännen's own operations				Principles 1-10	
103-1 - 103-3	Management approach		pages 143, 153, 179-181		
419-1	Monetary value of significant fines and number of non-monetary sanctions for non-compliance with laws and regulations		page 154		12

Auditor's Limited Assurance Report on Lantmännen ek för's Sustainability Report and statement regarding the statutory sustainability report

This is a translation from the Swedish original

To Lantmännen ek för, Corporate identity number 769605-2856

Introduction

We have been engaged by the Board of Lantmännen ek för to undertake a limited assurance engagement of Lantmännen ek för's Sustainability Report for 2020. The Company has defined the scope of the Sustainability Report to the areas referred to in the GRI index on pages 158-161. The scope of the statutory sustainability report is defined on page 67.

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 pages 155-157 of the Sustainability Report and are parts 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 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 presented and does not therefore include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE Assurance engagements other than audits or reviews of historical financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the statutory sustainability report has been conducted in accordance with FAR's recommendation RevR 12. 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 audit 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 ek för 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 the 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, 2021
Ernst & Young AB

Anders Kriström
Authorized Public
Accountant

Charlotte Söderlund
Authorized Public
Accountant



Corporate Governance

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Corporate Governance Report 2020

Lantmännen ek för is a Swedish cooperative economic association headquartered in Stockholm, Sweden. The Group's governance is based on the Association's Articles of Association, the Swedish 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 Corporate Governance Report for 2020 is presented according to the principles of the Code for the first time. The Code is built on principles and is based on reporting in accordance with the concept of comply and explain. This Corporate Governance Report is based on the principles set out in the Code. The heading and description of each principle are presented first, followed by comments on how the principle was managed during the year. As this is the first year of reporting under the Code's principles, the work is under development.

The Group's Parent Company is Lantmännen ek för, a cooperative company, which had 19,172 members as owners at the end of 2020. Members of Lantmännen can be both direct members and local associations.

Lantmännen's Board of Directors and executive 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. The EGM on November 12, 2020 adopted an initiative to follow up the Owners Dialogue, which came to an end in 2018, with a focus on the Group's long-term direction.

The Sustainability Report on ➔ pages 139-162 shows the various initiatives Lantmännen is involved in with regard to 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 which results in a Limited Assurance Report, see ➔ page 162. The section "Collaboration for increased growth" on ➔ page 28, describes collaboration with different organizations and the work at the intersection between politics, business and interest groups. There is also information about some of the organizations of which Lantmännen is a member.



Lantmännen's Annual General Meeting

The Meeting was conducted digitally on May 7, 2020. Lantmännen's 101 delegates participated, voted and contributed by means of digital tools.

Those leading the meeting gathered at Lantmännen's head office in Stockholm and the proceedings could be followed on Lantmännen's website.

An Extraordinary General Meeting was held on November 12 to deal with the motions received during the year.

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 → 14-15 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 170, 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 and the nomination of members to the Association's Nomination Committee at the Annual General Meeting.

Council of Trustees in 2020

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.

Owner Relations 2020

The Owner Relations department is responsible for member communication and assists members and elected representatives in corporate governance. The Owner Relations Department had eight employees during the year – the Head of Owner Relations, six member services staff and the editor of Grodden. The cost of the department and its total activities amounted to approximately MSEK 22.8 (30.9) in 2020. MSEK 6.4 (9.3) of this amount related to costs for the 20 districts and included fixed fees of MSEK 4.1 (3.9) adopted by the AGM (63.8 percent) and variable fees of MSEK 1.1 (2.4), 17.4 percent.

The other MSEK 1.2 (3.0), 18.8 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 the 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.



Member activities during 2020

Winter: Year-end Report, Council of Trustees, Annual Report, District Meetings, Ambassador Program.

Spring: Annual General Meeting, Inaugural Council of Trustees, Interim Report, Period 1, Training elected representatives.

Summer: Summer Meetings, District Meetings.

Fall: Council of Trustees, Interim Report, Period 2, District Board Conference, Regional Nomination Committee preliminaries, District Meetings.

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 members' profitability through large investments 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.

2020 Annual General Meeting

The Annual General Meeting was held digitally on May 7, with the Chairman and presiding officers present in Stockholm. Board members 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, Sonat Burman-Olsson and Per Wijkander were re-elected after their term of office expired. Jan Ehrensward was elected as a new member after Ove Gustafsson left the Board at his own request. Maude Fyrenius and Jimmy Grinsvall



were re-elected as member representative auditors. Kristina Glantz Nilsson was elected as a new member representative auditor to succeed Gustav Jansson, who did not seek re-election. 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 2021 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 amounts to MSEK 237. The Meeting also adopted a dividend on subordinated debentures of MSEK 16.

In view of the special conditions under which the AGM was held, it was decided to defer the motion business until the next General Meeting or an Extraordinary General Meeting.

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.

2020 Extraordinary General Meeting

In spring 2020, the Board decided to hold an Extraordinary General Meeting on November 12 to consider the five motions received. The EGM was held digitally, with the presiding officers present in Stockholm. The motion business was prepared through a digital "motion marketplace" on November 5, with representatives of the Board and delegates present.

The total number of appointed delegates was 101 and 98 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.

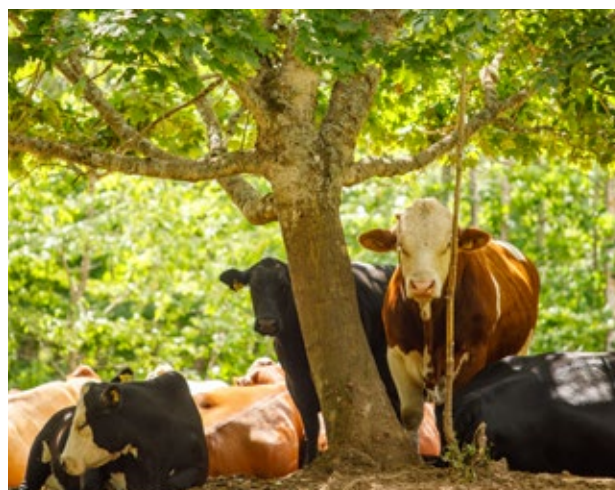
Nomination Committee

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 assessment is based in part on an evaluation of the Board's work methods and decision processes performed 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 2020

In 2020, the Nomination Committee consisted of nine members: Göran Brynell (chairman), Inge Erlandsson, Gunilla Carlsson, Leif Karlsson, Anders Rickardsson and Michael Hübsch and



three new members elected at the AGM: Marianne Andersson, Desirée Nyman and Henrik Claesson. They succeeded Kjell Eriksson, Kristina Glantz Nilsson and Marie-Louise Åhsell who did not seek re-election. 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 the Association'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 the Association's 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 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 2020

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 174-175.



Board meetings, attendance 2020

	Feb 7	Feb 19	Mar 10	Mar 16	Apr 3	Apr 16	May 7	Jun 2	Jun 17	Aug 27	Aug 28	Oct 1	Nov 24	Dec 17	Dec 18
			Per capsulam	Extra board meeting	Extra board meeting		SBM ¹⁾								
Per Lindahl	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Gunilla Aschan	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Tommy Brunsärn	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Johan Bygge	●	●	●	●	●	●	●	●	●	●	●	●	●	○	●
Jan Ehrensverd ²⁾	-	-	-	-	●	●	●	●	●	●	●	●	●	●	●
Ove Gustafsson ³⁾	○	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pär-Johan Lööf	●	○	●	●	●	●	●	●	●	●	●	●	●	●	●
Sonat Burman-Olsson	●	●	●	○	●	●	●	●	●	●	●	●	●	●	●
Johan Mattsson	●	●	●	○	●	●	●	●	●	●	●	●	●	●	●
Henrik Wahlberg	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Hans Wallemyr	●	●	●	●	●	●	●	○	●	●	●	●	●	●	●
Tomas Welander	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Per Wijkander	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

● Attended ○ Did not attend ¹⁾ Statutory Board Meeting ²⁾ Newly elected at 2020 AGM. ³⁾ Left at own request 02/11/2020.

The Board held 15 meetings during the year. The table shows Board members' attendance at the meetings. All of the Association's auditors attended one of the meetings. The Board also participates actively in district meetings, fall meetings, Council of Trustees and more. Participation has been mainly digital during 2020.

An external evaluation of the Board's work was conducted during the year. The results were presented to the Board and the Nomination Committee.

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. The composition of the Committee was unchanged after the 2020 AGM. 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. The composition of the Committee was unchanged after the 2020 AGM. The Group's Senior Vice President Human Resources serves as secretary. The Committee held two 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.

Before the AGM, the Committee consisted of Henrik Wahlberg and Per Wijkander, after Ove Gustafsson resigned from the Board. At the AGM, Jan Ehrensvärd was elected as a member of the Committee. The Head of the Legal & Compliance corporate function attends the meetings. The Group's member manager serves as the secretary of the Committee. The Committee held seven minuted meetings during the year.

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. Group Management currently consists of 10 members. The composition of Group Management is shown in the presentation on → pages 176-177. Group Management normally meets about 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.

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 2020 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 2020, 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, which benefit 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 179-181.

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. New for this year is submission of the member representative auditors' 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 2020 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. 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, 2021

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 Landbrugs Grovareselskab International AB (Chairman), Viking Malt Aktieföretag, Fellow of The Royal Swedish Academy of Agriculture and Forestry (KSLA).
Contribution issues: SEK 3,948,587*
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 622,262*



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, Ellen Key's Stiftelse Strand and Torseröd Vindkraftpark AB (Deputy).
Contribution issues: SEK 48,534*
Subordinated debentures: SEK 300,000*



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 and Lindab International AB.



Johan Bygge

Lidingö
 Born: 1956
 Director since 2019
 Not a member of Lantmännen
Other functions at Lantmännen: Remuneration Committee
Education: MBA, Stockholm School of Economics
Main occupation: Directorships and Industrial Advisor at EQT
Directorships: Nobina AB (publ) (Chairman), Getinge AB and AP3.
Subordinated debentures: SEK 250,000



Jan Ehrensvärd

Tomelilla
 Born: 1968
 Director since 2020
 Member of Lantmännen
Other functions at Lantmännen: Owner Committee
Education: M.Sc. (Business and Economics)
Main occupation: Farmer
Directorships: Tosterups Gård AB (Chairman), TreForm Packaging AB (Chairman), Äppelrikt Österlen ek för (Chairman) and ALSOCA Förvaltning AB.
Contribution issues: SEK 887,703*



Johan Mattsson

Skåne, Tranås
 Born: 1960
 Director since 2015
 Member of Lantmännen
Other functions at Lantmännen: Audit Committee
Education: M.Sc. (Business and Economics)
Main occupation: Farmer
Directorships: Handelsbankens Regionbankstyrelse i Sydöstra Sverige, Aktieföretag Marsvinsholms Gård, Viking Malt Aktieföretag, Swedpig AB, Raja Gård AB and Bäretofta AB.
Contribution issues: SEK 774,195*
Subordinated debentures: SEK 5,000,000*



Henrik Wahlberg

Soukoljärvi, Övertorneå Municipality
 Born: 1967
 Director since 2017
 Member of Lantmännen
Other functions at Lantmännen: Owner Committee
Education: Aeronautical engineer, agriculture
Main occupation: Farmer
Production: Milk, beef
Directorships: Övertorneå Energi Försäljning AB, Sparbanken Nord, Övertorneå Energi AB and Luttugården AB.
Contribution issues: SEK 294,478*



Per Wijkander

Upplands-Bro

Born: 1977

Director since 2019

Member of Lantmännen

Other functions at Lantmännen: Ownership Committee, Beirat (Advisory Board) HaGe Kiel, LRF Växtodling

Education: Agricultural Economics, Swedish University of Agricultural Sciences

Main occupation: Farmer

Production: Crops

Directorships: 4 Tunnland AB, Hätunaholm AB, Hätunaholm H.T.H. AB, Hätunalab AB, Håbo Häradsallmänning, Westerås Skogsbyrå AB (Deputy) and Hätuna HTH Holding AB (Deputy).

Deputy auditor, Maskinringen Mälardalen, ek för.

Contribution issues: SEK 2,675,077*

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) and Stiftelsen jordbruks- och miljöteknisk forskning.

Subordinated debentures: SEK 100,000



Tomas Welanders

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 74,855*

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 25,801

Subordinated debentures: SEK 200,000

Jimmy Grinsvall

Sätla

Born: 1974

Auditor for Lantmännen since 2019

Education: Agricultural and Rural Management

Main occupation: Farmer

Production: Beef, crops and forestry

Contribution issues: SEK 273,811

Authorized Public Accountant

Anders Kriström

Ernst & Young AB, Stockholm

Born: 1974

Auditor since 1999

Auditor for Lantmännen since 2015

Other assignments: Adecco, Bisnode, HL Display, 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 11, 2021. Holdings of contribution issues are reported in SEK, as at December 31, 2020.

Holdings of subordinated debentures are reported as at December 31, 2020.

* 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), HKScan Oy, Hauptgenossenschaft Nord AG, Svensk Kooperation ek för and Lantmännen Dansk Landbrugs Grovareselskab International AB.

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) and Foodhills AB.

Subordinated debentures: SEK 2,000,000



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: February 2020

Education: M.Sc. (Business and Economics), Stockholm University, INSEAD (Fontainebleau, France)

Directorships: Lantmännen Dansk Landbrugs Grovareselskab 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, SPBI Service AB, Viking Malt Aktiebolag and Hauptgenossenschaft Nord AG.

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)



Tove Cederborg

Head of Legal Affairs

Born: 1964

Hired: 2011

Education: LLB, Lund University

Directorships: Pensionsstiftelsen Grodden.

Subordinated debentures: SEK 300,000

Holdings of subordinated debentures are reported as at December 31, 2020.



Risks, financial overview and facts

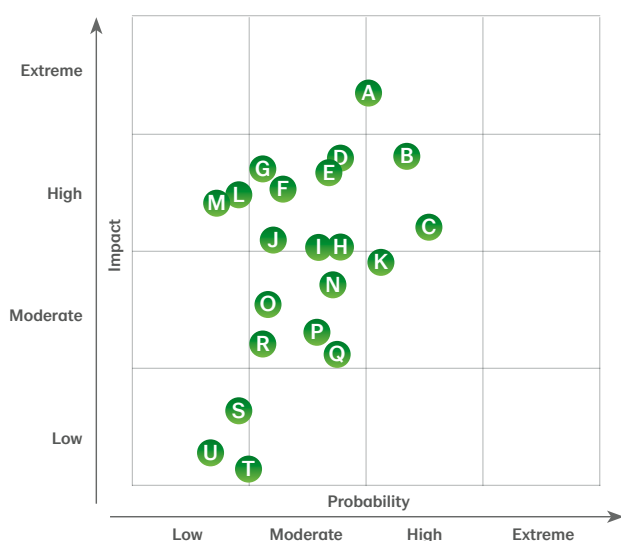
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Significant risks and risk management

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



The risk assessment scale ranges from low to moderate, high and extreme for both probability and impact. The risk assessment for 2020/2021 was conducted in the ERM process with the support of internal expertise.

- A Weather and climate risks
- B Regulatory changes
- C Price relationship in ethanol production
- D Pandemic consequences
- E Cyber security and IT operations
- F Fire and property damage, incl. threats and sabotage
- G Business ethics risks
- H Cyclical changes
- I Work environment and safety
- J Trademark and reputational risk
- K Energy and commodity prices
- L Quality and product safety
- M Customer and consumer trends, price competition
- N Attracting, developing and retaining key competence
- 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

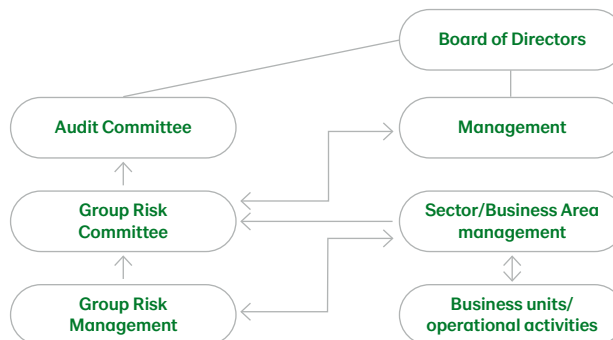
Risk management process

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 ● Moderate 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.

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.

B Regulatory changes

Risk level ● High probability ● High impact

Laws, regulations and policy instruments for agriculture can affect production and profitability. The EU's so far negative view of crop-based biofuels is a risk in terms of new regulations. Changed laws and regulations may restrict or result in higher requirements for Lantmännen's operations partly subject to permit. Brexit uncertainty and unpredictability represents a risk to Lantmännen's UK-related operations.

Management: Each Sector and business monitors changes and adapts its operations, e.g., Unibake has run a Brexit preparatory project.

C Price relationship in ethanol production

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 Agro-ethanol'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.

D Pandemic consequences

Risk level ● Moderate probability ● High impact

The coronavirus pandemic presents 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 demand may change.

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.

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 prioritizes cyber security work. All information is classified for selection of protection measures for information in IT systems and processes. All employees are continuously trained in safe handling of information.

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 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.

H Cyclical changes

Risk level ● Moderate probability ● Moderate 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.

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 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. One trademark risk is that competition in sustainability and responsibility increases sharply.

Management: Lantmännen has requirements for its own production, raw materials, suppliers, products and services, and works on stakeholder dialogue and transparent reporting.

K Energy and commodity prices

Risk level ● High probability ● Moderate impact

Lantmännen's consumption of electricity and gas is affected by the volatile price trend. Raw materials are a significant part of Lantmännen's costs. 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: Risk policy and commodity hedging 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.

L 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 special risks such as salmonella, GMO, DON, pesticide residues and presence of cadmium.

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.

M Customer and consumer trends, price competition

Risk level ● Low 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.

N Attracting, developing and retaining key competence

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

Brexit unpredictability represents a risk to UK-related operations. 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. The EU and the South American Mercosur trade bloc have adopted a draft trade deal that could lead to increased imports of cheap agricultural products into the EU.

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 risk is managed centrally to minimize currency effects by using currency inflows for payments in the same currency. 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.

The Group's Ten-year overview

Condensed income statements

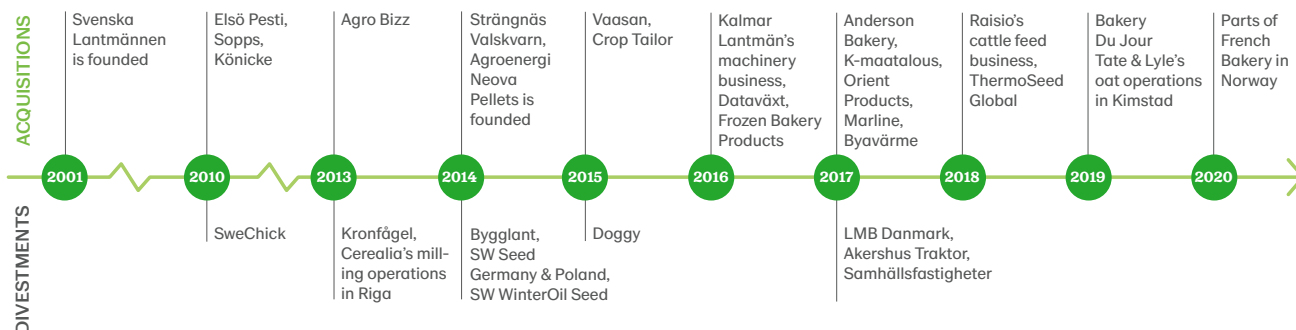
MSEK	2020	2019	2018 ¹⁾	2017 ¹⁾	2016 ¹⁾	2015 ¹⁾	2014 ¹⁾	2013 ¹⁾	2012 ¹⁾	2011 ¹⁾
Net sales	45,990	48,523	43,962	39,686	37,244	35,660	32,666	33,802	36,526	37,896
EBITDA	4,274	4,046	2,806	2,919	2,771	2,573	2,556	2,193	1,698	2,570
Depreciation, amortization and impairment	-2,051	-2,063	-1,363	-1,242	-1,165	-1,222	-1,103	-2,104	-1,185	-1,366
Operating income	2,223	1,983	1,443	1,677	1,606	1,351	1,453	89	513	1,204
Finance income and costs	-182	-210	-193	-156	-149	-105	-111	-4	-182	-337
Income after financial items	2,041	1,773	1,250	1,521	1,457	1,246	1,342	85	331	867
Tax, minority	-244	-222	-68	-216	-183	-156	-117	15	-91	-147
Net income for the year	1,797	1,551	1,182	1,305	1,274	1,090	1,225	100	240	720

Condensed statements of financial position

MSEK	2020	2019	2018 ¹⁾	2017 ¹⁾	2016 ¹⁾	2015 ¹⁾	2014 ¹⁾	2013 ¹⁾	2012 ¹⁾	2011 ¹⁾
Property, plant and equipment	13,288	13,927	10,673	10,030	9,098	7,699	7,178	7,337	8,928	9,258
Goodwill	5,461	5,724	5,350	5,238	4,611	4,424	2,915	2,594	2,554	2,640
Other intangible assets	3,370	3,620	3,451	3,327	2,980	2,782	752	814	875	767
Other non-current assets	3,496	3,499	3,233	3,204	2,825	2,780	2,762	2,542	2,151	2,069
Total non-current assets	25,615	26,770	22,707	21,799	19,514	17,685	13,607	13,287	14,508	14,734
Inventories	6,077	6,561	6,943	5,948	5,270	5,545	5,379	5,249	5,946	5,506
Other current assets	6,224	6,680	6,725	5,866	5,933	5,599	5,087	5,170	5,561	5,642
Cash and cash equivalents	1,415	1,183	720	927	1,773	1,252	3,058	2,295	352	739
Total current assets	13,716	14,424	14,388	12,741	12,976	12,396	13,524	12,714	11,859	11,887
Total assets	39,331	41,194	37,095	34,540	32,490	30,081	27,131	26,001	26,367	26,621
Equity, members of the Parent	17,901	17,411	15,935	14,859	13,795	12,660	11,859	11,016	10,899	10,906
Equity, NCI	105	94	92	89	88	21	17	28	33	36
Total equity	18,006	17,505	16,027	14,948	13,883	12,681	11,876	11,044	10,932	10,942
Non-current liabilities	7,029	7,190	7,005	5,983	6,219	6,135	3,598	4,939	5,919	5,360
Current liabilities	14,296	16,499	14,063	13,609	12,388	11,265	11,657	10,018	9,516	10,319
Total equity and liabilities	39,331	41,194	37,095	34,540	32,490	30,081	27,131	26,001	26,367	26,621
Net debt	7,761	10,165	8,719	7,274	6,289	6,476	3,674	4,963	7,506	7,186
Refund and supplementary payment ^{2) 3)}	305	208	156	245	231	188	135	129	120	110
Extra dividend	-	-	-	133	-	-	-	-	-	-
Contribution dividend, contribution issue ³⁾	597	525	463	322	277	243	328	171	168	230

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 for 2019.

Lantmännen's major acquisitions, divestments and ownership interests



The Group's Ten-year overview

Key figures	2020	2019	2018 ¹⁾	2017 ¹⁾	2016 ¹⁾	2015 ¹⁾	2014 ¹⁾	2013 ¹⁾	2012 ¹⁾	2011 ¹⁾
Operating margin, %	4.8	4.1	3.3	4.2	4.3	3.8	4.4	0.3	1.4	3.2
Capital turnover rate, times	1.7	1.7	1.8	1.8	1.8	1.8	2.1	2.0	2.0	2.1
Return on equity, %	10.2	9.1	7.6	9.0	9.6	8.9	10.6	0.9	2.2	6.7
Return on operating capital, %	8.1	6.8	6.0	7.8	8.0	7.5	9.1	0.5	2.8	6.5
Equity ratio, %	45.8	42.5	43.2	43.3	42.7	42.2	43.8	42.5	41.5	41.1
Net debt/EBITDA (bank definition)	1.60	2.25	3.25	2.70	2.53	2.85	2.02	2.62	4.31	
Net debt/equity ratio, times	0.4	0.6	0.5	0.5	0.5	0.5	0.3	0.4	0.7	0.7
Average number of employees	10,017	10,250	9,940	9,850	9,880	8,911	8,311	9,133	10,249	10,296

Excl. items affecting comparability	2020	2019	2018 ¹⁾	2017 ¹⁾	2016 ¹⁾	2015 ¹⁾	2014 ¹⁾	2013 ¹⁾	2012 ¹⁾	2011 ¹⁾
Operating income, MSEK	2,223	2,087	1,580	1,708	1,697	1 351	851	805	747	1 063
Operating margin, %	4.8	4.3	3.6	4.3	4.6	3.8	2.6	2.4	2.0	2.8
Income after financial items, MSEK	2,041	1,877	1,387	1,552	1,548	1 246	740	683	565	841
Net income for the year, MSEK	1,797	1,652	1,289	1,353	1,457	1 066	595	494	457	634
Return on equity, %	10.2	9.7	8.2	9.4	11.0	8.7	5.1	4.4	4.2	5.9
Return on operating capital, %	8.1	7.2	6.6	7.9	8.4	7.5	5.3	4.7	4.1	5.7

Condensed statements of cash flows

MSEK	2020	2019	2018 ¹⁾	2017 ¹⁾	2016 ¹⁾	2015 ¹⁾	2014 ¹⁾	2013 ¹⁾	2012 ¹⁾	2011 ¹⁾
Cash flow from operating activities before changes in working capital	3,811	3,637	2,268	2,453	2,571	2,159	1,362	1,570	1,358	1,655
Cash flow from operating activities	4,503	4,226	1,023	2,398	3,136	2,167	1,767	2,294	983	1,015
Cash flow from investment in/sale of property, plant and equipment and intangible assets, net	-1,608	-1,929	-1,626	-2,274	-1,884	-811	-697	-862	-1,163	-160
Cash flow from operations	2,895	2,297	-603	124	1,252	1,356	1,070	1,432	-180	855
Cash flow from acquisitions and divestments of operations, net ²⁾	-54	-473	-333	-852	-357	-4,154	1,065	1,196	0	0
Cash flow before financing activities	2,803	1,837	-824	-703	826	-2,674	2,077	2,450	-222	876
Cash flow for the year	254	454	-219	-852	489	-1,775	778	1,943	-379	-128
Cash and cash equivalents at end of year	1,415	1,183	720	927	1,773	1,252	3,058	2,295	352	739

¹⁾ In accordance with previously applied accounting policies for leasing.

²⁾ 2020 2020 includes acquisition of a bakery business in Norway.

2019 includes acquisition of Bakery Du Jour and Tate & Lyles oat operations.

2018 includes acquisition of Raisio's cattle feed business and ThermoSeed Global.

2017 includes acquisition of Anderson Bakery, K-maatous, Orient Products and Marline and divestment of LMB Danmark and 50 percent of Akershus Traktor.

2016 includes acquisitions of Kalmar Lantmån'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 Dzirnaveiks.

How to read the **Income Statement**

The income statement summarizes the year's finances, showing all income and expenses from the operations contributing to net income for the year.

Consolidated Income Statement

	MSEK	2020	2019
Sales This is where you will find the Company's total sales.	Net sales	45,990	48,523
	Other operating income	429	482
	Changes in inventories of finished goods and work in progress	-488	-207
	Raw materials and consumables	-14,392	-14,298
	Merchandise	-14,342	-16,734
Costs The costs of producing and selling goods and services are shown here.	Employee benefits expense	-6,362	-6,573
	Depreciation, amortization and impairment	-2,051	-2,063
	Other operating expenses	-6,713	-7,113
	Share of income of equity accounted companies	152	-34
Operating income This shows whether sales are profitable.	Operating income	2,223	1,983
	Finance income	109	112
Financial items Income or expenses associated with loans, investments, shares, securities, etc.	Finance costs	-291	-322
	Income after financial items	2,041	1,773
	Tax	-244	-222
Income This is also called profit after tax.	Net income for the year	1,797	1,551
	Net income for the year attributable to:		
	Members of the economic association	1,788	1,545
	Non-controlling interests	9	6

The statement of comprehensive income is based on net income for the year. OCI shows the fair value remeasurement of balance sheet items and exchange gains and losses. These count as income/expense and are part of the Group's comprehensive income for the year. OCI is added to equity and is included in the amount that can be distributed to owners.

Consolidated Statement of Comprehensive Income

	MSEK	2020	2019
	Net income for the year	1,797	1,551
	Other comprehensive income		
	<i>Items that will not be reclassified to the income statement</i>		
	Actuarial gains and losses on defined benefit pension plans, net before tax	87	-298
	Financial assets at fair value through other comprehensive income, net before tax	-98	121
	Tax attributable to items that will not be reclassified	-13	53
	Total	-24	-124
	<i>Items that will be reclassified to the income statement</i>		
	Cash flow hedges, net before tax	-12	-60
	Exchange differences on translation of foreign operations	-795	317
	Net gain on hedge of net investment in foreign operations, net before tax	73	-31
	Tax attributable to items that will be reclassified	-12	9
	Total	-746	235
	<i>Share of OCI in equity accounted companies</i>		
	Items that will be reclassified to the income statement	-104	30
	Total	-104	30
	Other comprehensive income, net of tax	-874	141
Total comprehensive income This shows the results of the year's operations and remeasurements. The amount increases or reduces the Group's equity.	Total comprehensive income	923	1,692
	Total comprehensive income attributable to:		
	Members of the economic association	914	1,686
	Non-controlling interests	9	6

How to read the Statement of Financial Position

The statement of financial position provides a picture of existing assets and how they have been financed. The value of total assets is always equal to the value of liabilities, which consist of liabilities to owners, equity and other liabilities.

Non-current assets

Non-current assets are assets that are used or owned for more than one year and contribute to the company's value growth. This is where we find the value of tangible assets (factories, other property, machinery, equipment, etc.) and intangible assets (non-physical assets, e.g., goodwill, purchased trademarks and patents). Goodwill is the portion of the purchase price of a subsidiary that cannot be attributed to other assets and mainly reflects anticipated synergies and staff skills. Non-current assets is also where we find the value of our share in the equity of joint ventures and associates (20-50 per cent ownership) under Equity accounted holdings.

Current assets

Current assets are assets held for sale or used in the business. These are assets that are consumed in a short time and can readily be converted to cash. This is where we find the value of goods still in stock, and our receivables from customers for products and services sold but not yet paid for. Cash and cash equivalents, mainly bank deposits, are reported under current assets.

Equity

Equity shows the existing net assets (assets - liabilities) belonging to the owners and on which they expect a return. Lantmännen's overall financial goal is to provide a long-term return of 8 percent on this equity over a business cycle and with the present business portfolio. The result used to calculate the return is "Net income for the year" in the consolidated income statement. Member contributions, both paid-in and issued, are an important component of equity. Other capital is amounts earned over the years in the parent association and Lantmännen companies; this is not distributed to members but is used as financing for assets that will generate future earnings. Non-controlling interests are also called minority interests. Minority interests are the proportion of equity in subsidiaries not owned directly or indirectly by the Parent Company.

Liabilities

Liabilities are divided into non-current and current liabilities, which is a way of denoting the length of time before they are due for settlement.

Consolidated Statement of Financial Position

MSEK	2020 Dec 31	2019 Dec 31
ASSETS		
Non-current assets		
Property, plant and equipment	12,601	13,297
Investment properties	687	630
Goodwill	5,461	5,724
Other intangible assets	3,370	3,620
Equity accounted holdings	2,517	2,490
Non-current financial assets	538	620
Deferred tax assets	275	252
Other non-current assets	166	137
Total non-current assets	25,615	26,770
Current assets		
Inventories	6,077	6,561
Trade and other receivables	5,967	6,488
Current interest-bearing assets	173	123
Current tax assets	84	69
Cash and cash equivalents	1,415	1,183
Total current assets	13,716	14,424
TOTAL ASSETS	39,331	41,194
MSEK	2020 Dec 31	2019 Dec 31
EQUITY AND LIABILITIES		
Equity		
Contributed capital	3,228	2,959
Other contributed capital	3,110	3,110
Reserves	-124	819
Retained earnings incl. net income	11,687	10,523
Total equity attributable to members of the economic association	17,901	17,411
Non-controlling interests	105	94
Total equity	18,006	17,505
Non-current liabilities		
Non-current interest-bearing liabilities	5,034	5,263
Provisions for pensions	897	942
Deferred tax liabilities	807	720
Other non-current provisions	264	251
Other non-current liabilities	27	14
Total non-current liabilities	7,029	7,190
Current liabilities		
Current interest-bearing liabilities	3,956	5,886
Trade and other payables	9,375	9,714
Current tax liabilities	185	149
Current provisions	780	750
Total current liabilities	14,296	16,499
TOTAL EQUITY AND LIABILITIES	39,331	41,194

How to read the Statement of Cash Flows

The statement of cash flows contains information on the Group's financial flows, i.e., the Company's cash receipts and payments. It is divided into three parts.

Operating activities

Operating activities are net income for the year plus non-cash items, i.e., items that are not cash inflows or outflows but accounting costs. For example, depreciation and capital losses reduce earnings but do not involve a payment. Taxes paid during the year are deducted. Adjustments are also made for changes in inventories, current receivables (mainly trade receivables) and current liabilities (mainly trade payables).

Investing activities

Investing activities show cash outflows for various investments and inflows from sales of operations, non-current assets or financial investments. Unlike the income statement, this shows the full year's payments for an investment – e.g., a company acquisition is not a cost in the income statement, and an asset's cost is divided using depreciation, based on the asset's estimated useful life.

Financing activities

Financing activities show how activities and investments are funded if cash flow from operating activities is insufficient. They also show payments (e.g., dividends to owners or loan repayments) to the parties funding the activities.

Consolidated Statement of Cash Flows

MSEK	2020	2019
OPERATING ACTIVITIES		
Operating income	2,223	1,983
Adjustment for non-cash items ¹⁾	1,939	2,037
	4,162	4,020
Financial items paid, net	-177	-210
Taxes paid	-174	-173
Cash flow from operating activities before changes in working capital	3,811	3,637
<i>Cash flow from changes in working capital</i>		
Change in inventories	412	468
Change in operating receivables	303	68
Change in operating liabilities	-23	53
	692	589
Cash flow from operating activities	4,503	4,226
INVESTING ACTIVITIES		
Acquisitions of operations (incl. capital contribution)	-54	-669
Divestment of operations	0	196
Investment in property, plant & equipment	-1,690	-2,086
Investment in intangible assets	-105	-115
Sale of property, plant & equipment and intangible assets	187	272
Change in financial investments	-38	13
Cash flow from investing activities	-1,700	-2,389
Cash flow before financing activities	2,803	1,837
FINANCING ACTIVITIES		
Change in interest-bearing liabilities including pension provisions	-2,079	-1,054
Paid-in contributed capital	132	114
Refunded capital contribution	-151	-69
Dividend paid	-451	-374
Cash flow from financing activities	-2,549	-1,383
Cash flow for the year	254	454
Cash and cash equivalents at beginning of year	1,183	720
Exchange differences in cash and cash equivalents	-22	9
Cash and cash equivalents at end of year	1,415	1,183

¹⁾ MSEK	2020	2019
Adjustment for non-cash items		
Depreciation, amortization and impairment of non-current assets	2,051	2,063
Share of income of equity accounted companies	-110	92
Capital gains/losses on sale of non-current assets and operations	-12	-130
Other non-cash items	10	12
Total	1,939	2,037

Glossary

For description of financial performance measures, see → page 138

Agenda 2030 • The UN's 17 Global Goals in Agenda 2030 were adopted by the UN countries in September 2015 and are a common vision with goals for achieving sustainable development for all.

Agrodrank • Protein-rich animal feed produced at Agroetanol in Norrköping.

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.

BRC • British Retail Consortium, a global food safety standard.

Carbon Law • Researchers' name for the rate required to reduce the climate impact in line with the Paris Agreement target of keeping 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.

Catch crop • Catch and intermediate crops provide the soil with cover between the cultivated crops. In this way, they help to increase carbon sequestration in the soil and catch any excess nitrogen from the cultivation.

Code of Conduct • Guidelines on ethical and responsible business operations for companies and organizations.

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.

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.

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.

Genomic selection • New plant breeding technology based on statistical models and genetic mapping.

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.

Vigor test • The germination capacity of the seed is tested in real soil under more authentic conditions than traditional tests. In this way, weaker batches can be removed.

Zoonoses • Diseases or infections that are transmissible between animals and humans – may be caused by viruses, bacteria, fungi and parasites.



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This paper has one of the very lowest carbon footprints in Europe.

This applies to every stage of the production chain

– from the felling of a tree to the departure of the finished product from the factory gate.

All carbon emissions involved in the production of this paper have been climate-compensated.



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**Lantmännen creates
value from arable land
resources in a responsible
manner from field to fork**



An aerial photograph showing a lush green landscape. In the foreground, there are rectangular agricultural fields with distinct rows of crops. A paved road or path runs horizontally across the middle of the image. Above the road is a well-maintained golf course with a small sand trap. In the background, a dense line of trees separates the golf course from a large, multi-story building with a dark roof, likely a clubhouse. The sky is clear and bright.

**Together we take
responsibility
from field to fork**