





Contents

- 3 Preface
- Chairman's report
- Results of the year
- FRILAND ORGANIC pigs
- 10 FRILAND ORGANIC cattle
- 12 FRILANDSGRIS®
- 14 FRILAND KØDKVÆG
- 16 Friland's markets

- 18 Friland sets new direction for the coming years
- 20 FRILAND ORGANIC embraces digital marketing
- 24 FRILAND KØDKVÆG marketed via own channels
- 25 FRILANDSGRIS® in new disguise
- 26 Centre for Free Range Livestock to future-proof concepts

We are keeping up the momentum

At the beginning of the 2020/21 financial year, there was no way we could have predicted what the markets would look like at the end of the year. Fortunately, we have succeeded in keeping up the momentum gained towards the end of the 2019/20 financial year.

Looking look back at 2020/21, the year was not without its challenges. Nevertheless, looking at our financial performance in general, it is fair to say that we have managed to keep up the good work from 2019/20. That is very positive. We have especially become less dependent on specific customers and markets for our organic concepts. Our activities are suitably diversified, and we have been able to strike and maintain a healthy balance between supply and demand.

However, there is no denying that the past year has been a challenging one due to the outbreak of African swine fever and the lockdown of our export markets in particular in the wake of the corona pandemic. Sales of to Friland. our Friland concepts have suffered slightly as a result, and like everybody else we have noted a slight decline in the foodservice sector.

On the other hand, growth has been driven by a solid demand for our organic concepts and an increase in the general demand for better animal welfare.

Friland's success is not least thanks to the diligent efforts of our team, but certainly also to the benefits of being part of a large group. The 'Act as one' mindset has once again proved its worth.

Among consumers, Friland scores high in brand perception rankings. We are pleased that Friland was ranked no. 8 in the 'Sustainable brand index' for 2020 among 233 Danish companies. We are proud of this, and it confirms that the 'Pioneering better food together' strategy we are now embarking on is the way to go. It is in line with the sustainability elements we will continue to work for. And it is also in line with the overall strategy of the Danish Crown Group.

Here, we have become part of the global category organisation in the new 'Feeding the Future' strategy. And at the same time, I have been made responsible for all the group's special pig concepts. I am proud of that, and I have absolutely no doubt that it will also be of benefit to Friland. In this way, we contribute to the Danish Crown strategy, and the group contributes



We're back on track



The corona pandemic remained top-of-mind for Friland in 2020/21. But we are back on track, especially when it comes to our organic pig and cattle concepts.

It is clear to the Board of Directors that sales are again moving in the right direction following the setbacks suffered in 2019/20. In the past year, we have been able to increase the prices paid for our organic concepts, while posting record revenue of close to 1 billion DKK. We are very pleased about that.

Friland's exports have recovered, and demand is strong both in our domestic market and in our export markets, especially for our organic ranges.

In the past year, FRILANDSGRIS® sales have suffered due to the decline in foodservice sales during the

We are going to increase our focus on and investments in sustainability.

and energy to the strategy work in the past year. A lot of exciting discussions and workshops have resulted in our 'Pioneering better food together' strategy. The tracks have been laid, and the ambition is to develop and strengthen our customer relations through the formation of more strategic partnerships. Because

we want to grow, but in a balanced way and one

corona pandemic. Once things return to normal,

increasing sales of FRILANDSGRIS® will be an

The corona pandemic also hit sales of FRILAND

KØDKVÆG. At the same time, the supply of animals

has not met our critical mass requirements. In order

to increase sales, we need to increase the supply

of animals. For this purpose, we are launching the

FRILAND NATURPLEJE concept, which we believe will

The Board of Directors has devoted considerable time

important focus area.

benefit farmers.

that makes financial sense for our farmers. That is absolutely crucial.

We are going to increase our focus on and investments in sustainability. It is important for us that we continue to reiterate the importance of the sustainability agenda for our suppliers and for Friland. This is an agenda that is attracting considerable attention wherever we look Friland must drive the sustainability agenda as a way of adding value and raising the profile of both Friland and the entire Danish Crown Group. This must be done through a strengthening of relations and even better collaboration between Friland and the farmers, with Friland spearheading developments in several areas.

Best regards

Peter Fallesen Ravn

Chairman of Friland A/S's Board of Directors

We are postiné record revenue of almost 1 billion DKK, which we are extremely pleased about.

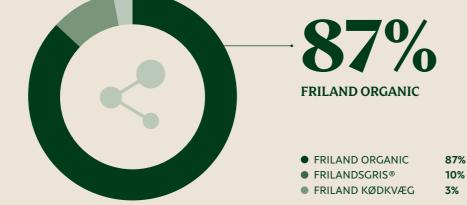
Results for the year

7 Annual report

Results for the year

Results of the year





Revenue

2020/212019/20

Friland posted record revenue of 998.9 million DKK for 2020/21. This represents a 16% increase on the 2019/20 revenue of 859.3 million DKK.

In the past year, our two organic pig and cattle concepts again

accounted for the largest share of revenue.

In 2020/21, FRILAND ORGANIC accounted for 87% of revenue for Friland against 84% in 2019/20. Organic cattle accounted for 30% of revenue, while organic

pigs accounted for 57% of total revenue in 2020/21.

FRILANDSGRIS® accounted for 10% of revenue in Friland in 2020/21 compared to 12% last year.

FRILAND KØDKVÆG accounted for

3%, which is on a par with 2019/20, where revenue accounted for 4% of total revenue.

Revenue in Denmark accounted for 45% of Friland's total revenue. To sales outside Denmark must be added the revenue generated through sales of non-Danish raw materials – primarily German organic pigs – via Friland in Germany.

Development

In 2020/21, the supply of animals increased at Friland. In total, Friland received 352,442 animals, up almost 4% on 2019/20.



Supplementary payments

As always, it should be stressed that collecting supplementary payments is no criterion of success in itself. However, the Friland business model means that a certain buffer is needed in order to be able to absorb any unforeseen market movements. Suppliers of FRILAND ORGANIC pigs receive

a supplementary payment of
1.10 DKK per kg of slaughter
weight. Suppliers of FRILAND
ORGANIC cattle receive a supplementary payment of 0.70 DKK per
kg of slaughter weight. Suppliers
of FRILANDSGRIS® receive a
supplementary payment of
0.65 DKK per quality-approved kg.

Suppliers of FRILAND KØDKVÆG receive a supplementary payment of 1.55 DKK per approved kg. Additional payments by Friland for the 2020/21 financial year, including these supplementary payments, total 314 million DKK.



1.10 DKK/KG

FRILAND ORGANIC
PIGS



0.70 DKK/KG

FRILAND ORGANIC
CATTLE

FRILAND Økologi





0.65 DKK/KG

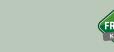
FRILANDSGRIS®











FRILAND ORGANIC PIGS

Strong in export markets



Distribution of revenue

The export markets continue to drive Friland's sales of organic pork.

DenmarkExports



Development in revenue

Revenue grew in 2020/21, which is primarily ascribable to growth in our export markets.

2020/21 2019/20

• 2018/19

467 million DKK 370 million DKK 361 million DKK

FRILAND ORGANIC PIGS

Strong increase in sales of organic pigs

A marked increase of approx. 97 million DKK was realised in sales of FRILAND ORGANIC pigs this year, which ended at 467 million DKK. This equates to a 26% increase, which is explained, among other things, by an increase in the number of pigs supplied. At the same time, we were able to develop sales in several markets in the course of the year. Exports thus accounted for 74% of sales, which is on a par with 2019/20.

To revenue generated by FRILAND ORGANIC pigs outside Denmark should be added sales based on German organic pigs. Europe remains our largest export market for organic pork, but following our entry on the North American market and other markets, we have achieved a diversification of our sales across more markets and a broadening of our customer base. In our other export markets, we see further potential for increased sales of organic pork, which we will be pursuing in the coming years.

The special National Organic Programme (NOP) standards for pigs are also having a positive impact. Moreover, the focus on animal welfare is gaining ground in several markets. The development for organic pork in general will therefore be reinforced by the demand for, among other things, better animal welfare.

A total of 236.6 million DKK has been paid out to the group - including supplementary payments of 15.69 DKK per kg compared to 9.88 DKK per kg last year. Including the price paid by Danish Crown, an average of 25.77 DKK per kg was paid compared to 22.35 DKK per kg last year. The supplementary payments from Danish Crown are in addition to these figures.





FRILAND ORGANIC CATTLE

Further increase in sales to export markets



Distribution by markets

Most of the organic beef is sold on the Danish market, but exports increased in 2020/21.

DenmarkExports



Development in revenue

Sales of organic beef by Friland are at a record high.

0 2020/21

241 million DKK

2019/20 2018/19

231 million DKK 207 million DKK

serious ramifications of the lockdowns for a number of the segments that usually buy the more expensive cuts. Denmark still accounts for most of our sales of

organic beef in FRILAND ORGANIC CATTLE. Minced beef still makes up the largest part of sales (61%). Sales in Denmark and increased sales for exports have, among other things, improved the degree of utilisation of cattle

In 2020/21, our sales of organic cattle were up 5% at

241 million DKK, representing an almost 10 million DKK

increase compared to last year. This was partly ascribable to the fact that we succeeded in increasing volumes

of organic cattle as well as increased exports.

In the past year, we increased sales to our export markets. The export share increased by 10%, which

means that we have been able to avoid the more

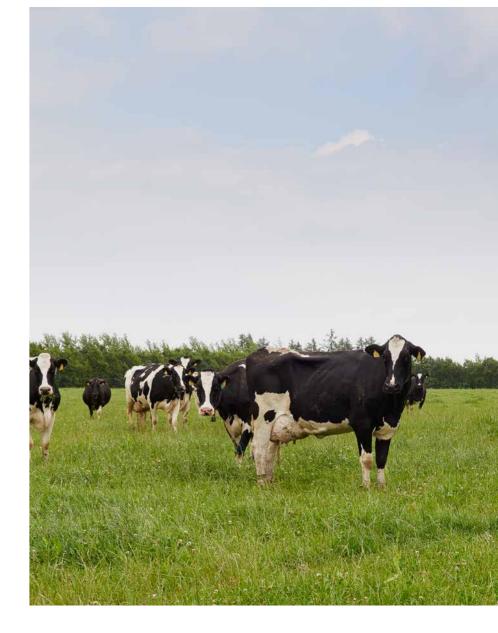
Looking at the full year, we have generally seen a more even supply of cattle, which is positive, and thus the trend of a more even distribution of animals over the year continues. At the same time, we have seen an increase in the price paid by Danish Crown Beef, which has helped to increase the total settlements

A total of 51.1 million DKK was paid out to the group - including supplementary payments and other supplements, which is equivalent to 8.04 DKK per kg compared to 7.40 DKK per kg last year. Including the settlement paid by Danish Crown, an average of 26.26 DKK per kg was paid compared to 25.22 DKK per kg last year. Any supplementary payments from Danish Crown are in addition to these figures.

FRILAND ORGANIC CATTLE

Friland has seen an increase in the supply of organic cattle





FRILANDSGRIS®

FRILANDSGRIS®

has reached more

FRILANDSGRIS®

Exports of FRILANDSGRIS® are up



Distribution by markets

FRILANDSGRIS® exports increased in 2020/21, while the lockdown of the foodservice segment had a slightly negative impact on revenue.

- Denmark
- Exports



85 million DKK

Development in revenue

Revenue from FRILANDSGRIS® is down, which is due to the decline in foodservice sales.

- 2020/21 2019/20 2018/19
- 88 million DKK 89 million DKK

85 million DKK

up the marketing of FRILANDSGRIS®, and we strongly expect to be able to increase sales in Denmark, where our collaboration with 7-Eleven and Dagrofa has also

Together with our Danish customers, we have stepped

markets

In 2020/21, sales of FRILANDSGRIS® were affected

by the corona lockdowns, which meant, among other

things, that people ate out less. As a result, Danish

sales ended up slightly below index 100. However,

sales increased in the last months of the financial

Overall, revenue fell by around 4% to 85 million DKK

despite an increase in the number of pigs supplied

year as the foodservice sector reopened.

proved to be a great asset.

during the financial year.

We hope that the reopening of Danish society will result in increasing sales to the foodservice and

restaurant segments and an increase in revenue from FRILANDSGRIS® as a whole. Our exposure in 7-Eleven stores across Denmark remains good, and much work is going into strengthening visibility. The same goes for our collaboration with the MENY supermarket chain, where both parties are devoting efforts to increasing awareness and thus visibility in the stores to increase sales.

A total of 25.4 million DKK has been paid out to the group - including supplementary payments of 4.21 DKK per kg compared to 4.03 DKK per kg last year. Including the price paid by Danish Crown, an average of 13.45 DKK per kg was paid compared to 15.62 DKK per kg last year. Any supplementary payments from Danish Crown are in addition to these figures.





FRILAND KØDKVÆG

The concept is sold to both the retail and foodservice segments



Bulk/retail distribution

Most FRILAND KØDKVÆG is sold as bulk to the Danish retail segment in the form of bulk for butchers and for retail-packaged products.

- Bulk
- Retail



Development in revenue

Revenue from the concept has been quite stable in recent years. 2020/21 **2019/20**

0 2018/19

23 million DKK

21 million DKK 22 million DKK We have not succeeded in increasing the number of cattle over the year. We have therefore decided to introduce a new concept together with Danish Crown Beef for the purpose of increasing the number of cattle

and ensuring that it is aligned with market demand.

Although the lockdown of several segments impacted sales of FRILAND KØDKVÆG, we almost succeeded in

matching the revenue posted for 2019/20. In 2020/21,

lion DKK, representing a slight decrease of 0.4 million DKK compared to last year. Sales to retail account for

FRILAND KØDKVÆG generated revenue of 21.2 mil-

16% of revenue, which represents an increase.

From the New Year, FRILAND KØDKVÆG and DANISH CATTLE will be merged into FRILAND NATURPLEJE, which has more suppliers. Through a number of initiatives at the farms, the concept will help to protect

Additional payments of 1.5 million DKK have been paid out by Friland - including supplementary payments and Danish Cattle supplements, corresponding to 2.73 DKK per kg against 1.70 DKK per kg last year. Including the price paid by Danish Crown Beef, an average of 25.83 DKK per kg was paid compared to 24.49 DKK per kg last year.

FRILAND KØDKVÆG

Stable sales of FRILAND **KØDKVÆG**





Friland's markets

The Danish market is still very important for Friland as a domestic market, and one that Friland wants to look after and develop. Among other things, the goal is to boost awareness of the Friland brand and increase visibility in the market.

At the same time, the export markets are also important for Friland, where the organic concepts are a very big player. Friland is Europe's largest supplier of organic meat. It is therefore crucial how the markets are serviced.

- Danish organic meat and the quality and products supplied by our suppliers are valued in a large number of export markets. We explore any business opportunities that may be emerging. NOP pigs are a good example of how we in Denmark are able to supply more markets, just as we have access to other markets, says CEO of Friland, Claus Hein.

Friland's exports are spread across a number of markets, several of which saw growth in 2020/21. Friland has sales to, for example, Germany, France, Italy, the Netherlands, the USA, New Zealand and several countries in Asia and the Baltics.

55% of Friland's

revenue is generated

in the export markets.

are located in Europe.

The largest export markets

 Our business relies on a highly diverse market approach, and so we are active in many markets.
 Being present in only a few markets leaves you slightly vulnerable. Therefore, our ambition is to build long and strong relations, says Sales Director, Export Sales, Martin Rosenstand Bak Thomsen.

In the past year, Friland's German sales office in Kiel has achieved satisfactory growth in both revenue and results. This is partly due to the fact that sales in Germany are spread across a number of channels. Our collaboration with Danish Crown in Germany is one of the main drivers of sales.

Friland's Sales Director in Germany, Marian Mohrmann, stresses that Friland has experienced a satisfactory demand, which has increased especially since autumn 2020.

- We must say that demand has been there in the past year, and we have delivered on and seized any market opportunities that have emerged, both for pork and beef. We have devoted our efforts especially to optimising utilisation, and we have also been able to sell all our organic meat as organic, says Marian Mohrmann, who expects demand to remain high.

Danish organic meat and the quality and products supplied by our suppliers are valued in a large number of export markets.

- Claus Hein, CEO

Friland sets new direction for the coming years

In the period up until 2026, Friland will invest further in sustainability and climate action, and our engagement with farmers on sustainability plans is a cornerstone in this context. At the same time, Friland is ready to receive more pigs and cattle for its concepts.

Over the next five years, Friland will take further steps in the field of sustainability and climate action. This must be done in close collaboration with farmers and as part of a new strategy announced in October this year.

For example, as an essential part of Friland's strategy, future growth must come from increasing the supply of animals for slaughter. Expectations are that Friland will be able to increase revenue by 25-40% in the next five years through increasing the weekly supplies of animals.

The increase must, of course, be balanced with the sales potential. This is how Friland will be able to ensure a strong settlement for farmers, says Friland's CEO, Claus Hein, who in the past year has been working on Friland's role in the Danish Crown Group's Feeding the Future strategy.

 We hope to increase the number of animals for slaughter supplied for all Friland concepts over the coming years. However, it is absolutely crucial that we continue to offer highly stable payments per kg to farmers, and it is of course equally important for us that the supply of animals is aligned with demand in a profitable way, says Claus Hein.

At the same time, an important element in the strategy for Friland is the stabilisation of and

Friland must drive the sustainability agenda as a way of adding value and raising the profile of both Friland and the rest of the Danish Crown Group.

preferably an increase in payments to farmers over the coming years. This will be achieved, among other things, through the building of long-term, strategic customer partnerships. Moreover, sustainability and climate action will play a significant role in the development of Friland over the next five years.

As part of the strategy, Friland will invest in its collaboration with farmers alongside the continued development of sustainability plans for the individual farms.

- Friland must drive the sustainability agenda as a way of adding value and raising the profile of both Friland and the entire Danish Crown Group. This must be done through increased contact and strengthened collaboration between Friland and the farmers. We will continue to work with the development of individual sustainability plans on the farms to ensure that the farmers in Friland come to spearhead the climate, sustainability and biodiversity agendas, says Claus Hein, who is looking forward to presenting a number of sustainability initiatives over the strategy period.

Friland's strategy is closely aligned with Danish Crown's new Feeding the Future strategy, which covers the period up until 2026. Friland's Board of Directors:
From left: Esben Møller Xu,
Niels Schelde Jensen, Kasper
Lenbroch, Erik Bredholt,
Bo Bejer, Fin Klostermann,
Signe Wenneberg, Nicolaj
Pedersen, Claus Hein, Mads
Lystbæk, Peter Fallesen Ravn.





Report from Marketing





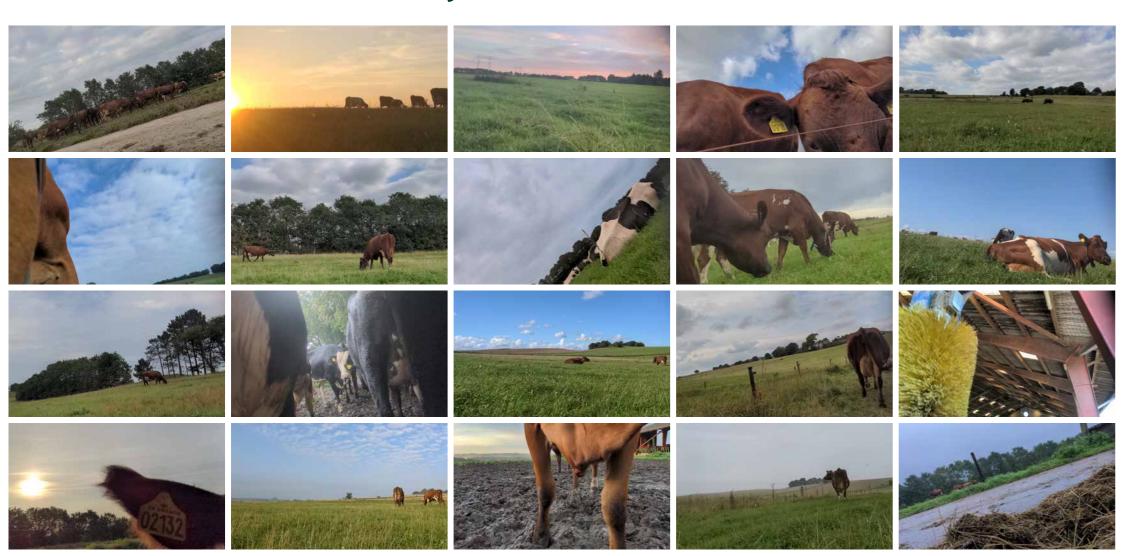




Photos from Friland







FRILAND ORGANIC embraces digital marketing

The corona pandemic and the many lockdowns have forced Friland to change its marketing and communication in the past year. This has resulted in an increased focus on digital media.

The digital visibility of FRILAND ORGANIC was ramped up in 2020/21. Thus, in the marketing of both organic beef and organic pork, we have increasingly made use of digital channels.

The channels enable Friland to target specific target groups who are interested in organic concepts. In the course of the year, four campaigns were rolled out on both digital media and on TV. Both analyses and our partners indicate that the digital channels are increasingly becoming the preferred media choice of our target audience. In addition, the corona

lockdowns have resulted in increased digitalisation due to the lower level of physical activity in society and to trade fairs and demonstrations being postponed indefinitely.

In the past year, Friland has for the first time started using television marketing. This has been done in an attempt to further raise awareness of Friland. Therefore, a larger share of our marketing budget went on TV commercials and sponsored content in the form of short films focusing on the animals and life in the field.



We have space for the animals to live outside and

a strong focus on animal welfare, says Marketing

Manager Maria Bast, Friland.

In addition to advertising, Friland has in the past year also collaborated with influencers and youtubers, for example Mathias Hundebøll and the Münster family. The results of this collaboration have been positive, explains Senior Brand Manager Rasmus Flade Nielsen.

- Among other things due to the lockdown, we decided to change our focus and the way we reach out to consumers. Our 'physical' platforms in the shops and at trade fairs have been out of bounds, which is why we have started targeting consumers in other ways. Working with influencers has been a new and interesting path, he says. The advantage is that influencers and youtubers assess, describe and recommend the Friland concepts based on their own personal experience.

Furthermore, Friland has also strengthened its communication with online stores. Online sales are also growing in Friland, which is why we are looking more closely at how this channel can be developed further following the change in shopping habits in Denmark due to coronavirus.



300,000

Friland's collaboration with the Münster family resulted in 300,000 unique views.





We would like to tell you that our pigs and cattle spend much of their lives outdoors. We have space for the animals to live outside and a strong focus on animal welfare.

Maria Bast, Marketing Manager

FRILAND ORGANIC – new packaging/trays made from min. 90% recycled plastic and with no added colour

Report from Marketing

23 Annual report























24 Annual report Report from Marketing Report from Marketing



FRILAND KØDKVÆG marketed via own channels

In the past year, the corona situation has meant that the FRILAND KØDKVÆG concept has been impacted by the lockdown of the foodservice segment as well as declining sales to wholesalers. Therefore, our marketing has been targeted in particular at the retail trade. In addition, Friland has adjusted and increased its focus on the concept on its own platforms such as Facebook and Instagram, which have been used to promote the concept. Generally speaking, this has increased awareness of the brand in the past year. In addition, an agreement was made with 7-Eleven on a FRILAND KØDKVÆG sausage as part of the strategic collaboration with the convenience chain.

However, market demand cannot be met by the current supply of animals, and it has not been possible

to increase volumes over the year, which makes it difficult to maintain the concept in its present form. Towards the end of the financial year, it was therefore announced that the FRILAND KØDKVÆG concept will be discontinued at the end of the year, while a new concept – FRILAND NATURPLEJE – will be launched in collaboration with Danish Crown Beef. The new concept will be known for many of the good values from the FRILAND KØDKVÆG concept.

- We believe that the new concept is what consumers want. This is something we will emphasize in our marketing, while also basing the concept on the good values from the FRILAND KØDKVÆG concept, says Marketing Manager Maria Bast, Friland.



FRILANDSGRIS® in new disguise

In 2020/21, the FRILANDSGRIS® concept was given a makeover. On the packaging and in our campaigns, the focus is now on the farmer and the pigs. Also, there is a stronger focus on emotional rather than fact-based slogans. This autumn, the new FRILANDSGRIS® concept has been rolled out on a

large scale in the MENY stores, where all point-of-sale material has also been updated. Moreover, a recipe universe has beer created in collaboration with the Marschall brothers.

On the advertising front, Friland has worked with physical advertising close to specially selected

MENY stores and on town buses in several major towns and cities as well as digital marketing in order to more precisely target potential consumers. Due to corona and the resulting change in shopping habits, we have tried to tailor our advertising to digital platforms, which are well-suited to the concept, while also focusing more on advertising in the immediate vicinity of shops, e.g. on bus shelters or on town buses, explains Senior Brand Manager Rasmus Flade Nielsen.

The idea has been to catch the attention of young families, in particular, he adds.

A collaboration has also been established with 7-Eleven on a wide range of FRILANDSGRIS® sausages, including sausage rolls with a FRILANDSGRIS® sausage as well as sausages for a variety of hot dogs. Furthermore, a new barbecue range was

developed in collaboration with the MENY stores, which was launched in July and which is expected to be continued for the 2022 barbecue season.

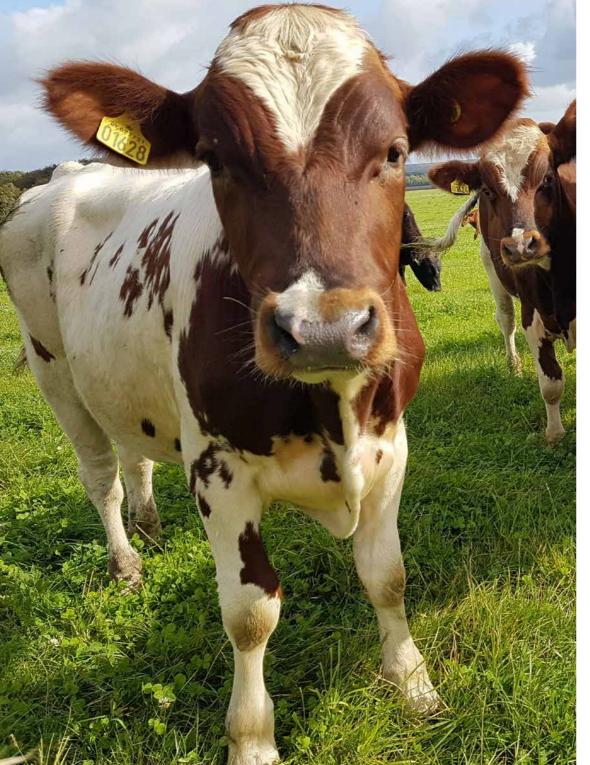


Centre for Free Range Livestock to future-proof concepts

For the next five years, the centre's focus will be on future-proofing the concepts with a special focus on animal welfare, climate, biodiversity and commercial sustainability.

Over the next few years, the Centre for Free Range Livestock will focus on a number of new projects. For the centre, four elements are of particular importance and key to the projects in which the centre participates: climate, animal welfare, the environment and biodiversity.

The Centre for Free Range Livestock, which is owned by the Danish Animal Welfare Society and Friland, is among other things involved in OUTFIT, which is a four-year project aimed at minimising the risk of leaching from paddocks. Simme Eriksen hopes that the project will help reduce the environmental impact of free-range production.





The Centre for Free Range Livestock has many projects in the pipeline to support free-range livestock production.

— It is old news that there is a risk of nutrient hotspots forming around pig shelters and feeding troughs. For years, farmers have therefore been required to regularly move shelters and feeding troughs. What is new is that we will test other ways of reducing nitrogen losses from the manure, for example by spreading wood chips in particularly exposed areas, says Simme Eriksen from the Centre for Free Range Livestock.

Furthermore, the Centre for Free Range Livestock is also initiating projects looking at the forest farming of both pigs and cattle.

Another new project by the Centre for Free Range Livestock looks at ways of optimising the production of slaughter pigs in open pens. The project will run from 2022 to 2024, and the purpose is to optimise production on all parameters. The goal is to improve the economy while at the same time reducing the climate impact of production concepts that involve the keeping of slaughter pigs in open pens.

The Centre for Free Range Livestock Animals is also involved in a number of cattle projects including ROBUST, a large-scale forest farming project run jointly with the Innovation Centre for Organic

Farming and Aarhus University. The purpose of the project is to improve biodiversity and reduce the climate footprint. As part of the ROBUST project, the Centre for Free Range Livestock is involved in investigating the cattle's use of woodlands and shelterbelts, and in documenting the welfare of the animals.

Another cattle project is 'Klimaungtyre' (climate-friendly young bulls), where the focus is on concepts that minimise carbon emissions per kg of meat. In addition, the centre is involved in projects on grazing systems for cattle as well as a project focusing on the cow-calf relationship.

The overarching goal of the Centre for Free Range Livestock is for the projects and the research to benefit both concepts and farmers. According to Simme Eriksen, this is absolutely crucial.

- We want to contribute to future-proofing the concepts. Both by identifying solutions that can improve biodiversity and benefit the climate, and by keeping a strong focus on the production economy. We fundamentally believe that farmers should be able to make a living from their production, regardless of whether they supply cattle or pigs to Friland, says Simme Eriksen.



The overarching goal of the Centre for Free Range Livestock is for the projects and the research to benefit both concepts and farmers.

- Simme Eriksen, Head of the Centre for Free Range Livestock

