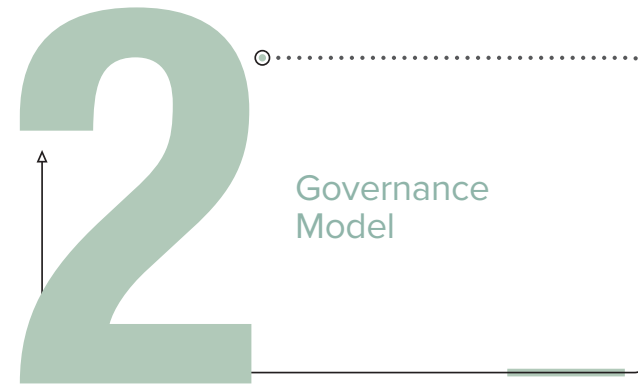
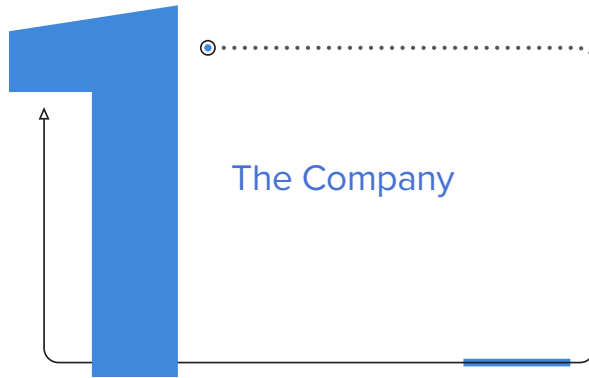


EBRO | 2020

Annual Report







The Company

MISSION

The mission of the Ebro Foods Group is to research, create, produce and distribute high value-added foods, which enhance people's health and well-being while meeting their nutritional needs.

VISION

Our vision is to grow sustainably, ensuring ethical conduct and professional and personal integrity in the performance of our business activities, creating value for our shareholders, minimising the environmental impact of our operations, guaranteeing the personal and career development of our employees, improving the quality of life in society and meeting the needs of our customers and consumers.

VALUES

The Group's conduct is guided by the following values:

- Leadership
- Transparency
- Honesty
- Responsibility
- Integrity
- Culture of effort
- Ambition to generate value
- Environmental responsibility
- Service vocation
- Focus on people
- Innovation
- Long-term sustainability
- Strict compliance with the law





LEADING GROUP IN
THE SPANISH FOOD
SECTOR



GLOBAL LEADER OF
THE RICE SECTOR



NUMBER TWO PASTA
MANUFACTURER IN
THE WORLD



LEADER IN THE
MARKETS IN WHICH
WE OPERATE

Ethics and Integrity

The company is governed by the Ebro Foods Group Code of Conduct and the Internal Code of Market Conduct.

EBRO FOODS GROUP CODE OF CONDUCT

Approved by the Board of Directors of Ebro Foods, S.A., the Group's Code of Conduct (hereinafter COC) provides guidance on how to act in the internal and external relationships of the people and companies making up the group headed by Ebro Foods, strengthening our hallmark values and establishing a basic reference to be followed by the people and companies of the Ebro Foods Group.

The COC is a key element within the crime prevention model implemented in the Ebro Foods Group, so it is important that it be known and observed by all those persons within its scope.

The COC also lays down the guidelines for relations with the Group's stakeholders: shareholders, professionals, consumers, customers, suppliers, competitors, authorities and markets in general.

All those falling within the scope of application of the Code, as per point 4 thereof, are bound to comply and contribute towards compliance with it. Nobody, regardless of their position within the Group, is authorised to require a person bound by the Code to breach its provisions. No relevant person may justify any malpractice or conduct infringing the COC alleging an order from a superior or ignorance of its contents.

In this regard, any person bound by the Code may report any default or infringement of any of its principles, under a guarantee of absolute confidentiality.

A reporting channel is established for this purpose, as follows:

- Reports or complaints may be sent by e-mail to: canaldedenuncias@ebrofoods.es
- Access to that e-mail account, technologically protected to prevent any unauthorised access, is limited exclusively to the Chairman of the Audit and Compliance Committee who, as an independent director, has no relationship with the Group management.
- According to the contents of the report, the Chairman of the Audit and Compliance Committee may obtain the appropriate information and make the necessary consultations to clarify the issue, guaranteeing at all times the absolute confidentiality of the reporter and not informing the reported person or persons until the investigation has concluded.
- The Chairman of the Audit and Compliance Committee will keep in touch with the reporter, informing them of the enquiries made and the final outcome and consequences.

- The Chairman of the Audit and Compliance Committee will in all cases establish the order of priority and process, investigate and resolve reports according to their importance and nature, paying special attention to those concerning a possible financial or accounting fraud and possible fraudulent activities.

The full text of the Code of Conduct and the guidelines laid down for its implementation and application are available for consultation by any of our stakeholders through the corporate Intranet and the Group's website, within the Corporate Social Responsibility section: <https://www.ebrofoods.es/en/information-for-shareholders-and-investors/code-of-coduct/>.

The COC has been translated into the languages of all the countries in which the Group operates and has been signed by all the company's employees.

The Ebro Group is developing a multi-year ethical audit plan as a mechanism for monitoring and assessment of compliance. These audits will be made by an independent third party at both Group workplaces and at a sample of suppliers.

INTERNAL CODE OF MARKET CONDUCT

Approved by the Board of Directors of Ebro Foods, S.A., the Code is included in a process of actions taken by the Company within the framework of constant review of its internal regulations to adjust them to the legal provisions and CNMV criteria in place from time to time.

Its purpose is to establish a set of rules conforming to the laws and regulations in place from time to time, governing the conduct by the Company and the Relevant Persons in the different areas regulated in the Code, all relating to their actions in the security markets.

In this regard, Relevant Persons are:

- (i) Directors and Senior Executives, as well as the Secretary and Vice-Secretary of the Board
- (ii) External Advisers insofar as they are considered Insiders
- (iii) Members of the Compliance Unit
- (iv) Any person other than the former whenever so decided in specific cases by the Compliance Unit contemplated in the Code, in view of the prevailing circumstances in each case.

The Code is applicable to the following subject matter:

- (i) Trading in relevant securities
- (ii) Insider information and price-sensitive information
- (iii) Treasury stock
- (iv) Conflicts of interest

The full text of this Code is available for consultation by any of our stakeholders through the corporate Intranet and the Group's website, within the Corporate Governance section: <https://www.ebrofoods.es/en/information-for-shareholders-and-investors/corporate-governance/rules-of-conduct-on-stock-markets/>.

Operating companies

As at the closing date of this Report (31/05/2021), the core businesses are performed by the following subsidiaries, reporting to Ebro Foods, S.A.:

COMPANY	COUNTRY	BUSINESS AREA
AGROMERUAN, S.R.A.L AU	MOROCCO	Rice
ARROZEIRAS MUNDIARROZ, S.A.	PORTUGAL	Rice
AROTZ FOODS, S.A.	SPAIN	Others
BERTAGNI 1882, S.P.A.	ITALY	Pasta
BOOST NUTRITION, C.V.	BELGIUM	Rice
EBRO FOODS, S.A.	SPAIN	Parent (Holding)
EBROFROST HOLDING, GMBH	GERMANY, DENMARK & UK	Rice, pasta and frozen food
EBRO INDIA, PRIVATE LTD.	INDIA	Rice
EURYZA, GMBH	GERMANY	Rice
GEOVITA FUNCTIONAL INGREDIENTS, S.R.L.	ITALY	Ingredients
HERBA BANGKOK, S.L.	THAILAND	Rice
HERBA CAMBODIA CO. LTD	CAMBODIA	Rice
HERBA INGREDIENTS, B.V.	NETHERLANDS & BELGIUM	Ingredients
HERBA RICEMILLS, S.L.U.	SPAIN	Rice
HERBA RICEMILLS ROM, S.R.L.	ROMANIA	Rice
LASSIE, B.V.	NETHERLANDS	Rice
LA LOMA ALIMENTOS, S.A.	ARGENTINA	Rice
LUSTUCRU FRAIS, S.A.S.	FRANCE	Rice and pasta
MUNDI RISO, S.R.L.	ITALY	Rice
MUNDI RIZ, S.A.	MOROCCO	Rice
NEOFARMS BIO, S.A.	ARGENTINA	Rice
PANZANI, S.A.S.	FRANCE	Pasta
PASTIFICIO LUCIO GAROFALO, SPA	ITALY	Pasta
RICELAND MAGYARORZAG, KFT	HUNGARY	Rice
RIVIANA FOODS CANADA CORPORATION	USA	Rice and pasta
RIVIANA FOODS, INC.	CANADA	Pasta
ROLAND MONTERRAT, SA. S	SPAIN	Others
SANTA RITA HARINAS, S.L.U.	UK	Rice
S&B HERBA FOODS, LTD.	UK	Rice
TILDA, LTD.	GERMANY	Rice
TRANSIMPEX, GMBH	ALEMANIA	Rice

Industrial infrastructure

As at the closing date of this Report (31/05/2021), the Ebro Group has, through its subsidiaries, 76 facilities (58 production plants, 15 offices and 3 warehouses) in 16 different countries.

COMPANY	COUNTRY	WORKPLACE	TYPE OF FACILITY
AROTZ FOODS	SPAIN	Navaleno	Industrial
ARROZEIRAS MUNDIARROZ	PORTUGAL	Coruche	Industrial
		Lisbon	Office (lease)
BERTAGNI 1882	ITALY	Vicenza	Industrial
		Avio	Industrial
		Avio & Arcugnano	Warehouses
BOOST NUTRITION	BELGIUM	Merksem	Industrial
EBRO FOODS HOLDING	SPAIN	Madrid	Office (lease)
		Barcelona	Office (lease)
		Granada	Office (lease)
EBRO INDIA	INDIA	Taraori	Industrial
EBROFROST DENMARK	DENMARK	Orbaek	Industrial
EBROFROST GERMANY	GERMANY	Offingen	Industrial
EBROFROST UK	UK	Beckley	Industrial
EURYZA	GERMANY	Hamburg	Office (lease)
GEOVITA FUNCTIONAL INGREDIENTS	ITALY	Bruno	Industrial
		Nizza Monferrato	Industrial
		Verona	Industrial
		Villanova Monferra-to	Industrial
HERBA BANGKOK	THAILAND	Nong Khae	Industrial
HERBA CAMBODIA	CAMBODIA	Phnom Phen	Industrial
HERBA INGREDIENTS	BELGIUM	Schoten	Industrial (4 plants)
		Beernen	Office (lease)
	NETHERLANDS	Wormer	Industrial
HERBA RICEMILLS	SPAIN	San Juan de Aznal-farache	Industrial
		Jerez de la Frontera	Industrial
		Coria del Río	Industrial
		Isla Mayor	Industrial
		Silla	Industrial
		Algemesí	Industrial
		L'Aldea	Industrial
		La Rinconada	Industrial
		Los Palacios	Industrial
HERBA RICEMILLS ROM	ROMANIA	Cotemsa, Raza & Ecorub	Warehouses
		Bucharest	Office (lease)
LASSIE	NETHERLANDS	Wormer	Industrial

COMPANY	COUNTRY	WORKPLACE	TYPE OF FACILITY
LA LOMA ALIMENTOS	ARGENTINA	Los Charrúas	Industrial
		Chajarí	Industrial
		Los Conquistadores	Industrial
		Buenos Aires	Office (lease)
LUSTUCRU FRAIS	FRANCE	St Genis Laval	Industrial
		Lorette	Industrial
		Communay	Industrial
MUNDI RIZ	MOROCCO	Larache	Industrial
MUNDI RISO	ITALY	Vercelli	Industrial
NEOFARM BIO	ARGENTINA	Concordia	Office (lease)
PANZANI	FRANCE	Saint Just (Bellevue)	Industrial
		Littoral	Industrial
		Gennevilliers	Industrial
		Nanterre	Industrial
		La Montre	Industrial
		Vitrolles	Industrial
		Lyon	Office (owned)
		Les Mureaux & Berre	Warehouses
PASTIFICIO LUCIO GAROFALO	ITALY	Gagnano	Industrial
RICELAND MAGYARORZAG	HUNGARY	Budapest	Office (lease)
RIVIANA FOODS CANADÁ CORPORATION	CANADA	Delta	Industrial
		Hamilton	Industrial
RIVIANA FOODS, INC	USA	Memphis	Industrial
		Carlisle	Industrial
		Brinkley	Industrial
		Hazen	Industrial
		Clearbrook	Industrial
		Freeport	Industrial
		Alvin	Industrial
ROLAND MONTERRAT	FRANCE	Feillens	Industrial
S&B HERBA FOODS	UK	Cambridge	Industrial
		Liverpool	Industrial
		Orpington	Office (lease)
SANTA RITA HARINAS	SPAIN	Loranca de Tajuña	Industrial
TILDA	UK	Classic	Industrial
		Jazz	Industrial
	INDIA	India	Office (lease)
	UAE	Dubai	Office (lease)
TRANSIMPEX	GERMANY	Lambsheim	Industrial
			Office (owned)



Governance Model

GOVERNANCE MODEL

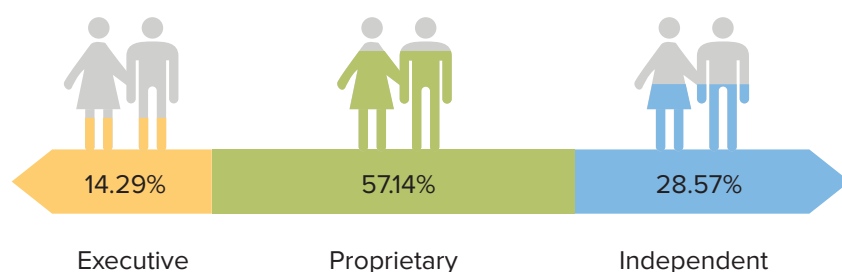
Governance bodies

The governance bodies of Ebro Foods, S.A. are the General Meeting of Shareholders and the Board of Directors.

The General Meeting is the company's sovereign body. It is competent to discuss and adopt resolutions on all business reserved in law or the Articles of Association for decision by this body and, in general, on any business submitted to it by the Board of Directors or the shareholders within its legal remit.

Save in any matters reserved by law, regulations or the Articles of Association to the General Meeting, the Board of Directors is the highest body of governance and administration of the company, with full powers to direct, administer and represent the company in the activities comprising its objects. The Board of Directors entrusts the day-to-day management of the company to its executive members and the senior officers, so that it can focus on oversight and certain general duties including, among others, those corresponding to it by law, those established in the Regulations of the Board and any that may be delegated to it by the General Meeting of Shareholders as stipulated in law.

The Board of Directors of Ebro Foods has fourteen members, two of whom are executive directors, eight are proprietary directors and four are independent directors.

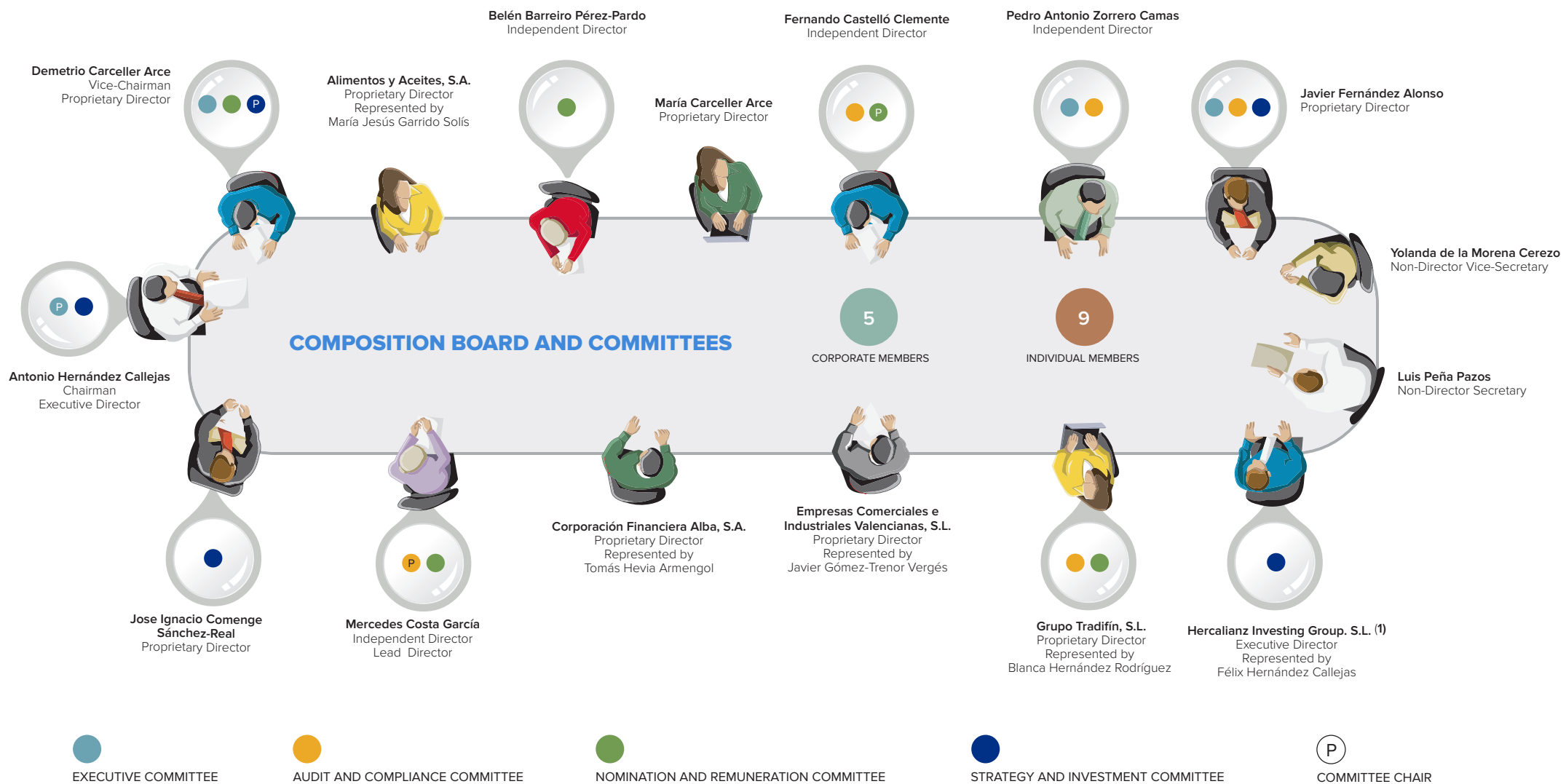


There are also four Committees, which guarantee fulfilment of the Board's duties and perform the powers vested in them by law, the Articles of Association and the Regulations of the Board.

These four Committees are:

- Executive Committee
- Audit and Compliance Committee
- Nomination and Remuneration Committee
- Strategy and Investment Committee

At 31 March 2021, the composition of the Board of Directors and its Committees is as follows:



(1) The director Hercalanz Investing Group, S.L. does not perform any management or executive duties in Ebro Foods, S.A. or the Group. However, it is classified as executive director in view of the fact that its representative on the board, Félix Hernández Callejas, is an executive and director in some of the Group companies

As female representatives account for 35.71% of the Board members, the company is aware that it must work on increasing the proportion of women, as the gender least represented on the board, to meet the target set in the Policy for Selecting Directors and Diversity in the Composition of the Board of Directors, according to which by 2022 that gender should account for 40% of the total Board members.

The number of independent directors (4) falls short of one-third (4.67) of the total number of Board members (14) recommended for companies like Ebro Foods, S.A. that are not high cap companies; nevertheless, 67.07% of the capital is represented on the Board. The Company considers it necessary to continue working on increasing the number of independent directors until it reaches at least the recommended one-third.

35.71%



WOMEN	
aged 40-50	1
aged 51-60	4

64.29%



MEN	
aged 40-50	3
aged 51-60	1
aged 61-70	4
aged 71-80	1

Shareholding structure and share performance

Ebro Foods, S.A. currently has a capital of €92,319,235.20, fully subscribed and paid up. The shares are issued in book-entry form, registered with the Management Company of Securities Liquidation and Clearing Registration Systems (IBERCLEAR) and listed on the four Spanish stock exchanges.

The details of the capital represented on the board as at 31 December 2020 are shown below:

SCALE OF PERCENTAGE INTERESTS IN THE CAPITAL	NUMBER OF SIGNIFICANT SHAREHOLDERS REPRESENTED ON THE BOARD AND/OR DIRECTORS WITH AN INTEREST IN THE CAPITAL	PERCENTAGE OF TOTAL CAPITAL
≥ 10.00%	3	36.05
≥ 5.00% < 10.00%	4	29.42
≥ 3.00% < 5.00%	0	0.000
< 3.00%	5*	1.60

(*) None of these five directors is a significant shareholder because the stake each holds in the capital is less than 3%.

At 31 December 2020, the company had an estimated free float of 29.51%.

At 31 March 2021, the company had not received any notification affecting the details of capital represented on the Board and free float.

Share performance

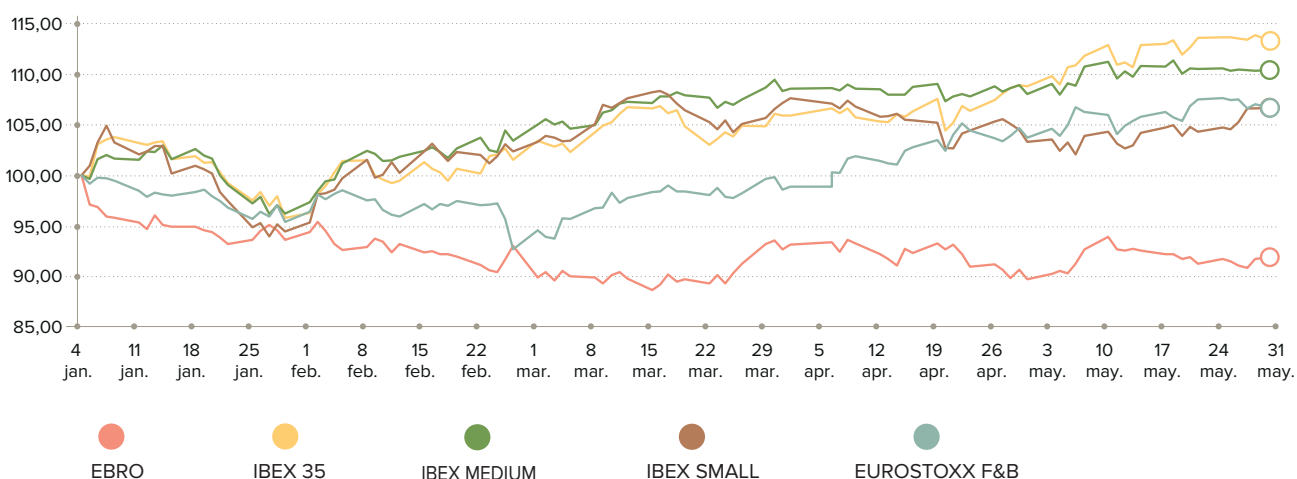
During 2020, the value of the Ebro Foods share rose by 10.8%. Ibex 35 closed the same period down 16.6%, Ibex Med down 11.0%, Ibex Small up 15.8% and Eurostoxx Food and Beverage down 13.9%.

EBRO VS INDEXES 2020



The average price of our share in 2020 was EUR 17.03 and it closed the year on 31 December at EUR 18.94. Share turnover was equivalent to 14.8% of the total number of shares in the company. The average daily volume of trading during 2020 was 88,797 shares.

EBRO VS INDEXES 1 JANUARY TO 31 MAY 2021



Observing share performance in 2021, at 31 May the value of the Ebro share reflects the significant dividend payout on 28 December. Consequently, against our reference indexes, Ebro has depreciated by 8%, while Ibex 35 has risen by 13%, Ibex Med by 10%, Ibex Small by 6.75% and Eurostoxx Food and Beverage by 6.5%.

EBRO ANALYSTS

Analysts continue to rate our share highly and EBRO is currently tracked by the following firms:



At year-end 2020, the average rating by analysts gave EBRO a target price of EUR 20.5 per share, 8.2% higher than our market price at that date.

DIVIDENDS

An ordinary dividend of EUR 88 million (EUR 0.57 per share) was distributed during 2020 against the 2019 profits.

The ordinary dividend was paid in three instalments (EUR 0.19 per share) in April, June and October 2020.

In addition, after divesting in the North American pasta businesses, an extraordinary dividend of EUR 298.49 million (EUR 1.94 per share) was paid on 28 December 2020.

The dividend yield per share at year-end 2020 was thus 13.25%.

For 2021, the Ebro Foods board unanimously resolved on 16 December 2020 to table a motion at the forthcoming Annual General Meeting proposing a dividend of EUR 0.57 per share against the 2020 earnings, to be distributed in three payments of EUR 0.19 per share in April, June and October 2021 (EUR 88 million). Therefore, the dividend would be maintained at the same level as in 2020.

NB: All the information on the ownership structure and governance of the company can be consulted in the Annual Corporate Governance Report.



Risk management

As one of the corporate policies approved by the board of directors, the Risk Control and Management Policy lays down the basic principles and general framework for control and management of our business risks, including tax risks, and internal control of financial reporting to which the Company and other Group companies are exposed.

Within this general framework, the integral, homogenous Risk Control and Management System is based on the preparation of a business risk map, where risks are identified and assessed and risk management capacity is graded to obtain a ranking of risks from greater to lesser impact for the Group and their probability of occurrence. The risk map also identifies the measures to mitigate or neutralise the risks identified. The risk universe is grouped into four main groups: compliance, operational, strategic and financial. The first three groups also include the principal non-financial risks related with the company's business:

OPERATIONAL RISKS

1. 1. Food safety. Given the nature of the business, aspects regarding food safety are a critical point to which the Group pays special attention, being bound by a large number of laws and standards in each of the countries in which our products are produced and sold.

The Group's policy is based on the principles of compliance with the laws in force from time to time and guaranteeing food safety and quality.

The food safety programmes are based on following protocols to identify and control certain critical points (Hazard Analysis and Critical Control Points –HACCP-), so that the residual risk is minimal.

The main control points are grouped into:

- Physical points: controls to detect foreign bodies or the presence of metals
- Chemical points: detection of chemical elements or the presence of allergens
- Biological points: presence of elements such as salmonella or any other kind of pathogens

Most of our handling processes have obtained IFS (International Food Safety), SQF (Safe Quality Food) and/or BRC (British Retail Consortium) certificates, recognised by the Global Food Safety Initiative (GFSI)

as food product certification standards, as well as local and special product certificates (Kosher, gluten-free or Halal foods).

The Group has also defined, developed and implemented a quality, environment and food safety management system compliant with the requirements of the standards UNE-EN-ISO 9001 (Quality management), UNE-EN-ISO 14001 (Environmental management) and ISO 22000 (Food safety management).

- 2. Technological (trailing behind) risk.** One of the most important tools for standing up to competition is differentiation and product alignment, which is based on constant technological innovation and the endeavour to adapt to consumer desires. The R&D and innovation strategy is a fundamental part of the Group's general strategy. The R&D and innovation departments, in close collaboration with the Commercial and Marketing departments, work on reducing this risk.

This area also includes cyber security risks. The exponential growth of internet access exposes companies and users to different types of attack: identity theft, malware, attacks on websites, zero-day attacks, etc. Accordingly, the Group made an audit of its security and drew up an action plan that contemplated: (i) ongoing training of personnel on these threats, (ii) definition of an adequate network infrastructure (firewalls, Wi-Fi access, network electronics, browsing possibilities and design of connected industrial networks), (iii) correct definition of user points (antivirus, mobile device management systems, permissions, updates) and (iv) programme for data preservation and management (back-ups, use of the cloud, shared information).

ENVIRONMENTAL AND STRATEGICAL RISKS

- 1. Environment and natural risks.** Drought and flooding in the commodity-producing countries can cause problems of availability and price instability. These natural risks can also affect consumers in the affected regions or even the Group's assets in those locations.

The best way of mitigating this type of risks is to diversify both the sourcing of raw materials and the countries in which our products are sold. The Group also makes sure it has flexible production capacity with plants in four continents, which minimises possible local problems. In addition, the Group has taken out insurance policies covering all its plants and sites, which would mitigate any disaster that could jeopardise their value.

- 2. Climate change.** El Global warming is a serious threat to the Group owing to our direct dependence and impact on natural resources such as land or water and their importance for the proper development of our business activities. Accordingly, we have set up a task force to study and classify the potential impacts that climate change may have on our organisation and assign to each one the appropriate mitigation and/or adaptation measures, based on a prior matrix of risks already identified*. Our sustainability plan **HEADING FOR 2030** (caringforyouandtheplanet.com), started up in 2019, contemplates a number of actions and goals for these measures, such as: 1) making a more efficient consumption of water and energy; 2) reducing, recovering and re-using waste; 3) recycling packaging; 4) optimising logistics; and 5) using new sustainable agriculture models and technologies.

* Initial matrix of potential risks deriving from climate change

TYPES OF RISK	RISKS	IMPACTS	MEASURES
Financial Operational Strategic	Extreme weather events: droughts, torrential rain, hurricanes...	<ol style="list-style-type: none"> 1. Changes in the quality and quantity of harvests 2. Raw material price volatility 3. Production shutdown due to damage to own and/or external infrastructures 4. Rise in consumer prices 	<ol style="list-style-type: none"> 1. Geographical diversification for sourcing 2. Diversification of product portfolio 3. Anticipation of possible risks of weather perils when choosing workplace locations 4. Permanent innovation
Strategic Operational	Rising temperatures	<ol style="list-style-type: none"> 1. Smaller consumption of seasonal products 2. Changes in consumer habits 3. Greater energy consumption 4. Changes in crop yields 	<ol style="list-style-type: none"> 1. Diversification of product portfolio 2. Innovation 3. Improvement of energy efficiency 4. Innovation in agricultural technology and seed varieties 5. Sustainable agriculture
Financial	Higher taxes and rates for energy, water or transport	Smaller profits, new investments to adapt to changing market circumstances	<ol style="list-style-type: none"> 1. Improvement of energy efficiency 2. Optimisation and sustainability of logistics 3. Promotion of and incentive to improve sustainability in the company
Financial Compliance	Laws or Regulations imposing limits on emissions and fines for exceeding them	Financial, need for additional investments to adapt to the new laws/ regulations	<ol style="list-style-type: none"> 1. Anticipation of new legal requirements, analysing trends, participating in forums, etc. 2. Consistent internal regulation of the matter 3. Promotion of and incentive to improve sustainability in the company
Reputational Strategic	Negative reputation for lack or breach of commitments regarding climate change	<ol style="list-style-type: none"> 1. Brand image, reputation 2. Loss of business 	<ol style="list-style-type: none"> 1. Publication of the company's good environmental practices 2. Participation in sectoral forums and entities related with the environment
Reputational Financial	Withdrawal of investment funds/shareholders due to non-compliance with required ESG criteria	<ol style="list-style-type: none"> 1. Image, reputation 2. Market instability 	<ol style="list-style-type: none"> 1. Consistent internal regulation of the matter 2. Publication of the company's good practices 3. Proactive communication attitude

3. Reputational risk. This risk is associated with possible changes of opinion, giving rise to a negative perception of the Group, its brands or products by customers, shareholders, suppliers, market analysts, etc., which could have an adverse effect on the Group's ability to maintain relations (commercial, financial, labour, etc.) with its environment.

To deal with this risk, the Group has approved a Code of Conduct to guarantee ethical, responsible conduct by the organisation, its employees and all persons and institutions with which it interacts in the course of its business activities.

In this context, we have included as a significant risk unfounded negative comments or opinions that can so easily be posted in the social networks, owing to the very limited possibilities of controlling them other than close monitoring and specific communication actions to reverse their impact.

The Group's brands and employees are our most valuable intangible assets, so they are submitted to continuous assessment, considering different aspects, such as management, marketing, health and food safety, compliance and legal defence of intellectual property.

- 4. Changes in lifestyle.** The proliferation of low carbohydrate diets and other food trends can have a bearing on consumers' perception of our products.

These risks can be mitigated by assessing consumption patterns and adapting the offer of products to the alternatives on the market, while participating actively in social forums to encourage healthy habits that are compatible with our products.

COMPLIANCE RISKS

- 1 Sector regulation.** The agro-industrial sector is subject to numerous regulations affecting export and import quotas, customs duties, intervention prices, etc., subject to the guidelines set down by the Common Agricultural Policy (CAP). The Group's activity may also be affected by changes in legislation in the countries where the Group sources raw material or sells its products.

The Group deals with this risk by participating in or echoing the different legal and/or regulatory forums through a number of prestigious professionals who endeavour to secure adequacy and compliance.

Within this group, the increasingly strict laws on the use of fungicides and pesticides on the basic crops for this industry, especially rice, are becoming more and more important and linked to other operational risks such as supply and food safety.

To mitigate this risk, the Group has stepped up its quality controls and checks to detect this type of product, working on a selection of protection providers, who are going to be asked to incorporate sustainability criteria in their policies, and providing more education for growers to seek natural alternatives for these products.

- 2. General regulation.** This includes compliance risks concerning civil, mercantile, criminal and governance laws and regulations. To help deal with criminal risks, the Group has a Crime Prevention Model, which is monitored and controlled by the Compliance Unit.

One specific part concerns respect for and compliance with human rights and maintaining appropriate ethical standards, as contemplated in the Group's Sustainability Plan and Code of Conduct.

- 3. Tax laws.** Any change in the tax laws or their interpretation or application by the competent authorities in the countries in which the Group operates could affect our earnings.

To mitigate this risk, the Group, directed by those responsible for taxation, monitors the tax laws and possible interpretations thereof, requesting specific reports from specialists to support its stand, guided at all times by a principle of prudence in this matter.

In the process of classifying risks, a dynamic assessment is made of both inherent risk and the residual risk after applying the internal controls and protocols established to mitigate them. Those controls include preventive measures together with adequate segregation of duties, clear levels of authorisation and the definition of policies and procedures. These controls can in turn be grouped into manual and automatic, the latter being implemented by computer applications.

This model is both qualitative and quantitative and can be measured in the Group's earnings, so the risk level is considered acceptable or tolerable on a corporate level.

The Risk Control and Management System is dynamic, so the risks to be considered vary with the circumstances in which the Group operates.

The Risk Control and Management System, including tax risks and control of financial reporting, is based on the following structure:

- The Board of Directors, as the body ultimately responsible, determines the risk control and management policy, including tax risks and control of financial reporting.
- The Audit and Compliance Committee, through the Risks Committee, supervises and monitors the financial reporting and risk control systems, regularly informing the Board of any material aspects occurring in these areas. It is also responsible for supervising and overseeing internal control of the Group and the risk management systems, and for proposing to the Board the risk control and management policy and any measures for enhancing these areas.
- The Risks Committee, based on the policy established by the Board and supervised by and answering to the Audit Committee, is specifically responsible for coordinating and monitoring the risk control and management system, including the Group's financial reporting and tax risks. The analysis and assessment of risks associated with new investors also falls within the remit of the Risks Committee.
- The Management Committees of the different units, on which the Chairman of the Board and the Chief Operating Officer (COO) sit, assess the risks and determine the measures to be implemented.
- Risk officers in the different units. The Risks Committee appoints officers in the major subsidiaries to monitor the risk control and management system, including tax risks and financial information, and reporting to the Committee.
- Internal Audit Department. Within the internal audits made of the different subsidiaries, the company's Internal Audit Department checks that the financial reporting and risk management testing and control have been conducted adequately, complying with the indications of the Risks Committee.

NB: Further information on the description of risks and risk control and management system is available in section 4 of the Management Report and section E of the Annual Corporate Governance Report, both available on the corporate website.





Business Model

BUSINESS MODEL

Definition of the model

The Ebro Group is the leading group in the Spanish food sector, world leader in the rice sector and the second producer in the international fresh and dry pasta sector. Through a network of 33 subsidiaries, it already operates in the principal rice and pasta markets in Europe, North America and Southeast Asia and is gradually expanding into other countries.

The main mission of the Ebro Group is to research, create, produce and put on the market high value-added foods that satisfy people's nutritional needs while improving their health and well-being, endeavouring at the same time to secure a transparent, efficient, sustainable business model.

The Group has a multi-company, multi-country and multi-brand business model. It has a decentralised culture in each of its subsidiaries for certain management areas, such as Commercial and Marketing, Logistics, Procurements, Human Resources and Environment, with a clear focus on the business while taking account of the specific idiosyncrasies, laws, etc. of each country. At a higher level, the parent company (Ebro Foods, S.A.), with a light, dynamic structure, is responsible for defining the Group's overall strategy and management guidelines. Decision-making is prompted by the parent's board of directors.

The Ebro Group is managed by business areas that combine the type of activity they perform and their geographical location. Our core business areas are:

- **Rice:** This covers the production and distribution of different rice varieties and their by-products and culinary supplements. The industrial and brand business follows a multi-brand model. It is present throughout Europe, the Mediterranean Arc, India and Thailand through companies in the Herba Group, and in North and Central America, the Caribbean and the Middle East through the Riviana Group.
- **Pasta:** This includes the production and marketing of dry and fresh pasta, sauces, semolina and their by-products and culinary supplements, through the Riviana Foods Canada Corporation Group (formerly Catelli Foods Corporation), the Panzani Group (France, French-speaking countries and Italy, through its fresh pasta specialist Bertagni) and Garofalo (Italy and the rest of the world).

Global presence

The Ebro Group operates worldwide with a portfolio of 91 brands, in 81 countries, with industrial and commercial facilities in 15 of them. In the remaining 66 countries, we only engage in commercial activity. Our industrial park comprises some 76 sites, including production plants, offices and warehouses.

RELACIÓN DE PAÍSES CON PRESENCIA COMERCIAL E INDUSTRIAL

Germany	Canada	United States	India	Portugal
Belgium	Denmark	France	Italy	United Kingdom
Cambodia	Spain	Netherlands	Morocco	Thailand

LIST OF COUNTRIES WITH ONLY COMMERCIAL PRESENCE

Angola	Ivory Coast	Reunion Island	Mozambique	South Africa
Saudi Arabia	Curaçao	Iceland	Niger	Sweden
Algeria	United Arab Emirates	Israel	Oman	Switzerland
Austria	Slovakia	Jamaica	Panama	Taiwan
Bahamas	Estonia	Japan	Peru	Trinidad & Tobago
Bahrein	Finland	Jordan	Polonia	Tunisia
Barbados	Gabon	Kuwait	Qatar	Turkey
Belize	Ghana	Lebanon	DR Congo	Ukraine
Benin	Greece	Libya	Czech Republic	Yemen
Brazil	Guinea	Lithuania	Romania	Djibouti
Cambodia	Haiti	Madagascar	Russia	
Chile	Hungary	Mauritius	Saint Martin	
Colombia	Indonesia	Mauritania	Saint Lucia	
South Korea	Ireland	Mexico	Senegal	

* An outline of the principal activities, brands and market shares by business area is given in Note 6 to the Consolidated Annual Accounts (Financial information by segments).

Strategy

The Group aims to be an important player in the rice, pasta and healthy grains markets and in cross-cutting categories known as meal solutions.

Within that strategy, the company has the following goals:

- Achieve a global position in its key markets, being open to the incorporation of related products.
- Reaffirm itself as a benchmark business group in its different business areas, leading the markets in which the Group finds potential.
- Lead innovation in the geographical areas in which it operates.
- And position itself as a responsible company, committed to social well-being, environmental balance and economic progress.

The Group strategy is thus based on a number of general principles of action and growth levers considered essential to increase the value of the business and company's commitment to sustainable development.

PRINCIPLES OF ACTION

- Foster ethical management based on good governance practices and fair competition.
- Comply with prevailing laws, taking a preventive approach at all times to minimise economic, social and environmental risks, including tax risks.
- Endeavour to obtain a return on investment while guaranteeing the operating and financial soundness of its activities.
- Ensure business profit as one of the bases for the future sustainability of the company and the large groups of stakeholders operating directly and indirectly with it.

- Generate a framework of labour relations that favours training and personal and professional development, respects the principle of equal opportunities and diversity and promotes a safe, healthy working environment.
- Reject all forms of abuse or violation of the fundamental and universal human rights, in accordance with international laws and practices.
- Promote a relationship of mutual benefit with the communities in which the Group is present, sensitive to their culture, context and needs.
- Meet and anticipate our consumers' and customers' needs, offering a broad portfolio of products and differentiated, healthy food.
- Steer all the company's processes, activities and decisions towards not only generating economic gains, but also protecting the environment, preventing and minimising environmental impacts, optimising the use of natural resources and preserving biodiversity.
- Develop a framework of responsible, honest, transparent communication and dialogue with stakeholders, setting up stable channels of communication and regularly providing stakeholders with transparent, rigorous, true, important information on the Group's activities.

To achieve our strategic goals for growth and sustainable leadership and ensure that we comply with our principles for action, the Group follows the standards described below:

1. Search for organic and inorganic growth in countries with high levels of consumption and/or high growth potential:
 - New territories or categories, paying special attention to new fresh products and new ranges of higher value-added ingredients.
 - Develop products that offer a complete culinary experience, extending the catalogue with new formats, flavours and preparations.
 - Lead mature markets by outperforming others in product quality. Expand and lead the premium category by developing the enormous potential of our flagship brands.
 - Expand our geographical presence and complete our product/country matrix:
 - Search for business opportunities in mature markets with a business profile similar to ours and in specialist market niches, through which we can shift our strategy from a generalist position to that of a multi-specialist (individual solutions).
 - Branch out into new business segments in markets in which we are already present or markets with significant growth potential.
2. Differentiation and innovation. Invest in two aspects to enhance our product range:
 - Research, development and innovation (R&D+I) through our own research, development and innovation centres and an investment policy that enables us to convert new ideas and needs into reality for our customers and end consumers.
 - Focus on leading brands in their respective segments, together with a commitment to invest in advertising to promote their development.

3. Low risk exposure. The Ebro Group deals with change in the consumer and financial markets and social change with a firm vocation to adaptation and permanence. To achieve this, it endeavours to secure: (i) balanced sources of recurring income (markets, currencies), (ii) low leverage so that it can grow without exposure to “financial turmoil”, (iii) new supply channels and (iv) long-term relations with its stakeholders (customers, suppliers, authorities, employees and society).
4. Implementation of sustainability throughout the entire value chain (“from farm to fork”) through a Sustainability Plan called RUMBO A 2030 [“Heading for 2030”], which focuses on:
 - People. The development of plans and measures to enhance the well-being of our professionals at work, supporting continuous training and professional development to retain talent, seeking formulas to enhance their work-life balance, equality and diversity, health and safety at work. Driving initiatives that foster social and economic progress and help to reduce inequality in the communities in which we operate.
 - Health and well-being. Our contribution is the core of our activity, offering natural, healthy food solutions that facilitate our lifestyle and provide pleasure for consumers. The R&D+I department works with these premises and the way we interact with consumers fosters healthy habits, encouraging creative ways of eating through recipes, blogs and advertising campaigns.
 - Our planet. Our determination to minimise the environmental impact of the Group’s operations and work on mitigating and adapting to the effects of climate change and the sustainability of our raw and auxiliary materials. We endeavour to cooperate in agricultural use, elimination or reduction of non-degradable materials, increase energy efficiency, reduce water consumption for crops and in production plants, and oversee external processes in our value chain

Value creation: R&D+I

The Ebro Group has always been one step ahead of new consumer trends and an international benchmark in the research and development of products for the food sector. Aware that R&D+I is essential for developing its quality and differentiation strategy, the Group maintained its firm commitment in 2020.

A total of EUR 5.5 million was spent on R&D+I during the year, distributed between internal resources (EUR 3 million) and external resources (EUR 2.5 million). Investment in R&D+I totalled EUR 11 million, mostly corresponding to payments made during the year to enhance processes at the instant rice plant in the USA and new filled fresh pasta and gnocchi lines in France.

The Group has built up its R&D+I activities at different research centres in France, USA, Netherlands, Spain and Italy. These centres and the principal projects developed during the year are described briefly below:

1. The R&D centre of the Panzani Group in Marseilles and Lyon, which focuses its research on the development of durum wheat, dry and fresh pasta, couscous, pulses, other grains and new food processing technologies applied to cereals. This year it increased its work on: (i) production of instant pasta, (ii) improvements to processing, especially in the use of energy, (iii) numerous additions to product ranges and (iv) projects aiming to ensure the absence of pesticides in all types of edible grains.
2. Bertagni's R&D centre in Arcugnano, which has worked especially on the technology patented by Bertagni for double-layer sealing of product, new ravioli formats that are completely new on the market and the development of products.

3. United States. Department engaged in the development of new products, processes and technologies, or adapting them for the US market. Its work has focused on developing: (i) a broad range of microwave cups adapted to suit the uses and customs of the country and (ii) a new range of instant rice mixes.
4. Herba group centres in Moncada (Valencia), the San José de Aznalfarache plant, the Wormer ingredients plant (Netherlands) and the Bruno plant (Italy), engaged in the development of new and/or improved products and technologies and technical assistance in the areas of rice and rice-product technology and the development of ingredients based on cereals and pulses. The most important projects in progress are: (i) the development of new microwave cups based on non-rice ingredients, (ii) the development of new rice, pulse, quinoa and cereal-based industrial ingredients (antigen-free, intended to replace animal proteins), (iii) research of the physical and chemical properties of certain rice varieties and their choice for their intended use, and (iv) the development of new paddy rice heat treatments for industrial use.

PRODUCT INNOVATIONS

Through this R&D+I policy, the Group launches new products and concepts on the market every year that revitalize the categories in which it operates and meet and anticipate the needs of its customers and consumers.



NUMBER OF PRODUCT INNOVATIONS BY COMPANY DURING 2020

In spite of the pandemic, 99 new products were launched during the year by different Group companies:

COMPANY	COUNTRY	NO. PRODUCTS LAUNCHED 2020
Arrozeiras Mundiarroz	Portugal	3
Boost Nutrition	Belgium	9
Euryza	Germany	7
Ebro India	India	13
Lassie	Netherlands	5
Lustucru Frais	France	12
Panzani	France	17
Pastificio Lucio Garofalo	Italy	1
Riceland	Hungary	2
Risella Oy	Finland	3
Riso Scotti	Italy	4
Riviana Foods Canada Corporation	Canada	10
Riviana Foods	USA	5
Tilda	UK	8
TOTAL NEW LAUNCHINGS		99

EVOLUTION OF PRODUCT INNOVATIONS 2018-2020

The Ebro Group launched 352 new products between 2018 and 2020.

COMPANY	COUNTRY	NEW LAUNCHINGS 2018-2020
Arrozeiras Mundiarroz	Portugal	6
Boost Nutrition	Belgium	33
Euryza	Germany	30
Ebro India	India	13
Herba Ricemills	Spain	7
Lassie	Netherlands	17
Lustucru Frais	France	44
Panzani	France	50
Pastificio Lucio Garofalo	Italy	15
Riceland	Hungary	2
Risella Oy	Finland	6
Riso Scotti	Italy	26
Riviana Foods Canada Corporation	Canada	32
Riviana Foods	USA	63
Tilda	UK	8
TOTAL NEW LAUNCHINGS		352

NB: 78 of the 352 products launched were discontinued during the same period.

WEIGHT OF INNOVATIONS IN THE BUSINESS

The innovations launched by these companies between 2018 and 2020 accounted for 6.67% of those companies' total revenue in the same period.

COMPANY	REVENUE NEW LAUNCHINGS (€)	% REVENUE NEW LAUNCHINGS / % REVENUE COMPANY
Arrozeiras Mundiarroz	2,022,722	2.46%
Boost Nutrition	12,837,106	23.21%
Ebro India	4,331,432	2.10%
Euryza	18,897,086	22.45%
Herba Ricemills	18,629,246	4.84%
Lassie	3,520,661	4.33%
Lustucru Frais	42,197,286	10.67%
Panzani	86,899,690	8.17%
Pastificio Lucio Garofalo	8,489,976	3.48%
Riceland	673,528	5.37%
Risella Oy	1,138,747	7.94%
Riso Scotti	31,583,375	20.87%
Riviana Foods Canada Corporation	21,248,423	14.55%
Riviana Foods	120,251,713	4.55%
Tilda	18,249,031	6.19%





Business Areas in 2020

BUSINESS AREAS IN 2020

General overview

Economic development during the year was affected by the COVID-19 pandemic that commenced towards the end of December 2019 in China and had spread to most of the countries in the world by mid-April 2020. Its rapid expansion, the death rate and the need for general lockdowns to prevent it from spreading further unleashed an unprecedented economic crisis, marked by how fast it was triggered and the speed of response by authorities around the world, injecting enormous sums of cash into the system and granting direct and indirect aids to affected companies and workers. World economies have evolved at the rate marked by the disease and its successive waves throughout the year: while some countries were relatively free from the virus as from the second quarter (China), others such as the United States, Europe and South American countries continued to suffer different waves as they reopened and closed businesses and borders.

The impact on the GDP has varied, down year on year in the USA (-3.5%), Europe (-5% Germany, -11% Spain) and slight growth in China (+2.2%), which is the exception within a widespread slump (-4.3% of the global GDP). A recovery that began in the second quarter was cut short by new waves of the coronavirus in the euro economies, where those most heavily dependent on the services and tourism sectors, like Spain, came off worst.



Prospects are uncertain, with several possible scenarios depending on how the pandemic evolves and how effective vaccination turns out to be. The base scenario contemplates a 4% upturn in global GDP in 2021, extensive and effective vaccination of the population in the developed countries and maintaining flexible monetary policies, with a significant impact on global debt levels.

Consumption

The crisis brought a sudden halt to the international exchange of goods and services, the former showing greater resilience, while services requiring interpersonal contact were in a weaker position. The different COVID waves and successive lockdowns led to a significant increase in home consumption, to the detriment of other channels, such as HORECA, which was hard hit by the continual closures of hospitality establishments.

In the initial stage of the pandemic, consumers were mainly concerned with stocking up their pantries with staple products, without paying much attention to differentiation. As the pandemic continued and the fear of empty shelves abated, they started including more value-added products (to make up for leisure time previously spent in hospitality establishments) and shopping in more normal quantities.

The pandemic also accelerated the change in certain patterns of consumption, with an extraordinary growth of virtual shopping, generation of new consumer experiences and consolidation of local supermarkets as consumer favourites for physical shopping.

The general trends are summarised below:

MORE PERSONAL CONSUMER EXPERIENCE, SUSTAINABILITY, HEALTH AND PLEASURE

Consumers now have greater decision-making capacity, more information and more shopping tools, and they are willing to pay more for products they can relate to.

- a. Demand for quality products that are easy to prepare and immediately satisfy their wishes.
- b. Preference for natural, healthy, organic products. The increased consumption of fresh products and the importance given to small companies and start-ups that make consumers feel in touch with nature are very much in tune with this sentiment.
- c. Search for sustainable products corresponding to the circular economy that include different players in their preparation and sale.
- d. Desire for a greater choice. Quality private label brands have broadened their customer base, spanning practically all social classes and segments of population.

SOCIAL CHANGES

- a. Aging of the population, increased power of older generations. The “baby boomers” have transformed this segment of the population, having greater purchasing power and different needs and aspirations (activity and health) from those traditionally relating to this social group.
- b. Smaller families, with a constant growth of single-member households; new formats and customised goods and services.
- c. The younger generations are more concerned about sustainability and the environment.
- d. Increased mobility and immigration in many developed countries, accompanied by new tastes and ways of cooking.

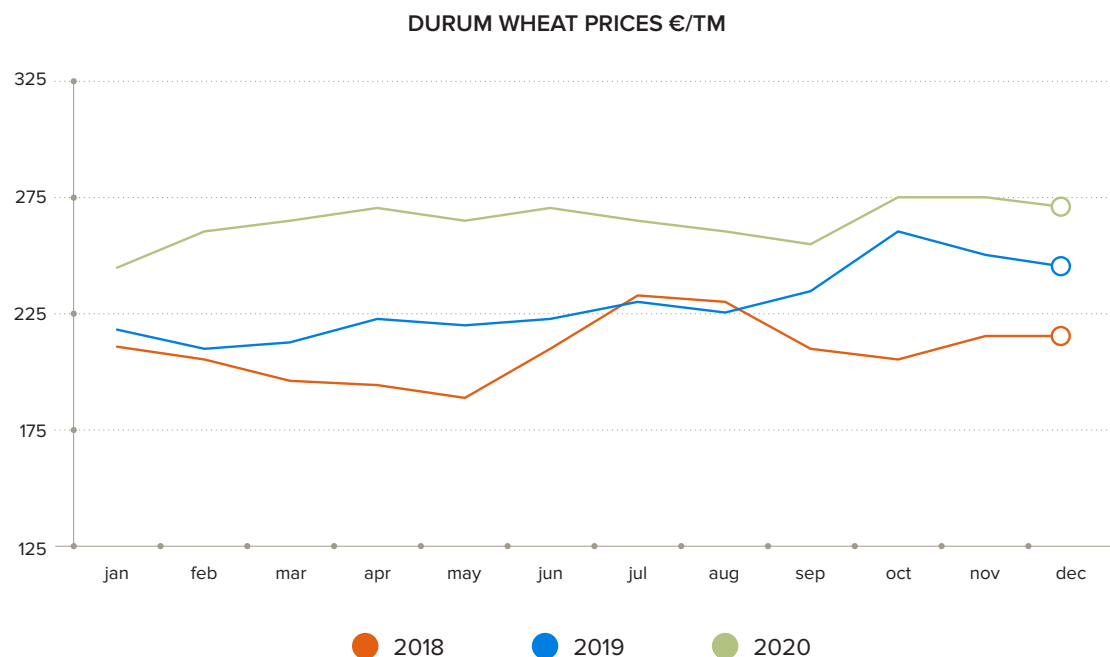
NEW CHANNELS AND SERVICES

- a. Online shopping and connectivity (possibility of going through traditional operators who offer easy shopping, fast delivery, etc.).
- b. Growth of local supermarkets, with more frequent shopping and increased availability (24-hour opening, alliances with filling stations or other high-traffic points).
- c. Consolidation of new virtual players (such as Amazon) on the distribution market along with the new consumer trends and use of technology.
- d. New ways of cooking or consuming food (by order, through vending machines, snacks as meal substitutes, etc.).

Commodity markets

Food commodity prices rose by 4% on average as the demand for staple food products rose in the first months of pandemic. People were even hoarding initially, causing certain temporary shortages.

Following the price hikes in durum wheat during the second half of 2019, the prices remained high, due mainly to sustained demand during the pandemic and a French harvest 27% below the 2015-19 average, owing to a smaller area sown and below-average yield.

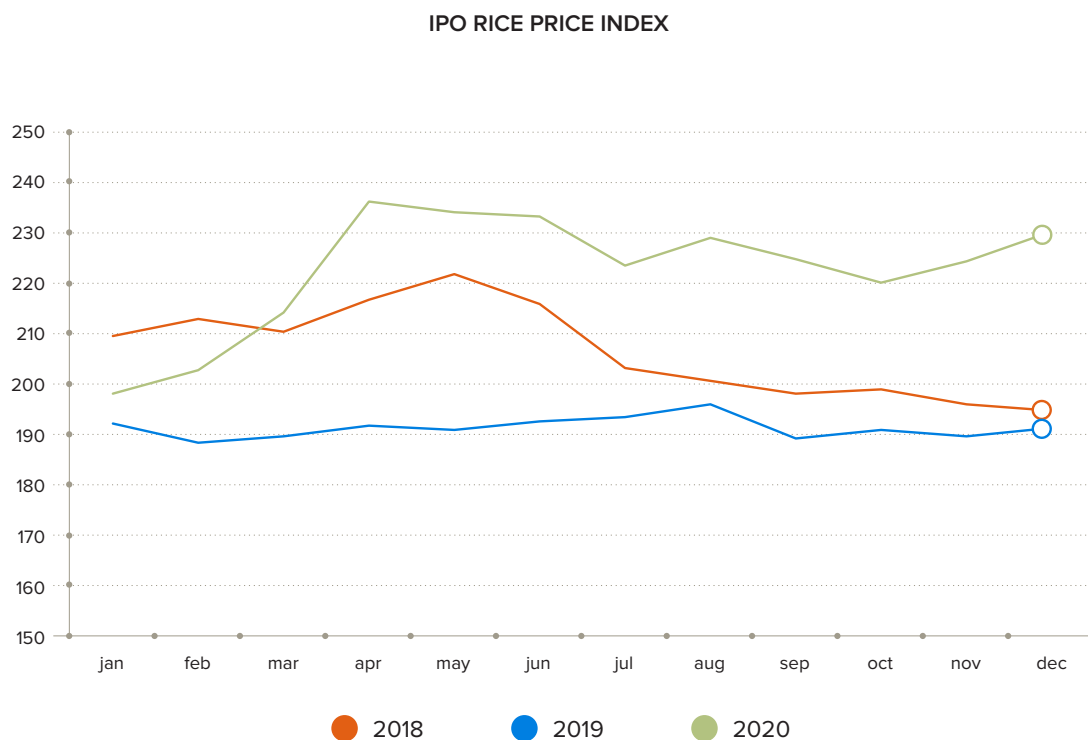


Source: Terre.net and own compilation

The 19/20 rice campaign remained at high levels. According to data published by the Food and Agriculture Organization (FAO), production of the campaign was estimated at 501 million tonnes of white rice equivalent, approximately 1% less than in the previous year.

However, the price index rose parallel to the pandemic-driven initial uncertainty regarding the availability and transport of rice, the fears in countries such as Thailand and Vietnam of insufficient water resources in the second harvest and the devaluation of the US dollar, in which the prices are set during the year.

The evolution of the international rice price index for the past three years can be seen in the following graph, which shows the average prices of the highest-consumption varieties:



There was a generalised price rise, with world prices pushed up by some of the major exporting countries, such as Thailand, Vietnam and Myanmar. Only the aromatic varieties avoided this trend, their prices remaining stable or slightly lower than in the previous year.

COVID 19

As mentioned earlier, 2020 was marked by the outbreak of the pandemic in the first quarter. The effect was not negative in the Ebro Group, as it was in other businesses, but enormous efforts were required to handle this extraordinary situation.

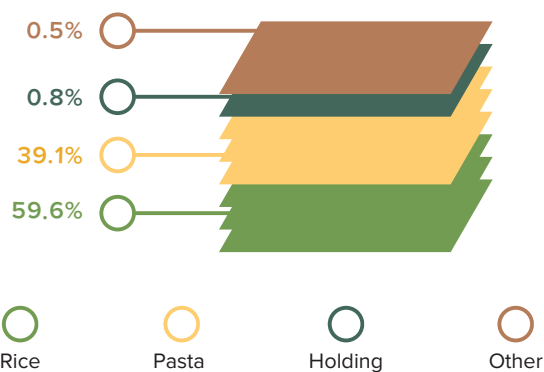
The Group reacted swiftly to the initial shock, taking measures and putting protection and prevention protocols in place for our employees, concentrating production in the products in highest demand, setting limits on orders in keeping with the quantities ordered in earlier years wherever they greatly exceeded production capacity, eliminating promotions that did not contribute value in the new situation.

During most of the year, the high consumption levels kept the plants at high utilisation rates, with the consequent increase in productivity and yield. Overall, dry products benefited most in terms of quantity demanded, while the performance of fresh products was more moderate. In any case, it represented a huge challenge in production and logistics management.

Numerous measures were taken to mitigate the risk. The most visible measures were those related with workplace safety, on which EUR 15.5 million had been spent by year-end. Other actions were also taken, such as commercial changes to adapt supply to market needs, an enormous production and logistics effort, changes in the platforms of systems used for homeworking, measures to enable employees to strike a good balance between work and home life in a scenario that was constantly changing as the pandemic developed, etc. This has been a huge effort, requiring us to adapt to and try to manage a changing playing field.

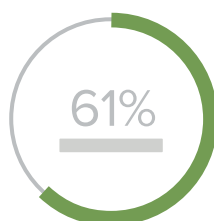


AVERAGE HEADCOUNT EMPLOYEES

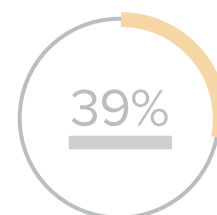


7,834

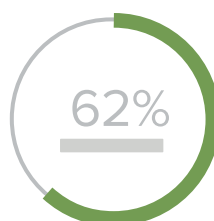
SALES BY BUSINESS AREAS



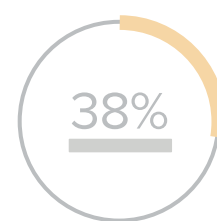
2,897.5
Mill. €



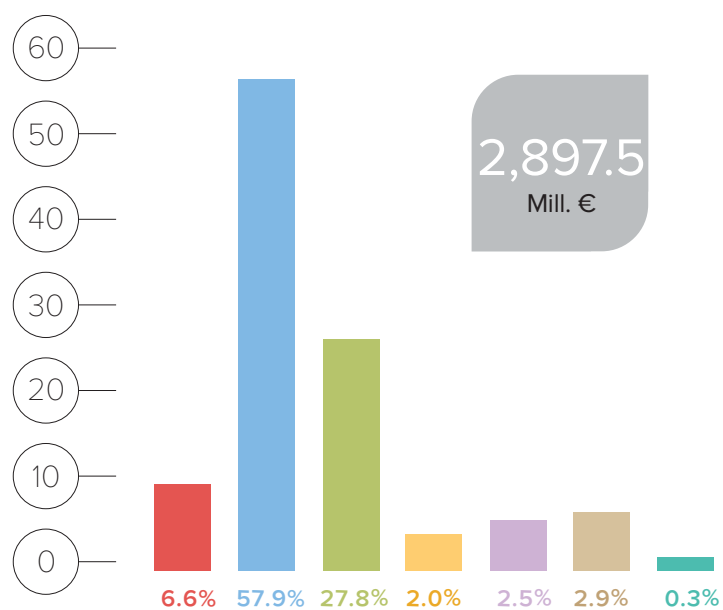
EBITDA-A BY BUSINESS AREAS



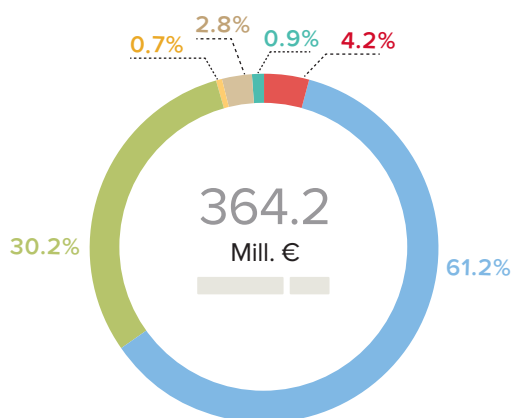
364.2
Mill. €



SALES BY GEOGRAPHICAL AREAS



EBITDA-A BY GEOGRAPHICAL AREAS



The most significant metrics of the Group are shown below:

'PROFIT AND LOSS	2018	2019	2019/2018	2020	2020/2019	TAMI 2020-2018
Revenue	2,297,882	2,510,381	9.2%	2,897,589	15.4%	12.3%
Advertising	(72,931)	(77,564)	(6.4%)	(88,605)	14.2%	10.2%
EBITDA-A	277,901	306,617	10.3%	364,224	18.8%	14.5%
EBIT-A	199,619	206,592	3.5%	252,022	22.0%	12.4%
Operating profit	196,796	191,142	(2.9%)	242,623	26.9%	11.0%
Consol profit for year (continuing operations)	133,283	118,299	(11.2%)	140,842	19.1%	2.8%
Net profit from discontinued operations	16,028	31,989	99.6%	65,809	105.7%	102.6%
Net profit of parent	141,589	141,752	0.1%	192,415	35.7%	16.6%

	31-12-18	31-12-19	2019/2018	31-12-20	2020/2019
Average working capital	588,403	643,139	(9.3%)	643,970	(0.1%)
Average capital employed	1,805,986	2,080,166	(15.2%)	2,191,813	(5.4%)
ROCE-A (1)	12.3	11.1		14.2	
Capex (2)	138,930	148,705	7.0%	117,600	(20.9%)
Average headcount	7,153	7,522	5.2%	7,664	1.9%

STATEMENT OF FINANCIAL POSITION	31-12-18	31-12-19	2019/2018	31-12-20	2020/2019
Equity	2,162,334	2,262,203	4.6%	1,927,351	(14.8%)
Net debt	704,621	999,849	(41.9%)	950,870	4.9%
Average debt	627,350	871,658	(38.9%)	917,583	(5.3%)
Leverage (3)	29.0%	38.5%		47.6%	
Total assets	3,834,069	4,381,004	14.3%	4,035,662	(7.9%)

STOCK MARKET	31-12-18	31-12-19	2019/2018	31-12-20	2020/2019
Number of shares	153,865,392	153,865,392	0.0%	153,865,392	0.0%
Market capitalisation at year-end	2,683,412	2,968,063	10.6%	2,914,211	(1.8%)
Earnings per share (EPS)	0.92	0.92	0.1%	1.25	35.7%
Dividend per share (DPS)	0.57	0.57	0.0%	2.51	340.4%
Underlying carrying amount per share	14.05	14.70	4.6%	12.53	(14.8%)

- (1) ROCE-A = Average profit after D&A but before tax for the last 12 months (excluding extraordinary/non-recurring items) divided by average capital employed
(2) Capex = Cash outflows for investment purposes
(3) Leverage = Ratio of average net interest-bearing debt to equity (excluding non-controlling interests)

The profit/loss for the year, especially from discontinued activities, reflect the sale of dry pasta assets in the USA and Canada, described in Notes 5 and 25 to the accompanying Annual Accounts.

Under the International Financial Reporting Standards (IFRS), the revenue from the dry pasta business in North America up to the effective date of sale and the net proceeds from the sale are recognised as discontinued operations on the consolidated statement of profit or loss for the reporting period and earlier periods since its incorporation. In addition, the assets and liabilities associated with that business are included on a specific line on the balance sheet.

Sales revenue increased by 15.4% year on year. We witnessed strong sales growth in March and at the beginning of the second quarter as consumers feared shortages of basic necessities due to the pandemic. The impact varied as the first wave of the virus reached the different countries and the increase in demand was uneven (in some cases it was double that of a normal month). Tensions eased as from June and the stocks that had accumulated over the summer were consumed, so by the end of the year the situation was almost back to normal.

The **generation of resources, EBITDA-A**, grew by 18.8% and the sales margin improved in respect of earlier years. EBITDA-A, EUR 364.2 million, includes a negative exchange rate impact of EUR 3 million. The Tilda Group made a full-year contribution of EUR 24 million and the direct expenses deriving from the pandemic amounted to over EUR 15 million.

Profitability rose thanks to the increase in business, with high utilisation of the production capacity, cutting back promotions at the worst times of the pandemic and strong growth in the contributions of the Group's latest incorporations: Bertagni and Tilda.

Profits grew against a backdrop of rising raw material costs, with source price spikes in both rice and durum wheat, although it was possible to absorb them in the context of the pandemic.

Profit before tax rose by 9.6%, a smaller growth than EBITDA-A owing to the impairment of the goodwill of Canada fresh pasta (see Note 15 to the accompanying Annual Accounts) by EUR 35 million and a slightly higher interest expense due to the increase in average debt.

The **Net income from discontinued operations** includes the net income from discontinued operations and, in 2020 and 2019, the capital gain on the divestment in the North American dry pasta business and the organic business, respectively, as explained in the accompanying Annual Accounts.

ROCE-A rose sharply to 14.25 thanks to the improved profitability of our business.

Parameters of balance sheet, net debt and capital employed

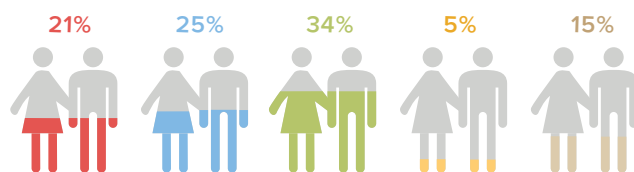
The variations in debt and capital employed are mainly due to:

- a. Accounting of the purchase of Bertagni and La Loma for EUR 143 million in 2018 and the Tilda Group in 2019, which contributed assets valued at EUR 292 million.
- b. Significant increase in CAPEX in recent years.
- c. Impact of the evolution of the USD exchange rate on the balance sheets of subsidiaries denominated in that currency (from 1.14 US\$/€ in 2018 and 1.12 US\$/€ at year-end 2019 to 1.23 US\$/€ at year-end 2020).
- d. Application of IFRS 16 (leases) in 2019, recognising rights to use and financial liabilities valued at EUR 88 and 90 million, respectively (see Note 10 to the Consolidated Annual Accounts).
- e. Sale in 2020 of the dry pasta business in the United States and distribution of an extraordinary dividend of EUR 298.5 million.

To fully understand the working capital and the debt financing it, we must analyse the variable that has the greatest impact on these items: the quantity and value of the Group's stock. The volume of stock is strongly cyclical, linked to the rice and wheat harvests (especially rice, which has a longer stock cycle). The stock is smallest at the end of the rice campaign (end of summer), and largest at the end of each year and beginning of the next, after the purchase contracts for the new campaign have been made.

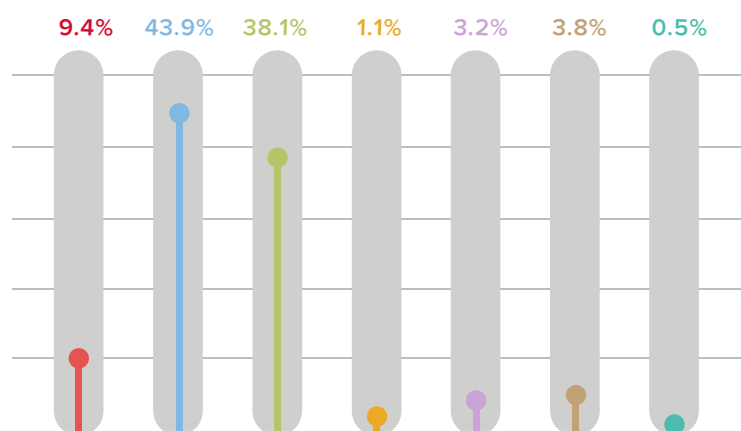
Rice Division

AVERAGE HEADCOUNT EMPLOYEES



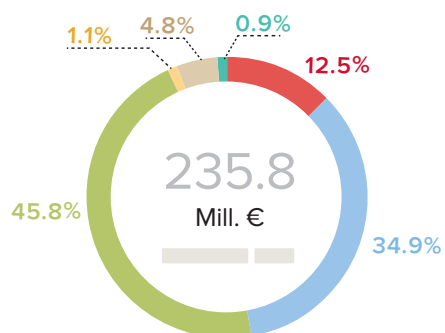
4,672

SALES BY GEOGRAPHICAL AREAS



1,817.7
Mill. €

EBITDA-A BY GEOGRAPHICAL AREAS



PROFIT AND LOSS (000€)						
	2018	2019	2019/2018	2020	2020/2019	CAGR 2020-2018
Revenue	1,412,702	1,566,239	10.9%	1,817,679	16.1%	13.4%
Advertising	(26,969)	(33,010)	(22.4%)	(36,789)	11.4%	16.8%
% Net profit	(1.9%)	(2.1%)		(2.0%)		
EBITDA-A	162,065	192,264	18.6%	235,809	22.6%	20.6%
% Net profit	11.5%	12.3%		13.0%		
EBIT-A	123,990	143,061	15.4%	178,503	24.8%	20.0%
% Net profit	8.8%	9.1%		9.8%		
Capex	64,583	75,160	16.4%	69,345	(7.7%)	3.6%

Prices rose at most sources during the year, especially for long grain rice from southeast Asia (Vietnam, Thailand, Myanmar), where a water shortage affecting the second harvest was feared at the beginning of the year. Prices also rose for the varieties grown in Spain, owing to the endemic problem of salinity in the Guadalquivir region.

Harvest prices for long grain varieties rose in the USA prior to harvesting, owing to a smaller area sown and the effects on yield of hurricanes such as Laura.

US HARVEST PRICES (Source: USDA)					
(\$-CWT)	20/21 (*)	19/20	18/19	17/18	16/17
Average price	13.68	13.5	12.6	12.9	10.4
Long grain	12.39	12	10.8	11.5	9.64
Medium grain	17.33	17.8	18.5	16.2	12.9

(*) Estimated range

Sales revenue grew considerably (+16.1%). Full-year earnings of the Tilda Group are included for the first time, contributing approximately EUR 110 million to net sales. Owing to the surge in demand in the first few months of the pandemic, orders doubled in some of our subsidiaries compared to previous years, so they had to prioritise the stock-keeping units (SKUs) with highest consumption levels and even limit the meeting of orders based on past orders and demand forecasts. This was successfully managed, with full utilisation of production capacity, meeting our commitments in due time and form and without any major stockouts (in spite of the lengthy supply chains in some of the SKUs).

Sales grew in practically all types of rice and distribution channels, except for the HORECA channel, which suffered the effects of closure of hospitality establishments for lengthy periods due to the pandemic. This sector represents a smaller proportion of our sales than other distribution channels, so other than the subsidiaries that produce frozen rice and, in part, those producing ingredients or niche products for the food service segment, sales grew significantly across the board.

The growth trend in microwave rice continued, although it slowed down in some countries owing to the accumulation of basic products. In Spain, for example, the sales volume of this product grew by 2%, clearly smaller than the growth in SOS short grain rice (+15% in volume), which is a traditional product and benefited from the increase in meals at home. However, in the USA, sales of microwave rice grew by 27% in volume.

EBITDA-A grew by 22.6% year on year, with a major contribution by the Tilda Group of EUR 30 million. The negative exchange rate effect is almost entirely concentrated in this segment (EUR 3 million), after discontinuing the dry pasta business in North America.

In spite of the tensions produced by the pandemic, the reorganisation carried out at the Freeport plant in earlier years and the investments made in the Memphis plant in the USA enabled us to maintain a high level of service. The growth of EBITDA-A in this region was in double digits and the sales margin was maintained.

The contribution to EBITDA-A by our non-American business, excluding the Tilda Group, which generates resources mainly in the UK, is distributed among the different regions as follows:

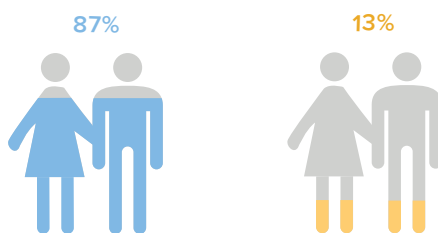
	2018	%	2019	%	2020	%
Spain	30,902	34.8%	25,471	28.7%	29,202	28.3%
Europe	47,779	53.8%	52,520	59.3%	58,934	57.2%
Other	10,143	11.4%	10,644	12.0%	14,916	14.5%
	88,824	100.0%	88,635	100.0%	103,052	100.0%

The distribution is similar to the previous year, with a slight reduction in the contribution by Europe, where most of the Group's business is concentrated in the HORECA channels.

The **Operating Profit** was in line with the previous margins, with a slight increase in the depreciation and amortisation charge linked to investments made in recent years.

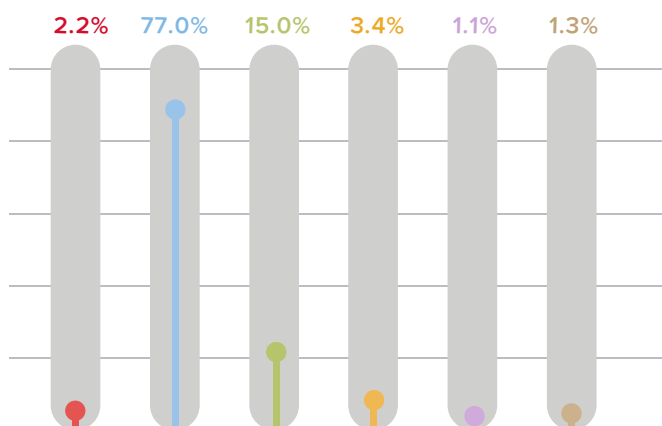
Investment in fixed assets remained high, reflecting our investment in business lines with a high growth potential (microwave rice) and the improved productivity (packaging, storage and logistics), although the pandemic slowed down the work on the new microwave cup factory in Spain, which will be completed during 2021.

AVERAGE HEADCOUNT EMPLOYEES



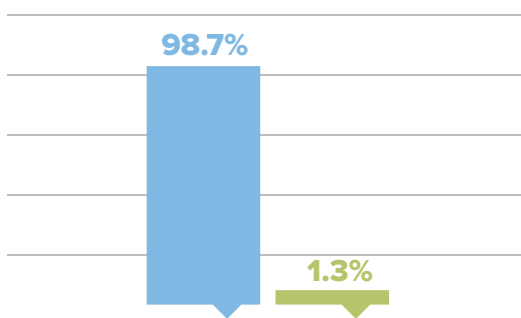
3,060

SALES BY GEOGRAPHICAL AREAS



1,162.4
Mill. €

EBITDA-A BY GEOGRAPHICAL AREAS



142.7
Mill. €



PROFIT AND LOSS (000€)						
	2018	2019	2019/2018	2020	2020/2019	CAGR 2020-2018
Revenue	949,905	1,009,007	6.2%	1,162,471	15.2%	10.6%
Advertising	(46,605)	(46,490)	0.2%	(53,176)	14.4%	6.8%
% Net profit	(4.9%)	(4.6%)		(4.6%)		
EBITDA-A	123,589	126,307	2.2%	142,708	13.0%	7.5%
% Net profit	13.0%	12.5%		12.3%		
EBIT-A	84,020	76,984	(8.4%)	89,330	16.0%	3.1%
% Net profit	8.8%	7.6%		7.7%		
Capex	73,946	71,772	(2.9%)	47,474	(33.9%)	(19.9%)

During 2020 the Group pulled out of the dry pasta business in North America, as described in Notes 5 and 25 to the Annual Accounts. The price of the businesses sold was equivalent to multiplying their value by more than 10 times Ebitda-A in a normal year. The sale is in keeping with the Group's leadership strategy, enabling us to concentrate our efforts on products with a high growth potential, such as premium dry pasta, leading brands on the respective markets and fresh pasta products. As mentioned earlier, all the figures in this report consider this business discontinued, unless otherwise expressly indicated.

Durum wheat prices rose generally, especially before the summer, with expectations of a smaller harvest in Spain and France due to a smaller area sown and a poor yield. After that the market stabilised, bolstered by a good harvest in Canada.

Sales grew by 15.2%, in line with the shock demand at the beginning of the pandemic mentioned earlier. The latest purchases by the Group are performing very well, with Bertagni in double-digit growth figures even though the pandemic has not had a material impact on the fresh products it sells (shorter shelf life, initial demand for basic, non-perishable products).

By markets:

- a. In France, year-on-year growth of the brand markets was in double figures, except fresh pasta, with a year-on-year growth of 5.9% in volume. Panzani's market share in dry pasta slid to 35.5%, while increasing its share in fresh pasta to 45.1% (source: Nielsen 52 weeks).
- b. Garofalo maintained its growth in sales revenue and volume. As its principal brand grew, it increased its share of the premium pasta market in Italy to 5.8% in volume, from 5.5% the previous year (source: Nielsen 52 weeks). It continued to grow in other markets such as Spain, where its volume of sales rose by 43%, far outstripping the market (9.6%), and it has become a benchmark in the premium pasta market.
- c. Bertagni maintained its double-digit growth (+22% in value) in sales revenue to EUR 124 million, consolidating its customer portfolio, which includes the most important distribution chains in Europe and North America.
- d. Dry pasta sales in Cana grew by 14.3% in volume and 11.7% in value. Olivieri increased its leadership with a 49.7% market share in volume and over 50% in value (source: Nielsen 52 weeks).

The division posted a strong growth in **EBITDA-A** (13% p.a., 7.5% CAGR), pushed up particularly by the contributions of Bertagni and Garofalo, of EUR 25 and 29 million, respectively.



France improved in all segments of business except its subsidiary Roland Monterrat, engaged mainly in the production and sale of sandwiches, which was particularly hard hit by the lockdowns imposed during the pandemic. Improved sales volumes, reassignment of promotional activities and a productivity plan more than offset the price hike in raw materials, which increased costs by EUR 17 million, mostly due to the rising prices of French durum wheat.

The fresh pasta business in Canada made a positive contribution, thanks to huge efforts to increase sales volumes and optimise productivity. The new gnocchi are doing especially well, with constantly growing sales and outperforming other categories. Even so, after reaching a deal to sell the dry pasta assets and discontinuing this business, impairment has been recognised of the goodwill arising from the purchase of Olivieri fresh pasta assets for EUR 35 million.

Both Bertagni and Garofalo completed an excellent year. They are both strongly committed to growth in the USA, where they make a significant portion of their sales (31% and 26%, respectively) and are a key element in our growth in that market, once the afore-mentioned sale of dry pasta assets was completed.

The **Operating Profit** followed the trend of the metrics mentioned above.

CAPEX was lower year on year, as the 2019 accounts had included the one-off acquisition of a logistics warehouse in France. Work continued during the year on enlargement of the facilities at the Garofalo plant and major refurbishment of the fresh pasta plant in Avio, scheduled for completion in 2021, which will enable Bertagni to increase its production capacity.