



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%

