



CHAIRMAN'S STATEMENT

Dear Stakeholders

After a very tough 2020 due to the sudden outbreak of Covid-19, 2021 was heralded to be the year of economic recovery. Vaccinations were expected to pull us swiftly out of the crisis brought about by the pandemic, but it turned out to be a year fraught with massive challenges and difficulties. Wave after wave of Covid-19 was accompanied by other unwelcome factors, such as extreme weather conditions, a significant reduction of harvests and soaring prices in logistics, agricultural commodities, auxiliary materials and energy, which pushed costs up to €83 million more than in 2020 and €143 million up on 2019.

Nevertheless, I have the satisfaction of telling you that we obtained very positive earnings, similar to those posted in 2020, a record year in the company's history, as you will remember. I should point out that this was not easy, but the outcome of intense work and different strengths and achievements, such as: 1) shrewd decision-making; 2) the strength of our brands, which have continued to underpin their leadership and increase market shares; 3) consumer trust and recognition of the quality and differentiation of our products; 4) diversification of our supply chain and astute positioning in raw materials. In short, our success was the fruit of the good health of our Group's businesses, which managed to reduce the impact of spiralling inflation.

Our intense work was not channelled exclusively at coping with inflation, but also towards further advancing in the development of our Strategic Plan, closing a cycle that culminated with the divestment of our dry pasta businesses and embarking on another, focusing strongly on the premium, fresh and convenience segments, which offered higher profitability and better growth prospects.

Overall, the consumer trends that had prevailed in the previous year persisted, especially the extraordinary growth of online shopping, the boom in home delivery services for the most highly-valued catering brands and the confirmation of consumer preference for local supermarkets for physical shopping. We also saw major fluctuations in consumption coinciding with the different waves of the coronavirus, a gradual recovery of the HORECA channel as the restrictions on hospitality were lifted, and a renewed preference for value-added products.

As far as our core businesses are concerned, the main challenge for our Rice Division was the extraordinary inflation in the costs of energy, agricultural commodities, auxiliary materials and logistics. With regard to raw materials, our key tools for offsetting weak harvests in Europe and North America were sourcing diversification and increased working capital. However, we have had to address a significant increase in the cost of aromatic rice varieties, which are essential for the brands of our companies Riviana and Tilda, owing to the elevated shipping costs, which rocketed from US\$1,000 to US\$8,000 per container. Against this complicated backdrop, our commitment to convenience products once again proved its worth, as those products recorded double-digit growth, strongly pushing up the Group's consolidated earnings.

The most significant landmark in the Pasta Division was the completion of divestment of our North American dry pasta businesses (€418 million) and the sale of the dry pasta, sauces and semolina businesses of the Panzani Group (€550 million). Consequently, from now on our pasta businesses will focus entirely on the premium, fresh and convenience categories, through Garofalo, Lustucru, Olivieri and Bertagni, whose brands are leaders in their respective markets. This Division also had to cope with an extraordinary price hike in European durum wheat as a result of the 50% reduction of the North American harvest, and the high freight costs to the United States, a very important market for the Bertagni and Garofalo businesses.

In spite of all this, the Group's turnover was in line with the previous year, at €2,427 million; our adjusted EBITDA, taking account of an €83 million cost inflation and increased investment in advertising to €91.4 million, stood at

€301.8 million, down scarcely 1% year on year; while we reduced our average Net Debt to €504.7 million, €446 million less than at year-end 2020.

In stock performance, the Ebro Foods share dropped by 10.8% over the period, while Ibex 35 closed the year up 7.9%, Ibex Med up 8.7%, Ibex Small up 1.8% and Eurostoxx Food and Beverage rose by 10.4%.

As in the previous year, following the divestments made during the year, we wanted to increase the remuneration of our shareholders, paying an extraordinary dividend of €88 million, which, together with the ordinary dividend of €88 million, brought the total dividend to €176 million.

In Corporate Social Responsibility and Sustainability, we made further progress towards the goals of our General Sustainability Plan HEADING FOR 2030 and in our commitment to the 10 Principles of the UN Global Compact, to which we signed up more than two decades ago. We thus invested in 166 social action initiatives, 129 of them designed to mitigate the effects of the Covid-19 pandemic. We endeavoured to ensure the well-being and professional development of our employees; strove to secure the sustainability of our supply chain; and embarked on different projects aiming to minimise our environmental impact, achieve circular business and mitigate climate change. We report extensively on these actions in our Corporate Social Responsibility and Sustainability Report.

As we publish this Report we are immersed in 2022, a year that is expected to be even more difficult due to the relentless inflation, the collateral effects of the Russian invasion in Ukraine, the need to adjust prices, droughts, and so on, but we trust that our strengths, the generation of synergies among our subsidiaries and our constant endeavours to optimise costs will stand us in good stead to face the challenges of the year.

Finally, I would like to thank our shareholders, investors, customers and consumers for their long-standing trust and support, and all the professionals of the Ebro Foods Group for their work and dedication, which are absolutely essential if we are to continue growing sustainably, in every sense of the word.



Antonio Hernández Callejas

CHAIRMAN EBRO FOODS