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ANNUAL REPORT

EBRO 2021



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THE COMPANY



01



THE COMPANY

Mission, vision and values

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.

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.

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



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 (31/03/2022), the core businesses are performed by the following subsidiaries, reporting to Ebro Foods, S.A.:

COMPANY	COUNTRY	BUSINESS AREA
Agromeruan, SARL 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)
Ebro Foods Netherland BV (Lassie)	Netherlands	Rice
Ebrofrost Denmark, A/S	Denmark	Rice and pasta
Ebrofrost Germany, GmbH	Germany	Rice and pasta
Ebrofrost UK, Ltd	UK	Rice and pasta
Ebrofrost North America	USA	Rice and pasta
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 and Belgium	Ingredients
Herba Ricemills, S.L.U.	Spain	Rice
Indo European Foods Ltd.	UK	Rice
La Loma Alimentos, S.A.	Argentina	Rice
Lustucru Frais, S.A.S.	France	Fresh pasta
Lustucru Riz, S.A.S.	France	Rice
Mundi Riso, S.R.L.	Italy	Rice
Mundi Riz, S.A.	Morocco	Rice
Neofarms Bio, S.A.	Argentina	Rice
Pastificio Lucio Garofalo, Spa	Italy	Pasta
Riceland Magyarorzag, Kft	Hungary	Rice
Riviana Foods, Inc.	USA	Rice
Riviana Foods Canada Corporation	Canada	Fresh pasta
Roland Monterrat, S.A.S.	France	Fresh food
Santa Rita Harinas, S.L.U.	Spain	Others
S&B Herba Foods, Ltd.	UK	Rice
Tilda, Ltd.	UK	Rice
Transimpex, GmbH	Germany	Rice

Industrial infrastructure

As at the closing date of this Report (31/03/2022), the Ebro Group has, through its subsidiaries, 77 facilities (59 production plants, 13 offices and 5 warehouses) in 16 different countries.

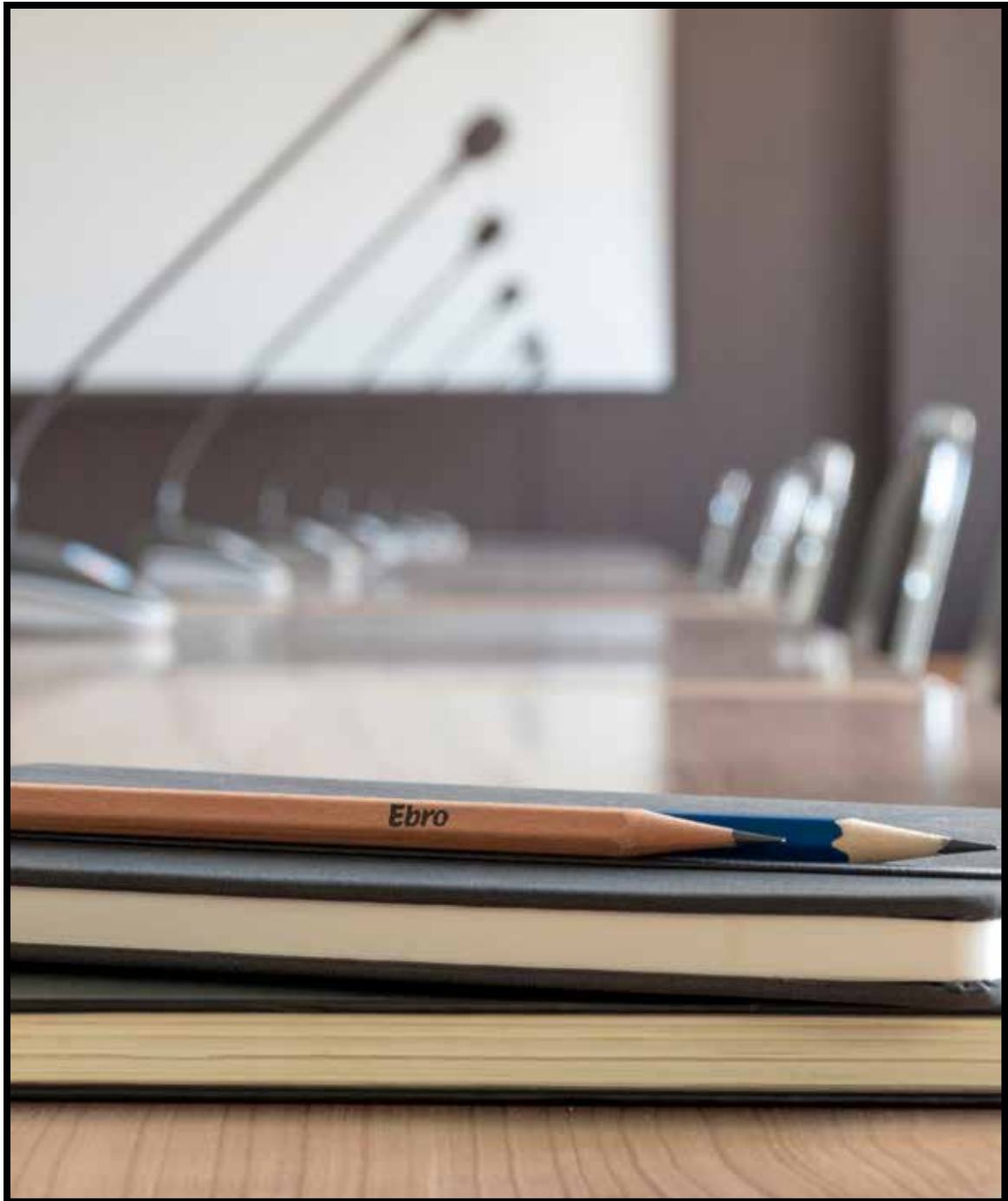
COMPANY	COUNTRY	WORKPLACE	TYPE OF FACILITY
Arotz Food	Spain	Navaleno	Industrial
Arrozeiras Mundiarroz	Portugal	Coruche	Industrial
		Lisboa	Office (lease)
Bertagni 1882	Italy	Arcugnano (Vicenza)	Industrial
		Avio	Industrial
		Avio Arcugnano	Warehouse
Boost Nutrition	Belgium	Merksem	Industrial
Ebro Foods Holding	Spain	Madrid	Office (lease)
		Barcelona	
		Granada	
Ebro Foods Netherland BV (Lassie)	Netherlands	Wormer	Industrial
Ebro India	India	Taraori	Industrial
Ebrofrost Denmark	Denmark	Orbaek	Industrial
Ebrofrost Germany	Germany	Offingen	Industrial
Ebro Frost North America	USA	Ebro Frost NA	Industrial
Ebrofrost UK	UK	Beckley	Industrial
Euryza	Office (lease)	Hamburgo	Office (lease)
Geovita Functional Ingredients	Italy	Bruno	Industrial
		Nizza Monferrato	Industrial
		Verona	Industrial
		Villanova Monferrato	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 Aznalfarache	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
Indo European Foods Ltd.	UK	Cotemsa, Raza y Ecorub	Warehouse
		Felxtowe	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)
Pastificio Lucio Garofalo	Italy	Gagnano	Industrial
Riceland Magyarorzag	Hungary	Budapest	Office (lease)
Riviana Foods Canadá	Canada	Delta	Industrial
		Hamilton	Industrial
Riviana Foods USA	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)



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GOVERNANCE MODEL MODEL



02



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.

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:

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

Analysis of the composition of the Board of Directors

The Board of Directors is made up of fourteen (14) members, in accordance with the number set at the Annual General Meeting held on 29 July 2020. In the opinion of the Nomination and Remuneration Committee, this size gives the Board: (i) an adequate size to ensure efficient functioning, participation of all directors and agile decision-making; (ii) adequate diversity of expertise, experience and gender in its composition; and (iii) an adequate balance between the representation of significant shareholders and minority shareholders on the Board.

With regard to the composition of the Board from the point of view of categories of directors and the presence of women (as the gender least represented on the Board), of the fourteen (14) directors, two (2) are classified as executive, eight (8) as proprietary and four (4) as independent; and there are five (5) female directors (6 prior to the retirement of Alimentos y Aceites, as their representative on the Board was a woman).

COMPOSITION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES AND CLASSIFICATION OF DIRECTORS

Information corresponding to 2021 and 2022 up to 31.03:

DIRECTOR (INDIVIDUAL REPRESENTING CORPORATE DIRECTOR)	CATEGORY	COMMITTEES
Antonio Hernández Callejas - Chairman	Executive	Executive Committee (Chair) Strategy and Investment Committee
Demetrio Carceller Arce - Vice-Chairman	Proprietary (Significant shareholder: Sociedad Anónima Damm through Corporación Económica Delta, S.A.)	Executive Committee Nomination and Remuneration Committee Strategy and Investment Committee (Chair)
Alimentos y Aceites, S.A. (M ^a Jesús Garrido Solís) <i>Director up to 29 March 2022</i>	Proprietary (Significant shareholder: Sociedad Estatal de Participaciones Industriales -SEPI- through Alimentos y Aceites, S.A.)	-----
Belén Barreiro Pérez-Pardo	Independent	Nomination and Remuneration Committee
María Carceller Arce	Proprietary (Significant shareholder: Sociedad Anónima Damm through Corporación Económica Delta, S.A.)	-----
Fernando Castelló Clemente	Independent	Audit and Compliance Committee Nomination and Remuneration Committee (Chair)
José Ignacio Comenge Sánchez-Real	Proprietary (Significant shareholder through Mendibea 2002, S.L.)	Strategy and Investment Committee
Corporación Financiera Alba, S.A. (Alejandra Olarra Icaza. <i>As from 24 November 2021, substituting Tomás Hevia Armengol</i>)	Proprietary (Significant shareholder: Corporación Financiera Alba, S.A.)	-----
Mercedes Costa García - Consejera Coordinadora	Independent	Audit and Compliance Committee (Chair) Nomination and Remuneration Committee
Empresas Comerciales e Industriales Valencianas, S.L. (Javier Gómez-Trenor Vergés)	Proprietary (Significant shareholder: Empresas Comerciales e Industriales Valencianas, S.L.)	-----
Javier Fernández Alonso	Proprietary (Significant shareholder: Corporación Financiera Alba, S.A.)	Executive Committee Audit and Compliance Committee Strategy and Investment Committee
Grupo Tradifín, S.L. (Blanca Hernández Rodríguez)	Proprietary (Significant shareholder: Grupo Tradifín, S.L.)	Audit and Compliance Committee Nomination and Remuneration Committee
Hercalanz Investing Group, S.L. (Félix Hernández Callejas)	Executive (1)	Strategy and Investment Committee

DIRECTOR (INDIVIDUAL REPRESENTING CORPORATE DIRECTOR)	CATEGORY	COMMITTEES
Pedro Antonio Zorrero Camas <i>Director up to 31 December 2021</i>	Independent	Executive Committee Audit and Compliance Committee
Marc Thomas Murtra Millar <i>Director as from 31 January 2022</i> <i>Appointed by cooptation to fill the vacancy produced by Mr Zorrero Camas</i>	Independent	Executive Committee Audit and Compliance Committee
Jordi Xuclà Costa <i>Director as from 30 March 2022</i> <i>Appointed by cooptation to fill the vacancy produced by Alimentos y Aceites, S.A.</i>	Proprietary (Significant shareholder: Sociedad Estatal de Participaciones Industriales -SEPI- through Alimentos y Aceites, S.A.)	-----

CHANGES ON THE BOARD OF DIRECTORS AND COMMITTEES BETWEEN 31.12.2021 AND 31.03.2022

- On 24 November 2021, Alejandra Olarra Icaza joined the Board as representative of the Proprietary Director Corporación Financiera Alba, S.A. (significant shareholder of the Company), to replace Tomás Hevia Armengol.
- On 15 December 2021, after the end of the Extraordinary General Meeting held on that date, Pedro Antonio Zorrero Camas tendered his resignation from the Board with effect from 31 December 2021, as of which date he stood down from the Board and from the Executive Committee and Audit and Compliance Committee. Mr Zorrero Camas was classified as an Independent Director.
- On 31 January 2022, the Board resolved to appoint Marc Thomas Murtra Millar by cooptation to fill the vacancy produced following Mr Zorrero Camas' resignation. Marc Thomas Murtra Millar was also appointed member of the Executive Committee and the Audit and Compliance Committee of the Company. Mr Murtra Millar is classified as an Independent Director.
- On 24 March 2022, the Proprietary Director and significant shareholder Alimentos y Aceites, S.A. tendered its resignation from the Board with effect from 29 March 2022.
- On 30 March 2022, the Board resolved to appoint Jordi Xuclà Costa by cooptation to fill the vacancy produced following the resignation by Alimentos y Aceites, S.A. Mr Xuclà Costa is classified as a Proprietary Director of the significant shareholder Alimentos y Aceites, S.A., which it represents on the Board of Directors of Ebro.

INDEPENDENT DIRECTORS

The number of Independent Directors (4) is slightly below one-third (4.666) of the total number of Board members (14) recommended for non-high cap companies.

The Company considers it necessary to continue working to increase the number of Independent Directors to at least the recommended one-third, although it should be taken into account that 67.905% of the total capital of the Company is represented on the Board (*as at 31.03.2022*).

PROPRIETARY DIRECTORS

The number of Proprietary Directors (8) represents 57.142% of the total Board members (14) and 66.666% of the total Non-Executive Directors.

The percentage of Non-Executive Directors who are Proprietary Directors (66.67%) is greater than the portion of total capital represented by those Directors (57.710%). In this regard, it should be noted that: (i) the significant shareholders represented on the Board are not related in any way; (ii) 67.905% of the capital is represented on the Board; and (iii) the Company has a non-free float of 71.555% (*as at 31.03.2022*).

FEMALE DIRECTORS

Considering the presence of women on the Board, the Policy for Selection of Directors and Diversity in the Composition of the Board of Directors of Ebro Foods, S.A. sets the Company's target for the least represented gender on the Board to account for at least 40% of the Board members before the end of 2022 and thereafter.

Prior to the resignation of Alimentos y Aceites, S.A., which was represented by a woman on the Board of Directors, there were 6 female directors on the Board, which was 42.857% of the total number of Board members set by the General Meeting (14), so the Company had reached and exceeded the target recommended in the Code of Good Governance and established in the Policy for Selection of Directors and Diversity in the Composition of the Board of Directors.

After the resignation by Alimentos y Aceites, S.A. and the incorporation of a male director on the Board, the number of women was reduced to 5 and the percentage of women in the total number of Board members (14) was 35.714%, below the target of 40%.

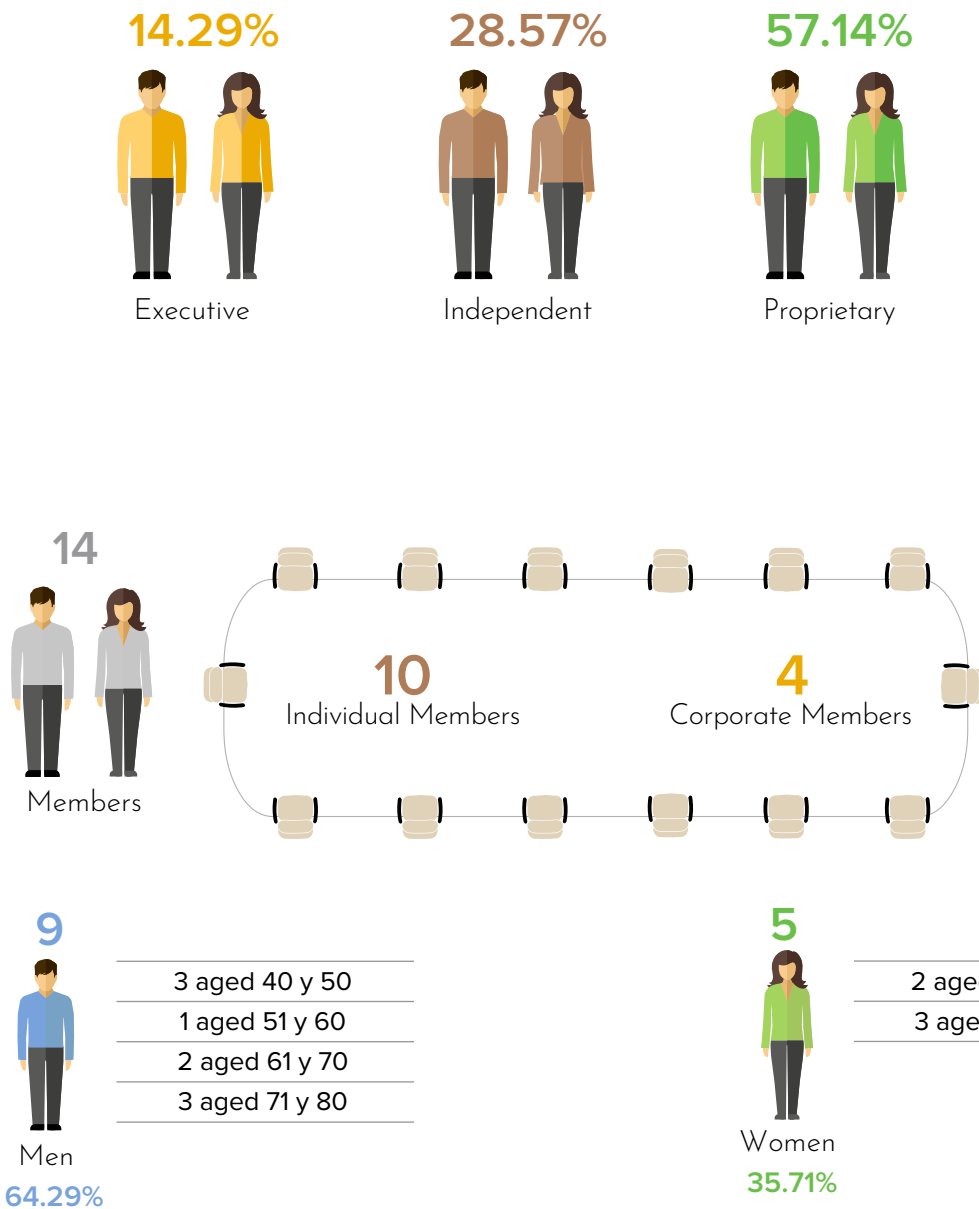
The Company is aware of the need to raise the number of female directors on the Board to recover the percentage of women existing prior to the resignation of Alimentos y Aceites, S.A. and will work to return to the 40% recommended in the Code of Good Governance and established in the Policy for Selection of Directors and Diversity in the Composition of the Board of Directors.

DIVERSITY OF PROFILES

Finally, all existing Directors have been appointed considering that their expertise, skills, professional experience, availability and suitability are adequate for the performance of their duties.

Taking account of the different professional profiles of the Directors (all specialists in a wide variety of complementary sectors, including economic, financial, legal, industrial, consumer and distribution markets, beverages, rice and pasta) and the extensive knowledge that some of them have of the Group overall, the Company believes that the current composition of the Board has an adequate diversity of professional experience and expertise for the interests of the Company and its Group.

Graph showing the composition of the Board



Significant shareholders and their interests in the capital

The information that Ebro Foods, S.A. has on its significant shareholders and their interests in the capital is obtained from the information they report directly to the Company or publish in accordance with the prevailing laws and regulations on significant holdings, as well as the information that the Company obtains from those shareholders when drawing up its Annual Financial Statements.

According to that information, the interests held by significant shareholders at 31.12.2021 and 31.03.2022 is as follows:

SIGNIFICANT SHAREHOLDER	31-12-2021					31-03-2022				
	% VOTING RIGHTS ATTRIBUTED TO SHARES			% VOTING RIGHTS THROUGH FINANCIAL INSTRUMENTS	% TOTAL VOTING RIGHTS	% VOTING RIGHTS ATTRIBUTED TO SHARES			% VOTING RIGHTS THROUGH FINANCIAL INSTRUMENTS	% TOTAL VOTING RIGHTS
	DIRECT	INDIRECT	TOTAL			DIRECT	INDIRECT	TOTAL		
Corporación Financiera Alba, S.A.	14.443	0.000	14.443	0.000	14.443	14.521	0.000	14.521	0.000	14.521
Sociedad Anónima Damm (through Corporación Económica Delta, S.A.)	0.000	11.686	11.686	0.000	11.686	0.000	11.686	11.686	0.000	11.686
Sociedad Estatal de Participaciones Industriales (through Alimentos y Aceites, S.A.)	0.000	10.360	10.360	0.000	10.360	0.000	10.360	10.360	0.000	10.360
Hercalanz Investing Group, S.L.	8.621	0.000	8.621	0.000	8.621	8.695	0.000	8.695	0.000	8.695
Grupo Tradifin, S.L.	7.961	0.000	7.961	0.000	7.961	7.961	0.000	7.961	0.000	7.961
Empresas Comerciales e Industriales Valencianas, S.L.	7.827	0.000	7.827	0.000	7.827	7.827	0.000	7.827	0.000	7.827
José Ignacio Comenge Sánchez-Real (through Mendíbea 2002, S.L.)	0.002	5.199	5.201	0.000	5.201	0.002	5.199	5.201	0.000	5.201
Artemis Investment Management, LLP	0.000	3.650	3.650	0.000	3.650	N/D	N/D	N/D	N/D	N/D

CAPITAL REPRESENTED ON THE BOARD (AS AT 31.03.2022)

SCALE OF PERCENTAGE INTERESTS IN THE CAPITAL	SIGNIFICANT SHAREHOLDERS REPRESENTED ON THE BOARD AND DIRECTORS WITH A DIRECT OR INDIRECT INTEREST IN THE CAPITAL	PERCENTAGE INTEREST
≥ 10,00%	Corporación Financiera Alba, S.A. (Significant shareholder and Proprietary Director)	14.521
	Corporación Económica Delta, S.A. (Significant shareholder represented on the Board by the Proprietary Directors Demetrio Carceller Arce and María Carceller Arce)	11,686
	Alimentos y Aceites, S.A. (Significant shareholder represented on the Board by the Proprietary Director Jordi Xuclà Costa)	10.360
≥ 5,00% < 10,00%	Hercalíanz Investing Group, S.L. (Significant shareholder and Executive Director*)	8.695
	Grupo Tradifín, S.L. (Significant shareholder and Proprietary Director)	7.961
	Empresas Comerciales e Industriales Valencianas, S.L. (Significant shareholder and Proprietary Director)	7.827
	José Ignacio Comenge Sánchez Real (Significant shareholder and Proprietary Director)	5.201
≥ 3,00% < 5,00%	----	----
< 3,00%	Fernando Castelló Clemente	1.500
	Demetrio Carceller Arce	0.132
	María Carceller Arce	0.021

(*) With regard to the classification of Hercalíanz Investing Group, S.L. as an Executive Director, see note (1) of the table showing the composition of the Board and its Committees and classification of directors.

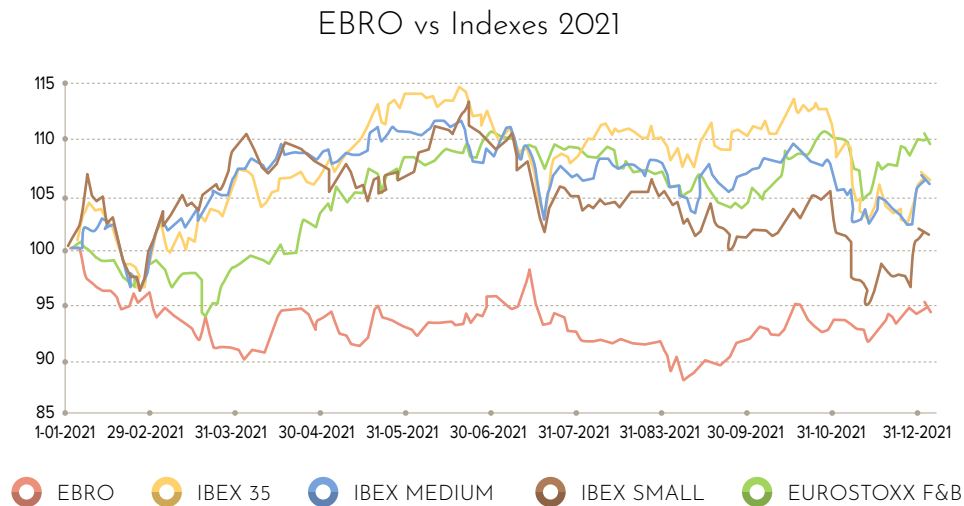
- Percentage of capital represented on the Board: 67.905%
- Total percentage of voting rights held by directors: 45.858%.
- Percentage of non-free float: 71.554%
- Percentage of free float: 28.446%



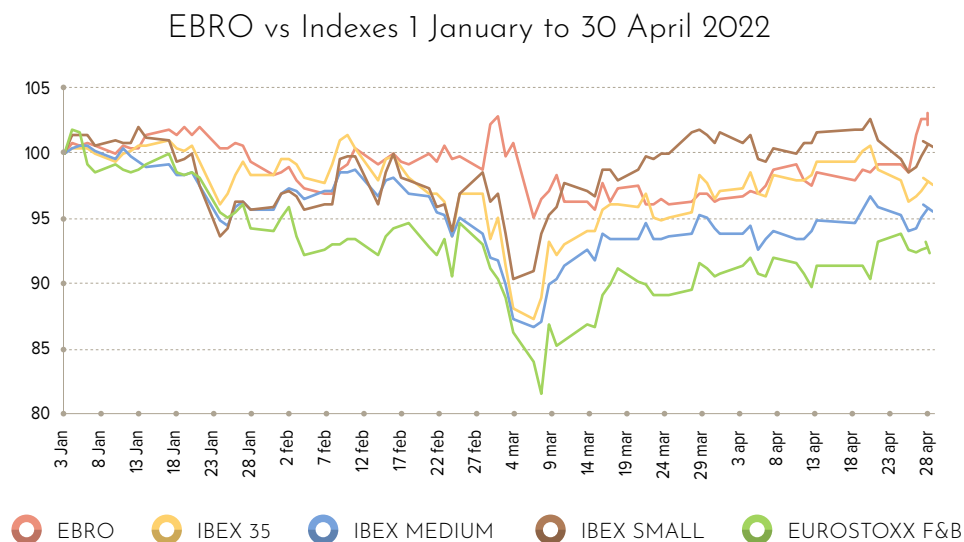
Stock performance

SHARE PERFORMANCE

During 2021, the value of the Ebro Foods share down by 4.8%. Ibex 35 closed the same period up 7.9%, the Ibex Med rose by 8.7%, the Ibex Small up 1.8% and Eurostoxx Food and Beverages rose 10.4%.



The average price of our share in 2020 was €17.03, closing at 31 December at €18.94. Share turnover was equivalent to 14.8% of the total number of shares in the company. So the average daily volume of trading in 2020 was 88,797 shares.



If we observe share performance in 2022, at 30 April the Ebro share reflected the significant payment of an extraordinary dividend in December 2021. However, when compared with the reference indexes, the value of the Ebro share has risen by 2.63%, while Ibex 35 has fallen by 2.02%, Ibex Med is down 4.2%, Ibex Small is up by 0.83% and Eurostoxx Food and Beverage is down 4.20%.

EBRO ANALYSTS

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



At year-end 2021, the average rating by analysts gave EBRO a target price of EUR 19.06 euros per share, 12.9% higher than our market price at that date.

DIVIDENDS

An ordinary dividend of €88 million (€0.57 per share) was distributed during 2021 against the 2020 profits. In addition, after divesting of the dry pasta, semolina and sauces business in France, an extraordinary dividend of €88 million (€0.57 per share) was paid on 22 December 2021.

The dividend yield per share at year-end 2021 was thus 6.75%.

For 2022, the Ebro Foods board unanimously resolved on 15 December 2021 to table a motion at the forthcoming Annual General Meeting proposing a dividend of €0.57 per share against the 2021 earnings, to be distributed in three payments of €0.19 per share in April, June and October 2022 (€88 million). The dividend would thus be maintained at the same level as in 2021.

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. We describe these non-financial risks below:

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

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 investments 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.

OPERATIONAL RISKS

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.
3. **Cybersecurity.** 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. The Group has an action plan contemplating: (i) the ongoing training of personnel on these threats, (ii) the definition of an adequate network infrastructure (firewalls, Wi-Fi access, network electronics, browsing possibilities and design of connected industrial networks), (iii) the correct definition of user points (antivirus, mobile device management systems, permissions, updates) and (iv) a 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.

El principal mitigador para este tipo de riesgos es la diversificación tanto de los orígenes de la materia prima como de los países a los que se destina nuestros productos. Asimismo, el Grupo se asegura una capacidad productiva flexible con plantas en cuatro continentes, lo que minimiza los eventuales problemas locales. Adicionalmente, el Grupo tiene cubiertas la totalidad de sus fábricas e instalaciones con pólizas de seguros en vigor, que mitigarían cualquier eventualidad que pueda poner en peligro el valor de estas.

2. **Climate change.** 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, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we have identified the potential risks, impacts and opportunities that climate change may have in our organisation, establishing the appropriate mitigation and/or adaptation measures for each one. Some of them are already contemplated in our Sustainability Plan **HEADING FOR 2030** (caringforyouandtheplanet.com), including: 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. This will shortly be taken further, with the financial quantification of those risks and impacts.

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.

NB: Further information on the description of risks and the risk management and control system can be found in section 4 of the Management Report and section E of the Annual Corporate Governance Report, both retrievable from the company's website.



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BUSINESS MODEL



03



BUSINESS MODEL

Definition of the model

The Ebro Foods Group is the leading food group in Spain, global leader in the rice sector and has a prominent global position in the categories of premium and fresh pasta, leader in the countries in which it operates.

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 an adequate business for each country, taking account of its specific idiosyncrasies, culture, laws, etc. 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 Foods Group is managed by business areas that combine the type of activity they perform and their geographical location.

- Rice business: This covers the production and marketing of different rice varieties and their by-products and culinary supplements. It is present throughout Europe, the Mediterranean Arc, Southern Cone and South-East Asia through companies in the Herba Group, and in North and Central America, the Caribbean and the Middle East through the Riviana Group.
- Pasta business: This includes the production and marketing of premium dry pasta and fresh pasta. The fresh pasta business is conducted through the Ebro Premium Food Group in France and Benelux, the Bertagni Group in a large number of countries and the Riviana Group with the Olivieri brand in North America. The business in the premium dry pasta segment is conducted through Garofalo (Italy and rest of world).

In both businesses, in keeping with the Group's undertaking to promote healthy eating, practically all our brands include a range of products in the health, bio and organic categories.



MEMBERSHIP OF SECTORAL ORGANISATIONS AND ASSOCIATIONS

We list below the Group companies that are members of sectoral organisations and associations:

COMPANY	ASSOCIATION	GEOGRAPHICAL AREA
Herba Ricemills, S.L.U.	Federación de Molineros Europeos de Arroz (FERM)	Europe
	Asociación Española de Codificación Comercial (AECOC)	Spain
	Confederación de Empresarios de Andalucía (CEA)	
	Asociación de Industrias Arroceras Españolas (UNIADE)	
S&B Herba Foods, Ltd.	UK Rice Association	UK
Mundi Riso, S.R.L.	Italian Rice Miller Association (AIRI)	Italy
Riviana Foods Inc.	U.S. Rice Federation	USA
Riviana Foods Canada Corporation	Food and Consumer Products of Canada	Canada
Tilda, Ltd.	Rice Association	UK
	Food and Drink Federation	
	Make UK (The Manufacturers' Organisation)	
	British Brands Association	
Transimpex, GmbH	German Association of the Grain, Milling and Starch Industry VGMS e.V.	Germany

Global presence

The Ebro Group operates worldwide with a portfolio of 82 brands, in 71 countries, with industrial and commercial facilities in 16 of them. In the remaining 55 countries, we only engage in commercial activity. Our industrial park comprises some 77 sites, including production plants, offices and warehouses.

LIST OF COUNTRIES WITH COMMERCIAL AND INDUSTRIAL PRESENCE

Germany	Canada	France	Morocco
Argentina	Denmark	Netherlands	Portugal
Belgium	Spain	India	UK
Cambodia	USA	Italy	Thailand

LIST OF COUNTRIES WITH ONLY COMMERCIAL PRESENCE

Angola	Colombia	Haiti	Libya	Saint Martin
Saudi Arabia	Costa Rica	Hungary	Lithuania	Saint Lucia
Algeria	Curaçao	Ireland	Mexico	Singapore
Aruba	Egypt	Iceland	Mozambique	South Africa
Austria	United Arab Emirates	US Virgin Islands	Oman	Sweden
Bahamas	Estonia	Israel	Panama	Switzerland
Bahrein	Finland	Jamaica	Peru	Tortola
Barbados	Gabon	Japan	Puerto Rico	Trinidad y Tobago
Bermuda	Ghana	Jordan	Qatar	Tunisia
Brazil	Greece	Kuwait	Czech Republic	Venezuela
Chile	Guinea	Lebanon	Romania	Yemen

* 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's strategy focuses on becoming a major player in the rice, fresh pasta, premium dry pasta and healthy grains markets, and in other cross categories within the 'convenience' segment. Within that strategy, the Group has the following goals:

- Reach a global position in our relevant markets, open to the incorporation of related products.
- Consolidate our status as a benchmark business group in our different business areas, leading in markets where the Group finds potential.
- Lead innovation in the geographical areas in which we are present.
- And establish ourselves as a responsible enterprise, committed to social well-being, environmental balance and economic progress.

To refine our strategy, the Group is underpinned by general principles of conduct and growth levers that are considered vital to raise the value of our business and step up our firm commitment to sustainable development.

PRINCIPLES OF CONDUCT

- Foster ethical management based on good governance practices and fair competition.
- Comply with the laws in place, acting at all times with a view to preventing, minimising and mitigating not only economic risks, including tax risks, but also social and environmental risks.
- Seek a return on investment while guaranteeing the operational and financial soundness of its business activities. Uphold business profit as one of the bases for the future sustainability of the company and the large groups of agents directly and indirectly related with it.
- Generate a framework of labour relations that favours training and personal and professional development, respects the principles of equal opportunities and diversity and promotes a safe, healthy working environment.
- Reject any form of abuse or violation of the fundamental and universal rights, in accordance with international law and practice.
- Promote a relationship of mutual benefit with the communities in which the Group is present, proving ourselves sensitive to their cultures, contexts and needs.
- Satisfy and anticipate the needs of our customers and end consumers, offering a broad array of products and healthy, differentiated food.
- Steer the processes, activities and decisions of our company not only to generate profits, but also to protect the environment, prevent and minimise environmental impact, optimise the use of natural resources and preserve biodiversity.
- Develop a framework of responsible, true, transparent dialogue and communication with stakeholders, establishing stable communication channels and providing stakeholders regularly and transparently with rigorous, accurate, important information on the Group's activities.

TO ACHIEVE THE STRATEGIC GOALS SET FOR GROWTH AND SUSTAINABLE LEADERSHIP AND ENSURE THAT WE COMPLY WITH OUR PRINCIPLES OF CONDUCT, THE GROUP APPLIES THE FOLLOWING GUIDELINES:

- Search for organic and inorganic growth in countries with high levels of consumption and/or high growth potential.
 - Move into new territories or categories, paying special attention to new fresh products and new ranges of ingredients with greater value added.
 - Develop products that offer a complete culinary experience, extending our catalogue with new formats, flavours and ready-to-serve meals.
 - Achieve leadership in mature markets, opting for differentiation based on product quality. Expand and lead the premium category by developing the enormous potential of our flagship brands.
 - Broaden our geographical presence and complete our product/country matrix:
 - Seeking business opportunities in mature markets with a business profile similar to ours and in specialist market niches that allow us to shift our strategy from a generalist position to that of a multi-specialist (individual solutions).
 - Expanding into new business segments within markets in which we are already present or markets with considerable potential for growth.
- Differentiation and innovation, investing in two aspects to enhance our product range:
 - Research, development (R&D) and innovation 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.
- 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).
- Implementation of sustainability throughout the entire value chain (“from the farm to the table”) through the Sustainability Plan 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. The driving of initiatives that foster social and economic progress and help to reduce inequality in the communities in which we operate.
 - **Health and well-being.** The promotion of health through food, offering natural, healthy, differentiated food products that help consumers maintain a healthy diet and lifestyle and provide pleasure. The R&D and innovation department works with these premises and the different communication channels of our brands focus their message on encouraging healthy eating habits and creative ways of eating through recipes, blogs and advertising campaigns.

- **Our planet.** The preservation and minimising of our environmental impact throughout the entire value chain, paying special attention to mitigating and adapting to the effects of climate change. With this in mind, either individually or jointly with other stakeholders, the Group promotes sustainable agriculture programmes in our main sourcing areas and develops different initiatives aimed at securing the Group's transition towards a circular economy, such as recycling packaging materials, replacing plastics and reusing and recycling waste.

Value creation: R&D+I

The Ebro Foods Group has always been a front-runner in terms of new consumer trends and an international benchmark in the research and development of products applied to the food sector. Aware that R&D is essential to the Group's quality and differentiation strategy, it remained unwaveringly committed to innovation in 2021.

In total, R&D expenditure in continuing operations totaled 3.1 million euros in 2021 (1.8 million euros of which funded internally and 1.3 million euros, externally).

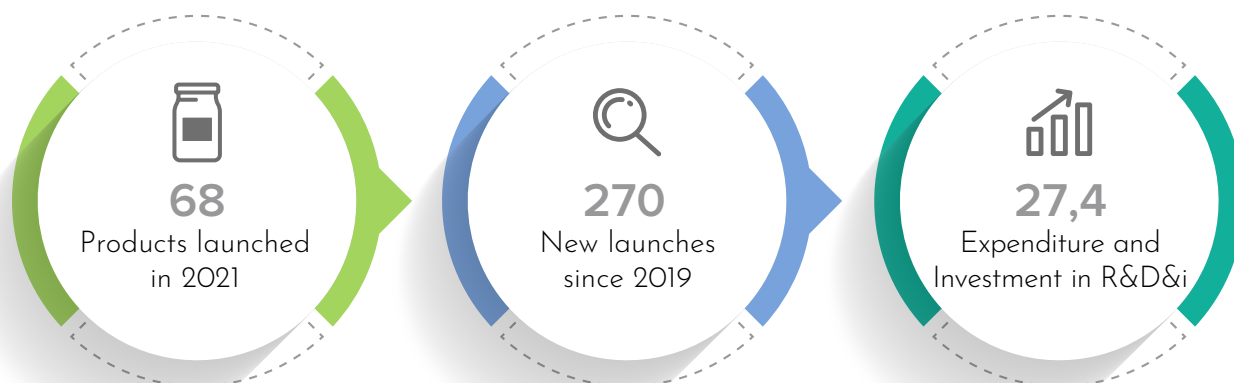
Investment in R&D totaled 24.3 million in 2021 and mostly corresponded to payments made during the year to improve processes at the instant rice factory in the US, to finish the new microwaveable cup factory in San José de Rinconada and to develop new filled fresh pasta and gnocchi processes in France and Italy.

The Group has articulated its R&D engine around research centres located in France, the US, the Netherlands, Italy and Spain. These centres and their main projects in 2021 were:

1. **The R&D centre located in Lyon.** Research focused on the development of fresh pasta, gnocchi, rice, pulse and other grain categories. In 2021 it worked on (i) new production processes and product quality improvements; (ii) productivity gains; and (iii) range extensions.
2. **Bertagni R&D Centre in Arcugnano.** Work continued in 2021 on the development of the double-filling technology patented by Bertagni; expansion of the ravioli range and formats; and the development of new technology designed to further reduce food safety risks during production.
3. **United States.** The US Research Department focuses on developing new (and adapting existing) products, processes and technologies in the US. In 2021 its work focused on (i) developing a broad range of microwavable cup products adapted for US uses and customs; (ii) developing a new range of instant rice mixes with vegetables; (iii) developing and adapting heating processes; and (iv) testing products and assessing raw materials.
4. **Centres associated with the Herba Group in Moncada (Valencia), the San Juan de Aznalfarache plant, the ingredients facility in Wormer (Netherlands) and the Bruno plant (Italy),** devoted to (i) the development of new and/or improved product and technologies; (ii) the provision of technical assistance with rice and derivative product technology; and (iii) the development of ingredients with cereal or pulse bases. The most important projects under development include: (i) the development of value added protein substitutes for meat; (ii) the development of transformed rice flours and starches that permit alternative treatments and uses; (iii) research into new uses for grains and cereals; and (iv) process optimisation and productivity.

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 2021

SCOMPANY	COUNTRY	NO. PRODUCTS LAUNCHED 2021
Arrozeiras Mundiarroz	Portugal	4
Boost Nutrition	Belgium	5
Herba Ricemills	Spain	6
Lassie	Netherlands	2
Lustucru Frais	France	15
Pastificio Lucio Garofalo	Italy	1
Riceland	Hungary	4
Riso Scotti	Italy	16
Riviana Foods USA	USA	5
Tilda	UK	10
TOTAL NEW LAUNCHINGS		68



EVOLUTION OF PRODUCT INNOVATIONS 2019-2021

The Ebro Group launched 270 new products between 2019 and 2021.

COMPANY	COUNTRY	NEW LAUNCHINGS 2019-2021
Arrozeiras Mundiarroz	Portugal	9
Boost Nutrition	Belgium	26
Euryza	Germany	17
Ebro India	India	13
Herba Ricemills	Spain	11
Lassie	Netherlands	11
Lustucru Frais	France	44
Pastificio Lucio Garofalo	Italy	8
Riceland	Hungary	6
Risella Oy	Finland	3
Riso Scotti	Italy	35
Riviana Foods Canada Corporation	Canada	19
Riviana Foods USA	USA	50
Tilda	UK	18
TOTAL NEW LAUNCHINGS		270

WEIGHT OF INNOVATIONS IN THE BUSINESS

	REVENUE NEW LAUNCHINGS	REVENUE NEW LAUNCHINGS / REVENUE COMPANY (%)
Arrozeiras Mundiarroz	593,884	0.75%
Boost Nutrition	12,837,106	23.21%
Ebro India	5,289,950	1.69%
Herba Ricemills	13,974,383	3.23%
Lassie	3,095,287	3.81%
Lustucru Frais	74,220,592	4.93%
Pastificio Lucio Garofalo	12,196,216	4.75%
Riceland	1,213,345	6.52%
Risella Oy	1,142,828	7.86%
Riso Scotti	88,847,181	15.23%
Riviana Foods Canada Corporation	24,466,320	6.39%
Riviana Foods USA	64,976,151	3.40%
Tilda	46,101,843	10.35%

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BUSINESS AREAS IN 2021



04



BUSINESS AREAS

General overview

2021 was meant to be the year of economic recovery. The thinking was that the economy would emerge swiftly from the crisis induced by the pandemic on the back of the vaccination drive, which would pave the way for a rebound in spending and the resumption of international travel. And that was so, but only in part, due to the onset of new variants which spelled restrictions all year long, the gradual withdrawal of the expansionary economic policies announced by the various central banks, the bottlenecks caused by the pandemic and the rebound in the consumption of certain goods and services.

Global GDP growth is estimated at 5.5% in 2021, with the developed economies coming in at around that level (US: 5.55%; EU: 5.2%), while the emerging economies posted more vigorous growth. However, the recovery waned in the last few months of the year and the latest growth forecasts put the bulk of the developing economies still at pre-pandemic levels of output.

In parallel, a number of threats in the form of inflationary pressures (affecting commodities and transportation above all) gathered as the year unfolded. In some products prices reached record highs (some metals), with others reaching levels not seen for many years (energy and some foods).

It was originally expected that the inflationary pressures would prove fleeting, dissipating as supply once again caught up with demand in an economy in clear recovery mode. However, the recent events in Ukraine, following military invasion by the Russian Federation on February 24, 2022, have sparked significant global uncertainty. The international community has reacted swiftly, with many countries (including the European Union and United States) imposing sanctions on Russia and its people. The recent onset of the conflict and its obvious geopolitical implications mean that it is not currently possible to reliably estimate what potential impact the conflict and the international response to it may have on economic growth.

Consumer trends

In general, the trends that were glimpsed last year continued, specifically considerable swings in consumption related with the various waves of the virus but also a significant recovery in the hospitality channel, accompanied by a drop in meals eaten at home and a recovery in sales of higher value-added products. Consumption normalised as the year unfolded.

Some of the changes in consumer dynamics accelerated by the pandemic remain with us, including the step change in online shopping, which is generating new consumption experiences at home and away from home and at-home food delivery opportunities for the best-known restaurant brands. In tandem the pandemic has consolidated the importance of neighbourhood supermarkets for physical shopping.

The general trends pivot around:

PERSONALISATION OF THE CONSUMER EXPERIENCE, SUSTAINABILITY, HEALTH AND PLEASURE

Consumer decision-making power has increased. Consumers have more information at their fingertips, more comparison tools and they are willing to pay to feel identified with products that satisfy their desires. This is translating into:

- a. Demand for quality products, ease of preparation and immediate satisfaction of their desires.
- b. Preference for natural, healthy and organic foods. Closely related to this sentiment is the growth in the consumption of fresh products and the importance being given to small producers and start-ups that make the consumer feel closer to nature.
- c. Search for products that form part of the circular economy, are seen as sustainable and involve stakeholders in their design, production and sale. Ethics are also increasingly driving purchase decisions.
- d. Consumers want a wider range of choices. The higher-quality private-label brands have been making inroads in virtually every social strata and segment of the population.

SOCIAL CHANGES

- a. Population ageing, older people with more say. The 'baby boomers' have transformed this segment of the population, which currently has greater purchasing power and aspirations and needs (exercise and health) that are different from those traditionally associated with this age group.
- b. Reduction in the number of household members and constant growth in single-person households; new formats and product and service personalisation.
- c. The new generations are paying more attention to their surroundings, sustainability and the environment.
- d. Increased mobility and migration in many developed countries, which is introducing new tastes and ways of cooking.

NEW CHANNELS AND SERVICES

- a. Online shopping and connectivity (possibility of shopping with traditional players that can offer user-friendly service, short delivery times, etc.).
- b. Growth in the use of neighbourhood supermarkets, where consumers shop more frequently, and specifically the use of convenience stores (24-7, alliances with petrol stations and other places of transit).
- c. Consolidation of virtual players such as Amazon and the emergence of new players in the retail market driven by the latest trends in consumption and the use of technology.
- d. New ways of cooking and eating (ordering in, vending machines, snacking instead of sitting down to eat, etc.).

The return of normality is driving growth in eating out, with the food service channel registering a healthy recovery, having had to navigate a very difficult period during the pandemic and associated lockdowns. The resurgence of the hospitality industry is shaping a drop in business in the traditional retail channel but also a return to higher value-added solutions. As people return to work, home meals are decreasing and convenience solutions are making a comeback. The brands with strong recognition will lead this change.

All these changes imply challenges for the retail sector and food producers: it is vital to elevate the point of sale, whether physical or digital, to the heart of strategy. Correct visibility and assortment are key success factors. Advertising budgets are moving online and now account for more than 50% of the Group's campaigns. Online advertising is characterised by its agility and constant consumer listening throughout product development and launch, compressing those timeframes and enabling faster responses.

Lastly, the commitment to end-to-end sustainability is fundamental: Convenience + Health + Sustainability are the drivers of innovation.

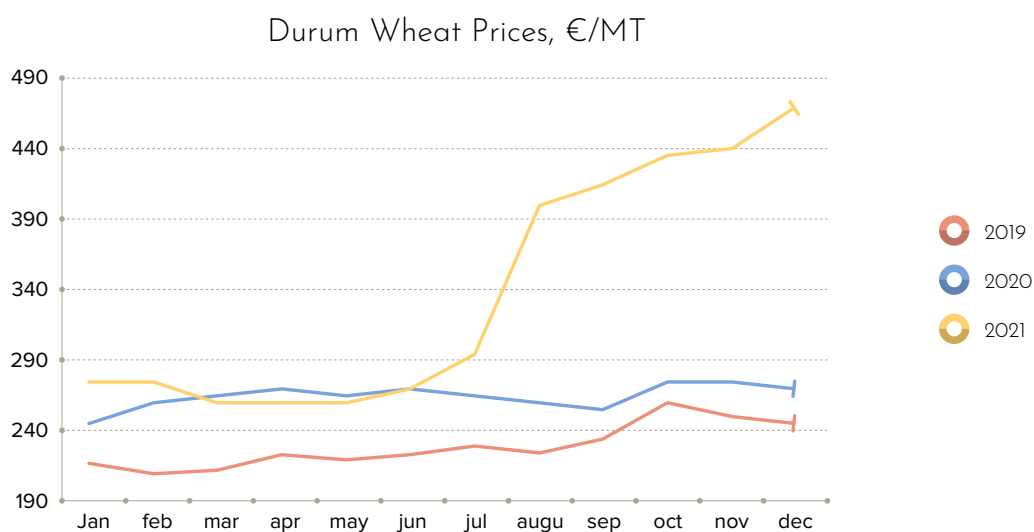
Commodity markets

Sharp growth in demand for goods and services in the wake of the recovery and certain bottlenecks in logistics and goods production were the main drivers of the headline inflation observed in 2021, which affected energy and metal prices in particular.

The run-up in energy prices was gradual, marked by an increase in the price of a barrel of Brent oil of approximately \$20 and very pronounced increases in gas and coal prices. Metals had been on the rise since the last quarter of 2020 and remained at high levels. Some, such as brass, aluminium and steel, reached record levels or levels not seen for more a decade.

As for farm products, prices increased by 23% on average (World Bank), fuelled by growing demand and higher energy, transport and fertiliser prices. The increase in transport costs, particularly shipping costs, was particularly noteworthy (more information below).

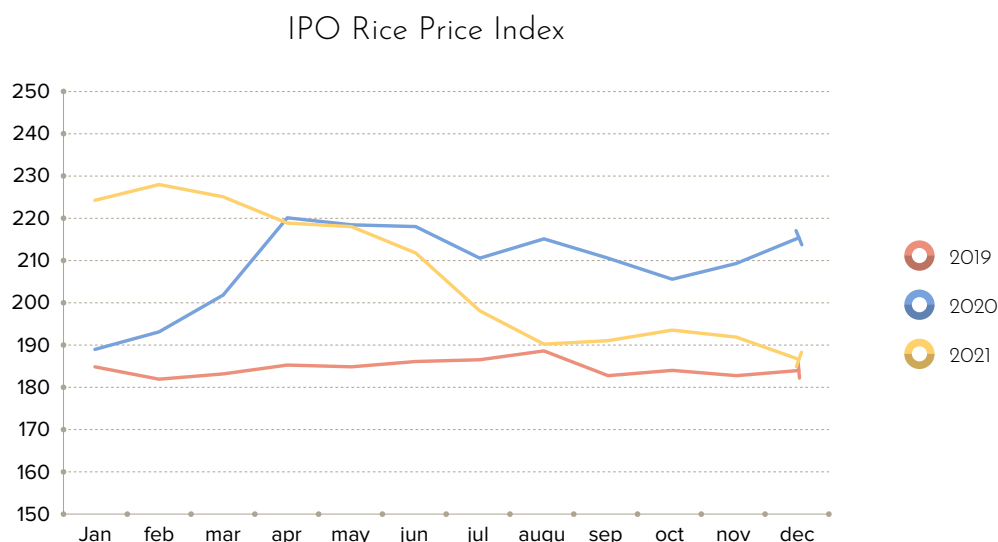
Durum wheat prices surged after the summer with the arrival of the new harvest, marked by drought and grain quality issues in the main producer markets. Since then, prices have been on the rise and are not expected to come back down until the new harvest allows for growth in stock availability.



Source: Terre.net and Ebro data

The 20/21 rice harvest was again strong. According to data published by the Food and Agriculture Organisation (FAO), production was an estimated 515 million tonnes of white rice equivalent, marking slight growth from the previous harvest. The forecast for 21/22 is for a similar harvest in volume terms, coupled with high carryover stocks.

The chart below depicts the trend in the IPO international rice price index for the last three years, showing an average for the most popular varieties of this grain.



Farm gate prices declined during the first half of the year other than in the odd place due to weather phenomena (hurricanes in the US, drought in California and southern Spain). However, manufacturers were nevertheless faced with higher landed raw material costs on account of the run-up in transport prices, which proved a tremendous challenge for the supply chain, with some source markets proving uncompetitive, at least at prevailing shipping prices, as detailed next.

Transport

As indicated in our description of the Group's business model, the grain used by the Group as raw material is often grown in regions far away from where it is transformed and consumed. The finished product has to cover a shorter distance to make it to the end consumer but those logistics are marked by multiple destinations and high frequencies, another factor of relevance when it comes to setting prices and margins.

As a result, transport price volatility can have a significant impact on the business. The inflation in transport prices in 2021 affected ground, air and maritime transportation alike.

Road transportation sustained widespread price increases as a result of the increase in oil prices and a shortage of drivers, in turn caused by: a) tighter regulation of driver hours; b) the scant incentives on offer to these professionals (who earn better money running short intercity or inter-province routes); and c) geopolitical issues such as Brexit. Those higher costs had a direct impact on the landed cost of finished products.

Shipping is key in our industry, as carriers are used to transport dry grain in bulk, while speciality rice and lower volume loads are shipped in containers. The pandemic triggered an abrupt slump in global demand coupled with tremendous uncertainty about the outlook for international trade. The pandemic itself and the related lockdowns drove major growth in online consumption and a change in the types of products in demand (prioritising health products sourced primarily from the Far East). Faced by that situation, the shipping supply chain adapted, modifying routes, taking containers out of circulation and freezing the potential release and/or expansion of tanker capacity.

When the economy came back to life, demand for and supply of shipping capacity had decoupled, initially affecting container carriers and the Asian routes but gradually affecting other types of vessels and, as they mopped up surplus demand, other routes. The recovery also ushered in growth in consumption and in the import of goods, tightening the logistics chain even further.

Meanwhile the supply side continued to stutter:

- Anti-COVID measures caused congestion in ports and stowage, a situation exacerbated by the temporary closure of Chinese ports.
- Operating restrictions meant that significant numbers of containers ships faced unloading delays, in turn prompting fresh gridlock and delays in the ports.
- Uncertainty pushed back fleet renewal decisions. And as the stock of vessels aged, maintenance expenses went up.
- Environmental legislation is also exerting pressure on vessel supply (the Ocean Shipping Reform Act in the US and new international regulations for cutting carbon footprints).

On top of all that: (i) insurance prices rose globally in 2020; (ii) the raw materials used in ship-building went up in price; and (iii) fuel prices increased.

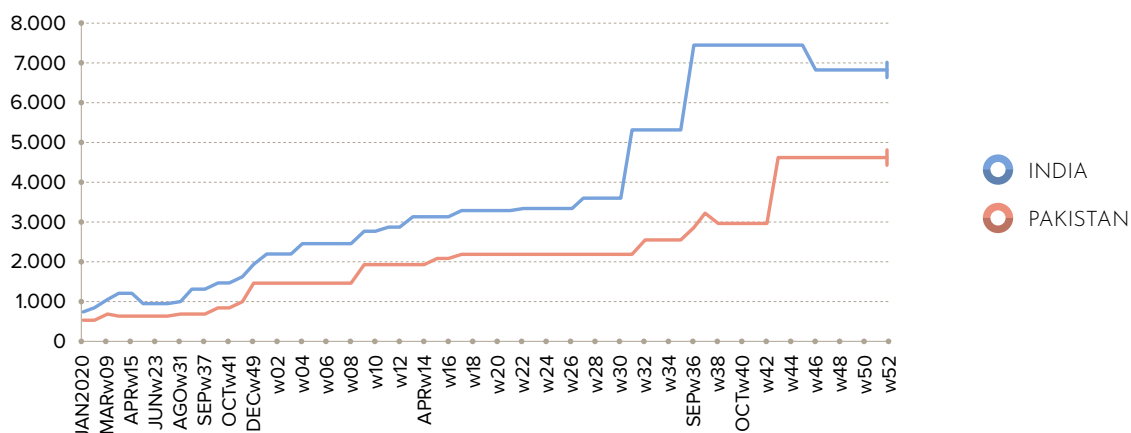
As a result, from the last third of 2020 shipping costs started to surge. The indices tracking contracts for bulk dry goods carriers and freight ships (such as Baltic Dry Index, the Shanghai Containerised Freight Index, the World Container Index and the Harper Petersen Index) indicate that the prices of those contracts have surged by between 500% and 700% since the first quarter of 2020, with an enormous impact on the landed prices of commodities such as rice in routes originating in Asia with destination to Europe or North America.

Baltic Dry Index 2020-21



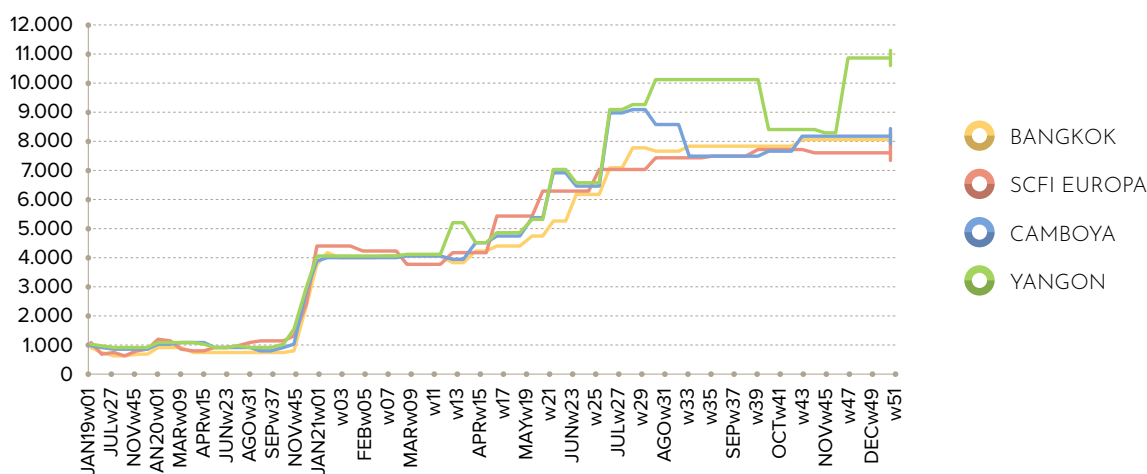
In the case of the container carriers typically used to transport this type of merchandise, on top of the huge increase in prices, a new risk emerged: that of contract breaches as carriers looked to more lucrative contracts for the shipping of other products or to different destinations, making regular container carriage non-viable in many cases.

Cost of a container to Amsterdam in Us\$ (2020-2021)



Source: the Ebro Foods Group

Cost of a container to Amsterdam in Us\$ (2019-2021)



Source: the Ebro Foods Group

To safeguard its supply chain and reduce costs, the Group rolled out alternative logistics solutions. Specifically, it chartered full dry bulk carriers and filled them with mixed loads for a number of European destinations. The shipping of higher raw material volumes increases the risk of inventory impairment and product losses in transit, in addition to increasing logistics and storage costs by adding complexity to the supply chain. To mitigate those risks, the Group intensified the supervision and management of the logistics chain implied by chartering full tankers and further stepped up at-source testing.

By the end of the year, it looked as if the market would little by little find a new equilibrium and that prices would start to normalise but recent events in Ukraine have once again clouded the outlook for the short term.

COVID 19

As mentioned in the section addressing the economic environment, the global economy has been profoundly affected by the COVID-19 pandemic. Most developed economies approved extraordinary urgent measures to combat the economic and social effects of COVID-19 which little by little have been scaled back.

Although it is probable that the pandemic will continue to affect the economy in the short term, the expectation is that its influence on the recovery will diminish thanks to (i) a very advanced vaccination effort (especially in the developed economies and, little by little, in other countries thanks to vaccine donation schemes and falling vaccine costs due to the emergence of new options); (ii) the gradual lifting of mobility restrictions; and (iii) economic stimulus measures.

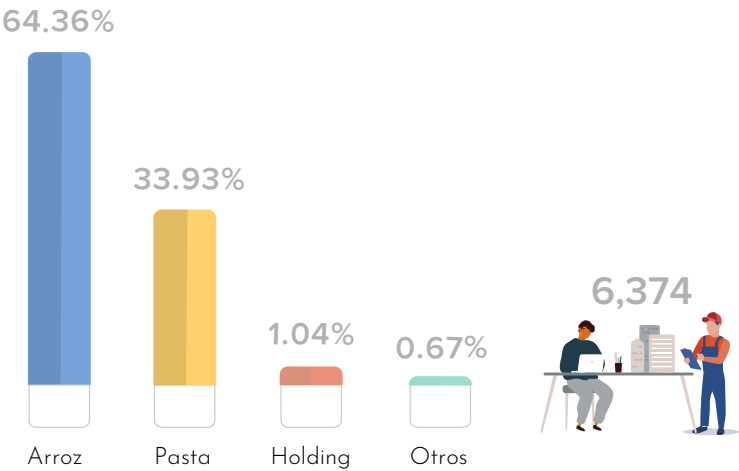
At the start of the second half of 2021, it looked as if things were truly returning to normal when a new 'wave' of transmission fuelled by new variants of the virus once again stymied the recovery process. Nevertheless, full normalisation is anticipated over the course of 2022.

The Group is taking the steps required to tackle the situation and minimize its impact. It believes that the situation is circumstantial. So far there have been no material adverse effects on the Group's financial situation, performance or cash flows although there have been collateral effects related with the pandemic such as the ramifications on shipping cost.

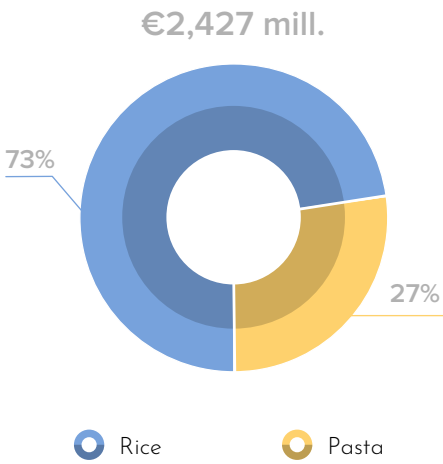


Consolidated Group

Average Headcount Employees

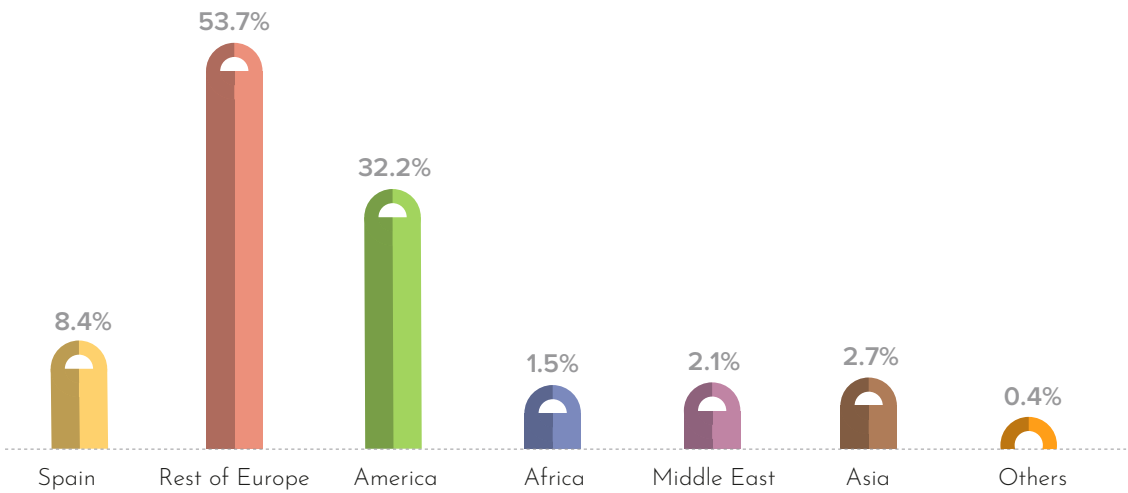
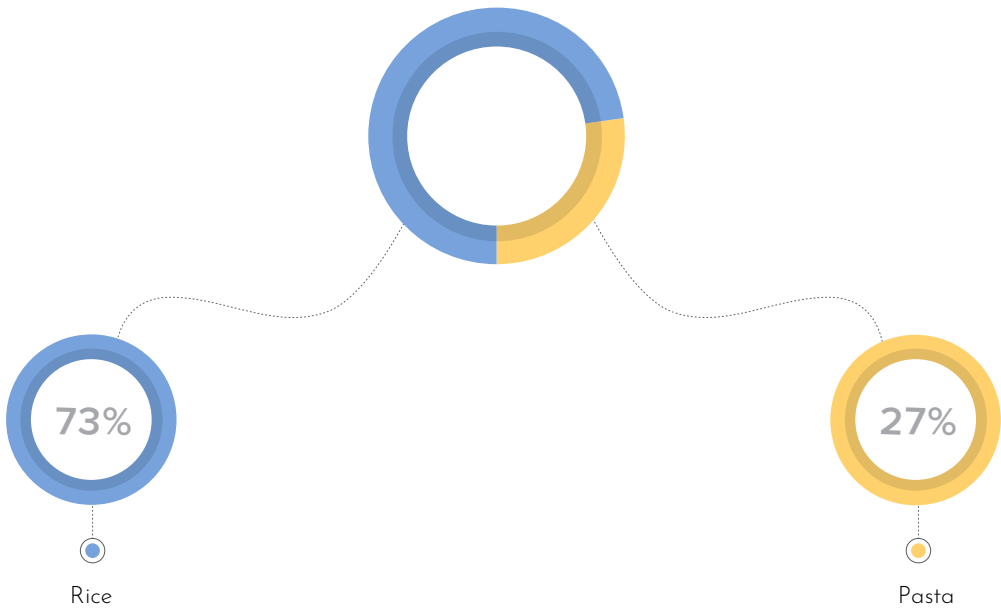


Sales by business Areas



EBITDA-A by Business Areas

€301.8 mill.



The Group's key financial indicators are presented below:

PROFIT AND LOSS						
(000€)	2019	2020	2020/2019	2021	2021/2020	TAMI 2021-2019
Revenue	2,095,245	2,430,310	16.0%	2,427,068	(0.1%)	7.6%
Advertising	(58,962)	(67,408)	(14.3%)	(75,474)	12.0%	13.1%
As a % of revenue	(2.8%)	(2.8%)	(14.3%)	(3.1%)		
EBITDA-A	251,365	305,132	21.4%	301,860	(1.1%)	9.6%
As a % of revenue	12.0%	12.6%		12.4%		
EBIT-A	170,461	211,711	24.2%	207,295	(2.1%)	10.3%
As a % of revenue	8.1%	8.7%		8.5%		
Profit before tax	145,471	159,869	9.9%	198,731	24.3%	16.9%
As a % of revenue	6.9%	6.6%		8.2%		
Income tax	(47,400)	(42,642)	10.0%	(53,512)	25.5%	6.3%
As a % of revenue	(2.3%)	(1.8%)		(2.2%)		
Profit for the year from continuing operations	98,071	117,227	19.5%	145,219	23.9%	21.7%
As a % of revenue	4.7%	4.8%		6.0%		
Profit after tax for from discontinued operations	52,217	89,424	71.3%	105,027	17.4%	41.8%
As a % of revenue	2.5%	3.7%		4.3%		
Profit attributable to equity holders of parent	141,752	192,415	35.7%	238,629	24.0%	29.7%
As a % of revenue	6.8%	7.9%		9.8%		

STATEMENT OF FINANCIAL POSITION					
(000€)	31-12-19	31-12-20	2020/2019	31-12-21	2021/2020
Equity	2,262,203	1,927,351	(14.8%)	2,101,627	9.0%
Net debt	999,849	950,757	4.9%	504,723	46.9%
Average net debt	871,658	917,574	(5.3%)	865,418	5.7%
Leverage (3)	38.5%	47.6%		41.2%	
TOTAL ASSETS	4,381,004	4,035,662	(7.9%)	3,938,622	(2.4%)

(000€)	31-12-19	31-12-20	2020/2019	31-12-21	2021/2020
Average working capital	643,139	642,535	0.1%	662,058	(3.0%)
Average capital employed	2,080,166	2,183,209	(5.0%)	2,060,319	5.6%
ROCE-A (1)	8.2	9.7		10.1	
Capex (2)	148,705	117,602	(20.9%)	120,035	2.1%
Average headcount	7,522	7,664	1.9%	6,440	(16.0%)

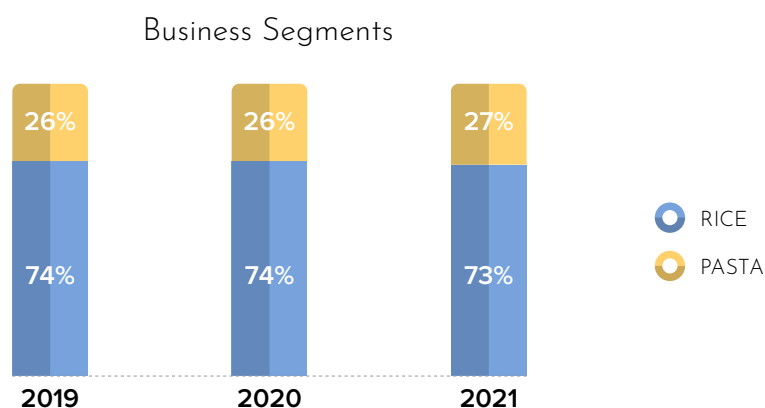
- (1) ROCE-A = Average profit after D&A but before tax for the last 12 months (excluding extraordinary/non-recurring items) divided by average capital employed
- (2) Capex: cash outflows for investment purposes On average, 15 million euros corresponds to activities that were discontinued
- (3) Leverage = Ratio of average net interest-bearing debt to equity (excluding non-controlling interests)

The Group's earnings, specifically those from discontinued activities, reflect the sale of the dry pasta assets in the US, Canada and France, as described in detail in notes 5 and 25 of the accompanying consolidated financial statements.

In keeping with the International Financial Reporting Standards, the results of the dry pasta businesses in North America and France until their sales closed and the net gain recognized on those disposals have been presented within discontinued activities on the consolidated statement of profit or loss for the current and prior reporting periods. The information provided in this management report reflects that circumstance, unless expressly stated otherwise.

Group revenue decreased by 0.1% from 2020, implying average annual growth over the last three years of 8%. Sales volumes declined in 2021 and movements in average exchange rates had a negative impact on revenue, offset nearly entirely by: (i) sales of Kohinoor products, a brand acquired in April 2021 (approximately 21 million euros of revenue); (ii) price increases introduced during the second half of the year to offset the increases in raw material, auxiliary material, energy and transport prices; and (iii) an improvement in the product mix as consumption patterns normalised, driving a rebound in the sale of more value-added products (growth in sales of convenience cups of 10%). The drop in volumes is attributable to the normalisation of consumption patterns once the hoarding phenomenon dissipated.

The breakdown of revenue and the year-on-year trend by business line is as follows:



Following the Group's exit from the dry pasta businesses in North America and France, the weight of the rice business stands at around 75% of the total (like-for-like figures, i.e., with the North American and French dry pasta businesses classified as discontinued businesses in both reporting periods), with the pasta business registering slight growth in 2021 thanks to the fresh pasta segment. Approximately one-third of revenue was generated in North America.

EBITDA-A decreased by 1.1% in 2021 (however, accumulated annual average growth remains at 9.6%) and the margin declined slightly year-on-year. EBITDA-A, at 301.9 million euros, includes 2 million euros of negative exchange rate effects.

Profitability remained in line with that of 2020, which was extraordinary, and clearly above that of 2019, having surmounted the difficulties posed by the significant inflationary spiral which impacted the cost of energy, transport, raw materia (especially durum wheat) and basic auxiliary materials (plastic, paper and pallets).

In order to defend its margins, the Group put a huge effort into the management of its supply chain, modifying transport methods in some instances, looking for alternative sources of supply in order to keep its products competitive, implementing a productivity improvement plan and supporting the leading brands and value-added products (which translated into a substantial increase in the advertising investment once the worst of the pandemic was over).

Profit before tax increased by 24.3% due to the 35 million euros of impairment losses recognized against the goodwill allocated to the fresh pasta business in Canada in 2020 (refer to note 15 of the accompanying consolidated financial statements).

Profit after tax from discontinued operations includes the net profit of the activities classified as discontinued and the gains recognized on the sale of the dry pasta businesses in North America and France and of the Bio business, as explained in the accompanying consolidated financial statements.

ROCE-A (not restated) remained in line with that of prior years.

PARAMETERS OF BALANCE SHEET, NET DEBT AND CAPITAL EMPLOYED

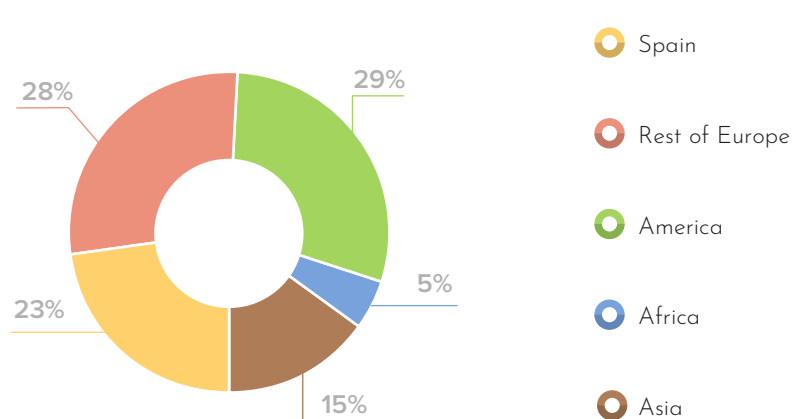
The movements in debt and capital employed (for the definitions, refer to the end of the management report) are mainly attributable to:

- a. The reduction in capex in recent years. The figures presented include the attributable to the discontinued operations which averaged 15 million euros in each of the last two years.
- b. The impact of the trend in the USD-EUR exchange rate on the balances of the subsidiaries denominated in that currency.
- c. The significant increase in the working capital requirement in recent years, most notably at the end of 2021.
- d. The sale in 2020 and 2021 of the dry pasta businesses in the US and France and the payment of extraordinary dividends (298.5 million euros in 2020 and 87 million euros in 2021).



Rice Division

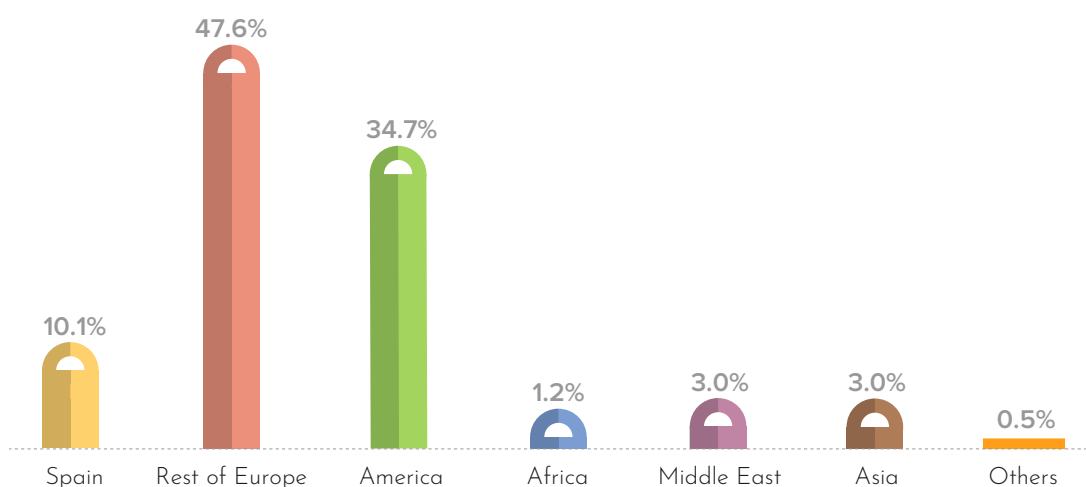
Average Headcount Employees



4,102



Sales by Business Areas



€1,810.5 mill.



PROFIT AND LOSS

(000€)	2019	2020	2020/2019	2021	2021/2020	TAMI 2021-2019
Revenue	1,592,464	1,846,799	16.0%	1,810,570	(2.0%)	6.6%
Advertising	(33,785)	(37,534)	(11.1%)	(39,952)	6.4%	8.7%
As a % of revenue	(2.1%)	(2.0%)		(2.2%)		
EBITDA-A	195,465	238,123	21.8%	231,650	(2.7%)	8.9%
As a % of revenue	12.3%	12.9%		12.8%		
EBIT-A	146,131	180,719	23.7%	173,057	(4.2%)	8.8%
As a % of revenue	9.2%	9.8%		9.6%		
Capex	75,160	69,345	(7.7%)	74,246	7.1%	(0.6%)

As noted, raw material prices increased, mainly due to the increase in the cost of shipping from Southeast Asia (India, Vietnam, Thailand, Myanmar) from where landed cost prices increased by between six and seven times, giving other source markets stronger bargaining power. Those issues overshadowed a strong global harvest, with the odd exception on account of meteorological phenomena such as Hurricane Nicholas in the southern US and endemic drought in the south of Spain, which has reduced planted acreage in the Guadalquivir basin by 50%.

Prices for the US harvest increased on the back of a smaller sown area in long-grain planting areas and the effects of the terrible drought affecting California, where medium-grain rice predominates.

US HARVEST PRICES (source: USDA)

AUGUST-JULY

\$/CWT	21/22 (*)	20/21	19/20	18/19	17/18
Average price	15.7	14.4	13.6	12.6	12.9
Long grain	13.5	12.6	12	10.8	11.5
Medium grain	22.1	20.1	17.8	18.5	16.2

(*) Estimate

Revenue decreased slightly (-2.0%) albeit showing average growth since 2020 (when the Tilda Group was consolidated for the full year for the first time) of 6.6%. The beginning of normalisation in consumption patterns has reorganised the market, with growth in sectors related with the hospitality and food service sectors in tandem with a contraction in traditional retail. The value-added segments registered growth, having been penalised in 2020.

Revenue during the last third of the year was buoyed by the price increases announced to address the inflation situation; those announcements also drove a degree of stock-piling ahead of the increases. The Group initially increased prices selectively in its aromatic variants and others affected in particular by the increase in shipping costs and then, in the last quarter, it announced general price increases as inflation began to spiral.

As noted, the microwaveable rice formats registered renewed growth, having been adversely affected in 2020 by the lockdowns and growth in meals at home. In Spain, for example, sales volumes in this product family increased by 16%, with the Brillante brand sustaining growth of over 20% and the other brands lagging behind at around 8%.

In the US, where this product class had suffered less on account of the average consumer profile, microwaveable rice products defended their share of a contracting market (-7.3% in volumes). To cater to that growth, during the last quarter of 2021, the Group commissioned its new factory in San José de la Rinconada, with capacity to produce up to 100 million microwaveable cups a year once it is at full capacity.

EBITDA-A decreased by 2.7% from 2020, in line with the topline contraction, including negative exchange rate effects of 2.3 million euros. Margins were largely flat year-on-year, as the effect of lower volumes was largely offset by a more profitable sales mix. The Group managed to absorb the growth in costs thanks to a combination of productivity measures, a shift in the product mix and price increases.

It is worth highlighting the positive contribution made by the frozen rice business in the US, which, having reached breakeven volumes, increased its contribution more than tenfold.

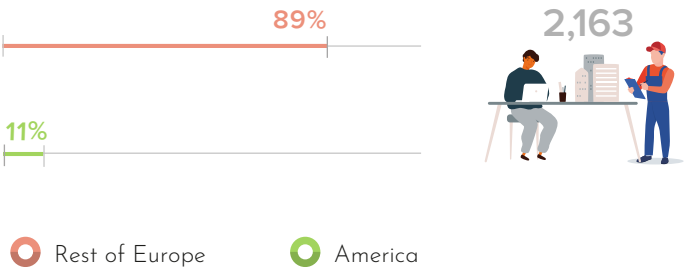
The Tilda Group, added to the Group mid- 2019, continues to lead growth in the value-added aromatic rice range despite the fact that basmati rice was one of the variants affected by the most by the increase in shipping costs and the final throes of Brexit.

The business’s higher contribution to EBITDA-A was concentrated, in order, in the US, UK, Spain and the rest of the EU, although the weight of developing markets is growing.

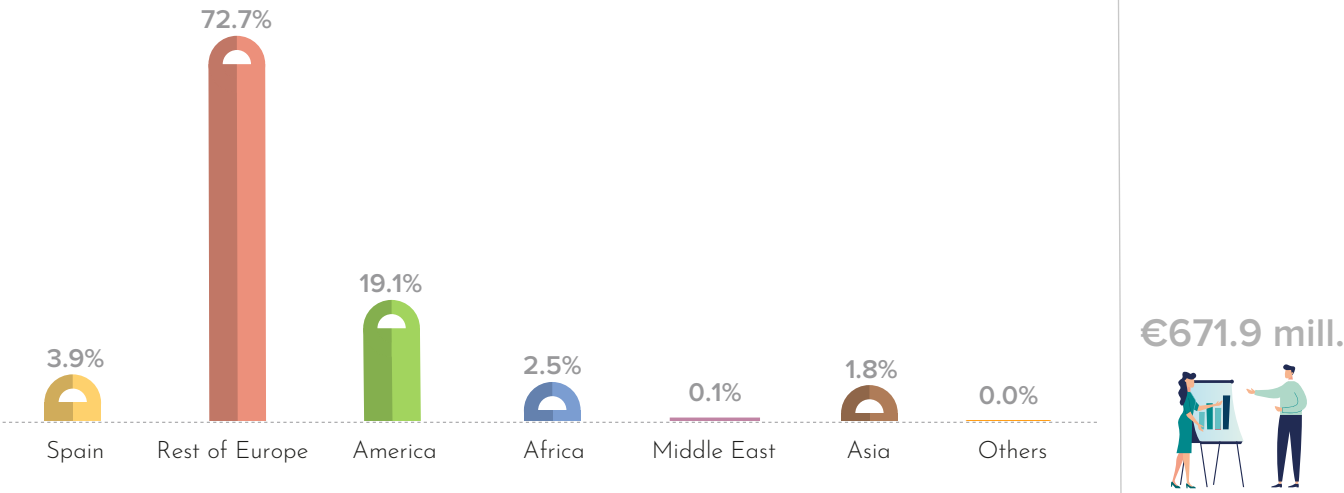
CAPEX remained at high levels, framed by the strategic commitment to higher growth business lines (microwaveable rice in the US and Spain) and productivity gains (packaging, storage and logistics).

Pasta Division

Average Headcount Employees



Sales by Business Areas



PROFIT AND LOSS

(000€)	2019	2020	2020/2019	2021	2021/2020	TAMI 2021-2019
Revenue	567,646	666,072	17.3%	671,879	0.9%	8.8%
Advertising	(27,786)	(31,234)	(12.4%)	(37,018)	18.5%	15.4%
As a % of revenue	(4.9%)	(4.7%)		(5.5%)		
EBITDA-A	67,854	81,302	19.8%	84,856	4.4%	11.8%
As a % of revenue	12.0%	12.2%		12.6%		
EBIT-A	37,783	46,803	23.9%	50,477	7.8%	15.6%
As a % of revenue	6.7%	7.0%		7.5%		
Capex	71,772	47,474	(33.9%)	45,266	(4.7%)	(20.6%)

The biggest development this year was the exit from the dry pasta business in North America and France, as described in notes 5 and 25 of the accompanying consolidated financial statements. That decision is aligned with the Group's leadership strategy and decision to concentrate its efforts on products that offer high growth potential such as premium dry pasta and fresh pasta products with leading brands in the respective markets. As already noted, all of the figures provided in this management report, unless expressly stated to the contrary, treat that business as a discontinued business.

Durum wheat prices sustained widespread growth from the summer when the Canadian and US harvests shrank on the back of drought problems, while the European durum wheat harvest was of poorer quality. Canada, the world's largest producer, saw its production fall by 60%, and global output declined by around 10%.

In 2021 **revenue** increased by 0.9%, driven by growth in the fresh pasta business which, like other value-added products, had been penalised by the pandemic (consumers initially sought out staple goods and simplified their supermarket shops).

By market:

- a. In France, the fresh pasta market registered growth of 3.4% in volume terms and the Group's brands increased their market share to 47.9% (Nielsen 52-week tracker). The pan-fry gnocchi range, in which the Group commands a clear leadership position, remains one of the fastest-growing segments.
- b. Bertagni, after an extraordinary 2020, extended its growth (+7%), posting revenue of 133 million euros, consolidating its product and customer portfolio, which includes the most important retail chains in Europe and North America.
- c. In Canada the market registered growth of 6.5% in volume terms and 6.8% in value terms, which, while considerable, is the lowest level in five years, during which time the market really exploded. Olivieri increased its leadership with a market share of over 58% in value terms (Nielsen 52-week tracker) thanks to the successful launch of its pan-fry gnocchi range (volumes have tripled in four years), following in the footsteps of the Group's French subsidiary.
- d. Garofalo was affected by the contraction of the dry pasta market once the worst of the pandemic was over. The overall Italian dry pasta market contracted by 7.9%. Nevertheless, Garofalo's performance was excellent: it increased its share (by volume) of the Italian premium pasta segment to 6.1% from 5.9% (Nielsen 52-week tracker). In Spain it is the leading Italian pasta brand and a benchmark in the premium segment.

EBITDA-A decreased by 4.4% due, basically, to a weaker performance at Garofalo, where volumes fell back and margins suffered from the surge in durum wheat prices and the additional cost of shipping raw materials and finished products (Costco USA is one of its main customers).

The profitability of the French fresh pasta business increased by 11%, driven by volume growth despite the above-mentioned issues caused by the higher cost of durum wheat and other auxiliary materials. Roland Monterrat's contribution clearly improved but remained negative.

Bertagni repeated last year's record level of profits, deemed a major success in light of the market circumstances. Its exports were seriously affected by the increase in container shipping costs from the first quarter of the year and the widespread increase in the cost of auxiliary materials from mid-year. It rolled out a project in collaboration with Garofalo for the production of fresh pasta under the Bertagni brand which the Group thinks has tremendous potential.

The contribution of the fresh pasta business in Canada continues its upward ascent, spearheaded by the performance of the pan-fry gnocchi segment, where sales continued to grow and whose contribution outweighs the rest of the product categories.

Capex (not restated; of which an annual average of 15 million euros corresponds to activities discontinued in the last two years) was relatively stable and concentrated on capacity additions at the Garofalo and fresh pasta factories.

