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## BUSINESS MODEL



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## 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).

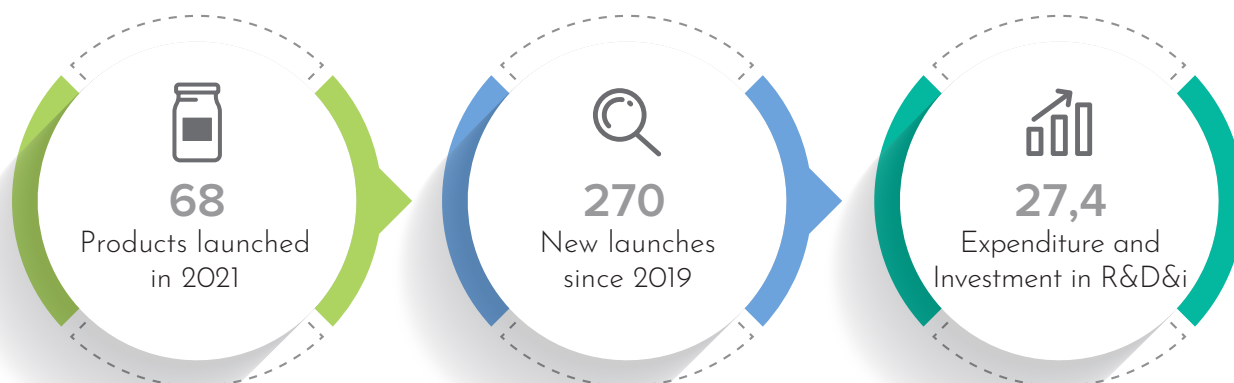
Investment in R&D totaled 24.3 million in 2021 and mostly corresponded to payments made during the year to improve processes at the instant rice factory in the US, to finish the new microwaveable cup factory in San José de Rinconada and to develop new filled fresh pasta and gnocchi processes in France 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
<b>TOTAL NEW LAUNCHINGS</b>		<b>68</b>



## 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
<b>TOTAL NEW LAUNCHINGS</b>		<b>270</b>

## 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%