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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. 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. 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.

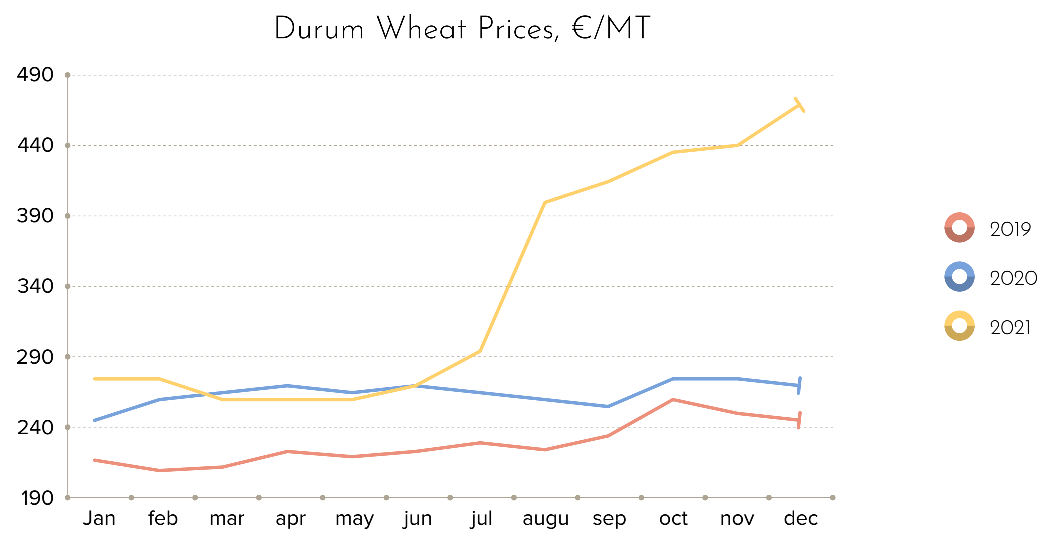
Commodity markets

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).

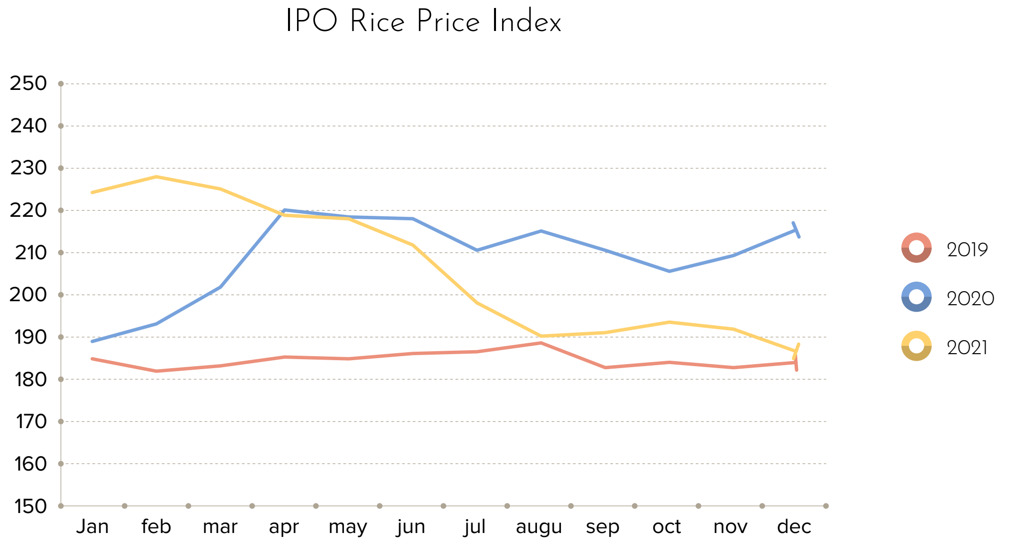
Durum wheat prices surged after the summer with the arrival of the new harvest, marked by drought and grain quality issues in the main producer markets. Since then, prices have been on the rise and are not expected to come back down until the new harvest allows for growth in stock availability.



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.

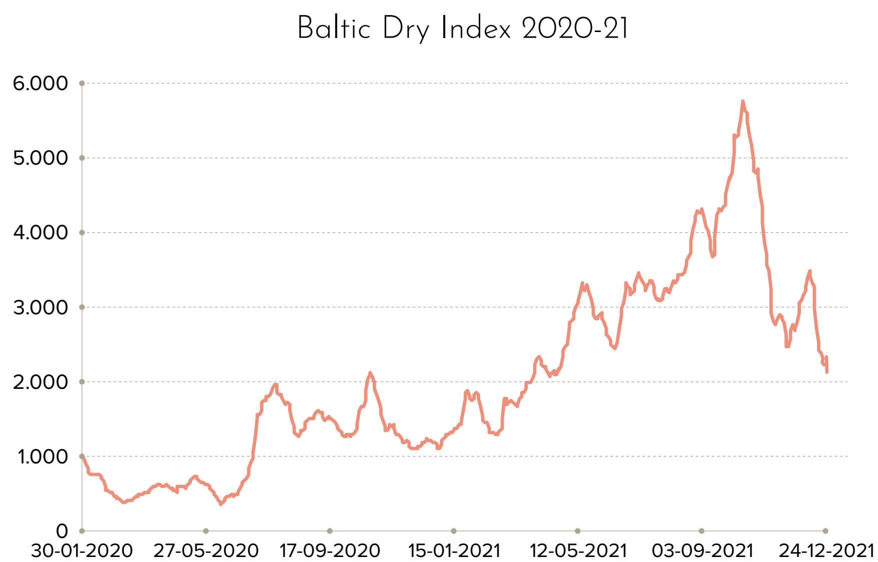
When the economy came back to life, demand for and supply of shipping capacity had decoupled, initially affecting container carriers and the Asian routes but gradually affecting other types of vessels and, as they mopped up surplus demand, other routes. The recovery also ushered in growth in consumption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

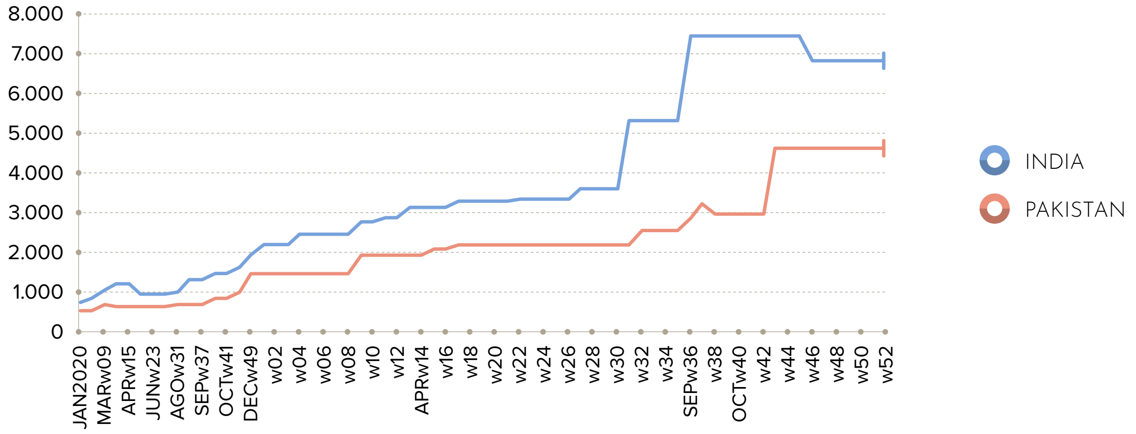
On top of all that: (i) insurance prices rose globally in 2020; (ii) the raw materials used in ship-building went up in price; and (iii) fuel prices increased.

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.



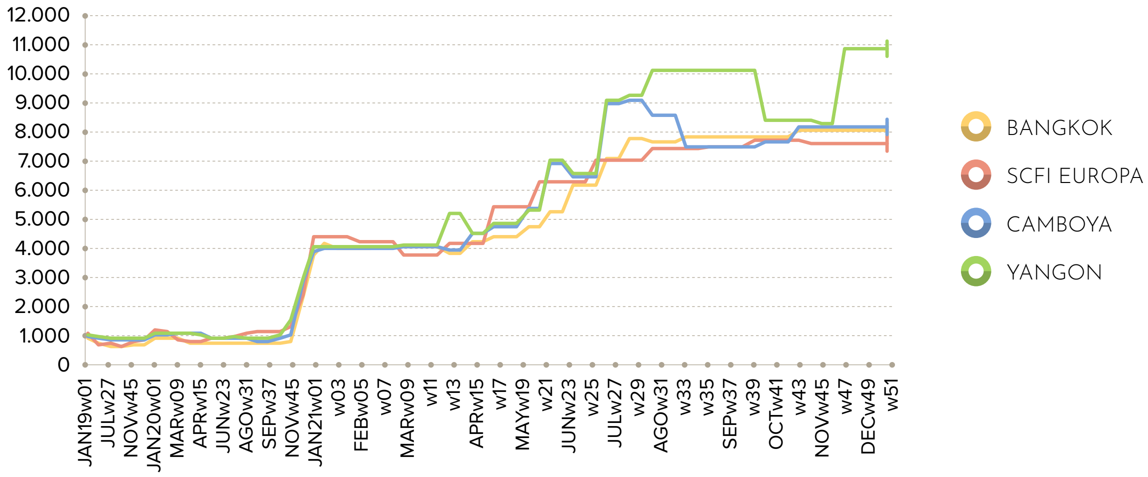
In the case of the container carriers typically used to transport this type of merchandise, on top of the huge increase in prices, a new risk emerged: that of contract breaches as carriers looked to more lucrative contracts for the shipping of other products or to different destinations, making regular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

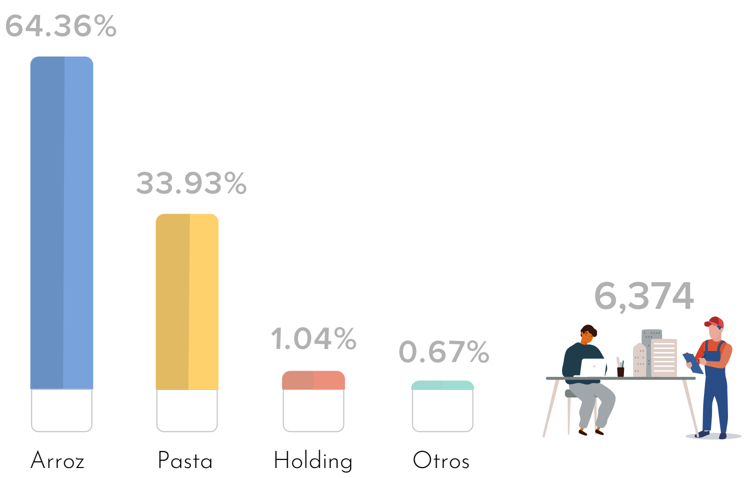
Although it is probable that the pandemic will continue to affect the economy in the short term, the expectation is that its influence on the recovery will diminish thanks to (i) a very advanced vaccination effort (especially in the developed economies and, little by little, in other countries thanks 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.

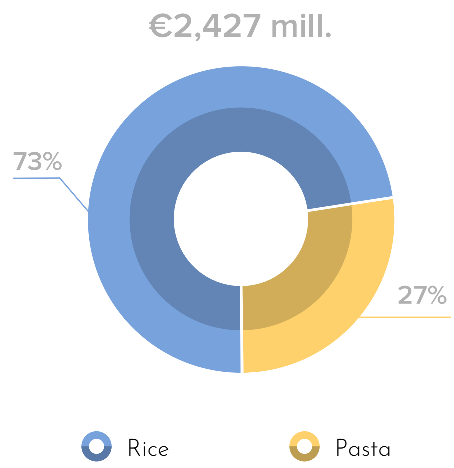
The Group is taking the steps required to tackle the situation and minimize its impact. It believes that the situation is circumstantial. So far there have been no material adverse effects on the Group's financial situation, performance or cash flows although there have been collateral effects related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

Consolidated Group

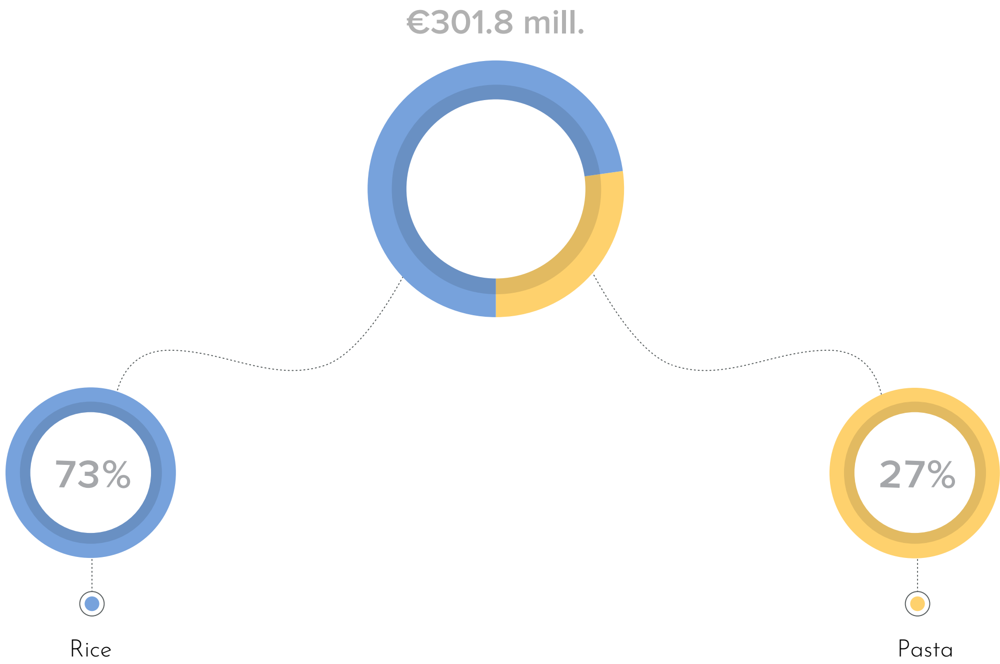
Average Headcount Employees

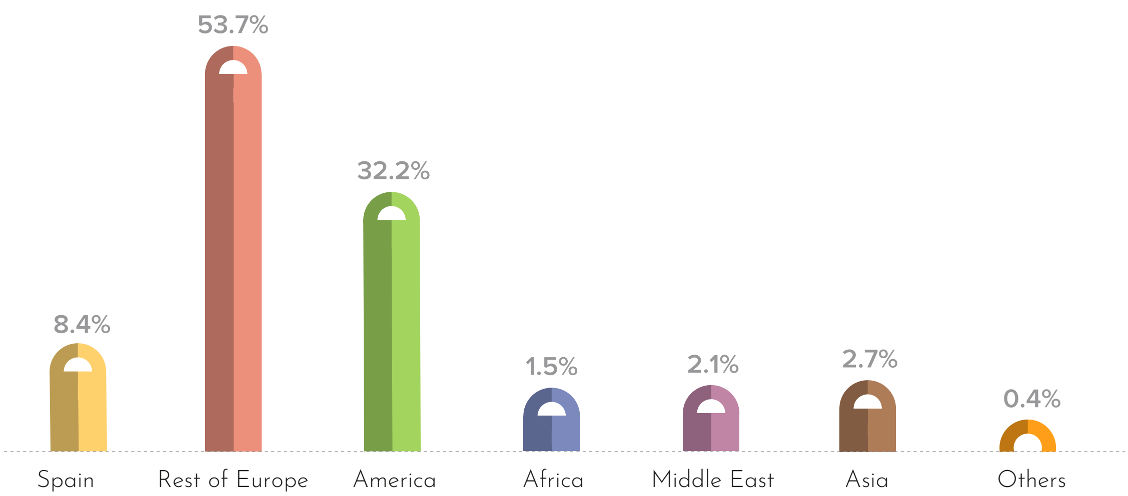


Sales by business Areas



EBITDA-A by Business Areas





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%)*

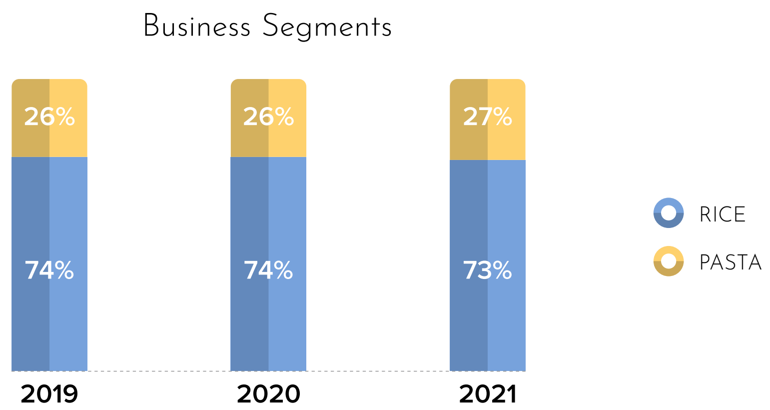
(1) ROCE-A = Average profit after D&A but before tax for the last 12 months (excluding extraordinary/non-recurring items) divided by average capital employed
(2) Capex: cash outflows for investment purposes On average, 15 million euros corresponds to activities that were discontinued
(3) Leverage = Ratio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

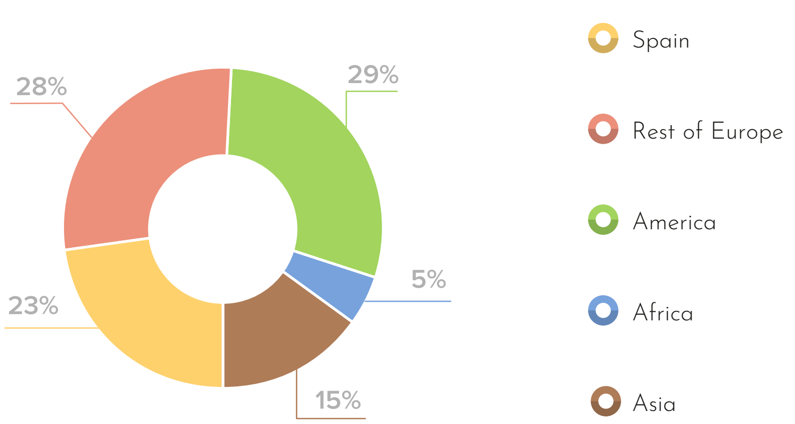
PARAMETERS OF BALANCE SHEET, NET DEBT AND CAPITAL EMPLOYED

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



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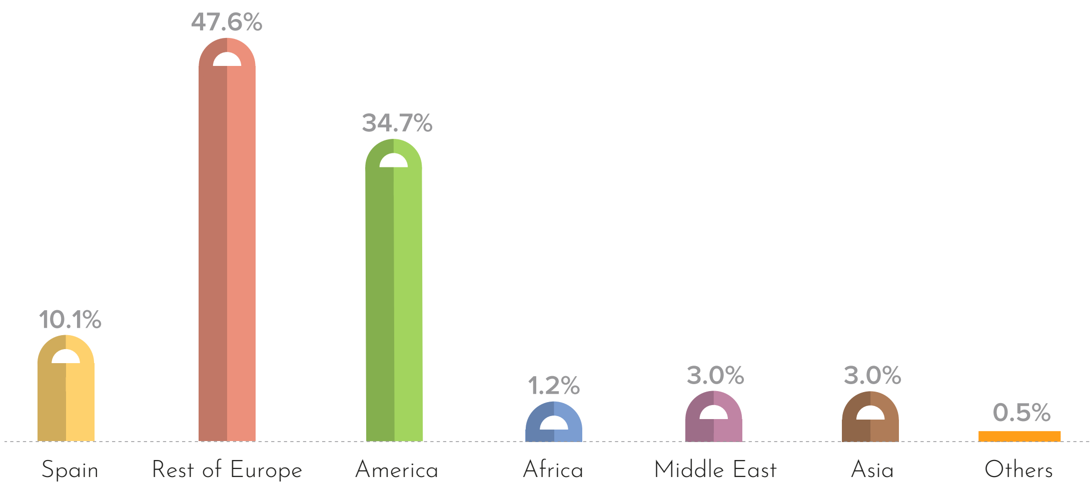
Sales by Business Areas



€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.

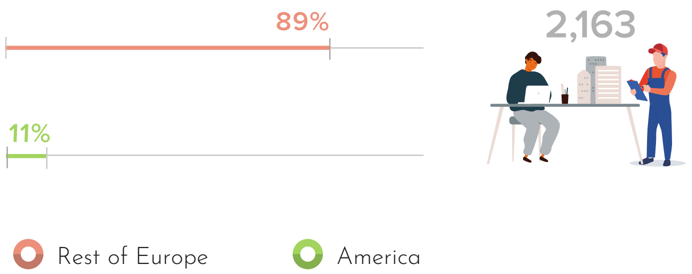
The Tilda Group, added to the Group mid- 2019, continues to lead growth in the value-added aromatic rice range despite the fact that basmati rice was one of the variants affected by the most by the increase in shipping costs and the final throes of Brexit.

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.

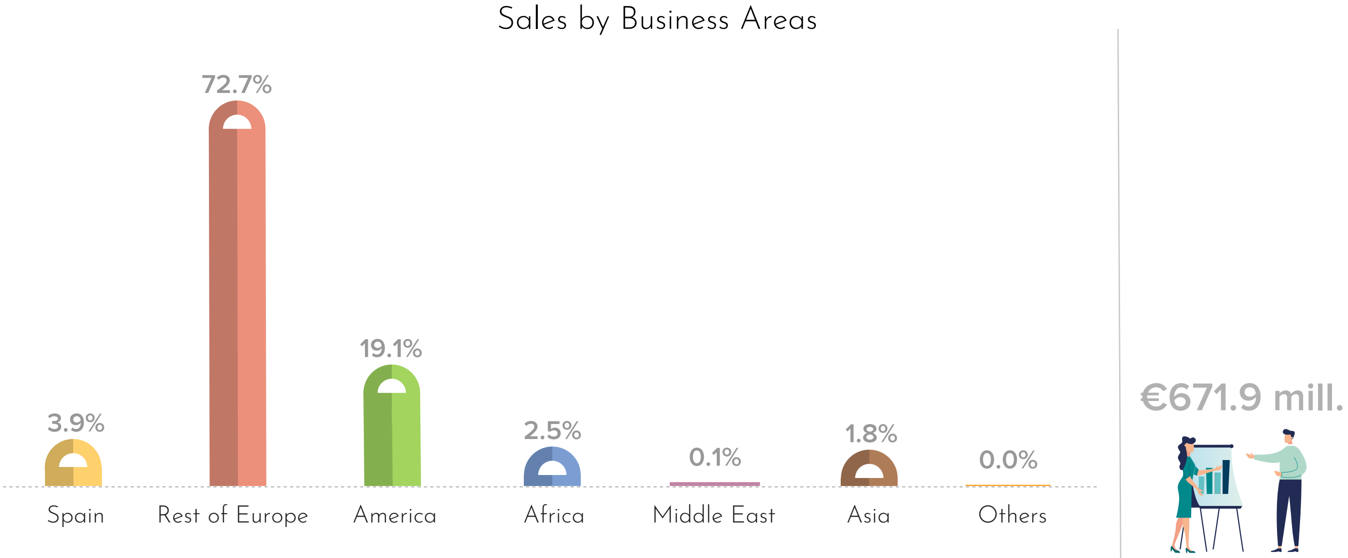
CAPEX remained at high levels, framed by the strategic commitment to higher growth business lines (microwaveable rice in the US and Spain) and productivity gains (packaging, storage and logistics).

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.