



Antonio Hernández Callejas
Chairman of Ebro Foods

Dear stakeholders

Just like the previous two years, 2022 was another very difficult year worldwide. The invasion of Ukraine triggered a wave of soaring prices in numerous raw materials and energy, which, along with earlier price hikes in auxiliary materials and transport in the wake of the COVID 19 pandemic, took many developed countries to almost two-digit annual inflation rates.

Against this backdrop, in Ebro our costs rose to €234 million more than in 2021. We handled that situation successfully with shrewd decision-making, cost-saving measures, the high production capacity of our plants, the expertise of our sales, marketing and supply chain teams, the value added of our brands, our strategic diversification at source and, in short, the characteristics that define the stability of our Company in adverse circumstances.

So even in these difficult times, our Group achieved very positive results in 2022, improving our earnings to levels close to those sustained before pulling out of the dry pasta businesses, while continuing to pursue our business strategy: (i) shedding businesses that are not strategic for Ebro, such as Roland Monterra, (ii) investing €118.8 million in organic growth and (iii) consolidating our business position in the USA through the acquisition of InHarvest, a company specialising in wild rice and high value-added products in California and well positioned in the premium market. This transaction, valued at USD 48.75 million, is certain to generate major synergies with Riviana.

From the point of view of consumption, the pandemic can be considered over. Some consumer trends that began during the pandemic have come to stay, but the rate of change has started to slow down, returning to pre-2020 levels. The growth of online shopping has levelled off and local supermarkets have taken precedence in traditional shopping; hard discount has gained weight within Distribution, with a growing number of retail outlets and market share; and consumption is back to normal in hospitality. Post-Covid habits remain and consumers tend to economise when shopping, but do not forgo eating out or tourism.

As far as our core businesses are concerned, in spite of the high inflation, our Rice Division closed the year with record earnings, thanks to: (i) the outstanding management capacity of our supply chain and increase in our working capital; (ii) the fantastic work done by our sales teams; (iii) the strength of our brands, offering a portfolio of products able to meet the different needs of consumers and stand up to the challenges from white label brands; and (iv) our firm commitment to differentiation, the finest examples of which can be seen in aromatic varieties, instant, premium and microwave products, which achieved double-digit growth during the year.

High cost inflation was also the most prominent feature during 2022 in the Pasta Division. The fresh pasta business was faced with two major challenges: on the one hand, high raw material prices that were difficult to mitigate because the short shelf-life of its ingredients made long-term sourcing policies unfeasible; and on the other hand, a downturn in fresh pasta consumption due to its higher prices. On the plus side, we saw strong growth of Gnocchi, Lustucru's flagship, in the new markets opened up recently, along with the splendid evolution of Garofalo, which consolidated its leadership in the premium segment in Italy and achieved double-digit growth in Spain, France and the USA.

All in all, the Ebro Group achieved a highly satisfactory close to a complicated year in 2022. Our turnover totalled €2,967.6 million, 22.3% more than in 2021. Adjusted EBITDA rose 10.9% year on year to €334.6 million. Net Profit on a like-for-like basis (i.e. excluding the contribution by the divested dry pasta businesses) slid by 6.6% to €135.6 million owing to exchange differences and the loss generated on the divestment of Roland Monerrat. Stripping out those two one-off, extraordinary parameters, our net profit would have been 13.6% higher than in 2021. And our net debt stood at €762.6 million, €207.3 million more than at year-end 2021.

In stock performance, the Ebro Foods share dropped 9.9% in 2022, while Ibex 35 fell by 5.6%, Ibex Med by 7.3%, Ibex Small by 12.8% and Eurostoxx Food and Beverage by 14.0%.

With regard to dividends, an ordinary dividend of €88 million (€0.57 euros per share) was paid out in 2022 against the 2021 profit, giving a dividend yield of 3.9%.



2022

Acquisition of InHarvest, a company specialising in wild rice and high value-added products

In Corporate Social Responsibility and Sustainability, we continued pursuing the goals of our General Sustainability Plan HEADING FOR 2030 and our commitment to the 10 Principles of the UN Global Compact, to which we signed up more than two decades ago. We invested €4.9 million in actions to stimulate social and economic progress in our communities; the Ebro Foundation promoted 72 social action initiatives; we endeavoured to ensure the well-being and professional development of our employees, almost 93% of whom now have permanent contracts, and we invested more than €4.3 million in training and occupational hazard prevention; we strove to improve the sustainability of our supply chain; and we embarked on different projects aiming to minimise our environmental impact, considerably reducing our energy and water consumption and our GHG emissions. Information on all these achievements can be found in our Corporate Social Responsibility and Sustainability Report.

We are now immersed in 2023, which is not an easy year either, due to different factors such as the relentless inflation, the need to continue negotiating in order to pass on higher costs, the droughts in southern Europe, consumers' tendency to economise in their shopping, etc., but we are convinced that the Group is in a good position to face all these challenges successfully and reach high profitability levels.

As every year, I would now like to thank our shareholders, investors, customers and consumers for their trust and support in the short, medium and long term, and all the professionals of the Ebro Foods Group for their work and dedication, which are absolutely essential if we are to continue to be a national and international benchmark in the food sector.

Strong growth of Gnocchi, Lustucru's flagship, in the new markets opened up recently

