4 BUSINESS AREAS

BUSINESS AREAS

General Business Environment

In 2024, the global economy proved remarkably adaptable in a context of tough financial conditions and inflation, which began to stabilise after causing considerable concern among central banks in previous years. In spite of these tensions, the principal economies achieved higher growth than expected, although there are still huge differences between different regions.

Global GDP growth was estimated at 2.7% in 2024, in line with that recorded in 2023. United States remained dynamic, with a growth rate of 2.8% (2.9% in the previous year). In contrast, the European Union grew by only 0.7% (0.4% in 2023), dragged down once again by the German economy, which contracted by 0.2%. China offered a positive surprise with a year-on-year growth of 5%, driven by expansive monetary and fiscal measures.

The principal central banks began gradually lowering interest rates from June, following the lead of the European Central Bank. Owing to the worsening of certain economic indicators, the rates were lowered faster in Europe than in the United States, where domestic demand remained strong and underlying inflation was still high, at 3.2% year on year in December.

The first business data published for 2025 remain positive. In the United States the leading indicators point to a 0.7% growth in the first quarter. In the European Union, PMIs improved and rose to their highest levels in five months, although they are still close to the contraction threshold. Finally, labour markets are still strong in most of the advanced economies.

Consumer environment

Consumption is still affected by the high level of uncertainty deriving from numerous geopolitical and economic factors. The war in Ukraine, tensions in the Middle East and the impact of sustained inflation have increased the perception of instability among consumers and market operators. In addition, major social and technological transformations —such as accelerated digitalisation, advances in artificial intelligence, development of new sources of proteins and innovative treatment for obesity— contribute to an environment in constant evolution, so the need to be able to adapt quickly is crucial.

In this context, the high inflation in recent years triggered a boom of the hard discount channel and growth of private label brands, which have increased both their physical presence and their market share. This makes it difficult to be present in 100% of distributors and puts pressure on pricing strategies, with consumers increasingly sensitive to perceived value.

In spite of inflation, the desire to socialise, the hedonistic component of consumption and the search for practical solutions have sustained a solid performance of out-of-home consumption, especially in the hospitality channel.

Broadly speaking, the principal consumer trends hinge on:

Increased personal consumer experience, sustainability, health, pleasure and price

Consumers now have greater decision-making capacity, more information and more shopping tools, and they are willing to pay more for products they can relate to that meet their desires. Personal experience is a right, not a choice.

Their desires overlap when choosing their shopping baskets: products must be healthy, but at the same time incorporate convenience and pleasure. Meanwhile the demand for sustainable products is creeping in.

Even so, price is still the main driver of consumption.

Social changes

a. Population changes. Increased power of older generations. The baby boomers have transformed this segment of the population: their purchasing power has increased and their aspirations and needs (activity and health) differ from those traditionally associated with this social group. At the same time, young people (generation Z and the new generation Alpha) have very different food consumption patterns from the older generation.

b. Smaller families, with a constant growth in the number of single-member households; new formats and customised goods and services.

c. The younger generations are more concerned about environmental issues and sustainability, but they are not prepared to pay a significantly higher price for them.

d. Increased mobility and immigration in many developed countries bring in new tastes, products and new ways of preparing food.

New channels and services

a. On-line shopping and connectivity (possibility of shopping through traditional operators, who offer easy use, fast delivery, ...). New influencers and recommendation channels (TikTok, Instagram).

b. Growth of local supermarkets, with more frequent shopping and increased availability (24-hour opening, alliances with filling stations or other high-traffic points).

c. Consolidation of virtual stores, such as Amazon, and appearance of other new actors in the distribution market along with the new consumer trends and the use of technology.

d. New ways of cooking or consuming food (by order, through vending machines, snacks as meal substitutes, ...).

All these changes have brought new challenges for distributors and producers, making it essential to convert both physical and digital points of sale into strategic centres. Adequate management of visibility and variety is key to commercial success in an increasingly more competitive and fragmented environment.

At the same time, the technological revolution has brought radical change in how brands communicate. Both the message and the channels used have evolved. The irruption of influencers as new prescribers and the upsurge of recommendation as a driving force in decision-making have forced brands to adapt their strategies. Investments in advertising have thus shifted towards digital media, which currently account for over 50% of the Group's publicity actions.

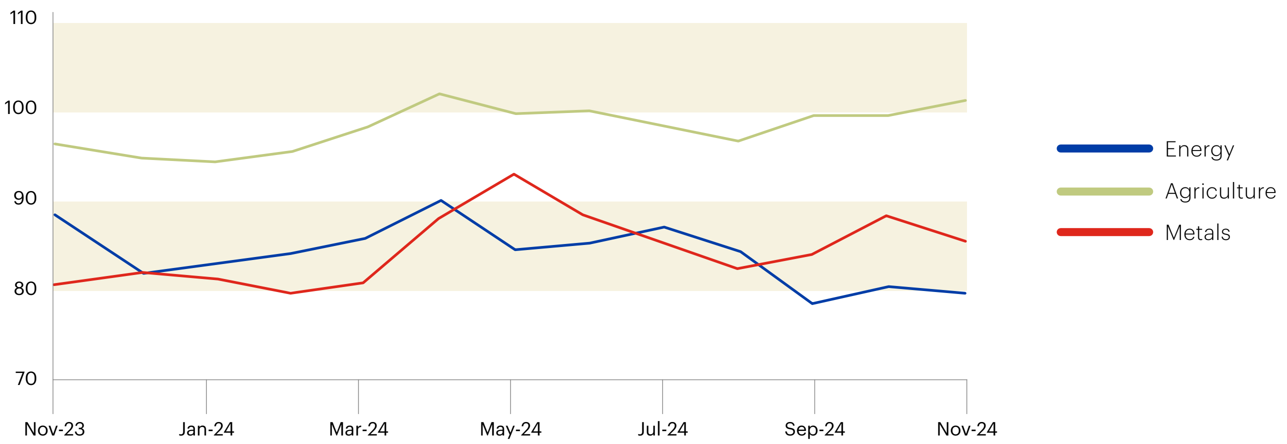
Finally, Artificial Intelligence is going to bring an unprecedented cross-cutting transformation. Its impact is already being felt in areas such as optimising inventories, customised recommendations in e-commerce, the development of autonomous stores and tailored real-time communications with consumers. This evolution marks the beginning of a new era for the sector, in which agility, technological adaptation and proximity to consumers will be key levers for future competitiveness.

Commodity markets and transport

During 2024, the prices of our principal raw materials came down by 1%, extending the trend of price moderation that began in the previous year. This was mainly due to the lowering of energy prices. However, in the last four months of the year, there was an upturn in certain categories, especially in metals and commodities related to food, with a slight upturn in prices.

Even so, commodity prices remained significantly higher than pre-pandemic levels, revealing continued tension for production costs and the supply chain.

***Commodity prices*. Index, 100 = January 2022**



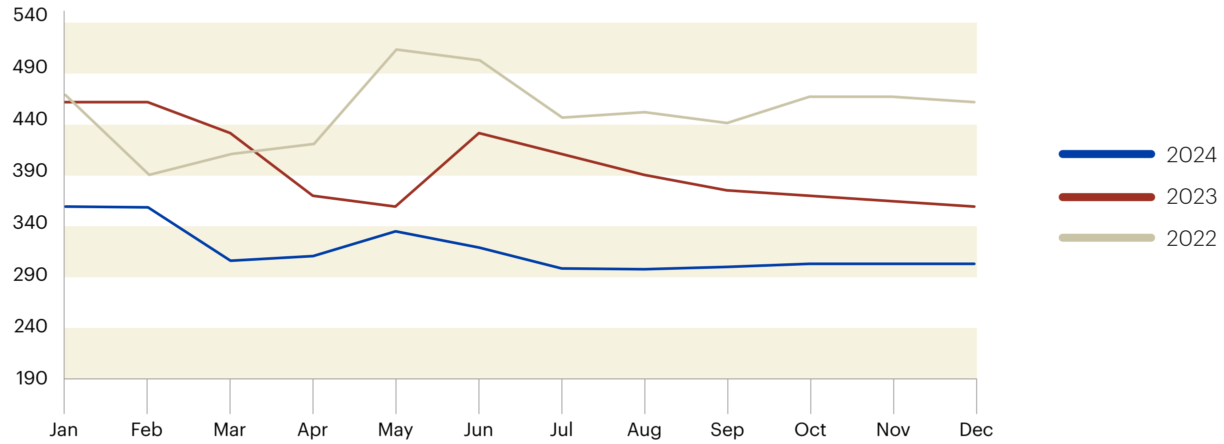
Source: Banco Mundial

In 2024, energy prices -especially oil prices- came down thanks to the increased global production and moderate growth in demand from the principal developed economies and China, in a context of economic slowdown. As usual, oil prices were highly volatile, responding to the successive stages of the geopolitical tensions in different parts of the world.

The prices of agricultural raw materials moved in different directions. Prices of cereals, especially grains, tended to fall owing to abundant harvests. However, the prices of other products, such as beverages (coffee and tea), rose as harvests were smaller than usual in the producing areas.

In particular, the global durum wheat yield in the 2024/25 harvest was estimated at 12% higher than in the previous campaign, essentially due to an increase in the area sown and a good yield in North America. The price of durum wheat maintained in 2024 the downward trend recorded in the second half of the previous year, with a drop in prices prior to commencement of the harvest and confirmation thereafter until the end of the year.

Price of Durum Wheat in EUR/TON

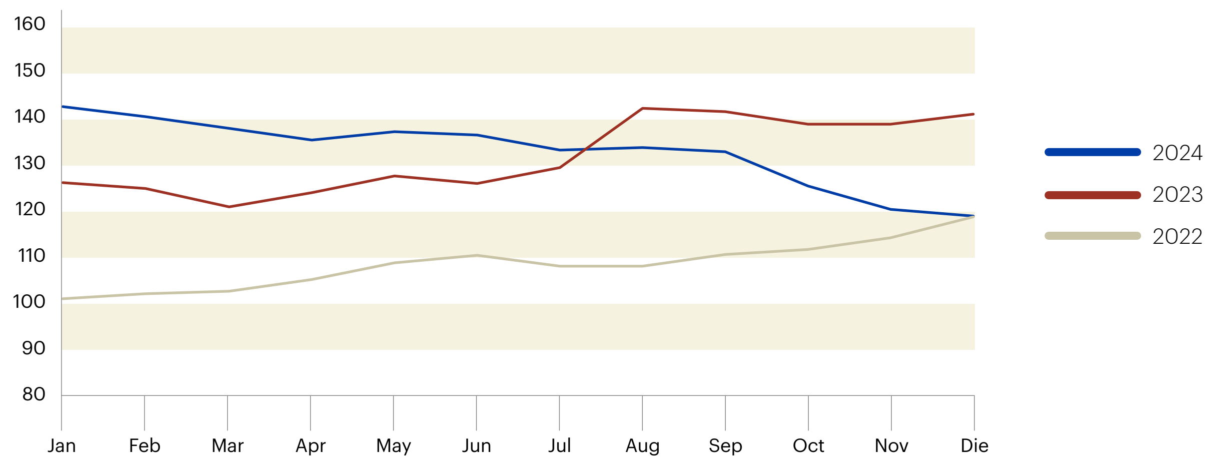


Source: Terre.net and own data

Meanwhile, the evolution of prices of the principal rice varieties was favourable, tending to fall over the year. The FAO All Rice Price Index changed direction as the tensions that had affected the market in the second half of 2023 eased: (i) the favourable climate in Argentina, Uruguay and Brazil lowered the pressure on prices from those origins, and (ii) India lifted the restrictions on whole rice exports.

The evolution of the FAO Index of international rice prices at source over the past three years is shown below, based on an average of the varieties with highest consumption:

FAO All Rice Price Index



Source: FAO

The 23/24 rice campaign remained at high levels. According to data published by the Food and Agriculture Organization (FAO), a yield of 534 million tonnes of white rice equivalent was expected, which was an increase over the previous campaign (526 million tonnes). The forecast for 24/25 was 539 million tonnes, so prices should continue to fall in all SKUs.

In contrast, ocean freight prices hiked, producing a significant impact on rice from southeast Asia. Owing to the armed conflict in the Persian Gulf, commercial routes were changed at the end of 2023, as the major shipowners decided to cease crossing the Gulf and using the Suez Canal, instead going around the Cape of Good Hope, a much longer route with a higher cost. The following graph shows the evolution of whole boatload rates since the beginning of 2023, reflecting the volatility associated with the evolution of the conflict.

***Baltic Dry Index* 2023-24**

Source: Baltic Dry Index

Consolidated Group

Headcount
6,636

HEADCOUNT EMPLOYEES	
Spain	1,077
Rest of Europe	3,009
North America	1,411
South America	222
Asia	706
Africa	211

Facilities
81

15 Spain

41 Rest of Europe

12 North America

5 South America

6 Asia

2 Africa

Brands
84

11 Spain

44 Rest of Europe

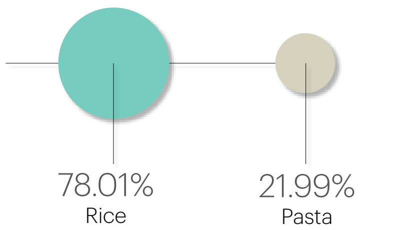
20 North America

5 Asia

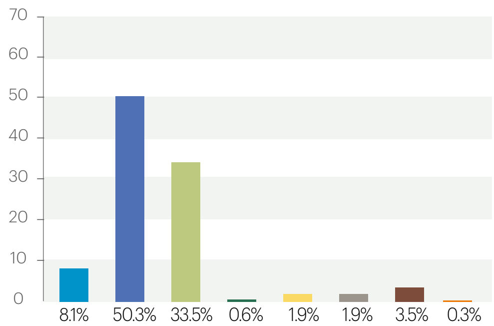
4 Africa

SALES
€3,140.5 mill.

BY BUSINESS AREAS

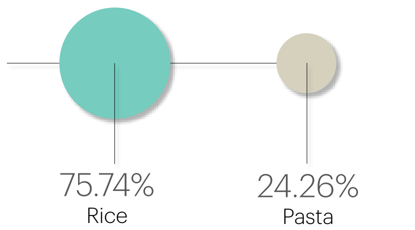


BY GEOGRAPHICAL AREAS

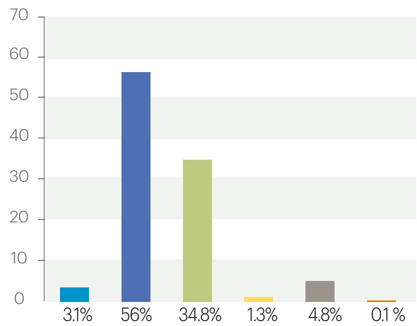


EBITDA
€413.1 mill.

BY BUSINESS AREAS



BY GEOGRAPHICAL AREAS



Spain | Rest of Europe | North America | South America | Africa | Asia | Middle East | Others

GROUP EARNINGS PERFORMANCE

We set out below the most significant financial metrics of the Group:

STATEMENT OF PROFIT OR LOSS (000€)	2022	2023	*2023/2022*	2024	*2024/2023*	CAGR 2024-2022
Revenue	2,967,672	3,084,457	*3.9%*	3,140,493	*1.8%*	***2.9%***
Advertising	(77,161)	(86,314)	*11.9%*	(94,692)	*9.7%*	***10.8%***
As a % of revenue	*(2.6%)*	*(2.8%)*	*11.9%*	*(3.0%)*		
EBITDA-A	334,622	387,171	*15.7%*	413,122	*6.7%*	***11.1%***
As a % of revenue	*11.3%*	*12.6%*		*13.2%*		
EBIT-A	233,599	284,297	*21.7%*	304,768	*7.2%*	***14.2%***
As a % of revenue	*7.9%*	*9.2%*		*9.7%*		
Profit before tax	185,807	273,857	*47.4%*	308,883	*12.8%*	***28.9%***
As a % of revenue	*6.3%*	*8.9%*		*9.8%*		
Income tax	(50,242)	(68,846)	*37.0%*	(80,054)	*16.3%*	***26.2%***
As a % of revenue	*(1.7%)*	*(2.2%)*		*(2.5%)*		
Profit for the year from continuing operations	135,565	205,011	*51.2%*	228,289	*11.4%*	***29.8%***
As a % of revenue	*4.6%*	*6.6%*		*7.3%*		
Profit after tax from discontinued operations	(917)		*(100.0%)*			***(100.0%)***
As a % of revenue	*0.0%*					
Profit attributable to equity holders of parent	122,059	186,964	*53.2%*	207,867	*11.2%*	***30.5%***
As a % of revenue	*4.1%*	*6.1%*		*6.6%*		

STATEMENT OF FINANCIAL POSITION (000€)	31-12-22	31-12-23	*2023/2022*	31-12-24	*2024/2023*
Equity	2,164,438	2,185,159	*1.0%*	*2,329,616*	*6.6%*
Net debt	762,635	570,404	*25.2%*	*593,174*	*(4.0%)*
Average net debt	645,809	657,683	*(1.8%)*	*529,868*	*19.4%*
Leverage **(3)**	29.8%	30.1%		*22.7%*	
Total assets	3,900,216	3,871,565	*(0.7%)*	*4,010,946*	*3.6%*

	31-12-22	31-12-23	*2023/2022*	31-12-24	*2024/2023*
Average working capital	925,501	942,499	*(1.8%)*	826,693	*(12.3%)*
Average capital employed	2,228,932	2,255,729	*(1.2%)*	2,181,137	*(3.3%)*
ROCE **(1)**	10.5	12.6		14.0	
Capex **(2)**	118,808	141,670	*19.2%*	155,302	*9.6%*
Average headcount	6,293	6,323	*0.5%*	6,510	*3.0%*

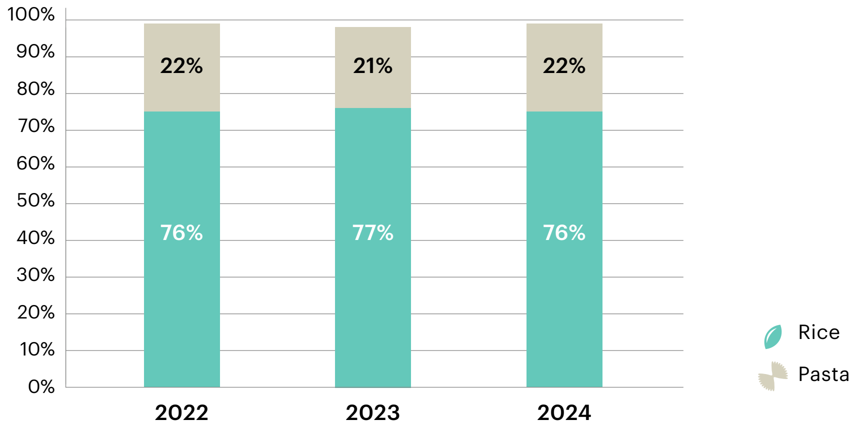
(1) *RROCE-A = Average profit after D&A but before tax for the last 12 months (excluding extraordinary/non-recurring items) divided by average capital employed.*

(2) *Capex = Cash outflows for investment purposes. 11 (2021) million euros corresponds to discontinued activities*

(3) *Leverage = Ratio of average net interest-bearing debt to equity (excluding non-controlling interests).*

Turnover rose for the third year in succession by 1.8% year on year, with a 2.9% growth of the average accumulated over three years. This is largely due to an increase in volumes while prices fell slightly, thanks to lower prices on the commodity market, but it was reduced by the significantly higher freight rates (making the product more expensive in the destination market. The exchange rate impact was positive, to the tune of €8 million.

The distribution and evolution by business areas is shown below:



The distribution of business units remains stable. The rice division accounts for around 77% of the total turnover. By destination, approximately 34% of our sales are made in North America, with a growing weight of countries in Africa and the Middle East, where the Group's brands are rapidly increasing their distribution.

The **generation of resources, Adjusted EBITDA,** rose by 6.7% during the year (with an average accumulated growth of 11.1%) and the sales margin continued to grow thanks to an improved product mix. The exchange rate did not have a significant impact on the Adjusted EBITDA.

Once again, the evolution of our income statement was highly satisfactory, clearly outstripping the results posted in previous years with comparable income (excluding net profit from the sale of discontinued operations) reaching a new all-time high.

The **pre-tax profit** was up 12.8% year on year, with an improvement in income thanks to the sale of a warehouse in France and other investment properties. This improvement was achieved despite posting a loss of €1.8 million due to the damage produced by the COL/DANA at the Group's facilities in the area hit by flooding. You are reminded that the 2022 results reflected the negative impact of the sale of Roland Monterrat.

The **Adjusted ROCE** improved in respect of prior years owing to the evolution of average resources employed and results. The evolution of resources employed in the form of working capital is tied to the situation of raw materials, with (i) an improvement in the annual average as the costs of the principal raw materials at source fell, but (ii) a greater consumption of resources in the last quarter of the year due to problems related with ocean freight.

Rice Area

Headcount
4,644

HEADCOUNT EMPLOYEES	
Spain	959
Rest of Europe	1,440
North America	1,106
South America	222
Asia	706
Africa	211

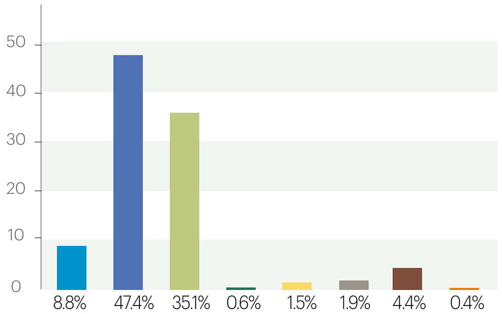
Facilities
58

Spain	Rest of Europe	North America	South America	Asia	Africa
12	24	9	5	6	2

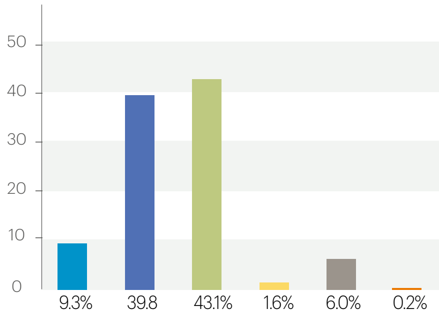
Brands
73

Spain	Rest of Europe	North America	Asia	Africa
8	38	18	5	4

SALES
€2,454.0 mill.



EBITDA
€326.2 mill.



Spain | Rest of Europe | North America | South America | Africa | Asia | Middle East | Others

STATEMENT OF PROFIT OR LOSS (000€)		2022	2023	*2023/2022*	2024	*2024/2023*	CAGR 2024-2022
Revenue		2,329,486	2,443,719	*4.9%*	2,454,016	*0.4%*	***2.6%***
Advertising		(53,898)	(56,890)	*5.6%*	(61,491)	*8.1%*	***6.8%***
	As a % of revenue	(2.3%)	(2.3%)		(2.5%)		
EBITDA-A		289,830	310,988	*7.3%*	326,183	*4.9%*	***6.1%***
	As a % of revenue	12.4%	12.7%		13.3%		
EBIT-A		222,664	242,950	*9.1%*	253,853	*4.5%*	***6.8%***
	As a % of revenue	9.6%	9.9%		10.3%		
CAPEX		71,152	100,122	*40.7%*	95,187	*(4.9%)*	***15.7%***

The evolution of the rice market in 2024 was mainly affected by two factors:

(i) a succession of good harvests in the principal rice-growing countries, enabling ample carryover stocks; and

(ii) the export restrictions imposed by India from July 2023, which remained in force up to the end of September 2024.

India, the largest rice exporter in the world, took those measures to check possible domestic social tensions, as rice is a staple of the local diet. Although no real supply problems were encountered, the restrictions affected the white and cargo rice varieties and minimum export prices were set for basmati rice to prevent an indirect diversion of product. A favourable monsoon and an abundant domestic harvest helped to allay those fears leading the government to lift the restrictions, which led to a significant drop in prices in the last four months of the year.

On a local level, Spanish production showed signs of recovery after three years of restrictions on rice growing due to the drought. In 2024, reservoir water levels made it possible to sow 68% of the land in the Guadalquivir Valley, thereby optimising the Group's production capacity in the area. However, the yield was smaller than expected due to the salinity on the right bank of the Guadalquivir and the late rainfall that hampered harvesting.

A good harvest was obtained in the United States for the second consecutive year, with an increase in the area sown. The falling prices in alternative sources made US rice less competitive, as a result of which local long- and medium-grain rice prices came down.

Sales grew by 0.4%, against a backdrop of stable prices and practically constant volumes. The slight drop in market share of products with a lower added value, lost to private label brands, was offset by: (i) the increase in sales of convenience foods and (ii) the expansion into new geographical markets with a high growth potential.

In this regard, the Division increased its presence in emerging markets in the Middle East and Africa through brands such as Tilda®, Abu Bint® and Peacock®. These markets, still developing, contributed growth in volume of over 30% during the year.

The division **Adjusted EBITDA** was 4.9% up on the previous year, with a practically neutral exchange rate impact. This improvement was achieved by optimising the sales mix, with less exposure to low value-added products such as traditional flours or ingredients for animal feed and a clear focus on higher value-added categories.

Sourcing costs were favourable, particularly in rice, and industrial productivity improved thanks to the investments made to renovate facilities and the start-up of new plants to produce ready-to-serve rice products.

By geographical areas, the largest contributions to the Adjusted EBITDA were made by the United States, United Kingdom, Spain and other EU countries, with a growing weight of emerging markets.

Our investments in fixed assets (**CAPEX)** remained stable, reflecting: (i) our focus on business areas with greater growth potential, such as microwave rice in the United States and Spain and enlargements of the ingredients plants; (ii) the improved productivity of our packaging processes; and (iii) optimisation of productivity at the plants in Italy and the United Kingdom and the frozen food facilities.

Pasta Area

Headcount
1,874

HEADCOUNT EMPLOYEES	
Europe	1,569
North America	305

Facilities
18

15 Europe

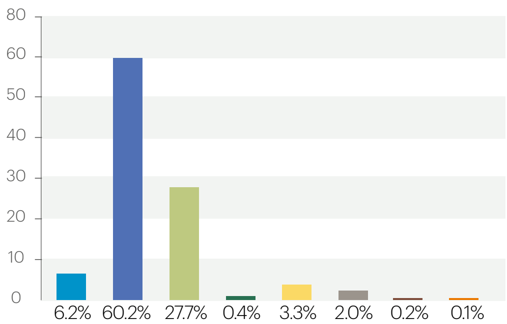
3 North America

Brands 8

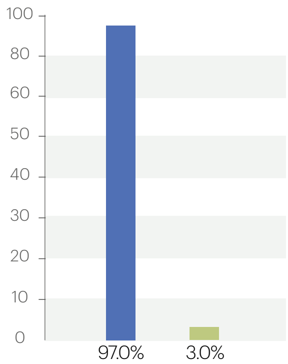
6 Europe

2 North America

SALES
€691.8 mill.



EBITDA
€104.5 mill.



Spain | Rest of Europe | North America | South America | Africa | Asia | Middle East | Others

STATEMENT OF PROFIT OR LOSS (000€)		2022	2023	*2023/2022*	2024	*2024/2023*	CAGR 2024-2022
Revenue		651,545	652,220	*0.1%*	691,775	*6.1%*	***3.0%***
Advertising		(24,904)	(31,521)	*26.6%*	(34,908)	*10.7%*	***18.4%***
	As a % of revenue	(3.8%)	(4.8%)		(5.0%)		
EBITDA-A		58,478	90,435	*54.6%*	104,501	*15.6%*	***33.7%***
	As a % of revenue	9.0%	13.9%		15.1%		
EBIT-A		26,330	57,261	*117.5%*	70,107	*22.4%*	***63.2%***
	As a % of revenue	4.0%	8.8%		10.1%		
CAPEX		46,222	40,416	*(12.6%)*	57,862	*43.2%*	***11.9%***

Durum wheat prices continued to fall over the year, driven by an abundant harvest in Canada, which returned to the normal levels of previous years, and the increased area sown in the United States. In contrast, the durum wheat crop was reduced in France, in line with a smaller demand. Harvests of common wheat were excellent, helping to ease the pressure on prices, especially at basic procurement levels.

In 2024, division **Sales** grew by 6.1%. Although general selling prices fell in line with the evolution of durum wheat, the impact was not so great in the fresh product segment owing to the greater weight of other raw materials, such as dairy products, potato flakes and meat. There was a significant increase in volumes sold of both fresh pasta and premium dry pasta. By markets:

a. In France, the fresh pasta market grew by 6.1% in volume and 3.7% in value. The Group's brands improved their relative positions achieving a market share of 52.9% in volume (source: Nielsen 52 weeks). The pan fried gnocchi range, in which the Group has a clear leadership, continues its market growth with a 10% year-on-year growth in volume.

b. Bertagni maintained its growth: +16% in value and +10.2% in volume year on year, establishing strategic alliances with some of the strongest-growing distributors in the food sector.

c. In Canada, the market grew by 1.0% in volume and 0.6% in value. Olivieri maintains its leadership with a 54.3% market share in value (source: Nielsen 52 weeks F+D+M). Pan fried gnocchi continues leading growth (its volume has tripled in four years).

d. The Italian dry pasta market shrank by 0.6% in volume over 2024 and 5.4% in value, reflecting the falling prices due to cheaper wheat. The Garofalo brand improved its position slightly, to 6.8% in volume (source: Nielsen 52 weeks). It also saw a clear improvement in volumes exported to third countries.

Adjusted EBITDA grew by 15.6%, thanks to a favourable scenario of increased volumes and strict cost control, enabling the division to recover stable profit margins, which had been badly hit by inflation in 2022 and 2023. This growth includes a 10.7% increase in investment in advertising.

CAPEX increased considerably, with investments especially in increasing the capacity of the gnocchi and fresh pasta plants.