

# 23

## Annual Report



**Ebro**

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## DEAR STAKEHOLDERS



**T**he economy performed better in 2023 than had originally been anticipated. Although economic growth slowed and inflationary pressure remained strong for much of the year, the dreaded stagflation was avoided and the world economy proved more resilient than expected. Existing geopolitical tensions (the Ukraine war) persisted while new conflicts broke out in the Middle East.

So we began 2023 with a forecast of €225 million in additional costs, requiring our commercial, procurements, logistics and marketing teams and, in short,

the entire Organisation to make extra effort to check, mitigate and find a favourable solution, once again, for this adverse situation.

Fortunately, these tensions eased off during the year. Energy prices maintained a positive trend and the extortionate rates of the past two years disappeared. The increases in labour costs outstripped inflation so our workers did not lose any purchasing power. Meanwhile, logistics more or less returned to normal, although there was another spike in the costs of certain shipping routes due to the issues in the Red Sea in the fourth quarter of the year.

Turning our attention to raw materials, after an abundant 2022/23 harvest with good yield, the price of durum wheat eased over 2023, albeit with a slight, short-lived upturn at the beginning of the new 23/24 harvest. In contrast, the prices of some important ingredients for our fresh pasta business, such as potato flakes, eggs and milk, were very high. Similarly, rice prices remained very high, up 21% on average over the previous year, even though the world harvests maintained the favourable levels of earlier years. Prices were pushed up mainly by the export restrictions imposed in certain producing countries on the grounds of: (i) fears of the effect of El Niño on the new harvests, (ii) inflationary pressure on inputs, and (iii) the alarm generated by the rising prices of staple foods in the least developed countries.

Some of the consumer patterns that heightened during the pandemic, such as e-commerce, have continued, although the rate of change appears to have eased off somewhat. Meanwhile, hard discount and private label brands have gained weight in Distribution to counteract inflation, dominating a growing number of sales points and market share. This trend ratifies the prominent position of R&D and innovation within our Group's strategy, as an instrument enabling us to stand out from our rivals and develop unique products and technologies to satisfy the needs of our customers and consumers, providing value added in all cases. In this regard, we launched 89 new products in our Rice and Pasta Divisions in 2023.

In the corporate area, we pressed ahead with our organic growth policy, with a CAPEX of €142 million, making our plants more modern and competitive and thereby attaining excellence within the sector. We have also made further progress in simplifying, optimising and generating synergies in our structure, by reorganising services in our UK, Benelux and Canadian subsidiaries.

As regards the evolution of our Business Areas, although the Rice Division suffered the consequences of the third year of drought in Spain (practically halving the availability of Spanish rice, with reduced industrial activity and higher costs), it managed to close an excellent year thanks to: (i) The considerable management capacity of our supply chain and successful strategic positioning in the principal sourcing areas; (ii) The strength of our brands, with a portfolio of products able to withstand the private label growth; (iii) The experience of our commercial teams;



(iv) The excellent performance of our high value products; (v) Growth of over 40% in the Middle East through our brands Tilda and Abu Bint; and (vi) consolidation of our business in Africa, with the leadership of Cigala in Morocco and our strong entry into other countries, such as Ghana and Libya.

The Pasta Division also completed a good year in 2023, restoring profitability in all the markets in which we operate. One of our most remarkable achievements was the major upturn in sales volumes in the fresh pasta business, of over 8% in France, thanks largely to the strong growth of "Gnocchi", Lustucru's flagship. The year also witnessed a good performance from Bertagni, which increased the number of SKUs and gained ground in Distribution. In the dry pasta category, Garofalo made very positive progress, consolidating its leadership in the premium segment in Italy and growing in other markets, such as USA, Canada and Spain.

All in all, I am proud to inform you that four years after our latest strategic move, we are now a stronger, more secure Group with a higher value and yield. We have closed the best year in our history, reaching profit levels that outshine even those obtained when we still had the Dry Pasta Division, reducing our debt to €192.2 million lower than in 2022 and €452 million less than in 2019, even after distributing more than €737 million since then in dividends to our shareholders. This proves the strength and solvency of our business model and ratifies our shrewd strategic decisions.

All our financial metrics maintained satisfactory growth over the period. Our net turnover rose 3.9% year on year to €3,084.5 million. The Adjusted EBITDA grew by 15.7% to €387.1 million in respect of 2022, one of the best EBITDA in our history. And the year-on-year growth of 53.2% in Net Profit to €187 million, outstripping other comparative results because in 2022 it included the extraordinary loss of €20 million posted on the sale of the Roland Monserrat business.

I would like to point out that thanks to our geographical diversification strategy, 95% of our Adjusted EBITDA in 2023 was generated in international markets and only 5% in Spain.

As far as stock performance is concerned, the Ebro Foods share rose by 4% in 2023. In the same period, Ibex 35 rose by 20.7%, Ibex Med by 15.5%, Ibex Small by 8.8% and Eurostoxx Food and Beverage, which represents the leading companies in the European food sector, fell by 4.8%.

With regard to dividends, an ordinary dividend of €88 million (€0.57 per share) was paid out in 2023 against the 2022 profit, giving a dividend yield of 3.7%.

In Corporate Social Responsibility and Sustainability, we continued pursuing the goals of our General Sustainability Plan **HEADING TOWARDS 2030** and our commitment to the 10 Principles of the UN Global Compact, to which we signed up more than two decades ago. We thus invested €6.9 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 perma-

nent contracts, and we invested more than €4.2 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. In this regard, I should also mention that we have calculated our Scope 3 Carbon Footprint for the first time. The next step will be to define goals to reduce our Science Based Targets (SBTi). Information on all these achievements can be found in our Corporate Social Responsibility and Sustainability Report.

We are now immersed in 2024, which, in spite of the excellent results we have achieved in the first quarter, is likely to be another difficult year because there is still considerable inflationary pressure on the commodity markets, the lowering of retail prices maintains the pressure on consumers and Distribution, private label brands are progressing relentlessly, new competitors are appearing on the markets, etc. Nevertheless, we are convinced that the Group is in a good position to face all these challenges successfully because we have: (i) considerable know how in all the major aspects of the business; (ii) auspicious geographical diversification; (iii) very powerful brands that have proved their strength and attractiveness for consumers; and (iv) a team of professionals who are fully committed to the Company.

Before I end, I would like to thank you, our shareholders, for your unconditional support for our business project and, naturally, all the professionals of the Ebro Foods Group for their work, efforts and dedication every day, which are absolutely essential if we are to continue to be leaders and benchmarks in this sector.





The Company

# 1. The Company

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## MISSION, VISION AND VALUES

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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

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## ETHICS AND INTEGRITY

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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.

The Group shall progressively take such measures as may be considered necessary from time to time to enforce all the values, principles and rules set out in this Code, circulating it among all relevant persons and solving any queries or uncertainties regarding its application.

The Audit, Control and Sustainability Committee is responsible for monitoring and controlling application of the Code, assisted by the Compliance Unit.

The Audit, Control and Sustainability Committee shall report regularly to the Ebro Foods Board of Directors on any queries raised in respect of the interpretation and application of the Code of Conduct, how they have been solved, the level of compliance with the Code and any incidents related therewith or infringements thereof.

In this regard, any person bound by the Code may report, under a guarantee of absolute confidentiality and, in some cases, anonymously, any default or infringement of any of the principles set out in this Code and, in general, any actions that may be considered evidence of irregular activity. Any relevant persons who detect any of those situations shall report it through the appropriate channels and abstain from taking any individual action to solve the incident.

For this purpose, a **Corporate Whistleblowing Channel** has been set up within the Internal Reporting System of the Ebro Foods Group and can be accessed through the company's website [www.ebrofoods.es](http://www.ebrofoods.es)

- \* Access to the Corporate Whistleblowing Channel is public and free of charge.
- \* On receipt of a report, the System Administrator will decide, in accordance with the Policy on the Ebro Foods Internal Reporting System and Whistleblower Protection, on the appropriate Report Handling Procedure. The procedure determined will conform to the applicable internal rules.
- \* Both the Ebro Foods Internal Reporting System and Whistleblower Protection and the Rules for handling Procedures are published on the Company's website [www.ebrofoods.es](http://www.ebrofoods.es)
- \* All reports of breaches of the Code of Conduct submitted through the Corporate Whistleblowing Channel are guaranteed application of the principles established in the Ebro Foods Internal Reporting System and Whistleblower Protection published on the Company's website [www.ebrofoods.es](http://www.ebrofoods.es)

The full text of the COC and the guidelines established for its implementation and application are at the disposal of all our stakeholders through the Corporate Intranet and the Group's Corporate website, precisely in the section on Corporate Social Responsibility <https://www.ebrofoods.es/en/information-for-shareholders-and-investors/corporate-governance/board-of-directors/>

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 (22/03/2024), the core businesses are performed by the following subsidiaries, reporting to Ebro Foods, S.A.:

COMPANY	COUNTRY	BUSINESS AREA
Agromeruan, S.A.R.L. AU	Morocco	Rice
Arotz Foods, S.A.	Spain	Others
Arrozeiras Mundiarroz, S.A.	Portugal	Rice
Bertagni 1882, S.P.A.	Italy	Fresh pasta

Ebro Foods Belgium, N.V.	Belgium	Rice
Ebro Foods Netherlands, B.V.	Netherlands	Rice
Ebro Foods, S.A.	Spain	Parent (Holding)
Ebro India, Private Ltd.	India	Rice
Ebro Ingredients, B.V.	Netherlands and Belgium	Ingredients
Ebro UK	United Kingdom	Rice
Ebrofrost Denmark, A/S	Denmark	Rice and pasta
Ebrofrost Germany, Gmbh	Germany	Rice and pasta
Ebrofrost UK, Ltd	United Kingdom	Rice and pasta
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 Ricemills, S.L.U.	Spain	Rice
Indo European Foods Limited	United Kingdom	Rice
La Loma Alimentos, S.A.	Argentina	Rice
Lustucru Frais, S.A.S.	France	Fresh pasta
Lustucru Premium Groupe	France	Rice and 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 Canada Corporation	Canada	Fresh pasta
Riviana Foods, Inc.	United States	Rice
S&B Herba Foods, Ltd.	United Kingdom	Rice
Santa Rita Harinas, S.L.U.	Spain	Others
Tilda, Ltd.	United Kingdom	Rice
Transimpex, Gmbh	Germany	Rice

## INDUSTRIAL INFRASTRUCTURE

As at the closing date of this Report, the Ebro Group has, through its subsidiaries, 80 facilities (56 production plants, 17 offices and 7 warehouses) in 16 different countries.

COMPANY	COUNTRY	WORKPLACE	TYPE OF FACILITY
Agromeruan, SARL AU	Morocco	Coruche	Office (lease)
Arotz Foods, S.A.	Spain	Navaleno	Industrial

COMPANY	COUNTRY	WORKPLACE	TYPE OF FACILITY
Arrozeiras Mundiarroz	Portugal	Coruche	Industrial
		Lisbon	Office (lease)
Bertagni 1882, S.P.A.	Italy	Vicenza (Arcugnano)	Industrial
		Avio	Industrial
		Avio (ex Le Cont)	Warehouses
		Avio (ex Ginos)	
		Arcugnano (via Fermi)	
		Arcugnano (ex Campagnolo)	
Ebro Foods Belgium, N.V.	Belgium	Merksem (plant A)	Industrial
Ebro Foods, S.A.	Spain	Madrid	Offices (lease)
		Barcelona	
		Granada	
Ebro Foods Netherlands BV	Netherlands	Wormer + Plant D	Industrial
Ebro India, Private Ltd.	India	Taraori	Industrial
		Delhi	Office (lease)
Ebro Frost Denmark, A/S	Denmark	Orbaek	Industrial
Ebrofrost Germany, Gmbh	Germany	Offingen	Industrial
Ebrofrost UK, Ltd	United Kingdom	Beckley	Industrial
Euryza, Gmbh	Germany	Hamburg	Office (lease)
Geovita Functional Ingredients, S.R.L.	Italy	Bruno	Industrial
		Nizza Monferrato	
		Verona	
		Villanova Monferrato	
Herba Bangkok, S.L.	Thailand	Nong Khae	Industrial
		Bangkok	Office (lease)
Herba Cambodia, Co. Ltd	Cambodia	Phnom Phen	Industrial
Ebro Ingredients, B.V.	Belgium	Plant B	Industrial
		Plant C	Industrial
		Euro Rice Handling+Plant E	Industrial
		Plant F	Industrial
		Beernem	Office (lease)
	Netherlands	Plant D	Industrial

COMPANY	COUNTRY	WORKPLACE	TYPE OF FACILITY
Herba Ricemills, S.L.U.	Spain	Jerez de la Frontera	Industrial
		Silla	
		Algemesí	
		L'Aldea	
		La Rinconada	
		Los Palacios	
		San Juan de Aznalfarache	
		Coria del Río	
		Isla Mayor	Warehouses
		Cotemsa	
		Raza	
Ecorub			
Indo European Foods Ltd.	United Kingdom	Felixstowe	Industrial
La Loma Alimentos, S.A.	Argentina	Los Charrúas	Industrial
		Chajarí	
		Los Conquistadores	Office (lease)
		Buenos Aires	
Lustucru Frais, S.A.S.	France	St Genis Laval	Industrial
		Lorette	
		Communay	
		Lyon	Office (owned)
Mundi Riz, S.A.	Morocco	Larache	Industrial
Mundi Riso, S.R.L.	Italy	Vercelli	Industrial
Neofarms BIO, S.A.	Argentina	Concordia	Office (lease)
Pastificio Lucio Garofalo, Spa	Italy	Gragnano	Industrial
Riceland Magyarorzag, Kft	Hungary	Budapest	Office (lease)
Riviana Foods Canada	Canada	Delta	Industrial
		Hamilton	
		Toronto	Office (lease)
Riviana Foods	United States	Houston	Office (lease)
		Memphis	Industrial
		Carlisle	
		Brinkley	
		Hazen	
		Clearbrook	
		Freeport	
		Alvin	
Colusa			

COMPANY	COUNTRY	WORKPLACE	TYPE OF FACILITY
S&B Herba Foods, Ltd.	United Kingdom	Fullbourn	Industrial
		Regent	
		Orpington	Office (lease)
Santa Rita Harinas, S.L.U.	Spain	Loranca de Tajuña	Industrial
Tilda, Ltd.	United Kingdom	Classic	Industrial
		Jazz	
Transimpex, GmbH	Germany	Lambsheim	Industrial
		Lambsheim	Office (owned)

## MEMBERSHIP OF SECTORAL ORGANISATIONS AND ASSOCIATIONS

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

COMPANY	ASSOCIATION
Herba Ricemills	Federación de Molineros Europeos de Arroz (FERM) Asociación Española de Codificación Comercial (AECOC) Confederación de Empresarios de Andalucía (CEA) Asociación de Industrias Arroceras Españolas (UNIADE)
Indo European	UK Rice Association
Lustucru Frais	Institut de liaisons et d'études des industries de consommation (ILEC) Association Des Entreprises de Produits Alimentaires Élaborés (ADEPALE) Association Nationale des Industries Alimentaires (ANIA)
Mundi Riso	Italian Rice Miller Association (AIRI)
Riviana Foods	U.S. Rice Federation Greater Memphis Chamber of Commerce
Riviana Foods Canada	Food, Health & Consumer Products of Canada
Tilda	Rice Association (RA) Food and Drink Federation (FDF) British Brands Group (BBG) On Pack Recycle Labelling (OPRL) Clarity



# Governance model

## 2. Governance model

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### GOVERNANCE BODIES

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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.

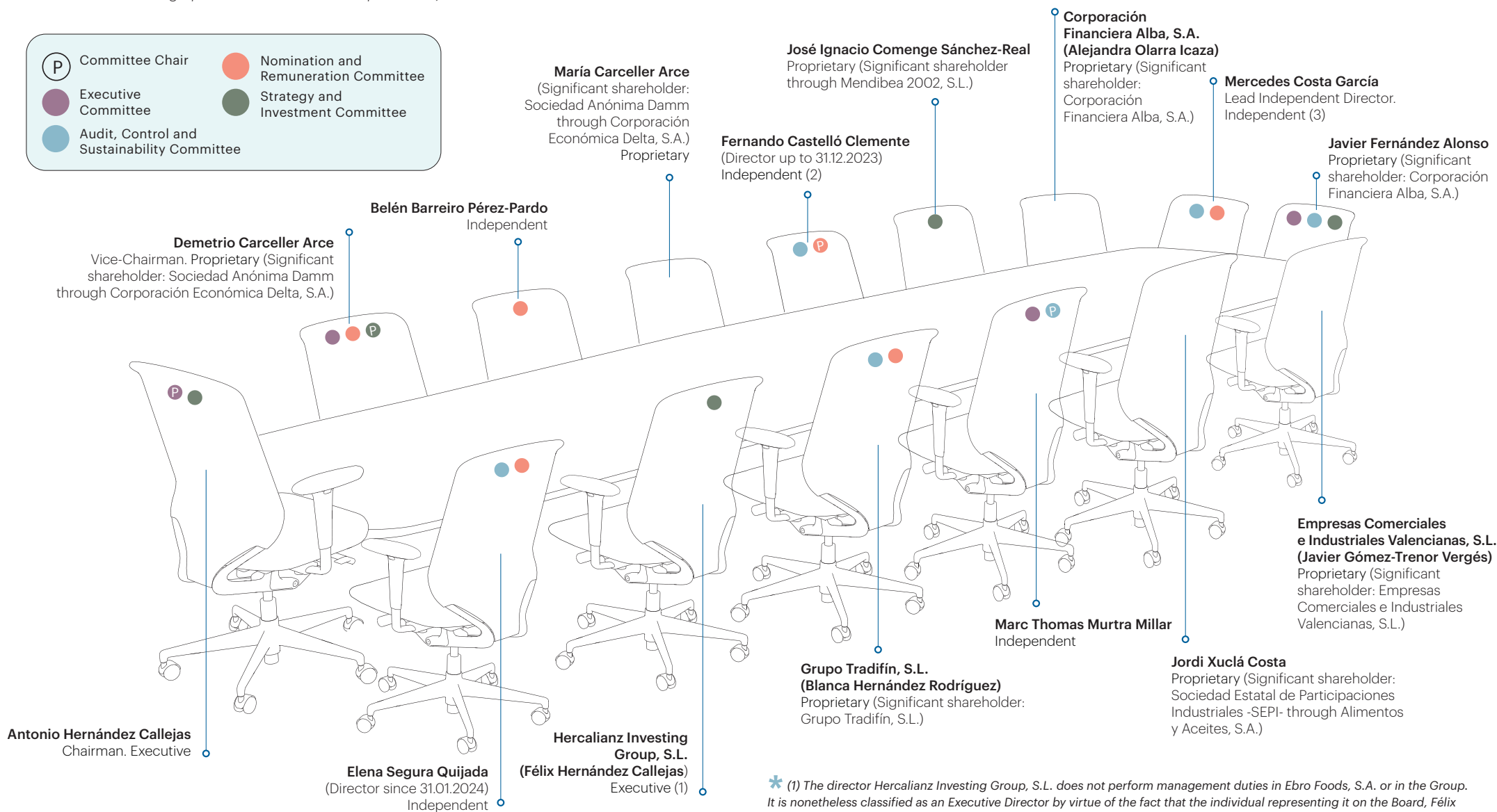
Save in any matters reserved by law, regulations or the Articles of Association to the General Meeting, the Board of Directors is the highest body of governance and administration of the company, with full powers to direct, administer and represent the company in the activities comprising its objects. 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, Control and Sustainability Committee
- \* Nomination and Remuneration Committee
- \* Strategy and Investment Committee

## COMPOSITION OF THE BOARD OF DIRECTORS

The following table contains information on the composition of the Board of Directors, categories of Directors and Committee memberships (information updated to the date of drawing up the Annual Financial Report 2023)



\* (1) The director Hercalianz Investing Group, S.L. does not perform management duties in Ebro Foods, S.A. or in the Group. It is nonetheless classified as an Executive Director by virtue of the fact that the individual representing it on the Board, Félix Hernández Callejas, is a senior executive and director in several of the Group companies. (2) Fernando Castelló Clemente; Chair of Nomination and Remuneration Committee up to 31.12.2023. (3) Mercedes Costa García; Chair of Nomination and Remuneration Committee since de Comisión 31.01.2024.



The following changes were produced on the Board of Directors and its Committees between year-end 2023 (31 December 2023) and the date of drawing up the Annual Financial Report 2023 (22 March 2024):

- \* On 10 December 2023, Fernando Castelló Clemente tendered his resignation from the Board with effect from 31 December 2023. Mr Castelló Clemente was classified as an Independent Director and was a member of the Audit, Control and Sustainability Committee and member and Chair of the Nomination and Remuneration Committee.
- \* On 31 January 2024, acting on the proposal and favourable report by the Nomination and Remuneration Committee, the Board resolved to appoint Elena Segura Quijada Director by cooptation to fill the vacancy left by Fernando Castelló Clemente. Ms Segura Quijada is classified as an Independent Director. She was also appointed member of the Audit, Control and Sustainability Committee and the Nomination and Remuneration Committee to fill the vacancy produced on each of those Committees following Mr Castelló Clemente's resignation.
- \* Then on 31 January 2024, following a favourable report by the Nomination and Remuneration Committee, the Board resolved to appoint Mercedes Costa García Chair of the Nomination and Remuneration Committee, which office had been held by Fernando Castelló Clemente at the time of his resignation. Ms Costa García is classified as an Independent Director and has been on the Remuneration and Nomination Committee since 27 September 2017.

## **ANALYSIS BY THE NOMINATION AND REMUNERATION COMMITTEE OF THE COMPOSITION OF THE BOARD OF DIRECTORS**

Every time a Director is appointed, re-elected or ratified, the Nomination and Remuneration Committee analyses the composition of the Board from the point of view of categories of Directors, presence of women, size and diversity of expertise and profiles.

### **Independent directors**

The number of independent directors (4) is somewhat less than one-third (4.666) of the total Board members (14) recommended for non-large cap companies.

The Company considers it necessary to continue working to raise the number of independent directors until it is at least equal to the recommended one-third, although it should be borne in mind that 68.47% of the company's total capital was represented on the Board at 31 December 2023 (with no significant variation at 22 March 2024).

### **Proprietary directors**

The number of directors classified as proprietary directors (8) represent 57.14% of the total members of the Board (14) and 66.67% of the total non-executive directors (12).

The proprietary directors represent a higher percentage (66.67%) of the total non-executive directors than the proportion of the company's capital represented by those directors in the total capital (57.89% at 31 December 2023, with no significant variation at 22 March 2024).

It should be borne in mind in this regard that: (i) the significant shareholders represented on the Board are not related to one another; (ii) the percentage of capital represented on the Board is as indicated above; and (iii) at 31 December 2023, the Company had a non-free float of 72.55% (with no significant variation at 22 March 2024).

### Presence of women

As regards the presence of women on the Board of Directors, the Policy for Selection of Directors and Diversity in the Composition of the Board of Directors of Ebro Foods, S.A. sets the target that the gender least represented on the Board should account for at least 40% of the total Board members by and beyond the end of 2022.

At year-end 2021, there were 6 women on the Board of Directors, representing 42.86% of the Board members (14).

In March 2022, following the resignation by the director Alimentos y Aceites, S.A. (who had been represented by a woman on the Board of Directors) and the incorporation on the Board of a male director (proprietary director of Alimentos y Aceites, S.A. -SEPI-), the presence of women fell from 42.86% to 35.71% and, therefore, below the 40% target.

Since then, the Company has striven to recover the percentage of female directors existing before Alimentos y Aceites, S.A. stepped down from the Board.

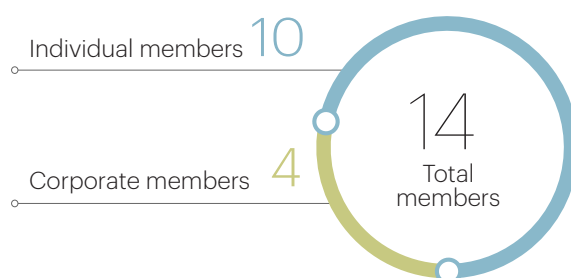
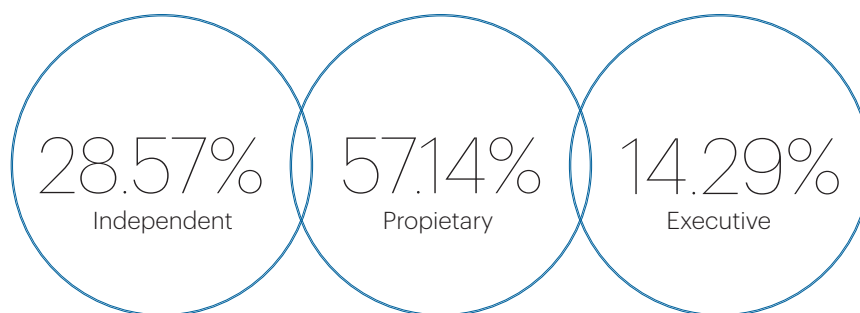
Following the resignation of the director Fernando Castelló Clemente with effect from 31 December 2023 and the incorporation of Elena Segura Quijada as of 31 January 2024, the number of women on the Board rose again to 42.86% of the total Board members, so the company has recovered the proportion of women that it had at the end of 2021 and before Alimentos y Aceites, S.A. left the Board of Directors in March 2022.

### Diversity of profiles

All the present directors were appointed on account of their expertise, skills, professional experience, availability and suitability, which were considered adequate for the duties they were to perform.

In view of the diversity of professional profiles of the directors (all specialists in sectors that are both varied and complementary, such as economic, financial, legal, industrial, consumer and distribution markets, beverages, rice and pasta) and taking into account the extensive knowledge that some of them have of the Group overall, the Nomination and Remuneration Committee considers that the composition of its Board of Directors has adequate diversity of expertise and professional experience to serve the interests of the Company and the Group.



**GRAPH SUMMARISING THE COMPOSITION OF THE BOARD OF DIRECTORS****5 Women\***

2 aged 40 - 50

3 aged 51 - 60

**9 men\***

3 aged 40 - 50

1 aged 51 y- 60

2 aged 61 - 70

3 aged 71 - 80

\*6 women (42.86%) and 8 men (57.14%) at 22 March 2024

**CAPITAL AND SHARES**

Ebro Foods, S.A. has a capital of EUR 92,319,235.20, fully subscribed and paid up.

The capital is divided into 153,865,392 shares with a par value of 0.60 euros each, represented by book entries and issued in a single series and class.

**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.

Accordingly, the interests held by significant shareholders at 31 December 2023 is stated below. The Company has not been informed of any changes in those interests up to 31 March 2024.

SIGNIFICANT SHAREHOLDER	31.12.2023				
	% VOTING RIGHTS ATTRIBUTED TO SHARES			% VOTING RIGHTS THROUGH FINANCIAL INSTRUMENTS	% TOTAL VOTING RIGHTS
	DIRECT	INDIRECT	TOTAL		
Corporación Financiera Alba, S.A.	14.522	0.000	14.522	0.000	14.522
Sociedad Anónima Damm (through Corporación Económica Delta, S.A.)	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
Hercalanz Investing Group, S.L.	9.073	0.000	9.073	0.000	9.073
Grupo Tradifin, S.L.	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
José Ignacio Comenge Sánchez-Real (through Mendibea 2002, S.L.)	0.002	5.381	5.383	0.000	5.383
Artemis Investment Management, LLP	0.000	4.082	4.082	0.000	4.082

### Capital represented on the Board of Directors at 31 December 2023

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)	14.522
	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%	Hercalanz Investing Group, S.L. (Significant shareholder and Executive Director)	9.073
	Grupo Tradifin, 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)	5.364
≥ 3.00% < 5.00%	---	---
< 3.00%	Fernando Castelló Clemente	1.500
	Demetrio Carceller Arce	0.134
	María Carceller Arce	0.021

### Other information on the capital at 31 December 2023

- \* Percentage capital represented on the Board: 68.47%
- \* Total percentage of voting rights held by Directors: 46.42%
- \* Percentage of non-free float: 72.55%
- \* Percentage of free float: 27.45%

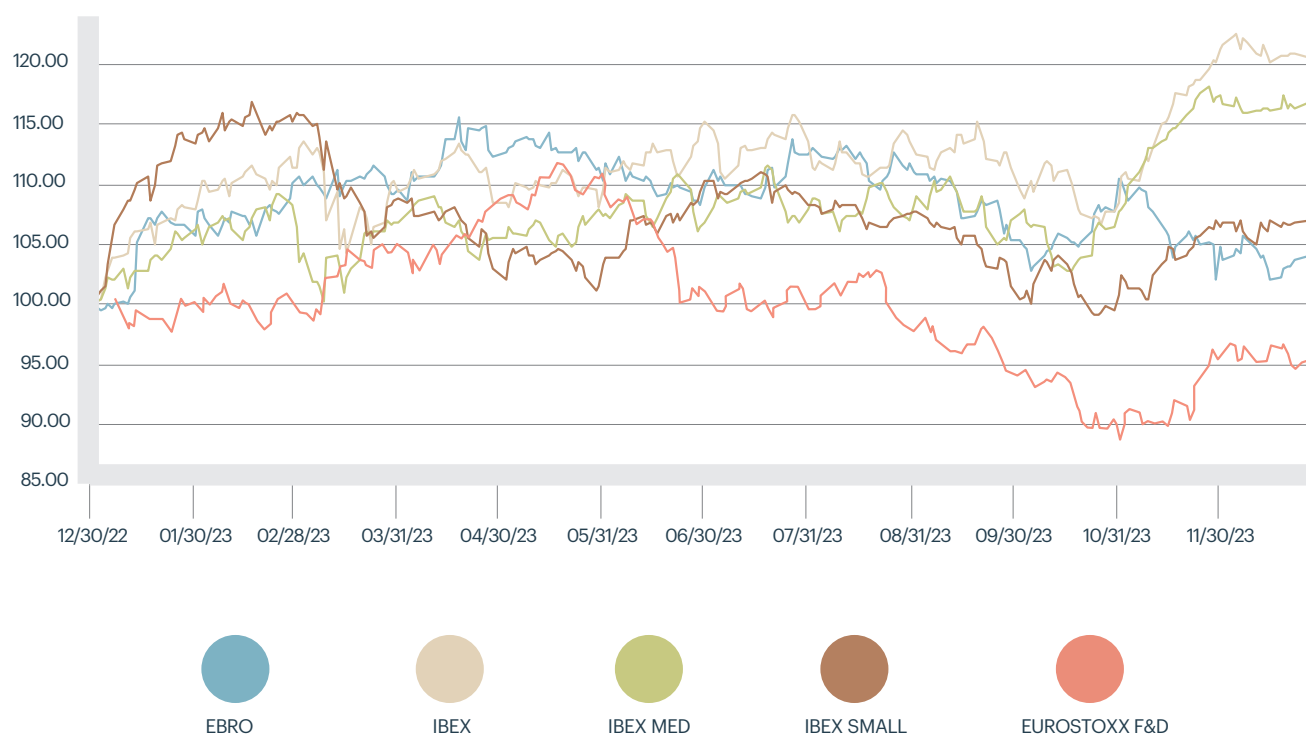
There were no material changes in these figures up to 22 March 2024.

## STOCK PERFORMANCE

### SHARE PERFORMANCE

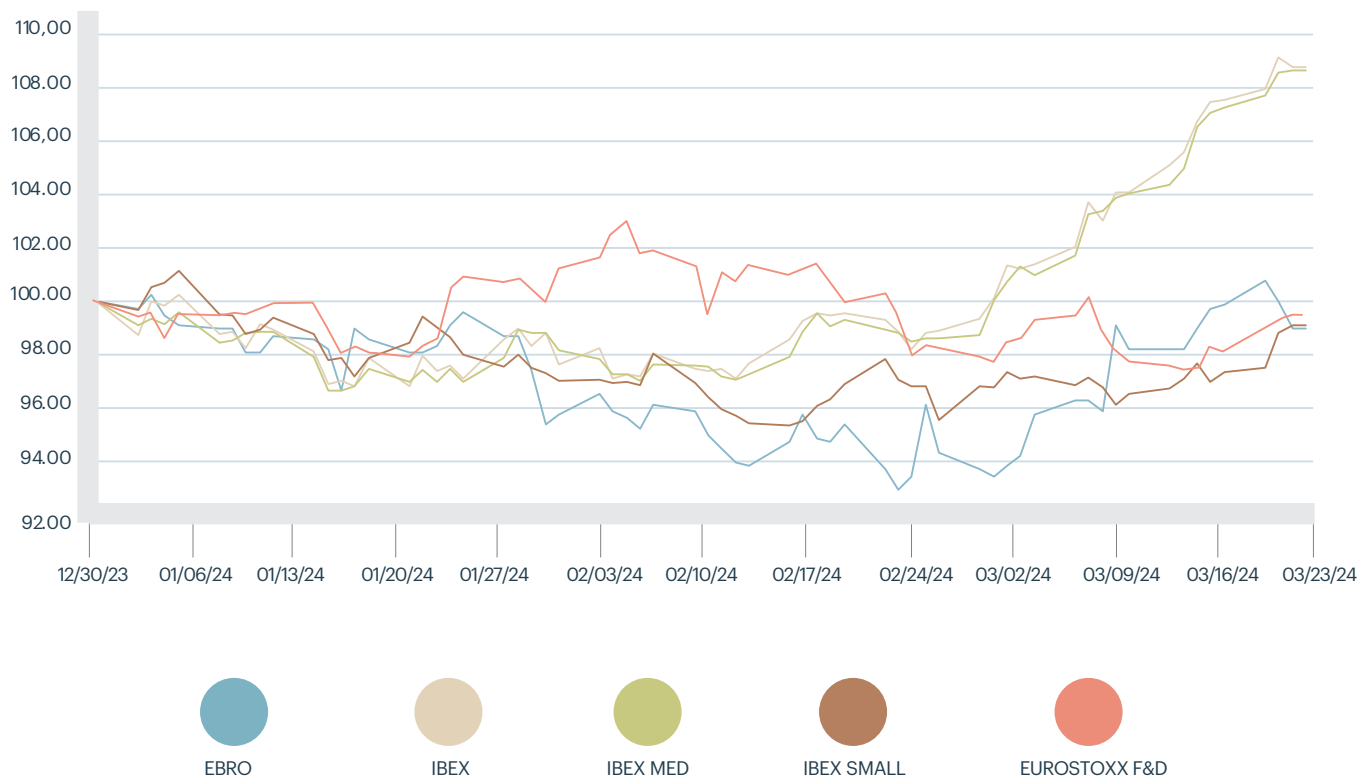
During 2023, the Ebro Foods Group share price appreciated by 4%. In the same period, the Ibex 35 increased by 20.7%, the Ibex Med by 15.5%, the Ibex Small by 8.8%, and the Eurostoxx Food and Beverage, an index which represents the main businesses within the European food sector, depreciated by 4.8%.

### Ebro vs Indexes in 2023



The average price of our share in 2023 was €16.15, closing at 29 December at €15.52. Share turnover was equivalent to 7.6% of the total number of shares in the company. So the average daily volume of trading in 2023 was 46,610 shares

### Ebro vs Indexes in 2024



If we look at share performance in 2024, at 28 March, the Ebro share had fallen by 1.0%, while Ibex 35 was up 8.8%, Ibex Med was up 8.7%, Ibex Small was down 0.8% and Eurostoxx Food and Beverage was down 0.5%.

### EBRO ANALYSTS

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

- \* Alpha Value
- \* Alantra
- \* Banco Sabadell
- \* Bankinter
- \* BPI La Caixa
- \* Exane BNP Paribas
- \* Fidentis Bestinvert
- \* GVC Gaesco
- \* Intermoney
- \* Kepler Cheuvreux
- \* Mirabaud
- \* Oddo BHF
- \* Renta 4
- \* Santander Investment
- \* UBS



At year-end 2023, the average rating by analysts gave EBRO a target price of EUR 19.52 euros per share, 20.5% higher than our market price at that date.

## **DIVIDENDS**

During 2023, an ordinary dividend of €88 million (€0.57 per share) was paid out of the profit for 2022. Thus, at year-end 2023 the dividend yield per share was 3.7%.

On 20 December 2023, the Board of Directors of Ebro Foods, S.A. unanimously resolved to table a motion at the forthcoming Annual General Meeting to distribute in 2024, based on the 2023 profits, an ordinary dividend of €0.66 per share in three payments of €0.22 per share: in April, June and October 2024 (€101.55 million). This proposal represents an increase in the dividend compared to 2023.

**NB:** *All the information on the ownership structure and governance of the company can be consulted in the Annual Corporate Governance Report.*



Business  
model



## 3. 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. Through a network of 34 subsidiaries, it operates in the principal rice and pasta markets in Europe, North America and South East Asia, with a growing presence in other countries.

The main mission of the Ebro Group is to research, create, produce and put on the market high value-added foods that satisfy people's nutritional needs while improving their health and well-being, endeavouring at the same time to secure a transparent, efficient, sustainable business model.

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. Our core business areas are:



- a. **Rice:** This covers the production and distribution of different rice varieties and their by-products and culinary supplements. The industrial and brand business follows a multi-brand model. 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.
- b. **Fresh and premium pasta:** This includes the production and marketing of premium dry pasta and fresh pasta. The fresh pasta business is conducted through the Ebro Premium Foods 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.

## GLOBAL PRESENCE

The Ebro Group operates through a portfolio of 81 brands in 63 countries, with industrial and commercial facilities in 16 of them. In the remaining 47 countries, we only engage in commercial activity. Our industrial park comprises some 80 sites, including production plants, offices and warehouses.

### List of countries with commercial and industrial presence

Argentina	Denmark	Italy	Spain
Belgium	France	Morocco	Thailand
Cambodia	Germany	Netherlands	United Kingdom
Canada	India	Portugal	United States

### List of countries with only commercial presence

Algeria	Cuba	Iceland	Mozambique	Switzerland
Angola	Curaçao	Ireland	Oman	Suecia
Austria	Czech Republic	Israel	Panama	Togo
Bahamas	Egypt	Jamaica	Peru	Tunisia
Bahrain	Estonia	Japan	Puerto Rico	United Arab Emirates
Bermuda	Finland	Jordan	Qatar	US Virgin Islands
Brazil	Ghana	Kuwait	Saint Martin	Yemen
Chile	Greece	Lebanon	Saudi Arabia	
Colombia	Haiti	Libya	South Africa	
Costa Rica	Hungary	Lithuania	Sweden	

## 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 most important markets, open to the incorporation of local 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 and minimising not only economic risks, including tax risks, but also legal, social and environmental risks.
- \* Seek a return on investment while guaranteeing the operational and financial soundness of our 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:

1. Search for **organic and inorganic growth** in countries with high levels of consumption and/or high growth potential.
  - \* Locate and develop new territories or categories, paying special attention to new fresh products, convenience foods 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 and service 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:
    - Seek 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).
    - Expand into new business segments within markets in which we are already present or markets with considerable potential for growth.

## 2. Differentiation and innovation.

- \* 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.

## 3. 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, we endeavour to secure: (i) balanced sources of recurring income (markets, currencies), (ii) low leverage so that we can grow without exposure to “financial turmoil”, (iii) new supply channels and (iv) long-term relations with our stakeholders (customers, suppliers, authorities, employees and society).

## 4. Implementation of sustainability throughout the entire value chain (“from the farm to the table”).

In our commitment to sustainable and responsible business management, we work with the aim of integrating sustainability in all our strategic decisions and operations. The Sustainability Plan RUMBO A 2030 [“HEADING TOWARDS 2030”] guides our actions throughout the entire value chain, from production to consumer experience. HEADING TOWARDS 2030 focuses on three main pillars of action:

- \* **People.** We implement specific plans to promote the well-being of our professionals at work, fostering continuous training and professional development to retain talent, seeking formulas to enhance their work-life balance, flexibility, equality, inclusion and diversity, and health and safety at work. Within this area, the Group also promotes different programmes and initiatives designed to foster respect for Human Rights, social welfare, equal opportunities, education and social and economic progress in the communities in which we operate.
- \* **Health and well-being.** Through our commitment to health we offer a broad array of 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.** With the aim of preserving and protecting the environment, we work actively to minimise the impact of both our production processes and our logistics and sourcing operations. In this regard, we collaborate with different stakeholders in sustainable agriculture programmes, paying special attention to mitigating and adapting to the effects of climate change, and we make a considerable effort to reduce our carbon footprint, promoting energy efficiency measures and the use of green energies, and developing different initiatives aimed at securing the Group’s transition towards a circular economy model, such as recycling packaging materials, replacing plastics, management of surplus food stocks and reusing and recycling waste.

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## VALUE CREATION: R&D&I

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R&D&I is particularly valuable to get ahead of the competition and develop unique products and technologies to anticipate and meet the needs of our customers and consumers, providing them with a broad array of differentiated, high value-added products.

**Note:** All the information related to “Value creation: R&D&I” can be consulted in section 8. Customers and consumers in the Social Responsibility and Sustainability Report, as well as in the Consolidated Annual Accounts, point 7. R&D&I activity, available on our corporate website.



Business areas

## 4. Business areas

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### GENERAL BACKDROP

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The economy performed better than initially expected in 2023. Growth did slow and there are still significant spots of inflation but the global economy avoided the dreaded stagflation and proved more resilient than anticipated. Existing geopolitical tensions (war in Ukraine) continued and were joined by new conflicts in the Middle East. Nevertheless, the job markets held up better than expected and the last savings buffers set aside by consumers during the pandemic, coupled with elimination of the bottlenecks created by the latter, gave global GDP growth a small boost.

The global economy is estimated to have expanded by 2.6% in 2023, performing unevenly from one economy to the next. The US beat all forecasts, delivering growth of 2.5%, compared to 1.9% in 2022, whereas growth in the European Union fell to 0.4% (2022: 3.4%), dragged down by the German economy, which contracted by 0.3%.

The slowdown in growth qualified as the sought-after “soft landing”, having controlled the worst of the surge in inflation in 2022. The main central banks, led by the Fed, persisted in raising rates until the summer, at which point they decided to pause their tightening for fear of provoking a recession.

The indicators out so far for 2024 suggest that the advanced economies continue to move at different speeds: production data, consumer confidence and employment point to hesitation in the eurozone, in contrast with strong momentum in the US, in line with the trend observed towards the end of 2023.

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### CONSUMER TRENDS

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With the pandemic behind us, some of the consumer trends it sparked (surge in e-commerce) remain with us, although the pace of transformation is slowing. Nevertheless, new events continued to shake the market - war in Ukraine, rampant inflation, the crisis in the Middle East - creating a sense of instability.

Inflation gave the hard discounters and private label brands a bigger share of the retail pie, marked by a growing number of sales outlets and increasing market share. This trend makes it virtually impossible to aspire to a presence at 100% of the retailers and current market sentiment makes it hard to defend prices.

Hospitality consumption has fully recovered. Despite inflation, the need to socialise, a hedonistic spirit and a taste for convenience continue to surmount budget restrictions.

The general trends pivot around:

### **Personalisation of the consumer experience, sustainability, health, pleasure and price**

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.

A number of desires are coming into play when shopping: products need to be healthy but also convenient and high quality. In parallel, demand for sustainable products is growing, little by little.

### **Social changes**

Although we are seeing many changes, price remains the key driver of spending decisions.

- a.** Demographic changes. The older generations have more power. The ‘baby boomers’ have transformed this segment of the population, which currently has greater purchasing power and different aspirations and needs (exercise and health) from those traditionally associated with this age group. At the same time, the younger generations (Gen Z) feed themselves very differently than their elders.
- 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, but they are not willing to pay a lot more for those attributes.
- 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.).

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.

The technology revolution has radically changed how brands are communicated. From the message to the medium. The emergence of influencers as a channel and of recommendations as a strategy have also changed how brands are managed. Advertising budgets are moving online, currently accounting for more than 50% of the Group’s campaigns. Lastly, the advent of artificial intelligence is set to imply a new revolution across the board.

### Geopolitical situation: conflict in the Middle East and war in Ukraine

More than two years on from the invasion of Ukraine by the Russian Federation on February 24, 2022, global uncertainty remains high. Since October 2023, the conflict between Israel and some of the regions around it has further undermined geopolitical stability and added more uncertainty to the financial and energy markets.

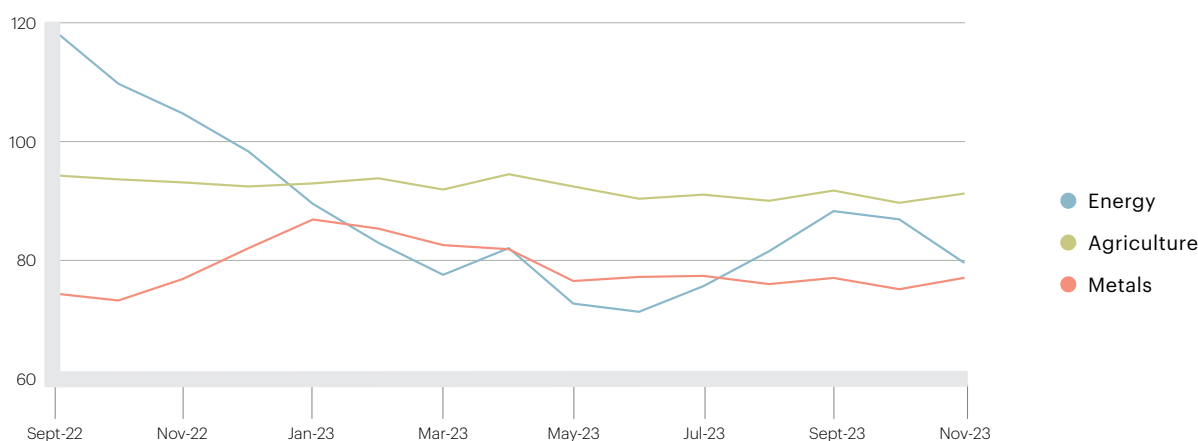
The difficulty in predicting how these conflicts will play out and their obvious geopolitical implications mean that it is not currently possible to reliably estimate what potential impact the denouement of the conflicts and the international response to them could have on the Group's businesses. These situations continue to affect the availability and prices of certain commodities (those in which Russia and Ukraine are leading global producers and exporters, such as wheat and sunflower oil), the price of energy and other essential products and exchange rates.

It is worth pointing out that the Ebro Group has proven particularly resilient in the face of such dramatic events. Thanks to the characteristics of the products it makes and sells and its geographic footprint, neither the value of its assets nor its ability to generate free cash flow suffered a material impact beyond the effects of the general economic situation.

### Commodity markets and transportation

Despite the geopolitical conflicts commented on above, the prices of the main commodities continued to trend lower in 2023 due to a drop in demand, albeit remaining above pre-pandemic levels.

**Commodity prices. Rebased 100 = February 2022**



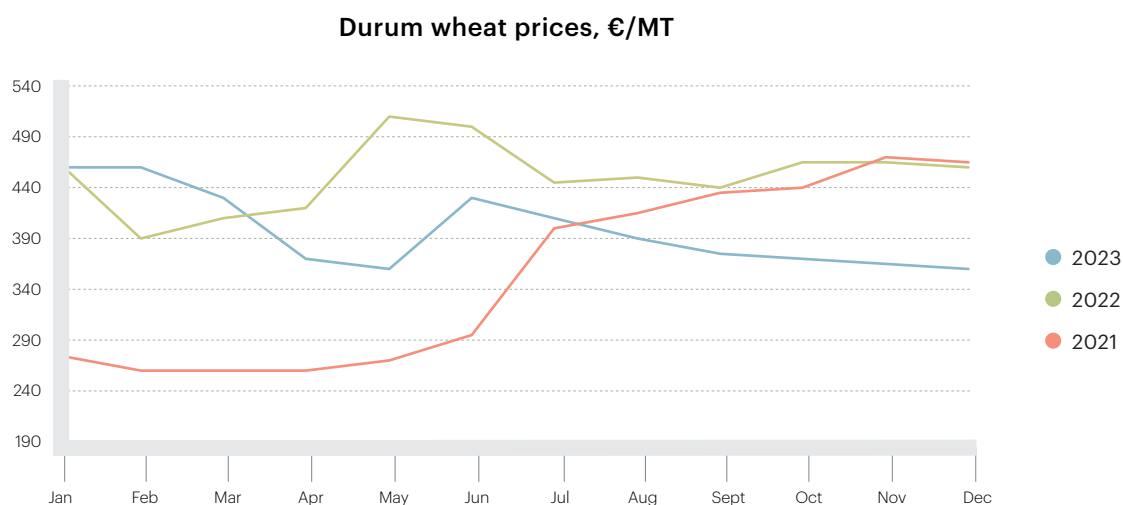
Source: World Bank

Energy prices, particularly oil prices, corrected considerably as demand in the main developed economies and China slumped on the back of lower growth. As a result, those economies were able to keep their gas reserves at over 90% of capacity. From the second half of the year on, oil prices were highly volatile as a result of announced production cuts by OPEC+ and the tensions unleashed in the Middle East.



Agricultural commodity prices trended lower in general, easing 9% for the year thanks to strong harvests and a modicum of stability around the conflict in Ukraine, which involves some of the world's largest producers. That downward trend contributed to a slight let-up in the food price index, although prices remained at historically high levels. Inflation, and the efforts made to curb it, triggered conflicts among the main market players (producers, industry and retailers) and governments, concerned about the higher cost of food staples.

Following an abundant and good quality 2022/23 harvest, durum wheat prices trended lower in 2023, ticking slightly higher for a time at the start of the 2023/24 out of fear of a poor harvest in Canada (the world's top exporter). Weakness across the main producer countries was partially offset by an abundant crop in Turkey, which has emerged as the world's second-largest exporter of durum wheat. Nevertheless, prices remain significantly above the average for the last 10 years and carryover stocks remain at record lows.

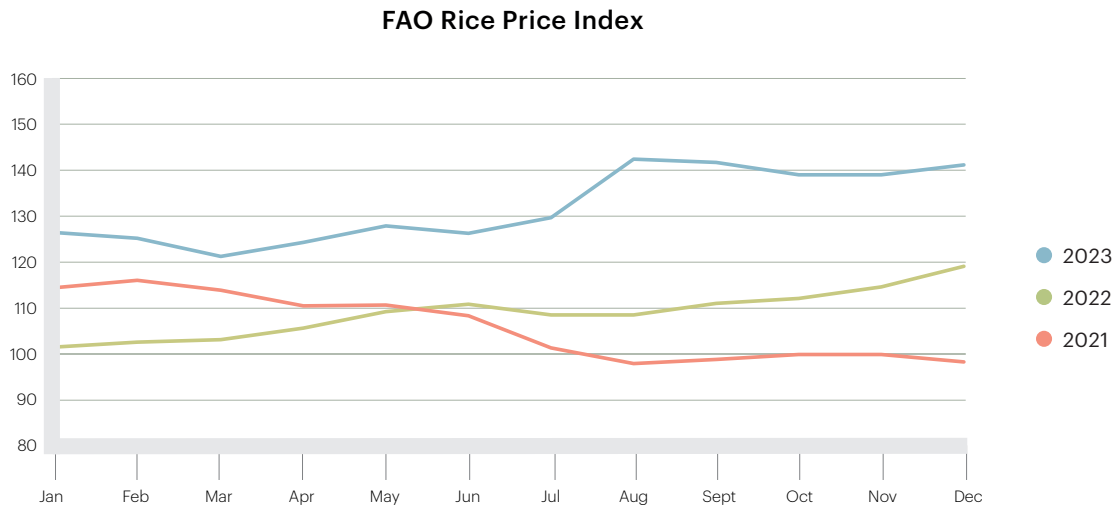


Source: Terre.net and Ebro data

In contrast to the generalised downtrend in the prices of the agricultural commodities of greatest importance to global trade, and specifically within the grains category, rice prices increased by an average of 21% in 2023, even though the global harvest was as strong as in recent years. The main catalyst for the price increases were the restrictions placed on exports by certain producers in Southeast Asia driven by: i) fears about the effects of El Niño on the new harvests; ii) inflationary pressures on inputs; and iii) the alarm caused by the growth in the prices of staple foods in less developed economies.



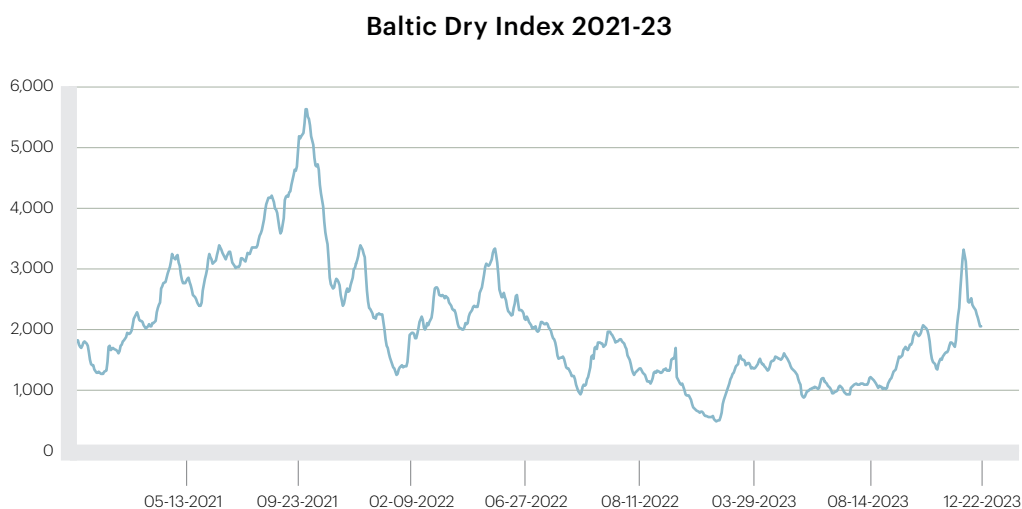
The chart below depicts the trend in the FAO international farm-gate rice price index for the last three years, showing an average for the most popular varieties of this grain.



Source: FAO

The 2022/23 rice harvest was strong once again. According to data published by the Food and Agriculture Organisation (FAO), production was an estimated 521 million tonnes of white rice equivalent, slightly below the previous harvest (526 million tonnes). The forecast for 2023/24 is for a further increase to 525 million tonnes but prices remain tight, albeit varying by variety: Indica rice prices have been trending higher and fragrant and long-grain American rice prices have been trending lower in recent months.

Lastly, shipping costs, which have a significant impact on the cost of rice sourced from Southeast Asia, were pretty volatile, having hit lows in early 2023 (refer to the chart below), as a result of two developments: i) the drought affecting the area around the Panama Canal, forcing a reduction in traffic via this route; and ii) conflict in the Persian Gulf, forcing route changes at the end of the year.



Source: Baltic Dry Index

## CONSOLIDATED GROUP

### Average headcount employees

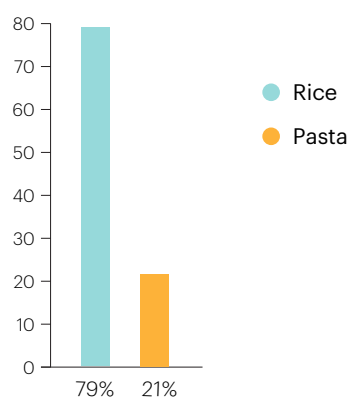
6,457



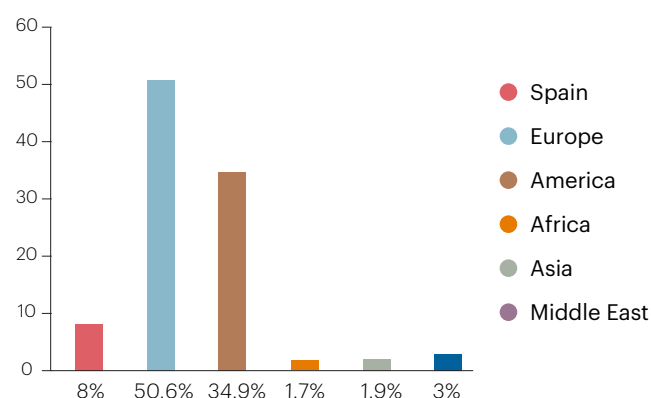
### Sales

€3,084.5 mill.

#### By business areas



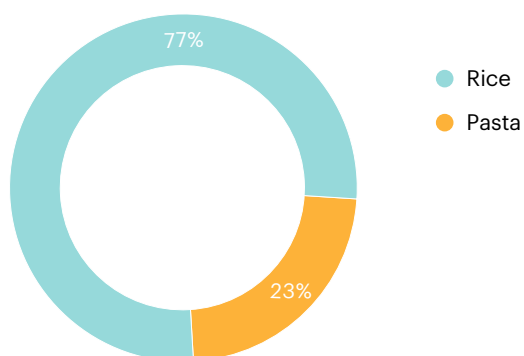
#### By geographical areas



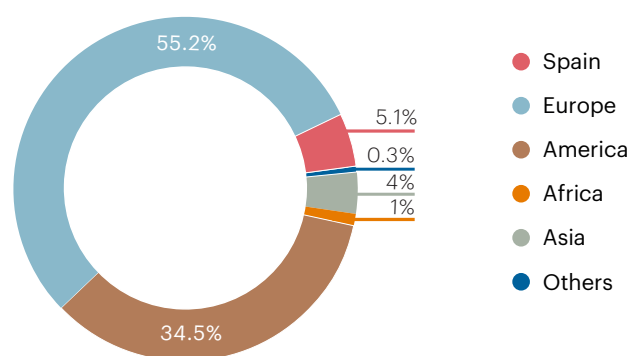
### EBITDA-A

€387,1 mill.

#### By business areas



#### By geographical areas



The Group's key financial indicators are presented below:

STATEMENT OF PROFIT OR LOSS	2021	2022	2022/2021	2023	2023/2022	CAGR 2021-2023
Revenue	2,427,068	2,967,672	22.3%	3,084,457	3.9%	<b>12.7%</b>
Advertising	(75,474)	(77,161)	(2.2%)	(86,314)	11.9%	<b>6.9%</b>
<i>As a % of revenue</i>	(3.1%)	(2.6%)	(2.2%)	(2.8%)		
EBITDA-A	301,860	334,622	10.9%	387,171	15.7%	<b>13.3%</b>
<i>As a % of revenue</i>	12.4%	11.3%		12.6%		
EBIT-A	207,295	233,599	12.7%	284,297	21.7%	<b>17.1%</b>
<i>As a % of revenue</i>	8.5%	7.9%		9.2%		
Profit before tax	198,731	185,807	(6.5%)	273,857	47.4%	<b>17.4%</b>
<i>As a % of revenue</i>	8.2%	6.3%		8.9%		
Income tax	(53,512)	(50,242)	6.1%	(68,846)	37.0%	<b>13.4%</b>
<i>As a % of revenue</i>	(2.2%)	(1.7%)		(2.2%)		
Profit for the year from continuing operations	145,219	135,565	(6.6%)	205,011	51.2%	<b>18.8%</b>
<i>As a % of revenue</i>	6.0%	4.6%		6.6%		
Profit after tax from discontinued operations	105,027	(917)	(100.9%)		(100.0%)	<b>(100.0%)</b>
<i>As a % of revenue</i>	4.3%	0.0%				
Profit attributable to equity holders of parent	238,629	122,059	(48.8%)	186,964	53.2%	<b>(11.5%)</b>
<i>As a % of revenue</i>	9.8%	4.1%		6.1%		

STATEMENT OF FINANCIAL POSITION	31.12.21	31.12.22	2022/2021	31.12.23	2023/2022
Equity	2,101,627	2,164,438	3.0%	2,185,159	1.0%
Net debt	504,723	762,635	(51.1%)	570,404	25.2%
Average net debt	865,418	645,809	25.4%	657,683	(1.8%)
Leverage (3)	41.2%	29.8%		30.1%	
Total Assets	3,938,622	3,900,216	(1.0%)	3,871,565	(0.7%)

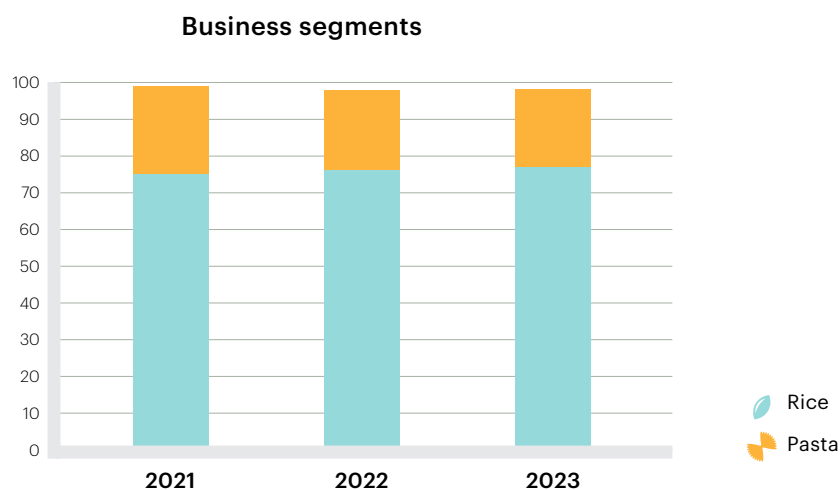
	31.12.21	31.12.22	2022/2021	31.12.23	2023/2022
Average working capital	662,058	925,501	(39.8%)	942,499	(1.8%)
Average capital employed	2,060,319	2,228,932	(8.2%)	2,255,729	(1.2%)
ROCE (1)	10.1	10.5		12.6	
Capex (2)	120,035	118,808	(1.0%)	141,670	19.2%
Average headcount	6,440	6,293	(2.3%)	6,323	0.5%

- (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 purpose, of which 11 (2021) million correspond to discontinued operations
- (3) Leverage = Ratio of average net interest-bearing debt to equity (excluding non-controlling interests)

In keeping with the International Financial Reporting Standards, the results of the dry pasta business in France until the sale of that business closed in 2021 and the net gain recognized on that sale were presented within discontinued activities on the consolidated statement of profit or loss for that year and the prior reporting period. The information provided in this management report reflects that circumstance, unless expressly stated otherwise.

Group **revenue** increased by 3.9% from 2022, implying average annual growth over the last three years of 12.7%. That growth was driven mainly by the gradual price increases pushed through in 2022 in response to the increased cost of the Group's main raw materials. The new prices, subject to slight adjustments in the form of promotions and discounts, benefitted revenue for all of 2023. The sale of Roland Monterrat in June 2022 reduced revenue by approximately 28 million euros, while exchange rate trends reduced the topline by 30 million euros.

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



The split by business segment was stable. The rice business accounted for 77% of the total. By destination, approximately 34% of sales were generated in North America with the UK and Italy commanding growing shares thanks to momentum around the Tilda (rice) and Garofalo (pasta) brands.

**EBITDA-A** increased by 15.7% in 2023 (average annual growth of 13.3%) and the margin recovered on the back of the price increases. EBITDA-A includes 4.7 million euros of negative exchange rate effects.

Earnings momentum was very positive across all line items, clearly outperforming recent years. 2023 marked a year of record earnings in all business lines on a like-for-like basis (without considering the net profits of discontinued operations).

That earnings record came despite the run-up in the price of rice and other relevant materials such as potato flakes and dairy derivatives (mitigated in part by the easing in durum wheat prices) and in other major cost categories, including energy and logistics.

**Profit before tax** registered annual growth of 47.4%. 2022 earnings were negatively affected by the sale of Roland Monterrat (refer to note 5 of the accompanying consolidated financial statements) and exchange losses.

**Profit after tax from discontinued operations** includes the net profit of the activities classified as discontinued and the gains recognized (in 2021) on the sale of the dry pasta businesses in North America and France.

**ROCE-A** (not restated) improved from prior years thanks to the growth in earnings. The reduction in the working capital requirement sustained in the second half of 2023 has still to fully impact the averages used in this calculation.

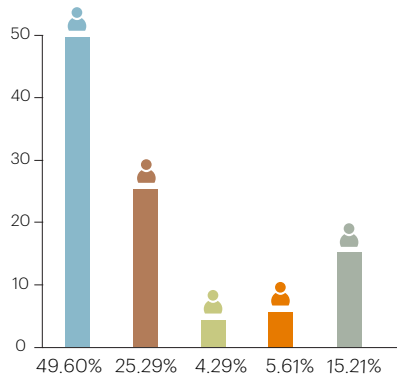
## RICE AREA

Average headcount employees

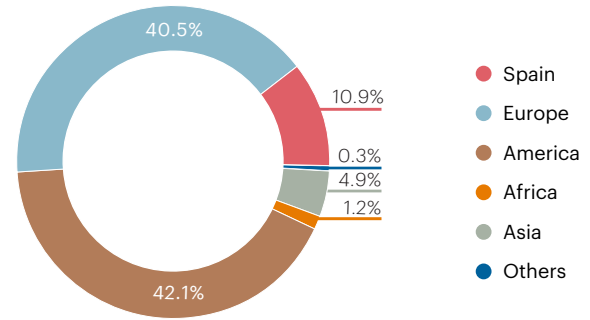
4,524

EBITDA by geographical areas

€311 mill.



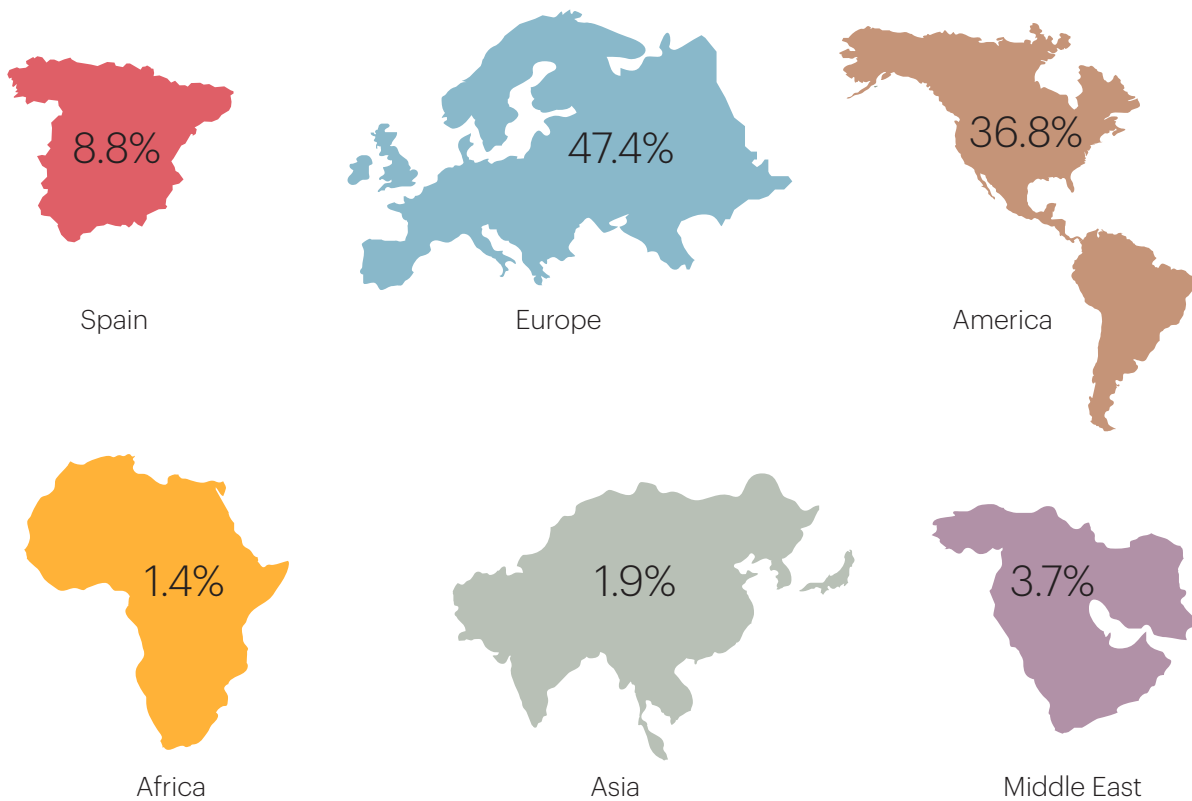
- Europe
- North America
- South America
- Africa
- Asia



- Spain
- Europe
- America
- Africa
- Asia
- Others

Sales by geographical areas

€2,443.7 mill.



STATEMENT OF PROFIT OR LOSS (000€)	2021	2022	2022/2021	2023	2023/2022	CAGR 2021-2023
Revenue (*)	1,858,919	2,329,486	25.3%	2,443,719	4.9%	<b>14.7%</b>
Advertising (*)	(43,789)	(53,898)	(23.1%)	(56,890)	5.6%	<b>14.0%</b>
	<i>As a % of revenue</i>	<i>(2.4%)</i>	<i>(2.3%)</i>	<i>(2.3%)</i>		
EBITDA-A (*)	247,680	289,830	17.0%	310,988	7.3%	<b>12.1%</b>
	<i>As a % of revenue</i>	<i>13.3%</i>	<i>12.4%</i>	<i>12.7%</i>		
EBIT-A (*)	189,087	222,664	17.8%	242,950	9.1%	<b>13.4%</b>
	<i>As a % of revenue</i>	<i>10.2%</i>	<i>9.6%</i>	<i>9.9%</i>		
Capex (*)	74,246	71,152	(4.2%)	100,122	40.7%	<b>16.1%</b>

(\*) Having sold the dry pasta business in France, the operations and the earnings of the rice business in that country, which had been included under the pasta segment until 2021, have been reclassified to the rice business for all reporting periods covered.

Despite the fact that the rice harvest remained generous, the prices of the Indica varieties increased successively due to the export restrictions imposed by India, which in recent years has been the largest exporter of rice. Those restrictions, which remain in place, affect non-basmati white and broken rice. India also levied a minimum price on basmati rice exports to prevent a loophole around the restrictions on the other varieties.

Spanish production continued to be affected by the drought and watering restrictions on rice-growing in the Guadalquivir basin, which the Group circumvented by increasing procurement from other parts of Spain and other international rice markets, very notably from Argentina.

In the US, the trend shifted, with the planted acreage increasing after years of shrinkage. That increase was particularly noteworthy in Arkansas and California (where the Group has a presence since it acquired InHarvest), where production increased by 30% and 101%, respectively, from 2022.



## US harvest prices

\$/CWT	23/24 (*)	22/23	21/22	20/21	19/20
Average price	17.8	19.2	16.1	14.4	13.6
Long grain	16	16.7	13.6	12.6	12
Medium grain	23.3	29.4	24.8	20.1	17.8

(\*) Estimate  
August-July  
(Source: USDA)

**Revenue from sales** increased by 4.9%, thanks to the full-year effect of the price increases, which have since been adjusted slightly in some products where farm-gate prices have eased. Volumes were flat, losing a small amount of share to private-label brands in the less sophisticated products. The healthy trend in sales volumes reflects an astute pricing policy as a result of individual product / customer analysis.

Elsewhere, the Group continues to focus strategically on the products that are leading the market's growth: quality fragrant varieties and quick-to-prepare formats, by: i) adding production capacity in the US and Europe; ii) constant product and recipe innovation; and iii) service excellence.

**EBITDA-A** increased by 7.3% from 2022, despite negative exchange rate effects of 4.1 million euros. That growth came about despite a significant increase in advertising and channel marketing expenditure designed to fine-tune the price increases.

In addition to the pass-through of higher rice costs to end sales prices, profits also benefitted from a more favourable trend in other inputs, including energy and logistics costs, the latter of growing importance with respect to a considerable portion of the volume of rice sold.

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** increased, reflecting: (i) the strategic commitment to higher-growth business lines (microwaveable rice in the US and Spain); (ii) productivity gains in packaging; and (iii) the commitment to using renewable sources of energy (new photovoltaic plants) and alternative sources of supply (expansion of the Argentine facilities).





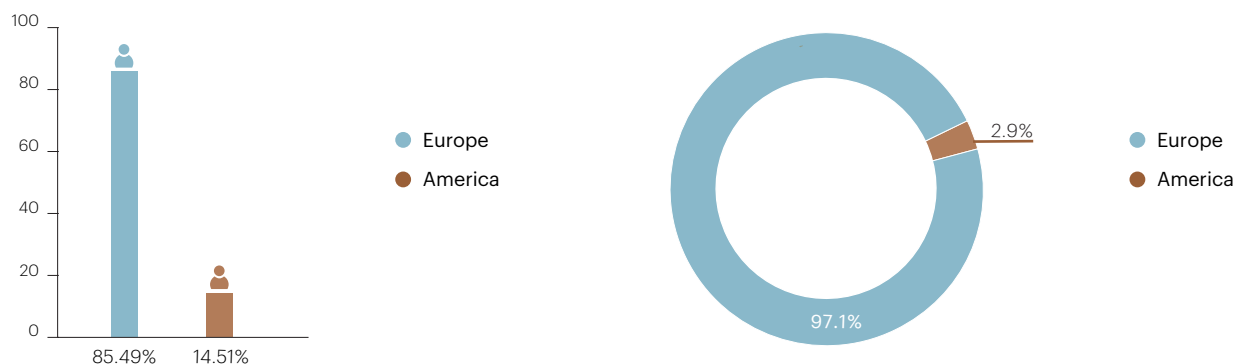
## PASTA AREA

Average headcount employees

1,813

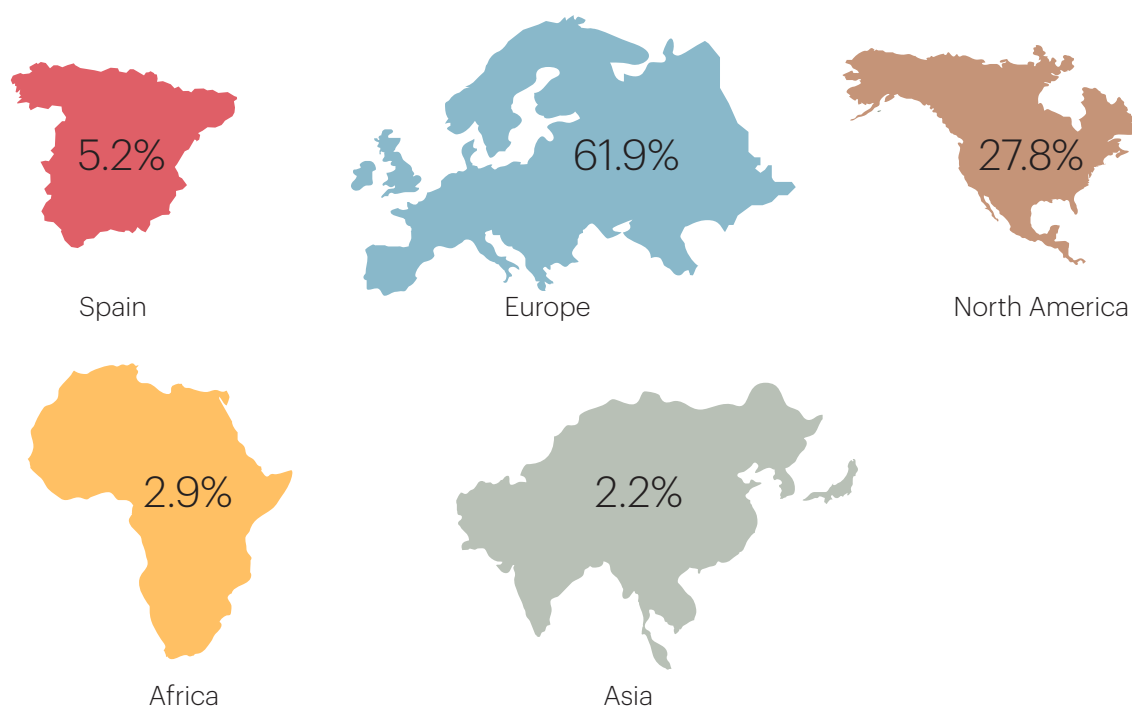
EBITDA by geographical areas

€90.4 mill.



Sales by geographical areas

€652.2 mill.



STATEMENT OF PROFIT OR LOSS (000€)	2021	2022	2022/2021	2023	2023/2022	CAGR 2021-2023
Revenue (*)	590,781	651,545	10.3%	652,220	0.1%	5.1%
Advertising (*)	(33,181)	(24,904)	24.9%	(31,521)	26.6%	(2.5%)
	<i>As a % of revenue</i>	<i>(5.6%)</i>	<i>(3.8%)</i>	<i>(4.8%)</i>		
EBITDA-A (*)	68,825	58,478	(15.0%)	90,435	54.6%	14.6%
	<i>As a % of revenue</i>	<i>11.6%</i>	<i>9.0%</i>	<i>13.9%</i>		
EBIT-A (*)	34,447	26,330	(23.6%)	57,261	117.5%	28.9%
	<i>As a % of revenue</i>	<i>5.8%</i>	<i>4.0%</i>	<i>8.8%</i>		
Capex (*)	45,266	46,222	2.1%	40,416	(12.6%)	(5.5%)

(\*) Having sold the dry pasta business in France, the operations and the earnings of the rice business in that country, which had been included under the pasta segment until 2021, have been reclassified to the rice business for all reporting periods covered.

Durum wheat prices trended lower all year long, shaped by a better 2022/23 harvest. The improvement in the cost of this business's main raw material (which remains at the high end of the historic range) contrasts with the increase in the cost of the other two materials of growing importance in this business: (i) potato flakes, which are used to make gnocchi; and (ii) dairy derivatives, used in the production of filled fresh pasta.

In 2023, revenue increased by just 0.1%. Note, however, that in 2022, the business sold by the Group that year, Roland Monterrat, contributed 28 million euros to the pasta business's topline. Prices were kept flat in 2023, having priced in the impact of higher costs in 2022, enabling the Group to defend its business volumes and restore the margins lost the year before.



### By market:

- a. In France, the fresh pasta market grew by 5.0% by volume and 13.9% by value. The Group's brands increased their market share to 51.8% by volume (Nielsen 52-week tracker). The pan-fry gnocchi range, in which the Group commands a clear leadership position, remains the key market growth driver, with business volumes increasing by 10% from 2022.
- b. Growth continued at Bertagni: +7% by value and +4% by volume year-on-year. Prices were adjusted definitively at the start of the year, which had a small negative impact in the first half, which was made up for in the second half of the year.
- c. In Canada, the market contracted by 5.6% by volume but grew by 2.1% by value, buoyed by the sharp increase in prices since 2022. Olivieri held onto its leadership grip with a market share of 54.5% by value (Nielsen FDM 52-week tracker). Pan-fry gnocchis continued to spearhead the growth (sales volumes have tripled in four years) so that the Group continued to add new capacity in this product category.
- d. The Italian dry pasta market was flat in terms of volumes in 2023, expanding by 8.5% by value. The Garofalo brand followed the market, defending its share of 6.6% by volume (Nielsen 52-week tracker), withstanding a complex price scenario.

**EBITDA-A** jumped by 54.6%. A marked return to profitability. Cost stabilisation meant that the price adjustments made in 2022 restored the profitability lost. Note that profitability improved in both the fresh and dry pasta segments.

**Capex** (not restated, with 11 million euros corresponding to discontinued operations in 2021) was relatively stable, with the investment thrust concentrated on the expansion of capacity at the gnocchi factories and improvements in packaging and energy efficiency.