



OUR GROWTH

performance and innovation

Goals for improvement

Mark customer interests and new contacts, especially in the food sector, for product research and innovation

I NOSTRI NUMERI



- **More than 900 million €** economic value generated
- **More than 865 million €** economic value distributed
- **Over 13 million €** in staff remuneration
- **More than 4 million €** in contributions for investments and research and development

SDGs: 8

3.1 Economic results and value created

The Economic Value added and shared represents the wealth created by the company in carrying out its activities. More specifically, the Economic value generated is one of the elements to take into consideration for evaluating the economic and social impact of the Company, as well as the wealth generated and shared to some categories of subjects who concurred to produce it, and/or are in any case one of the main stakeholders of the Company itself. Withheld value, on the other hand, represents the portion of economic resources withheld within the Company for its own maintenance and sustainability over time.

In 2020, the Cereal Docks Group produced more than 900 million euros of economic value, most of which is classified within the revenue, and shared more than 865 million euros, including more than 13 million for staff salaries.

During 2019, with reference to investments, research and development, 52.376 euros refer to European contributions in support of the Romanian company Cereal Docks East Europe, while during 2020 the amount is 708.290 euros. All other subsidies come from the Italian government.

ECONOMIC VALUE ADDED, SHARED (EURO)

	2018*	2019	2020
REVENUE	876.726.080	558.060.519	874.169.449
FINANCIAL INCOME	590.492	294.649	1.378.268
OTHER REVENUE/CHARGES	19.686.531	14.262.900	26.371.313
TOTAL ECONOMIC VALUE GENERATED	897.003.103	572.618.068	901.919.030
OPERATING COSTS	815.391.371	521.508.205	843.258.314
SALARIES	9.800.608	7.676.406	13.627.751
CREDIT AND RISK CAPITAL	1.793.777	2.471.007	2.317.041
TAXES AND DUTIES	15.766.797	8.770.048	5.112.936
ASSOCIATION MEMBERSHIP FEES	391.072	256.695	1.042.486
TOTAL ECONOMIC VALUE SHARED	843.143.625	540.682.361	865.358.528
ECONOMIC VALUE WITHHELD BY THE GROUP	53.859.478	31.935.707	36.560.502

TOTAL VALUE OF FINANCIAL ASSISTANCE RECEIVED (EURO)

	2018	2019	2020
TAX CUT OR TAX CREDITS	18.213	-	26.432
DUE ON INVESTMENT, RESEARCH AND DEVELOPMENT AND OTHER TAXES	3.898.721	1.261.679	4.181.399

*2018 from 01.01.2018 to 31.12.2018 - 2019 from 01.01.2019 to 31.08.2019 - 2020 from 01.09.2019 to 31.08.2020

3.1 Economic results and value created

In the Cereal Docks Group, the Chief Financial Officer (CFO) is in charge of the fiscal management in terms of direct and indirect taxation, stating the tax charge on the basis of current legislation, possibly relying on external consultants for especially complex or new issues. In the event of significant changes in tax legislation, which could lead to tax savings, the CFO exchanges information with the governing body so that it is informed and can, if necessary, take this into account when developing strategies, especially investment strategies. The tax variable however is not a determining factor in strategic decisions; it is limited, if needed, to seeking the most advantageous tax solutions once the development strategy has been decided. For the companies subject to statutory audit, i.e. Cereal Docks Spa, Cereal Docks International Spa, Cereal Docks Marghera Srl, Cereal Docks Food Srl and Demethra Biotech Srl, the declarations relating to IRES and IRAP taxes are subject to verification and signature by the auditor or board of statutory auditors.

Operational management in the VAT area is split among different parties, with the executive part being separated from the controlling part. The direct taxation (IRES and IRAP) is also managed by the CFO. Relations with the customs authorities for imported products (soya, cereals, oil) or products subject to excise duty (oil and self-produced electricity), concerning the plants in Camisano, Portogruaro, Porto Marghera Via Righi and Via Banchina Molini, are handled by staff with expertise in this area.

In the future, we may be interested in being involved with the tax authorities, which is currently precluded as it is limited to larger companies. Along these lines, during the financial year 01/09/19-31/08/2020, Cereal Docks Spa has achieved the qualifications of AEO and Authorized Exporter, which facilitate and simplify the customs operations and has started the application for obtaining the "Approved Location" for the plant of Via Ca' Marzare in Camisano (also in view to simplify the export operations).

The tax jurisdictions concerned are Italy and Romania, the last one for Cereal Docks East Europe only.

In 2018, the Cereal Docks Spa Group exceeded the revenue limit of €750.000.000 from which, as of the following tax period, the Country by Country Report obligation arises. Accordingly, the first Country by Country Report was issued for the period 01/01/19-31/08/19.



3.2 Research, Innovation and Informatization

The Cereal Docks Group feels a strong sense of responsibility for its role in the agri-food sector, which today is increasingly called upon to invest in sustainable innovation, especially at the urging of consumers who care about their health and that of the planet.

In 2020, the Group set up the Research and Innovation department, with dedicated resources and skills in synergy with other corporate functions dealing with research and innovation applied to processes and products. This model provides an effective way of assessing the real impact of research in terms of applicability, consolidation and business expansion.

DURING THE THREE-YEAR PERIOD 2018-2020 CEREAL DOCKS GROUP HAS INVESTED IN THE FOLLOWING AREAS:



Functional ingredients

Based on customer needs, there has been a focus on the development of innovative functional ingredients with the aim of contributing to the improvement of human nutrition in a context of food safety and environmental sustainability.



Upcycling and circular economy

The activities focus on enhancing the value of products and by-products in the agri-food chain to transform production waste into useful and sustainable resources again, both for human and animal nutrition.



Digital transformation

To support and boost agricultural suppliers towards processes of digital transformation and automation of production.



Green chemistry

This is the research for sustainable production techniques to identify bioprocesses and bio-transformation aimed at obtaining environmentally sustainable materials and bio-based building blocks.

3.2 Research, Innovation and Informatization

SOLAR IMPULSE EFFICIENT SOLUTIONS

Cereal Docks' bioplastic has been selected as one of the "Solar Impulse Efficient Solutions", as one of the thousands of technological solutions able to help reducing environmental impact through solutions of industrial and commercial interest, as well as technical. It is a new sustainable plasticizer that is biological, biodegradable, safe for human health and the environment. Cereal Docks' bioplastic offers a wide range of applications, from coffee pods, shoes, cables to automotive and many others.

SCIENTIFIC AND INNOVATION COMMITTEE (CO.S.I)

To support the research and innovation process, in 2019 Cereal Docks Group established its own Scientific and Innovation Committee (CO.S.I) made up by internal staff members related to both Quality and Research and Development, with cross-cutting advisory and propositional functions on innovation issues. The CO.S.I. plays a key role in all the company's activities and in particular it aims to:

- **Create a favorable context for spreading innovation**
- **Boost lateral thinking**
- **Create a system for activities, projects and knowledge**
- **Encourage the growth of the community**
- **Explore new ideas**
- **Start collaborations and seize new opportunities**



Evento online
CO.S.I PRESENTS

“Bringing Innovation to the Table. The role of Food Research and Technology, after the Pandemic and toward a new normality”.

The event organized by the Scientific and Innovation Committee of Cereal Docks Group in October 2020 has opened a very popular debate on the role of scientific research and technologies to bring more safety, quality, traceability, taste, health and sustainability to the table.

3.2 Research, Innovation and Informatization



DEMBIOTECH, MODEL OF GREEN TECHNOLOGY

The laboratories and production plant of DemBiotech are located within the headquarters of Cereal Docks Group, in over 10,000 square meters designed according to standards that meet the most advanced criteria of green technology.

Founded in 2016, the company is specialized in research and development of active ingredients from in vitro plant cultures, to be used as ingredients in the health care and beauty care sectors.

Thanks to the know-how and passion of its researchers, the company has developed CROP (Controlled Release of Optimized Plants), a proprietary and innovative biotech platform, based on the in vitro plant culture technique, which uses cellular totipotency, a feature that gives plants the ability to replicate and reproduce starting from a simple fragment of plant tissue.

Once the Mother Plant has been selected, DemBiotech takes a leaf, a seed or a bud. From this small portion of tissue, through CROP, it is possible to obtain the same phytocomplex present in the plant grown with traditional methods, but reaching higher standards in terms of quality, safety, standardization, availability and sustainability.

CROP guarantees high standardization, free from seasonal variations, seasonal availability and free from geographical limits, together with a high safety profile, greater eco-sustainability and total respect for biodiversity. This platform also represents the absolute shortest supply chain: from cultivation to the final product, everything takes place in the same highly automated plant.



3.2 Research, Innovation and Informatization

OUR IT FUNCTION

During the three-year reporting period, the IT function has seen strong development in terms of projects, resources and skills.

In 2019, the office was enriched with a new member, completing the structure that is now composed as follows: an IT manager, two senior application specialists, two senior system specialists.

Today the department can count on an ERP SAP management system that manages over 90 users and more than 20 departmental application systems. The office also manages the following equipment:

- 70 network devices and 20 firewalls
- 280 pc/notebooks across 10 locations
- 20 physical servers and 140 virtual servers
- over 100 mobile devices
- 12 data connections

In one year, the department handles over 2,000 requests and provides service to over 200 users.

THE THREE-YEAR PROJECTS

2018-2020, new data centers: 2 extra server rooms, one for each of the two locations in Camisano Vicentino, to assure the flow of management and production processes; implementation of a server room in the headquarters of Portogruaro

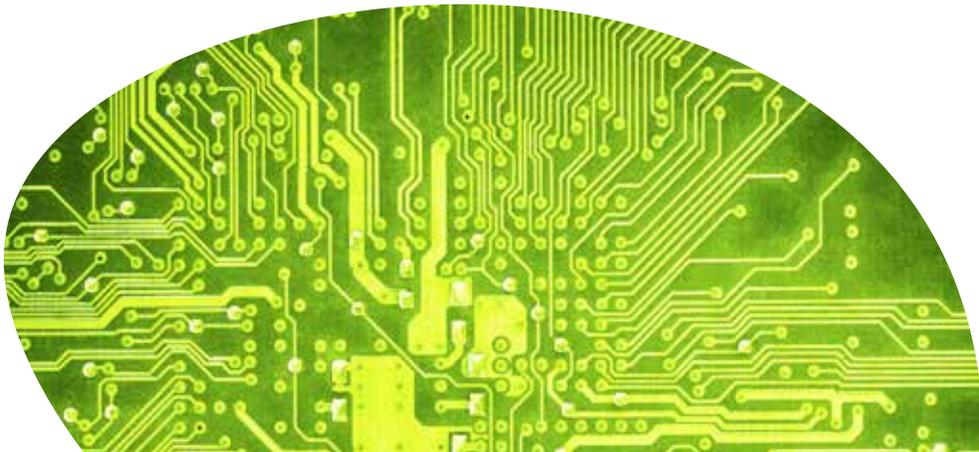
2019, introduction of new cybersecurity tools with email filtering systems (1.5 mln messages filtered on average each year) and monitoring of workstations

2019-2020, implementation of new data connections to increase communication performance, specifically increased bandwidth and adoption of new fiber/4g/radio bridge technologies

2019-2020, computerization of the weighing systems in the logistics offices: a software for the booking and management of incoming/outgoing material has been introduced, creating a real-time interface with the SAP management system

2019-2020, reporting review: implementation of business/directional dashboards through the adoption of the mobile business intelligence platform that allowed aggregation of all macro information related to the business able to navigate in detail

2020, during the COVID-19 lockdown, the IT structure managed to guarantee the smart working service in complete safety to all its users, thanks to the technological innovation process that had already been launched (notebooks and integrated voice in PCs) and the increase in services (new data centers, higher internet connection bandwidth).



3. OUR GROWTH

3.2 Research, Innovation and Informatization

OPEN INNOVATION

Innovation is one of the most important drivers of the growth strategies in Cereal Docks Group. This commitment is developed inside, thanks to the Research and Innovation department and outside, in a logic of open innovation, thanks to a network of collaborations and partnerships including universities, prestigious research institutions, the ecosystem of start-ups, innovative business networks.

**FOODTECH
ACCELERATOR**

FoodTech Accelerator

is an acceleration program for startups at international level, vertical on FoodTech, coordinated by Deloitte and of which Cereal Docks is corporate partner. The goal is to accelerate startups potentially able to impact in the processes of the core business of corporate partners and / or the development of new business outside the company perimeter.



Mantegna Campus, your dissertation in the company

Mantegna Campus is an idea of Mantegna Academy, the Group's business school. The course aims to bring the university closer to the business world by offering young people an opportunity for training and research. Students on selected master's degree courses enter the Research and Innovation team for 6 months, where they can develop a scientific study aimed at preparing their thesis on a topic of interest to the company.



Regional Innovative Network RIBES-Nest

Cereal Docks adheres to RIBES-Nest, the regional innovation network for health ecosystem and smart food. It includes 9 research institutions and 47 large, medium and small size companies, with a 8 billion euros estimated turnover and more than 12 thousand employees.

