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3. Strategic background

We give life more flavor with the responsibility of being the leading non-alcoholic beverage company in Portugal, and the ambition of establishing ourselves as a company of international reference.





3.1 Global trends

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Consumer trends

We are a consumer-centric company, we listen carefully to what the consumers tells us and map the main food insights and trends that contextualize our business.

The year 2023 emerged as a turning point. After three long years of challenges and uncertainties, this was the first year without any restriction on life as we knew it before the pandemic, which contributed to the acceleration of some macro-trends, such as the concern for health and well-being and/or sustainability.

Health, well-being, and sustainability

Consumers are increasingly aware of their health and are looking for more practical, tasty, and healthier options, products with less sugar and with natural ingredients, preferably of national origin. They are equally attentive to the sustainability of production and the products sold.



Proximity

The acceleration of digitalization and physical distancing during the pandemic have also caused a greater need to strengthen relationships with those we value most, which is evident, for example, in the search for more moments with family/friends, many of which at home.

Affordable prices

The wars in Ukraine and in the Middle East have increased concerns regarding the economic context, with a loss of purchasing power caused by rising inflation, which has led, in part, to a retraction in consumption in some categories or replacement by cheaper brands.



Strong and trusted brands

In this context, people expect the strongest, leading brands to be able to understand their needs and come up with appropriate and innovative solutions, whilst maintaining quality regardless of the challenges that the context presents.

Market trends

We are strongly aware of the need to balance the respect for the environment with the needs of our consumers.

Given to consumer concerns and desires, markets are constantly changing and adapting. The Covid-19 pandemic and the concerns it raised caused the market to develop faster to offer what consumers were looking for.

In recent years, we have witnessed the transformation of several products in accordance with market trends, such as the reduction of sugar, the sustainability of production and marketed products, the reduction of dyes and preservatives in food products or healthier recipes.

Regarding the non-alcoholic beverages and food sector in Portugal, the main operators have been adapting existing products and developing new ones, favoring national ingredients in production, more sustainable production, and marketing methods, creating products that meet a healthy lifestyle, that respect consumers' concerns and develop sustainable values and principles as expected.

Using natural and national ingredients in the conception of beverages, developing offers for a more demanding consumer and being more transparent about the origin and history of the product, are the trends that will dominate the market, both nationally and internationally, in the coming years, and will be seen as value-adding by consumers.



At the same time, there are other challenges that the Portuguese market faces and that have a direct impact on the non-alcoholic beverages sector, particularly, the rupture of raw-material stock due to the unavailability of fruit raw-materials, the high price of energy and the regulated contexts associated with sugars and environmental sustainability, specifically in terms of the circularity of packaging.



3.2 Strategic pillars 23-25

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The year 2023 marks the beginning of a new strategic cycle at Sumol Compal.

The strategy defined for the 2023–2025-time horizon is the result of a decision process, which considered not only the current context, but also risks and trends in the food and beverages sector.

This strategy clearly defines the strategic categories and brands in which we intend to focus on and invest in during this three-year period, as well as the markets in which we intend to do so. It stands out for its commitment/objective to create value with brands, having a positive impact on the lives of customers, consumers, and employees, as well as for its commitment to the 2030 Sustainability Agenda.

The strategy is based on four pillars:

- Markets
- Categories/Brands
- Capabilities
- Systems and People.

With the well-defined strategic pillars, we consider that we are prepared to continue our successful trajectory and create value for the different stakeholders.

NEW CYCLE

ECONOMIC CONTEXT AND SECTOR RISKS

- Ruptures due to unavailability of frm
- Regulatory and tax aspects associated to sugars and sweeteners
- Environmental Regulations
- Commitments to the circularity of packaging
- Continued high energy prices
- Cybersecurity

FOOD AND BEVERAGE TRENDS

KEY INSIGHTS:

- ✓ Health and Well-being
- ✓ Strong and Trusted brands
- ✓ Sustainability
- ✓ Proximity
- ✓ Affordability

1

NATURALLY FUNCTIONAL

2

PLANT BASED

3

LOCAL AUTHENTIC

4

AVOIDING SUGARS

2023-2025 STRATEGIC PLAN

CREATE VALUE WITH BRANDS, HAVING A POSITIVE IMPACT ON THE LIVES OF CUSTOMERS AND CONSUMERS

Markets

STRATEGIC PILLARS

Categories/ Brands

Capabilities

Systems and People

STAKEHOLDERS

VALUE CREATION

- Consumers
- Shareholders and other investors
- Employees
- Partners
- Communities
- Government, regulatory and industry entities
- Media
- Competitors

NEEDS AND EXPECTATIONSS