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5. Cultivate innovation

We give more flavor to life, sowing the challenge of thinking and doing differently every day to do better





5.1 Incremental and conceptual innovation

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Innovating is part of our growth strategy, allowing us to anticipate future trends, create differentiating products and, consequently, evolve our business.

WE HIGHLIGHT ★

1.6 M€ Investment in R&D

10 New products developed

1 New category created, launching in 2024

Objectives of our innovation model

- ➔ Optimize the Company's internal processes, making them more agile.
- ➔ Promote a culture of innovation, encouraging creativity and lateral thinking among employees.
- ➔ Establish strategic partnerships with start-ups, universities, suppliers, and customers to foster open innovation and the sharing of knowledge.
- ➔ Participate in innovation ecosystems

Innovation

In the new 2023-25 strategic cycle, we reinforced innovation as a key pillar of our growth strategy. This approach has driven the revisiting of our innovation model with the aim of making it more agile, more multidisciplinary, and even more aligned with the organization.

With a view to continuous improvement, in 2023, we identified internal opportunities in terms of product development. Through the Management of Product Information project, we intend to accelerate digital transformation as well as improving the retention of knowledge and the sharing of information throughout product development.

As part of incremental innovation, 10 products were developed. The Compal brand, in the juices and nectars categories, is one of the examples where innovation has taken a critical role in the construction of brand equity. In this context, incremental innovation seeks to respond to challenges of different nature, particularly affordability, differentiation and trading up.





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Considering conceptual innovation, 2023 was the second year of investment in the following projects:

- **Compal Fresco**, a range of fresh, chilled juices, exclusively produced from Portuguese fruit and with 100% recycled PET packaging;



- **Compal Bom Dia**, a range of beverages with a high content of fruit and super-ingredients, such as oats, turmeric, cinnamon, or chia, with the aim of reinforcing the brand's penetration in breakfast, assuming its plant-based dimension.



Still in the context of conceptual innovation, and resulting from the current strategic cycle, we sought to grow our business beyond beverages, promoting the category of vegetables and tomato-based products to the status of a strategic category.

The growing demand for more natural and healthier options, with a focus on plant-based nutrition, was the basis for our decision to invest in the development of innovation products in this category. Consequently, three new products were developed, which are expected to be launched in 2024.

Benefits of innovation for Sumol Compal

DIFFERENTIATION
 We offer our customers and consumers unique, quality products with greater added value.

GROWTH
 We explore new markets, segments, niches, or regions, expanding our customer base and their returns.

EFFICIENCY
 We optimize internal processes, reduce costs, and waste, and increase our productivity and quality.

SUSTAINABILITY
 We improve our environmental, social, and economic impact by adopting more responsible, ethical, and transparent practices that contribute to the well-being of communities and the planet.

Vegan meals are part of the new strategic category

In recent years, we have witnessed a notable increase in proactive attitudes towards health, which, coupled with sustainability concerns, continue to accelerate the demand for plant-based proposals. This trend constitutes a paradigm shift in how people perceive food and well-being, creating an opportunity for Compal da Horta. Traditionally plant-based, with natural formulations and recognized for its quality, it thus becomes a strategic category for Sumol Compal, reflected in an increase in resources and innovation efforts, starting in 2024. Compal da Horta thus gains an important role in diversifying the Compal brand with nutritious food proposals, by offering more simple vegetables and vegan meals. With the motto "Let's Cook Together the Future of Vegetable



Gardens," in July 2023, we held an internal event at the Escola Superior de Hotelaria e Turismo do Estoril, aimed at presenting the new category and gathering multidisciplinary internal contributions. In total, about 60 professionals participated, who, in addition to being involved in the development phase, were invited to cook and taste first-hand the three recipes presented.

This new range of vegan recipes harmoniously combines vegetables with aromatic herbs and spices and joins Compal da Horta to deliver greater convenience for those with little time and in need of quick solutions to incorporate more vegetables.



The packaging R&D team has collaborated on the objective of achieving an average of 25% rPET – recycled Polyethylene terephthalate (PET) – in all packaging in 2024, thus reducing virgin PET and contributing to reducing our Company's carbon footprint (→ [Chap. 7.3](#)).

We are also committed to improving the nutritional profile of our products, in order to offer affordable, nutritious and high-

quality products to consumers (→ [Chap. 8.2](#)). Regarding the Nutrition and Health unit, we continued to leverage the work started a few years ago, to reduce added sugar by adapting the recipes of existing products.

Additionally, as in 2022, we had higher activity than usual in projects to reformulate recipes and approve alternatives to raw materials, to mitigate deficiencies in the ingredient supply chains.





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Also, in the context of innovation, it should be mentioned that the projects under the VIIA FOOD and Pacto da Bioeconomia Azul (PBA) consortia allow Sumol_Compal access to financial and tax incentives until 2025. Participation in the two consortia (see featured initiatives), is aligned with our sustainability strategy, aiming to contribute to the improvement of laboratory and industrial capabilities, as well as for innovation in the Company's strategic categories.

Still in 2023, the technical requirements for a new fruit processing line were also established, which will allow access to new technologies and make room for very promising innovation opportunities.

Biotechnology

In 2024, the European vertical directive that regulates the categories of fruit juices and nectars will be revised. A new category will be created – that of low-sugar juices. We make a strong contribution to the economic operators positions with the authorities involved in the revision of the legislation, since, together with Tetra Pak (Sweden), the Biotechnology Business Unit promotes a technology that makes possible to eliminate sugar from juices. Our technology will be one of two authorized to produce low-sugar juices. Some of the largest global sector operators are evaluating the implementation of this technology, which allows new to the world innovations of high nutritional value and sensory differentiation.

“ R&D team is recognized for its quality and efficiency in developing products in incremental innovation. We have taken several initiatives to do even better, such as increasing the autonomy of our people and rigorously assessing compliance with product requirements. In last years, our scientific and technological knowledge has become a source of disruptive innovation, and SC has strengthened its capabilities by increasing the team and acquiring pilot equipment. ”



Paulo Marques
Biotechnology Director

Blue Bioeconomy Pact: Integration of blue biotechnology solutions into industry value chains

The Blue Bioeconomy Pact (BBP) aims to develop new products, processes, and services resulting from the incorporation of blue bioeconomy assets into new or existing value chains, with a positive impact on the environment, consumers' lives, and national exports.

Sumol Compal is part of **Algae Vertical** project, specifically focusing on the valorization pillar of algae, dedicated to exploring innovation opportunities within our categories, including microalgae. In this way, we explore opportunities to offer consumers new sources of sustainable and productive nutrition, which reduce pressure on terrestrial resources. In 2023, market studies and state-of-the-art surveys were completed, marking the beginning of the product design phase.



Learn more about [the project and Sumol Compal's participation](#).



Consortium VIIAFOODS: driving the transformation of the Portuguese food sector

VIIAFOOD project was approved in 2022 under the Recovery and Resilience Program (PRR) with the aim of boosting the transformation of Portuguese food sector and increasing the competitiveness of national companies. The consortium is composed of companies, laboratories, and sector associations, coordinated by PortugalFoods and partnering with Sumol Compal. It aims to develop over 130 new products, services, and processes by 2025, in line with national and international trends in healthy eating and sustainability.

At Sumol Compal, we conducted trials on the fruit processing pilot line that allowed us to create examples of applications for the intermediate products resulting from fruit fractionation - pulpy juices and pulps. Combined with the work of systematizing technical information for the industrial scale-up of this fractionation, supported the decision for productive investment and provided clues for product design.



Next steps

- Continuity of the VIIAFOODS and Pacto da Bioeconomia Azul consortia **2025**
- Launch of 10 new products **2025**
- Commissioning of a new fruit line **2025**





5.2 Digital transformation

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As a leading company in the beverage sector, we are committed to being at the forefront of digital transformation, leveraging opportunities offered by the digital era to further improve the quality of our products and processes.


WE HIGHLIGHT ★

360
-degree customer view

18 Robot-automated solutions



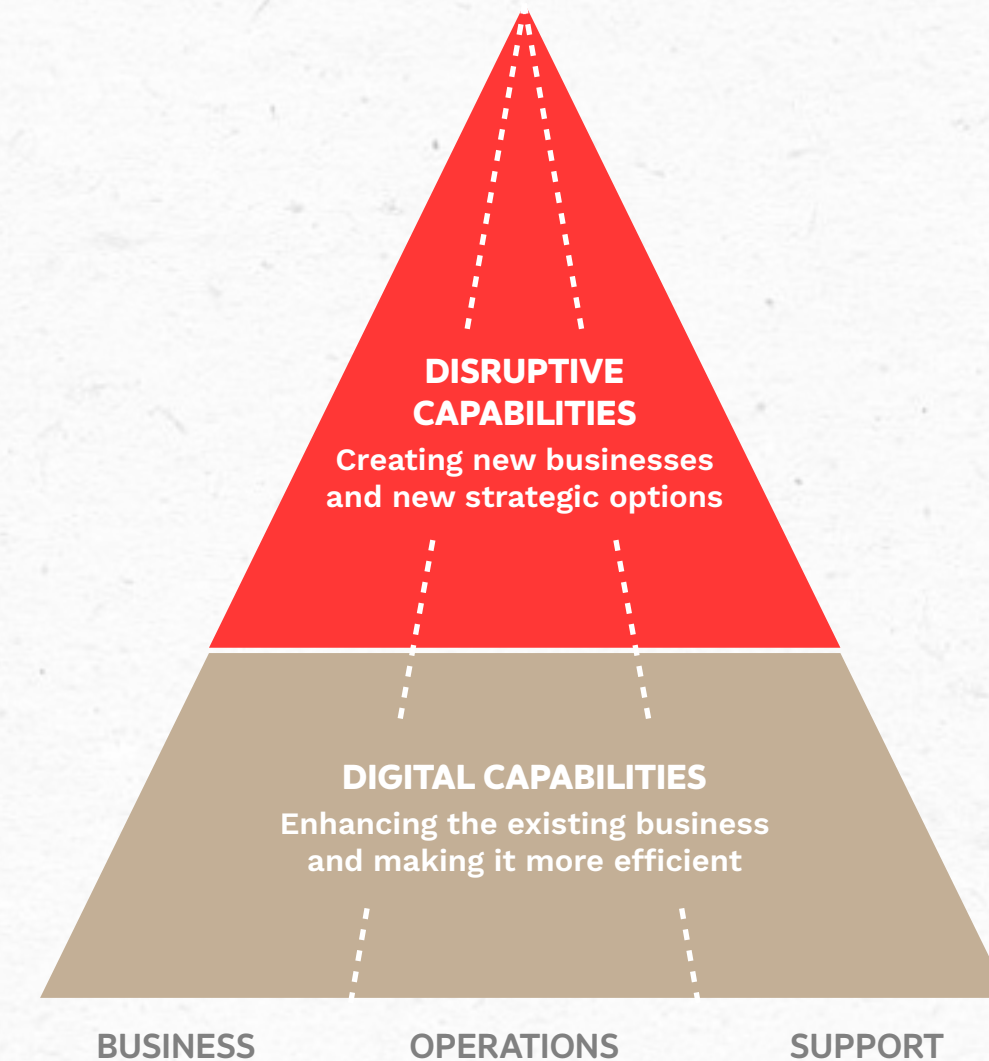
Digital transformation has been gaining relevance at Sumol Compal due to a set of factors reflected in three dimensions:

 MARKET	<p>Digital disruption drives changes in the retail landscape, brand relevance, barriers to entry and business margins. Post-pandemic consequences have also accelerated the adoption of e-commerce, changed consumption patterns and increased concerns about sustainability and health.</p>
 TECHNOLOGY	<p>Technological innovation fosters the creation of new ways to interact with consumers, to generate and analyze data, to optimize operations and to develop new products and services. Examples of emerging technologies are artificial intelligence, internet of things, augmented reality, 3D printing and blockchain.</p>
 CONSUMER	<p>Purchasing habits are evolving, making consumers more curious, demanding, and impatient. They search for personalized, convenient, and differentiated experiences, they value transparency and authenticity of brands and are sensible to social and environmental issues.</p>

These trends create a complex and dynamic scenario which requires a digital transformation of Sumol Compal to adapt to new demands and opportunities. Digital transformation can thus contribute to efficiency gains (in current processes that are digitized) and to business transformation, as new opportunities are generated.

Approach to digital transformation

Our digital transformation program is defined for the 2023-2025 three-year period, in line with the strategic cycle. Ambitious and applicable to Sumol Compal's three pillars – Business, Operations and Supporting Services – it is structured in digital and disruptive capabilities (see diagram below).



Regarding the digitalization component, the main themes are:

- Continue the modernization of CRM – Customer Relationship Management, to include more areas (food business and customer/consumer support line).
- Improve the management of product information, through the creation of a centralized management system.
- Improve the visibility of our supply chain through a door-to-door tracking system.
- Automate diverse processes using technologies such as robotization or low code.
- Define and create an advanced data and analytical area which will also allow to leverage the potential of Artificial Intelligence.
- Define the approach and start the migration to the new version of our ERP - Enterprise Resource Planning.

As for the disruptive component, the focus topics are:

- Build strong relationships with universities, entrepreneurial ecosystems (incubators) and venture capital.
- Evaluate new technologies such as 3D Printing, AR/ VR, Blockchain, Intelligent Chat Bots and Smart Dispensing.

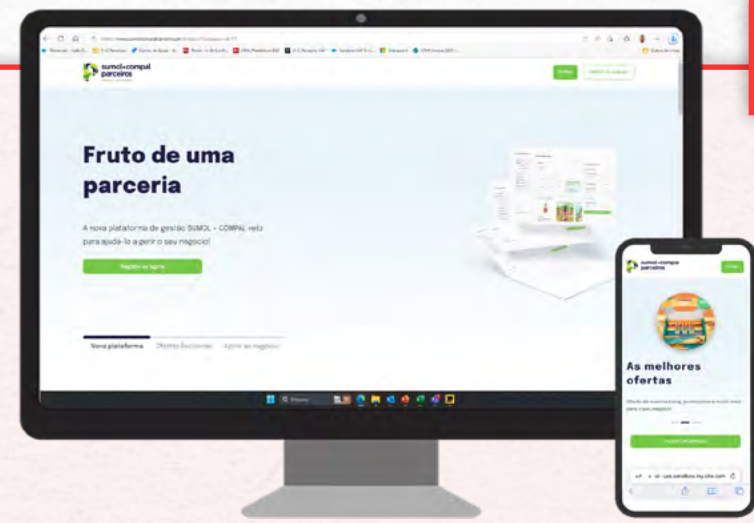
In the first years we expect to invest more in digitalization compared to disruption. Nonetheless, with the Company's increasing digital maturity, we expect this difference to be reduced.



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It should also be mentioned that 2023 was the year in which the 'digital first' mentality began to become widespread at Sumol Compal. Overall, we recorded a strong adoption of the use of digital tools, in all centers and functional groups, which contributes to the general increase of the digital maturity at Sumol Compal. The areas that already started using digital tools in 2022, became ambassadors for these same tools and supported the organization in their transversal utilization.



Enhancement of 360-degree customer view

In 2023, we recorded an increased integration of Salesforce CRM across various areas of Sumol Compal – direct sales, telesales, and e-commerce. Our goal is to have a complete and integrated view of each customer, regardless of the contact channel, thereby improving the experience, loyalty and profitability. Based on this ambition, it was possible to initiate the implementation of Salesforce in modern food retail, in the customer/consumer support line, design an approach for integrating international clients, and also launch the new B2B e-commerce website through the Partner Portal.



Sumol Compal has once again demonstrated your ability to take advantage of the best of technology. Today Digital assumes a central role in the company, raising efficiency to new levels and already having a notorious motivational impact on our people. 99



Diogo Lopes

Information Systems & Digital Transformation Director



Boosting the automation of our processes

2023 was the year of laying the foundations for the automation and digitalization of our Company. We implemented 18 solutions automated by robots, which allowed us to redirect our employees to other tasks, equivalent to over 3,000 hours. We also started building the Center of Excellence (CoE) for Automation/Digitalization, which will ensure governance and innovation in these solutions - including Robotic Process Automation, Low Code, and Artificial Intelligence.

>> Next steps

Development of a Supply Chain Visibility Project (controlling of transport) **2024**

Continuation of the work to develop an Integrated Planning solution that aims to unify the planning solutions into a single system (from demand to production planning) **2024-2025**

Development of a disruptive view of digital transformation, alongside the innovation unit **2024-2025**

ERP (Enterprise Resource Planning) migration to the new version **2025**

In terms of digitalization, progress has been made in the achievement of a 360º view of customers and in the capabilities of automating Company processes/ activities (see featured initiatives).

It is also worth mentioning the experimentation of new technological solutions and defining of some processes. A platform for managing the innovation process was selected, the first intelligent vending machine was launched in the Póvoa de Varzim center and 3D printing technology was explored in collaboration with universities. However, it has yet been possible to transform these proofs of concept into projects with real impact, which is expected for 2024.

