Research & Development (R&D)

Innovation, Nutrition & Sustainability

R&D Investment, Governance, and Strategic Alignment

Savola Foods Company (SFC), a wholly owned subsidiary of Savola Group, maintains a structured and consistently funded Research and Development (R&D) function that leads strategic role in driving growth, competitiveness and long-term sustainability by being the engine of value creation in response to evolving consumer needs & competitive dynamics. This includes all product & packaging innovations such as nutritional fortifications, production functional enhancements, new taste varieties, more convenient usage experience, “better for you” product specs, etc.. across its food portfolio. In alignment with Group strategic principles, SFC continuous investment on all R&D and activities reflects its commitment to the strategic value of innovation in supporting both business performance and evolving consumer health expectations. R&D expenditure has remained stable to increasing on a year-on-year basis, demonstrating sustained management commitment to innovation, reformulation, and capability development.

Oversight of R&D priorities and resource allocation is embedded within SFC’s governance framework and aligned with Savola Group oversight mechanisms, ensuring coherence between innovation activities, commercial objectives, regulatory compliance, and sustainability ambitions.

R&D Strategy and Innovation Management Framework

SFC operates a formalized, capability-driven Research and Development (R&D) framework designed to systematically translate consumer insights, customer collaboration, technical feasibility, and environmental performance considerations into scalable commercial innovations. R&D activities are governed through a customized four-stage gated innovation process—Idea, Feasibility, Capability, and Execution—which integrates quality, nutrition, cost, regulatory, and environmental criteria at each decision gate.

This structured approach ensures:

- Consistent screening and prioritization of innovation initiatives, including assessment of environmental impacts such as material efficiency, resource use, and packaging implications.
- Early identification and mitigation of technical, execution, and environmental risks, including formulation complexity, process efficiency, and sustainability trade-offs.
- Repeatable deployment of innovation practices across categories and markets, supported by standardized tools, data, and governance.

For B2B, the R&D model is anchored in early-stage market and customer insight generation, including structured Innovation Days with key customers, enabling co-creation and early validation of product concepts. These engagements incorporate discussions on performance efficiency, cleaner formulations, reduced processing intensity, and responsible material use, ensuring that customer-driven innovations align with both commercial and environmental objectives.

R&D Strategy and Innovation Management Framework – Cont.

such as packaging material selection, recyclability, formulation efficiency, and clean-label positioning.

By embedding environmental considerations within the R&D governance model, SFC enhances the success rate of innovations across both B2C and B2B channels, while reducing time-to-market, commercialization risk, and potential environmental impacts associated with scale-up and portfolio transitions.

R&D Infrastructure, Technical Capabilities, and Open Innovation Partnerships

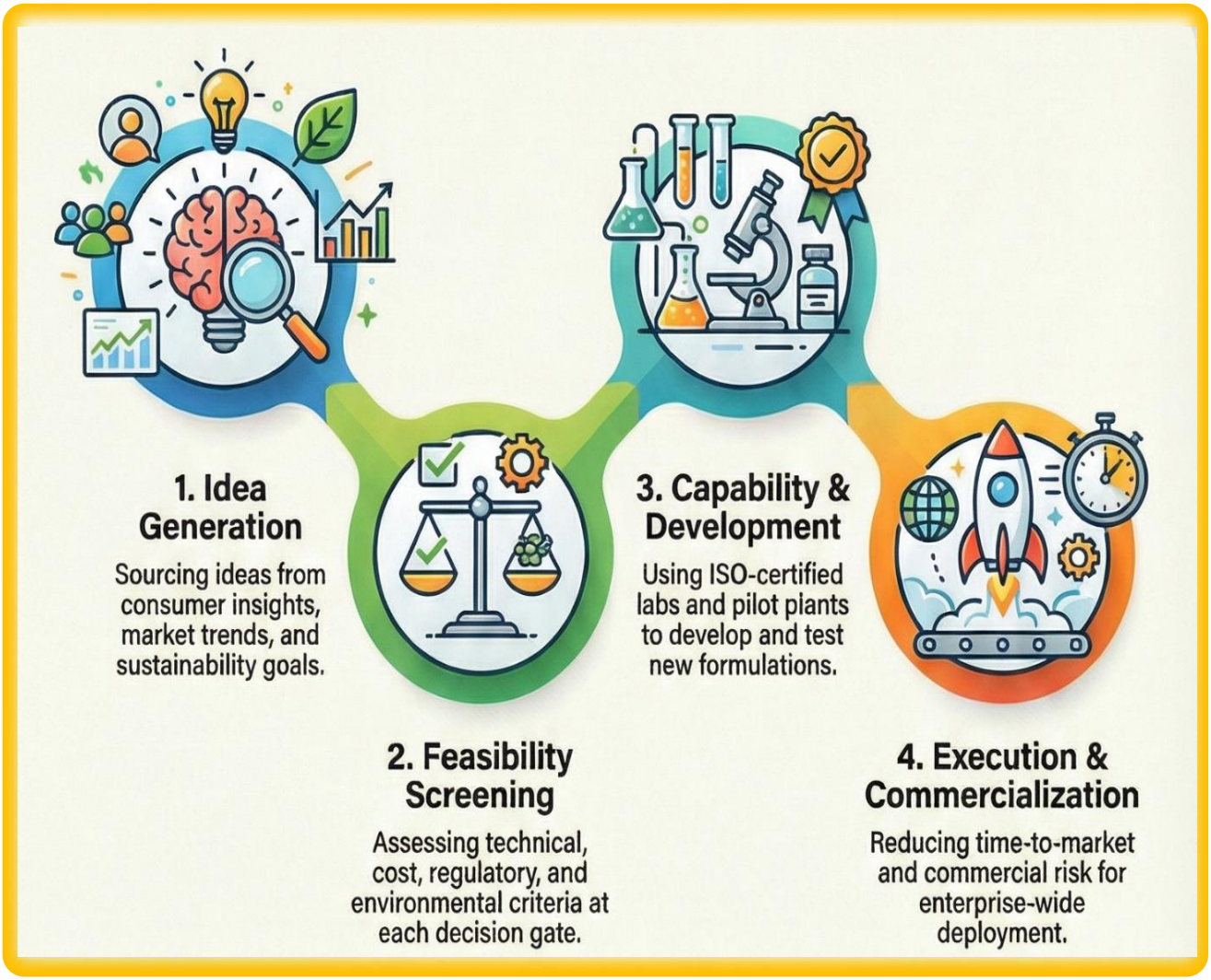
SFC's Research and Development (R&D) function is supported by a comprehensive network of ISO-certified central laboratories and pilot plants, enabling end-to-end product development, reformulation, and process optimization. This technical infrastructure provides the foundation for systematic innovation while supporting quality, safety, nutrition, and environmental performance objectives.

- Instrumental and chemical R&D laboratories for formulation development, analytical testing, nutrient analysis, and quality assurance.
- Specialized oils and fats pilot plants, including crystallization, deodorization, enzymatic interesterification, fractionation, bleaching, and hydrogenation units, enabling precise control of lipid functionality, stability, and nutritional profile.
- Application-specific pilot plants for bakery, pasta, confectionery, and spreads, allowing real-world process simulation prior to industrial scale-up.

R&D Infrastructure, Technical Capabilities, and Open Innovation Partnerships – Cont.

Professional sensory laboratories and trained sensory panels, equipped with advanced sensory analysis and reporting capabilities to systematically assess consumer acceptance and product performance.

This integrated infrastructure allows SFC to internalize critical R&D capabilities, reduce reliance on external testing, accelerate innovation cycles, and maintain consistent quality, safety, and nutritional standards across both B2B and B2C portfolios.



Innovation Outcomes, Nutrition- & Sustainability-Led Development (2030 Focus)

SFC's R&D agenda is increasingly oriented toward nutrition-led innovation, reformulation, functional enhancement, and environmental responsibility, aligned with long-term health and wellness trends, regional dietary needs, and sustainability challenges within the food system. Looking toward 2030, SFC's R&D focus areas include:

- Fat reduction and healthier lipid systems, including reformulated oils and fats with improved nutritional profiles and lower processing intensity.
- Fortification and functional nutrition initiatives, targeting specific health needs while maintaining affordability and sensory acceptance.
- New functional ingredients and clean-label innovations, designed to improve nutritional value, reduce unnecessary additives, and support responsible sourcing and processing.

Academic Collaboration and Open Innovation for Sustainable Solutions

To complement its internal R&D capabilities, SFC actively pursues external collaboration and open innovation with academic institutions and international organizations to accelerate the development of sustainable and scalable food solutions.

SFC has established formal R&D collaborations with leading academic institutions in KSA and other countries in the region, focusing on applied research, formulation science, processing technologies, and nutrition-related innovation relevant to regional markets.

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Academic Collaboration and Open Innovation for Sustainable Solutions – Cont.

The competition recognized:

- The American University in Cairo, for research utilizing microorganisms to ferment sugarcane into yeast-based inputs that can be used in oil manufacturing processes.
- The University of Rwanda, for developing a method to increase fat yield from pumpkin seeds as an alternative lipid source.

These collaborations and open innovation initiatives demonstrate SFC's commitment to leveraging external expertise, scientific research, and cross-sector partnerships to address complex nutrition and sustainability challenges that cannot be solved through internal R&D alone.

Existing Reformulation and Health-Focused Innovations

SFC has already commercialized and scaled multiple reformulated and fortified products, including:

- Fitness Sugar, delivering the same sweetness with 50% less sugar, enabling calorie reduction without taste compromise.
- New blended cooking oils combining three oil types to deliver three omega benefits for heart and brain health (KSA & Egypt).
- Zinc-fortified oils to support immune health.
- Oils fortified with turmeric for wellness positioning.
- Use of green tea extract as a natural antioxidant to support clean-label claims (Algeria).
- Oils fortified with Vitamins A & D.
- High-protein, high-fiber, lower-carbohydrate pasta products.

Health Claims, Validation, and Nutrition Governance

To strengthen governance and consistency, SFC is progressing toward the establishment of internal Nutrition & Health Guidelines, to be endorsed by the Executive Committee.

These guidelines will ensure that:

- Addition of health-promoting ingredients.
- Reformulation to reduce saturated fats and overall calorie content.
- Reformulation for cleaner or more sustainable products.

Documentation, Repeatability, and Enterprise Integration

SFC's R&D activities are underpinned by formal documentation and systems, including:

- R&D Standard Operating Procedures (SOPs)
- Stage-gate frameworks and digital innovation tracking
- Sensory evaluation protocols and databases
- Formulation repositories and nutrient analysis reports

The standardized gated process, centralized digital enablement, and shared technical infrastructure ensure repeatability, traceability, and enterprise-wide deployment of innovation practices. This reflects SFC's transition from ad-hoc innovation toward a systematically governed, health- and nutrition-led R&D function, aligned with Savola Group's broader sustainability and growth strategy.