

Report on Limited Review

**COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.
AND SUBSIDIARIES
Interim Condensed Consolidated Financial Statements
and Interim Consolidated Directors Report
for the six-month period ended
March 31, 2022**

REPORT ON LIMITED REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Translation of a report and condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the Shareholders of COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A. at the request of the Board of Directors

Report on the interim condensed consolidated financial statements

Introduction

We have carried out a limited review of the accompanying interim condensed consolidated financial statements (hereinafter the interim financial statements) of Compañía de Distribución Integral Logista Holdings, S.A. (hereinafter the Parent Company) and Subsidiaries (hereinafter the Group), which comprise the condensed consolidated balance sheet at March 31, 2022, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and the explanatory notes, all condensed and consolidated, for the six-month period then ended. The Parent's Directors are responsible for the preparation of said interim financial statements in accordance with the requirements established by International Accounting Standards (IAS) 34, "Interim Financial Reporting", adopted by the European Union for the preparation of interim condensed financial reporting as per article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of review

We have performed our limited review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Reporting Performed by the Independent Auditor of the Entity". A limited review of interim financial information consists of making inquiries, primarily of personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit carried out in accordance with regulations on the auditing of accounts in force in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

During the course of our limited review, which under no circumstances can be considered an audit of accounts, no matter come to our attention which would lead us to conclude that the accompanying interim financial statements for the six-month period ended March 31, 2022 have not been prepared, in all significant respects, in accordance with the requirements established by International Accounting Standards (IAS) 34, "Interim Financial Reporting", as adopted by the European Union in conformity with article 12 of Royal Decree 1362/2007 for the preparation of interim condensed financial statements.

Emphasis paragraph

We draw attention to the matter describe in accompanying explanatory Note 1 in the interim financial statements, which indicates that the abovementioned accompanying interim financial statements do not include all the information that would be required for completed consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union. Therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended September 30, 2021. This does not modify our conclusion.

Report on other legal and regulatory reporting requirements

The accompanying interim consolidated directors' report for the six-month period ended March 31, 2022 contains such explanations as the Parent's Directors consider appropriate regarding significant events which occurred during this period and their effect on these interim financial statements, of which it is not an integral part, as well as on the information required in conformity with article 15 of Royal Decree 1362/2007. We have checked that the accounting information included in the abovementioned report agrees with the interim financial statements for the six-month period ended March 31, 2022. Our work is limited to verifying the interim consolidated directors' report in accordance with the scope described in this paragraph, and does not include the review of information other than that obtained from the accounting records of Compañía de Distribución Integral Logista Holdings, S.A. and its Subsidiaries.

Paragraph on other issues

This report has been prepared at the request of the Board of Directors of Distribución Integral Logista Holdings, S.A. with regard to the publication of the semi-annual financial report required by Article 119 of Royal Legislative Decree 4/2015, of October 23.

ERNST & YOUNG, S.L.

(Signed on the original in Spanish)

María del Tránsito Rodríguez Alonso

May 5, 2022

Compañía de Distribución Integral Logista Holdings, S.A. and Subsidiaries

Interim Condensed Consolidated
Financial Statements for the six-
month period ended 31 March 2022
and Interim Directors' Report

*Translation of interim condensed consolidated
financial statements originally issued in Spanish
and prepared in accordance with IAS 34 as
adopted by the European Union (see Note 1b). In
the event of a discrepancy, the Spanish-language
version prevails.*

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS AT MARCH 31, 2022 AND SEPTEMBER 30, 2021
(Thousands of Euros)

ASSETS	Note	31-03-2022	30-09-2021	EQUITY AND LIABILITIES	Note	31-03-2022	30-09-2021
NON-CURRENT ASSETS:				EQUITY:			
Property, plant and equipment	6	315,869	313,474	Share capital	9	26,550	26,550
Investment property	6	6,948	7,137	Share premium		867,808	867,808
Goodwill	4	937,130	920,800	Reserves of the Parent		400,672	289,014
Other intangible assets	4	326,909	353,960	Reorganisation reserves		(753,349)	(753,349)
Investments in associates		6,114	3,886	Reserves at consolidated companies		(133,979)	(31,735)
Other non-current financial assets	7	16,358	15,898	Translation differences		(213)	(97)
Deferred tax assets		12,390	14,513	Reserve for first-time application of IFRSs		19,950	19,950
Total non-current assets		1,621,718	1,629,668	Consolidated profit for the period		87,856	173,961
				Interim dividend		-	(54,116)
				Treasury shares	9	(14,877)	(14,346)
				Equity attributable to shareholders of the Parent		500,418	523,640
				Minority interests		1,176	834
				Total equity		501,594	524,474
				NON-CURRENT LIABILITIES:			
				Other non-current financial liabilities	8	100,542	98,365
CURRENT ASSETS:				Long-term provisions	10	34,951	38,779
Inventories		1,389,158	1,467,146	Deferred tax liabilities		233,643	239,334
Trade and other receivables		1,802,548	2,075,171	Total non-current liabilities		369,136	376,478
Tax receivables		39,410	69,796				
Other current financial assets	7	2,101,238	2,126,922	CURRENT LIABILITIES:			
Cash and cash equivalents		155,766	171,760	Other current financial liabilities	8	49,019	72,446
Other current assets		10,853	5,755	Trade and other payables		1,209,593	1,148,803
Total current assets		5,498,973	5,916,550	Tax payables		4,909,755	5,339,752
				Short-term provisions	10	6,808	7,276
				Other current liabilities		74,861	77,262
				Total current liabilities		6,250,036	6,645,539
NON-CURRENT ASSETS HELD FOR SALE	5	75	41,570	LIABILITIES CLASSIFIED AS HELD FOR SALE	5	-	41,297
				TOTAL EQUITY AND LIABILITIES		7,120,766	7,587,788
TOTAL ASSETS		7,120,766	7,587,788				

The accompanying Notes 1 to 17 are an integral part of the condensed consolidated balance sheet at March 31st 2022

**COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.
AND SUBSIDIARIES**
CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE SIX MONTHS PERIODS ENDED 31
MARCH 2022 AND 2021
(Thousands of Euros)

	Note	31-03-2022	31-03-2021(*)
Revenue	13	5,453,770	5,169,148
Procurements		(4,856,364)	(4,588,948)
Gross profit		597,406	580,200
Cost of logistics networks:			
Staff costs		(94,433)	(91,753)
Transport costs		(130,520)	(122,400)
Provincial sales office expenses		(39,500)	(39,569)
Depreciation and amortisation charge		(57,994)	(57,948)
Other operating expenses		(86,511)	(89,616)
Total cost of logistics networks		(408,957)	(401,285)
Commercial expenses:			
Staff costs		(14,912)	(15,085)
Other operating expenses		(10,589)	(9,260)
Total commercial expenses		(25,501)	(24,344)
Research expenses:		(863)	(1,265)
Head office expenses:			
Staff costs		(32,401)	(34,640)
Depreciation and amortisation charge		(2,592)	(2,779)
Other operating expenses		(6,832)	(5,620)
Total head office expenses		(41,825)	(43,040)
Share of results of companies		2,228	1,653
Net loss on disposal and impairment of non-current assets	5 and 6	5,834	1,129
Other results		(18)	(13)
Profit from operations		128,304	113,034
Finance income		8,551	12,674
Finance costs		(920)	(1,783)
Profit before tax	13	135,934	123,924
Income tax	15	(36,444)	(32,978)
Profit for the period from continuing operations		99,490	90,945
Net income from discontinued operations	5	(11,473)	(3,029)
Profit for the period		88,017	87,915
Attributable to-			
Shareholders of the Parent Company		87,856	87,778
Minority interests		161	138
Basic earnings per share	3	0.67	0.67

(*) Modified by discontinued operations. See Note 1.e).

The accompanying Notes 1 to 17 are an integral part of the condensed consolidated income statement for the six months periods ended as March 31st, 2022.

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIODS ENDED 31 MARCH 2022 AND 2021
 (Thousands of Euros)

	31-03-2022	31-03-2021
Profit for the year	88,017	87,915
Net gain (loss) on available for sale assets recognised in equity	-	-
Net gain (loss) on cash flow hedging instruments recognised in equity	-	-
Net actuarial gain (loss) recognised directly in equity	439	-
Foreign exchange rate changes	(116)	(1)
Net gain (loss) on taxes recognised directly in equity	-	-
Total other comprehensive income	323	(1)
Total comprehensive income for the year	88,340	87,914
Attributable to-		
Shareholders of the Parent Company	88,179	87,776
Minority interests	161	138
Total attributable	88,340	87,914

The accompanying Notes 1 to 17 are an integral part of the condensed consolidated statement of comprehensive income for the six months periods ended 31 March 2022.

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A. AND SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIODS ENDED 31 MARCH 2022 AND 2021**

(Thousands of Euros)

	Share Capital	Share Premium	Reserves of the Parent	Reorganisation Reserves	Reserves at Consolidated Companies	Translation Differences	Valuation Adjustments	Consolidated Profit for the Period	Interim Dividend	Treasury Shares	Equity attributable to the Shareholder of the Parent	Minority interests	Total Equity
Balance at 1 October 2020	26,550	867,808	42,806	(753,349)	215,566	(101)	19,950	157,184	(51,569)	(10,681)	514,164	2,134	516,298
Net profit for the period attributable to the Parent	-	-	-	-	-	(2)	-	87,778	-	-	87,776	-	87,776
Loss attributable to minority interests	-	-	-	-	-	-	-	-	-	-	-	138	138
Income and expenses recognised in the period	-	-	-	-	-	(2)	-	87,778	-	-	87,776	138	87,914
I. Transactions with Shareholders:	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution of profit:	-	-	-	-	-	-	-	-	-	-	-	-	-
To reserves	-	-	228,913	-	(227,570)	-	-	(1,343)	-	-	-	-	-
Dividends (Note 3)	-	-	-	-	-	-	-	(155,841)	51,569	-	(104,272)	-	(104,272)
On treasury shares operations (Note 8b):	-	-	(2,340)	-	-	-	-	-	-	(2,335)	(4,675)	-	(4,675)
II. Other changes	-	-	1,218	-	(2,444)	-	-	-	-	-	(1,226)	(1,484)	(2,710)
Balance at 31 March 2021	26,550	867,808	270,597	(753,349)	(14,448)	(103)	19,950	87,778	-	(13,016)	491,767	788	492,555
	Share Capital	Share Premium	Reserves of the Parent	Reorganisation Reserves	Reserves at Consolidated Companies	Translation Differences	Valuation Adjustments	Consolidated Profit for the Period	Interim Dividend	Treasury Shares	Equity attributable to the Shareholder of the Parent	Minority interests	Total Equity
Balance at 30 September 2021	26,550	867,808	289,014	(753,349)	(31,735)	(97)	19,950	173,961	(54,116)	(14,346)	523,640	834	524,474
Net profit for the period attributable to the Parent	-	-	-	-	439	(116)	-	87,856	-	-	88,179	-	88,179
Loss attributable to minority interests	-	-	-	-	-	-	-	-	-	-	-	161	161
Income and expenses recognised in the period	-	-	-	-	439	(116)	-	87,856	-	-	88,179	161	88,340
I. Transactions with Shareholders:	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution of profit:	-	-	-	-	-	-	-	-	-	-	-	-	-
To reserves	-	-	113,072	-	(102,683)	-	-	(10,389)	-	-	-	-	-
Dividends (Note 3)	-	-	-	-	-	-	-	(163,572)	54,116	-	(109,456)	-	(109,456)
On treasury shares operations (Note 8b):	-	-	(1,414)	-	-	-	-	-	-	(531)	(1,945)	-	(1,945)
II. Other changes	-	-	-	-	-	-	-	-	-	-	-	181	181
Balance at 31 March 2022	26,550	867,808	400,672	(753,349)	(133,979)	(213)	19,950	87,856	-	(14,877)	500,418	1,176	501,594

The accompanying Notes 1 to 17 are an integral part of the condensed consolidated statement of changes in equity for the six months periods ended 31 March 2022.

**COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.
AND SUBSIDIARIES**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS PERIODS ENDED
31 MARCH 2022 AND 2021
(Thousands of Euros)

	Note	31-03-2022	31-03-2021(*)
1. OPERATING ACTIVITIES:			
Consolidated profit before tax from continuing operations		135,934	123,924
Net income from discontinued operations		(11,473)	(3,029)
Adjustments for-			
Profit of companies accounted for using the equity method		(2,228)	(1,653)
Depreciation and amortisation charge		61,267	62,867
Period provisions		1,832	2,079
Proceeds from disposal of non-current assets		(5,816)	(1,115)
Financial profit		(8,505)	(11,923)
Financial expenses for leases (IFRS 16)		875	1,032
Other results		12,911	1,010
Adjusted profit		184,796	173,193
Net change in assets / liabilities -			
(Increase)/Decrease in inventories		79,969	(61,504)
(Increase)/Decrease in trade and other receivables, other current and non-current assets		276,812	(39,684)
Increase/(Decrease) in trade payables		60,738	44,769
Increase/(Decrease) in other current and non-current liabilities		(469,455)	(675,209)
Income tax paid		11,887	5,974
Finance income and costs		8,695	11,923
Total net cash flows from operating activities (I)		153,443	(540,538)
2. INVESTING ACTIVITIES:			
Net investment in property, plant and equipment		(3,471)	(9,052)
Net investment in intangible assets		(3,689)	(4,025)
Variation of other current and non-current financial assets		(40,147)	681,234
Disposals of non-current held for sale assets		-	-
Total net cash flows from investing activities (II)		(47,307)	668,157
3. FINANCING ACTIVITIES:			
Dividends paid (-)	3	(109,456)	(104,272)
Other equity instruments		(2,193)	(3,618)
Changes in current borrowings		6,626	(253)
Payments for leases (IFRS 16)		(17,107)	(16,848)
Total net cash flows from financing activities (III)		(122,130)	(124,991)
4. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)		(15,994)	2,629
Cash and cash equivalents at beginning of year		171,760	162,741
Net change in cash and cash equivalents during the year		(15,994)	2,629
Total cash and cash equivalents at end of year		155,766	165,370

(*) Modified by discontinued operations. See Note 1.e).

The accompanying Notes 1 to 17 are an integral part of the condensed consolidated cash flow statement for the six months periods ended 31 March 2022.

Compañía de Distribución Integral Logista Holdings, S.A. And Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements
for the six-month period ended 31 March 2022

1. Introduction, basis of presentation of the interim condensed consolidated financial statements and other information

a) Introduction

The Parent Company, Compañía de Distribución Integral Logista Holdings, S.A., was incorporated as a sociedad anónima (Spanish public limited company) on May 13th, 2014, with its sole shareholder being Altadis, S.A.U., a company belonging to Imperial Brands Plc group. On June 4th, 2014, the Parent Company effected a capital increase with all shares subscribed by Altadis, S.A.U. through non-monetary contribution of shares representing 100% of the share capital of Compañía de Distribución Integral Logista, S.A.U., until that time the parent company of Logista Group, and from then onwards, the Company became the Parent of the aforementioned Group.

The Parent Company has registered office at Polígono Industrial Polvoranca, calle Trigo, no. 39, Leganés (Madrid).

The offering of shares in the Parent Company came to an end on 14 July 2014, and its shares are currently listed for trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges.

On 20 July 2021 Altadis, S.A.U. agreed to sell its stake in Compañía de Distribución Integral Logista Holdings, SA, representing 50.01% of the share capital, to Imperial Tobacco LTD, a company also belonging to the Imperial Brands PLC Group, as a result of a simplification of the chain of ownership of the shares in subsidiary companies carried out within the Imperial Brands group.

Compañía de Distribución Integral Logista Holdings, S.A. is the head of a group of domestic and foreign subsidiaries that engage in various business activities and which compose, together with it, the Logista Group ("the Group" or "Logista").

The Group, a distributor and logistics operator, provides various distribution channels with a wide range of value-added products and services, including tobacco and related products, convenience goods, electronic documents and products (such as mobile phone and travel card top-ups), drugs, books, publications and lottery tickets. The Group provides these services through a complete infrastructure network which spans the whole value chain, from picking to points of sale (POS) delivery.

The consolidated financial statements of Logista Group for 2021 were formally approved by the General Shareholders' Meeting on February 3rd, 2022.

b) Basis of presentation of the interim condensed consolidated financial statements

The accompanying interim condensed consolidated financial statements are presented in accordance with the International Accounting Standard (IAS) 34 Interim Financial Reporting and have been prepared by the Parent Company's Board of Directors on May 5th, 2022 in conformity with Article 12 of the Spanish "Real Decreto 1362/2007".

In accordance with the statements of IAS 34 the interim financial information is prepared with the single purpose of updating the content of the latest consolidated financial statements issued by the Group, with an emphasis on the new activities, events and circumstances taken place during the semester and not duplicating the information previously provided in the consolidated financial statements for the year 2020. Therefore, for an accurate comprehension of the information included in the accompanying interim condensed consolidated financial statements, these should be read along with the Group's consolidated financial statements for the year 2021.

The accounting policies and methods used in the preparation of the accompanying interim condensed consolidated financial statements are the same as the ones used in the preparation of the consolidated financial statements for the year 2021, and additionally the standards and interpretations which have an obligatory application for the Group since October 1st, 2021 have been also considered. In this regard, the main applicable standards are as follows:

Standards and amendments to standards	Content	Obligatory Application in Annual Reporting Periods Beginning on or After
Amendment to IFRS 16 Rent Concessions related to Covid-19 beyond 30 June 2021	It allows that, as a practical solution and subject to a number of conditions, the lessee may elect not to count rent concessions, derived from Covid-19, as a lease modification.	January 1st, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – phase 2	These modifications provide temporary relief in financial reporting while interbank offer rates (IBORs) are replaced by risk-free rates (RFRs).	January 1st, 2021

The application of the previous standards, interpretations and amendments has not had a significant effect on the Interim Condensed Consolidated Financial Statements for the six-month period ended 31 March 2022.

At the date of preparation of these interim condensed consolidated financial statements, the following standards and interpretations with a potential impact for the Group have been published by the IASB and adopted by the European Union for their application in annual reporting periods beginning on or after the indicated date:

Standards and amendments to standards	Content	Obligatory Application in Annual Reporting Periods Beginning on or After
Amendments to: - IFRS 3 Business Combinations - IAS 16 Property, Plant and Equipment - IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Annual Improvements 2018 - 2020	These amendments relate mainly to: - IFRS 3: Reference to the conceptual framework - IAS 15: Amounts earned prior to intended use - IAS 37: Costs of fulfilling a contract Improvements to IFRS 9 and IAS 41	January 1st, 2022
IFRS 17, Insurance Contracts	IFRS 17 supersedes IFRS 4 and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued to ensure that entities provide relevant and reliable information that gives a basis for users of the information to assess the effect that insurance contracts have on the financial statements. This standard does not apply to the Group.	January 1st, 2023

The Group estimates that the standards effective January 1st, 2022 will not have a significant impact on equity in the Group's next fiscal year, from which they will become applicable.

In addition, at the date of preparation of the interim condensed consolidated financial statements the following standards and interpretations, with a potential impact to the Group, have been published by the IASB, which cannot be adopted in advance or which have not been adopted by the European Union:

Standards and amendments to standards	Content	Obligatory Application in Annual Reporting Periods Beginning on or After
Amendments to IAS 1 Presentation of Financial Statements: classification of financial liabilities as current or non-current	In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to clarify the requirements to be applied in classifying liabilities as current or non-current.	January 1st, 2023

Standards and amendments to standards	Content	Obligatory Application in Annual Reporting Periods Beginning on or After
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement No. 2)	The IASB has included guidance and examples for applying judgement in identifying which accounting policies are material. The amendments replace the criterion of disaggregating significant accounting policies with material accounting policies.	January 1st, 2023
Definition of Accounting Estimates (Amendments to IAS 8)	The definition of accounting estimation is updated, which clarifies the difference between changes in accounting estimation, changes in accounting policies and corrections of errors.	January 1st, 2023
Deferred Taxes Related to Assets and Liabilities arising from a single transaction - Amendments to IAS 12	An entity is required to recognize deferred taxes on the initial recognition of specific transactions to the extent that the transaction gives rise to equal amounts of taxable and deductible temporary differences.	January 1st, 2023

c) Use of estimates

The consolidated profit and equity are sensitive to the accounting principles and policies, the measurement bases and the estimates used by the Parent Company's Directors in the preparation of the interim condensed consolidated financial statements. The main accounting principles and policies and measurement bases are described in the Note 4 to the consolidated financial statements for the year 2021.

In preparing the accompanying interim condensed consolidated financial statements, estimates made by the Parent Company's Directors have been occasionally used in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

1. The corporate income tax expense, which in accordance with IAS 34 is recognized in interim period on the basis of the best estimate of the weighted average corporate tax rate expected by the Group for the fiscal year.
2. The evaluation of possible impairment losses on certain assets, tangible and intangible, including goodwill.
3. The assumptions used in the actuarial calculations of the pension liabilities and other obligations to employees.
4. The useful life of the property, plant and equipment and intangible assets.
5. The market value of certain assets.
6. The calculation of the required provisions, including those of a fiscal nature, as well as the risk assessment assigned to contingent liabilities.
7. The valuation and allocation of deferred tax assets and liabilities.

Although these estimates were made on the basis of the best information available at the period ending March 31st, 2022, events that may take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. This would be done prospectively, recognising the effects of the changes in accounting estimates in the relevant future consolidated financial statements.

d) Risk exposure. Covid-19.

During the first half of the year, the Group has estimated that the net effect of COVID-19 on results for the first half-year is considered to be nil.

e) Comparability of the information

The information contained in these condensed consolidated interim financial statements for the first half of fiscal 2022 is presented solely and exclusively for comparative purposes with the information relating to the six-month period ended March 31st, 2021 and September 30th, 2021.

As a result of the classification as discontinued activities of one of the companies of the Group, as explained in the following section, the condensed consolidated income statement for the first half of 2021 has been modified for comparative purposes in accordance with the provisions of the applicable regulations.

f) Discontinued activities

With effect from 30 September 2021, it was decided to reclassify all the assets and liabilities of the French company Supergroup, S.A.S. as Discontinued Activities. This reclassification has been carried out after the decision of the Board of Directors of the Parent Company to carry out the necessary actions for the sale of this Company, fulfilling the conditions established in IFRS 5 to carry out this reclassification.

The reclassification implies valuing the assets from then at the lower of their carrying amount and fair value (estimated sale price) less costs to sell. This is a different approach to that followed to date, in which the reference to follow was the lower of the carrying amount or the usage value amount, which includes an estimated value that will be gained from using the asset, and which could differ from its estimated selling price.

As indicated in Note 5, on February 2022, an agreement was reached with a third party for the sale of said Company.

The reclassification as a discontinued activity has the following impacts on these interim condensed consolidated financial statements:

- The profit/(loss) after tax generated by Supergroup, S.A.S. is not reported in each line of the condensed consolidated income statement, instead it is reported in one line "Net profit/(loss) from discontinued operations", both for the first six months of 2022 and for the first six months of 2021, which also includes the impact of its sale (Note 5).
- For cash flow purposes, note 5 shows the part of the cash-flow from operations, investment and financing of discontinued activities, included within the total amount reported for these items for both fiscal years 2022 and 2021.
- For the purposes of the condensed consolidated balance sheet, with effect from September 30, 2021, all assets and liabilities attributable to Supergroup, S.A.S. have been reclassified as "Assets / Liabilities held for sale". In February, 2022, these assets and liabilities were derecognized as a result of the agreement to sell the Company.

For more information on these discontinued activities see Note 9 of the Logista Group's Consolidated Financial Statements for the year ended September 30, 2021.

In addition to the above, certain assets were also reclassified to the paragraph of held for sale for which the Group's Management made the decision to proceed with their sale and implemented the corresponding plan and the necessary actions to carry out this sale. The carrying amount of these assets on 30 September 2021 was 8,941 thousand euros. These assets were valued to their carrying amount due to the existence of purchase offers from third parties with prices higher. In the first half of 2022, these assets were sold, generating a total positive impact on the condensed consolidated income statement of 6,033 thousand euros.

g) Materiality

In determining the information to be disclosed in the explanatory notes on the different items of the interim condensed consolidated financial statements or other matters, the Group, in accordance with IAS 34, has taken into account materiality in relation to the condensed consolidated interim financial statements.

h) Working capital

On 31 March 2022 and 30 September 2021, the Group had a working capital deficiency amounting to 751,063 thousand euros and 728,989 thousand euros, respectively. However, as a result of the difference between the average collection and payment, the Group generates sufficient liquidity to meet these payments.

In any event, the Group, for the purpose of ensuring liquidity and enabling it to meet all the payment obligations arising from its business activities, has the cash and cash equivalents disclosed in its consolidated balance sheet, together with the cash-pooling facilities with companies in the Group to which it belongs (see Note 7).

2. Changes in the Group's composition

a) *Changes in the scope of consolidation during the six-month period ended as of 31 March 2022*

In February 2022, the Group acquired a 70% stake in the Dutch companies Speedlink Worldwide Express B.V., 24 Hours B.V. and German-Ex B.V. (see Note 4). These companies are fully consolidated since the Group has control over these companies.

In February, 2022, the Group has closed the sale of 100% of the French company Supergroup, S.A.S., so that since that date this company is not part of the Logista Group, having integrated until February, 2022 the results generated by said company since October 1, 2021.

In December, 2021, the Group liquidated UTE Logista - IGT Spain Lottery

b) *Changes in the scope of consolidation during the six-month period ended as of 31 March 2021*

There has been no change in the scope of consolidation during the six-month period ended as of 31 March 2021.

Transactions with minority shareholdings

On March 11th, 2021 Logista Italia S.p.A. acquired the 32% minority interest in Terzia S.p.A..

On January 19th, 2021, S. A Distribuidora de Ediciones incorporated the Boyacá Group as a shareholder, with a 30% ownership.

3. Dividends paid by the Parent Company

a) *Dividends paid by the Parent Company*

On February 3rd, 2022, the Parent Company's General Shareholders' Meeting approved the distribution of the profit for 2021, which included an interim dividend on account of the profit for that year that was approved by the Board of Directors and settled previously, amounting to 54,116 thousand euros and a final dividend amounting to 109,456 thousand euros, which was paid on February 24th, 2022.

b) *Earnings per share*

Basic earnings per share are calculated by dividing the net profit attributable to the Group (after tax and minority interests) by the weighted average number of ordinary shares outstanding during the period, excluding the average number of treasury shares.

Earnings per share are calculated as follows:

	31-03-22	31-03-21
Net profit for the period (thousands of euros)	87,856	87,778
Weighted average number of shares issued (thousands of shares) (*)	131,960	131,981
Earnings per share (euros)	0.67	0.67

(*) During the first six months of 2022, the Parent Company has acquired 152,040 own shares and has delivered 91,902 own shares to employees (see Note 9).

At 31 March, 2022 and 2021, taking into consideration treasury shares, which are related to the long-term incentive plans, there were no dilutive effects on basic earnings per share.

4. Intangible assets

a) Goodwill

The disclosure of this caption as of March 31st, 2022 and September 30th, 2021 is the following:

	Thousands of Euros	
	31-03-22	30-09-21
Italy, tobacco and related products	662,922	662,922
France, tobacco and related products	237,106	237,106
Iberia, transport	18,269	18,269
Iberia, tobacco and related products	2,017	2,017
Iberia, other business	486	486
Netherlands, transport	16,330	-
Total	937,130	920,800

The impairment tests policies applied by the Group to its intangible assets and goodwill are described in the Note 4.3 of the consolidated financial statements for the year ended as of September 30th, 2021.

Based on the methodology used and considering the estimates, projections and valuations available to the Parent Company's Directors, during the first six months of 2022 and 2021 no impairment evidence has been identified on these assets.

Business combination Netherlands (transport)

In February 2022, Logista has acquired in the Netherlands 70% of shares from three companies (Note 2.a) specialised in express deliveries to and/or from Belgium and the Netherlands.

The total acquisition price of this 70% amounted to 17 million euros, which could be subject to subsequent adjustments depending on the fulfilment of certain objectives.

Ordinary income and net profit contributed to the condensed consolidated income statement for the six months ended 31 March 2022 amounted to 1,357 thousand euros and 281 thousand euros, respectively.

Ordinary income and net profit that would have been contributed to the condensed consolidated income statement in the case of having been acquired on 1 October 2021 would have been not relevant in both cases.

The provisional amounts of assets and liabilities arising from the acquisition are as follows:

	Miles de euros	
	Carrying amount of acquired companies	Fair Value (Preliminary)
Property, plant and equipment	141	141
Other intangible assets	85	85
Trade and other receivables	3,171	3,171
Cash and cash equivalents	336	336
Other current assets	59	59
Trade and other payables	(1,505)	(1,505)
Other financial non-current liabilities	(1,330)	(1,330)
Total	957	957

The preliminary goodwill of 16,330 thousand euros has been allocated to the Transport segment and is mainly attributable to the expected profitability of the business and the significant synergies it generates in medical/healthcare distribution, which expanding at the time the Group's services portfolio outside the Iberian Peninsula.

Calculations related to business combinations are provisional and subject to adjustment for up to one year after the acquisition date. The Group, considering the dates of the transaction, is currently performing the analysis of the allocation of the price to the acquired assets and liabilities.

b) Other intangible assets

During the first half of 2022 and 2021 additions of 3,689 thousand euros and 4,025 thousand euros, respectively, have been recorded, corresponding mainly to projects for the development of new functions in the Group's existing applications. In the first six months of the 2022 financial year, assets were written off in the amount of 1,161 thousand euros (8,364 thousand euros at September 30th, 2021), which were fully depreciated.

The depreciation charge for the first six months of 2022 amounted to 31,546 thousand euros (31,588 thousand euros in the first six months of 2021).

During the first half of 2022 and 2021 no impairment losses have been recorded on items classified under this caption, and no impairment indicators have been identified.

5. Non-Current assets as held for sale

As explained in Note 1.f, with effect from 30 September 2021, it has been decided to reclassify all the assets and liabilities of the French company of the Supergroup group, S.A.S. as Discontinued Activities. This reclassification was carried out after the decision of the Board of Directors of the Parent Company to carry out the necessary actions for the sale of this Company, fulfilling the conditions established in IFRS 5 to carry out this reclassification.

The reclassification implies valuing the assets from now onwards at the lower of their carrying amount and fair value (estimated sale price) less costs to sell. This is a different approach to that followed to date, in which the reference to follow was the lower of the carrying amount or the usage value amount, which includes an estimated value that will be gained from using the asset, and which could differ from its estimated selling price.

The fair value estimate of the group of assets held for sale, resulted in an asset impairment loss of EUR 3,671 thousand in the previous year.

The Note 9 of the Logista Group's Consolidated Financial Statements for the year ended September 30, 2021 includes a detail of the assets and liabilities that were reclassified at year-end amounting to 45,284 thousand euros (prior to the impairment described in the previous paragraph) and 50,299 thousand euros, respectively.

In February 2022 the Group closed the agreement for the sale of Supergroup, S.A.S. for an amount of 1 euro. The result derived from the sale, net of taxes, due to the derecognition of the assets and liabilities of said Company, and considering the result generated by the Company in the year up to the moment of its sale, amounted to a negative 11,473 thousand euros, from which 1,356 thousand euros corresponds to the income generated by the Company since October 1, 2021 until its sale, and 9,677 thousand euros correspond to the loss, net of taxes, from the derecognition of the assets and liabilities of the Company.

Based on the above, "Net income from discontinued operations" includes, in addition to the impacts derived from its sale, the contribution that Supergroup, S.A.S. has made the consolidated group until its sale, excluding the transactions between group companies.

The following table details the income and expenses of Supergroup, S.A.S in the first six months of 2022 and 2021 that have been reclassified as discontinued operations:

Thousands of Euros	31-03-2022	31-03-2021
Total Operating Income	55,331	68,690
Total Operating Expenses	(40,571)	(49,133)
GROSS OPERATING PROFIT	14,760	19,557
Total Cost Logistic Networks	(8,866)	(11,675)
Total Commercial Expenses	(6,048)	(9,152)
Total Head Office Expenses	(968)	(1,557)
Other results	(147)	-
OPERATING PROFIT/ (LOSS)	(1,270)	(2,827)
Financial Income	27	-
Financial Expenses	(63)	-
PROFIT/ (LOSS) BEFORE TAX	(1,306)	(2,827)
Income Tax	(50)	(202)
PROFIT FOR THE PERIOD	(1,356)	(3,029)

Net cash flows attributable to discontinued operations have been as follows:

(Miles de euros)	31-03-2022	31-03-2021
Operating activities	81	124
Investment activities	(51)	(804)
Financial activities	20,475	612
Net increase/ decrease in cash and cash equivalents	20,505	(68)

In addition to the above, at September 30, 2021, certain assets were also reclassified to the line of held for sale for which the Group's Management made the decision to proceed with their sale and already implemented the corresponding plan and the necessary actions to carry out this sale.

The carrying amount of these assets on 30 September 2021 were 8,941 thousand euros. These assets were valued to their carrying amount due to the existence of purchase offers from third parties with higher prices. In the first half of 2022, these assets were sold, generating a total positive impact on the condensed consolidated income statement of 6,033 thousand euros which are classified in the paragraph "Net loss on disposal and impairment of non-current assets" of the condensed consolidated income statement.

6. Property, plant and equipment and investment property

a) *Movement in the period of property, plant and equipment*

In the first six months of 2022, rights of use associated with lease contracts, IFRS 16, have been capitalized in the amount of 16,218 thousand euros.

During the first six months of the 2022 financial year, there have been additions to fixed assets under construction amounting to 11,799 thousand euros (14,033 thousand euros at September 30th, 2021), the most significant additions are related to projects under development at Logista Italia S.p.A.

In the first six months of 2022, there have been asset write-offs (including rights of use) for a total net book value of 3,509 thousand euros, generating a negative impact on results of 199 thousand euros due to the difference between said values accounts and their corresponding sales amounts.

The depreciation charge for the first six months of the financial year 2022 amounted to 29,590 thousand euros (31,212 thousand euros in the first six months of 2021).

b) Investment property

During the first half of 2022, there were no additions or disposals, the only movement being the impact of depreciation.

c) Impairment losses

During the first half of 2022 and 2021 no impairment losses has been recognised on these elements and no impairment indicators have been identified.

d) Property, plant and equipment purchase commitments

As of March 31st, 2022, and 2021 the Group does not have significant Property, plant and equipment purchase commitments.

7. Other financial assets

a) Detail and disclosure

The disclosure of the Group's financial assets as of March 31st, 2022 and September 30th,2021, attending to their nature and category for the purposes of their valuation, is as follows:

Financial Assets: Nature/Category	Thousands of Euros				
	31-03-22				
	Loans Granted to Third Parties	Loans Granted to Related Companies (Note 10)	Short-Term Deposits and Guarantees	Available-for- Sale Financial Assets	Total
Equity instruments	-	-	-	754	754
Financial debts	10,138	-	-	-	10,138
Other financial assets	-	-	5,466	-	5,466
Non-current	10,138	-	5,466	754	16,358
Financial debts	-	-	-	-	-
Impairments	34	2,101,345	-	-	2,101,379
Other financial assets	-	(210)	-	-	(210)
Current	-	-	69	-	69
Total	34	2,101,135	69	-	2,101,238

Financial Assets: Nature/Category	Thousands of Euros				
	30-09-21				
	Loans Granted to Third Parties	Loans Granted to Related Companies (Note 10)	Short-Term Deposits and Guarantees	Available-for- Sale Financial Assets	Total
Equity instruments	-	-	-	756	756
Financial debts	10,138	-	-	-	10,138
Other financial assets	-	-	5,004	-	5,004
Non-current	10,138	-	5,004	756	15,898
Financial debts	-	-	-	-	-
Impairments	30,035	2,097,326	-	-	2,127,361
Other financial assets	-	(439)	-	-	(439)
Current	30,035	2,096,887	-	-	2,126,922
Total	40,173	2,096,87	5,004	756	2,142,820

Loans granted to third parties

At 30 September 2021, the participants of "Compañía de Distribución Integral Logista, S.A.U. and GTECH IGT Lottery Spain, S.L.U., Unión Temporal de Empresas" had granted a loan to this company, assumed in equal parts, amounts to 119,752 thousand euros. Compañía de Distribución Integral Logista, S.A.U. had included in this connection an amount of 29,938 thousand euros, which is presented under "Other Current Financial Assets" and "Other Current Financial Liabilities" in the condensed consolidated balance sheet relating to the balance receivable from and payable to this UTE from the other venturer (see Note 8).

This loan was subject to successive renewals and amendments, the last of which was valid until 31 December 2021. At the end of the term of both the loan and the Joint Venture, the UTE has been liquidated in 2022 and, therefore, at 31 March 2022 the Group has no assets or liabilities for the items described in the preceding paragraph.

In previous years, tax assessments were issued to Compañía de Distribución Integral Logista, S.A.U. in relation foreign trade activity settlements for years 2012-2015 amounting to 13,608 thousand euros, which have been appealed. Of this amount, 3,605 thousand euros have been guaranteed and the remaining amount has been paid to avoid the accrual of late payment interest.

On November 6th, 2018, the Group was notified of the unfavorable Resolution by the Central Economic-Administrative Court regarding the appeal to these tax assessments, which has been appealed at the National High Court which also ruled unfavorable and it is currently appealed before Supreme Court. According to the assessment made and corroborated by its external advisers, the Group considers that the existing arguments to defend the Company's actions in this regard are sound and should prevail in the courts, for which reason an outflow of financial resources is not considered probable and, consequently, the Group has not recognized a provision for the first tax assessment and has recognized the payment of the other years as an asset in the accompanying condensed consolidated balance sheet as at 31 March 2022, although derived from the appeal and given the estimated time of resolution, greater than one year, the amount of this asset is classified non-current asset as previous year.

Loans granted to related parties

As of, June 12th, 2014, Imperial Tobacco Enterprise Finance Limited, Compañía de Distribución Integral Logista Holdings, S.A., Compañía de Distribución Integral Logista, S.A.U. and Logista France, S.A.S., entered into a 5-year reciprocal credit facility agreement (with tacit renewal for one year, unless otherwise notified by either party at least one year prior to maturity), with a maximum drawdown limit of 2,000 million euros. On December 1st, 2015, the maximum drawdown limit was extended to 2,600 million euros. Imperial Tobacco Enterprise Finance Limited changed its corporate name on February 29th, 2016 to Imperial Brands Enterprise Finance Limited.

On March 21st, 2018, Imperial Brands Enterprise Finance Limited, transferred the rights and obligations under the aforementioned credit facility agreement to Imperial Brands Finance, PLC, extending the maturity to June 12th, 2024.

The purpose of this agreement is to govern the terms and conditions under which Logista will lend, on a daily basis, its cash surpluses to Imperial Tobacco Enterprise Finance Limited for the purpose of optimizing its cash flow, and the loans from Imperial Tobacco Enterprise Finance Limited to Compañía de Distribución Integral Logista, S.A.U. in order for the latter to be able to meet its cash needs arising from its operations. In accordance with this agreement, Compañía de Distribución Integral Logista, S.A.U. will lend, on a daily basis, its cash surpluses to Imperial Tobacco Enterprise Finance Limited or will receive the cash necessary to meet its payment obligations.

As of March 31, 2022, the maximum drawdown limit is 2,600 million euros, with the amount drawn down as of March 31, 2022 being 2,101,326 thousand euros (2,097,326 thousand euros as of September 30, 2021).

For more information on these cash pooling agreements, see Note 10 to the consolidated financial statements of Group Logista for the year ended September 30th, 2021.

b) *Impairments*

Based on IFRS 9 in relation to expected loss, impairment losses on loan granted to related companies have been recognized for 210 thousand euros (439 thousand euros at 30 September 2021).

8. Other current financial liabilities

The disclosure of the Group's financial liabilities as of March 31st, 2022 and September 30th, 2021, attending to their nature and category for the purposes of their valuation, is as follows:

Financial liabilities: Nature / Category	Thousands of Euros				
	31-03-22				
	Debts and Accounts payable to third parties	Debts and Accounts payable to related companies (Note 11)	Guarantees and deposits received	Leases IFRS 16	Total
Other financial liabilities	2,949	-	2,978	94,615	100,542
Non-current financial liabilities	2,949	-	2,978	94,615	100,542
Other financial liabilities	-	20,202	-	28,817	49,019
Non-current financial liabilities	-	20,202	-	28,817	49,019
Total	2,949	20,202	2,978	123,432	149,561

Financial liabilities: Nature / Category	Thousands of Euros				
	30-09-21				
	Debts and Accounts payable to third parties	Debts and Accounts payable to related companies (Note 11)	Guarantees and deposits received	Leases IFRS 16	Total
Other financial liabilities	4,214	-	-	94,151	98,365
Non-current financial liabilities	4,214	-	-	94,151	98,365
Other financial liabilities	29,938	13,567	-	28,941	72,446
Non-current financial liabilities	29,938	13,567	-	28,941	72,446
Total	34,152	13,567	-	123,092	170,811

9. Equity

a) **Share capital**

On March 31st, 2022 and September 30th, 2021, the Parent Company's capital stock is represented by 132,750,000 shares with a par value of 0.2 euros each, all of the same class, fully subscribed and paid up.

The only shareholder with an ownership interest of 10% or more in the Parent's share capital at March 31st, 2022 is es Imperial Tobacco LTD, which had an ownership interest of 50.01%.

b) **Treasury shares**

To hedge the long-term incentive plan described in Note 4.12 to the Group's consolidated financial statements for the year ended September 30, 2021, the Parent Company has purchased 715,156 treasury shares for an amount of 17,162 thousand euros and sold 1,916,867 treasury shares for an amount of 13,544 thousand euros during the first six months of the period ended March 31st, 2022.

Also, 91,902 shares have been given to employees of the Group in connection with the 2017, 2020 and 2021 incentive plan, for a total amount of 1,653 thousand euros (76,785 shares amounting to 1,283 thousand euros in the first half of 2021).

At March 31st, 2022, the Parent Company hold 876,450 treasury shares, representative of the 0.7% of Share Capital.

10. Provisions and contingent liabilities

a) Detail and movement

The detail of the balance of short- and long-term provisions in the accompanying condensed consolidated balance sheets at March 31st, 2022 and 2021 and of the main changes therein in the periods is as follows:

	Thousands of Euros					31-03-22
	30-09-21	Additions	Reversion	Use	Transfers	
Tax assessments	7,464	-	-	-	(535)	6,929
Obligations to employees	19,662	979	(93)	(796)	(10)	19,742
Provision for contingencies and charges	6,178	512	-	(114)	(750)	5,826
Other	5,475	-	(220)	-	(2,800)	2,455
Non-current provisions	38,779	1,491	(313)	-910	(4,095)	34,951
Provision for restructuring costs	3,513	1,997	(724)	(4,718)	2,705	2,773
Customer refunds	1,204	(40)	(134)	-	-	1,031
Other	2,560	176	(247)	(494)	1,010	3,005
Current provisions	7,276	2,134	(1,105)	(5,212)	3,715	6,808

	Thousands of Euros					31-03-21
	30-09-20	Additions	Reversion	Use	Transfers	
Tax assessments	9,545	-	-	(261)	-	9,284
Obligations to employees	20,800	928	(373)	(679)	(216)	20,460
Provision for contingencies and charges	6,410	502	(64)	-	(1,050)	5,798
Other	2,699	57	(12)	-	-	2,744
Non-current provisions	39,454	1,487	(449)	(940)	(1,266)	38,286
Provision for restructuring costs	8,998	261	(174)	(2,485)	(122)	6,478
Customer refunds	1,194	6	(112)	-	-	1,088
Other	3,306	550	(697)	(1,459)	1,266	2,966
Current provisions	13,498	817	(983)	(3,944)	1,144	10,532

b) Provisions for tax assessments

In the first six months of the 2022 and 2021 financial years, no provisions for tax assessments have been recorded, in addition to those already provided for.

c) Provision for obligations to employees

This account mainly includes the present value of the commitments assumed by Compañía de Distribución Integral Logista, S.A.U. in respect of long-service bonuses and "tobacco royalties", as well as the provisions recorded by the Group companies to meet retirement commitments.

During the first half of the 2022 and 2021 financial years, no relevant movements have been recorded with respect to this provision.

Payments made during both periods amounted to 796 thousand euros and 679 thousand euros, respectively.

d) Provision for restructuring costs.

This caption includes the estimated payments to be made in connection with the restructuring plans being carried out by the Group.

During the six-month periods ended March 31st, 2022 and 2021, provisions amounting to 1,997 thousand euros and 261 thousand euros, respectively, have been made, and indemnity payments amounting to 4,718 thousand euros and 2,485 thousand euros, respectively, have been applied against the provisions made for this purpose.

e) Provision for contingencies and charges

This caption mainly includes several lawsuits in progress that the Group has with third parties. During the first half of fiscal years 2022 and 2021, no relevant movements have been recorded.

f) Provision for customer refunds

The customers of the publishing sector are entitled to the refund of those products which are finally not sold, and the Group may in turn exercise this entitlement to a refund vis-à-vis its suppliers. At each period-end, the Group recognises a provision based on past experience of the refunds on sales with a view to correcting the margins obtained in the course of editorial products sales activity. During the first semesters of 2022 and 2021 there have been no significant variations in this provision.

g) Contingent assets and liabilities

The Note 23 to the Group's consolidated financial statements for the year ended September 30th, 2021 provides information regarding the bank guarantees and contingent liabilities as of such date. In the first six months of 2021 there has been a decrease of 1.6 million euros in bank guarantees.

On 20 June 2017, the Comisión Nacional de los Mercados y la Competencia ("CNMC") resolved to commence enforcement proceedings against several companies, including Compañía de Distribución Integral Logista, S.A.U., for possible anti-competitive behaviour in the Spanish cigarette manufacturing, distribution and retail sale market.

On 12 April 2019, the Board of CNMC issued its Decision of April 10th, 2019 in relation to the enforcement proceedings concerning an alleged exchange by certain tobacco manufacturers of information relating to the sale of cigarettes from 2008 to 2017. Logista provided the aforementioned information in compliance with the principles of neutrality and non-discrimination.

The CNMC considers expressly in the aforementioned decision that the aim of the conduct in question was not to restrict competition and, therefore, it could not be classified as constituting a cartel. However, the CNMC imposed a penalty of 20.9 million euros on Logista because it considered that such conduct was restrictive due to its, albeit potential, effects on the cigarette manufacturing and sale market. The CNMC did not substantiate or evidence that Logista's sales information had given rise to the alleged restriction of competition between the manufacturers attributed to it.

Logista evidenced that the aforementioned information, which is free, was made available to all manufacturers that distributed their products through Logista, with the lawful purpose of such manufacturers being able to verify Logista's strict compliance with the principle of neutrality when performing its activities as a wholesale distributor in the tobacco market.

Therefore, the Group's directors, supported by its legal advisers, believe that the Decision, which is not final, is unlawful; at the date of the preparation of these interim condensed consolidated financial statements an appeal for judicial review had been lodged at the Spanish National Appellate Court against the Decision, which is not expected to impact the Group's equity position.

Also, in 2017 France established a tax of 5.6% levied on tobacco supplier's sales which was cancelled with effect from January 1st, 2019 by French Administration. This tax was initially paid by Logista France, S.A.S. to the French authorities and subsequently rebilled to the tobacco manufacturers, certain of which refused to make the related payment; the amount receivable in connection with the tax for 2017 and 2018 totals 118 million euros. Logista France, S.A.S. decided to withhold the equivalent amount of the invoices received from those manufacturers. One of the manufacturers refused to make the corresponding payment, filing a lawsuit before the Paris Commercial Court on December 11, 2019, which was set at 26 million euros, which has been closed during the first six months of 2022 without any impact for the Group.

11. Related parties

The related parties are the subsidiaries, associates and joint ventures, as well as the key personnel in the management of the Parent Company and those entities on which this key personnel have a significant influence or control, as well as those entities of the Group of which its ultimate shareholder is the Parent Company.

The Group's transactions with related parties during the first semesters of 2022 and 2021, as well as the balances at the end of March 31st, 2022 and September 30th, 2021, are detailed in the table below. Related party transactions are carried out on an arm's length basis.

Transactions

Expenses and income	Thousands of Euros		
	31-03-22		
	Main Shareholder	Individuals, group, companies or entities	Total
Expenses:			
Services received	-	381	381
Procurements	-	354,262	354,262
Financial expense	-	-	-
	-	354,643	354,643
Income:			
Financial income	-	8,117	8,117
Services rendered	-	29,524	29,524
	-	37,642	37,642

Expenses and income	Thousands of Euros		
	31-03-21		
	Main Shareholder	Individuals, group, companies or entities	Total
Expenses:			
Services received	-	583	583
Procurements	151,338	189,646	340,984
Financial expense	-	57	57
	151,338	190,286	341,624
Income:			
Financial income	-	8,580	8,580
Services rendered	7,008	25,187	32,195
	7,008	33,767	40,775

Balances

Balances	Thousands of Euros		
	31-03-22		
	Main Shareholder	Individuals, group, companies or entities	Total
Debitors:			
Credits (Note 6)	-	2,101,135	2,101,135
Accounts receivable	-	8,555	8,555
	-	2,109,690	2,109,690
Creditors:			
Loans (Note 7)	-	20,202	20,202
Accounts payable	-	148,175	148,175
	-	168,377	168,377

Balances	Thousands of Euros		
	30-09-21		
	Main Shareholder	Individuals, group, companies or entities	Total
Debitors:			
Credits (Note 6)	-	2,096,887	2,096,887
Accounts receivable	-	10,801	10,801
	-	2,107,688	2,107,688
Creditors:			
Loans (Note 7)	-	13,567	13,567
Accounts payable	-	123,768	123,768
	-	137,335	137,335

Credits refer to the cash pooling agreement mentioned in Note 7 a).

12. Information about remunerations

The Notes 24.b) and 28 of the Group's consolidated financial statements for the year ended 30 September 2021 detail the existing agreements regarding the remuneration and other retributions to the Board of Directors and the Group's Senior Management.

Remuneration of Directors

The remuneration accrued during the first six months of fiscal years 2022 and 2021 by the members of the Board of Directors by reason of their membership on the Board or any of its delegated committees for all items, including the remuneration accrued by the members of the Board who are also executives, amounted to 2,544 thousand euros and 2,484 thousand euros, respectively.

Company contributions to savings systems corresponding to executive directors during the first six months of fiscal years 2022 and 2021 amounted to 189 thousand and 195 thousand euros, respectively.

The amount of the life insurance premium corresponding to the executive directors in the first six months of fiscal years 2022 and 2021 amounted to 3 and 3 thousand euros, respectively.

The amount of the Directors' civil liability premium in the first six months of fiscal years 2022 and 2021 amounted to 70 and 36 thousand euros in both periods.

No other obligations to the members of the Board of Directors have been acquired relating to life insurance, pension plans or similar items for the discharge of their duties.

During the first six months of 2022 and 2021 the Parent Company did not carry out with its Directors any transactions not relating to its ordinary business operations or transactions not carried out on an arm's length basis.

Remuneration of the Senior Executives

Senior Management functions are performed by the members of the Management Committee.

The amount of remuneration accrued during the first six months of the 2022 financial year by the members of the Parent Company's Management Committee, excluding executive directors, amounts to 4,540 thousand euros (2,226 thousand euros in the first six months of the 2021 financial year).

The contributions accrued for savings systems in favour of the members of the aforementioned Management Committee of the Parent Company in the first six months of 2022 and 2021 amount to 229 and 150 thousand euros, respectively.

The indemnities paid in the first six months of 2022 amounted to 2,150 thousand euros.

Incentive Plans

In Note 4.12 of the Notes to the Consolidated Financial Statements of the Group for the year ended 30 September 2021 incentive plans in force are detailed.

On December 18th, 2020, the Board of Directors approved the 2020 Long-Term Incentive Plan (the General Plan and the Special Plan) with a list of beneficiaries and maximum number of shares to be distributed for the 2021-2023 vesting period of 62 beneficiaries for the General Plan and 11 beneficiaries for the Special Plan and 310,997 shares in total.

In connection with the 2017 General Plan and the 2017 Special Long-Term Incentive Plan approved on March 21st, 2017, on January 28th, 2020, the Board of Directors approved the list of beneficiaries and the maximum number of shares to be distributed for the 2019-2022 vesting period, which amounted to 62 persons for the General Plan and 9 persons for the Special Plan and 221,455 shares in total.

These plans are valued at the initial moment of granting, taking into consideration the fair value of the shares granted determined by its market price, adjusted by the conditions under which such shares have been granted and the expectation of accomplishment of the objectives in the incentive plans.

The imputation of that assessment to results, according to IFRS 2, is accrued for lineally under the line "Staff costs" of the income statement during the vesting period.

13. Segmented information

The Note 24 to the Group's consolidated financial statements for the year ended September 30th, 2021 includes the criteria followed by the Group in order to define its operating segments. There has been no change in the segmentation criteria.

The disclosure of revenues by geographical area as of March 31st, 2022 and 2021 is as follows:

Revenues by Geographical area	Thousands of Euros	
	31-03-22	31-03-21
Iberia	1,750,874	1,563,253
Italy	1,899,089	1,652,918
France	1,828,979	1,970,311
Inter-segment sales and others	(25,172)	(17,334)
Total	5,453,770	5,169,148

The reconciliation of the segmented profit before tax with the consolidated profit before tax as of 31 March 2022 and 2021 is as follows:

Profit before tax	Thousands of Euros	
	31-03-22	31-03-21
Segments		
Iberia	81,784	65,016
Italy	45,759	47,905
France	(1,467)	2,199
Corporate and others	-	(6,568)
Share of results of companies	2,228	1,653
Financial result	7,630	10,891
PROFIT BEFORE TAX	135,934	121,096

The consolidated balance sheets of the Group by business segments are as follows (in thousands of Euros):

	31-03-22			
	Iberia	Italy	France	Total Group
Balance sheet:				
Assets-				
Property, plant and equipment, investment property and Non-current assets held for sale	202,649	71,576	48,667	322,892
Other non-current assets	91,829	672,274	534,798	1,298,901
Inventories	460,405	492,422	436,331	1,389,158
Trade receivables	543,624	379,787	879,138	1,802,548
Other current assets				2,307,266
Total consolidated assets	1,298,507	1,616,059	1,898,934	7,120,766
Liabilities-				
Non-current liabilities	176,681	70,721	121,734	369,136
Current liabilities	1,516,530	1,965,415	2,768,091	6,250,036
Equity				501,594
Total consolidated liabilities	1,693,211	2,036,136	2,889,825	7,120,766

	31-09-21			
	Iberia	Italy	France	Total Group
Balance sheet:				
Assets-				

Property, plant and equipment, investment property and Non-current assets held for sale	203,029	75,684	83,466	362,180
Other non-current assets	73,955	674,210	560,893	1,309,058
Inventories	605,831	427,514	433,801	1,467,146
Trade receivables	587,790	595,786	891,416	2,075,171
Other current assets				2,374,233
Total consolidated assets	1,470,605	1,773,194	1,969,576	7,587,788
Liabilities-				
Non-current liabilities	168,061	78,901	129,516	376,478
Current liabilities	1,529,815	2,063,891	3,093,130	6,686,836
Equity				524,474
Total consolidated liabilities	1,697,876	2,142,792	3,222,646	7,587,788

14. Average number of employees

The average number of employees at the Group for the first six months of the period ended March 31st, 2022 and 2021 is as follows:

	31-03-22	31-03-21
Men	3,582	3,631
Women	2,139	2,173
Total	5,721	5,804

15. Tax matters

The calculation of the income tax at March 31st, 2022 has been performed based on the best estimation of the effective tax rate for the annual accounting period.

For Compañía de Distribución Integral Logista, S.A.U. the fiscal years 2019, 2020 and 2021 are open for review by the tax authorities, and specifically, the inspection of the year 2019 is currently ongoing for Excise Tax and the fiscal years 2019, 2020 and 2021 for trade taxes.

For Logista Italia, S.p.A. they were in the process of being reviewed by the tax authorities in 2015 for Corporate Income Tax, having prescribed such an exercise, there is no open review process.

For French companies there is currently no ongoing inspections.

In Portugal, the seal tax for 2018 was under review, which has been finalized this year with no significant impacts for the Group, and therefore, there is no ongoing process.

In general, the rest of the consolidated companies have the last 4 years open for inspection by the tax authorities for the main taxes applicable to them in accordance with the specific legislation of each country, and the last 10 years in the case of the Excise Tax in Italy and the last 6 years for the IL.EE in France.

16. Subsequent events

There have not been significant subsequent events between March 31st, 2022 and the date of preparation of these Interim Condensed Consolidated Financial Statements.

17. Explanation added for translation to English

These interim condensed consolidated financial statements are presented on the basis of IAS 34 as adopted by the European Union. Certain accounting practices applied by the Group that conform with IFRSs may not conform with other generally accepted accounting principles.

Compañía de Distribución Integral Logista Holdings, S.A. and Subsidiaries

Consolidated Management Report
for the financial year ended
on 31 March 2022

COMPANY DESCRIPTION

Logista provides high value-added logistics services, specialising in distribution to local retailers in southern Europe.

It serves close to 200,000 points of sale in Spain, France, Italy and Portugal, facilitating manufacturers access to convenience products, electronic top-ups, tobacco, pharmaceutical products, books, publications and lottery markets among others – ensuring efficiency and transparency, as well as complete control over all operations.

Logista has developed a unique business model that combines specialist distribution and integrated logistics with exclusive value-added services and powerful Business Intelligence tools, giving it the flexibility required to both meet its clients' needs and comply with the regulatory requirements and standards of each sector.

Logista's quality proposal is based on its capacity to combine, as one single supplier, wholesale distribution and logistics with other value-added services for our clients, in line with their product strategies and ensuring full transparency and traceability. This allows them to focus on their main business operations while maintaining visibility on their route to market.

This is achieved thanks to its comprehensive infrastructure network that, combined with its transport and information systems, enable it to manage the distribution of products from collection to point-of-sale delivery.

Logista also provides omnichannel commercialization of products and services via its web platforms, point-of-sale terminals, cash & carry service points, call centres and sales force.

Through its network, Logista manages the distribution of a wide range of consumer products to different local retailers (convenience stores, tobacconists, pharmacies, kiosks, bookshops, etc.) in Spain, France, Italy and Portugal. It regularly serves around 200,000 points of sale and offers a home-delivery service for products ordered online. Logista also provides distribution to wholesalers in Poland and in Q2 2022 acquired 70% of Speedlink Worldwide Express, a Dutch firm specialising in B2B time critical deliveries that are sent to or from Belgium and the Netherlands.

Organisation and structure

Logista's organisational structure is headed by the CEO and supported by a Management Committee.

The composition of the Management Committee is as follows:

- three general managers responsible for each geographical area, to whom the heads of the business areas from each area report and
- five corporate directors.

The management accounting report is completed based on this primary segmentation by geography, while a secondary report – detailing information on Revenue and Economic Sales – is segmented by business line.

Logista has four business areas – tobacco and related products, transport, pharmaceutical distribution and other businesses.

- Tobacco and related products

Distribution of tobacco and other convenience products, including both tobacco and non-tobacco related

products, to the tobacconist channels in Spain, France and Italy, and to the tobacco distribution channels in Portugal. In Spain and Italy, this also includes the distribution of convenience products to other proximity channels.

- Transport

Management of full load, long-distance transport throughout Europe, temperature-controlled capillary transport in Spain and Portugal, and express courier services for parcels and documents in Spain and Portugal.

In Q2 2022, Logista acquired 70% of Speedlink Worldwide Express, a Dutch firm specialising in B2B time critical deliveries that are sent to or from Belgium and the Netherlands.

Through this business area, Logista provides transport services to its other businesses and to third parties.

- Pharmaceutical distribution

Pharmaceutical product logistics and distribution services in Spain and Portugal

- Other businesses

Publications logistics and distribution services in Spain and Portugal

The Group comprising Compañía de Distribución Integral Logista Holdings, S.A. – headquartered in Leganés, Madrid – and its direct and indirect subsidiary companies is as follows:

Compañía de Distribución Integral Logista Holdings, S.A. (100%)

- Compañía de Distribución Integral Logista S.A.U. (100%)
 - Logista Strator, S.L.U. (100%)
- Logista Pharma, S.A.U. (100%)
 - Be to Be Pharma, S.L.U. (100%)
- Logista Pharma Canarias, S.A.U. (100%)
- Dronas 2020, S.L.U. (100%)
- Logista-Dis, S.A.U. (100%)
- Logista Libros, S.L. (50%)
- La Mancha 2000, S.A.U. (100%)
- Logesta Gestión de Transporte, S.A.U. (100%)
 - Logesta Italia, SRL (100%)
 - Logesta France, SARL (50%)
 - Logesta Deutschland GmbH (100%)
 - Logesta Lusa, Lda. (51%)
 - Logesta Polska, sp. z o.o. (51%)
- Compañía de Distribución Integral de Publicaciones Logista, S.L.U. (100%)
 - Logista Regional de Publicaciones, S.A.U. (100%)
 - Distribuidora del Este, S.A.U. (100%)
 - Distribuidora Valenciana de Ediciones, S.A. (50%)
 - Distribuidora de Publicaciones del Sur, S.L. (50%)
 - Distribuidora de Aragón, S.L. (5%)
 - Promotora Vascongada de Distribuciones, S.A.U. (100%)
 - Distribuidora de Las Rías, S.A.U. (100%)
 - Sociedad Anónima Distribuidora de Ediciones (70%)
 - Distribuidora del Noroeste, S.L.U. (100%)
 - Publicaciones y Libros, S.A.U. (100%)
 - Distribución de Publicaciones Siglo XXI Guadalajara, S.L. (80%)
- Logista Payments, S.L.U. (100%)
- Logista France Holding S.A. (100%)
 - Logista Promotion et Transport SAS (100%)
 - * Logesta France, SARL (50%)
- Logista France SAS (100%)
 - Société Allumetière Française SAS (100%)
- Logista Italia, S.p.A. (100%)
 - Terzia, S.p.A. (100%)
- CDIL Companhia de Distribuição Integral Logista Portugal, S.A. (100%)

- Midsid Sociedade Portuguesa de Distribuição, S.A. (100%)
- LTTP - Logista Transportes Transitários e Pharma, Unipessoal, Lda. (100%)
 - * Logesta Lusa, Lda. (49%)
- Logesta Polska sp. z o.o (49%)
- Compañía de Distribución Integral Logista Polska, sp. z o.o (100%)
- Logista Transport Europe B.V. (100%)
 - Speedlink Worldwide Express BV (70%)
 - 24 Hours BV (70%)
 - German-Ex BV (70%)

Market positioning

Logista provides high value-added logistics services, specialising in distribution to local retailers in southern Europe.

- We are the preferred distribution partner for manufacturers, providing their route to consumers through simple and rapid access to proximity channels. We offer all the services they need – from the most basic ones to those with greater value-add – to reach hundreds of thousands of independent points of sale.
- As a hospital distributor and logistics operator, Logista is constantly developing dedicated services for each sector, and works closely with clients to tailor its offering to their current needs and anticipate their future needs.
- As a transport services operator, Logista pursues a strategy of differentiation by specialising in the long-distance transport of high-value products that require a temperature-controlled environment, industrial parcel transport and by offering home delivery (B2C – Business to Consumer) and the highest standard of small parcel transport service to business clients (B2B – Business to Business).

Strategic priorities

1. To strengthen our consolidated businesses

One of Logista's main strategic objectives is to maintain its strong positioning in its most consolidated businesses. However, given how mature some of these businesses are, it is vital to explore and develop new services to complement our distribution services. By extending our range of services we can help our clients to identify new growth areas and thus enable Logista to keep revenues in its most consolidated businesses stable.

2. To provide sustainable future growth, expanding our business base

Our long-term growth is based on continuing to develop the businesses which offer the greatest future growth potential – such as B2C distribution and pharmaceutical products logistics – by optimising the distribution of complex products and increasing the range of logistics services offered, all while continuing to provide the required levels of security and quality for each business. In addition, both our long-distance and our industrial and small parcel transport and distribution businesses provide opportunities to distribute products that require special handling, either in terms of traceability or the cold chain.

As part of the Company's growth strategy, we need to consider organic opportunities, by developing more specialist services, as well as inorganic opportunities that could help us to increase our services and/or capabilities.

Expansion into new countries where we export our business model is another core component of our future development that will bring future growth and reduce and offset any macroeconomic risks that could affect the countries in which we operate.

As a result of our strategy, in Q2 2022, Logista acquired 70% of Speedlink Worldwide Express, a Dutch firm specialising in B2B time critical deliveries that are sent to or from Belgium and the Netherlands and agreed to acquire the remaining 30% over the course of the next 3 years. This acquisition will allow Logista to

internationally expand its Nacex services in Benelux, whilst also strengthening its position in medical/health distribution, extending its portfolio of services beyond Spain and Portugal.

3. To offer excellence in our services and increase profitability through continued improvements in operational efficiency

Our commitment to our clients and our close collaboration with them to continually seek an outcome that brings a mutual benefit for us both is the main driving force that ensures we continue to maintain the highest standards in quality when delivering our services and carrying out our operations. As such, we must constantly strive to maintain and increase profitability through continuous improvements in operational efficiency.

As part of this objective for continuous improvement, we should highlight our commitment to sustainable growth from an environmental perspective. The Company has identified road traffic pollution as one of the areas in which it can make improvements to reduce its carbon footprint by making a concerted effort to increase the number of vehicles that use less polluting fuels.

4. To remain financially sound in order to maintain our shareholder remuneration policy

As in previous financial years, operational efficiency and protecting and developing internal know-how, serve as a basis for maintaining sound financial profitability and creating long-term value for all our stakeholders. This means it is important that we increase our revenue base at the right cost levels so that all those involved are remunerated fairly, and that we offer prices that reflect the level of service provided.

The key factors and trends that can affect Logista's future performance

Macroeconomic context

Logista's various business operations can be affected by worldwide political, social and/or macroeconomic conditions, both at the European level and particularly in Spain, France, Italy and Portugal and, to a lesser extent, in Poland.

During H1 2022, the macroeconomic climate of the post-pandemic economic recovery was marked by two key events: soaring raw material prices, which caused fuel and energy prices to spiral; and the war between Russia and Ukraine which began on 24 February and has both exacerbated this trend and increased uncertainty on the rate at which economies will recover over the coming months.

In Spain, this general climate of rising fuel prices sparked a wave of transport stoppages in March which affected several areas of the country's economy.

In our view, the latest measures taken by the various European Governments to help control the energy crisis will help ease inflationary pressures during H2 2022. Although Logista was dealt a blow by this complex macroeconomic climate during the first few months of the year, an efficient management has allowed the company to successfully offset its effects.

Regulatory context

As in previous years, the regulatory environment in the tobacco and pharmaceutical sectors has continued to introduce more stringent requirements for checks on the distribution of products, and as such, any companies wishing to continue operating in the future must be able to comply with these requirements.

This not only serves as testament to Logista's unwavering commitment to strictly complying with regulatory requirements, but also to providing excellent levels of service to its clients via solutions that enable them to prepare for such requirements.

Environmental standards

There is growing demand among clients for services that meet certain environmental standards, a demand which has risen amid the COVID-19 pandemic and due to a greater awareness about these issues in society as a whole.

Logista's actions are guided by a Quality and Environment Master Plan, and a Quality, Environment and Energy Efficiency Policy that establish guidelines and good practices for optimising the use of resources and preventing pollution throughout its business processes.

Logista carries out annual checks in line with the ISO 14064-3 standard on the main structures and processes for each business in Spain, France, Italy, Portugal and Poland, using the GHG Protocol and the ISO 14064-1 standard itself as a benchmark.

Logista has significantly improved the method used to calculate its carbon footprint, now producing a far more detailed impact assessment for its main sources of emissions. This information will not only help us to identify the most effective action to take to reduce emissions, it will also allow us to calculate exactly how much the measures implemented have helped reduce emissions by.

In addition, Logista is incorporating the environmental angle into the development of its strategy and has committed to achieving a 30% and 54% reduction – compared with 2013 levels – in direct and indirect emissions generated by its operations by 2030 and 2050 respectively. These targets have been set in line with the Paris Agreement and have been ratified and scientifically approved through the Science Based Targets initiative.

The effort made by the company in this regard has been recognised by various international organisations. CDP, for example, has included Logista in its prestigious "A List" as a global leader in the fight against climate change – the only European distribution company to have achieved this recognition in the last six years. The company has also been named a Supplier Engagement Leader in recognition of its work to make its clients' supply chain more sustainable, in line with a more responsible business model.

Logista is also included in the FTSE4Good index, a list of companies that demonstrate sound environmental, social and corporate governance practices, and has signed up to the 'manifesto for a sustainable recovery' in Spain.

This year, KPI targets linked to environmental management have been included in employees' short-term incentive plans – in addition to those already set out in their long-term incentive plans. This reflects the company's commitment to continue integrating environmental sustainability into the day-to-day management of the business.

E-commerce consumption

The continuing growth of online sales, through multiple operators, generates considerable logistics requirements. Logista's outstanding quality and extensive range of services, together with balanced prices, make it an attractive logistics partner, especially for direct sales of large manufacturers.

Consumption in proximity channels

Logista distributes all types of products to close to 200,000 points of sale in France, Spain, Italy and Portugal, offering manufacturers simple, rapid access so that their products can be available in those establishments. This positioning will allow Logista to continue to benefit from growth opportunities via proximity channels.

Digitalisation

Digitalisation is driving innovation in business, with numerous disruptive technologies introducing new digital products and services. Fully digitalised data and processes are increasing automation and enabling the smart supply chain and warehouse. Decisions are being made based on real-time data and future results being simulated thanks to Artificial Intelligence.

Logista has developed several notable projects in this area:

- Robotic process automation (RPA) in warehouses that runs 24/7, automatically executing millions of transactions. This means human resources can then be channelled towards creative, value-add tasks.
- Introducing advanced voice recognition technology, such as chat-bots (digital robots), in customer services to offer clients a quicker service, dealing automatically with repetitive and routine requests.

- Digitalisation of the supply chain for the distribution of pharmaceutical and tobacco products, going far beyond strict compliance with traceability regulations in both sectors. Logista is applying the very latest scanning and image recognition technologies, allowing for the end-to-end management of the entire supply chain. This source of online data allows for the optimisation of stock levels, delivery routes and equipment assigned.
- Centralised temperature control system in pharmaceutical storage containers and in vehicles, ensuring compliance with the storage temperature conditions required for each medicine.
- Incorporation of artificial intelligence into the digital marketing and sales platform in the points of sale, pharma and convenience product distribution businesses. By segmenting points of sale and products, it is easier to undertake a microsegmentation based on consumer behaviour to develop targeted marketing initiatives tailored to the needs of each segment. Artificial intelligence technologies based on recognising search history and previous sales patterns are also helping marketing experts to identify market potential and simulate promotions and customer loyalty initiatives.
- Introduction of a variety of innovative technologies such as Big Data AI analysis, enabling Logista's retail clients to digitalise and optimise their range of products and promotions and enhance the profitability of their stores.

Cybersecurity

Logista continues to apply the latest security technologies, reinforcing internal processes and implementing awareness campaigns for all employees to counteract phishing and ransomware attacks. Of particular note are the following:

- Implementation of a Security Operations Centre (SOC) that monitors all online threats 24/7 and is capable of initiating automated countermeasures to minimise any impact on Logista's operations.
- Approval of special measures against cyber-war threats related to the conflict in Ukraine, focusing on ransomware attacks – supported by intensive awareness-raising courses for all Logista employees and partners – strengthening protection of both client and employee personal data and coding databases and automatic back-up systems.
- Bringing processes into line with international cybersecurity standards with ISO 27000 certification – demonstrating Logista's high level of cyber-protection.

Next-Generation Products

We continue to enhance our range of new tobacco-related products to complement the traditional products on offer. These innovative products call for new value-added services that in turn provide opportunities for Logista. The Company offers manufacturers the fastest and most effective route to consumers in Spain, France, Italy and Portugal, thanks to its extensive distribution network in each of these countries.

1. LOGISTA (GROUP) PERFORMANCE IN H1 2022 FINANCIAL YEAR AND CURRENT SITUATION

Good results during the first six months:

- The business has grown in a difficult geopolitical and macroeconomic scenario
- Increased operating margin thanks to continuous efficiency improvement measures, despite inflationary pressures.
- Capital gains from the sale of two non-operating assets
- Negative impact of the sale of Supergroup on Net Profit.

Corporate transactions during the period:

- Acquisition of Speedlink, a Dutch express courier company.
- Sale of Supergroup, a subsidiary in France classified as an asset held for sale at year-end 2021.

Financial highlights

	M€		
	1 Oct. 2021 – 31 Mar. 2022	1 Oct. 2020 – 31 Mar. 2021	% Change
Revenues	5,453.8	5,169.1	+5.5%
Economic Sales ¹	597.4	580.2	+3.0%
Adjusted Operating Profit ¹	149.4	140.6	+6.3%
Margin on Economic Sales ¹	25.0%	24.2%	+80 b.p.
Operating Profit	128.3	113.0	+13.5%
Net Profit	87.9	87.8	+0.1%

Estimated impact of COVID-19 on business performance and results

During the first half of the year there have been new waves of the pandemic due to the appearance of variants of the virus which, although more contagious than previous variants, have had much milder effects on infected persons. This, together with a high vaccination rate and hygiene measures, has allowed a more normal level of activity to be maintained than in the same months during the previous year.

The situation resulting from COVID-19 in the countries in which Logista operates is virtually back to normal at the end of the half-year except for, among other things, the recovery of factors such as tourism.

Any negative impact that COVID-19 may have had on results in the period, as was the case in the previous year, has been offset by cost-cutting measures and by bolstering business lines that performed better during the pandemic. The net effect of COVID-19 on results for the first half-year is considered to be nil.

Business trend and income statement highlights for the first half-year

The general context in which the first six months of the year have unfolded has been difficult due to a combination of various factors, some at international level and others in the countries in which we operate.

The post-pandemic economic recovery has been accompanied by worldwide inflation, which has had a significant impact on fuel and electricity prices in Europe. The conflict between Russia and Ukraine that broke out at the end of February and the economic sanctions imposed on Russia by the international community have exacerbated this trend and have increased uncertainty concerning the pace of economic recovery in the coming months.

Additionally, in the last weeks of March some transport sector associations in Spain also staged a stoppage that caused significant disruptions to the economy.

Despite all this, Logista has achieved good results and improvements in its main income statement headings.

The Group's **Revenue** rose by 5.5% against the previous year thanks to growth across all businesses in Iberia and Italy.

Economic Sales¹ rose by 3% to €597.4 million due to improvements in tobacco distribution, Transport, Pharmaceutical Distribution and Publications distribution in Iberia, as well as in the distribution of convenience products in Iberia and Italy. Double-digit Economic Sales¹ growth was achieved in the convenience product distribution business in Italy.

Thanks to our business model and the cost containment measures routinely adopted by the Group, total operating costs¹ have increased by 1.9% despite the strong upward trend in inflation observed in the first half-year.

Adjusted Operating Profit¹ amounted to €149.4 million after rising by 6.3% on the previous year. The Adjusted Operating Profit margin on Economic Sales¹ was 25% as compared with 24.2% in H1 2021.

Changes in inventory valuation due to tax and tobacco price movements during the half-year had a positive net impact on results of around €+8 million, while for the same period in 2021 the impact is estimated at around €+3 million.

Restructuring costs¹ were slightly lower than in H1 2021 at €3 million (€4.2 million in the same period in the previous year).

In the first half of the year capital gains amounted to €5.8 million, compared to €1.1 million in the same period of the previous year. These capital gains mainly arose from the sale of two non-operational assets in Spain.

EBIT amounted to €128.3 million, an increase of 13.5%.

Net Financial Income fell sharply, due primarily to interest received in H1 2021 on the excess corporate income tax interim payments made in Spain in 2017 and 2018, based on a Constitutional Court judgement. Net financial income for the first half of the current year amounted to €7.6 million, as compared with €10.9 million in the same period of the previous year.

The effective tax rate has remained practically stable, at 26.8% in the first half-year and 26.6% in the first half of 2021.

Net profit from continuing activities rose by 9.4% to €99.5 million, while a net loss of €-11.5 million was posted on discontinued operations, as compared with €-3 million in the first half of the previous year.

As a result, **Net profit** rose 0.1% to reach €87.9 million.

NOTE ON COMPARABILITY BETWEEN FINANCIAL YEARS

At the end of 2021, a number of changes were made to the Group's financial reporting that affected comparability, so the figures for that year were restated. The changes consisted of the consideration of the Supergroup subsidiary (formerly the Other Business France sub-segment) as a held-for-sale asset, the separate reporting of the Logista Pharma business (now the Pharmaceutical Distribution Iberia sub-segment, formerly part of Other Businesses Iberia) and the inclusion of the Polish business in the Tobacco and Related Products Iberia sub-segment (formerly in the Corporate and Other segment). Finally, the Corporate and Other segment has been eliminated and corporate expenses have been distributed among the remaining three segments.

¹ See appendix "Alternative Performance Measures"

¹ See appendix "Alternative Performance Measures"

Changes in Revenues (by segment and business)

	M€		
	1 Oct. 2021 – 31 Mar. 2022	1 Oct. 2020 – 31 Mar. 2021	% Change
Iberia	1,750.9	1,567.3	11.7%
Tobacco and Related Products	1,504.4	1,339.1	12.3%
Transport	220.6	205.8	7.2%
Pharmaceutical distribution	104.1	90.1	15.5%
Other Businesses	9.4	9.2	2.4%
Adjustments	(87.6)	(76.8)	(14.0)%
Italy	1,899.1	1,653.3	14.9%
Tobacco and Related Products	1,899.1	1,653.3	14.9%
France	1,829.0	1,970.0	(7.2)%
Tobacco and Related Products	1,829.0	1,970.0	(7.2)%
Adjustments	(25.2)	(21.4)	(17.6)%
Total Revenues	5,453.8	5,169.1	5.5%

Changes in Economic Sales¹ (by segment and business)

	M€		
	1 Oct. 2021 – 31 Mar. 2022	1 Oct. 2020 – 31 Mar. 2021	% Change
Iberia	337.4	313.9	7.5%
Tobacco and Related Products	160.0	144.5	10.7%
Transport	154.7	148.6	4.1%
Pharmaceutical distribution	44.5	41.2	8.0%
Other Businesses	9.0	8.7	3.2%
Adjustments	(30.8)	(29.1)	(5.7)%
Italy	156.3	158.5	(1.3)%
Tobacco and Related Products	156.3	158.5	(1.3)%
France	105.6	109.9	(3.9)%
Tobacco and Related Products	105.6	109.9	(3.9)%
Adjustments	(2.0)	(2.1)	6.8%
Total Economic Sales¹	597.4	580.2	3.0%

¹ See appendix “Alternative Performance Measures”

Changes in Adjusted EBIT¹ (by segment)

	M€		
	1 Oct. 2021 – 31 Mar. 2022	1 Oct. 2020 – 31 Mar. 2021	% Change
Iberia	77.4	62.5	23.9%
Italy	46.7	48.2	(3.1)%
France	25.3	29.9	(15.6)%
Total Adjusted EBIT¹	149.4	140.6	6.3%

Adjusted Operating Profit¹ (or, interchangeably, Adjusted EBIT¹) is the main indicator employed by Group Management to analyse and measure business performance. This indicator is essentially calculated by discounting from EBIT costs that are not directly related to the Group's revenue in each period, which facilitates the analysis of the trends in operating costs¹ and the Group's margins. Set out below is the reconciliation of Adjusted EBIT¹ and EBIT for H1 2022 and H1 2021:

	M€	
	1 Oct. 2021 – 31 Mar. 2022	1 Oct. 2020 – 31 Mar. 2021
Adjusted Operating Profit¹	149.4	140.6
(-) Restructuring Costs ¹	(3.0)	(4.2)
(-) Amortisation of Assets Logista France	(26.1)	(26.1)
(+/-) Result of Disposal and Impairment	5.8	1.1
(+/-) Result by Equity Method and Others	2.2	1.6
Operating Profit	128.3	113.0

1.1 Performance by segment

1. Iberia: Spain, Portugal and Poland

Iberia **Revenue** totalled €1,751 million, having risen 11.7% against the previous year. **Economic Sales¹** amounted to €337.4 million, 7.5% above the €313.9 million recorded in H1 2021.

Revenue in the **Tobacco and related products** business line rose by 12.3%, primarily due to increased prices and tobacco volumes distributed.

Volumes distributed of cigarettes plus RYO and other (including heated tobacco units) in Iberia increased by 3.7% in H1 2022 compared with H1 2021, rising in both Spain and Portugal.

In the first half of the year, some tobacco manufacturers raised the retail selling prices of certain products by €0.15 per pack, without there having been any changes in tobacco excise duties, so an impact in results from the variation in value of inventories of around €8 million was recorded. There were no material impacts for this item during the same period in the previous year.

Business in Poland performed well at the start of the year.

Revenues from convenience product distribution grew double-digit in the first half-year, with an upward trend among new customers taken on in the previous year through which we have gained access to new channels, as well as an increase in distribution to Repsol service stations and tobacconists.

¹ See appendix "Alternative Performance Measures"

Economic Sales¹ of Tobacco and related products in Iberia rose by 10.7% on the previous year thanks to the increase in tobacco volumes distributed, the value-added services billed to tobacco manufacturers, and the increase in Economic Sales¹ of convenience products in Iberia.

In mid-March 2022, part of the transport sector in Spain, mainly self-employed workers, went on strike to demand public assistance in the face of rising fuel prices. Although this stoppage did not have a significant impact on the Group's results in the first half-year and had hardly any impact on Logista Freight's activity, it did have a minor impact on Logista Parcel's and Nacex's business and resulted in a slight slowdown in the rate of revenue growth and Economic Sales in the Transport business in the first half-year.

Revenue from the **Transport** business line grew by 7.2% to €220.6 million, while Economic Sales¹ rose by 4.1% to €154.7 million.

The parcel delivery business (Nacex) recorded a slight increase in the first six months of the year. The growth in deliveries and the good performance in tariffs in the B2B business line offset the impact of the reduction in the number of B2C e-commerce deliveries following the significant increase in H1 2021.

The development of the Nacex network of delivery and collection points, which now exceed 2,300 points in Spain, has resulted in the number of deliveries through this network almost doubling the figure for the previous year, leading to greater efficiency and sustainability in deliveries.

On 16 February 2022, Logista announced the acquisition of 70% of Speedlink Worldwide Express, a Dutch company specialising in B2B time critical deliveries that are sent to or from Belgium and the Netherlands, as well as an agreement to acquire the remaining 30% in the coming three years. The maximum payment for this 70% purchase, to be made in cash, would be €18.5 million depending on the targets achieved.

This acquisition will facilitate Nacex's international expansion in the Netherlands, the country with the largest number of distribution centres in Europe, strengthen the services offered by Logista to its customers in medical/healthcare distribution, and provide a platform for the development of Logista's other businesses in the region.

In addition, the gradual recovery of the industrial parcel business (Logista Parcel) since the beginning of the year has led to mid-to-high single-digit growth in the first half-year. Deliveries in the pharmaceutical sector performed well, while the recovery achieved in the first five months in the food sector slowed slightly at the end of the half-year due to the impact of the self-employed transport workers' strike in March.

Revenue from long-distance transport (Logista Freight) has shown double-digit growth, with a positive performance in all the sectors we serve. Economic Sales¹ were affected by the inflationary pressures to which the sector is subject and declined slightly compared with H1 2021. This situation, which had a greater impact on results for the first quarter of the year, was reversing in the second quarter and is expected to be offset during the rest of the year as customer rates are updated.

Revenue from **Pharmaceutical distribution** rose 15.5% up to €104.1 million, while Economic Sales grew by 8% to €44.5 million.

The constant incorporation of new customers and the increase in business activity with current customers via new services have allowed us to maintain double-digit growth in revenues, despite the fact that the improvement in the overall pandemic situation has led to a significant decrease in the volumes managed associated with medical supplies, particularly medicines that are critical against COVID-19, in the first half-year compared with the same period of the previous year. It is worth highlighting the new customers that focus on distribution to pharmacies, as well as the distribution of COVID-19 self-tests to pharmacies and other healthcare centres, and the upturn in vaccine distribution linked to the third shot campaign.

During this period, two services in particular have been promoted for our customers:

- distribution of medicines to patients' homes from the hospital pharmaceutical service, an activity that is now part of the portfolio of general services offered to the sector, and
- distribution of veterinary medicines due to the upbeat pet sector and the legislative change that came into effect in January, which tightens requirements for the distribution of medicines for animal use. We have increased and strengthened our distribution services to veterinary clinics and, in

¹ See appendix "Alternative Performance Measures"

particular, to pharmacies, where we expect an increase in the market share of medicines for animal use.

Revenue from the distribution of publications (**Other businesses**) grew slightly, as did Economic Sales¹ that rose by 3.2% to reach €9 million.

Total operating costs¹ in Iberia climbed 3.3% during the period.

Adjusted EBIT¹ totalled €77.4 million, having increased 23.9% on the first half of the previous year.

Restructuring costs¹ have been similar over both years (€1.6 million in the current year and €1.7 million in the previous year). However, capital gains on asset sales were higher than in H1 2021 (€6 million and €1.2 million, respectively). **EBIT** therefore rose by 32.2% to €84 million, as compared with €63.6 million in H1 2021.

2. Italy

Revenue in Italy grew by 14.9% to €1,899 million thanks to increases in revenue from the distribution of convenience products and tobacco in relation to the same period of 2021.

Volumes distributed of cigarettes plus RYO and other (including heated tobacco units) climbed 4.2% on the first half of the previous year due to the sound performance of the new product categories, and the practical stability in cigarette volumes (-0.8%).

During the current half-year there have been no changes in excise duties on traditional tobacco, although as from 1 January 2022 an automatic annual update of excise duties was implemented based on the weighted average price for 2021. Tobacco manufacturers did not make significant changes to retail prices of traditional tobacco products in order to pass on this tax update, although in some cases they did increase the price of heating tobacco products above the tax increase.

Changes in prices and excise duties as a whole had a non-significant net impact in the first half of the current year, while they had a positive net impact of between €4 million and €5 million on the results for the same period in the previous year

The solid performance in tobacco volumes distributed and the increase in revenue from value-added services to manufacturers and from convenience product distribution mitigated the impact of this year-on-year difference, resulting in a slight decline in **Economic Sales**¹ in Italy, which fell by 1.3% to €156.3 million.

Growth in new tobacco product categories in Italy remains strong, contributing to the positive trend in value-added service revenues in all categories.

In addition, the improvement in convenience product distribution in previous periods has been confirmed in the first half-year, and Economic Sales¹ in convenience product distribution have continued to increase at double-digit rates.

The strong sales performance, despite the persistence of the pandemic, was thanks to two key drivers:

- our commercial offer was widened with the incorporation of new products/categories (for example, in beverages via the sale of new leading brands) and in addition,
- the process of dynamising the sales force helped to achieve sales targets and continue to grow the customer base, with new points of sale also being secured through the HORECA channel.

At the same time, the launch of new services designed for manufacturers, as an evolution of our traditional business model, has enabled us to start expanding our activities into new proximity channels.

Total operating costs¹ in Italy decreased by 0.6% compared to the same period in the previous year, with **Adjusted EBIT**¹ falling 3.1% to €46.7 million, as compared with €48.2 million in H1 2021.

Restructuring costs¹ related to the gradual improvement in operational efficiency were below the previous-year figure (€0.9 million as compared with €2.3 million in H1 2021).

¹ See appendix “Alternative Performance Measures”

Operating Profit stood at €45.8 million in the first half-year, virtually identical to the same period in the previous year.

3. France

Revenue in France fell by 7.2% to €1,829 million due to a decline in revenue from the distribution of convenience products and tobacco in relation to the same period of 2021.

The reduction in tobacco volumes distributed compared with H1 2021, which was 7.3% for cigarettes plus RYO and others (including heating tobacco units), was the main reason for the decline in revenue, as there were no significant changes in tobacco prices during the period, compared to the increase in the first half of the previous year due to the latest tax increase planned by the French government as part of its aim to reach a price of €10 per pack of 20 cigarettes by 2020.

Movements in tobacco taxes and prices did not have a material impact during the period. However, in H1 2021 they did have an adverse impact on results of around €2 million.

Economic Sales¹ in France fell 3.9% to reach €105.6 million. Growth in the distribution of electronic transactions offset the poor Economic Sales¹ in tobacco and convenience product distribution.

Performance in convenience product distribution has been inconsistent, depending on the categories involved. There were increases in the food and drugstore product category, as well as in electronic cigarettes, that mitigated the decline in products more directly related to rolling tobacco (RYO) consumption, particularly rolling paper.

Total operating costs¹ in France decreased by 0.5%, and **Adjusted EBIT**¹ fell by 15.6% to €25.3 million, as compared with €29.9 million in the first half of the previous year.

Restructuring costs¹ were not significant in the first half of 2022 and 2021 and the same depreciation charge of €26.1 million was recognised on the assets arising from the acquisition of the business in France. **EBIT** fell to €-1.5 million, down from the previous-year figure of €3.6 million.

1.2 Overview of financial result

The Group has a reciprocal credit line agreement with its majority shareholder (Imperial Brands Plc.), whereby cash surpluses are lent daily up to a limit of €2,600 million or the cash needed to meet payment obligations is received. Interest accrues on these balances at the European Central Bank's base rate plus a spread of 75 basis points. The European Central Bank's base rate was 0% in H1 of both financial years.

Cash resources for the first half of the current year averaged €2,158 million, as compared with €2,256 million in the same period of the preceding year.

Net financial income/(expense) in the first six months of the year stood at €7.6 million, well below H1 2021 (€10.9 million) since in that period it included, as well as the income obtained from higher cash assets, the collection of interest on excess corporate income tax interim payments made in Spain in 2017 and 2018, based on a Constitutional Court judgement (€3.6 million).

1.3 Changes in Net profit

Restructuring costs¹ recognised in the current year were lower than in the first half of the previous year (€3 million v. €4.2 million) and capital gains were higher (€5.8 million) than in the previous year (€1.1 million), which amply offset the lower net financial income. This, together with the sterling business performance, led to a 9.7% increase in Pre-Tax Profit up to €135.9 million.

¹ See appendix "Alternative Performance Measures"

¹ See appendix "Alternative Performance Measures"

The effective tax rate was very similar to H1 2021 at 26.8%. In the previous year, the effective tax rate was 26.6%.

Profit from continuing operations in H1 increased to reach €99.5 million, which is 9.4% higher than the H1 2021 figure of €91 million.

The Company decided to classify Supergroup (the Group subsidiary engaged in distributing convenience products to points of sale other than tobacconists in France) as a “held-for-sale” asset at the fiscal year end, so its results for the year and estimated restructuring costs (included in 2021) are reported under discontinued operations from that point onwards. To ensure the comparability of 2022 and 2021, these figures were restated to reflect the new classification, results from discontinued operations amounting to €-11.5 million in H1 2022 and €-3 million in H1 2021.

In February 2022, the sale of the company to Benoît & Co., a French family-owned company, was executed following the completion of the consultation process with the unions and all other formalities that are customary in this type of transaction. The impact on Results from discontinued operations derived from operating income from this business up to the time of its sale was €-1.5 million, while the remaining €-10 million relates to contributions made to restore the company’s capital position prior to its sale.

Net profit, including continuing and discontinued operations, totalled €87.9 million, up 0.1% on the first half of the previous year.

Basic earnings per share amounted to €0.67 in both periods, the number of shares remaining the same. At 31 March 2022, the Company holds 876,450 treasury shares (0.7% of share capital). Most of these shares were purchased to cover future commitments to deliver shares under long-term executive remuneration plans. The other shares secure the liquidity agreement entered into on 20 January 2021 with Banco Santander, S.A.

1.4 Cash flows

The positive performance of the business during the first half of the year resulted in a 6.7% increase in earnings before interest, taxes and depreciation (EBITDA) compared to the same period in the previous year. This increase has partially mitigated:

- the higher cash outflow from net investments in the period, which include the acquisition of Speedlink and the contribution to restore the balance between Supergroup's equity and capital prior to its sale,
- the lower contribution of net financial income/(expense) and
- the greater amount of normalised taxes,

resulting in a normalised cash generation that was 17.6% lower than in the previous year, at €101.3 million.

The change in working capital at the end of H1 had a much lower negative impact on cash generation for the period than that recorded at the end of H1 2021, since in that period it reflected the impact of the finalisation of the temporary change in excise duty payment conditions in certain countries. However, the collection of the reimbursement of the excess interim corporate income tax payments of 2020 (€59.9 million) largely offset the working capital variation

Free cash flow generation at 31 March 2022 was positive, at €108.5 million.

1.5 Research and development

Logista invested €2.3 million in R&D&I during H1 2022. These investments correspond to technological development and process engineering activities projects, in applications of interrelation with clients.

1.6 Treasury shares

At 31 March 2022, Logista had 876,450 treasury shares on its balance sheet – equating to 0.7% of its share capital – to primarily meet the share distribution commitments resulting from the Company’s incentives plans and comply with the liquidity agreement entered into on 20 January 2021 with Banco Santander S.A.

1.7 Dividend Policy

The Annual General Shareholders' Meeting held on 3 February 2022 agreed the distribution of an additional dividend for the 2021 financial year of €110 million (€0.83 per share), which was paid on 24 February 2022.

Therefore, adding this payment to the interim payment for 2021 of €54 million (€0.41 per share) made on 27 August 2021, the total dividend for 2021 amounted to €164 million (€1.24 per share), entailing an increase of 5.1% on the previous year and representing 95% of Net Profit for the year.

1.8 Outlook

In view of the current market situation and business performance in the first six months of the year, we may expect that by end-2022 Adjusted Operating Profit¹ will achieve organic mid-single-digit growth over the figure for 2021.

In line with Logista's strategic plan, the essential focus of which is additional growth and diversification of the existing businesses, the Group continues to seek out opportunities to acquire complementary small/medium companies to leverage synergies. In any case, Logista will prioritise the same dividend policy applied to date.

2. SHARE PERFORMANCE

The Logista share price stood at €16.6 at the end of H1 2022 (31 March 2022), placing the Company's market capitalisation at €2,203.7 million.

During the reporting period 42,808,551 securities were traded on the Spanish stock exchange (BME), equating to a 32.2% rotation rate on the total share capital. The daily average volume traded was 334,442 shares.

	1 Oct. 2021 – 31 Mar. 2022	1 Oct. 2020 – 31 Mar. 2021
Market capitalization at the end of the period (€mill)	2,203.7	2,243.5
Revaluation (%)	-8.8%	+15.8%
Closing price (€)	16.6	16.9
Maximum price (€)	19.1	17.1
Minimum price (€)	15.0	14.0
Total negotiated volume (shares)	42,808,551	35,799,430
Average daily volume (shares)	334,442	279,683
Rotation (% of share capital)	32.2%	27.0%

3. SUSTAINABILITY

Logista pursues ethical business, social, environmental and economic principles and values guided by transparency and good corporate governance, integrating these into its management and operations across all the countries where it is present.

In line with Logista's Sustainability Policy, these principles and values are incorporated into the company's strategy and management model. They infuse its every action and lead to a series of sustainability commitments undertaken with the various stakeholders identified, in particular with shareholders and investors, employees, clients and channels, suppliers, the environment and society in general, as well as with good governance.

¹ See appendix "Alternative Performance Measures"

As a result of its steadfast commitment to sustainability, Logista has shown once again that it is one of the leading companies in the sector, having attained an AA rating from MSCI in 2021, based on an AAA-CCC scale.

For the sixth consecutive year, CDP has included Logista on its prestigious “A List”, highlighting the company as one of the global leaders in the fight against climate change.

Furthermore, CDP has recognised Logista as one of the companies that is most committed to its suppliers in combating climate change.

In October 2021, Sustainalytics concluded its evaluation of Logista, considering the company to be at low risk of experiencing material financial impacts due to ESG factors. This analysis places Logista 9th among the 358 companies evaluated in the transport sector and 5th among the 80 companies evaluated in the Air and Logistics transport sub-sector.

Since 30 December 2021, Logista has been included in the IBEX Gender Equality index, composed of 33 Spanish companies which have a ratio of between 25% and 75% of women on their board of directors and between 15% and 85% in senior management positions.

In March 2022, S&P concluded its evaluation of Logista, giving it a score of 50 out of 100, which means that Logista ranks 32nd of 164 companies in the transport sector.

Once again, Logista has been recognised by the Financial Times as a Diversity Leader; it continues to form part of the FTSE4Good index, which lists the companies that demonstrate solid environmental, social and corporate governance practices.



3.1 Good governance

With the exception of matters reserved for the Annual General Shareholders' Meeting, the Board of Directors is Logista's highest decision-making body. Its role is to represent the Company by carrying out all of the duties included in its corporate purpose, as set out in the Articles of Association.

It is the Board's policy to delegate the everyday management of Logista to the executive bodies and senior management team, focusing its own efforts on its overarching role in determining company strategy and overseeing the work of the senior management team. At the same time, the Board must duly attend to those matters which, pursuant to the law or to the Company's Articles of Association or Regulations, cannot be delegated to other bodies.

Logista's Board of Directors includes an Audit and Control Committee and an Appointments and Remuneration Committee, tasked with carrying out the duties required by law. The majority of these committees comprise independent directors.

During H1 2022, the Company's Board of Directors has held three meetings, the Audit and Control Committee has met twice, and the Appointments and Remunerations Committee has met a total of four times.

Agenda for the 2022 AGM

- Approval of the individual and consolidated annual accounts, the consolidated statement of non-financial information and the management performance of the Company's Board of Directors relating to 2021.
- Approval of the distribution of the results for the 2021 financial year, with the payment of an additional dividend of €0.83 per share (total dividend 2021: €1.24 per share).
- Approval of the appointment of two Proprietary Directors.
- Re-election of two Independent Directors.
- Approval of a new Director Remuneration Policy for 2022, 2023 and 2024.
- Advisory vote on the Company's Annual Director Remuneration Report relating to 2021.
- Approval of an amendment to the Board of Directors' Rules, in relation to the approval of related-party transactions.

Tackling corruption and bribery

Logista has put in place a number of corporate policies and an internal control system aimed at preventing any conduct falling into the "criminal risks" category, whether on the part of managers, directors or any other employee of the Group. Examples of such criminal conduct include corruption, bribery and money laundering.

During H1 2022, the Company set up an employee training programme for the prevention of money laundering and financing of terrorism.

No reports in relation to crimes of bribery, corruption or money laundering were received during H1 2022.

Human rights

During H1 2022, the Company did not receive any reports of incidents relating to respect for freedom of association and the right to collective bargaining, job discrimination, forced or child labour or any other Human Rights violation or concern in any country in which Logista operates.

3.2 Stakeholders

3.2.1 Employees

Talent management is a key area for Logista because it enables the company to ensure it has the human capital it needs to successfully implement its business strategy.

Our people management model is founded on the principles of Talent Development, Diversity and Inclusion, and the Health and Well-Being of our employees. Within these strategic areas, the company has established common goals and cross-cutting objectives that apply to the whole group.

Logista regards the Health, Safety and Well-Being of its employees as one of its fundamental values and is committed to providing a safe and secure working environment, setting out the following objectives as priorities

- to achieve a gradual reduction in accident rates
- to continue improving safety conditions in order to make workplaces healthier
- to promote a culture of excellence in terms of health, safety and well-being
- to champion initiatives that favour the physical and psychosocial well-being of employees

In September 2021 Logista's Health, Safety and Well-Being Policy was approved. This policy applies to all businesses and countries and also includes the Healthy Company concept to strengthen the Company's commitment to the Health, Safety and Well-Being of everyone who works for and with Logista.

Just as our Code of Conduct sets out, trust, respect and responsibility are the values that govern the conduct of the 5,511 employees of 55 nationalities that work for the Logista Group at 31 March 2022.

The distribution of the workforce by country is as follows:

Country	31 Mar. 2022			31 Mar.2021		
	Permanent	Temporary	Total	Permanent	Temporary	Total
Spain	3,019	507	3,526	3,118	383	3,501
Italy	443	26	469	449	1	450
France	799	62	861	1,219	35	1,254
Portugal	482	87	569	520	8	528
Poland	59	27	86	85	1	86
Total	4,802	709	5,511	5,391	428	5,819

The distribution of the workforce by professional category is as follows:

Professional category	31 Mar. 2022			31 Mar.2021		
	Permanent	Temporary	Total	Permanent	Temporary	Total
Senior management	39	-	39	42	-	42
Management	191	-	191	79	-	79
Professionals	354	5	359	322	20	342
Technical and administrative staff	2,376	5	2,610	2,578	191	2,769
Warehouse staff	1,842	470	2,312	2,370	217	2,587
Total	4,802	709	5,511	5,391	428	5,819

Logista's average headcount has fallen slightly from 5,804 employees in the first six months of 2021 to 5,721 in 2022. A total of 87.1% of its workforce have permanent contracts, while 12.9% are employed via temporary contracts. In terms of gender, males account for 62.9% of staff and females 37.1%.

Logista is committed to creating and maintaining jobs in strict compliance with European and local regulations, and in line with the recommendations of the United Nations Global Compact on Human Rights and the resolutions and recommendations of the International Labour Organisation. The company drafts and implements internal policies and collective agreements that improve the working conditions of our employees, fostering good relationships with Trade Unions and Workers' Representatives based on responsibility and transparency.

At Logista, we firmly believe that diversity and inclusion are key values, on account of all the benefits afforded by a diverse and inclusive workplace. We also view diversity and inclusion as vital to our strategy for recruiting and retaining talent.

Logista has been included in the Ibox Gender Equality Index. This recently created index is the first to gauge the presence of women in senior management positions in Spanish companies, based on information compiled every year by the CNMV (Spanish National Securities Market Commission). Logista's inclusion in this index is testament to the determined effort made by the company over the last few years to promote diversity and gender equality.

Our strategy to ensure equal opportunities and a merit-based model is underpinned by the following initiatives:

- At Logista, the ratio of women currently on the Board of Directors is 42%. This already meets the target set by the CNMV's new recommendations for 2022 (40%).
- 50% of the finalist candidates in each recruitment process are women.
- Specific plans that guarantee professional development opportunities for female talent as part of the company's Succession Plan.
- Measures for the reconciliation of working, personal and family life.
- Training of our managers and directors to lead people in an inclusive environment.
- The analysis of compensation from a gender perspective, to ensure that discriminatory situations do not occur.

Logista is very proud to have been recognised as a “Leader in Diversity 2022” by the Financial Times for the second consecutive year. This accolade singles out companies that promote diversity of gender, age, ethnicity, disability and sexual orientation. To be specific, Logista ranks 103rd of 850 companies in the European classification and 5th among Spanish companies.

At Logista, we are deeply committed to the growth and professional development of our employees, reinforcing their most valuable skills. At the same time, we guarantee the continuity and growth of our business with the finest talent by identifying Critical Positions and developing and consolidating Succession Plans for these positions.

Training hours during the first half of 2022 amounted to 18,454.

3.2.2 Shareholders and Investors

Logista is deeply committed to creating short, medium and long-term value for its shareholders and investors.

To do this, it works to ensure a profitable business, managing financial and non-financial risks carefully and responsibly, while maintaining open and transparent dialogue with shareholders, investors and financial analysts as one of the foundations for long-term sustainability.

Logista manages the relationship with shareholders and the wider financial community through the Investor Relations department and is deeply committed to offering maximum transparency in terms of sharing information and strictly complying with applicable law.

Logista therefore offers the investor community key information about the Company in relation to its strategy, activities and results, through the information published on its website, and through meetings, person-to-person contacts, participation in conferences and seminars, etc.

During the reporting period, due to the COVID-19 pandemic, our roadshows and participation in conferences and seminars were largely carried out virtually; and meetings that would have previously been carried out in person have continued to be primarily conducted via telephone and only in person on some very specific occasions.

Coverage by research firms:

At the end of H1 2022 (31 March 2022), 13 firms covered Logista with:

- 9 buy recommendations
- 2 outperform recommendations
- 1 overweight recommendation
- 1 neutral recommendation
- No sell recommendations
- Average target price of above €24.

Relevant facts and other relevant information reported to the Spanish National Securities Market Commission (CNMV) in H1 2022:

Date	Announcement
16 February 2022	Acquisition of Speedlink Worldwide Express
15 February 2022	Press release naming Chief Financial Officer
7 February 2022	Press release announcing Q1 2022 results Announcement of Q1 2022 results
3 February 2022	Agreements approved by the 2022 Annual General Shareholders' Meeting
5 January 2022	Details of transactions completed under the Liquidity Agreement in Q4 2021
14 December 2021	Call for Annual General Shareholders' Meeting
5 November 2021	Press release announcing results for the 2021 financial year Presentation of results for the 2021 financial year Announcement of results for the 2021 financial year
4 November 2021	Share buyback
29 October 2021	Notice of presentation of the results for the 2021 financial year
28 October 2021	Share buyback
21 October 2021	Additional information Share buyback
15 October 2021	Share buyback
8 October 2021	Share buyback
6 October 2021	Details of transactions completed under the Liquidity Agreement in Q3 2021
5 October 2021	Share buyback

There were no Inside Information communications during the financial year.

Investor calendar for H1 2022

Date	Event
24 February 2022	Additional dividend payment made (€0.83 per share)
7 February 2021	Announcement of Q1 2022 results (Oct-Dec)
4 February 2022	Annual General Shareholders' Meeting 2022 (second call)
3 February 2022	Annual General Shareholders' Meeting 2022 (first call)

Logista and the Stock Market

Logista is listed on the IBEX Medium Cap, the index listing the 20 largest securities after those listed on the IBEX 35 by market capitalisation adjusted for free float, provided the annualised turnover of securities on their free float is greater than 15%, and the IBEX Top Dividend, which lists the 25 securities with the greatest dividend yield from those included in the IBEX 35, IBEX Medium Cap and IBEX Small Cap indexes, provided they demonstrate a history of payment of ordinary dividends for at least two years; It is also included on the FTSE4Good index, which lists companies that demonstrate sound environmental, social and corporate governance practices

On 30 December 2021, Logista was included in the IBEX Gender Equality index, which lists 33 Spanish companies in which women represent between 25% and 75% of the Board of Directors and between 15% and 85% of senior management.

3.2.3 Clients and Channels

Clients are the core focus of Logista's business model.

To meet the needs of its clients, Logista has developed a business model that is unique in southern Europe, integrating all the services that make up the logistics value chain into one single supplier. The company acts efficiently and sustainably and, with full transparency and traceability, offering advanced and specialist services for each sector and point of sale channel in which it operates.

Logista includes sustainability in its objective of offering the highest quality of service, always seeking efficiency in its operations and in the right social and environmental conditions.

As such, Logista promotes ongoing open and transparent dialogue with its clients through a range of specific communication channels tailored to their circumstances (face-to-face contact, meetings, electronic mailboxes, call centres, etc.), or through shared communications channels for different stakeholders, such as the Company's corporate website (www.logista.com) or the websites of its different businesses.

Logista also has a range of different systems for dealing with consumer complaints and claims. Each business sets up these systems, tailoring them to suit its individual nature and that of its consumers.

Logista seeks to establish stable, long-lasting relationships with its clients. Relationships built on trust, that are beneficial to both parties and that always guarantee independent management and operational neutrality.

Logista applies its commitment to quality, sustainability and continuous improvement across all its business activities and operations and has numerous certifications to confirm this.

Main certifications:

- ISO 14064: verification of greenhouse gas emissions at the group level, including all business and geographies.
- ISO 9001: quality Management System in place at more than 300 facilities belonging to a number of Logista's businesses in Spain (pharmaceutical product distribution, distribution of convenience products, tobacco distribution and transport services) and externally audited each year
- GDP (Good Distribution Practices): distribution of medication in accordance with European and Spanish regulations. This certification assures the quality and integrity of the pharmaceutical products throughout the supply chain. The businesses that distribute medical products are certified under this standard. This includes Logista Pharma, Nacex, Logista Parcel and Logista Freight.
- GMP (Good Manufacturing Practices): correct handling, re-packaging and re-packing of medicines, awarded to Logista Pharma by the Spanish health authorities.
- AEO (Authorised Economic Operator): the *Agencia Estatal de Administración Tributaria* (State Tax Administration Agency, AEAT), in its most stringent Customs Simplification, Security and Safety procedure, has certified Logista's pharmaceutical distribution and distribution of tobacco and related products businesses in Spain, along with its transport services businesses (Nacex, Logista Parcel and Logista Freight) and Logista Italia, as having appropriate customs control, financial solvency and levels of security and administrative management to ensure satisfactory fiscal compliance.
- TAPA: certifies Logista Freight and Nacex's compliance with FSR (Facility Security Requirements) and TSR standards (Trucking Security Requirements) designed to guarantee the safe and secure transit and storage of assets of any member of TAPA worldwide
- ISO 14001: Environmental Management system in the businesses of pharmaceutical distribution and the distribution of tobacco and related products in Spain and in transport services (Nacex, Logista Parcel and Logista Freight).
- IFS Logistics: accredits Logista Parcel for the security of its storage and transport operations and Logista Freight for the security of its storage and transport of foodstuffs and non-foodstuffs.

3.2.4 Suppliers

Logista ensures a responsible management of its supply chain, with sustainability representing a key element of our relationships with our suppliers.

Logista's General Principles of Conduct for suppliers set out the minimum standards and basic rules of conduct that must govern supplier operations – both towards their own employees and towards any other third parties involved in carrying out their business activities – in their dealings with Logista.

Compliance with these Principles of Conduct is mandatory and as such they must be understood and accepted by all the Group's suppliers. To ensure they are publicly available, they are published on the company's corporate website and translated into the official languages of the countries in which Logista operates.

Procurement Policy

Logista's Procurement Policy also sets out the Group's guiding principles on ethics, labour, sustainability, quality and client focus, and form the basis for supplier tendering and selection.

Under the Group's Procurement Guidelines, tendering must also be governed by the Principle of Ethical and Professional Conduct.

Supplier tendering and selection is conducted via an objective and rigorous process.

To evaluate how compliant suppliers are with standards of quality, safety and professionalism, and with all other standards required by the Group, Logista carries out regular evaluations.

In order to optimise and streamline resources, all significant purchases of goods and services corresponding to general purchases, supplies, maintenance services and information and communications technologies, as well as CAPEX, are centralised via Corporate Procurement Management.

Other types of indirect procurement, such as the rental of warehouses, are centralised via Real Estate Management, and procurement of consultancy and advisory, or financial and insurance services for example. They can also be centralised via the various management areas such as Finance and Human Resources.

Purchases that, due to their nature or reduced cost, do not need to be centrally managed also follow the established procurement process in order to comply with the general procurement guidelines set out in the Procurement Policy and to ensure transparency, efficiency and equity in any such purchases.

3.2.5 Environment

Logista has a Quality and Environment Master Plan and a Quality, Environment and Energy Efficiency Policy in place as part of its corporate strategy and which establish the guidelines and best practices to follow in matters relating to the environment and energy efficiency; including calculating and reducing the company's carbon footprint, ensuring continual improvement and strict compliance with legal requirements, the reasonable use of resources and collaboration with organisations and stakeholders.

In addition, Logista champions respect for the environment among its employees, customers, suppliers and society as a whole. The Quality, Environment and Energy Efficiency Policy is available for all employees and other stakeholders on the Group's Intranet and on its corporate website.

This Policy includes the definition and control of environmental and quality indicators, as well as a regular assessment of the company's sustainability performance, and an assessment of its carbon footprint and corresponding reduction targets.

3.2.5.1 Climate change

Logista calculates and promotes the reduction of its carbon footprint, as part of its initiatives to minimise the environmental impact of its operations.

Logista calculates the carbon footprint of all its businesses and activities in the different countries in which it operates, including the majority of its outsourced activities, such as 100% of the emissions resulting from transport and franchise operations, as well as indirect activities such as the purchase of goods and services, based on the emissions factors and standard for reporting Greenhouse Gases (GHG) of the Greenhouse Gas Protocol (GHGP) and on the UNEEN-16258 standard.

An independent accredited entity verifies the carbon footprint calculation under the UNE-EN ISO 14064 standard, confirming the figures, reliability and traceability of the process.

The company is optimising the method it uses to calculate its transport emissions, individually calculating the emissions produced by each subcontracted transport vehicle, taking into account the distance travelled and the specifications of each vehicle (age, type of motor, size, type of fuel used, etc).

Logista's transport division also notifies its clients, free of charge, of the carbon footprint of their deliveries and travel.

In December 2021 CDP announced that it had included Logista for the sixth consecutive year in its prestigious "A List", highlighting it as one of the global leaders in the fight against climate change. After analysing the data for 12,000 companies across the world, Logista is the only European distribution company to have achieved this accolade six years running.

Logista has also been recognised by the CDP as a "Supplier Engagement Leader", highlighting its management of climate change for its clients.

Every year, Logista sends CDP information about its management of climate change at corporate level and at individual business level. This information can be viewed on CDP's website.

Logista is also included on the FTSE4Good index, created by the global index supplier FTSE Russell and listing companies that demonstrate sound environmental, social and corporate governance practices

Logista has defined KPI targets linked to environmental management and included them in employees' short-term incentive plans – in addition to those already set out in their long-term incentive plans. This reflects the company's commitment to continue integrating environmental sustainability into the day-to-day management of the business.

- *Noise and light pollution*

Noise during daytime and night-time hours is measured at each of Logista's facilities as per the frequency stipulated by environmental regulations. If the measurements show values close to the legal limit, there are action plans in place to correct the noise level.

Light pollution is not significant, so Logista has made no specific arrangements for this aspect.

- *Measures adopted to reduce carbon emissions*

Logista reduces emissions by continually optimising routes and renewing transport fleet agreements, including efficiency criteria and advocating for its transport division to gradually increase the fleet of vehicles that operate using less polluting fuels.

The company particularly focuses on emissions produced by subcontracted vehicles, which are the main source of our footprint. Hence why the company is rolling out a number of different initiatives, such as renewing the fleet with more energy efficient and less polluting vehicles; Intermodal transport; Testing/checking new vehicles, including prototypes and vehicles in the pre-marketing phase.

Logista is also committed to achieving certain energy efficiency standards in new facilities, including BREEAM and LEED certifications and solar panels in our main warehouses – which are in fact already up and running at our largest European facility (Leganés).

What's more, over 90% of Logista's premises use renewable electricity, including all the directly managed centres in Spain, France, Italy and Portugal.

In addition, the measures taken to improve energy efficiency and increase the use of renewable forms of energy also foster the reduction of greenhouse gas emissions.

3.2.5.2 Circular economy and waste prevention and management

Logista has significantly reduced waste and emissions produced by its operations through the use and recovery of reusable cardboard boxes, via a system already implemented at its network in Spain, France, Italy and Portugal, and in its specialist express courier service for parcels and documents.

Due to the nature of its operations, the main types of waste currently generated by Logista are paper and cardboard, wood (pallets), municipal waste, plastics and oils.

3.2.5.3 Sustainable use of resources

Logista is fully aware of how important the efficient use of resources is. As such, it compiles and analyses information about its water consumption, waste and about the most important materials.

The discharging of wastewater is not considered a relevant aspect at Logista because, due to the Group's type of activity, this water is discharged into municipal water systems.

3.2.5.4 Protection of biodiversity

Logista's operations do not have a direct impact on protected areas, and as such biodiversity is not included in the Company's material considerations.

There was no significant impact on biodiversity during H1 2022.

3.2.6 Society

Logista is actively engaged in numerous social initiatives, mainly in its local areas.

Logista encourages anyone who collaborates with the Group (employees, franchises, regional offices, etc.) to participate in these initiatives and also actively collaborates on any projects proposed by these groups as part of its commitment to social responsibility.

The primary objective of the social initiatives is to improve the quality of life of society's most vulnerable groups, for example: donating convenience products to soup kitchens; making donations to help provide support to families affected by cancer or rare diseases; organising food bank and toy collections for families in need of financial support or at risk of social exclusion; training and hiring people with disabilities to help them with their integration into the jobs market; implementing various initiatives to encourage people to do more sport; offering support to La Palma island (in Spain); and working with the International Committee of the Red Cross on all its initiatives aimed at helping the people of Ukraine.

4. RISK EXPOSURE

Logista and its subsidiaries' Corporate Risk Management system is outlined in Logista's General Risk Management Policy – approved on 21 July 2020 and amended on 22 September 2021 – as well as in its procedure. The objective of this Policy is to introduce an integrated risk management system designed to provide the Board of Directors and management teams with a tool that helps them optimise results, with a view to improving their capacity to create, sustain and, ultimately, realise value.

This Policy sets out the company's commitments in terms of controlling and managing all forms of external and internal risk to which Logista may be exposed, at any point in time, in order to achieve its objectives. To do this it assigns responsibilities, defines risk categories and risk appetite and puts measures in place to manage this risk, as well as regularly monitoring the system so that it also ensures an efficient assignation of resources and guarantees the reliability of financial and non-financial information – establishing guidelines for transparency and Good Corporate Governance, as well as increasing the range of opportunities available.

The risk categories defined in this Policy include business environment risks and core business risks, financial, regulatory compliance, operational and technological and reputational risks. Fiscal risks associated with Logista's operations fall within the financial risks category.

Logista's General Internal Control Policy, which came into force on 25 April 2017, sets out the general framework for controlling and managing all forms of external or internal risk to which Logista may be exposed, at any point in time, in line with the applicable Risk Map and in order to achieve the company's objectives.

The main non-financial risks and uncertainties which Logista faces, and grouped according to their corresponding category, are as follows:

- Business environment risks: The present situation is one of socio-economic instability which, in an inflationary context shaped by general price increases and a supply chain crisis, is affecting the main macroeconomic indicators of the countries in which Logista operates. With relation to the risk posed by the Covid-19 pandemic, although there is still some uncertainty concerning potential new outbreaks and new variants, this risk is becoming less material as the pandemic stabilises and normality resumes. It is estimated that the net effect of Covid-19 on results in H1 has been neutral.
- Core business risks: Risks inherent in the successful expansion of Logista's different businesses – to offset a potential sharper rate of decline in the tobacco market – together with a misalignment with the market with regard to sustainability policies. In this regard, there is a risk associated with market liberalisation in the tobacco markets where Logista operates within the context of a state retail monopoly for these products, and the impact this could have on results if the Company fails to implement certain measures that have already been identified. The introduction of new anti-smoking policies, with the attendant decline in the consumption of tobacco products which Logista is not able to offset by growth in other business areas, amounts to further risks.
- Operational and Technological Risks: the main risks are related to cybersecurity – given that Logista is exposed to threats and vulnerabilities owing to its constant use of technology and information systems across its various operations – tobacco theft at its facilities and during transit, as well as risks relating to high-profile events if sufficient contingency plans are not put in place.
- Regulatory Compliance Risks: given that business operations are subject to compliance with numerous laws and regulations, both general and sectoral and with varying scope, this increases exposure to risks arising from potential breaches, associated sanctions or potential legal claims and to increased costs, incurred as a result of both bringing internal policies into line with new regulations and verifying and controlling regulatory compliance. This category also includes any risks that could arise as a result of the ordinary course of business, if Logista is engaged in legal disputes, of any nature, either as the claimant or the defendant, with uncertain outcomes.

From a financial perspective, Logista's main financial assets are cash and cash balances, trade receivables and other receivables, as well as the Group's financial investments - which represent the maximum exposure to financial risk. The main financial risks which Logista faces can be summarised as follows:

- One of Logista's Finance Department's basic objectives is to preserve the value of the Group's assets in every business unit and country of operation. It does this by analysing and preventing risks and optimising the management of the main claims, contracting external insurance policies as and when it deems it necessary. There is also a risk that the fair value of assets may deteriorate, particularly with respect to the carrying value of goodwill. This is because Logista has a significant volume of assets and investments, which are subject to impairment testing in accordance with International Accounting Standards.
- Insofar as credit risk is concerned, it is Logista's general practice to use only institutions with a high credit rating when depositing cash reserves and equivalent liquid assets. Furthermore, Logista has an exposure to credit risk with Imperial Brands through the cash transfer agreement. Logista seeks to minimise insolvency and default risk by setting credit limits and imposing strict conditions with respect to collection periods. As Logista's main clients are licensed tobacconists, this commercial risk is spread over a large number of clients with fairly short collection periods. Consequently, the Company's exposure to third-party credit risk is not particularly significant. Where deemed necessary, insurance policies are in place to mitigate the impact of defaults on payments, although, historically, default rates in geographical regions where Logista operates have been consistently very low.
- With regard to liquidity risk, Logista has sufficient reserves of cash and equivalent assets to cover payments arising in the normal course of its business operations. If necessary, Logista has a number of credit lines available to it.
- As far as interest rate risk is concerned, in light of the low levels of financial debt, the Management Team does not believe a sudden rise in interest rates would have a significant impact on the accompanying consolidated annual accounts.
- Meanwhile, the exposure of Logista's equity and income statement to future changes in prevailing interest rates is relatively slight, since so few of its transactions are carried out in currencies other than the Euro.

- Like any other wholesale business, Logista's purchasing and revenue cycles are staggered. This means that outgoings to tobacco manufacturers and incomings from retail outlets may not always be in balance. Moreover, Logista's tax obligations must be settled according to a different cycle again. Any potential change to the tax payment cycle or significant increases in tax (for example: VAT and excise duties) could have a negative impact on the business by weakening the financial outlook, the operating profit and cash management.

As such, the fiscal strategy set out in Logista's Fiscal Policy primarily aims to:

- Minimise tax risks associated with its transactions, as well as with each company's strategic decisions, aiming to ensure the tax burden is appropriate and balanced with respect to business activities, material and human resources and business risks.
- Define the fiscal risks and set out the internal Control Objectives and Initiatives, as well as establish a system for fiscal compliance reporting and ensuring documentation is kept up to date as part of Logista's General Internal Control Framework.

In this regard, in meeting its fiscal obligations, Logista advocates strict compliance with all applicable tax requirements. It centrally monitors and verifies to ensure that all fiscal obligations are met. To this end, it draws on support from highly reputable tax advisors and law firms when preparing its tax reports and settling taxes owed and in the event that any legal defence is required.

As such, from a fiscal point of view, the risks that Logista is exposed to are as follows:

- The Group's primary activity is the distribution of tobacco, and as such it is subject to a specific fiscal model that can be complex due to its extensive geographical presence. In this respect, the Group has various tax disputes pending resolution requiring value judgements as to the probability of being obliged to settle certain liabilities. Logista has made provisions for these risks based on expert legal advice and the potential for transferring them to third parties.
- In accordance with current legislation, tax assessments are not considered definitive until the filed returns have been inspected by the tax authorities or the relevant inspection period has lapsed. Logista's returns from a number of financial years are currently subject to inspection with respect to certain taxes.

Regarding the risks to which the Company has been exposed:

- Typical operational risks during the regular course of its businesses, particularly in relation to tobacco theft at its facilities and during transit – no impact on results given that the goods are insured.
- Liability for the resolution of tax disputes ruling against Logista – no material impact on results due to prior provisioning, as well as for other non-tax related legal disputes.

In both cases the control systems in place have allowed the company to mitigate either the impact of the risk or the probability of the risk occurring. Thanks to Logista's internal control and risk management systems, the company has ensured that several risks maintain a low risk profile and in some cases it has even avoided them having any negative impact at all.

5. USE OF FINANCIAL DERIVATIVES

None of the Group Companies operate with financial derivatives.

6. EVENTS AFTER THE REPORTING PERIOD

Following the end of H1 2022, there were no significant events that would have a material impact on the interim financial statements attached.

APPENDIX: ALTERNATIVE PERFORMANCE MEASURES

- **Economic Sales:** equivalent to Gross Profit, and used without distinction by the Group's Management to refer to the figure resulting from subtracting Procurements from the Revenue figure.

The Group's Management considers that this figure is a meaningful measure of the fee revenue which we generate from performing our distribution services, and provides investors with a useful view of the Group's financial performance.

	M€	
	1 Oct. 2021 – 31 Mar. 2022	1 Oct. 2020 – 31 Mar. 2021
Revenue	5,453.8	5,169.1
Procurements	(4,856.4)	(4,588.9)
Gross Profit	597.4	580.2

- **Adjusted Operating Profit (Adjusted EBIT):** This indicator is calculated, basically, by deducting from the Operating Profit those costs that are not directly related to the revenue obtained by the Group in each period, thus facilitating the analysis of the Group's operating costs and margins.

The Adjusted Operating Profit (Adjusted EBIT) is the main indicator used by the Group's Management to analyse and measure the progress of the business.

	M€	
	1 Oct. 2021 – 31 Mar. 2022	1 Oct. 2020 – 31 Mar. 2021
Adjusted Operating Profit	149.4	140.6
(-) Restructuring Costs	(3.0)	(4.2)
(-) Amortisation of Assets Logista France	(26.1)	(26.1)
(+/-) Disposals and Impairments	5.8	1.1
(+/-) Share of Results of Companies and Others	2.2	1.6
Operating Profit	128.3	113.0

- **Adjusted Operating Profit Margin over Economic Sales:** calculated as Adjusted Operating Profit divided by Economic Sales (or, indistinctly, Gross Profit).

This ratio is the main indicator used by the Group's Management to analyse and measure the profitability obtained by the Group's typical activity in a given period.

	M€		
	1 Oct. 2021 – 31 Mar. 2022	1 Oct. 2020 – 31 Mar. 2021	% Change
Economic Sales	597.4	580.2	3.0%
Adjusted Operating Profit	149.4	140.6	6.3%
Margin over Economic Sales	25.0%	24.2%	+80 b.p.

- **Operating expenses:** these include the costs of logistics networks, commercial expenses, research expenses and head office expenses that are directly related to the revenues obtained by the Group in each period. It is the main figure used by the Group's Management to analyse and measure the performance of the costs structure. It does not include restructuring costs or amortisation of the assets derived from the acquisition of Logista France, because they are not directly related to the revenues obtained by the Group in each period.

Operating costs of each segment do not include the expenses of the corporate center. However, the expenses of the corporate center are included in the total Group's operating costs in order to show the operating behaviour of each geographical area.

- **Reconciliation with Interim Consolidated Financial Statements**

M€	1 Oct. 2021 – 31 Mar. 2022	1 Oct. 2020 – 31 Mar. 2021
Logistics network costs	409.0	401.3
Commercial expenses	25.5	24.3
Research expenditure	0.9	1.3
Central office expenses	41.8	43.0
(-) Restructuring costs	(3.0)	(4.2)
(-) Depreciation of Logista France assets	(26.1)	(26.1)
Operating costs or expenses in management accounts	448.0	439.6

- **Non-recurring expenses:** This term refers to those expenses which, although they might occur in more than one period, do not have continuity in time (unlike operating expenses) and only affect the accounts at a specific moment.

This figure helps the Group's Management to analyse and measure the performance of the Group's activity in each period.

- **Recurring operating expenses:** this term refers to those expenses which occur continuously and which allow the Group's activity to be sustained. They are calculated from the total operating costs minus the non-recurring costs defined in the previous point.

This figure helps the Group's Management to analyse and measure efficiency in the activities carried out by the Group.

- **Restructuring costs:** are the costs incurred by the Group to increase the operating, administrative and commercial efficiency in our organisation, including the costs related to re-organisation, dismissals and closures or transfers of warehouses or other installations.
- **Non-recurring results:** this term refers to the year's results that do not have continuity during the year and only affect the accounts at a specific moment. Their amount is included in the operating profit.