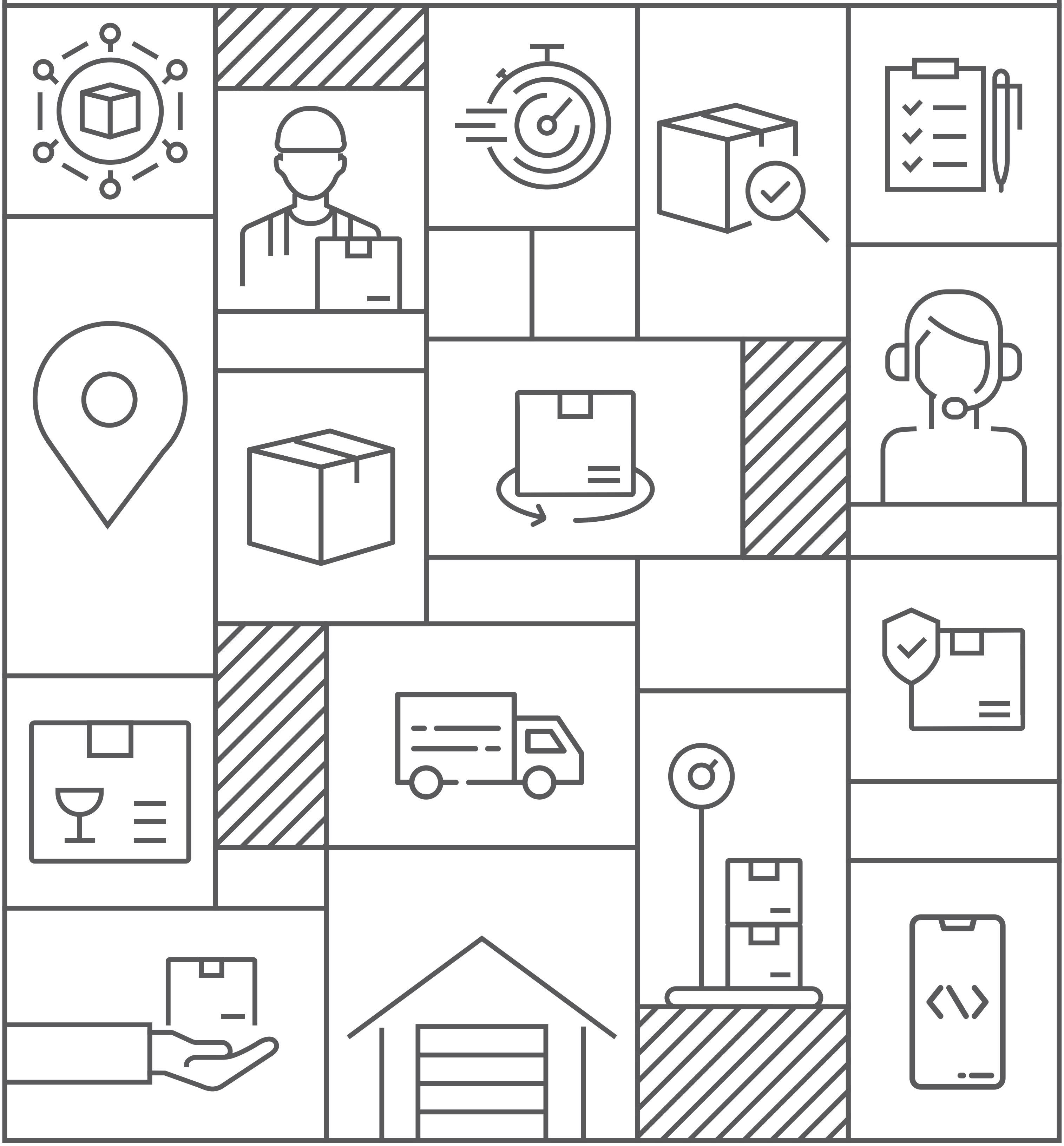
Annual Report_2020

Logista



Annual Report

Integrated Annual Report

Annual Report on Corporate Governance

Annual Report on Remuneration of Directors

2020 financial year summary

Robust results
despite the challenging environment due to COVID-19

Results

Revenues
€10,559 million
+4.0%

Economic Sales
€1,157 million
+0.7%

Adjusted EBIT
€257 million
-1.9%

EBIT
€206 million
+1.0%

Net Profit
€157 million
-4.5%

Stock Market

Capitalisation
€1,938 million at 30 September 2020

Dividends
€1.18 per share allocated to the 2020 financial year

Target price
> €23 per share, according to analysts' reports average

Almost all points of sale serviced by Logista, and the products it distributes, were classified as essential goods and activities, so Logista was able to continue operating in these business areas throughout the lockdown period.

Logista sought to help clients adapt to a new set of needs by expanding its range of services, demonstrating, that its clients are at the very heart of its strategy.

New services to satisfy new needs from our clients:

- **Distribution of tobacco products:** Building up security stocks close to points of sale
- **Distribution of convenience products:** Widening product portfolios
- **Distribution of pharmaceutical products:** Direct-to-patient clinical trials and home delivery of chronic disease treatments
- **Courier:** E-commerce boom. Contactless delivery and lockers and dropping points Nacex.shop
- **Distribution of books:** Home delivery of the on-demand printing purchases

Activity classified as essential

Quick adaptation to new needs of our clients

PROTECTING OUR EMPLOYEES AND COLLABORATORS

- Ensuring **health and wellbeing,** preventing contagion
- **Smart working** policy implemented

COST MANAGEMENT

- New health and **safety protocols**
- **Optimization** program
- Network / transport **routes reorganization**
- **Digitalisation**

Business areas

TOBACCO AND RELATED PRODUCTS

Distribution of tobacco products and other convenience products, including tobacco and non-tobacco related products, to the tobacconist channel in Spain, France and Italy, and to points of sale to distribute tobacco, in the case of Portugal. In Spain and Italy, this also includes the distribution of convenience products to other proximity channels.

TRANSPORT

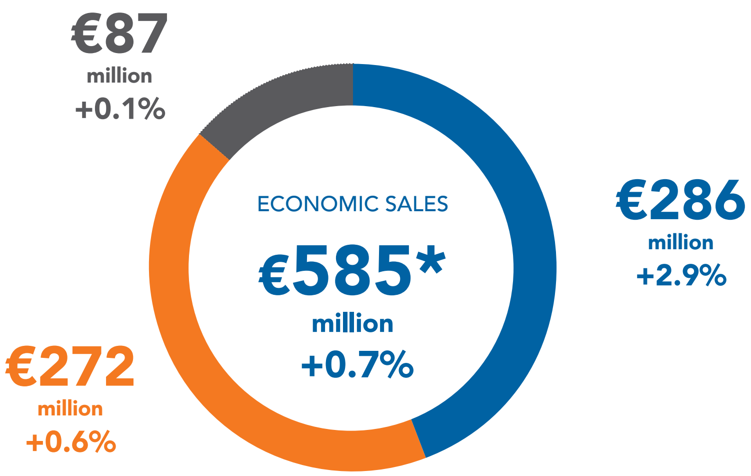
Management of full load and long-distance transport throughout Europe, temperature-controlled capillary transport in Spain and Portugal, and express courier services for parcels and documents **in Spain and Portugal.**

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

OTHER BUSINESSES

Pharmaceutical products and publication distribution and logistics services in Iberia, as well as wholesale **distribution of convenience products to different convenience retailers** in France.

IBERIA



ADJUSTED EBIT

€120 million

-0.4%

*Excludes Economic Sales between business lines

TOBACCO AND RELATED PRODUCTS

Good performance, mainly in the distribution of convenience products that offset the decline of tobacco volumes in Spain.

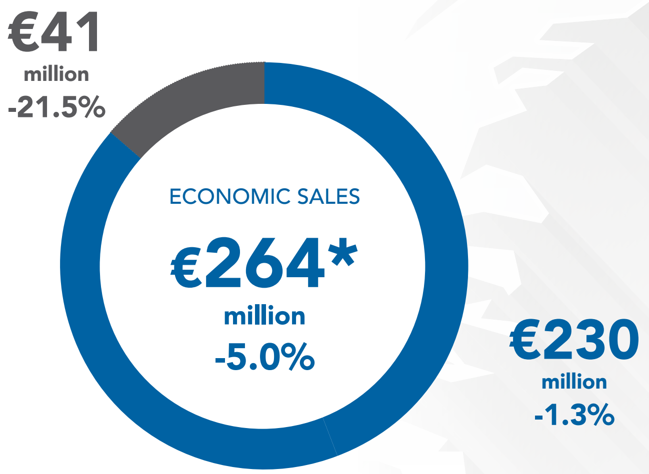
TRANSPORT

Disparity in performance between the different activities, being positive in Courier, thanks to the e-commerce.

OTHER BUSINESSES

Growth in Pharma due to the agreements with new clients and the expansion of the agreements with current clients, despite the drop in sales in distribution to chemist´s shops and hospitals due to the exceptional situation derived from COVID-19.

FRANCE



ADJUSTED EBIT
€62 million
-16.7%

*Excludes Economic Sales between business lines

TOBACCO AND RELATED PRODUCTS

The Economic Sales increase of **convenience products and electronic transactions** mitigated the impact of the volume declines derived from the significant retail prices increases of tobacco.

OTHER BUSINESSES

It is the business that has been impacted the most by the measures implemented by the French Government to face the COVID-19 crisis, as the HORECA channel remained closed for much of the fiscal year.

ITALY

ADJUSTED EBIT
€91 million
+11.9%

TOBACCO AND RELATED PRODUCTS

Positive performance in tobacco distribution, as well as in the revenues resulting from services to manufacturers and from convenience products distribution.

The **good performance of the sales** as well as the cost management offset the impact of COVID-19 in results.

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

Consolidated financial statements for the year ended
30 September 2020 and Consolidated Management Report

Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

EY
Building a better working world

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AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 31)

To the shareholders of COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.:

Audit report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A. (the Parent Company) and its Subsidiaries (the Group), which comprise the consolidated balance sheet as at 30 September 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the notes thereto, for the year then ended ("2020").

In our opinion, the accompanying consolidated financial statements, give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at September 30, 2020 and of its consolidated financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition: Tobacco sales

Description

At year-end 2020, the Group recognized, on the heading "Revenue" in the consolidated income statement, 10,062 million euros corresponding to sales of tobacco and related products, representing 95% of the total of sales of the Group. These sales correspond to the goods delivered net of discounts, excise duties on tobacco products and other sales-related taxes.

Although the recognition of these revenues is not complex, we have considered this area as a key audit matter since there is a risk associated with the timing of the recognition of this revenue, which depends of the specific conditions signed with the different manufacturers and customers.

Information on the Group's income recognition criteria, as well as a breakdown of sales, are disclosed in Notes 4.15 and 24, respectively, of the accompanying consolidated financial statements.

Our response

Our audit procedures include, among others, the following:

- Understanding the processes established by Group Management related to tobacco sales, including assessment of the design and implementation and the effectiveness of relevant controls.
- Performing tests of details on a sample of sales.
- Performing of analytical procedures reviewing the annual evolution of tobacco sales and the reasonableness of sales volumes, as well as a correlation analysis between the related accounts.
- Carrying out cut-off procedures for a sample of revenue transactions at the end of the year to determine whether they were recognized in accrual terms in accordance with the terms and conditions established in the contracts with manufacturers and customers.
- Identification and analysis of significant manual journal entries in revenue accounts.
- Review disclosures included in the accompanying consolidated financial statements in accordance with the applicable financial reporting framework.

Impairment of non-financial assets

Description

At year-end 2020, the Group recognized property, plant, and equipment under non-current assets in the amount of 359 million euros, intangible assets totalling 408 million euros, mainly related to distribution contracts with manufacturers, and goodwill amounting to 921 million euros.

The recoverable amount of the above assets is subject to the existence of potential impairment, which is determined based on complex estimates and assumptions made by Group Management using criteria, judgments, and hypotheses. We consider this to be a key audit matter due to the significant amounts and the inherent complexity of the estimation process to determine the recoverable amount of the assets.

The main assumptions on which the Group applies criteria, hypotheses and judgments are the following: estimated future margins, working capital evolution, discount rates and growth rates, as well as the economic and regulatory conditions that occur in the markets.

Information on the criteria applied by Group Management, as well as key assumptions used during the determination of impaired value of non-financial assets is disclosed in Notes 4.5 and 7, respectively, of the accompanying consolidated financial statements.

Our response Our audit procedures include, among others, the following:

- Understanding the processes established by Group Management to determine impairment of the value of non-financial assets, including assessment of the design and implementation of relevant controls.
- Reviewing the model used by Group Management with the assistance of our valuation specialists, encompassing its mathematical coherence, reasonableness of the projected cash flows, discount rates, and long-term growth rates, as well as the outcome of the sensitivity analyses carried out by Group Management. Throughout the performance of our work, we held interviews with the business heads and using renowned external sources and other available information to contrast data.
- Review disclosures included in the accompanying consolidated financial statements in accordance with the applicable financial reporting framework.

Legal proceedings

Description At year-end 2020, the Group is involved in certain legal proceedings, as detailed in Note 22 of accompanying consolidated financial statements.

Group Management makes estimates and applies certain judgments and assumptions on assessing the risk associated with these legal proceedings.

We have considered this area as a key audit matter due to the complexity of the judgments and assumptions applied, could have a significant impact on the consolidated balance sheet and on the consolidated income statement, considering the significance of the amounts associated with these procedures.

Disclosures for the recognition and valuation criteria, as well as the information related to these legal proceedings, are disclosed, respectively, in Notes 4.13 and 22 of the accompanying consolidated financial statements.

Our response Our audit procedures include, among others, the following:

- Understand the processes applied by Group Management to estimate provisions and contingencies, including assessment of the design and implementation of relevant controls.

- Obtain confirmation letters from the internal and external legal advisors of the Group.
- Involve our internal legal specialists to analyze the reasonableness of the conclusions reached by Group Management.
- Review disclosures included in the consolidated financial statements in accordance with the applicable financial reporting framework.

Other matters

On November 4, 2019 other auditors issued their audit report on the 2019 consolidated financial statements, in which they expressed an unmodified opinion.

Other information: consolidated management report

Other information refers exclusively to the 2020 consolidated management report, the preparation of which is the responsibility of the Parent Company's Directors and is not an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility for the information contained in the consolidated management report is defined in prevailing audit regulations, which distinguish two levels of responsibility:

a. A specific level applicable to the non-financial information statement, as well as certain information included in the Corporate Governance Report, as defined in article 35.2 b) of Law 22/2015 on auditing, which solely requires that we verify whether said information has been included in the consolidated management report or where applicable, that the consolidated management report includes the corresponding reference to the separate non-financial report as stipulated by prevailing regulations and if not, disclose this fact.

b. A general level applicable to the remaining information included in the consolidated management report, which requires us to evaluate and report on the consistency of said information in the consolidated financial statements, based on knowledge of the Group obtained during the audit, excluding information not obtained from evidence. Moreover, we are required to evaluate and report on whether the content and presentation of this part of the consolidated management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

Based on the work performed, as described above, we have verified that the non-financial information referred to in paragraph a) above is presented in the separate report, "Integrated Annual Report 2020", to which reference is included in the management report, that the Corporate Governance Report information, mentioned in said paragraph, is included in the consolidated management report, and that the remaining information contained therein is consistent with that provided in the 2020 consolidated financial statements and their content and presentation are in conformity with applicable regulations.

Responsibilities of the Parent Company's Directors and the Audit and Control Committee for the consolidated financial statements

The Directors of the Parent Company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and consolidated results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors of the Parent Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the aforementioned Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit and Control Committee of the Parent Company is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Parent Company.

- Conclude on the appropriateness of the use, by the Directors of the Parent Company, of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Control Committee of the Parent Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Control Committee of the Parent Company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Control Committee of the Parent Company, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

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Report on other legal and regulatory requirements

Additional report to the Audit and Control Committee

The opinion expressed in this audit report is consistent with the additional report we issued to the Audit and Control Committee of the Parent Company on October 28, 2020.

Term of engagement

The annual general shareholders' meeting held on March 24, 2020 appointed us as auditors for 3 years, commencing for the year ended September 30, 2020.

ERNST & YOUNG, S.L.
(Registered in the Official Register of
Auditors under No. S0530)

(Signed on the original version in Spanish)

María del Tránsito Rodríguez Alonso
(Registered in the Official Register of
Auditors under No. 20539)

October 28, 2020

Consolidated balance sheets at 30 september 2020 and 2019

ASSETS (Thousands of Euros)	Notes	30-09-2020	30-09-2019
NON-CURRENT ASSETS:		**1,740,092**	**1,643,821**
Property, plant and equipment	Note 6	358,863	213,492
Investment property	Note 4.2	14,390	15,343
Goodwill	Note 7	920,800	920,800
Other intangible assets	Note 8	408,095	457,050
Investments in associates		2,895	2,715
Other non-current financial assets	Note 9	16,330	15,390
Deferred tax assets	Note 19	18,719	19,031
CURRENT ASSETS:		**6,106,830**	**5,439,728**
Inventories	Note 10	1,294,312	1,282,754
Trade and other receivables	Note 11	1,900,529	1,913,694
Tax receivables	Note 19	80,400	19,680
Other current financial assets	Note 9	2,664,078	2,050,521
Cash and cash equivalents	Note 12	162,741	160,650
Other current assets		4,770	12,429
NON-CURRENT ASSETS HELD FOR SALE		**18**	**18**
TOTAL ASSETS		**7,846,940**	**7,083,567**

The accompanying Notes 1 to 31 and Appendix I and II are an integral part of the consolidated balance sheet at 30 September 2020.

EQUITY AND LIABILITIES (Thousands of Euros)	Notes	30-09-2020	30-09-2019
EQUITY:		**516,298**	**520,346**
Share capital	Note 13	26,550	26,550
Share premium	Note 14	867,808	867,808
Reserves of the Parent	Note 14	42,806	35,431
Reorganisation reserves	Note 14	(753,349)	(753,349)
Reserves at consolidated companies	Note 15	215,566	216,482
Translation differences		(101)	(48)
Reserve for first-time application of IFRSs	Note 14	19,950	19,950
Consolidated profit for the period		157,184	164,626
Interim dividend	Note 14	(51,569)	(48,938)
Treasury shares	Note 14	(10,681)	(9,893)
Equity attributable to shareholders of the Parent		514,164	518,619
Minority interests	Note 16	2,134	1,727
NON-CURRENT LIABILITIES:		**421,198**	**308,876**
Other financial non-current liabilities	Note 20	128,184	3,305
Long-term provisions	Note 18	39,454	40,688
Deferred tax liabilities	Note 19	253,560	264,883
CURRENT LIABILITIES:		**6,909,444**	**6,254,345**
Other current financial liabilities	Note 20	77,386	37,551
Trade and other payables	Note 21	1,145,033	1,274,059
Tax payables	Note 19	5,598,599	4,853,395
Short-term provisions	Note 18	13,498	11,694
Other current liabilities		74,928	77,646
TOTAL EQUITY AND LIABILITIES		**7,846,940**	**7,083,567**

The accompanying Notes 1 to 31 and Appendix I and II are an integral part of the consolidated income statements for 2020.

Consolidated income statements for the years ended 30 september 2020 and 2019

(Thousands of Euros)	Notes	2020	2019
Revenue	**Note 23.a**	**10,559,080**	**10,148,323**
Procurements		**(9,402,290)**	**(8,999,337)**
GROSS PROFIT		**1,156,790**	**1,148,986**
Cost of logistics networks:		**(806,938)**	**(798,511)**
Staff costs	Note 23.b	(186,060)	(186,335)
Transport costs		(250,250)	(249,247)
Provincial sales office expenses		(78,082)	(78,259)
Depreciation and amortisation charge	Notes 4.2, 6 and 8	(117,337)	(87,368)
Other operating expenses	Note 23.c	(175,209)	(197,302)
Commercial expenses:		**(66,226)**	**(70,358)**
Staff costs	Note 23.b	(43,252)	(46,076)
Other operating expenses	Note 23.c	(22,974)	(24,282)
Research expenses		**(2,602)**	**(2,693)**
Head office expenses:		**(87,953)**	**(79,105)**
Staff costs	Note 23.b	(67,519)	(58,141)
Depreciation and amortisation charge	Notes 4.2, 6 and 8	(5,498)	(1,541)
Other operating expenses	Note 23.c	(14,936)	(19,423)
Share of results of companies		879	1,249
Net gain on disposal and impairment of non-current assets	Notes 4.2, 6 and 8	12,686	4,772
Other expenses		(198)	(14)
PROFIT FROM OPERATIONS		**206,436**	**204,326**
Finance income	Note 23.e	17,293	15,012
Finance costs	Note 23.f	(5,047)	(2,239)
PROFIT BEFORE TAX		**218,682**	**217,099**
Income tax	Note 19	(61,091)	(52,337)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**157,591**	**164,762**
PROFIT FOR THE PERIOD		**157,591**	**164,762**
Attributable to:			
Shareholders of the Parent-		157,184	164,626
Minority interests	Note 16	407	136
BASIC EARNINGS PER SHARE	**Note 5**	**1.19**	**1.24**

The accompanying Notes 1 to 31 and Appendix I and II are an integral part of the consolidated income statements for 2020.

Consolidated statements of comprehensive income for the years ended 30 September 2020 and 2019

(Thousands of Euros)	Notes	2020	2019
PROFIT FOR THE YEAR		**157,591**	**164,762**
Items that may be reclassified to income statement			
Net actuarial gain (loss) recognised directly in equity	Note 18		(3,248)
Items that will not be reclassified to income statement			
Foreign exchange rate changes		(53)	(83)
TOTAL NET GAIN (LOSS) REGISTERED DIRECTLY IN EQUITY		**(53)**	**(3,331)**
TOTAL NET GAIN (LOSS) CONSOLIDATED REGISTERED DURING THE YEAR		**157,538**	**161,431**
Attributable to:			
Shareholders of the Parent		**157,131**	**161,295**
Minority interests		**407**	**136**
TOTAL ATRIBUIBLE		**157,538**	**161,431**

The accompanying Notes 1 to 31 and Appendix I and II are an integral part of the consolidated statement of comprehensive income for 2020.

Consolidated statements of changes in equity for the years ended 30 september 2020 and 2019

(Thousands of Euros)	Share Capital	Share Premium	Reserves of the Parent	Reorganisation Reserves	Reserves at Consolidated Companies
BALANCE AT 30 SEPTEMBER 2018	**26,550**	**867,808**	**25,594**	**(753,349)**	**221,314**
Net profit attributable to the Parent	-	-	-	-	-
Loss attributable to minority interests	-	-	-	-	-
Actuarial losses	-	-	-	-	(3,248)
Income and expenses recognised in the period	**-**	**-**	**-**	**-**	**(3,248)**
Transactions with Shareholders:					
Distribution of profit-					
To reserves	-	-	10,164	-	(1,614)
To dividends (Note 14.e)	-	-	-	-	-
Dividends (Note 14.e)	-	-	-	-	-
On treasury shares operations (Note 14.b and 14.f)	-	-	(3,325)	-	-
Incentive Plan (Note 4.12)	-	-	2,998	-	-
Others	-	-	-	-	30
BALANCE AT 30 SEPTEMBER 2019	**26,550**	**867,808**	**35,431**	**(753,349)**	**216,482**
Net profit attributable to the Parent	-	-	-	-	-
Loss attributable to minority interests	-	-	-	-	-
Income and expenses recognised in the period	**-**	**-**	**-**	**-**	**-**
Transactions with Shareholders:					
Distribution of profit-					
To reserves	-	-	9,509	-	(916)
To dividends (Note 3)	-	-	-	-	-
Dividends (Note 14.e)	-	-	-	-	-
On treasury shares operations (Note 14.b and 14.f)	-	-	(4,533)	-	-
Incentive Plan (Note 4.12)	-	-	2,399	-	-
Others	-	-	-	-	-
BALANCE AT 30 SEPTEMBER 2020	**26,550**	**867,808**	**42,806**	**(753,349)**	**215,566**

The accompanying Notes 1 to 31 and Appendix I and II are an integral part of the consolidated statement of changes in equity for 2020.

Translation Differences	Reserve for First-Time Application of IFRSs	Profit for the Year	Interim Dividend	Treasury Shares	Equity Attributable to Shareholders of the Parent	Minority Interests	Total Equity
35	**19,950**	**156,706**	**(46,314)**	**(8,348)**	**509,946**	**1,606**	**511,552**
(83)	-	164,626	-	-	164,543	-	164,543
-	-	-	-	-	-	136	136
-	-	-	-	-	(3,248)	-	(3,248)
(83)	**-**	**164,626**	**-**	**-**	**161,295**	**136**	**161,431**
-	-	(8,550)	-	-	-	-	-
-	-	(148,156)	46,314	-	(101,842)	-	(101,842)
-	-	-	(48,938)	-	(48,938)	-	(48,938)
-	-	-	-	(1,545)	(4,870)	-	(4,870)
-	-	-	-	-	2,998	-	2,998
-	-	-	-	-	30	(15)	15
(48)	**19,950**	**164,626**	**(48,938)**	**(9,893)**	**518,619**	**1,727**	**520,346**
(53)	-	157,184	-	-	157,131	-	157,131
-	-	-	-	-	-	407	407
(53)	**-**	**157,184**	**-**	**-**	**157,131**	**407**	**157,538**
-	-	(8,593)	-	-	-	-	-
-	-	(156,033)	48,938	-	(107,095)	-	(107,095)
-	-	-	(51,569)	-	(51,569)	-	(51,569)
-	-	-	-	(788)	(5,321)	-	(5,321)
-	-	-	-	-	2,399	-	2,399
-	-	-	-	-	-	-	-
(101)	**19,950**	**157,184**	**(51,569)**	**(10,681)**	**514,164**	**2,134**	**516,298**

Consolidated statements of cash flows for the years ended 30 september 2020 and 2019

(Thousands of Euros)	Notes	2020	2019
OPERATING ACTIVITIES:		**830,104**	**346,819**
Consolidated profit before tax from continuing operations		**218,682**	**217,099**
Adjustments for-		**122,960**	**94,079**
Result of companies accounted for using the equity method		(879)	(1,249)
Depreciation and amortisation charge	Notes 6 and 8	124,687	89,152
Impairment		850	1,423
Change in provisions		20,282	19,249
Provisions recognised/ (reversed)	Notes 6 and 8	(12,486)	(4,772)
Proceeds from disposal of non-current assets		2,752	3,049
Other adjustments		(14,429)	(12,773)
Financial profit		2,183	
Net change in assets / liabilities-		**488,462**	**35,641**
(Increase)/Decrease in inventories		(14,335)	(97,258)
(Increase)/Decrease in trade and other receivables		17,443	(80,616)
Increase/(Decrease) in trade payables		(129,026)	249,758
Increase/(Decrease) in other current liabilities		726,166	(41,757)
Increase (Decrease) in other non-current liabilities		(3,505)	(2,845)
Income tax paid		(123,560)	(5,837)
Finance income and costs		15,279	14,196
INVESTING ACTIVITIES:		**(640,485)**	**(190,281)**
Payment for investment-		**(652,699)**	**(195,560)**
Property, plant and equipment	Note 6	(25,409)	(42,999)
Intangible assets	Note 8	(12,316)	(11,073)
Group companies and associates		(613,928)	(141,192)
Other current financial assets		(1,046)	(296)
Proceeds from financial divestments-		**12,214**	**5,279**
Property, plant and equipment	Note 6	11,214	500
Intangible assets		-	-
Investment properties		1,000	4,779
Other financial assets		-	-
Non current assets held for sale		-	-

(Thousands of Euros)	Notes	2020	2019
FINANCING ACTIVITIES:		**(187,528)**	**(149,403)**
Payment of dividends and remuneration of other equity instru-ments-		**(158,665)**	**(150,781)**
Dividends	Note 14	(158,665)	(150,781)
Proceeds and payments of equity instruments-		**(3,435)**	**(3,554)**
Acquisition of treasury shares	Note 14	(3,435)	(3,554)
Proceeds and payments for financial liability instruments-		**8,205**	**4,932**
Repayment and amortization of current borrowings		8,205	4,932
Lease payments (IFRS 16)		**(33,633)**	
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**2,091**	**7,135**
Cash and cash equivalents at beginning of year-		**160,650**	**153,515**
Net change in cash and cash equivalents during the year		2,091	7,135
Total cash and cash equivalents at end of year		**162,741**	**160,650**

The accompanying Notes 1 to 31 and Appendix I and II are an integral part of the consolidated cash flow statement for 2020.

Compañía de Distribución Integral Logista Holdings, S.A. and Subsidiaries
Notes to the annual consolidated financial statements for the year ended 30 September 2020

1. General information on the Group

Compañía de Distribución Integral Logista Holdings, S.A., hereinafter "the Parent company", was incorporated as a sociedad anónima (Spanish public limited company) on 13 May 2014, with its sole shareholder being Altadis, S.A.U., a company belonging to the Imperial Brands PLC Group. On 4 June 2014, the 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 the Logista Group, from then onwards, the Company became the Parent of the aforementioned Group.

The Company has registered office at Polígono Industrial Polvoranca, calle Trigo, no. 39, Leganés (Madrid), being the Parent of the Group, the operating company of which is Compañía de Distribución Integral Logista, S.A.U.

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.

The reporting period of most of the Group companies starts on 1 October of each year and ends on 30 September of the following year. The twelve-month period ended 30 September 2019 will hereinafter be referred to as "2019", the period ended 30 September 2020 as "2020", and so on.

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 tobacco 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 POS delivery.

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 Logista Holdings S.A., the Logista Group (hereinafter "the Group").

A detail of the investees included in the scope of consolidation comprising the Logista Group at 30 September 2020 and 2019 is provided in Appendices I and II, which includes, inter alia, the percentage and cost of the ownership interest held by the Parent and the line of business, company name and registered office of each investee.

In turn, Altadis, S.A.U., the majority shareholder of the Parent, belongs to the Imperial Brands PLC Group. which is governed by the corporate legislation in force in the United Kingdom, and whose registered office is at 121 Winterstoke Road, Bristol, BS3 2LL (United Kingdom). The consolidated financial statements of the Imperial Brands PLC Group for 2019 were formally prepared by its Directors at the Board of Directors meeting held on 5 November 2019.

2. Basis of presentation of the financial statements and basis of consolidation

2.1 Authorization for issue of the consolidated financial statements

These consolidated financial statements were formally prepared by the Directors in accordance with the regulatory financial reporting framework applicable to the Group, which consists of:

a. The Spanish Commercial Code and all other Spanish corporate law.

b. International Financial Reporting Standards (IFRS), as adopted by the European Union, in conformity with Regulation (EC) no, 1606/2002 of the European Parliament and Law 62/2003, of 30 December, on Tax, Administrative, Labor and Social Security Measures.

c. All other applicable Spanish accounting legislation.

The accompanying consolidated financial statements, which were obtained from the accounting records of the Company and of its subsidiaries, are presented in accordance with the regulatory financial reporting framework applicable to the Group and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Group's equity, financial position, results of operations and cash flows for during the corresponding financial year. These consolidated financial statements were formally prepared by the Board of Directors at its meeting on 27 October 2020. The Directors of Compañía de Distribución Integral Logista Holdings, S.A. will submit these consolidated financial statements for approval by the Shareholders, and it is considered that they will be approved without any changes.

The consolidated financial statements for 2019 were formally approved by the General Shareholders' Meeting on 24 March 2020.

The principal accounting policies and measurement bases applied in preparing the Group's consolidated financial statements for 2020 are summarized in Note 4.

2.2 Standards and interpretations effective in the current period

In the year ended 30 September 2020 the following standards, amendments to standards and interpretations came into force:

New Standards, Amendments to Standards and Interpretations	Content	Obligatory Application in Annual Reporting Periods Beginning on or After
IFRS 16 - Leases	New standard on leases that replaces IAS 17. The standard establishes just one accounting model for lessees will include all leases on the balance sheet (with some limited exceptions) as if they were financial leases (there will be amortization of the right of use and financial expenses for the amortized cost of the liability).	1 January, 2019
IFRIC 23, Uncertainty Over Income Tax Treatments (issued in June 2017)	This interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over whether the relevant taxation authority will accept a tax treatment used by an entity.	1 January, 2019
Improvements to IFRSs, 2015-2017 cycle	Amendments to a series of standards.	1 January, 2019
Amendments to IAS 19, Plan Amendments, Curtailments and Settlements	Clarify how to calculate the current service cost and net interest for the remainder of the reporting period when there is an amendment, curtailment or settlement of a defined benefit plan.	1 January, 2019
Amendments to IAS 28, Long-term Interests in Associates and Joint Ventures	Clarify that IFRS 9 should be applied to long-term interests in an associate or joint venture to which the equity method is not applied.	1 January, 2019
Amendments to IFRS 9, Prepayment Features with Negative Compensation	These amendments will permit measurement at amortized cost of certain financial assets which may be put back to the issuer before maturity for an amount lower than the unpaid amounts of principal and interest on the principal amount outstanding.	1 January, 2019

The application of the above Standards, interpretations and amendments has not had a significant effect on the consolidated financial statements as of September 30, 2020, except for IFRS 16 "Leases".

IFRS 16 - Leases

IFRS 16 Leases establishes that a lessee must recognize an asset according to the right of use, which is the right to use an underlying asset, and a lease liability, which reflects the obligation to make lease payments during its term. This standard introduces no significant changes regarding the lessor, who shall continue to classify contracts as financial leases or operating leases.

The Group acts as a lessee in a very large number of lease agreements on various assets although the significant ones are mainly warehouses and office buildings where the Group carries out its activities. Under current standards, a significant part of these contracts is classified as an operating lease, with the corresponding payments recorded being recorded on a linear basis over the term of the contract, generally.

The Group has chosen to apply this Standard using the retroactive approach with the cumulative effect on the initial application of the Standard, not re-expressing the comparative period figures and presenting the cumulative effect of the initial application of the Standard as of October 1, 2019, recognising the asset at the same value as the liability.

In relation to the practical solutions that the Standard allows at the date of first application, the Group has chosen not to apply this Standard to those leases whose term ends within 12 months from the date of first application or where the underlying asset has an individual value that is lower than EUR 5,000, and, in these cases, recognises the payments associated with the leases as an expense on a straight-line basis over the term of the lease in the Other operating expenses section of the consolidated income statement.

On the other hand, the Group has chosen not to separately record the components that are non-lease components from those that they are, for those asset classes in which the relative importance of non-lease components is not significant with respect to the total value of the lease.

Based on the foregoing, and taking into the consideration the practical solutions that have been adopted, the impact on Group's consolidated financial statements on the date of first application of IFRS 16 Leases, is as follows:

Consolidated Balance Sheet	**Thousands of Euros 01/10/2019**
Non-current assets	**170,641**
Property, Plant and equipment	170,641
TOTAL ASSETS	**170,641**
Equity	**-**
Of the Parent Company	-
Minority Interests	-
Non-current liabilities	**137,940**
Other non-Current Financial liabilities	137,940
Current Liabilities	**32,701**
Other current Financial liabilities	32,701
TOTAL EQUITY AND LIABILITIES	**170,641**

The incremental effective interest rate used for the registration of lease liabilities has been based mainly on the Group's incremental rate of financing equivalent to the European Central Bank interest rate, plus a spread from 0.75% to 2% depending on the duration of each lease.

As of 1 October 2019, the reconciliation of total minimum future lease payments deriving from operating lease agreements contracts the financial lease liability, from the standpoint of the lessee, is as follows:

	Thousands of euros 01/10/2019
Minimum Future Payments of Operating Leasing Contracts	139,316
Effect of the Update in Accordance with the Incremental Effective Interest Rate	(10,674)
Reasonably Certain Extensions of Contracts	41,999
Financial Liability for Leasing	**170,641**

In 2020 the impact on the application of IFRS 16 "Leases" comparing its impact with the effect that would have had if we continue applying IAS 17 is as follows:

	Thousands of Euros October 2019 - September 2020
Depreciation and amortization	(33,256)
Other operating expenses	33,633
Operating profit	**377**
Financial expenses	(2,183)
Profit before tax	**(1,806)**

As of September 30, 2020, due to the application of IFRS 16 "Leases", a net financial debt has been recognized for the payment obligation deriving from rights of use contracts amounting to EUR 155,342 thousand (Note 20).

As a result of the entry into force of IFRS 16 "Leases" from 1 October 2019, the payments derived from operating lease contracts, which were previously considered cash flows from operating activities, are now recognised as cash flows from financing activities. In 2020, the amount recognized for this concept was EUR 33,633 thousand.

IFRIC 23 - Uncertainties about the treatment of income taxes

IFRS 23 "Uncertainties Over Income Tax Treatments" clarifies how the recognition and measurement requirements of IAS 12 Income Taxes should be applied when there is uncertainty over income tax treatments. In this case, a company will recognise and measure its current or deferred assets or liabilities applying the requirements of IAS 12 Income Taxes based on the tax gain or loss, tax base, unused tax losses, unused tax credits and tax rates as established by this standard.

Adoption of this interpretation did not have a significant impact on the consolidated financial statements for the year ended September 30, 2020.

In relation to the other standards indicated with effect from 1 October 2019, its application has not had a significant impact for the Group.

2.3 Standards and interpretations issued not in force

At the date of preparation of these 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:

New Standards, Amendments to Standards and Interpretations:	Content	Obligatory Application in Annual Reporting Periods Beginning on or After
Amendment to IFRS 3, Business definition	Clarifications to the business definition.	1 January, 2020
Amendment to IAS 1 and IAS 8, definition of materiality	Modifications to align the definition with that contained in the conceptual framework.	1 January, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform	These amendments provide certain exemptions in relation to the reform of the reference interest rate (IBOR).	1 January, 2020

New Standards, Amendments to Standards and Interpretations:	Content	Obligatory Application in Annual Reporting Periods Beginning on or After
Revised version of IFRS Conceptual Framework	It establishes several fundamental concepts guiding the IASB in the development of standards and helps ensure that standards are consistent and that similar transactions are treated in the same way.	1 January, 2020
Amendment to IFRS 16, Leases	Modifications related to impacts of Covid-19 pandemic.	1 June, 2020

The Group estimates that the regulations effective January 1, 2020 will not have a significant equity impact.

In addition, at the date of preparation of the 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:

New Standards, Amendments to Standards and Interpretations:	Content	Obligatory Application in Annual Reporting Periods Beginning on or After
Amendments to IFRS 10 and IAS 28, Sale of asset between an investor and its associates and Joint Ventures	Clarification in relation to the result from these operations, from a business or an asset perspective.	No date defined
IFRS 17, Insurance Contracts (issued in May 2017) (a)	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.	1 January, 2020

(a) Standards not yet adopted by the European Union

2.4 Information relating to 2019

As required by IAS 1, the information relating to 2019 contained in these notes to the consolidated financial statements is presented with the information relating to 2020 for comparison purposes and, accordingly, it does not constitute the Group's consolidated financial statements for 2019.

2.5 Presentation currency

These consolidated financial statements are presented in euros since this is the currency of the primary economic environment in which the Group operates. Transactions in currencies other than euro are recognized in accordance with the policies described in Note 4.14.

2.6 Responsibility for the information and use of estimates

The information in these consolidated financial statements is the responsibility of the Parent's directors.

In preparing the consolidated financial statements for 2020, estimates were made by the Group's directors in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The measurement and impairment of goodwill and of certain intangible assets.
- The assumptions used in the actuarial calculations of the pension liabilities and other obligations to employees.
- The useful life of the property, plant and equipment and intangible assets.
- The valuation of long-term incentive plans.
- The calculation of the required provisions, including litigations and fiscal risks.
- The measurement and calculation of deferred tax assets and liabilities.

Although these estimates were made on the basis of the best information available at 2020 year end, 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, recognizing the effects of the changes in accounting estimates in the relevant future financial statements. The risks and possible impacts on the estimates derived from Covid-19 are detailed in Note 17.1.

2.7 Basis of consolidation

2.7.1 Subsidiaries

Subsidiaries are defined as companies included in the scope of consolidation which the Parent manages directly or indirectly because it holds a majority of the voting rights in their representation and decision-making bodies or over which it has the capacity to exercise control.

The financial statements of the subsidiaries are fully consolidated. Accordingly, all material balances and transactions between consolidated companies are eliminated on consolidation.

Where necessary, adjustments are made to the financial statements of the subsidiaries to adapt the accounting policies used to those applied by the Group.

The share of minority interests of the equity and profit of the Group is presented under "Minority Interests" in the consolidated balance sheet and under "Profit/Loss for the Year Attributable to Minority Interests" in the consolidated income statement, respectively.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date of acquisition or until the date of disposal, as appropriate.

2.7.2 Joint ventures and joint operations

"Joint ventures" are deemed to be ventures that are managed jointly by the Parent and third parties unrelated to the Group, where neither party can exercise greater control than the other. The financial statements of the joint ventures are proportionately consolidated.

In addition, a joint operation (unincorporated joint venture or "UTE") is a joint arrangement whereby the parties have rights to the corresponding assets, and liabilities, relating to the arrangement. Accordingly, the assigned assets and liabilities are presented by the Group in its consolidated balance sheet, in proportion to its ownership interest, classified according to their specific nature. Similarly, the Group's share of the income and expenses of joint ventures is recognized in the consolidated income statement on the basis of the nature of the related items. In addition, the proportional part corresponding to the Group of the related items of the joint venture is included in the statement of changes in equity and the statement of cash flows.

Where necessary, adjustments are made to the financial statements of these companies to adapt the accounting policies used to those applied by the Group.

2.7.3 Associates

Associates are companies over which the Parent is in a position to exercise significant influence. In general, significant influence is presumed to exist when the Group's percentage of (direct or indirect) ownership exceeds 20% of the voting rights, if it does not exceed 50%.

In the consolidated financial statements, investments in associates are accounted for using the equity method, (equity accounting), at the Group's share of net assets of the investee, after taking into account the dividends received therefrom and other equity eliminations.

In the case of transactions with an associate, the related profits and losses are eliminated to the extent of the Group's interest in the associate's capital.

Where necessary, adjustments are made to the financial statements of these companies to adapt the accounting policies used to those applied by the Group.

If as a result of losses incurred by an associate its equity were negative, the investment should be presented in the Group's consolidated balance sheet with a zero value, unless the Group is obliged to give it financial support, in which case the related provision would be recorded.

Since the activities of the associates are like the Group's habitual management and operations, the results of companies accounted for using the equity method are aggregated to profit or loss from operations.

2.7.4 Translation of foreign currency

The various items in the balance sheets and income statements of the foreign companies included in consolidation were translated to euros as follows:

- Assets and liabilities were translated to euros at the official year-end exchange rates.
- Share capital and reserves were translated to euros at the historical exchange rate.
- Income statement items were translated to euros at the average exchange rate for the year.

The exchange differences arising from the use of these criteria were included in equity under "Reserves at Consolidated Companies - Translation Differences". These translation differences will be recognized as income or expenses in the period in which the investment that gave rise to them is realized or disposed of in full or in part.

In 2020 and 2019 all the Logista Group companies presented their financial statements in euros, except for Compañía de Distribución Integral Logista Polska, Sp. z.o.o. and Logesta Polska Sp., z.o.o. (both located in Poland).

2.7.5 Changes in the scope of consolidation and in the ownership interests

In 2020, the only significant variation in the scope of consolidation was the constitution, in September 2020, of the Spanish company Logista Payments, S.L.U. which is consolidated by the global integration method as the Group has control over said company.

The most significant changes in the scope of consolidation in 2019 were as follows:

- On 14 March 2019 the subsidiary José Costa & Rodrigues, Lda. merged by absorption into MIDSID – Companye Portuguesa de Distribuiçao, S.A., which gave rise to the dissolution of the former and transfer of the equity of José Costa & Rodrigues, Lda. to MIDSID – Companye Portuguesa de Distribuiçao, S.A., the absorbing company.

- On 27 March 2019 the Extraordinary General Meeting of Logista Publicaciones approved the merger by absorption of the subsidiary Compañía de Integral Distribución de Publicaciones, S.L.U. (absorbing company) and Distribérica, S.A.U. (absorbed company), without liquidation and transmitting in block the equity from the absorbed to the absorbing company, which will be subrogated in all the rights and obligations. As a result, Distribérica, S.A.U. was declared dissolved and extinguished, without liquidation.

2.8 Materiality

In preparation these consolidated financial statements the Group omitted any information or disclosures which, not requiring disclosure due to their qualitative importance, were considered not to be material in accordance with the concept of materiality defined in the IFRS Conceptual Framework.

3. Distribution of the profit of the Parent Company

The distribution of the profit for 2020, amounting to EUR 384,753 thousand, that the Parent's directors will propose for approval by the shareholders at the Annual General Meeting is as follows:

	Thousands of Euros
To voluntary reserves	228,312
To dividends	104,872
Interim dividend	51,569
	384,753

In accordance with current regulations, the Parent Company evaluated the liquidity status on the date of approval of the interim dividend. Based on this evaluation, on July 21, 2020, the Parent Company had EUR 29 million loaned to Compañía de Distribución Integral Logista, S.A.U. and additionally, the Parent Company had available EUR 115 million corresponding to the credit line granted by Compañía de Distribución Integral Logista, S.A.U.

4. Accounting principles and policies and measurement bases

The principal measurement bases and accounting principles and policies applied in preparing the consolidated financial statements for 2020 in accordance with the IFRSs in force at the date of the related financial statements are described below.

4.1 Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less any accumulated depreciation.

The upkeep and maintenance costs of the various items of property, plant and equipment are recognized in the income statement as incurred. The amounts invested in improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalized.

In-housework on non-current assets is measured at accumulated cost (external costs plus in-house costs, determined on the basis of direct and general manufacturing costs).

The consolidated companies depreciate their property, plant and equipment using the straight-line method, applying annual depreciation rates determined based on the years of estimated useful life of the related assets. The depreciation rates applied are as follows:

	Annual Depreciation Rates (%)
Buildings	2 - 4
Plant and machinery	10 - 12
Other fixtures, tools and furniture	8 - 16
Other items of property, plant and equipment	12 - 16

Land is considered to have an indefinite useful life and, therefore, is not depreciated.

4.2 Investment property

Investment property relates to investments in land and buildings held to earn rentals. Investment property is stated at the lower of cost, less any accumulated depreciation, and market value. Depreciation is recognized using the same methods as those used for items of the same category classified under "Property, Plant and Equipment".

In 2020, the investment property registered in the consolidated balance's amortization amounted to EUR 277 thousand (2019: EUR 317 thousand).

In turn, in 2020 a warehouse in Dos Hermanas (Seville) was sold for a net book value of EUR 678 thousand, which has generated a positive impact of EUR 322 thousand in the consolidated income statement under "Net gain on disposal and impairment of non-current assets".

Additionally, in 2019 the Group sold a warehouse in Sintra (Portugal) for a net book value of 2,384 thousand euros, which generated an income of 2,472 thousand euros recorded under the heading "Net result of the disposal and impairment of non-current assets "from the consolidated income statement for the previous year.

The Group periodically determines the market value of its investment properties by reference to the prices of comparable transactions, in-house studies, external appraisals, etc.

4.3 Goodwill

In the company acquisitions, the excess of the cost of the business combination over the interest acquired in the acquisition-date net fair value of the identifiable assets, liabilities and contingent liabilities is recognized as goodwill.

Goodwill is only recognized when it has been acquired for consideration.

Goodwill arising from the acquisition of an associate is recognized as an increase in the value of the investment.

Goodwill is not amortized. Accordingly, at the date of each consolidated balance sheet the related valuation adjustments are made to ensure that the carrying amount is not higher than fair value less costs to sell. If there is any impairment, the goodwill is written down and the impairment loss is recognized. An impairment loss recognized for goodwill must not be reversed in a subsequent period.

To perform the aforementioned impairment test, the goodwill is allocated in full to one or more cash-generating units.

The recoverable amount of each cash-generating unit is the higher of value in use and the net selling price of the assets associated with the cash-generating unit. Value in use is calculated on the basis of the estimated future cash flows, discounted using a pre-tax discount rate that reflects market assessments of the time value of money and the risks specific to the business.

The Group has defined as cash-generating units, based on the actual management of the Group's operations, each of the relevant business operations carried out in the main geographical areas (see Note 24).

The Group uses the budgets and business plans, which generally cover a three-year period, of the various cash-generating units to which the assets are assigned. The key assumptions on which the budgets and business plans are built are based on each type of business and the experience with and knowledge of the performance of each of the markets in which the Group operates (see Note 7).

The estimated cash flows are extrapolated to the period not covered by the business plan using a zero-growth rate and an expense structure that is similar to that of the last year of the business plan.

The discount rate applied is usually a pre-tax measurement based on the risk-free rate for 10-year bonds issued by the governments in the relevant markets, adjusted by a risk premium to reflect the increase in the risk of the investment based on the country in question and the systematic risk of the Group. The discount rates applied by the Group in the different markets to calculate the present value of the estimated cash flows ranged from 6.5% to 8.4% in 2020 (2019: from 5.7% to 8.0%) (see Note 7).

4.4 Intangible assets

Intangible assets with finite useful lives are amortized using the straight-line method, applying annual amortization rates determined on the basis of the years of the estimated useful lives of the related assets.

Intangible assets comprise:

Concessions, rights and licenses

"Concessions, Rights and Licenses" includes mainly the amounts paid to acquire certain concessions and licenses. The assets included in this account are amortized on a straight-line basis over the term thereof.

Also, as a result of allocating the purchase price of Altadis Distribution France, S.A.S. to the identifiable assets and liabilities of that company in 2013, the Group recognized in its consolidated balance sheet the agreements entered into by that subsidiary with the main tobacco producers for the distribution of their products in France. The distribution agreements are depreciated on a straight-line basis over 15 years.

No legal, regulatory or other matters have arisen since the execution of the business combination that might significantly impact the renewal terms and conditions of the agreements.

Computer software

Computer software is recognized at acquisition cost, including the implementation costs billed by third parties, and is amortized on a straight-line basis over a period of three to five years. Computer software maintenance costs are expensed currently.

Research and development expenditure

Research and Development expenditure is only capitalized when it is specifically itemized by project, the related costs can be clearly identified and there are sound reasons to foresee the technical success and economic and commercial profitability of the related project. Assets thus generated are depreciated on a straight-line basis over their years of useful life (over a maximum period of five years).

4.5 Impairment losses on property, plant and equipment and intangible assets

The Group assesses each year the possible existence of permanent losses in value requiring it to reduce the carrying amounts of its property, plant and equipment and intangible assets, if their recoverable amounts are below their carrying amounts.

The recoverable amount is determined using the same methods as those employed in testing for goodwill impairment (see Note 4.3).

If the recoverable amount of an asset is estimated to be less than it's carrying amount, the carrying amount of the asset is reduced to its recoverable amount, and the related write-down is recognized through profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the new recoverable amount, which may not exceed the carrying amount that would have been determined had no impairment loss been recognized.

4.6 Leases

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the beginning of a contract, the Group assesses whether it is, or contains, a lease, and analyzes whether several components are included to account for the lease separately from the other components that do not constitute a lease.

Leases in which the Group acts as lessee are recognised at the beginning of the contract by recognising in the consolidated balance sheet a right-of-use asset representing the right to use the leased asset and a liability for the present value of the obligation to make lease payments during the term of the lease.

To determine the lease term the Group considers the non-revocable period of the contract except for those contracts in which it has a unilateral option to extend or terminate early, in which case the extension or early termination period is used if there is reasonable certainty that such option will be exercised.

After the initial recognition, the Group values the right-of-use asset at cost less accumulated amortisation and any impairment losses, also adjusting for any change in the valuation of the associated liabilities for leases. The amortization of the rights of use is lineal during the lease term.

The initial value of the lease liability is calculated, on the date of commencement of the lease, as the value of future payments discounted, in general, at the Group's incremental rate of financing equivalent to the European Central Bank interest rate, plus a spread from 0.75% to 2% depending on the duration of each lease These payments will include fixed or substantially fixed payments, less any lease incentive to be received by the Group, as well as variable payments that depend on an index or rate.

Subsequently, the lease liability is increased to reflect the accumulation of interest and is reduced by the lease payments made. Subsequently, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is recognised as an expense and allocated to income over the lease term.

The lease liability must be reassessed when certain changes in payments occur such as changes in the lease term or changes in future payments. In these cases, generally, the amount of the reassessment of the lease liability must be recognised as an adjustment to the right-of-use asset.

The Group has chosen not to apply the aforementioned requirements to short-term leases and leases in which the underlying asset is of low value (less than EUR 5,000). For these cases, the amounts accrued are recognised as an expense on a straight-line basis over the term of the lease.

4.7 Non-current assets held for sale

Non-current assets are classified as held for sale if it is considered that their carrying amount will be recovered through a sale transaction. Assets are classified under this heading only when the sale is highly probable, and the asset is available for immediate sale in its present condition and the sale is expected to be completed within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

The depreciation of non-current assets held for sale is discontinued when they are classified as such. At the date of each consolidated balance sheet the related valuation adjustments are made to ensure that the carrying amount is not higher than fair value less costs to sell.

4.8 Financial instruments

4.8.1 Financial assets

Financial assets are recognized in the consolidated balance sheet on the date of acquisition at fair value and are classified as:

Trade and other receivables

Trade and other receivables are measured at amortized cost less any recognized impairment losses, which are estimated based on the solvency of the debtor and the age of the receivables.

Other current and non-current financial assets

"Other Current and Non-Current Financial Assets" include the following investments:

1. Current and non-current loans granted.

2. Guarantees.

3. Deposits and other financial assets.

4. Financial assets classified as "held for sale".

The loans granted are measured at their amortized cost, which is understood to be the initial value thereof increased by accrued interest and repayment premiums based on the effective interest rate and decreased by the principal and interest repayments, while also considering possible reductions due to impairment or uncollectible.

The changes in the amortized cost of the assets included under "Other Current and Non-Current Financial Assets" arising from accrued interest or premiums or from the recognition of impairment are recognized in the income statement.

Guarantees are measured at the amount paid which does not differ substantially from the fair value thereof.

Available-for-sale financial assets are measured at fair value and the gains and losses arising from changes in fair value are recognized in equity until the asset is disposed of or it is determined that it has become (permanently) impaired, at which time the cumulative gains or losses previously recognized in equity are recognized in the net consolidated profit or loss for the year.

Cash and cash equivalents

Cash consists of cash and demand deposits at banks, Cash equivalents are short-term investments with a maturity of three months that are not subject to a significant risk of changes in value.

The Group derecognizes a financial asset when it matures, and collection is made or when the rights to the future cash flows have been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred.

4.8.2 Financial liabilities

Bank borrowings

Bank loans are recognized at the amount received, net of arrangement costs and commissions. These loan arrangement costs and finance charges are recognized in the income statement using the accrual method and on a time proportion basis and are added to the carrying amount of the liability, to the extent that they are not settled, in the period in which they arise.

Trade payables

Trade payables are initially recognized at fair value and are subsequently measured at amortized cost.

The Group derecognizes financial liabilities when the obligations giving rise to them cease to exist.

4.9 Inventories

The Group companies measure the tobacco inventories at the lower of the price of the most recent invoice, which does not differ significantly from applying the FIFO formula (first-in, first-out), including in the case of tobacco products, in accordance with the legislation applicable in each country, the excise duties chargeable as soon as they are accrued, and net realizable value.

The other inventories are measured at the lower of cost of purchase and net realizable value. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The Group recognizes period provisions for the decline in value of inventories in order to adjust the value of those whose cost exceeds net realizable value. These valuation adjustments are recognized as an expense in the consolidated income statement.

4.10 Current/Non-current classification

In the consolidated balance sheet assets and liabilities due to be realized or settled or maturing within twelve months are classified as current items and those due to be realized or settled or maturing within more than twelve months as non-current items.

4.11 Termination benefits

Under current labor legislation and certain employment contracts, the Group companies are required to pay termination benefits to employees terminated under certain conditions.

The accompanying consolidated balance sheet at 30 September 2020 and 30 September 2019 includes the provisions that the Parent's Directors consider necessary to cover the restructuring plans in progress at year-end (see Note 18).

4.12 Pension commitments and other commitments to personnel

Certain Group companies are obliged to supplement the social security retirement, disability or death benefits to employees who have fulfilled certain conditions. In general, the obligations relating to the current and former employees of these groups are defined contribution obligations and are externalized. The annual contributions made by the Group to meet these obligations are recognized under "Staff Costs" in the consolidated income statements and amounted to EUR 2,587 thousand and EUR 2,079 thousand in 2020 and 2019 respectively (see Note 23.b).

Under the collective agreements currently in force, Compañía de Distribución Integral Logista, S.A.U. is obliged to make a lump-sum payment of a specific amount to each employee on completion of 24 years of service. Also, this Company is obliged to make fixed monthly payments to a certain group of current employees and employees who retired prior to 1 January 2009 as compensation for the "free tobacco" benefit.

Logista France, S.A.S. has retirement obligations to its employees for which it has made provisions calculated on the basis of actuarial studies using the projected unit credit method and PERM/F 2000P mortality tables, an inflation rate of 1.5% and an annual discount rate of 0.9% as the main assumptions (see Note 18).

On 4 June 2014, the Company's Board of Directors approved the 2014 long-term incentive plan structure (general plan and special plan), vesting from 1 October 2014 to 30 September 2019, which is made up of three blocks of three years each, with plan settlements taking place on completion of each block.

Under these plans, certain employees of companies of the Group of which the Company is Parent have the right to receive a certain number of Company shares, on completion of the third year from the commencement of the each of the three blocks into which the plans are divided, and taking into account the degree of achievement of certain internal criteria, of a financial and operating nature, as well as the total return for the shareholders and comparative profitability with other companies. For each of the tranches, the estimated amount accrued annually is recorded in "Equity" in the consolidated balance sheet and its annual allocation is included in "Personnel Expenses" in the consolidated income statement.

On 29 January 2015 the Parent's Board of Directors approved the list of beneficiaries of the first block (2014-2017) and corporate management estimated cost of the plans. There were 47 beneficiaries included in the General Plan and 10 in the Special Plan. The related amounted to EUR 2,856 thousand.

On 26 January 2016, the Parent's Board of Directors approved the second tranche of the 2014 Long-Term Incentive Plan (the 2017 General Plan and Special Plan) for the 2015-2018 vesting period. The beneficiaries of the second tranche numbered 50 for the General Plan and 10 for the Special Plan. The total estimated cost of the second tranche is EUR 2,491 thousand.

On 24 January 2017, the Parent's Board of Directors approved the third tranche of the 2014 Long-Term Incentive Plan (the General Plan and the Special Plan) for the 2016-2019 vesting period. The beneficiaries of the third tranche numbered 56 for the General Plan and 9 for the Special Plan. The total estimated cost of the third tranche is EUR 2,623 thousand.

On 20 December 2016 the Parent's Board of Directors approved new long-term incentive plans for the 2017-2022 period, which will be divided into three three-year tranches, the first of which begins on 1 October 2017.

On 23 January 2018, the Parent's Board of Directors approved the first tranche's (2017-2020) beneficiaries, being 58 the beneficiaries included in the General Plan and 9 the ones considered in the Special Plan. The total estimated cost for the first tranche amounts to EUR 2,933 thousand.

On 29 January 2019, the Parent's Board of Directors approved the second tranche's (2018-2021) beneficiaries, being 60 the beneficiaries included in the General Plan and 9 the ones considered in the Special Plan. The total estimated cost for the first tranche amounts to EUR 3,240 thousand.

On 28 January 2020, the Parent's Board of Directors approved the third tranche's (2019-2022) beneficiaries, being 62 the beneficiaries included in the General Plan and 9 the ones considered in the Special Plan. The total estimated cost for the third tranche amounts to EUR 3,023 thousand.

On 28 January 2020, the Parent's Board of Directors approved the 2020-2025 long-term incentive plan structure (general plan and special plan), vesting from 1 October 2020 to 30 September 2025, which is made up of three blocks of three years each, with plan settlements taking place on completion of each block.

In order to cater for the equity-settled 2014 long-term incentive plan and the 2017 incentive plan, and by virtue of the authorization granted by the Board of Directors, the Group acquired 914,261 treasury shares for EUR 18,556 thousand (EUR 3,456 thousand in 2020, EUR 3,554 thousand in 2019, EUR 3,366 thousand in 2018 and EUR 3,161 thousand in 2017 and EUR 4,359 thousand in 2016 and EUR 670 thousand in 2015).

On 23 January 2018, the Parent's Board of Directors approved the settlement of the First Vesting Period (2014-2017) of the General Plan and of the 2014 Special Plan. The settlement gave rise to the delivery of a total of 137,022 shares amounting to EUR 2,566 thousand to the beneficiaries of the two plans. The shares were delivered net of the related tax withholding. The Parent also delivered 1,454 shares amounting to EUR 28 thousand to a beneficiary of the plan. In 2017 24,189 treasury shares amounting to EUR 477 thousand were delivered to two beneficiaries.

On 28 November 2017, the Parent's Board of Directors extended to 1 October 2018 the Parent's Extended Share Repurchase Programme (up to 560,476 shares, i.e. 0.42% of the share capital), to include them in the second and third tranches of the 2014 long-term incentive plan.

On 25 September 2018 the Parent's Board of Directors extended to 1 October 2019 the Company's Extended Share Repurchase Programme (up to 641,372 shares, 0.48% of the share capital), to include them in the third tranches of the 2014 long-term incentive plan and the first tranche of the 2017 long-term incentive plan.

On 29 January 2019, the Parent's Board of Directors approved the settlement of the Second Vesting Period (2015-2018) of the General Plan and of the 2014 Special Plan. The settlement gave rise to the delivery of a total of 98,783 shares amounting to EUR 2,010 thousand to the beneficiaries of the two plans. The shares were delivered net of the related tax withholding.

On 24 September 2019 the Parent's Board of Directors extended to 1 October 2020 the Company's Extended Share Repurchase Programme (up to 681,013 shares, 0.51% of the share capital), to include them in the third tranches of the 2014 long-term incentive plan and the first and second tranches of the 2017 long-term incentive plan.

On 29 October 2019, the Parent's Board of Directors approved the settlement of the Third Vesting Period (2016-2019) of the General Plan and Special Plan of the 2014. The settlement gave rise to the delivery for no consideration of a total of 70,969 net shares amounting to EUR 1,420 thousand to the beneficiaries of the two plans. The shares were delivered net of the related tax withholding.

In addition, in the financial year 2020, the Company has made the delivery for no consideration of a total of 59,571 shares to three beneficiaries of the General Plan and the Special Plan 2017 for a total amount of EUR 1,122 thousand. The shares were delivered net of the related tax withholding.

Lastly, on 29 September 2020 the Parent's Board of Directors extended to 1 October 2021 the Company's Extended Share Repurchase Programme (up to 722,273 shares, 0.5% of the share capital), to include them in the 2020 long-term incentive plan.

4.13 Provisions and contingent liabilities

The Group recognizes provisions for the estimated amounts required to cover the liability arising from litigation in progress, indemnity payments or obligations and collateral and other guarantees provided which are highly likely to involve a payment obligation (legal or constructive), provided that the amount can be estimated reliably.

Provisions are quantified based on the best information available on the situation and evolution of the events giving rise to them and are fully or partially reversed when such obligations cease to exist or are reduced, respectively.

Also, the adjustments arising from discounting these provisions are recognized as a finance cost on an accrual basis.

Contingent liabilities represent potential obligations to third parties and existing obligations that are not recognized, given that it is not likely that an outflow of cash will be required to satisfy that obligation or, where applicable, the amount cannot be reasonably estimated. Contingent liabilities are not recognized in the consolidated statement of financial position unless they have been acquired in return for payment as part of a business combination.

4.14 Foreign currency transactions

The consolidated financial statements of Logista Group are presented in euros.

Transactions in currencies other than the euro are recognized at their equivalent euro value by applying the exchange rates prevailing at the transaction date. Any gains or losses resulting from the exchange differences arising on the settlement of balances deriving from transactions in currencies other than the euro are recognized in the consolidated income statement as they arise.

Balances receivable and payable in currencies other than the euro at year-end are measured in euros at the exchange rates prevailing on that date. Any gains or losses arising on such measurement are recognized in the consolidated income statement for the year.

4.15 Revenue and expense recognition

Revenue and expenses are recognized on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Specifically, revenue represents the amounts receivable for the goods and services provided in the normal course of business, net of discounts, VAT, excise duty on tobacco products and other sales taxes.

As a result of the regulations of the main countries in which the Group operates, the Group makes payments to the relevant tax authorities in respect of excise duties on the tobacco products it sells, which are also charged to customers.

In the particular case of the publishing sector, the customers are entitled to return the products they fail to sell and in turn, the Group may exercise this right with respect to its suppliers. At each reporting date, a provision is recognized based on the historical experience of the sales returns for the purpose of adjusting the margins obtained in relation to products that it is forecast will ultimately be returned (see Note 18).

In purchase and sale transactions on which the Group receives commission, regardless of the legal form of such transactions, only commission income is recognized, distribution and sales commissions are recognized in revenue. The Group recognizes income and expenses on transactions involving products held on a commission basis (mainly stamps, certain tobacco and publishing business products) at the date of the sale.

Interest income from financial assets is recognized using the effective interest method and dividend income is recognized when the shareholder's right to receive payment is established. In any case, interest and dividends from financial assets accrued after the date of acquisition are recognized as income in the income statement.

4.16 Income tax

The current income tax expense is calculated on the basis of the accounting profit before tax, increased or reduced, as appropriate, by the permanent differences from taxable profit, net of tax relief and tax credits, the rates used to calculate the income tax expense are those in force at the consolidated balance sheet date.

Deferred tax assets and liabilities are recognized using the balance sheet method, recognizing the differences between the carrying amount of the assets and liabilities in the financial statements and their corresponding tax bases.

Deferred tax assets and liabilities are calculated at the tax rates expected at the date on which the asset is realised or the liability is settled. Deferred tax assets and liabilities are recognised in full with a charge to the consolidated income statement, except when they relate to line items taken directly to equity accounts, in which case the deferred tax assets and liabilities are also recognised with a charge or credit to the related equity accounts.

Deferred tax assets and tax loss carryforwards are recognised when it is considered probable that the Group will be able to utilise them in the future, regardless of when they are recovered. Deferred tax assets and liabilities are not adjusted and are classified as non-current assets or liabilities in the consolidated balance sheet.

The Group recognises the deferred tax arising from the deductibility of the amortisation, for tax purposes, of certain items of goodwill generated on the acquisition of companies (see Note 19).

The deferred tax asset recognised is reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, unrecognised deferred tax asset is reassessed at the end of each reporting period and are recognised to the extent that it has become probable that they will be recovered through future taxable profits.

"Income Tax" represents the sum of the current tax expense and the result of recognising deferred tax assets and liabilities (see Note 19).

The Parent files consolidated income tax returns in Spain and is the ultimate parent of consolidated tax group no. 548/17.

4.17 Consolidated statements of cash flows

The following terms are used in the consolidated statements of cash flows, prepared in accordance with the indirect method, with the meanings specified:

1. Cash flows: inflow and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

2. Operating activities: the principal revenue-producing activities of the consolidated Group companies and other activities that are not investing or financing activities.

3. Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

4. Financing activities: activities that result in changes in equity and borrowings.

5. 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 year, excluding the average number of treasury shares.

Earnings per share are calculated as follows:

	2020	**2019**
Net profit for the year (thousands of euros)	157,184	164,626
Weighted average number of shares issued (thousands of shares) (*)	132,228	132,269
Earnings per share (euros)	**1.19**	**1.24**

(*) On 30 September 2020, the Parent Company holds 522,273 own shares.

At 30 September 2020, taking into consideration treasury shares, which are related to the long-term incentive plans, the calculation of the diluted earnings per share would give a result of EUR 1.19 per share (EUR 1.24 at 30 September 2019).

6. Property, plant and equipment

6.1 Property, plant and equipment

The changes in "Property, Plant and Equipment" in the consolidated balance sheets in 2020 and 2019 were as follows:

2020

						Thousands of Euros
	Balance at 30/09/19	**IFRS 16 First application (Note 2.2)**	**Additions or Charge for the Year**	**Disposals or Reductions**	**Transfers (Note 8)**	**Balance at 30/09/20**
Cost:						
Land and buildings	224,019	155,828	12,796	(12,964)	1,075	380,754
Plant and machinery	222,421	5,263	10,178	(9,329)	7,346	235,879
Other fixtures, tools and furniture	159,006	9,550	2,334	(3,252)	6,004	173,642
Other items of property, plant and equipment	34,436	-	83	(7,374)	369	27,514
Property, plant and equipment in the course of construction	19,610		14,269	-	(15,618)	18,261
	659,492	170,641	39,660	(32,919)	(824)	836,050
Accumulated depreciation:						
Buildings	(119,480)	-	(32,278)	9,836	5	(141,917)
Plant and machinery	(162,855)	-	(16,026)	4,074	10	(174,797)
Other fixtures, tools and furniture	(126,813)	-	(11,343)	3,135	6	(135,015)
Other items of property, plant and equipment	(27,955)	-	(1,090)	7,098	43	(21,904)
	(437,103)	-	(60,737)	24,143	64	(473,633)
Impairment losses	(8,897)	-	-	5,343	-	(3,554)
	213,492	**170,641**	**(21,077)**	**(3,433)**	**(760)**	**358,863**

2019

					Thousands of Euros
	Balance at 30/09/18	**Additions or Charge for the Year**	**Disposals or Reductions**	**Transfers (Note 8)**	**Balance at 30/09/19**
Cost:					
Land and buildings	223,348	105	(261)	827	224,019
Plant and machinery	196,478	10,603	(7,815)	23,155	222,421
Other fixtures, tools and furniture	150,280	5,893	(6,876)	9,709	159,006
Other items of property, plant and equipment	36,366	209	(3,646)	1,507	34,436
Property, plant and equipment in the course of construction	32,900	24,115	-	(37,405)	19,610
	639,372	40,925	(18,598)	(2,207)	659,492
Accumulated depreciation:					
Buildings	(115,197)	(4,423)	180	(40)	(119,480)
Plant and machinery	(152,646)	(13,208)	2,842	157	(162,855)
Other fixtures, tools and furniture	(122,633)	(6,473)	6,661	(4,368)	(126,813)
Other items of property, plant and equipment	(26,628)	(1,639)	2,675	(2,363)	(27,955)
	(417,104)	(25,743)	12,358	(6,614)	(437,103)
Impairment losses	(18,737)	(960)	3,932	6,868	(8,897)
	203,531	**14,222**	**(2,308)**	**(1,953)**	**213,492**

Additions

In 2020, the main additions are related to the impact of the initial application of IFRS 16. The application of this new standard from 1 October 2019 led, during 2020, to the capitalization of rights of use associated with lease contracts amounting to EUR 186,792 thousand (see note 6.2).

In 2019 the Group recognised additions in relation to the construction of a new logistics platform in Coslada (Madrid), recognised under "Property, Plant and Equipment in the Course of Construction" in the accompanying consolidated balance sheet and to the development of computer systems infrastructure and to the acquisition of new semitraillers and vending machines.

The other most notable additions in 2020 and 2019 are mainly related to projects currently underway in relation to safety systems at the warehouses and the development of information systems.

Disposals

In 2020, two properties have been sold in France for a total sale price of EUR 10,843 thousand, generating a gain of EUR 7,732 thousand, which has been recognised in the consolidated income statement of 2020, under the heading "Net gain on disposal and impairment of non-current assets".

In 2019 the Group derecognized items no longer in use by the Group, many of which were fully depreciated.

Transfers

In 2020 and 2019 items of plant, machinery and other fixtures were mainly transferred within this line item from "Property, Plant and Equipment in the Course of Construction". Additionally, point of sale terminals have been transferred from "Inventories", as they have been leased by third parties.

Lastly, transfers have been made to "Other Intangible Assets" during the fiscal year when information system-related projects have been completed and come into service.

6.2 Rights of use

As of September 30, 2020, the detail of the assets of rights of use, included in "Property, Plant and Equipment" and their movement during the year 2020 are as follows:

	Thousands of Euros				
	Balance at 30/09/19	**IFRS 16 First application**	**Additions or Charge for the Year**	**Disposals or Reductions**	**Balance at 30/09/20**
Cost:					
Land and buildings	-	155,828	11,826	-	167,654
Plant and machinery	-	5,263	3,293	-	8,556
Other fixtures, tools and furniture	-	9,550	1,032	-	10,582
	-	170,641	16,151	-	186,792
Accumulated depreciation:					
Land and buildings	-	-	(27,905)	-	(27,905)
Plant and machinery	-	-	(2,077)	-	(2,077)
Other fixtures, tools and furniture	-	-	(3,274)	-	(3,274)
	-	-	(33,256)	-	(33,256)
	-	**170,641**	**(17,105)**	**-**	**153,536**

As we have previously mentioned, the Group acts as lessee in a very high number of lease agreements over various assets, although the significant ones correspond, mainly, to warehouses, and office buildings where the Group carries out its activities.

As of September 30, 2020, the heading "Property, Plant and Equipment" of the consolidated balance sheet includes EUR 153,536 thousand corresponding to the net book value of assets related to lease contracts.

Likewise, as of September 30, 2020, the headings "Other non-current financial liabilities" and "Other current financial liabilities" of the consolidated balance sheet include EUR 123,643 thousand and EUR 31,699 thousand, respectively, corresponding to financial liabilities for rights of use of lease contracts. (see Note 20).

6.3 Other disclosures

Fully depreciated items of property, plant and equipment in use at 30 September 2020 amounted to EUR 311,031 thousand (EUR 317,762 thousand at 30 September 2019).

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are subject and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

At 30 September 2020 and 2019, the items of property, plant and equipment located abroad, mainly in Portugal, France, Italy and Poland, amounted to EUR 151,801 thousand and EUR 77,575 thousand, respectively. The increase from previous year is mainly related to the first the application of IFRS 16 Leases.

7. Goodwill

Breakdown and significant changes

The breakdown, by identified cash-generating unit, of "Goodwill" at 30 September 2020 and 2019 is as follows:

	Thousands of Euros	
	30-09-2020	**30-09-2019**
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, other business: Pharma	486	486
Iberia, tobacco and related products	2,017	2,017
	920,800	**920,800**

Italy, tobacco and related products

The goodwill associated with Logista Italia, S.p.A. arose when Etinera, S.p.A., a leading tobacco distributor in Italy, was acquired in 2004 from BAT Italia, S.p.A., an Italian subsidiary of British American Tobacco, Lda. Subsequently, Etinera, S.p.A.'s company name was changed to Logista Italia, S.p.A. The information relating to the aforementioned acquisition is included in the Group's consolidated financial statements for 2004.

France, tobacco and related products

The goodwill associated with Logista France, S.A.S. arose on the acquisition by Compañía de Distribución Integral Logista, S.A.U. of all the shares representing the share capital of Altadis Distribution France, S.A.S. (actually Logista France, S.A.S) from Seita, S.A.S., which belongs to Grupo Imperial Brands Limited PLC. The information on this acquisition is included in the Group's consolidated financial statements for 2014 and 2013.

Iberia, transport

The goodwill associated with Dronas 2002, S.L.U, arose when this company merged in 2002 with the Burgal Group, an integrated and express parcel and pharmaceutical logistics service provider, and in 2003 with the Alameda Group, a distributor of pharmaceutical supplies and food products. The information relating to the aforementioned mergers is included in the Group's consolidated financial statements for 2002 and 2003.

Iberia, tobacco and related products

The goodwill associated with José Costa & Rodrigues, Lda. arose from the acquisition, on 13 February 2017, by MIDSID –Companye Portuguesa de Distribuiçao, S.A. of all the shares representing the share capital of the acquired company. In 2017 the Group provisionally recognised EUR 6,575 thousand as goodwill, the full amount of which was allocated to the vending channel of José Costa & Rodrigues, Lda. in 2018 under "Other Intangible Assets" in the accompanying consolidated balance sheet as at 30 September 2018.

Goodwill impairment analysis

The most relevant assumptions used in testing for impairment were as follows:

Discount and residual growth rates

	2020		2019	
	Discount Rate	Growth Rate	Discount Rate	Growth Rate
Italy, tobacco and related products	8.38%	0.00%	8.00%	0.00%
France, tobacco and related products	6.54%	0.00%	5.70%	0.00%
Iberia, transport	6.59%	0.00%	6.40%	0.00%
Iberia, other business: Pharma	6.78%	0.00%	6.40%	0.00%
Iberia, tobacco and related products	7.14%	0.00%	8.00%	0.00%

The parameters considered in defining the foregoing discount rates were as follows:

- Risk-free bonds: 10-year bonds in the benchmark market of the CGU.
- Market risk premium: year-on-year average risk Premium in each country in which the Group is presented.
- Unleveraged Beta: industry average, on a case-by-case basis.
- Debt/equity ratio: industry average.

Future changes in sales, procurements and working capital

The principal assumption considered in the business plans of the main cash-generating units to calculate the value in use of each unit consisted of the performance of sales and procurements, the percentage change in which over the three years of the business plan was estimated as follows:

	Average Performance 2021-2023	
	Sales	**Procurements**
Italy, tobacco and related products	5.6%	6.1%
France, tobacco and related products	(0.1%)	(0.1%)

In Italy, sales will perform positively as a result of the projected trend in tobacco prices and sales in order complementary business.

In France, the indicated trend arises in an expected environment of moderate variation in tobacco volumes and prices after the price and tax increases promoted by the French Government in recent years and already completed.

Based on the methods used and the estimates, projections and valuations available to the Parent's directors, no impairment losses were recognised in relation to these assets in 2020 and 2019.

With regard to the sensitivity analysis of the impairment tests on goodwill, the Group performed an analysis of sensitivity of the impairment test result to changes due to increases of 100 basis points in the discount rate and negative changes of 100 basis points in the residual growth rate, along with more restrictive commercial hypothesis. This sensitivity analysis performed separately for each of the aforementioned assumptions did not disclose any impairment losses.

8. Other intangible assets

The changes in "Other Intangible Assets" in 2020 and 2019 were as follows:

2020

					Thousands of Euros
	Balance at 30/09/2019	**Additions or Charge for the Year**	**Disposals or Reductions**	**Transfer (Note 6)**	**Balance at 30/09/2020**
Cost:					
I+D expenses	2,223	-	-	-	2,223
Computer software	201,134	342	(175)	13,698	214,999
Concessions, rights and licenses	784,111	-	(2)	-	784,109
Advances and intangible assets in progress	9,764	11,974	(1)	(11,090)	10,647
	997,232	12,316	(178)	2,608	1,011,978
Accumulated amortization:					
I+D expenses	(2,192)	-	-	-	(2,192)
Computer software	(173,064)	(11,709)	173	18	(184,582)
Concessions, rights and licenses	(364,303)	(52,185)	2	-	(416,486)
	(539,559)	(63,894)	175	18	(603,260)
Impairment losses	(623)	-	-	-	(623)
	457,050	**(51,578)**	**(3)**	**2,626**	**408,095**

2019

	Balance at 30/09/2018	Additions or Charge for the Year	Disposals or Reductions	Transfer (Note 6)	Balance at 30/09/2019
					Thousands of Euros
Cost:					
I+D expenses	2,223	-	-	-	2,223
Computer software	187,434	359	(3,351)	16,692	201,134
Concessions, rights and licenses	784,164	-	(53)	-	784,111
Advances and intangible assets in progress	11,678	10,714	-	(12,628)	9,764
	985,499	11,073	(3,404)	4,064	997,232
Accumulated amortization:					
I+D expenses	(2,192)	-	-	-	(2,192)
Computer software	(163,225)	(10,985)	3,345	(2,199)	(173,064)
Concessions, rights and licenses	(312,249)	(52,107)	53	-	(364,303)
	(477,666)	(63,092)	3,398	(2,199)	(539,559)
Impairment losses	(2,623)	-	-	2,000	(623)
	505,210	**(52,019)**	**(6)**	**3,865**	**457,050**

Additions

The additions to "Other intangible assets" in 2020 and 2019 relate mainly to functional development projects for the Logista Group's existing applications to improve or increase the services provided to its customers and the implementation of new management systems (SAP) in certain business segments.

Transfers

The transfers to "Computer Software" in 2020 and 2019 relate to the reclassification of various items that have been put into operation from the account "Advances and intangible assets in progress" attending to their nature.

Impairment

In 2020 and 2019 the Group did not recognise any impairment losses on items classified as "Other Intangible Assets".

Other information

On 30 September 2020 and 2019, the intangible assets in use that were completely depreciated amounted to EUR 150,222 thousand and EUR 140,106 thousand, respectively.

9. Financial assets

The detail of "Other Non-Current Financial Assets" and "Current Financial Assets" in the accompanying consolidated balance sheets at 30 September 2020 and 2019 is as follows:

2020

	Thousands of Euros				
Financial Assets: Nature/Category	**Loans Granted to Third Parties**	**Loans Granted to Related Companies (Note 26)**	**Short-Term Deposits and Guarantees**	**Available-for-Sale Financial Assets**	**Total**
Non-current:					
Equity instruments	-	-	-	725	725
Financial debts (Note 18)	10,246	-	-	-	10,246
Other financial assets	-	-	5,359	-	5,359
	10,246	-	5,359	725	16,330
Current:					
Financial debts	30,134	2,636,154	-	-	2,666,288
Impairment of financial debts	-	(2,273)	-	-	(2,273)
Other financial assets	-	-	63	-	63
	30,134	2,633,881	63	-	2,664,078
	40,380	**2,633,881**	**5,422**	**725**	**2,680,408**

2019

	Thousands of Euros				
Financial Assets: Nature/Category	**Loans Granted to Third Parties**	**Loans Granted to Related Companies (Note 26)**	**Short-Term Deposits and Guarantees**	**Available-for-Sale Financial Assets**	**Total**
Non-current:					
Equity instruments	-	-	-	708	708
Financial debts (Note 18)	10,037	-	-	-	10,037
Other financial assets	162	-	4,483	-	4,645
	10,199	-	4,483	708	15,390
Current:					
Financial debts	29,565	2,022,227	-	-	2,051,792
Impairment of financial debts	-	(1,423)	-	-	(1,423)
Other financial assets	-	-	152	-	152
	29,565	2,020,804	152	-	2,050,521
	39,764	**2,020,804**	**4,635**	**708**	**2,065,911**

Loans granted to third parties

The venturers of "UTE Compañia de Distribución Integral Logista, S.A.U. y IGT Spain Lottery, S.L.U. Unión Temporal de Empresas" granted a loan to this joint venture, assuming an equal portion, which at 30 September 2020 totaled EUR 117,616 thousand (EUR 118.016 thousand in 2019). Compañía de Distribución Integral Logista, S.A.U. has recognised an amount of EUR 29,404 thousand in this connection at 30 September 2020 (at 30 September 2019: EUR 29,504 thousand), and this amount is recognised under "Other Current Financial Assets" and "Other Current Financial Liabilities" in the accompanying consolidated balance sheet as at that date, for the balances receivable from and payable to the aforementioned joint venture that correspond to the other venturer (see Note 20).

This loan agreement has been subject to successive renewals and modifications, the last of which is in force until 31 December 2020, with a maximum limit of EUR 122 million, 50% of which from each venturer. The loan is interest free.

The main figures of the joint venture at 30 September 2020 were as follows:

	Thousands of Euros			
	Assets	Liabilities	Equity	Loss for the Year
"UTE Compañia de Distribución Integral Logista, S.A.U. y IGT Spain Lottery, S.L.U. Unión Temporal de Empresas"	29	119,955	(119,926)	(92)

Credits granted to related parties

As of 12 June 2014, Imperial Tobacco Enterprise Finance Limited, Compañía de Distribución Integral Logista Holdings, S.A.U., Compañía de Distribución Integral Logista, S.A.U. and Logista France, S.A.S., entered into a mutual agreement for a five-year credit line (automatically renewable for one year, unless either of the parties sends a notice opposing such renewal at least one year prior to maturity), with a maximum draw down limit of EUR 2,000 million. As of 1 December 2015, the maximum draw down limit was increased to EUR 2,600 million. 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.

Imperial Tobacco Enterprise Finance Limited changed its corporate name on February 29, 2016 to Imperial Brands Enterprise Finance Limited.

On 21 March 2018, Imperial Brands Enterprise Finance Limited transferred the rights and obligations under the aforementioned credit line agreement to Imperial Brands Finance PLC., and the maturity was extended to 12 June 2024 (automatically renewable for additional one-year periods, unless notified otherwise by any of the parties at least one year before maturity) with a maximum drawdown limit of EUR 2,600 million. On September 1, 2020, an addendum to the credit line agreement was signed in which the maximum draw down limit was extended to EUR 4,800 million until October 31, 2020, a period during which Imperial Brands is bound to repay the amounts loaned in excess of EUR 2,600 million if it loses investment grade based on the S&P or Moody's ratings. Additionally, the addendum stipulates that Imperial Brands PLC, as the head of the Group, guarantees Logista the fulfillment of all the obligations of the contract until the expiration of the same. As of 30 September 2020, the outstanding balance amounts to EUR 2,636 million (30 September 2019: EUR 2,022 million).

The interest accrued on this credit line at 30 September 2020 amounted to EUR 16,495 thousand (30 September 2019: EUR 14,489 thousand) (see Note 26).

The daily balance of this internal current account has an equivalent cost to the interest at the European Central Bank interest rate, plus a spread of 0.75% for the credit provisions, and earn at the same reference rate, plus a spread of 0.75% for the surplus loans. Interest is calculated daily, based on 360 days, and is capitalized every quarter.

Under this agreement the Parent has undertaken to refrain from obtaining financing from third parties and from encumbering in any way its assets unless the transaction is approved by a qualified majority of the Board of Directors.

10. Inventories

The detail of the Group's inventories at 30 September 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	**2019**
Tobacco	1,138,177	1,100,854
Published materials	8,929	12,083
Other merchandise	157,932	181,119
Write-downs	(10,726)	(11,302)
	1,294,312	**1,282,754**

The balance of tobacco inventories includes the excise duty chargeable to the tobacco items for the tobacco stock in the Group's warehouses at 30 September 2020, for a total amount of EUR 489,534 thousand (2019: EUR 429,263 thousand).

The write-down in year 2020 and 2019 relates mainly to tobacco inventories that were defective or that cannot be sold at year end, The changes in the write-downs relating to "Inventories" in the accompanying consolidated balance sheet were as follows:

	Thousands of Euros
Accumulated write-down at 30 September 2018	**8,256**
Period write-downs	5,727
Reversals	(3,846)
Amounts derecognised	1,165
Accumulated write-down at 30 September 2019	**11,302**
Period write-downs	7,594
Reversals	(4,795)
Amounts derecognised	(3,375)
Accumulated write-down at 30 September 2020	**10,726**

At 30 September 2020 and 2019, the Group had arranged insurance policies to cover the value of its inventories.

11. Trade and other receivables

The detail of "Trade and Other Receivables" in the accompanying consolidated balance sheets at 30 September 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Trade receivables for sales and services	1,826,577	1,742,897
Related companies (Note 26)	31,381	21,601
Sundry accounts receivable	95,360	201,792
Employee receivables	486	650
Less- Allowances for doubtful debts	(53,275)	(53,246)
	1,900,529	**1,913,694**

The changes in the "Allowances for Doubtful Debts" in 2020 and 2019 are as follows:

	Thousands of Euros
Allowance for doubtful debts at 30 September 2018	**53,225**
Period write-downs	2,590
Reversals	(2,064)
Reclasifications	(462)
Amounts derecognised	(43)
Allowance for doubtful debts at 30 September 2019	**53,246**
Period write-downs	3,110
Reversals	(2,895)
Reclasifications	(137)
Amounts derecognised	(49)
Allowance for doubtful debts at 30 September 2020	**53,275**

The additions to and reversals from the allowance for doubtful debts in 2020 and 2019 are recognised under "Cost of Logistics Networks - Other Operating Expenses" in the accompanying consolidated income statement.

At 30 September 2020 and 2019, the total amounts of balances provided are older than 90 days.

Trade receivables for sales and services

"Trade Receivables for Sales and Services" includes mainly the balances receivable from the sales of tobacco products, postage and other stamps relating basically to the final delivery of each year, which may be settled during the first days of the following year, including the excise duties and VAT associated with tobacco product sales which do not form part of revenue (see Note 4.15).

The credit period taken on sales of goods and services by territory ranges from 10 to 30 days.

None of the clients supposes more than 5% of the trade receivable balances, so there is no clients' concentration risk.

The detail of the past-due receivables for which no allowance had been recognised at 30 September 2020 and 2019 is as follows:

	Thousands of Euros	
Tranche	**2020**	**2019**
0-30 days	33,250	65,807
30-90 days	8,212	11,621
90-180 days	3,533	6,103
180-360 days	2,299	2,102
More than 360 days	4,893	5,915

The Group recognizes an allowance for doubtful debts based on seniority of the debt, unless there are additional guarantees of payment.

Sundry accounts receivable

"Sundry Accounts Receivable" caption includes mainly the balances receivable from manufacturers for the tax established in France described in Note 22.

12. Cash and cash equivalents

"Cash and Cash Equivalents" in the consolidated balance sheets at 30 September 2020 and 2019 includes mainly the Group's cash deposited in current accounts at banks.

The average interest rate obtained by the Group on its cash and cash equivalent balances has been 0.00% in 2020.

13. Equity

At the end of 2020 and 2019 the Parent's share capital amounted to EUR 26,550 thousand and was represented by 132,750,000 fully subscribed and paid shares of EUR 0.2 par value each, all of the same class.

As indicated in Note 1, the Parent was incorporated on 13 May 2014, with a share capital of EUR 60 thousand, divided into 300,000 shares of EUR 0.20 par value each, all of which are of the same class and fully subscribed and paid in cash by its sole shareholder, Altadis, S.A.U.

On 4 June 2014, the sole shareholder approved the share capital increase through a non-monetary contribution of EUR 26,490 thousand, through the issue of 132,450,000 new shares of EUR 0.20 par value each, together with a total share premium of EUR 942,148 thousand. The shares issued were of the same class as the outstanding shares and were fully subscribed and paid by Altadis, S.A.U. through the contribution to the Company of 44,250,000 registered shares representing all of the share capital of Compañía de Distribución Integral Logista, S.A.U (Logista Group Partner Company until that moment). For these purposes, it should be noted that the aforementioned non-monetary contribution was subject to the required assessment by an independent expert appointed by the Mercantile Registry, pursuant to the Spanish Capital Companies Law consolidated text and the Mercantile Registry Regulations.

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

On 31 July 2018, Altadis, S.A.U. sold 13,265,000 shares, representing 9,99% of the Parent's share capital.

The only shareholder with an ownership interest of 10% or more in the Parent's share capital at 30 September 2020 and 2019 is Altadis, S.A.U. with an ownership interest of 50,01%.

At 30 September 2020 and 2019, all shares of the Parent have the same voting and dividend rights.

Capital Management

The main objectives of the Group's capital management are to ensure financial stability in the short and long term and the adequate funding of investments, keeping debt levels, all aimed at that the Group maintains its financial strength and soundness of their ratios so that it supports their business and maximizes the value for its shareholders.

At 30 September 2020, the Group had a net cash position amounting to EUR 2,749,433 thousand (30 September 2019: EUR 2,173,620 thousand), the detail being as follows:

	Thousands of Euros	
	2020	**2019**
Other current financial liabilities (Note 20)	(77,386)	(37,551)
Gross debt	**(77,386)**	**(37,551)**
Other Current financial assets (Note 9)	2,664,078	2,050,521
Cash and cash equivalents	162,741	160,650
Financial assets and cash	**2,826,819**	**2,211,171**
Total net financial position	**2,749,433**	**2,173,620**

14. Reserves

a) Share premium

The Spanish Capital Companies Law expressly permits the use of the share premium account balance to increase the capital of the entities at which it is recognised and does not establish any specific restrictions as to its use.

b) Reserves of the Parent

Legal reserve

Under the Spanish Capital Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital, The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount, Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

On 30 September 2020 the Parent's legal reserve has reached the legally required minimum.

Other reserves

The capital increase expenses incurred by the Parent in 2014 in the transaction described in the "Share Capital" section, which were charged to reserves, amounted to EUR 176 thousand, net of the related tax effect. This line item also includes the annual charges for 2020 and 2019 relating to the Share Plan tranches, amounting to EUR 2,399 thousand and EUR 2,998 thousand, respectively (see Note 4.12).

Additionally, in 2020 this line item includes an amount used of EUR 4,533 thousand to settle the Third Vesting Period (2016-2019) of the 2014 General Share Plan and Special Share Plan (see note 4.12). In 2019 this line item included an amount of EUR 3,325 thousand to settle the Second Vesting Period (2015-2018) of the 2014 General Share Plan and Special Share Plan.

c) Reorganization reserve

This line item includes the net effect which arose in the Parent's reserves as a result of the corporate reorganization that took place during the year 2014, as described in Note 1, in conformity with the regulatory financial reporting framework applicable to the Group.

d) Reserve for first application of IFRS

As a result of the transition to International Financial Reporting Standards (IFRSs), the Group revalued a plot of land assigned to its operations by EUR 28,500 thousand, based on the appraisal of an independent valuer, considering the fair value of this plot of land to be the deemed cost thereof in the transition to IFRSs, The impact of this revaluation on reserves amounted to EUR 19,950 thousand.

e) Dividends

On March 24, 2020, the shareholders at the Parent's Annual General Meeting approved the distribution of the profit for 2019, which included an interim dividend out of the profit for that year, which had previously been approved by the Board of Directors and paid, amounting to EUR 48,938 thousand together with a final dividend of 107,096 thousand euros, paid on March 27, 2020.

f) Treasury shares

To cater of the long-term share-based incentive scheme, the Group owned 522,273 treasury shares amounting to EUR 10,681 thousand.

15. Reserves at consolidated companies

The detail of “Reserves of Group Companies and Associates” in the consolidated balance sheets at 30 September 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Reserves in fully consolidated companies	216,036	217,501
Reserves in companies consolidated by the equity method	(470)	(1,019)
	215,566	**216,482**

The reserves at consolidated companies include the retained earnings not appropriated at the beginning of the period relating to the consolidated companies and taking into account the consolidation adjustments.

16. Minority interests

The detail, by company, of “Minority interests” and “Profit/loss attributed to minority interests” in the consolidated balance sheets is as follows:

	Thousands of Euros			
	2020		2019	
Entity	**Minority Interests**	**Attributable To Minority Shareholders**	**Minority Interests**	**Income Attributable To Minority Shareholders**
Distribuidora Valenciana de Ediciones, S.A.	333	91	242	44
Terzia, S,p,A.	1,512	482	1,030	96
Distribución de Publicaciones Siglo XXI Guadalajara, S.L.	24	(17)	41	(2)
Distribuidora de Publicaciones del Sur, S.L.	106	(149)	255	(2)
Other entities	159	-	159	-
	2,134	**407**	**1,727**	**136**

17. Financial Risk Exposure

The management of the financial risks to which the Logista Group is exposed in the course of its business constitutes one of the basic pillars of its activities aimed at preserving the value of the Group’s assets at all the business units and in all the countries in which it operates (mainly Spain, Italy, France, Portugal and Poland) and, as a result, the value of its shareholder’s investments. The risk management system is structured and defined to achieve the strategic and operating objectives.

The Group’s activities are exposed to various financial risks: market risk (including exchange risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group's financial risk management is centralized in the Corporate Finance Division. This Division has the required mechanisms in place to control, based on the Group's financial position and structure and on the economic variables of the environment, the exposure to interest and exchange rate fluctuations and to the credit and liquidity risks, establishing the related credit limits and setting the policy for the doubtful debts allowance.

Credit risk

The Company's main financial assets are cash, loans to Group companies and trade and other receivables. In general, the Group holds its cash and cash equivalents at banks with high credit ratings. Also, the Group is exposed to the credit risk or counter-party risk of the group Imperial Brands, PLC, as a result of the cash transfer agreements entered into therewith.

The Group controls the risks of doubtful debts and default by setting credit limits and establishing demanding conditions with respect to collection periods; this commercial risk is distributed among a large number of customers with short collection periods and historically very low rates of non-payment and, therefore, the credit risk vis-à-vis non-Group third parties is not significant, due to the parties solvency.

The Group considers that at 30 September 2020 the level of credit risk is not significant, given the solvency of the counterparts.

Interest rate risk

In relation to its cash and cash equivalents and bank borrowings, the Group is exposed to interest rate fluctuations which might affect its profit and cash flows.

In accordance with the disclosure requirements of IFRS 7, the Group performed a sensitivity analysis in relation to the possible interest rate fluctuations which might occur in the markets in which it operates. Based on these requirements, the Group considers that each interest rate drop of 10 basis points would give rise to a decrease in the Group's finance income of EUR 2.3 million (2019: EUR 1.9 million)

Foreign currency risk

The level of exposure of equity and the income statement to the effects of future changes in the foreign currency exchange rates in force is not significant because the volume of the Group's transactions in currencies other than the euro is not material (see Note 25).

The Group does not have significant investments in foreign entities which operate in currencies other than the euro and it does not carry out significant transactions in countries whose currency is not the euro.

Liquidity risk

The Group has to meet payments arising from its activities, including significant amounts relating to excise duties and VAT.

Also, at 30 September 2020, the Group had a working capital deficiency amounting to EUR 802,614 thousand (September 2019: EUR 814,617 thousand). 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 9).

17.1 Exposure to risk. Covid-19 situation

Identified risks

The current environment situation is marked by the uncertainty generated by the coronavirus pandemic. The measures adopted to combat it have caused a significant setback in the world economy, with special incidence in Spain and Italy and it is difficult to assess or predict what the impact will be in the medium term, which will depend on the rate at which the recovery of the economy.

Actions taken to mitigate risks

This risk is mitigated, since Logista is dedicated to the supply and distribution of products to sales networks that provide essential services, tobacconists, pharmacies, service stations, kiosks, and, therefore, is obliged to maintain its activities, guaranteeing the supply and supply of said products to retail establishments, so these consolidated annual accounts are presented under the going concern principle.

The impacts on the business included, among others, and not to the same extent in all of the Group's businesses: a reduction of activity and revenues as well as increases in costs (overtime, special bonuses in some countries, disinfection, cleaning, medical supplies, etc.). However, the decrease in some costs which resulted from the confinement and the restrictions on movement, and from the general saving measures adopted by the Group (in travelling, conventions, consultations, etc., mitigated the negative impact on the year's results.

Impacts to date and potential future impacts

From an economic point of view, COVID-19 presents great uncertainties, the consequences in the medium and long term being difficult to quantify and conditioned, in any case, on the duration of the containment measures imposed by the different governments, as well as to the subsequent economic recovery, nationally and internationally.

The Group has adapted its operations, as well as its strategic and business plan to the current situation derived from the coronavirus crisis, putting in place corrective, contingency and various kinds of measures, in relation to business continuity, which has allowed it to continue its operations, as well as various protection measures for its workers and collaborators. In updating its impairment tests on cash-generating units, the Group has not observed specific relevant indications of impairment derived from Covid-19, nor has it experienced a deterioration in its customers' collection periods.

The Group has estimated that the negative impact of the pandemic on profit before tax, as of September 30, 2020, has been 14 million euros.

18. Provisions

The detail of the balance of short and long-term provisions in the accompanying consolidated balance sheets at 30 September 2020 and 2019 and of the main changes therein in the periods is as follows:

2020

	Thousands of Euros					
	Balance at 30/09/2019	**Additions**	**Reversions**	**Provisions Used**	**Transfers**	**Balance at 30/09/2020**
Non-current provisions						
Excise duty and other assessments	10,593	3,322	-	(2,055)	(2,316)	9,544
Obligations to employees	21,527	1,910	(1,054)	(1,232)	(350)	20,801
Provision for contingencies and charges	5,868	1,218	(18)	(659)	-	6,409
Other	2,700	535	(529)	(6)	-	2,700
	40,688	**6,985**	**(1,601)**	**(3,952)**	**(2,666)**	**39,454**
Current provisions						
Provision for restructuring costs	7,098	8,789	(1,562)	(5,328)	-	8,997
Customer Refunds	1,851	25	(682)	-	-	1,194
Other	2,745	1,408	(328)	(868)	350	3,307
	11,694	**10,222**	**(2,572)**	**(6,196)**	**350**	**13,498**

2019

	Thousands of Euros					
	Balance at 30/09/2018	**Additions**	**Reversions**	**Provisions Used**	**Transfers**	**Balance at 30/09/2019**
Non-current provisions						
Excise duty and other assessments	10,859	3,299	(3,224)	(341)	-	10,593
Obligations to employees	19,493	4,729	(1,340)	(1,178)	(177)	21,527
Provision for contingencies and charges	5,908	1,972	(973)	(830)	(209)	5,868
Other	2,671	77	(7)	-	(41)	2,700
	38,931	**10,077**	**(5,544)**	**(2,349)**	**(427)**	**40,688**
Current provisions:						
Provision for restructuring costs	4,821	8,196	(2,168)	(3,751)	-	7,098
Customer Refunds	2,162	3	(314)	-	-	1,851
Other	4,600	740	(1,308)	(1,424)	137	2,745
	11,583	**8,939**	**(3,790)**	**(5,175)**	**137**	**11,694**

Provision for excise duty on tobacco products and for other assessments

Compañía de Distribución Integral Logista, S.A.U. has recognised provisions for assessments as a result of audits by the Spanish customs authorities of the returns for excise tax on tobacco products for 2009 to 2010. The Company signed the assessments on a contested basis and filed appeals against them, however, it has recognised provisions for the possible deficiency and interest in this connection in order to cater for the possibility of unfavorable decisions being handed down on the appeals amounting to EUR 2,424 thousand, this year the Supreme Court confirmed the amount of the assessments, settling the principal of them for EUR 1,992 thousand, so the provision that remains is maintained to cover the suspensive late payment interest.

In previous years, tax assessments were issued to Compañía de Distribución Integral Logista, S.A.U. in relation foreign trade activity settlements for years 2012-2018 amounting to EUR 14,260 thousand, which have been appealed. Of this amount, EUR 3,605 thousand have been guaranteed and the remaining amount has been paid to avoid the possible accrual of late payment interest. Per the assessment made and corroborated by its external advisers, 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 recognised a provision for the first tax assessment and has recognised the payment of the other years as an asset in the accompanying consolidated balance sheet as at 30 September 2020 (See Note 9). It is important to take into account that, by virtue of the agreements entered into by the Company, any impact arising from a possible increase in the tariff on the goods sold by the Company may be passed on to the supplier of the goods. The aforementioned claims are currently in the National Court for an amount of EUR 10,004 thousand and the rest in the Economic Administrative Court, or in the inspection itself pending resolution, estimating that they will be concluded within a period longer than one year, which is why they are recorded in non-current assets.

In 2020, provisions have been recognized amounting to EUR 3,058 thousand, as a provision for inspection in progress for corporate tax and EUR 70 thousand have been reclassified, relating to a withholding certificate from the same inspection signed in disagreement.

At 30 September 2020, Logista Italia, S.p.A. has recognized a provision amounting to EUR 5,033 thousand (2019: EUR 4.523 thousand) as a result of the Italian tax authorities' open inspection.

Additionally, there are recognized provisions to cover existing risks related to other assessments.

Provisions for employee benefit obligations

This account includes mainly the present value of the obligations assumed by Compañía de Distribución Integral Logista, S.A.U. in terms of long-service bonuses and the "free tobacco" benefit and the provisions recognised by the Group companies to meet retirement obligations.

This provision was calculated on the basis of actuarial studies performed by independent experts using as their main assumptions PERM/F 2000P mortality tables, an inflation rate of 1.5% and an annual discount rate of 0.9% as the main assumptions. In 2019, the Group charged EUR 3,248 thousand to reserves corresponding to changes in the actuarial assumptions used to calculate the present value of the total obligation assumed by the Group.

In 2017, a provision of EUR 6,860 thousand was recognised as a result of a decision handed down by the Employment Tribunal of the National Appellate Court, which ordered that Compañía de Distribución Integral Logista, S.A.U. recognise the right of those employees formerly employed by Altadis, S.A.U. who had retired after 2005 to receive, once they had retired, the equivalent monetary value of the gift tobacco they would receive at present as active personnel. The Company appealed against this decision at the Supreme Court. On 25 September 2019, the Supreme Court has dismissed the appeal, ordering Compañía de Distribución Integral Logista, S.A.U. to pay the aforementioned amount, without any additional risk to be recognised.

Provision for restructuring costs

This account includes mainly the estimate of the payments to be made in relation to the restructuring plans that are being implemented at the Group. In 2020 and 2019, provisions were recognised amounting to EUR 8,789 thousand and EUR 8,196 thousand, respectively, and indemnity payments were made amounting to EUR 5,328 thousand and EUR 3,751 thousand, respectively, with a charge to the provisions that were recognised for that purpose.

These provisions were reclassified to current liabilities on the basis of the directors' estimates as to the dates on which these proceedings will come to an end.

Provisions for customer refunds

The customers of 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 year-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 the book and publications sales activity.

Provisions for contingencies and charges

"Provision for Contingencies and Charges" includes mainly several lawsuits in process in which the Group is involved with third parties, as well as other third-party liability.

19. Tax matters

Consolidated Tax Group

In 2020 some of the Group companies are taxed under a consolidated tax return with the Parent Company (see Note 4.16). The companies included together with the Parent Company in the consolidated tax return Group, for Corporation Tax purposes, are the following: Compañía de Distribución Integral Logista, SAU, Publicaciones y Libros, SAU, Distribuidora de las Rías, SAU, Logista-Dis , SAU, La Mancha 2000, SAU, Dronas, 2002, SLU, Logista Pharma Canarias, SAU, Distribuidora de Publicaciones Siglo XXI Guadalajara, SL, Logista Pharma, SAU, Cyberpoint, SLU, Distribuidora del Noroeste, SL, Compañía de Distribución Integral de Publicaciones Logista, SLU, Distribuidora del Este, SAU, SA Distribuidora de Ediciones, Logesta Gestión de Transporte, S.A.U., and Be to Be Pharma, S.L.U.

In addition, Logista France, S.A.S., Société Allumetière Française, S.A.S., Supergroup, S.A.S. file consolidated income tax returns in France as part of the group headed by Logista France, S.A.S.

Logista Italia, S.p.A. and Terzia, S.p.A. file consolidated income tax returns in Italy as part of the group headed by Logista Italia, S.p.A.

Additionally, Compañía de Distribución Integral Logista, S.A.U. - Sucursal em Portugal, Midsid – Companye portuguesa de Distribuiçao, S.A. and Logista Transportes, Transitarios e Pharma, Lda, are taxed under a tax consolidation regime for Corporate Income Tax purposes in Portugal, being the head of said group Compañía de Distribución Integral Logista, S.A.U.- Sucursal in Portugal.

The Group's other subsidiaries file individual tax returns in accordance with the tax legislation in force in each country.

Years open for review by the tax authorities

Compañía de Distribución Integral Logista, S.A.U. has open for review by the tax authorities the years 2017, 2018, 2019 and until September 2020 for excise taxes, and fiscal year 2019 and until September 2020 for foreign trade taxes.

The Parent Company and Compañía de Distribución Integral Logista, S.A.U. have currently under review by the tax authorities years 2013, 2014, 2015 and 2016 for income taxes, years 2014, 2015 and 2016 for withholding taxes and, additionally, for Compañía de Distribución Integral Logista, S.A.U. years 2013, 2014, 2015, 2016 and 2017 for value added taxes.

Logista Italia, S.p.A. has currently under review by the tax authorities years 2014 and 2015 for income taxes.

Logista France, S.A.S. and Société Allumetière Française, S.A.S. has currently under review by the tax authorities years 2017, 2018 and 2019 or income taxes, value added taxes and other local taxes.

In general, the other consolidated companies have the last four years open for review by the tax authorities for the main taxes applicable to them, pursuant to the specific legislation of each country, and the last ten years for excise taxes in Italy.

The Company's Directors consider that the tax returns for the aforementioned taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax legislation in relation to the tax treatment afforded to certain transactions, such liabilities that might arise would not have a material effect on the accompanying financial statements.

Tax receivables and payables

The detail of the tax receivables at 30 September 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	**2019**
Deferred tax assets:		
Provision for restructuring costs	1,698	557
Goodwill	1,787	1,815
Impairment losses and other	3,452	4,003
Provision for third-party liability	9,986	10,467
Other deferred tax assets	1,796	2,189
	18,719	**19,031**
Tax receivables (current):		
VAT refundable	2,933	5,088
Income tax refundable	74,540	14,359
Other	2,927	233
	80,400	**19,680**

The deferred tax assets relate mainly to provisions recognised for restructuring plans, termination benefits and obligations to employees that will become tax deductible in the coming years. Also, Law 16/2012, of 27 December, established for 2013 and 2014 a ceiling on the deductibility of the depreciation and amortization charge. Specifically, it was possible to deduct up to 70% of the depreciation and amortization charge, and the portion of the charge that was not deductible started to be deducted in 2017.

The detail of the tax payables at 30 September 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	**2019**
Deferred tax liabilities:		
Assets contributed by Logista	374	535
Revaluation of land owned by the Parent (Note 14-d)	7,125	7,125
Goodwill	108,859	102,125
Business Combination	130,666	148,646
Other	6,536	6,452
	253,560	**264,883**
Tax payables (current):		
Excise duty on tobacco products	4,600,495	3,798,298
VAT payable	820,895	755,593
Customs duty settlements	3,450	3,333
Income tax, net of prepayments	8,214	2,997
Personal income tax withholdings	6,859	6,847
Social security taxes payable	18,275	17,253
Tax retention to tobacconists (France)	2,931	34,660
Other	137,480	234,414
	5,598,599	**4,853,395**

Short-term balances include mainly the "Excise Duty on Tobacco Products" accrued by Compañía de Distribución Integral Logista, S.A.U., Logistra France, S.A.S. and by Logista Italia, S.p.A. and pending payment to the tax authorities.

The deferred tax liabilities arising from business combinations relate mainly to the tax effect of the recognition of the agreements with the tobacco manufacturers of the subsidiary Logista France, S.A.S., within the context of the acquisition of this subsidiary in 2013 (see Notes 4.4 and 8).

The heading "Other" of current tax payables includes other accounts payable to the French Public Authorities. As of September 30, 2019, it included an account payable with the French tax authorities for an amount of EUR 71 million, related to the social contribution accrued in year 2019 and up to September 30, 2019. On December 28, 2019, French Public Administration canceled this social contribution with effects from January 1, 2019, increasing the special taxes on tobacco (see Note 22).

Until 2011, each year Compañía de Distribución Integral Logista, S.A.U decreased its taxable profit by one twentieth of the implicit goodwill included in the acquisition price of its subsidiary in Italy. These reductions are considered to be temporary differences. On 30 March 2012, Royal Decree-Law 12/2012 came into force, introducing various tax and administrative measures aimed at reducing the public deficit. These measures include limiting the tax deductibility of such goodwill to 1% per year. Since 2017, the maximum tax credit is 5% per year.

Reconciliation of the accounting profit to the taxable profit

The reconciliation of the accounting profit before tax to the aggregate taxable profit and of the accounting profit before tax to the income tax expense resulting from the application of the standard tax rate in force in Spain for the years ended 30 September 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	**2019**
Accounting profit before tax	218,682	217,099
Permanent differences	9,854	(18,235)
Tax loss carryforwards compensation	(176)	(245)
Tax charge at 25%	57,090	49,655
Effect of different tax rates and changes thereto	6,294	6,197
Corporation tax adjustments	-	(4,460)
CVAE France	2,635	2,841
Reductions	(4,928)	(1,896)
Total income tax expense recognised in consolidated profit or loss	**61,091**	**52,337**

The Group is affected by the different income tax rates to which the Group companies' activities are subject:

- Spain: the current income tax rate is 25%.
- France: the current standard tax is 34.43%.
- Italy: the income tax rate is 24% and there is a supplementary business tax which can represent an additional 4.6%.
- Portugal: the income tax rate is 22.5%, and there is a supplementary business tax which can represent up to 4.5%, additionally, there is an obligation to make pre-payments even if an entity is reporting a loss.
- Poland: the income tax rate is 19%.

The breakdown of the income tax expense is as follows:

	Thousands of Euros	
	2020	**2019**
Current tax:		
Continuing operations	71,801	65,717
Deferred tax:		
Continuing operations	(10,710)	(13,886)
Tax adjustment and others	-	502
Total tax expense	**61,091**	**52,337**

Changes in deferred tax assets and liabilities

The changes in deferred tax assets and liabilities in 2020 and 2019 are as follows:

2020

	Thousands of Euros			
	Balance at 30/09/2019	**Change in Profit or Loss**	**Others**	**Balance at 30/09/2020**
Deferred tax assets:				
Provision for restructuring costs	557	1,141	-	1,698
Goodwill	1,815	(28)	-	1,787
Impairment losses and other	4,003	(551)	-	3,452
Provision for third-party liability	10,467	(426)	(55)	9,986
Other deferred tax assets	2,189	(393)	-	1,796
	19,031	**(257)**	**(55)**	**18,719**
Deferred tax liabilities:				
Assets contributed by Logista	(535)	161	-	(374)
Revaluation of land	(7,125)	-	-	(7,125)
Goodwill	(102,125)	(6,734)	-	(108,859)
Business combination	(148,646)	17,980	-	(130,666)
Other	(6,452)	(354)	270	(6,536)
	(264,883)	**11,053**	**270**	**(253,560)**

2019

				Thousands of Euros
	Balance at 30/09/2018	Change in Profit or Loss	Others	Balance at 30/09/2019
Deferred tax assets:				
Provision for restructuring costs	1,167	(543)	(67)	557
Goodwill	1,842	(27)	-	1,815
Impairment losses and other	1,750	2,261	(8)	4,003
Provision for third-party liability	10,734	162	(429)	10,467
Other deferred tax assets	3,136	(949)	2	2,189
	18,629	**904**	**(502)**	**19,031**
Deferred tax liabilities:				
Assets contributed by Logista	(562)	27	-	(535)
Revaluation of land	(7,125)	-	-	(7,125)
Goodwill	(95,378)	(6,747)	-	(102,125)
Business combination	(166,627)	17,981	-	(148,646)
Other	(9,981)	3,529	-	(6,452)
	(279,673)	**14,790**	**-**	**(264,883)**

The deferred tax liability caption includes mainly the deferrals associated with the business combinations and goodwill recorded by the Group. During fiscal year 2020 there have been variations to the corporate income tax for the year together with the effect of changes in the tax rate in various legislations.

Tax credit and tax loss carryforwards

At 30 September 2020, the Group had tax credits not yet used by the tax group amounting to EUR 226 thousand (30 September 2019: EUR 1,870 thousand), which had been earned as part of the previous tax group. These tax credits are recognised under “Other Current Financial Assets”.

The not capitalised tax loss carryforwards at the end of 2020 were basically as follows:

- Spain: the tax loss carryforwards amount to EUR 5,985 thousand and were incurred mainly by S.A.U. Distribuidora de Ediciones and Distribuidora Valenciana de Ediciones, S.A. There is no time limit for their offset.

- Portugal: the tax losses not yet offset amount to EUR 10 thousand and were incurred by Logesta Lusa Lda., being its limit for their offset the period 2026-2028.

20. Other current and non-current financial liabilities

The detail of other current and non-current financial liablities at 30 September 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	**2019**
Long term financial debt – IFRS 16 (Note 6.2)	123,643	-
Other non-current financial liabilities	4,541	3,305
Other non-current financial liabilities	**128,184**	**3,305**
Short term financial debt – IFRS 16 (Note 6.2)	31,699	-
Credit "UTE Compañia de Distribución Integral Logista, S.A.U. y IGT Spain Lottery, S.L.U. Unión Temporal de Empresas (Note 9)	29,404	29,504
Other current financial liabilities with related parties (Note 26)	16,283	8,047
Other current financial liabilities	**77,386**	**37,551**

Credit facility "UTE Compañia de Distribución Integral Logista, S.A.U. y IGT Spain Lottery, S.L.U. Unión Temporal de Empresas"

This line item includes mainly the balance at Compañía de Distribución Integral Logista, S.A.U relating to the credit facility granted by it to "UTE Cía de distribución Integral Logista, S.A.U. y IGR Spain Lottery, S.L.U.", which amounted to EUR 29,404 thousand at 30 September 2020 (30 September 2019: EUR 29,504 thousand). This amount represents the balance payable by the Group to "Compañía de Distribución Integral Logista, S.A.U and GTECH Global Lottery S.L.U., Unión Temporal de Empresas" as a result of the account payable to the other venturer of the UTE assumed by the Group (see Note 9).

21. Trade and other payables

The detail of "Trade and Other Payables" in the accompanying consolidated balance sheet at 30 September 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	**2019**
Accounts payable for purchases and services	958,188	1,020,391
Notes payable	25,784	26,025
Payable to related companies (Note 26)	160,994	227,229
Advances received on orders	67	414
	1,145,033	**1,274,059**

Trade and Other Payables" includes mainly the amounts outstanding for trade purchases and related costs. The average payment period for trade purchases in 2020 and 2019 was approximately 37 days.

22. Guarantee commitments to third parties and other information

Guarantees committed to third parties

At 30 September 2020, the Group has been provided with bank guarantees totaling EUR 185,034 thousand (30 September 2019: EUR 157,284 thousand) which, in general, secure the fulfilment of certain obligations assumed by the consolidated companies in the performance of their business activities.

Also, the Group has provided guarantees for its ordinary trading operations; in this regard, the Parent's directors consider that any liabilities not foreseen at 30 September 2020 that might arise from the aforementioned guarantees would not in any event be material.

At 30 September 2020, the Group had taken out insurance policies to cover possible contingencies including property damage, business interruption and certain liability insurances. The Directors believe that the cover insured is appropriate for the assets and risks of the Group.

Other Information

On 20 June 2017, the Spanish National Markets and Competition Commission (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 the CNMC issued its Decision of 10 April 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 EUR 20.9 million 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 Parent's directors, supported by its legal advisors, believe that the Decision, which is not final, is unlawful; at the date of authorisation for issue of these 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 suppliers' sales. 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 EUR 118 million.

Logista France, S.A.S. decided to withhold the equivalent amount of the invoices received from those manufacturers. In this context, the Group received claims for EUR 39 million and EUR 3 million, respectively, from two tobacco manufacturers. The EUR 3 million claim was extended to EUR 26 million on 11 December 2019, without any hearing or resolution.

On 15 October 2019, the Paris Commercial Court issued the decision on the claim lodged by one of the tobacco manufacturers, in which it ruled that Logista France, S.A.S. had to pay the invoices received from the manufacturer for EUR 39 million, corresponding to the tax for 2017 and 2018. Logista and its legal advisers consider that the decision is an erroneous interpretation of the principles and agreements between Logista and the manufacturer and, furthermore, consider that the aforementioned Court did not take into consideration the arguments put forward by Logista in relation to the agreement and the nature of the tax, and Group is therefore evaluating the legal actions to lodge.

On December 28, 2019, the French Public Administration canceled this rate with effect from January 1, 2019, increasing the special taxes on tobacco.

On the basis of the information available, the negotiations and communications that have taken place with the manufacturers and also the assessment of its legal advisers, the Group's directors consider that this matter will not have any impact on the Group's equity position.

23. Income and expenses

a) Income

The detail of "Revenue" in the consolidated income statements for 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	**2019**
Iberia	3,175,665	3,157,395
Italy	3,167,001	2,961,607
France	4,255,778	4,069,467
Corporate	9,447	9,149
Adjustment due to inter-segment sales	(48,811)	(49,295)
	10,559,080	**10,148,323**

b) Staff costs

The detail of the Group's "Staff Costs" in 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Wages and salaries	(199,472)	(200,049)
Termination benefits	(17,194)	(10,303)
Employer social security costs	(63,381)	(64,638)
Other employee benefit costs (Note 4.12)	(2,587)	(2,079)
Other social costs	(15,676)	(14,858)
	(298,310)(*)	**(291,927) (*)**

(*) "Research Expenditure" includes EUR 1,479 thousand and EUR 1,375 thousand of staff costs in 2020 and 2019, respectively.

The average number of employees at the Group, by professional category, in 2020 and 2019, as well as the number of employees as of 30 September 2020 and 30 September 2019 was as follows:

2020

	Number of Persons							
	Average Headcount				Headcount at 30/09/20			
	Permanent Employees		Temporary Employees		Permanent Employees		Temporary Employees	
Category	Men	Women	Men	Women	Men	Women	Men	Women
Management team	19	4	-	-	19	3	-	-
Technicians and administration	1,590	1,234	143	159	1,612	1,280	170	172
Warehouse staff	1,581	553	336	220	1,568	534	384	214
	3,190	1,791	479	379	3,199	1,817	554	386
Total	**4,981**		**858**		**5,016**		**940**	

2019

	Number of Persons							
	Average Headcount				Headcount at 30/09/19			
	Permanent Employees		Temporary Employees		Permanent Employees		Temporary Employees	
Category	Men	Women	Men	Women	Men	Women	Men	Women
Management team	20	2	-	-	20	2	-	-
Technicians and administration	1,583	1,270	188	171	1,595	1,260	182	188
Warehouse staff	1,566	550	363	205	1,560	548	426	199
	3,169	1,822	551	376	3,175	1,810	608	387
Total	**4,991**		**927**		**4,985**		**995**	

The average number of disabled employees with a handicap higher than 33% at the Group in 2020 and 2019 was as follows:

	Average Number of Employees	
Category	**2020**	**2019**
Management team	-	-
Technicians and administration	21	15
Warehouse staff	37	48
	58	**63**

Remuneration of senior executives

The senior executive functions are discharged by members of the Management Committee, which consists of 9 members at 30 September 2020 (11 members in 2019).

The remuneration accrued in 2020 by the members of the Management Committee of the Group amounted to EUR 5,417 thousand (2019: EUR 4,583 thousand). The aforementioned amounts include the amounts vested in the members of the Management Committee in 2020 and 2019 under the incentive plan described in Note 4.12.

The period contributions to the savings schemes for members of the Management Committee for 2020 and 2019 amounted to EUR 285 thousand and EUR 250 thousand, respectively.

c) Other operating expenses

The detail of "Other Operating Expenses" in the consolidated income statements is as follows:

Cost of logistics networks

	Thousands of Euros	
	2020	**2019**
Leases	(4,670)	(32,346)
Security and cleaning	(18,565)	(16,318)
Utilities	(18,236)	(17,854)
Other operating expenses	(133,738)	(130,784)
	(175,209)	**(197,302)**

Commercial expenses

	Thousands of Euros	
	2020	**2019**
Leases	(1,129)	(2,450)
Security and cleaning	(11)	(30)
Utilities	(1,145)	(1,481)
Other operating expenses	(20,689)	(20,321)
	(22,794)	**(24,282)**

Head Office costs

	Thousands of Euros	
	2020	**2019**
Leases	(1,156)	(4,378)
Security and cleaning	(833)	(581)
Utilities	(633)	(367)
Other operating expenses	(12,314)	(14,097)
	(14,936)	**(19,423)**

"Other Operating Expenses" mainly includes expenses related to Independent professional services and to various services registered in the consolidated statements for 2020 and 2019.

d) Future rental payment commitments

The Group has the following future rental payment commitments, classified by year of maturity, without considering future contingent rent revisions:

	Thousands of Euros	
	2020	**2019**
Within one year	(36,531)	(32,838)
Between one and five years	(87,474)	(80,720)
More than five years	(28,709)	(25,758)
	(152,714)	**(139,316)**

e) Finance income

The detail of "Financial expenses" in the accompanying consolidated income statements is as follows:

	Thousands of Euros	
	2020	**2019**
Interest income (Note 26)	16,495	14,489
Other finance income with related parties (Note 26)	624	-
Other finance income	174	523
	17,293	**15,012**

f) Finance expenses

The detail of "Financial expenses" in the accompanying consolidated income statements is as follows:

	Thousands of Euros	
	2020	**2019**
Accrual for late payment interests and financial update of provisions	(202)	(414)
Other financial costs	(4,845)	(1,825)
	(5,047)	**(2,239)**

g) Auditor's remuneration

The following table details the fees related to audit services and other services provided by the auditor of the Group's consolidated financial statements, Ernst & Young, SL, in 2020 and by the joint auditors in 2019, Deloitte, SL and PricewaterhouseCoopers Auditores, SL, or by companies linked to them by control, common ownership or management, as well as the fees for services invoiced by the auditors of individual financial statements of the companies included in the consolidation and by the entities linked to them by control, common ownership or management.

	Thousands of Euros				
	Services Rendered by the Main Auditor			Services Rendered by Other Auditors	
	2020	2019		2020	2019
	EY	Deloitte	PWC		
Audit services	763	843	491	221	11
Reporting package to Imperial Brands, Plc.	95	-	304	-	-
Other attest services	60	35	53	-	86
Total audit and related services	**918**	**878**	**848**	**221**	**97**
Transfer pricing counselling services	-	173	-	53	-
Other services	29	4	19	-	-
Total other services	**29**	**177**	**19**	**53**	**-**
Total professional services	**947**	**1,055**	**867**	**274**	**97**

In fiscal year 2020, from September 30, 2020 until the date of preparation of the consolidated financial statements, the fees invoiced for non-audit services, provided by the group auditor, Ernst & Young, S.L., amounted to EUR 31.5 thousand.

In 2019, from September 30, 2019 to the date of preparation of the consolidated annual accounts for 2019, the fees invoiced for non-audit services, provided by PricewaterhouseCoopers Auditores, SL, amounted to EUR 12.4 thousand and by Deloitte, SL amounted to EUR 10.3 thousand.

24. Segment reporting

Basis of segmentation

Segment reporting is structured by geographical segment. The Group's business activities are located mainly in Iberia (Spain and Portugal), France and Italy. In the "Corporate and Others" line Poland is included.

Basis and methodology for segment reporting

The segment reporting below is based on monthly reports prepared by Logista Group management. The figure of highest instance of operational decision making to define the operating segments is the CEO of the Parent Company.

The segment's ordinary revenue relates to the ordinary income directly allocable to the segment plus the relevant proportion of the Group general revenue that can be allocated thereto using reasonable allocation bases. Each segment's ordinary revenue does not include interest or dividend income or gains arising from sale of investments.

The expenses of each segment are determined as the directly allocable expenses arising from its operating activities plus the relevant proportion of the expenses which may be allocated to the segment using reasonable allocation bases. The expenses allocated do not include interest or losses arising from the disposal of investments; similarly, they do not include the income tax expense or the head office's general administrative expenses that are not related to the segments' operating activities and, therefore, that cannot be allocated using reasonable allocation bases.

The assets and liabilities of the segments are those that are directly related to their operations plus those that can be directly attributed to them on the basis of the aforementioned allocation system and include the proportional part of joint ventures. Segment liabilities do not include income tax liabilities

Primary segment reporting

Thousands of Euros

	Iberia		Italy		France		Corporate and Others		Total Group	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Revenue:										
External sales-	3,175,665	3,157,395	3,167,001	2,961,607	4,255,778	4,069,467	9,447	9,149	10,607,891	10,197,618
Tobacco and related products	2,774,278	2,753,909	3,167,001	2,961,607	4,111,231	3,891,663	9,447	9,149	10,061,957	9,616,328
Transport	385,384	385,656	-	-	-	-	-	-	385,384	385,656
Other businesses	162,802	152,213	-	-	153,733	187,217	-	-	316,535	339,430
Other adjustments	(146,799)	(134,383)	-	-	(9,186)	(9,413)	-	-	(155,985)	(143,796)
Inter-segment sales									(48,811)	(49,295)
Total revenue	**3,175,665**	**3,157,395**	**3,167,001**	**2,961,607**	**4,255,778**	**4,069,467**	**9,447**	**9,149**	**10,559,080**	**10,148,323**
Procurements:										
External procurements	(2,590,236)	(2,575,818)	(2,862,841)	(2,675,488)	(3,991,804)	(3,791,745)	-	-	(9,444,881)	(9,043,051)
Inter-segment procurements									42,591	43,714
Total procurements	**(2,590,236)**	**(2,575,818)**	**(2,862,841)**	**(2,675,488)**	**(3,991,804)**	**(3,791,745)**	**-**	**-**	**(9,402,290)**	**(8,999,337)**
Gross profit:										
External gross profit-	585,429	581,577	304,159	286,119	263,974	277,722	9,447	9,149	1,163,009	1,154,567
Tobacco and related products	286,346	278,357	304,159	286,119	230,058	233,176	9,447	9,149	830,010	806,801
Transport	271,675	269,974	-	-	-	-	-	-	271,675	269,974
Other businesses	86,467	86,404	-	-	40,615	51,736	-	-	127,082	138,140
Other and adjustments	(59,059)	(53,158)	-	-	(6,699)	(7,190)	-	-	(65,758)	(60,348)
Inter-segment gross profit									(6,219)	(5,581)
Total gross profit	**585,429**	**581,577**	**304,159**	**286,119**	**263,974**	**277,722**	**9,447**	**9,149**	**1,156,790**	**1,148,986**
Profit (Loss):										
Segment result	109,570	122,973	90,349	79,155	16,996	14,604	(11,358)	(13,655)	205,557	203,077
Share of results of associates	-	-	-	-	-	-	-	-	879	1,249
Profit (Loss) from operations	**109,570**	**122,973**	**90,349**	**79,155**	**16,996**	**14,604**	**(11,358)**	**(13,655)**	**206,436**	**204,326**

Inter-segment sales are made at prevailing market prices. Also, the transfer prices are adequately supported and, therefore, the Group's directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

The detail of the other disclosures related to the Group's business segments is as follows:

									Thousands of Euros	
	Iberia		**Italy**		**France**		**Corporate and Others**		**Total Group**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Other disclosures:										
Additions to non-current assets	109,580	31,574	68,146	6,449	43,570	13,653	2,002	322	223,298	51,998
Depreciation and amortisation charge	(40,554)	(23,792)	(16,027)	(6,290)	(67,796)	(59,006)	(596)	(64)	(124,973)	(89,152)
Balance sheet:										
Assets-										
Property, plant and equipment, investment properties and non-currents assets held for sale	232,804	158,192	75,147	22,702	63,869	47,757	1,451	202	373,271	228,853
Other non-current assets	76,302	76,693	674,623	674,411	614,044	662,164	1,870	1,718	1,366,839	1,414,986
Inventories	474,516	473,652	357,254	368,082	462,542	441,020	-	-	1,294,312	1,282,754
Trade receivables	537,279	560,516	386,989	355,732	975,167	996,568	1,094	878	1,900,529	1,913,694
Other current assets									2,911,989	2,243,280
Total consolidated assets									**7,846,940**	**7,083,567**
Liabilities-										
Non-current liabilities	164,989	113,103	82,673	40,704	172,214	155,069	1,321	-	421,198	308,876
Current liabilities	1,410,437	1,522,017	3,456,132	1,739,164	2,041,222	2,991,961	1,654	1,203	6,909,444	6,254,345
Equity									516,298	520,346
Total consolidated liabilities									**7,846,940**	**7,083,567**

25. Foreign currency transactions

The Logista Group's foreign currency transactions in 2020 and 2019, measured in euros at the average exchange rate for the year, were as follows:

	Thousands of Euros	
	2020	**2019**
Sales	14,370	16,090
Purchases	10,283	12,099
Services received	5,571	2,494

26. Balances and transactions with related parties

The balances at 30 September 2020 and 2019 with related companies were as follows:

2020

	Thousands of Euros			
	Receivables		Payables	
	Credit Facilities (Note 9)	**Accounts Receivable (Note 11)**	**Accounts Payable (Note 21)**	**Loans**
Altadis, S.A.U.	-	2,602	33,561	-
Altadis Canarias, S.A.	-	1,270	6,965	-
Imperial Brands Finance PLC	2,633,874	-		-
Imperial Tobacco International Limited	-	399	13,258	-
Seita, S.A.S.	-	8,294	42,579	-
Imperial Tobacco Italia. Srl	-	308	41,325	-
Tabacalera, S.L. Central Overheads	-	410	3,961	-
MyBlu Spain, S.L.	-	15,215	16,552	-
Logista Libros, S.L.	7	717	119	16,283
Others	-	2,166	2,674	-
	2,633,881	**31,381**	**160,994**	**16,283**

2019

	Receivables		Payables	
				Thousands of Euros
	Credit Facilities (Note 9)	**Accounts Receivable (Note 11)**	**Accounts Payable (Note 21)**	**Loans**
Altadis, S.A.U.	-	1,453	47,906	-
Altadis Canarias, S.A.	-	1,981	22,507	-
Imperial Brands Finance PLC	2,020,792	-	-	-
Imperial Tobacco International Limited	-	777	22,788	-
Seita, S.A.S.	-	12,652	49,647	-
Imperial Tobacco Italia. Srl	-	1,630	53,007	-
Tabacalera, S.L. Central Overheads	-	1,149	3,498	-
MyBlu Spain, S.L.	-	737	27,828	-
Logista Libros, S.L.	12	683	48	8,047
Others	-	539	-	-
	2,020,804	**21,601**	**227,229**	**8,047**

The accounts payable and accounts receivable stem from balances payable and receivable, respectively, related to commercial transactions, mainly purchases of tobacco and related products, between Logista Group companies and Imperial Brands PLC Group companies.

The "Credit Facilities" with Imperial Brands Finance PLC relate to cash among Logista Group and the Imperial Brands PLC Group (see Note 9).

The transactions with related companies in 2020 and 2019 were as follows:

2020

	Thousands of Euros			
	Operating Income	**Finance Results (Note 23-e)**	**Purchases**	**Other Operating Expenses**
Altadis, S.A.U.	11,799	-	316,785	-
Altadis Canarias. S,A	11,657	-	36,644	-
Tabacalera S.L. Central Overheads	7,452	-	46	-
Imperial Tobacco Italy. s,r,l,	3,293	-	82,753	-
Imperial Tobacco Polska, S.A.	3,450	-	-	-
Imperial Tobacco Manufacturing Polska, S.A.	424	-	-	-
Imperial Brands Finance PLC	-	16,495	-	-
Imperial Tobacco International Limited	1,461	-	36,944	-
Imperial Tobacco Portugal SPPLC	3,713	-	-	-
Macotab, S.A.S.	-	-	-	404
SEITA, S.A.	-	-	243,706	2
Fontem Ventures BV	171	-	5,875	-
MyBlu Spain, S.L.	12,841	-	6,746	-
Others	3,677	624	185	-
	59,938	**17,119**	**729,684**	**406**

2019

	Thousands of Euros			
	Operating Income	**Finance Results (Note 23-e)**	**Purchases**	**Other Operating Expenses**
Altadis, S.A.U.	8,817	-	346,966	-
Altadis Canarias. S,A	10,996	-	49,210	-
Tabacalera S.L. Central Overheads	8,414	-	191	-
Imperial Tobacco Italy. s,r,l,	3,606	-	121,446	-
Imperial Tobacco Polska, S.A.	3,055	-	-	-
Imperial Tobacco Manufacturing Polska, S.A.	377	-	-	-
Imperial Brands Finance PLC	-	14,489	-	-
Imperial Tobacco International Limited	1,986	-	39,480	-
Imperial Tobacco Portugal SPPLC	1,030	-	-	-
Macotab, S.A.S.	-	-	-	394
SEITA, S.A.	25,232	-	274,342	-
Fontem International Gmbh	713	-	1,374	-
MyBlu Spain, S.L.	2,784	-	55,575	-
Others	4,758	-	21	-
	71,768	**14,489**	**888,605**	**394**

Operating income and other operating expenses relate to services provided by Group companies for the handling, logistics and storage of goods. In addition, statistical and market information services are occasionally provided.

The purchases are included as a result of acquiring tobacco and related products, as well as convenience products related to tobacco. Specifically, the transactions with Altadis, S.A.U., Imperial Tobacco Italy, Srl, Imperial Tobacco International, Ltd, Altadis Canarias, S.A. and Seita, S.A.S. relate to purchases of tobacco and related products from these companies to then be subsequently sold in the markets where the Group operates.

27. Remuneration of directors

Remuneration of the Parent's directors

In 2020 the remuneration accrued by the members of the Board of Directors as a result of their membership thereof or of any of its executive committees in all connections, including the remuneration accrued by the members of the Board who in turn are executives, amounted to EUR 7,205 thousand (2019: EUR 4,477 thousand).

Additionally, the indemnity payments in 2020 amounted to EUR 2,336 thousand.

The contributions to savings schemes for the executive directors for 2020 and 2019 amounted to EUR 385 thousand and EUR 359 thousand, respectively.

The life insurance premium corresponding to the Board of Directors amounted to EUR 6 thousand in 2020 (2019: EUR 15 thousand).

The Group has long-term incentive plans for executive directors which characteristics are detailed in Note 4.12.

Also, in 2020 and 2019 the Parent did not perform with the members of the Board of Directors any transactions not relating to its ordinary business operations or any transactions not carried out under customary conditions.

In 2020 the directors' third-party liability insurance amounted to EUR 66 thousand in 2020 and (2019: EUR 45 thousand).

At 30 September 2020 The Board's composition is 7 male directors and 5 female directors,

Information regarding situations of conflict of interest involving the directors

Pursuant to Article 229 of the Spanish Capital Companies Law consolidated text, the directors have not reported any situation of direct or indirect conflict of interest that either they or persons related to them might have with the interests of the Group.

28. Disclosures on the payment periods to suppliers, Additional Provision Three "Disclosure obligation" provided for in Law 15/2010, of 5 July

Set forth below are the disclosures -the detail of payments made to suppliers- required by Additional Provision Three of Law 15/2010, of 5 July (amended by Final Provision Two of Law 31/2014, of 3 December), prepared in accordance with the Spanish Accounting and Audit Institute (ICAC) Resolution of 29 January 2016 on the disclosures to be included in notes to financial statements in relation to the average period of payment to suppliers in commercial transactions.

	Days	
	2020	**2019**
Average period of payment suppliers	37	35
Ratio of transactions settled	38	36
Ratio of transactions not yet settled	30	32

	Thousands of Euros	
	2020	**2019**
Total payments made	10,379,478	9,972,322
Total payments outstanding	984,040	962,332

In accordance with the ICAC Resolution, the average period of payment to suppliers was calculated by taking into account the commercial transactions relating to the supply of goods or services for which payment has accrued since the date of entry into force of Law 31/2014, of 3 December.

29. Environmental matters

In-force environmental legislation does not significantly affect the activities carried on by the Group and, therefore, it does not have any environmental liability, expenses, income, grants, assets, provisions or contingencies that might be material with respect to the Group's equity, financial position and results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the consolidated financial statements.

30. Events after the reporting period

No significant events have occurred subsequent since the end of the year ended 30 September 2020 with a significant impact on the consolidated financial statements.

Appendix I

Subsidiaries and jointly controlled entities of the Logista Group

The following companies were fully consolidated because they are companies in which the Logista Group holds a majority of the voting power or were accounted for using the equity method:

2020

Company	Audit Firm	Location
Compañía de Distribución Integral Logista, S.A.U. (a)	EY	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Compañía de Distribución Integral de Publicaciones Logista, S.L.U. (a)	EY	Avenida de Europa, 2 Edificio Alcor Plaza, Ala Este, Planta 4ª, Modulo 3, Alcorcón
Publicaciones y Libros, S.A.U. (a)	EY	Avenida de Europa, 2 Edificio Alcor Plaza, Ala Este, Planta 4ª, Modulo 3, Alcorcón
Distribuidora del Noroeste, S.L. (a)	EY	Gandarón, 34 Interior- Vigo
Distribución de Publicaciones Siglo XXI Guadalajara, S.L. (a)	Non audited	C/ Francisco Medina y Mendoza 2. Cabanillas del Campo (Guadalajara)
Distribuidora de Publicaciones del Sur, S.L. (a)	EY	Polígono Ind. ZAL, Ctra. De las Esclusas/n, Parcela 2, Módulo 4 (Sevilla)
Promotora Vascongada de Distribuciones, S.A. (a)	Non audited	C/Guipúzcoa 5. Polígono Industrial Lezama Leguizamón, Echevarri (Vizcaya)
Distribuidora de las Rías, S.A.U (a)	Non audited	Polígono PO.CO.MA.CO, Parcela D-28. La Coruña
Distribuidora Valenciana de Ediciones, S.A. (a)	EY	Polígono Industrial Vara de Quart. c/ Pedrapiquera, 5. Valencia
Cyberpoint, S.L.U. (e)	Non audited	Avenida de Europa, 2 Edificio Alcor Plaza, Ala Este, Planta 4ª, Modulo 3, Alcorcón
Distribuidora del Este, S.A.U. (a)	EY	Calle Félix Rodríguez de la Fuente, 11 Parque empresarial de Elche, Elche
S.A.U. Distribuidora de Ediciones (a)	EY	C/ B, Sector B Polígono Zona Franca. Barcelona
La Mancha 2000, S.A.U. (a)	EY	Avda. de la Veguilla, 12-A. Cabanillas del Campo
Midsid - Sociedade Portuguesa de Distribuiçao, S.A. (a)	EY	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)
Logista-Dis, S.A.U. (b)	EY	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Logesta Gestión de Transporte, S.A.U. (d)	EY	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Logesta Italia, s.r.l.(d)	EY	Via Valadier. 37 Roma (Italia)
Logesta Lusa Lda (d)	Non audited	Expansao del 60rea ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)
Logesta Polska Sp. z.o.o. (a)	EY	Al.Jerozolimskie, 96, Warszawa (Polonia)
Logesta Deutschland Gmbh (a)	Non audited	Unsöldstrabe,2 , 20538, München (Alemania)
Logesta France, s.a.r.l.(d)	EY	27 avenue des Murs du Parc, 94300 Vincennes – Francia
Dronas 2002, S.L.U. (c)	EY	Pol. Industrial Nordeste, c/ Energía 25-29. Sant Andreu de la Barca
Logista Pharma Gran Canaria, S.A.U. (c)	EY	Urbanización El Cebadal. C/ Entrerríos, 3. Las Palmas de Gran Canaria
Logista Pharma, S.A.U. (f)	EY	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Be to be pharma, S.L.U. (f)	Non audited	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Logista Italia, S.p.A. (a)	EY	Vía Valadier, 37. Roma (Italia)
Terzia, S.p.A. (b)	EY	Vía Valadier, 37. Roma (Italia)
Logista Transportes, Transitarios e Pharma, Lda. (d)	EY	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)
Compañía de Distribución Integral Logista Polska, Sp z.o.o. (a)	EY	Al. Jerozolimskie 96. Warszawa. Polonia
Logista France, S.A.S. (a)	PwC	27 avenue des Murs du Parc, 94300 Vincennes – Francia
Société Allumetière Française, S.A.S. (b)	Deloitte	27 avenue des Murs du Parc, 94300 Vincennes – Francia
Supergroup, S.A.S. (b)	EY	27 avenue des Murs du Parc, 94300 Vincennes – Francia
Logista Payments, S.L.U. (g)	Non audited	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés

a. All these companies engage in the distribution and dissemination of publications or the distribution of tobacco and other consumer products in Spain, Italy, France and Portugal.
b. These companies engage in the purchase and sale of consumer products.
c. The Dronas Group engages in integrated shipping, express shipping and pharmaceutical logistics.
d. These companies' object is the performance of transport activities.
e. This company is specialised in software development for the management of points of sale for publications.
f. Companies specialising in the distribution of products from pharmacies and related.
g. Company created in 2020 with the corporate purpose of sending money.

%of Ownership By the Parent Company		Thousands of Euros			
		Data on the Companies			
Direct	Indirect	Assets	Liabilities	Equity	Profit / Loss
100	-	5,118,249	4,719,014	399,235	266,224
-	100	42,043	39,387	2,656	(1,953)
-	100	3,136	3,669	(533)	(740)
-	100	2,689	1,386	1,303	(28)
-	80	646	521	125	(83)
-	50	3,016	2,829	187	(298)
-	100	1,183	1,060	123	(10)
-	100	983	977	6	(116)
-	50	3,266	2,600	666	172
-	100	46	12	34	(41)
-	100	2,109	1,568	541	12
-	100	7,108	4,961	2,147	(69)
-	100	2,496	694	1,802	142
-	100	64,351	57,387	6,964	1,916
-	100	70,183	67,673	2,510	4,214
-	100	30,945	29,279	1,666	4,146
-	100	10,721	8,868	1,853	1,733
-	100	53	-	53	(5)
-	100	2,160	1,840	320	59
-	100	373	12	361	(26)
-	100	3,634	939	2,695	360
-	100	114,992	85,945	29,047	19,077
-	100	5,066	919	4,147	1,150
-	100	49,655	38,378	11,277	5,895
-	100	394	271	123	40
-	100	3,530,579	3,437,675	92,904	74,695
-	68	45,810	43,389	2,421	1,509
-	100	18,141	12,945	5,196	1,987
-	100	3,664	1,691	1,973	511
-	100	2,232,913	2,096,676	136,237	57,215
-	100	61,431	45,017	16,414	(10,771)
-	100	37,386	50,982	(13,596)	(14,017)
-	100	200	-	200	-

2019

Company	Audit Firm	Location
Compañía de Distribución Integral Logista, S.A.U. (a)	Deloitte	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Compañía de Distribución Integral de Publicaciones Logista, S.L.U. (a)	Deloitte	Avenida de Europa, 2 Edificio Alcor Plaza, Ala Este, Planta 4ª, Modulo 3, Alcorcón
Publicaciones y Libros, S.A.U. (a)	Deloitte	Avenida de Europa, 2 Edificio Alcor Plaza, Ala Este, Planta 4ª, Modulo 3, Alcorcón
Distribuidora del Noroeste, S.L. (a)	Deloitte	Gandarón, 34 Interior- Vigo
Distribución de Publicaciones Siglo XXI Guadalajara, S.L. (a)	Non audited	C/ Francisco Medina y Mendoza 2. Cabanillas del Campo (Guadalajara)
Distribuidora de Publicaciones del Sur, S.L. (a)	Deloitte	Polígono Ind. ZAL, Ctra. De las Esclusas/n, Parcela 2, Módulo 4 (Sevilla)
Promotora Vascongada de Distribuciones, S.A. (a)	Non audited	C/Guipúzcoa 5. Polígono Industrial Lezama Leguizamón, Echevarri (Vizcaya)
Distribuidora de las Rías, S.A.U (a)	Non audited	Polígono PO.CO.MA.CO, Parcela D-28. La Coruña
Distribuidora Valenciana de Ediciones, S.A. (a)	Deloitte	Polígono Industrial Vara de Quart. c/ Pedrapiquera, 5. Valencia
Cyberpoint, S.L.U. (e)	Non audited	Avenida de Europa, 2 Edificio Alcor Plaza, Ala Este, Planta 4ª, Modulo 3, Alcorcón
Distribuidora del Este, S.A.U. (a)	Deloitte	Calle Félix Rodríguez de la Fuente, 11 Parque empresarial de Elche, Elche
S.A.U. Distribuidora de Ediciones (a)	Deloitte	C/ B, Sector B Polígono Zona Franca. Barcelona
La Mancha 2000, S.A.U. (a)	BDO	Avda. de la Veguilla, 12-A. Cabanillas del Campo
Midsid - Sociedade Portuguesa de Distribuiçao, S.A. (a)	Deloitte	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)
Logista-Dis, S.A.U. (b)	Deloitte	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Logesta Gestión de Transporte, S.A.U. (d)	Deloitte	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Logesta Italia, s.r.l.(d)	Colegio Sinda-cale	Via Valadier. 37 Roma (Italia)
Logesta Lusa Lda (d)	Non audited	Expansao del 60rea ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)
Logesta Polska Sp. z.o.o. (a)	Non audited	Al.Jerozolimskie, 96, Warszawa (Polonia)
Logesta Deutschland Gmbh (a)	Non audited	Unsöldstrabe,2 , 20538, München (Alemania)
Logesta France, s.a.r.l.(d)	Non audited	27 avenue des Murs du Parc, 94300 Vincennes – Francia
Dronas 2002, S.L.U. (c)	Deloitte	Pol. Industrial Nordeste, c/ Energía 25-29. Sant Andreu de la Barca
Logista Pharma Gran Canaria, S.A.U. (c)	Deloitte	Urbanización El Cebadal. C/ Entrerríos, 3. Las Palmas de Gran Canaria
Logista Pharma, S.A.U. (f)	Deloitte	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Be to be pharma, S.L.U. (f)	Non audited	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Logista Italia, S.p.A. (a)	Pwc	Vía Valadier, 37. Roma (Italia)
Terzia, S.p.A. (b)	Pwc	Vía Valadier, 37. Roma (Italia)
Logista Transportes, Transitarios e Pharma, Lda. (d)	Deloitte	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)
Compañía de Distribución Integral Logista Polska, Sp z.o.o. (a)	Deloitte	Al. Jerozolimskie 96. Warszawa. Polonia
Logista France, S.A.S. (a)	Deloitte/Pwc	27 avenue des Murs du Parc, 94300 Vincennes – Francia
Société Allumetière Française, S.A.S. (b)	Deloitte	27 avenue des Murs du Parc, 94300 Vincennes – Francia
Supergroup, S.A.S. (b)	Deloitte	27 avenue des Murs du Parc, 94300 Vincennes – Francia

a. All these companies engage in the distribution and dissemination of publications or the distribution of tobacco and other consumer products in Spain, Italy, France and Portugal.
b. These companies engage in the purchase and sale of consumer products.
c. The Dronas Group engages in integrated shipping, express shipping and pharmaceutical logistics.
d. These companies' object is the performance of transport activities.
e. This company is specialised in software development for the management of points of sale for publications.
f. Companies specialising in the distribution of products from pharmacies and related.

%of Ownership By the Parent Company		Thousands of Euros Data on the Companies			
Direct	Indirect	Assets	Liabilities	Equity	Profit / Loss
100	-	4,479,194	3,958,337	520,857	330,974
-	100	53,917	49,307	4,610	1,174
-	100	3,243	3,035	208	(1,098)
-	100	2,899	1,536	1,363	33
-	80	1,030	821	209	(9)
-	50	5,300	4,816	484	(4)
-	100	1,662	1,530	132	17
-	100	1,157	1,020	137	15
-	50	4,048	3,563	495	89
-	100	11	6	5	(20)
-	100	3,173	2,436	737	208
-	100	6,860	4,645	2,215	(89)
-	100	2,463	697	1,766	119
-	100	75,078	64,849	10,229	3,101
-	100	57,194	54,996	2,198	2,716
-	100	34,618	33,268	1,350	4,729
-	100	11,314	9,277	2,037	1,917
-	100	59	-	59	(3)
-	100	2,725	2,165	560	301
-	100	394	7	387	(5)
-	100	3,122	786	2,336	226
-	100	117,362	89,854	27,508	19,771
-	100	4,972	857	4,115	1,118
-	100	46,644	31,959	14,685	5,423
-	100	486	316	170	87
-	100	1,835,180	1,736,299	98,881	64,090
-	68	43,742	42,829	912	299
-	100	13,601	10,391	3,210	1,282
-	100	3,106	1,207	1,899	370
-	100	3,198,432	3,015,219	183,213	65,117
-	100	63,284	28,098	35,186	(591)
-	100	53,341	52,919	422	(407)

Appendix II

Logista Group Associates

The companies detailed below were accounted for using the equity method:

2020

Company	Audit Firm	Location	Activity
Logista Libros, S.L. (*)	Deloitte	Avda Castilla La Mancha. 2. Nave 3-4 Polígono Ind La Quinta (Sector P-41) Cabanillas del Campo. Guadalajara	Distribution and dissemination of publications

(*) Held indirectly through Compañía de Distribución Integral Logista, S.A.U.

2019

Company	Audit Firm	Location	Activity
Logista Libros, S.L. (*)	Deloitte	Avda Castilla La Mancha. 2. Nave 3-4 Polígono Ind La Quinta (Sector P-41) Cabanillas del Campo. Guadalajara	Distribution and dissemination of publications

(*) Held indirectly through Compañía de Distribución Integral Logista, S.A.U.

%of Ownership By the Parent Company		Thousands of Euros				
		Net Book Value	Data on the Companies			
Direct	Indirect		Assets	Liabilities	Equity	Profit / Loss
-	50	-	58,427	50,667	7,760	1,759

%of Ownership By the Parent Company		Thousands of Euros				
		Net Book Value	Data on the Companies			
Direct	Indirect		Assets	Liabilities	Equity	Profit / Loss
-	50	-	42,972	35,571	7,401	2,498

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

Consolidated Management Report for financial year ended on September 30th 2020

COMPANY'S DESCRIPTION

Logista is southern Europe's largest distributor to local retailers.

It serves around 250,000 points of sale in Europe, France, Italy and Portugal, efficiently facilitating manufacturers access to convenience products, electronic top-ups, tobacco, pharmaceuticals, books, publications and lottery markets, among others, in a transparent way and with full operational control.

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

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

With full transparency and traceability, Logista acts as single supplier for all the services making up the supply chain, offering advanced and specialist services for each sector and point-of-sale channel in which it operates.

It achieves this through its comprehensive infrastructure network combined with its transport and information systems, enabling it to manage the distribution of products from collection to point-of-sale delivery.

Logista also provides omnichannel marketing 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, confectionery and tobacconists, pharmacies, kiosks, bookshops, etc.) in Spain, France, Italy and Portugal. It regularly serves around 250,000 points of sale used by some 45 million consumers every day. Logista also provides distribution to wholesalers in Poland.

Organisation and structure

Logista's organisational structure is headed by the Chief Executive Officer and supported by a Management Committee.

Due to the passing of his predecessor in October 2019, the Board of Directors appointed new Chief Executive Officer Íñigo Meirás in December 2019. Our new CEO has reconfigured the group's Management Committee, simplifying its structure and reducing the number of its constituent members.

This new composition of the Management Committee has allowed us to strengthen our strategic focus with new corporate leadership that will have an impact on the group's strategic development.

The composition of the Management Committee is:

- three managing directors heading up each geographical area, to whom the heads of the business areas from each area report
- five corporate directors

The management of the accounting report is carried out following this primary segmentation by geography, with a secondary report, regarding Income and Economic Sales, by business lines.

Logista has three business lines: Tobacco and Related Products, Transport and Other.

- **Tobacco and Related Products**

Distribution of tobacco products and other convenience products, including tobacco and non-tobacco related products, to the tobacconist channel in Spain, France and Italy, and to points of sale to distribute tobacco, in the case of 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.

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

- **Other businesses**

Pharmaceutical products and publication distribution and logistics services in Iberia, as well as wholesale distribution of convenience products to different tobacco and convenience retailers in France.

The Group is composed of the **Compañía de Distribución Integral Logista Holdings, S.A.** whose head office is in Leganés, Madrid, and its direct and indirect subsidiaries. Details are as follows:

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA S.A.

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

Grupo Dronas (100%)
- Logista Pharma Canarias (100%)
- Logista Pharma (100%)
  - > Be to Be Pharma (100%)

Logista-Dis (100%)

Logista Libros (50%)

La Mancha (100%)

Logesta (100%)
- Logesta Italia (100%)
- Logesta Francia (50%)
- Logesta Deutschland (100%)
- Logesta Lusa (51%)
- Logesta Polska (51%)

Logista Publicaciones (100%)
- Distribuidora del Este (100%)
- Distribuidora valenciana de ediciones (50%)
- Cyberpoint (100%)
- Distribuidora de publicaciones del sur (50%)
- Distribuidora de Aragón (5%)
- Promotora vascongada de publicaciones (100%)
- Distribuidora Las Rías (100%)
- Distribuidora de Ediciones Sade (100%)
- Distribuidora del Noroeste (51%)
- Publicaciones y Libros (100%)
- Distribución de Publicaciones Siglo XXI Guadalajara (80%)

Distribuidora del Noroeste (49%)

Logista France Holding (100%)
- Logista Promotion et Transport (100%)
  - > Logesta Francia (50%)

Logista France (100%)
- Societé Allumetiére Francaise (100%)
  - > Supergroup (50%)

Logista Italia (100%)
- Terzia (68%)

Midsid (100%)

Logista Transportes e Transitos (100%)
- Logesta Lusa (49%)

Logesta Polska (49%)

Logista Polska (100%)

UTE Logista - GTech (50%)

Logista Payments (100%)

:

Markets of operation

Logista is southern Europe's largest distributor to local retailers.

We are the preferred distribution partner for manufacturers, providing them with their route to consumers through simple and rapid access to proximity channels. We offer all the services they need to reach hundreds of thousands of independent points of sale, from the most basic outlets to those with greater value-add.

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 to anticipate their future needs.

As a transport services operator, Logista pursues a strategy of differentiation by specialising in high-value products in long-distance transport; temperature-controlled parcel transport, and by offering the very highest standard of courier service to business clients (B2B).

Strategic priorities

1. To strengthen our consolidated businesses.

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

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

4. To protect our financial soundness, in order to maintain our shareholder remuneration policy.

The maturity profile of some of the sectors served by Logista, usually accompanied by diminishing activity levels, means that it is essential to develop services that are complementary to national distribution. These services help our clients to identify and develop new growth areas and help Logista to maintain a stable level of revenue in the most consolidated businesses.

Looking to the future, close collaboration with our clients in these sectors and conduct based on continually seeking mutual benefit will be the mainstays that enable us to continue our success, just as they have in recent years.

Long-term growth is based on developing new verticals such as distribution for the pharmaceutical industry, the distribution of convenience products to the channels we serve, and on driving certain high growth areas such as e-commerce transport.

Geographic expansion into new countries where we export our business model is another core component of our future plans that will lessen and offset the macroeconomic risks that may affect each of the countries in which we operate, in addition to bringing future growth.

Operating in a way that is environmentally efficient and sustainable, and preserving and developing internal know-how, is a fundamental part of maintaining sound financial profitability and creating long-term value for all our stakeholders.

This means that it is not only important that we broaden our revenue base, but that we do so at the right cost levels that enable all those involved to be remunerated fairly, and to offer prices that reflect the level of service offered. By conducting ourselves in this way, we create a virtuous circle of value creation for all of society.

Main factors and trends that may affect the evolution of Logista in the future

- **Macroeconomic context**

Various business activities within the geographical range of Logista's operations may be affected by political, social and/or macroeconomic conditions, both at the global level and, in particular in Spain, France, Italy and Portugal and, to a much lesser extent, in Poland.

During the financial year, the macroeconomic context can be divided into two distinct periods: the period to February 2020 and the period from March to September 2020. During the first period, the situation in Spain and in Portugal was positive, with GDP growth, while the situation France and Italy was one of economic stagnation and a slight economic downturn.

However, from March onwards, the major health emergency due to COVID-19 and the measures adopted to combat it have led to a significant downturn in the global economy, particularly in Spain and Italy, and it is difficult to evaluate or predict what its impact will be in the medium term. This will depend on the pace of economic recovery.

Some of our businesses, such as transport lines, are more subject to changes in GDP than others, but Logista's business model has demonstrated significant resilience in previous economic crises. This has been reflected in similar levels of economic/financial performance and shareholder remuneration, limited impact on employment and technological advances focused on developing new valueadded services for clients. Based on this past experience, we are confident that the impact of this macroeconomic context will not be too significant in the coming years.

- **Regulatory context**

Due to the regulatory context in the tobacco and pharmaceutical sectors, there are increasingly exhaustive checks on the distribution of those products, and companies therefore need to be able to comply with those requirements if they wish to continue operating in the future.

Logista not only complies with regulatory requirements, but it is capable of anticipating them and offering its clients new services that go beyond strict compliance with the rules. This helps to strengthen our relationships with them.

- **Environmental standards**

There is growing client demand for services that meet certain environmental standards, a demand which has risen amid the COVID-19 crisis due to greater societal awareness about these issues.

Logista's actions are guided by a Quality and EnvironmentMaster 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.

Pursuant to the ISO 14064 standard, Logista verifies its main structures and processes of every business in Spain, France, Italy, Portugal and Poland, using the methodology set out n the GHG Protocol.

In addition, Logista is incorporating environmental concerns into the development of its strategy and has committed to reducing direct and indirect emissions generated by its activity by 30% by 2030 compared with 2013 levels, with scientific backing for this target as an approved Science-Based Target.

Logista's efforts in this area have won recognition from several international bodies. 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 four years.

In addition, Logista is part of the FTSE4Good index, a list of companies that have demonstrated their soundness in environmental, social and corporate governance practices, and has signed up to the 'manifesto for a sustainable recovery' in Spain.

This year, KPIs linked to environmental management have been included in the targets for employees' long-term incentive plans, to reflect our commitment to continue progress in the integration of environmental sustainability in the day-to-day management of the business.

- **Consumption in proximity channels**

The COVID-19 pandemic has changed consumer habits in the countries in which we operate, favouring purchases at smaller points of sale that are also closer to home. Logista's strategy is based on offering manufacturers simple, rapid access so that their products can be available in those establishments. The company's positioning will enable it to benefit from this opportunity in the coming years.

- **Next-Generation Products**

New tobacco and related products are emerging, with many more choices available to consumers than just a few years ago. Logista offers manufacturers the fastest and most effective route to consumers in Spain, France, Italy and Portugal, thanks to its extensive presence in its national markets.

- **E-commerce consumption**

The strong growth experienced by online sales during the lockdown months demonstrated the vital role of logistics in this area. Some manufacturers or vendors have seen deliveries of their products come to a standstill, and this has created dissatisfaction in consumers and damaged their image. This situation is leading manufacturers to seek logistics partners that can provide high levels of service, and they are considering their final choice of supplier not solely on the basis of low prices, but on a balance between price and service level.

- **Digitalisation**

Digitalisation is driving change in how we do business, with several disruptive technologies introducing new digital products and services. Fully digitalised data and processes are increasing automation and making the smart supply chain and warehouse a reality, mainly supported by artificial intelligence. Decisions are based on the data available and enable future results to be simulated.

Logista has developed several notable projects in this area:

- Digitalisation of the supply chain for the distribution of pharmaceutical products and tobacco products. By going far beyond strict compliance with traceability regulations in both sectors, Logista is applying the very latest scanning and image recognition technologies to capture all product movements digitally in warehouses and on cross-docking platforms and delivery vehicles. This enables monitoring of the entire supply chain.

- Incorporation of artificial intelligence into the digital marketing and sales platform in the convenience products distribution businesses, in order to be able to clearly segment clients and products, to develop specific 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 analysis and artificial intelligence, enabling Logista's retail clients to digitalise their businesses and enhance their profitability.

- Carrying out concept testing of state-of-the-art technologies, such as the use of drones in warehouses for inventory management, the use of augmented reality and transport sensors, etc.

- **Cybersecurity**

Logista is investing heavily in its cybersecurity because, through our digital transformation, we are accumulating significant volumes of electronic data from clients, employees and suppliers who need protection from increased cybernetic threats. Logista completed an exhaustive review of external security, is implementing the latest security technologies and is focused on staying alert to phishing and ransomware attacks.

EVOLUTION OF LOGISTA (GROUP) DURING FISCAL YEAR 2020 AND GROUP SITUATION

The highlights of the results were as follows:

- The continuance of Logista's main activities during the whole of the fiscal year, in spite of the measures taken by governments to combat COVID-19.

- Growth in its activity, in a challenging environment, resulting in increases in Revenues and in Economic Sales .

- Solidity in the Operating Profit, which was higher than that of the 2019 fiscal year.

- The positive performance of the Adjusted Operating Profit1, which was slightly lower because the results of the previous year had included a positive impact from variations in the valuation of tobacco inventories, whereas in this period the impact was negative. If these impacts are disregarded, the Adjusted Operating Profit[1] is slightly more than that of last year, even when the negative impact of COVID-19 this year is included.

- The dividend proposal, consisting in the distribution of the same dividends' amount than that of last year.

Financial overview

			Million Euros
	1 Oct. 2019 – 30 Sept. 2020	1 Oct. 2018 – 30 Sept. 2019	% Change
Revenues	10,559.1	10,148.3	+4.0%
Economic Sales[1]	1,156.8	1,149.0	+0.7%
Adjusted Operating Profit[1]	256.9	261.9	(1.9)%
Margin over Economic Sales[1]	22.2%	22.8%	(60) b.p.
Profit from Operations	206.4	204.3	+1.0%
Net Profit	157.2	164.6	(4.5)%

The macroeconomic environment in the main countries in which the Company operates, during the first five months of the current fiscal year was, in general, similar to that observed at the end of the previous fiscal year. However, the events triggered by the international spread of the pandemic originated by COVID-19 since March have profoundly altered the social and economic context in those countries, and this has had a certain impact on the development of Logista's activity.

Estimated impact of COVID-19 on business performance and results

Since the month of February, the quick spread of the virus has been obliging the governments of all the countries in which the Company operates to adopt various measures to try to control the propagation of the pandemic. Notable among these measures have been the closure of the great majority of commercial establishments, restrictions on movements, different degrees of confinement of the population in their homes and even, in some cases, the temporary halt of production in those industries operating in sectors not considered as essential by each of the governments.

Almost all the points of sale and products distributed by Logista were included on the list of goods and activities classified as essential by the governments adopting the most drastic measures. So despite the general impact that the economy may have suffered, the Company has continued rendering service to its customers without any incident that could be classified as major, except in the exceptional case of an activity that was not considered as essential, and that was halted almost completely.

In April, governments began to soften the lockdown measures, and activity began to recover normality progressively, so the effect of some of the factors that affected the Group´s results in March was lower in May and June after peaking in April.

The impacts on the business included, among others, and not to the same extent in all of the Group's businesses: a reduction of activity and revenues as well as increases in costs (overtime, special bonuses in some countries, disinfection, cleaning, medical supplies, etc.). However, the decrease in some costs which resulted from the confinement and the restrictions on movement, and from the general saving measures adopted by the Group (in travelling, conventions, consultations, etc., mitigated the negative impact on the year's results. There were also some positive impacts, such as the increase in the activity of Courier Services, because of the development of distribution through e-commerce and the better performance of the tobacco volumes distributed in France, resulting from the restrictions on movement, particularly cross-border movements.

The estimated net impact on Operating Profit, of all the factors mentioned, was -14 million euros.

The progress of the business and the main figures from the P&L account for the fiscal year

The Group's **Revenues** grew by 4.0% compared with those of last year, recording increases in the three geographical areas.

Most of the activities obtained higher revenues than in the previous fiscal year, with the exceptions of long-distance transport, parcels and the distribution of periodicals in Spain and of convenience products in France.

Although there was a fall of 2.0% in the total volumes of cigarettes, RYO and other products distributed in the year, the total revenues from tobacco distribution increased because of the tax and consequent RSP increases in France and Italy, which more than offset the decrease in revenues in Spain.

Economic Sales[1] showed a slight increase, of 0.7%, reaching 1,156.8 million euros, due to the increased activity in Italy and, to a lesser extent, in Iberia, which mitigated the decrease experienced in France.

Total operating costs[1] grew by 1.4%.

1. See the appendix "Alternative Performance Measurements"

The special circumstances under which activity was performed after March also resulted in some cost increases, because of, among other reasons, the security measures adopted to protect the health of employees and partners, the high level of absenteeism in the first days of the pandemic, the re-introduction of border controls inside the Schengen area, the national restrictions on movement, etc. Some of those increases had a temporary effect, whereas in other cases the new or higher cost was maintained until the close of the fiscal year.

By contrast, certain costs decreased drastically as a result of the confinement and the teleworking. In addition, the Group adopted measures aimed at containing overheads and, as far as possible, at improving efficiency in processes which enabled increases in non-manageable costs to be reduced.

The overall cost savings obtained since March not only compensated for the extra costs deriving from COVID, they also mitigated the impact on results of the fall in sales suffered in the period.

The **Adjusted Operating Profit**[1] reached 256.9 million euros, decreasing by 1.9% compared with the previous fiscal year. The Adjusted Operating Profit margin over the Economic Sales[1] was of 22.2%, compared with the 22.8% obtained in the 2019 fiscal year.

Part of the fall in the Adjusted Operating Profit was due to the fact that during the 2020 fiscal year a negative impact on results was recorded, due to the changes in the valuation of inventories because of the movements in taxes and prices of tobacco products (about -2 million euros), contrasting with the positive impact of more than €4.5 million recorded in fiscal year 2019. The change in the Adjusted Operating Profit1 would be slightly positive if these impacts were disregarded in both periods.

Logista estimates that the impact of the COVID-19 crisis on the results of the fiscal year was negative – approximately -14 million euros.

If both the impact of the variations in the valuation of inventories in both periods and the estimated impact of COVID-19 in the current fiscal year are disregarded, the Adjusted EBIT1 grew by about 6%.

The restructuring costs[1] remained similar to those of the previous year, reaching 11.6 million euros (11.4 million euros in 2019).

During the current fiscal year, capital gains from the sale of assets were higher than those in the 2019 fiscal year (8.0 million euros and 2.6 million euros respectively), as a result of the sale of two buildings in France (in Vitrolles and Saint-Raphael). In addition, a positive result (4.7 million euros) was recorded for the reversal of the provision corresponding to the value of an asset in Spain (Alcalá de Guadaira), which was sold at the beginning of fiscal year 2021. In fiscal year 2019 the positive result of the impairment test of one of the businesses in Spain was recorded (2.2 million euros).

The **Operating Profit** increased by 1.0% compared with that in fiscal year 2019, and reached 206.4 million euros. If the impacts of variations in the valuation of inventories in both periods and the impact of COVID-19 in this period are disregarded, the Operating Profit grew by almost 13%.

The **Financial Results** were 4.1% less than in the previous fiscal year, and reached 12.2 million euros, because of the application, for the first time in this fiscal year, of IFRS 16.

The effective tax rate rose to 27.9% from the 24.1% recorded in the previous fiscal year, due to the end of the application of certain tax deductions.

As a result of all of the foregoing, the **Net Profit** decreased by 4.5% to 157.2 million euros.

[1] See the appendix "Alternative Performance Measurements"

Despite this environment, the company intends to propose to the General Shareholders' meeting a dividend for fiscal year 2020 of the same amount as the dividend distributed for fiscal year 2019 (156 million euros).

Revenues Evolution (By Segment and Activity)

			Million Euros
	1 Oct. 2019 – 30 Sept. 2020	1 Oct. 2018 – 30 Sept. 2019	% Change
Iberia	**3,175.7**	**3,157.4**	**0.6%**
Tobacco and Related Products	2,774.3	2,753.9	0.7%
Transport	385.4	385.7	(0.1)%
Other Businesses	162.8	152.2	7.0%
Adjustments	(146.8)	(134.4)	(9.2)%
France	**4,255.8**	**4,069.5**	**4.6%**
Tobacco and Related Products	4,111.2	3,891.7	5.6%
Other Businesses	153.7	187.2	(17.9)%
Adjustments	(9.2)	(9.4)	2.4%
Italy	**3,167.0**	**2,961.6**	**6.9%**
Tobacco and Related Products	3,167.0	2,961.6	6.9%
Corporate and Others	**(39.4)**	**(40.1)**	**1.9%**
Total Revenues	**10,559.1**	**10,148.3**	**4.0%**

Economic Sales[1] Evolution (By Segment and Activity)

			Million Euros
	1 Oct. 2019 – 30 Sept. 2020	1 Oct. 2018 – 30 Sept. 2019	% Change
Iberia	**585.4**	**581.6**	**0.7%**
Tobacco and Related Products	286.3	278.4	2.9%
Transport	271.7	270.0	0.6%
Other Businesses	86.5	86.4	0.1%
Adjustments	(59.1)	(53.2)	(11.1)%
France	**264.0**	**277.7**	**(5.0)%**
Tobacco and Related Products	230.1	233.2	(1.3)%
Other Businesses	40.6	51.7	(21.5)%
Adjustments	(6.7)	(7.2)	6.8%
Italy	**304.2**	**286.1**	**6.3%**
Tobacco and Related Products	304.2	286.1	6.3%
Corporate and Others	**3.2**	**3.6**	**(9.5)%**
Total Economic Sales[1]	**1,156.8**	**1,149.0**	**0.7%**

1. See the appendix "Alternative Performance Measurements"

Adjusted EBIT[1] Evolution (By Segment)

			Million Euros
	1 Oct. 2019 – 30 Sept. 2020	1 Oct. 2018 – 30 Sept. 2019	% Change
Iberia	**119.7**	**120.2**	**(0.4)%**
France	**61.9**	**74.3**	**(16.7)%**
Italy	**90.7**	**81.0**	**11.9%**
Corporate and Others	**(15.4)**	**(13.6)**	**(13.1)%**
Total Adjusted EBIT[1]	**256.9**	**261.9**	**(1.9)%**

Adjusted Operating Profit[1] (or, indistinctly, Adjusted EBIT1) is the principal indicator used by the Group's Management to analyse and measure the performance of the business. Basically, this indicator is calculated by deducting from the Operating Profit all those expenses that are not directly linked to the revenues obtained by the Group in each period, which facilitates the analysis of the changes in the Group's operating expenses[1] and typical margins. The following table shows the reconciliation between Adjusted Operating Profit[1] and Operating Profit for fiscal years 2020 and 2019:

		Million Euros
	1 Oct. 2019 – 30 Sept. 2020	1 Oct. 2018 – 30 Sept. 2019
Adjusted Operating Profit[1]	**256.9**	**261.9**
(-) Restructuring Costs[1]	(11.6)	(11.4)
(-) Amortization of Assets Logista France	(52.2)	(52.2)
(+/-) Result of Disposal and Impairment	12.5	4.8
(+/-) Result by Equity Method and Others	0.9	1.2
Operating Profit	**206.4**	**204.3**

1. Business review

1. Iberia: Spain and Portugal

Iberia's revenues amounted to 3,175.7 million euros compared with 3,157.4 million euros in fiscal year 2019, an increase of 0.6%. Iberia's Economic Sales[1] amounted to 585.4 million euros, 0.7% more than the 581.6 million euros recorded in the previous fiscal year.

Revenues in **Tobacco and Related Products** increased by 0.7% as a result of the growth in this sector in both Spain and Portugal.

Volumes of cigarettes and RYO and others distributed in Iberia recorded a negative performance compared with the increase experienced in the previous fiscal year, decreasing by 3.8% compared with fiscal year 2019.

The increase in market share in Portugal materialised in a slight increase of cigarette volumes distributed in that country. In Spain, however, the distributed volumes of cigarettes plus RYO and others were 4.1% less than in the previous fiscal year. In general, the retail selling prices of these products in the current and the previous fiscal years remained stable in the Spanish market.

[1] See the appendix "Alternative Performance Measurements"

The impact of COVID-19 on the tobacco volumes distributed in Spain was negative, and inter-annual falls of more than 25% were recorded in April and May. The main reasons, among others, that may have caused these falls were:

- The temporary closure of intra-community borders and the restrictions on movement, which had a very adverse effect on tourism and cross-border sales.

- The tobacconists' stock management, given the situation and the associated uncertainties.

- The closure of the HORECA channel and the idleness of vending machines during a large part of the fiscal year, including a period after the end of the national confinement (due to the restrictions on nightlife).

The impact of COVID-19 on the tobacco volumes distributed in Portugal was less significant, and a migration of sales from vending machines to over-the-counter sales was experienced while the closure of the HORECA points continued.

The Economic Sales[1] from tobacco distribution in Iberia were slightly more than those recorded in 2019.

During the first five months of the fiscal year (a pre-COVID period), the distribution of convenience products performed very positively after the incorporation of new agreements reached in the preceding year (for example with CEPSA) and the increase in clients/points of sale.

The impact of COVID-19 on the sales of convenience products was adverse at first, slowing down the growth rate recorded pre-COVID. However, from the month of May, this impact became positive and growth rates similar to those obtained previously were recorded again. From the month of April, new customers began to arrive from the service-station channels, and during the fiscal year intense commercial activity was maintained in order to reach and finalise new distribution agreements for convenience products in other channels.

The increase in the Economic Sales[1] in convenience product distribution in the fiscal year was a double-digit increase compared with the figure in fiscal year 2019.

The Economic Sales[1] in Tobacco and Related Products increased by 2.9% compared with the previous fiscal year.

Revenues in **Transport** fell by 0.1%. However, performances in terms of Economic Sales[1] differed among the different activities, remaining almost stable in Long Distance, negative in Industrial Parcels, and positive in Courier Services, where a middle-single-digit increase was achieved compared with the performance in the previous fiscal year. Overall, the Economic Sales[1] figure in Transport increased in the period by 0.6%, reaching 271.7 million euros.

Within the Transport business, the impact of COVID-19 was more negative in the case of Parcels and Long Distance because of the general decrease in activity. However, in the case of Courier Services, it was negative in the first moments of the crisis but became positive from the month of June, boosted by the growth of e-commerce. The activity of Courier Services was the only one of the three transport activities whose Economic Sales[1] were higher than in the previous fiscal year.

Revenues in **Other Businesses** (which include the distribution of Pharma and of Periodicals) increased by 7.0%, reaching 162.8 million euros, and Economic Sales[1] increased by 0.1%, to 86.5 million euros.

The revenues of the Pharma business grew in the fiscal year, although at a slightly slower pace than before March. That growth was achieved through the expansion of pre-existing activity and the incorporation of new agreements. However, at the end of the previous fiscal year, the invoicing of certain services to customers on a tariff basis (the same amount in Revenues as in Economic Sales[1]) was discontinued, which negatively affected the interannual comparison at the Economic Sales[1] level. The costs associated with that service had been largely direct, with a small margin, so the ending of the service had no adverse effect on the results of the business.

1. See the appendix "Alternative Performance Measurements"

Since March, COVID has had an adverse effect on the activity of Pharma, with falls in sales in distribution to chemist's shops reflecting the market trend, and with fewer services rendered in distribution to hospitals due to the exceptional situation that they were experiencing.

During this period, the commercial activity of Pharma with pharmaceutical laboratories remained very active, translating into agreements with 25 new customers and the extension of agreements with some of the existing customers.

Distribution of periodicals in Spain showed decreases both in Revenues and in Economic Sales[1]. Added to the negative trend in the sector, in this period, was the drastic fall in activity in the newsstands following the confinement measures. However, these falls were significantly mitigated by the incorporation of the distribution of a renowned Spanish communication group in new regions which have been combined with the renewal of the previous distribution zones.

Total operating expenses[1] in the Iberia segment increased by 0.9%.

The solid performance of this activity almost completely compensated for the impact of COVID-19 on results. Thus, the **Adjusted Operating Profit**[1] was 119.7 million euros, 0.4% less than that recorded for the previous fiscal year.

Logista estimates that the impact of the COVID-19 crisis on the results of the period was negative, approximately -11 million euros. Without that impact, the Adjusted Operating Profit[1] would have been about 9% more than in fiscal year 2019.

During the period, restructuring costs amounted to 10.7 million euros, compared with the 2.2 million euros recorded in fiscal year 2019, and there were lower capital gains from the sale of assets (0.5 million euros compared with 2.7 million euros). Moreover, in the previous fiscal year, a positive result was recorded for the impairment test of one of the businesses in Spain (2.2 million euros).

Almost all the Equity method results in Iberia came from the book distribution business in Spain. This business has been hit the hardest by the situation resulting from the COVID-19 crisis, as the points of sale to which Logista distributes were obliged to close during the period of confinement. Only the home delivery of the books sold by one of our clients could be maintained, via internet. After the re-opening of the points of sale, the activity recovered progressively, although the Economic Sales[1] decreased by more than 10% in the fiscal year.

The **Operating Profit** reached 110.4 million euros compared with the 124.2 million euros recorded in 2019, a decrease of 11.1%.

2. France

Revenues in France increased by 4.6% to 4,255.8 million euros, while Economic Sales[1] decreased by 5.0%, to 264.0 million euros.

Revenues from **Tobacco and Related Products** increased by 5.6% to 4,111.2 million euros, due to the increase in tobacco prices and despite the decline experienced by the distributed volumes of cigarettes, RYO tobacco and others, compared with the previous fiscal year (-3.1%).

The changes in the distributed volumes of tobacco were uneven over the course of the fiscal year, a sharper rate of fall being recorded in the first half-year and a much slower rate in the second half-year, some months of which even showed positive data. This was basically due to the positive impact of the closure of intra-community borders on sales inside the French territory, and to the fact that fewer tourists went abroad during the summer season.

The current RSP, which in the case of the top-selling brand has already reached the target €10 per packet set by the Government for 2020, includes the general increase made by all manufacturers to pass on to the RSP the two increases foreseen in the tax schedule announced by the Government for this fiscal year (1 November 2019 and 1 March 2020), amount-

1. See the appendix "Alternative Performance Measurements"

ing to 1 euro per packet in total. It also includes the increase of 20 centimes which corresponds to the conversion of the tax on tobacco distributors' turnover into a higher excise tax which entered into force on 1 March 2020 and which, in this case, was not generally passed on by all manufacturers to the RSP.

The net effect of the price and tax increases in this fiscal year was a negative impact on the results of this fiscal year of about -3 million euros, contrasting with the positive impact of between 2 and 3 million euros recorded in fiscal year 2019. This difference negatively affected the interannual comparison of Economic Sales[1] and Operating Profit (ajusted[1] and reported).

As mentioned above, the Economic Sales[1] from tobacco distribution in France were positively affected by COVID-19, as the volumes distributed (cigarettes + RYO) during the confinement and border closure period hardly decreased at all, and the rate of interannual fall also slowed considerably in the fourth quarter of the fiscal year, compared with the 8.4% fall that was recorded at the close of the first half-year.

The performance of the Economic Sales[1] of convenience products and electronic transactions was slightly positive until the month of March. COVID-19 affected very negatively the distribution of convenience products to tobacconists during the confinement. However, the activity progressively recovered when the measures were relaxed, and finally, the Economic Sales[1] of convenience products and electronic transactions in the fiscal year showed a slight increase.

Thus, the Economic Sales[1] of Tobacco and Related Products decreased by 1.3% compared with the previous fiscal year, to 230.1 million euros.

The **Other Businesses** activity (the wholesale distribution of convenience products in non-tobacconist channels) experienced decreases, compared with the same period of the previous fiscal year, in Revenues, of 17.9%, and in Economic Sales[1], of 21.5%, (to 153.7 million euros and 40.6 million euros respectively).

This was the business which suffered the biggest impact from COVID-19, recording sharp falls in activity from March because of the almost total closure of points of sale in April and until mid-May. After that, the progressive opening of points of sale allowed a certain recovery of activity, although in the whole of the fiscal year it was still far less than in 2019.

Total operating costs[1] in France decreased by 0.6%. The impact of the fall in Economic Sales[1] in some of the businesses because of COVID-19, translated into an **Adjusted Operating Profit**[1] of 61.9 million euros, which was 16.7% less than that of the previous fiscal year. That fall was of less than 10% if the impact of variations in the valuation of inventories due to tax and price movements is disregarded in both fiscal years.

Logista estimates that the adverse impact of the COVID-19 crisis on results in France in the period could be valued at approximately -3 million euros.

In fiscal year 2019, restructuring costs[1] of 7.4 million euros were recorded, whereas in the current fiscal year they were almost inexistent, and this, when added to the capital gain of 8.4 million euros obtained from the sale of assets (Vitrolles and Saint-Raphaël) during this fiscal year, took the **Operating Profit** to 17.0 million euros (14.6 million euros in the previous fiscal year). The main adjustment in the segment is the amortization of the assets generated by the acquisition of the business of France, which amounted to 52.2 million euros in both periods.

3. Italy

Revenues in Italy increased by 6.9% to 3,167.0 million euros, thanks to the increase in the sale of convenience products, as well as higher prices of tobacco products than in fiscal year 2019.

The distributed volumes of cigarettes plus RYO and others were almost the same as those distributed in the previous fiscal year.

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1. See the appendix "Alternative Performance Measurements"

During the current fiscal year, the Italian Government increased taxes on tobacco products, and most of the manufacturers raised the RSP by between 0.10 and 0.20 euros. The net impact of both movements on the results was positive, at about €1 million. However, the tax and price movements during the previous fiscal year had a net positive impact of slightly more than 2 million euros.

From the beginning of the second quarter of fiscal year 2020, the Italian Government modified the regulation of accessories for RYO, imposing a new excise tax on cigarette papers and filters, and making it compulsory to sell these products through the tobacconist channel.

Activity in Italy until the month of March was very positive, even taking into consideration that it was the first country to suffer the effects of COVID-19 and that it was the one which adopted the earliest and most drastic isolation measures which included, in some cases, the almost total halt of economic activity.

Not only the distribution of tobacco, but also the pre-COVID revenues from services to manufacturers, as well as those from the distribution of convenience products were higher than those obtained in the first months of the previous year. Thus, in contrast to what happened in other countries, the Economic Sales[1] in Italy suffered a smaller impact in March and continued to record increases.

The distribution of convenience products did not suffer any negative impact from COVID-19. The total sales of convenience products during the months of April and May continued growing at double-digit rates, although at a lower pace in some specific categories such as food, which were affected by the closure of points of sale and the reduction of impulse purchases. The re-opening of HORECA points of sale from mid-May again fuelled growth in these categories, so the overall impact of COVID-19 was positive on the distribution of convenience products in Italy, which in the whole year increased by more than 15%.

All of this enabled the Economic Sales[1] of Italy to increase by 6.3% in fiscal year 2020, reaching 304.2 million euros.

Total operating costs[1] in Italy rose by 4.1% compared with the previous fiscal year, which translated into an increase of 11.9% in the **Adjusted Operating Profit[1]**, to 90.7 million euros. The increase in Adjusted Operating Profit[1] was of more than 13% if the impact of changes in the valuation of inventories due to tax and price movements is disregarded in both fiscal years.

Logista estimates that the impact of the COVID-19 crisis on the results of Italy in the period was almost nil.

This year, the restructuring costs1 linked to the gradual improvement in efficiency in operations were lower than in the previous fiscal year (0.3 million euros v.1.8 million euros in 2019), so the **Operating Profit** reached 90.3 million euros, 14.1% more than that obtained in the previous fiscal year.

4. Corporate and Others

This segment includes corporate expenses and the results of activities in Poland.

The **Adjusted Operating Profit[1]** was -15.4 million euros, compared with the -13.6 million euros recorded in fiscal year 2019.

Financial Result evolution

The Group has a reciprocal credit facility agreement with its majority shareholder (Imperial Brands Plc.) by which it lends its daily cash excess or receives the necessary cash to meet its payment obligations. The remuneration of the balances is set at the base rate of the European Central Bank, plus a 0.75% margin. The base rate of the European Central Bank stood

[1] See the appendix "Alternative Performance Measurements"

at 0.0% during both fiscal years. This agreement was revised at the beginning of September 2020, in order to increase the maximum in the credit facility and set it temporarily at 4,800 million euros.

The average cash position during the fiscal year was 2,285 million euros, compared with 1,904 million euros in the previous fiscal year. The increase in the average cash position compared with fiscal year 2019 was mainly due to temporary changes made by the French and Italian Governments in the calendars for the payment of excise duty, due to the COVID-19 crisis. In view of the temporary nature of these changes, the average cash position is expected to be reduced from the first quarter of the 2021 fiscal year, when the calendar is again adjusted to show the payment periods laid down by the regulations of those countries.

The financial results in the fiscal year, at 12.2 million euros, were 4.1% lower than those recorded in the previous fiscal year, due to the increase in financial expenses resulting from the application, in this fiscal year for the first time, of IFRS 16.

Net Income evolution

The restructuring costs recorded in the fiscal year remained almost stable compared with those of the previous fiscal year (11.6 million euros compared with 11.4 million euros).

During the current fiscal year, capital gains were recorded because of the sale of assets in France (Vitrolles and Saint-Raphaël) for 8.0 million euros. This compared with the 2.6 million euros obtained in fiscal year 2019. In addition, a positive result of 4.7 million euros was recorded for the reversal of the provision corresponding to the value of an asset in Spain (Alcalá de Guadaira), which was sold at the beginning of the 2021 fiscal year, while in the 2019 fiscal year the positive result of the impairment test of one of the businesses in Spain was recorded (2.2 million euros).

The effective consolidated tax rate recorded in the period was 27.9%, compared with 24.1% in the previous fiscal year, and it took the Net Profit to 157.2 million euros (-4.5%).

The basic Earnings per Share were 1.19 euros compared with 1.24 euros in fiscal year 2019, with no change in the number of shares representing the share capital.

As at 30th September 2020, the Company possessed 522,273 treasury shares.

Cash Flow

The seasonality of the Group's business results in a negative cash flow during the first and second quarters of the fiscal year, which is recovered during the second half, usually reaching its peak towards the end of the fiscal year.

The Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) increased by 9.9% compared with the last year, due to the performance of the activity and the positive effect (33.6 million euros) of the first-time application of IFRS 16, which had no effect on the EBIT. Excluding this impact, the EBITDA decreased by 9%, which was slightly less than the decrease recorded in the Adjusted Operating Profit[1].

The increased interest charged in the period and the lower investments and the normalised taxes in the fiscal year easily offset the fall in operating profits and the increased payments for restructuring and normalised taxes. In this way, the cash generation was 6.5% more than that recorded in the previous fiscal year.

The significant variation in working capital was mainly due to temporary changes in the payment calendars for excise duty made by the French and Italian governments and linked to the COVID-19 crisis. This variation mitigated the effect of the cut-off date for final payment/collection of corporate income taxes and translated into a free cash flow generation that was higher than that of the previous fiscal year.

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1. See the appendix "Alternative Performance Measurements"

Research and Development activities

Logista invested 5.0 million euros in R & D & i during the fiscal year 2020. These investments correspond to evolutionary projects in the supply chain solution, scalable and secure application infrastructure, and security and transport.

Treasury Shares

At September 30, 2020, Logista held in its balance sheet 522,273 own-shares, representing the 0.39% of the share capital. Own shares were acquired in execution of the Share Buyback Program.

Average Payment Period to Suppliers

The average payment period for commercial purchase during fiscal year 2020 has been 37 days.

Dividend policy

The Board of Directors intends to propose to the General Shareholders' Meeting the distribution of a supplementary dividend for the 2020 fiscal year, of 105 million euros (0.79 euros per share), to be paid in the first quarter of the 2021 calendar year.

The Board of Directors also approved, on 21st July 2020, the distribution of an interim dividend in cash, corresponding to fiscal year 2020, and amounting to 0.39 euros per share (52 million euros), to be paid on 28th August 2020.

The total dividend for fiscal year 2020 will therefore be of the same amount as the dividend distributed from the 2019 fiscal year and will be of approximately 156 million euros (1.18 euros per share). This dividend will represent a pay-out of 99.7% of the Net Profit for the fiscal year.

Outlook

In view of the solid performance of our businesses since the beginning of the COVID-19 crisis, one would expect the Adjusted Operating Profit1 in fiscal year 2021 to be more than that obtained in fiscal year 2020, and to record a middle-single-digit increase.

However, the numerous uncertainties about the impact that the COVID-19 could have on the economies of the countries in which Logista operates, and about the consequent measures that could be adopted, could have an adverse impact on the Group's activities, so these estimates will be reviewed at the end of each quarter.

SHARE PRICE EVOLUTION

Logista share price amounted €14.6 at the end of fiscal year 2020 (September 30, 2020), so, Logista's market capitalization reached 1,938.2 million € at closing of fiscal year 2020.

During the fiscal year 2020, 41,772,377 shares were negotiated, reaching a rotation of the 31.5% of the total share capital. The daily average volume negotiated was 163,173 shares.

[1] See the appendix "Alternative Performance Measurements"

	1 Oct. 2019 – 30 Sept. 2020	1 Oct. 2018– 30 Sept. 2019
Market capitalization at the end of the period (€mill)	1,938.2	2,373.6
Revaluation (%)	-18.3%	-19.2%
Closing price (€)	14.6	17.9
Maximum price (€)	21.3	22.8
Minimum price (€)	12.9	17.7
Total negotiated volume (shares)	41,772,377	41,954,961
Average daily volume (shares)	163,173	164,529
Rotation (% of share capital)	31.5%	31.6%

NON-FINANCIAL INFORMATION STATEMENT

The Non-Financial Information Statement, referred to in articles 262 of the Capital Companies Act and 49 of the Commercial Code, is presented in a separate report called 2020 Integrated Annual Report, consolidated of Compañía de Distribución Integral Logista Holdings, S.A. and its Subsidiaries corresponding to fiscal year 2020, in which it is expressly indicated that the information contained in said document is a part of Logista's consolidated Management Report.

That document has been verified by an independent verification service provider and is subject to the same approval, deposit and publication criteria as Logista's consolidated Management Report.

RISK EXPOSURE

The system of corporate Risk Management of Logista and its subsidiary companies is included in the Group's General Policy on Risk Management, updated on 21st July, 2020, and intended to introduce an integrated system of risk management designed as a tool to help Logista's Board of Directors and Management to optimise results, thereby increasing their capacity to create and maintain value.

This Policy specifies the obligatory actions that have to be taken to control and manage external and internal risks of whatever kind that could at any time affect the achievement of Logista's objectives. It also assigns responsibilities, defines the categories of risks and the appetite for risk, sets out measures by which to manage it and to monitor the system regularly so that it also enables resources to be allocated efficiently, ensures the reliability of financial and non-financial information, sets the standards in relation to transparency and good corporate governance and enlarges the range of available opportunities.

The categories or types of risk defined in this Policy, and which could affect the Group, include risks from the surroundings, business and financial risks, those connected with compliance with regulations, operational and technological risks, and risks to reputation. Included in the financial risks are fiscal risks deriving from Logista's operations.

Logista's General Policy on Internal Control, of 25th April 2017, sets out the general framework for the control and management of the external and internal risks of whatever kind which, according to the Map of Risks in effect at any time, could affect the achievement of the Company's objectives.

The main non-financial risks and uncertainties faced by the Group, by category, are the following:

- Risks from the surroundings: now significant because of the current crisis caused by the Covid19 pandemic and the general worsening of economic prospects, which could affect the development of the Group's businesses, making them subject to new regulations and structural changes affecting the purchasing power of their customers and their habits and/or patterns of consumption. Another result of the economic crisis and the increase in unemployment is an increased risk of illicit trading and the smuggling of tobacco, which could affect the volumes distributed.

- Business risks: principally those connected with the liberalisation of those tobacco markets in which the State has a monopoly on the retail sale of tobacco products, with the consequent impact on results if the measures already envisaged by the Group are not implemented, but also those resulting from the introduction of new, anti-smoking policies which lead to a reduction in tobacco consumption, the Group being unable to compensate for this decline with the growth of other businesses.

- Operational and technological risks: the main risks are related to cyber security, as the Group is exposed to hazards and vulnerability because of its habitual use of information technology and systems to perform its various activities, to the theft of tobacco from premises and during its transport, and to risks related to large-scale events when the contingency plans made by the Group are not sufficient. Included in this category is the risk of failing to fill critical positions in the Company due to a lack of suitable successors.

- Risks connected with compliance with regulations: as Logista's Businesses are subject to compliance with numerous general and sectoral laws and regulations, of different scope, the Group is exposed, on the one hand, to the possibility of occasional non-compliance and its corresponding penalty or legal action, and on the other hand, to higher costs for the monitoring of compliance. In addition, those which could arise in the ordinary course of business when Logista is involved in lawsuits of any kind, whether as plaintiff or defendant, with outcomes which are, a priori, uncertain.

- Moreover, from the financial perspective, the Group's main financial assets are balances of cash and cash equivalents, trade debtors and other accounts receivable, and the Group's financial investments, which represent its maximum exposure to financial risk. The principal financial risks which the Group has to face can therefore be summarised as:

- One of the basic objectives of the Group's Financial Management is to maintain the value of the Group's assets in all the business units and countries in which it operates by analysing and preventing risks and optimising the management of the main incidents, taking out external insurance cover when this is considered appropriate. Moreover, there is a risk of impairment of the fair value of the assets, connected with the high recorded amounts of goodwill, as the Group has a large number of assets and investments for which impairment tests have to be performed in accordance with the International Accounting Standards.

- With regard to the credit risk, the Group generally has its liquid and other equivalent assets deposited in entities with high credit ratings. The Group considers that as at 30th September, the level of exposure of its financial assets to credit risk was not significant. Moreover, the Group has a credit or counterparty risk exposure with Imperial Brands, by virtue of the signed agreements to transfer liquidity.

[1.] See the appendix "Alternative Performance Measurements"

- The Group controls the risks of insolvency and default by fixing credit limits and strict time limits for collections; this commercial risk is shared among a large number of customers with short collection periods, the majority of the Group's customers being retailers. Thus, the credit risk exposure to third parties outside the Group is not very high, and whenever appropriate is covered by insurance policies to reduce the impact of any unpaid bills. However, historically, the rates of default in all the geographical areas in which the Group operates are very low.

- With regard to the risk to liquidity, the Group maintains sufficient cash and its equivalents to make the necessary payments in its normal activities. In case of need, the Group has credit lines available, through the treasury management contract with Imperial Brands.

- Concerning exposure to the interest-rate risk, given the Group's low level of financial indebtedness, the Management considers that any increase in interest rates would not have a significant impact on the attached consolidated annual accounts.

- Furthermore, the extent of exposure of the net equity and the profit & loss account to the effects of future changes in interest rates is not important, since the volume of the Group's transactions in currencies other than the euro is not significant.

- Just as in any other wholesale business, the payment cycles for products bought from tobacco manufacturers and the collection cycles of the points of sale do not coincide. In addition, the Logista Group's payment of its taxes to the fiscal authorities is made in a cycle that is different from those of the manufacturers and the points of sale. In cases when the government of any country in which the Group operates experiences a need for liquidity, or when there is a change in the cycles for the payment of taxes, or when there is a substantial increase in taxes such as VAT or excise duties, there would be an adverse effect on the business, because there would be a worsening of the prospects for the Group's financial situation, operating profit and cash management. In this connection, the businesses that are the most exposed to the credit risk of their customers are strengthening their debt-collection circuits by shortening the periods, by reducing and more closely monitoring the assigned credit limits, thus favouring the obtention of bank guarantees.

Among the main objectives of the Group's fiscal strategy, defined in its fiscal Policy, are the following:

- To minimize the fiscal risks associated with the operations and with the strategic decisions of each company so that the taxation is adapted to, and commensurate with, the operation of the Group's Businesses, material and human resources, and business risks.

- To define the fiscal risks, to determine the aims and activities of Internal Control, and to set up a system of reporting on fiscal compliance and the maintenance of documentation, incorporated into the Group's general framework of Internal Control.

In this regard, Logista, to fulfil its fiscal obligations, complies strictly with the applicable tax regulations, monitoring and supervising fulfilment of those fiscal obligations in a centralised manner in the Group, and relying on the collaboration of tax consultants and reputable law firms as a support in the presentation of tax returns and their subsequent settlement, in special transactions and, when necessary, in a legal defence of the Group's position.

[1] See the appendix "Alternative Performance Measurements"

From the fiscal point of view, the risks to which the Group is exposed are therefore the following:

- The principal activity of selling tobacco is subject to specific tax regulations which are complex because of the different geographical areas in which the Group operates. In this connection there are several disputes about fiscal matters which are awaiting a decision, and which require Logista to make value judgements in order to estimate the degree of probability of these liabilities materialising, this risk being provisioned in accordance with the opinion of the legal experts and the feasibility of passing the liabilities on to third parties.

- Under the current legislation, taxes cannot be considered as definitively settled until the declarations submitted have been inspected by the fiscal authorities or until the four-year limitation period has elapsed. At present, some of the Group's specific taxes from certain fiscal years are still subject to inspection.

With regard to the materialisation of the risks to which the Company has been exposed:

- Typical operational risks in the normal course of business, and in particular, thefts of tobacco from premises and during transport: no impact on the Group's results because the merchandise is insured.

- Liability for settlement in contentious fiscal proceedings when the ruling was against the Group: no significant impact on the Group's results because such cases are provisioned, as are other lawsuits of a non-fiscal nature.

In both cases the control systems in place enabled both the impact of the materialised risk and the probability of its occurring to be reduced. In general, Logista´s systems of internal control and risk management have resulted in low levels of exposure to various risks, some of which had no adverse effect at all on the Group.

During the year, some key positions in the Company became vacant, but the succession plans that had been made and the measures to ensure a correct succession in those positions were applied satisfactorily.

Associated risks and expected effects on the business strategy and activities resulting from the decision of the United Kingdom to leave the European Union

Logista belongs to the Imperial Brands group, whose registered office is in the United Kingdom. For this reason, the risk, and possible impact, resulting from the departure of the United Kingdom from the European Union have been assessed. As the Company has no significant investments, either direct or indirect, in foreign entities which operate in currencies other than the euro, and does not carry on important activities in countries whose currency is not the euro, any slowing down in the British economy and/or volatility in the exchange rate would not have a strong impact on the Group's activities.

The share capital injected by the shareholder Imperial Brands, and the line of credit maintained with the majority shareholder, are in euro currency, and the Company does not maintain any kind of financing from its shareholder, either in euros or in pounds sterling, and is not affected by oscillations in interest rates or in the exchange rate.

Once the United Kingdom has left the European Union, however, there will be some uncertainty until an assessment can be made of the impact on European directives on taxation and on the application of Community freedoms, which will depend on what is negotiated between the two parties.

Risk from the pandemic due to COVID-19

During this fiscal year the risk of a pandemic materialised due to the worldwide propagation of COVID-19, which produced a scenario of economic and political uncertainty and a worsening of the macroeconomic prospects in the countries in which the Group has a presence, which in turn affects the development of the Group's businesses, although this effect will be partially mitigated because of the nature of the businesses and activities and of the services provided by the Group, on which the current crisis is having less effect than in other sectors.

The Group has adapted its operations and its strategic and business plans to the situation now resulting from the coronavirus crisis and has implemented corrective and contingency measures of various kinds which have enabled the operation of the business to continue. In addition, various measures have been taken to protect the Group's employees and collaborating partners.

As at 30/09/2020, the economic/financial impact of COVID amounted to -14 million euros.

USE OF DERIVATIVE FINANCIAL INSTRUMENTS

No Group company uses derivative financial instruments.

SIGNIFICANT EVENTS FOR THE GROUP AFTER THE REPORTING PERIOD

No significant events took place after the reporting period that could affect a significant impact on the accompanying consolidated financial statements.

Appendix: Alternative Performance Measures

- **Economic Sales:** equals Gross Profit and is used without distinction by the Management to refer to the figure resulting of subtracting Procurements to the Revenue figure.

  Management believes that gross profit is a meaningful measure of the fee revenue we generate from performing our distribution services and provides a useful comparative measure to investors to assess our financial performance on an on-going basis.

		Million Euros
	1 Oct. 2019 – 30 Sep. 2020	**1 Oct. 2018 – 30 Sep. 2019**
Revenue	10.559.1	10,148.3
Procurements	(9,402.3)	(8,999.3)
Gross Profit	**1,156.8**	**1,149.0**

- **Adjusted Operating Profit (Adjusted EBIT):** This item is calculated, fundamentally, discounting from the Operating Profit those costs that are not directly related to the revenue obtained by the Group in each period, facilitating the performance of Group's the 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.

		Million Euros
	1 Oct. 2019 – 30 Sep. 2020	**1 Oct. 2018 – 30 Sep. 2019**
Adjusted Operating Profit	**256.9**	**261.9**
(-) Restructuring Costs	(11.6)	(11.4)
(-) Amortization of Assets Logista France	(52.2)	(52.2)
(+/-) Net Loss of Disposal and Impairment of Non-Current Assets	12.5	4.8
(+/-) Share of Results of Companies and Others	0.9	1.2
Profit from Operations	**206.4**	**204.3**

- **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 Managements to analysis and measure the performance of the profitability obtained by the Group's typical activity in a period.

			Million Euros
	1 Oct. 2019 – 30 Sep. 2020	1 Oct. 2018 – 30 Sep. 2019	% Change
Economic Sales	1,156.8	1,149.0	0.7%
Adjusted Operating Profit	256.9	261.9	(1.9)%
Margin over Economic Sales	**22.2%**	**22.8%**	**(60) b.p.**

- **Operating costs:** this term is composed by the costs of logistics networks, commercial expenses, research expenses and head offices expenses that are directly related to the revenue 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 and amortization of assets derived from the Logista France acquisition, due to are not directly related to the revenues obtained by the Group in each period.

Reconciliation with Consolidated Financial Statements:

		Million Euros
	1 Oct. 2019 – 30 Sep. 2020	1 Oct. 2018 – 30 Sep. 2019
Cost of logistics network	806.9	798.5
Commercial expenses	66.2	70.4
Research expenses	2.6	2.7
Head office expenses	88.0	79.1
(-) Restructuring costs	(11.6)	(11.4)
(-) Amortization of Assets Logista France	(52.2)	(52.2)
Operating Costs or Expenses in management accounts	**899.9**	**887.1**

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

  This magnitude 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 occurred continuously and allow sustain the Group's activity. They are estimated from the total operating costs less the non-recurring costs defined in the previous point.

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

- **Restructuring costs:** are the costs incurred by the Group to increase the operating, administrative or commercial efficiency in our company, including the costs related to the reorganization, dismissals and closes or transfers of warehouses or other facilities.

- **Non-recurring results:** refers to the results of the year that do not have a continuity during the year and affect the accounts in a specific moment. It is included in the Operating Profit.