2021
ANNUAL ACCOUNTS

logista

Annual Accounts

Integrated Annual Report

Annual Report on
Corporate Governance

Annual Report on
Remuneration of Directors

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

Consolidated financial statements for the year ended 30 September 2021 and
Consolidated Management Report.

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

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 32). In the event of a discrepancy, the Spanish-language version prevails.

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

Consolidated balance sheets at 30 september 2021 and 2020

(Thousands of Euros)

ASSETS	Notes	30-09-2021	30-09-2020
NON-CURRENT ASSETS:		**1,629,668**	**1,740,092**
Property, plant and equipment	note 6	313,474	358,863
Investment property	note 4.2	7,137	14,390
Goodwill	note 7	920,800	920,800
Other intangible assets	note 8	353,960	408,095
Investments in associates		3,886	2,895
Other non-current financial assets	note 10	15,898	16,330
Deferred tax assets	note 20	14,513	18,719
CURRENT ASSETS:		**5,916,550**	**6,106,830**
Inventories	note 11	1,467,146	1,294,312
Trade and other receivables	note 12	2,075,171	1,900,529
Tax receivables	note 20	69,796	80,400
Other current financial assets	note 10	2,126,922	2.664,078
Cash and cash equivalents	note 13	171,760	162,741
Other current assets		5,755	4,770
ASSETS CLASSIFIED AS HELD FOR SALE	note 9	**41,570**	**18**
TOTAL ASSETS		**7.587.788**	**7.846.940**

The accompanying Notes 1 to 32 and Appendix I and II are an integral part of the consolidated balance sheet at 30 September 2021

EQUITY AND LIABILITIES	Notes	30-09-2021	30-09-2020
EQUITY:		**524,474**	**516,298**
Share capital	Note 14	26,550	26,550
Share premium	Note 15	867,808	867,808
Reserves of the Parent	Note 15	289,014	42,806
Reorganisation reserves	Note 15	(753,349)	(753,349)
Reserves at consolidated companies	Note 16	(31,735)	215,566
Translation differences		(97)	(101)
Reserve for first-time application of IFRSs	Note 15	19,950	19,950
Consolidated profit for the period		173,961	157,184
Interim dividend	Note 15	(54,116)	(51,569)
Treasury shares	Note 15	(14,346)	(10,681)
Equity attributable to shareholders of the Parent		523,640	514,164
Minority interests	Note 17	834	2,134
NON-CURRENT LIABILITIES:		**376,478**	**421,198**
Other financial non-current liabilities	Note 21	98,365	128,184
Long-term provisions	Note 19	38,779	39,454
Deferred tax liabilities	Note 20	239,334	253,560
CURRENT LIABILITIES:		**6,645,539**	**6,909,444**
Other current financial liabilities	Note 21	72,446	77,386
Trade and other payables	Note 22	1,148,803	1,145,033
Tax payables	Note 20	5,339,752	5,598,599
Short-term provisions	Note 19	7,276	13,498
Other current liabilities		77,262	74,928
LIABILITIES CLASSIFIED AS HELD FOR SALE	Note 9	**41,297**	**-**
TOTAL EQUITY AND LIABILITIES		**7,587,788**	**7,846,940**

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 32). In the event of a discrepancy, the Spanish-language version prevails.

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

Consolidated income statements for the years ended 30 september 2021 and 2020

(Thousands of Euros)

	Notes	2021	2020 (*)
Revenue	Note 24.a	**10,816,832**	**10,407,748**
Procurements		**(9,637,307)**	**(9,290,509)**
GROSS PROFIT		**1,179,524**	**1,117,241**
Cost of logistics networks:		**(808,205)**	**(781,733)**
Staff costs	Note 24.b	(181,594)	(181,694)
Transport costs		(248,962)	(237,631)
Provincial sales office expenses		(79,482)	(78,083)
Depreciation and amortisation charge	Notes 4.2, 6 y 8	(116,502)	(114,667)
Other operating expenses	Note 24.c	(181,666)	(169,658)
Commercial expenses:		**(48,132)**	**(47,961)**
Staff costs	Note 24.b	(29,422)	(29,023)
Other operating expenses	Note 24.c	(18,710)	(18,937)
Research expenses		**(2,488)**	**(2,602)**
Head office expenses:		**(84,639)**	**(85,314)**
Staff costs	Note 24.b	(64,846)	(67,088)
Depreciation and amortisation charge	Notes 4.2, 6 y 8	(5,748)	(5,480)
Other operating expenses	Note 24.c	(14,045)	(12,746)
Share of results of companies		2,232	879
Net gain on disposal and impairment of non-current assets	Notes 4.2, 6 y 8	2,058	12,688
Other expenses		(23)	(60)
PROFIT FROM OPERATIONS		**240,327**	**213,137**
Finance income	Note 24.e	21,934	17,293
Finance costs	Note 24.f	(1,731)	(5,047)
PROFIT BEFORE TAX		**260,531**	**225,383**
Income tax	Note 20	(67,324)	(60,496)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS NET INCOME FROM DISCONTIUED OPERATIONS PROFIT FOR THE PERIOD		**193,207**	**164,887**
Resultado neto de operaciones discontinuadas	Note 9	(19,062)	(7,296)
PROFIT FOR THE PERIOD		**174,145**	**157,591**
Attributable to:			
Shareholders of the Parent-		173,961	157,184
Minority interests	Note 17	183	407
BASIC EARNINGS PER SHARE	Note 5	**1.32**	**1.19**

(*) Modified by discontinued operations. See Note 2.4

The accompanying Notes 1 to 32 and Appendix I and II are an integral part of

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 32). In the event of a discrepancy, the Spanish-language version prevails.

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

Consolidated statements of comprehensive income for the years ended 30 september 2021 and 2020

(Thousands of Euros)

	Notes	2021	2020
PROFIT FOR THE YEAR		**174,145**	**157,591**
Items that may be reclassified to income statement			
Net actuarial gain (loss) recognised directly in equity	Note 19	(628)	-
Items that will not be reclassified to income statement			
Foreign exchange rate changes		4	(53)
TOTAL NET GAIN (LOSS) REGISTERED DIRECTLY IN EQUITY		**(624)**	**(53)**
TOTAL NET GAIN (LOSS) CONSOLIDATED REGISTERED DURING THE YEAR		**173,521**	**157,538**
Attributable to:			
Shareholders of the Parent		173,337	157,131
Minority interests		183	407
TOTAL ATRIBUIBLE		**173,521**	**157,538**

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

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 32). In the event of a discrepancy, the Spanish-language version prevails.

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

Consolidated statements of changes in equity for the years ended 30 september 2021 and 2020

(Thousands of Euros)

	Share Capital	Share Premium	Reserves of the Parent	Reorganisation Reserves	Reserves at Consolidated Companies
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	-	-	-	-	-
Actuarial losses	-	-	-	-	
Income and expenses recognised in the period	**-**	**-**	**-**	**-**	**-**
Transactions with Shareholders:					
Distribution of profit-					
To reserves	-	-	9,509	-	(916)
To dividends (Note 15.e)	-	-	-	-	-
Dividends (Note 15.e)	-	-	-	-	-
On treasury shares operations (Note 15.b and 15.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**
Net profit attributable to the Parent	-	-	-	-	-
Loss attributable to minority interests	-	-	-	-	-
Ganancias/(Pérdidas) actuariales	-	-	-	-	(628)
Income and expenses recognised in the period	-	-	-	-	(628)
Transactions with Shareholders:					
Distribution of profit-					
To reserves	-	-	245,572	-	(244,229)
To dividends (Note 3)	-	-		-	-
Dividends (Note 15.e)	-	-		-	-
On treasury shares operations (Note 15.b and 15.f)	-	-	(1,747)	-	-
Incentive Plan (Note 4.12)	-	-	2,389	-	-
Others	-	-	(6)	-	(2,444)
BALANCE AT 30 SEPTEMBER 2021	**26,550**	**867,808**	**289,014**	**(753,349)**	**(31,735)**

The accompanying Notes 1 to 32 and Appendix I and II are an integral part of the consolidated statement of changes in equity for 2021.

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
(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**
4	-	173,961	-	-	173,965	-	173,965
-	-	-	-	-	-	184	184
-	-	-	-	-	(628)		(628)
4	-	173,961	-	-	173,337	184	173,521
							-
					-		-
-	-	(1,343)		-	-	-	-
-	-	(155,841)	51,569	-	(104,272)	-	(104,272)
-	-		(54,116)	-	(54,116)	-	(54,116)
-	-	-	-	(3,665)	(5,412)	-	(5,412)
-	-	-	-	-	2,389		2,389
-	-	-	-	-	(2,450)	(1,484)	(3,934)
(97)	**19,950**	**173,961**	**(54,116)**	**(14,346)**	**523,640**	**834**	**524,474**

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

Consolidated statements of cash flows for the years ended 30 september 2021 and 2020

(Thousands of Euros)

	Notes	2021	2020 (*)
OPERATING ACTIVITIES:		**(302,028)**	**830,104**
Consolidated profit before tax from continuing operations		**260,531**	**225,383**
Net income from discontinued operations		**(19,062)**	**(7,296)**
Adjustments for-		**108,588**	**122,960**
Result of companies accounted for using the equity method		(2,232)	(879)
Depreciation and amortisation charge	Notes 6 and 8	123,864	124,687
Impairment		(1,834)	850
Change in provisions		8,451	20,282
Provisions recognised/ (reversed)	Notes 6 and 8	(2,034)	(12,486)
Proceeds from disposal of non-current assets		2,577	2,753
Other adjustments		(22,059)	(14,429)
Financial profit		1,855	2,183
Net change in assets / liabilities-		**(652,084)**	**489,056**
(Increase)/Decrease in inventories		(168,001)	(14,335)
(Increase)/Decrease in trade and other receivables		(178,386)	17,443
Increase/(Decrease) in trade payables		3,770	(128,432)
Increase/(Decrease) in other current liabilities		(290,534)	726,166
Increase (Decrease) in other non-current liabilities		25,033	(3,505)
Income tax paid		(64,191)	(123,560)
Finance income and costs		20,225	15,279
INVESTING ACTIVITIES:		**505,321**	**(640,485)**
Payment for investment-		**495,572**	**(652,699)**
Property, plant and equipment	Note 6	(31,861)	(25,409)
Intangible assets	Note 8	(8,312)	(12,316)
Group companies and associates		538,828	(613,928)
Other current financial assets		(3,082)	(1,046)
Proceeds from financial divestments-		**9,749**	**12,214**
Property, plant and equipment	Note 6	8,549	11,214
Intangible assets		-	-
Investment properties		1,200	1,000
Other financial assets		-	-
Non current assets held for sale		-	-
FINANCING ACTIVITIES:		**(194,275)**	**(187,528)**
Payment of dividends and remuneration of other equity instruments-		**(158,388)**	**(158,665)**
Dividends	Note 15	(158,388)	(158,665)
Proceeds and payments of equity instruments-		**(4,948)**	**(3,435)**
Acquisition of treasury shares	Note 15	(4,948)	(3,435)
Proceeds and payments for financial liability instruments-		**(2,711)**	**8,205**
Repayment and amortization of current borrowings		(2,711)	8,205
Lease payments (IFRS 16)		**(28,228)**	**(33,633)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**9,019**	**2,091**
Cash and cash equivalents at beginning of year-		**162,741**	**160,650**
Net change in cash and cash equivalents during the year		9,019	2,091
Total cash and cash equivalents at end of year		**171,760**	**162,741**

(*) Modified by discontinued operations. See Note 2.4 The accompanying Notes 1 to 32 and Appendix I and II are an integral part of the consolidated cash flow statement for 2021.

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

Notes to the annual consolidated financial statements for the year ended 30 September 2021

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.

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

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 2020 will hereinafter be referred to as "2020", the period ended 30 September 2021 as "2021", 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 2021 and 2020 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, Imperial Tobacco LTD, 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 2020 were formally prepared by its Directors at the Board of Directors meeting held on 17 November 2020.

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 3 November 2021. 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 2020 were formally approved by the General Shareholders' Meeting on 4 February 2021.

The principal accounting policies and measurement bases applied in preparing the Group's consolidated financial statements for 2021 are summarized in Note 4.

2.2 Standards and interpretations effective in the current period

These consolidated financial statements have been prepared applying the same accounting principles used by the Logista Group to prepare the consolidated annual accounts as of 30 September 2020, with the exception of the standards and amendments adopted by the European Union and mandatory for fiscal years starting on 1 January 2020.

In the year ended 30 September 2021 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
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 of "materiality" 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 benchmark interest rate reform (IBOR).	1 January, 2020
Revised version of IFRS Conceptual Framework.	It establishes several fundamental concepts guiding the IASB in the development of the standards and helps ensure that the standards are consistent and that similar transactions are treated in the same way.	1 January, 2020
Amendments to IFRS 16 Leases	Modifications related to impacts of Covid-19 pandemic	1 June, 2020

The application of the above Standards, interpretations and amendments has not had a significant effect on the consolidated financial statements as of September 30, 2021.

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 4 Insurance contracts - deferral of IFRS 9.	Deferral of its application	1 January, 2021
Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform – phase 2	Temporary relief in financial information while interbank offer rates are replaced by risk-free interest rates	1 January, 2021

The Group's Management is evaluating the impact of the application of these amendments. At the date of preparation of these Consolidated Annual Accounts, this analysis has not been completed, although it is expected that there will be no significant impacts.

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 3 "Business Combinations", IAS 16 "Property, Plant and Equipment", IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and Annual Improvements to IFRS 2018-2020.	Amendments to the indicated standards and amendment to IFRS 9 and IAS 41 as part of the 2018-2020 annual improvements to IFRS.	1 January, 2022
Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"	Definition of Accounting Estimates.	1 January, 2023
IFRS 17, Insurance Contracts	IFRS 17 supersedes IFRS 4 and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued to ensure that entities provide relevant and reliable information that gives a basis for users of the information to assess the effect that insurance contracts have on the financial statements.	1 January, 2023
Amendment to IAS 1 Presentation of financial statements.	Classification of financial liabilities as current or non-current.	1 January, 2023
Amendment to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate / joint venture.	Clarification in relation to the result of these operations if it is business or assets.	No date defined

2.4 Information relating to 2020

As required by IAS 1, the information relating to 2020 contained in these notes to the consolidated financial statements is presented with the information relating to 2021 for comparison purposes and, accordingly, it does not constitute the Group's consolidated financial statements for 2020. As a result of the classification as discontinued activities of one of the Group's companies, as explained in the following section, the profit and loss account for 2020 has been modified for comparative purposes in accordance with the provisions of the applicable regulations.

2.5 Discontinued activities

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

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

The fair value estimate of the group of assets held for sale, has resulted in a non-current assets impairment loss of EUR 3,671 thousand, which has negatively affected the consolidated income statements for the year.

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

- The profit/(loss) after tax generated by Supergroup, S.A.S. is not reported in each line of the consolidated income statement, instead it is reported in one line "Net profit/(loss) from discontinued operations", both for 2021 and 2020. The aforementioned impairment loss forms part of this line. Note 9 includes the disclosures required in connection with profit/(loss) from discontinued operations, including a breakdown of the main lines.
- For cash flow purposes, note 9 shows the part of the flow from operations, investment and financing of discontinued activities, included within the total amount reported for these items for both fiscal years 2021 and 2020.
- For the purposes of the balance sheet, all assets and liabilities attributable to Supergroup, S.A.S. have been reclassified as "Assets / Liabilities held for sale and discontinued operations". This reclassification was made with effect at 30 September 2021 and, in accordance with IFRS 5, it does not require the restatement of the comparative balance sheet for 2020. Note 9 presents the consolidated balance sheets before and after reclassification as at 30 September 2021 including the different types of assets and liabilities that have been reclassified as discontinued operations.

In addition to the above, certain assets have also been reclassified to the line of held for sale for which the Group's Management has made the decision to proceed with their sale and has already implemented the corresponding plan and the necessary actions to carry out this sale. The carrying amount of these assets on 30 September 2021 are 8,942 thousand euros. These assets have been reclassified to their carrying amount due to the existence of purchase offers from third parties with prices higher.

Finally, in each of the notes to these consolidated financial statements relating to balance sheet items, the changes caused by the reclassification made at 30 September 2021 are broken down to the line of "Assets / Liabilities held for sale and discontinued operations".

2.6 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.

2.7 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 2021 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 18.1.

2.8 Basis of consolidation

2.8.1 Subsidiaries

SSubsidiaries 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.

2.8.2 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.

2.8.3 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.

2.8.4 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 2021 and 2020 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).

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

In 2021, the only significant variation in the scope of consolidation was movements in minority ownership:

- On 11 March 2021 Logista Italia S.p.A has acquired the minority ownership 32% of Terzia, S.p.A.
- On 19 January 2021 Sociedad S.A Distribuidora de Ediciones has incorporated Grupo Boyacá as a shareholder, with 30% ownership.
- Constitution, in April 2021, of the company Logista Regional de Publicaciones, S.A.U. over which the Group controls 100% of its capital.

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 this company.

2.9 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 2021, amounting to EUR 276,645 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	112,346
To dividends	110,183
Interim dividend	54,116
	276,645

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 22, 2021, based on the net profit recorded as of June 30, 2021, of EUR 88 million, it was considered sufficient for the payment of the approved interim dividend, considering the existing treasury shares.

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 2021 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 2021, the investment property registered in the consolidated balance’s amortization amounted to EUR 276 thousand (2020: EUR 277 thousand).

In 2021, the Group reclassified as “Non-current assets held for sale” a piece of land in Cádiz owned by Compañía de Distribución Integral Logista, S.A.U. having put in place a plan to proceed with the sale of the land in the short term. The net book value of this land subject to reclassification amounts to EUR 6,661 thousand as of 30 September 2021.

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

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 25).

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 9.2% in 2021 (2020: from 6.5% to 8.4%) (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 assets held for sale if it is considered that their carrying amount will be recovered when sold, rather than via continued use. This condition is only met when the sale is highly probable, and they are available for immediate sale in their current condition, and that the sale is likely to be completed in the space of one year from the classification date. The total of these assets is registered in one line and valued at the lower value of their carrying amount and their fair value, less the costs to sell them, and are not subject to depreciation from the moment they are classified as held for sale. The profit/(loss) contribution of these assets to the Group's consolidated profit/(loss) is registered in the income statement, classified by type.

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.

An entity that is committed to a sale plan that entails the loss of control of a subsidiary will classify all that subsidiary's assets and liabilities as held for sale when the requirements indicated in the previous paragraph are met, irrespective of whether or not the entity retains a non-controlling interest in its former subsidiary following the sale.

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 2021 and 30 September 2020 includes the provisions that the Parent's Directors consider necessary to cover the restructuring plans in progress at year-end (see Note 19).

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 2,839 thousand and EUR 2,648 thousand in 2021 and 2020 respectively (see Note 24.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 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.

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 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. This first Consolidation Period ended on September 30, 2020 with a total of 62,821 shares delivered in December 2020 for a total cost of 966 thousand euros. Said shares were delivered in some cases net of personal income tax.

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 November 26, 2019, the Parent's Board of Directors approved the Long-term Incentive Plan of Logista Group 2020-2025 (the General Plan and the Special Plan), with accrual as of October 1, 2020 and expiration on September 30, 2025, being implemented in three blocks of 3 years, with settlements taking place at the end of each block. This Plan was replaced by the 2020 Plan, which the Board of Directors approved on January 28, 2020, configuring it as an extension of the old 2017 Plan. This Plan is launched by the Board of Directors on October 27, 2020, with a single Consolidation period ending on September 30, 2023, with a list of beneficiaries and maximum number of shares to distribute for the 2021-2023 consolidation period of 62 beneficiaries for the General Plan and 11 beneficiaries for the Special Plan, for a value of 2,812 thousand euros.

On 4 February 2021, the Parent´s Board of Directors approved the long-term incentive plan structure in three blocks of three years each. This plan starts 1 October 2021 and, consequently, new blocks are released in October 2022 and 2023.

The Company has a treasury shares of 674,423 shares to cover the incentive plans in force.

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.

Lastly, on 22 September 2021 the Parent's Board of Directors has approved the purchase of shares up to 233,000 shares and until 1 October 2022, to include them in the 2021 long-term incentive plan which will be approved in November 2021.

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 19).

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 20).

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 20).

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.

4.18 Discontinued operations

Discontinued operations are those that have been sold or otherwise disposed of, or have been classified as held for sale and represent a full segment for the consolidated Group, or form part of a single plan or relate to a subsidiary acquired solely for resale. The profit/(loss) generated from discontinued operations, both for the current financial year, as well as those presented alongside it, is presented in a specific line in the income statement after tax, with the total comprising the follow amounts:

- Profit/(loss) after tax of the activities and/or discontinued operations.
- Profit/(loss) after tax recognized for the fair value measurement, less sales cost, or for divestment.

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:

	Thousands of Euros	
	2021	2020
Net profit for the year (thousands of euros)	173,961	157,184
Weighted average number of shares issued (thousands of shares) (*)	131,982	132,228
Earnings per share (euros)	**1.32**	**1.19**

(*) On 30 September 2021, the Parent Company holds 800,923 own shares.

At 30 September 2021, 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 1.32 per share (EUR 1.19 at 30 September 2020).

6. Property, plant and equipment

6.1 Property, plant and equipment

The changes in "Property, Plant and Equipment" in the consolidated balance sheets in 2021 and 2020 were as follows:

2021

	Thousands of Euros					
	Balance at 30/09/20	Additions or Charge for the Year	Disposals or Reductions	Transfers (Note 8)	Reclassification as held for sale (Note 9)	Balance at 30/09/21
Cost:						
Land and buildings	380,754	14,177	(21,942)	14,419	(19,975)	367,433
Plant and machinery	235,879	8,586	(6,408)	8,701	(2,117)	244,641
Other fixtures, tools and furniture	173,642	6,125	(9,603)	6,872	(4,669)	172,367
Other items of property, plant and equipment	27,514	179	(822)	(245)	-	26,626
Property, plant and equipment in the course of construction	18,261	22,026	-	(23,927)	-	16,360
	836,050	51,093	(38,755)	5,820	(26,671)	827,427
Accumulated depreciation:						
Buildings	(141,917)	(31,148)	2,827	(3,642)	7,172	(166,708)
Plant and machinery	(174,797)	(16,288)	2,171	85	963	(187,866)
Other fixtures, tools and furniture	(135,015)	(11,184)	9,323	(1,235)	3,597	(134,514)
Other items of property, plant and equipment	(21,904)	(909)	806	696	-	(21,311)
	(473,633)	(59,529)	15,127	(4,096)	11,732	(510,399)
Impairment losses	(3,554)	-	-	-	-	(3,554)
	358,863	**(8,436)**	**(23,648)**	**1,724**	**(15,029)**	**313,474**

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**

Additions

In 2021, the main additions are related, mainly, to ongoing projects about the development of equipment and information systems and warehouse control systems.

In 2020, the main additions were 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).

Disposals

In 2021 two properties were sold in Spain for a total sale price of 11,587 thousand euros, generating a capital gain of 1,952 thousand euros, which is recorded in the consolidated income statement for 2021, under the heading "Net gain on disposal and impairment of non-current assets".

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

Transfers

In 2021 and 2020 items of plant, machinery and other fixtures were mainly transferred within this line item from "Property, Plant and Equipment in the Course of Construction".

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 2021 are as follows:

2021

	Thousands of Euros					
	Balance at 30/09/20	Additions or Charge for the Year	Disposals or Reductions	Transfers	Reclassification as held for sale (Note 9)	Balance at 30/09/21
Cost:						
Land and buildings	167,654	13,877	(9,914)	(55)	(9,779)	161,783
Plant and machinery	8,556	1,890	(183)	-	(1,357)	8,906
Other fixtures, tools and furniture	10,582	2,011	(218)	-	(1,104)	11,271
	186,792	17,778	(10,315)	(55)	(12,240)	181,960
Accumulated depreciation:						
Land and buildings	(27,905)	(27,162)	1,109	6	1,655	(52,297)
Plant and machinery	(2,077)	(2,055)	134	-	259	(3,739)
Other fixtures, tools and furniture	(3,274)	(2,733)	131	-	543	(5,333)
	(33,256)	(31,950)	1,374	6	2,457	(61,369)
	153,536	**(14,172)**	**(8,941)**	**(49)**	**(9,783)**	**120,591**

2020

	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**

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, 2021, the heading “Property, Plant and Equipment” of the consolidated balance sheet includes EUR 120,591 thousand corresponding to the net book value of assets related to lease contracts (EUR 153,536 thousand at 30 September 2020).

Likewise, as of September 30, 2021, the headings “Other non-current financial liabilities” and “Other current financial liabilities” of the consolidated balance sheet include 94,151 thousand and EUR 28,941 thousand, respectively (EUR 123,643 thousand and EUR 31,699 thousand, respectively at 30 September 2020), corresponding to financial liabilities for rights of use of lease contracts. (see Note 21).

6.3 Other disclosures

Fully depreciated items of property, plant and equipment in use at 30 September 2021 amounted to EUR 319,804 thousand (EUR 311,031 thousand at 30 September 2020).

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 2021 and 2020, the items of property, plant and equipment located abroad, mainly in Portugal, France, Italy and Poland, amounted to EUR 130,132 thousand and EUR 151,801 thousand, respectively.

7. Goodwill

Breakdown and significant changes

The breakdown, by identified cash-generating unit, of "Goodwill" at 30 September 2021 and 2020 is as follows:

	Thousands of Euros	
	30-09-2021	30-09-2020
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 –Sociedade 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

	2021		2020	
	Discount Rate	Growth Rate	Discount Rate	Growth Rate
Italy, tobacco and related products	9.20%	0.00%	8.38%	0.00%
France, tobacco and related products	6.45%	0.00%	6.54%	0.00%
Iberia, transport	7.57%	0.00%	6.59%	0.00%
Iberia, other business: Pharma	7.24%	0.00%	6.78%	0.00%
Iberia, tobacco and related products	8.36%	0.00%	7.14%	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 2022-2024	
	Sales	Procurements
Italy, tobacco and related products	5.5%	5.9%
France, tobacco and related products	0.9%	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 2021 and 2020.

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 2021 and 2020 were as follows:

2021

	Thousands of Euros					
	Balance at 30/09/2020	Additions or Charge for the Year	Disposals or Reductions	Transfer (Note 6)	Reclassification as held for sale (Note 9)	Balance at 30/09/2021
Cost:						
I+D expenses	2,223	-	-	-	-	2,223
Computer software	214,999	596	(8,894)	10,121	(2,959)	213,863
Concessions, rights and licenses	784,109	-	(36)	-	-	784,073
Advances and intangible assets in progress	10,647	7,716	(26)	(8,707)	-	9,630
	1,011,978	8,312	(8,956)	1,414	(2,959)	1,009,789
Accumulated amortization:						
I+D expenses	(2,192)	-	-	-	-	(2,192)
Computer software	(184,582)	(11,558)	8,882	(20)	2,897	(184,381)
Concessions, rights and licenses	(416,486)	(52,183)	36	-	-	(468,633)
	(603,260)	(63,741)	8,918	(20)	2,897	(655,206)
Impairment losses	(623)	-	-	-	-	(623)
	408,095	**(55,429)**	**(38)**	**1,394**	**(62)**	**353,960**

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**

Additions

The additions to "Other intangible assets" in 2021 and 2020 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 2021 and 2020 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 2021 and 2020 the Group did not recognise any impairment losses on items classified as "Other Intangible Assets".

Other information

On 30 September 2021 and 2020, the intangible assets in use that were completely depreciated amounted to EUR 156,203 thousand and EUR 150,222 thousand, respectively.

9. Non-Current assets as held for sale

As we have explained in Note 2.5, with effect from 30 September 2021, it has been decided to reclassify all the assets and liabilities of the French company of the Supergroup group, S.A.S. as Discontinued Activities. This reclassification has been carried out after the decision of the Board of Directors of the Parent Company to carry out the necessary actions for the sale of this Company, fulfilling the conditions established in IFRS 5 to carry out this reclassification. This reclassification was made with effect at 30 September 2021 and, in accordance with IFRS 5, it does not require the restatement of the comparative balance sheet for 2020.

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

The fair value estimate of the group of assets held for sale, has resulted in an asset impairment loss of EUR 3,671 thousand, which has negatively affected the consolidated income statements for the year.

In addition to the above, certain assets have also been reclassified to the line of held for sale for which the Group's Management has made the decision to proceed with their sale and has already implemented the corresponding plan and the necessary actions to carry out this sale. The carrying amount of these assets on 30 September 2021 are 8,941 thousand euros. These assets have been reclassified to their carrying amount due to the existence of purchase offers from third parties with prices higher.

The following table details the statement of financial position before and after reclassification as at 30 September 2021, including the different types of assets and liabilities that have been reclassified as discontinued operations:

Thousands of Euros	Previous Balance Sheet 30/09/21	Reclassification Supergroup SAS	Reclassification Other assets	Reclassifications	Fair value adjustments	Balance Sheet with discontinued operations
NON-CURRENT ASSETS:	**1,643,196**	**13,528**	**8,941**	**-**	**-**	**1,629,668**
Property, plant and equipment	326,223	12,749	2,280	-	-	313,474
Investment Property	7,137	-	6,661	-	-	7,137
Goodwill	920,800	-	-	-	-	920,800
Other intangible assets	354,022	62	-	-	-	353,960
Equity instruments	3,886	-	-	-	-	3,886
Other non-current financial assets	16,615	717	-	-	-	15,898
Deferred tax assets	14,513	-	-	-	-	14,513
CURRENT ASSETS:	**5,948,305**	**31,756**	**-**	**-**	**-**	**5,916,549**
Inventories	1,477,335	10,189	-	-	-	1,467,146
Trade and other receivables	2,095,115	19,944	-	-	-	2,075,171
Current tax assets	70,815	1,020	-	-	-	69,795
Other current financial assets	2,126,923	1	-	-	-	2,126,922
Cash and cash equivalents	171,897	137	-	-	-	171,760
Other current assets	6,220	465	-	-	-	5,755
ASSETS CLASSIFIED AS HELD FOR SALE:	**18**	**45,284**	**8,941**	**(9,002)**	**(3,671)**	**41,570**
NON-CURRENT LIABILITIES:	**384,111**	**7,633**	**-**	-	-	**376,478**
Other non-current financial liabilities	104,675	6,310	-	-	-	98,365
Non-current provisions	40,102	1,323	-	-	-	38,779
Deferred tax liabilities	239,334		-	-	-	239,334
CURRENT LIABILITIES:	**6,688,205**	**42,666**	**-**	-	-	**6,645,539**
Other current financial liabilities	75,147	2,701	-	-	-	72,446
Trade and other Payables	1,164,814	16,011	-	-	-	1,148,803
Current tax liabilities	5,344,604	4,852	-	-	-	5,339,752
Current Provisions	26,276	19,000	-	-	-	7,276
Other current liabilities	77,364	102	-	-	-	77,262
LIABILITIES CLASSIFIED AS HELD FOR SALE	**-**	**50,299**	**-**	**(9,002)**	**-**	**41,297**

9.1 Net income from discontinued operations

Based on the above, having classified the assets and liabilities of Supergroup, S.A.S. as a discontinued activity, the impact on the income statement of this group company is reported in one line "Net profit/(loss) from discontinued operations", remaking the information for 2020 according to the same criteria.

"Net profit/(loss) from discontinued operations" includes the contribution that Supergroup, S.A.S. has made the consolidated group, excluding the transactions between group companies. This line also includes the impairment result for the difference between the estimated fair value of the assets and their carrying amount.

The following table details the the income and expenses of Supergroup, S.A.S in 2021 and 2020 that have been reclassified as discontinued operations:

Thousands of Euros	2021	2020
Total operating Income	160,818	155,158
Total operating Expenses	(116,432)	(114,481)
Gross operating profit	**44,385**	**40,677**
Cost of logistic networks:		
Staff costs	(4,333)	(4,366)
Transport	(13,402)	(12,620)
Cost of local delegations		
Depreciation	(2,728)	(2,671)
Other operating expenses	(5,029)	(5,724)
Total Cost f Logistic Networks	**(25,492)**	**(25,381)**
Commercial expenses:		
Staff costs	(14,322)	(14,229)
Other operating expenses	(3,966)	(4,890)
Total Commercial Expenses:	**(18,288)**	**(19,119)**
Head Office costs:		
Staff costs	(322)	(431)
Depreciation	(26)	(19)
Other operating expenses	(2,428)	(2,228)
Total Head Office Costs:	**(2,776)**	**(2,678)**
Net result of the disposal and impairment of non-current assets	(3,665)	(3)
Other results	(19,153)	(139)
Operating profit/(loss)	**(24,989)**	**(6,643)**
Finance income	90	3
Finance expenses	(204)	(340)
Profit/(loss) before tax	**(25,103)**	**(6,979)**
Income Tax	6,041	(317)
Profit/(loss) for the year	**(19,062)**	**(7,296)**

9.2 Cash Flows from discontinued

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

Thousands of Euros	2021	2020
Operating activities	(1,009)	(1,781)
Investment activities	(30)	3,039
Financing activities	1,045	(1,424)
Net increase / decrease in cash and cash equivalents	**6**	**166**

10. Financial assets

The detail of "Other Non-Current Financial Assets" and "Current Financial Assets" in the accompanying consolidated balance sheets at 30 September 2021 and 2020 is as follows:

2021

	Thousands of Euros				
Financial Assets: Nature/Category	Loans Granted to Third Parties	Loans Granted to Related Companies (Note 27)	Short-Term Deposits and Guarantees	Available-for-Sale Financial Assets	Total
Non-current:					
Equity instruments	-	-	-	756	756
Financial debts	10,138	-	-	-	10,138
Other financial assets	-	-	5,004	-	5,004
	10,138	-	5,004	756	15,898
Current:					
Financial debts	30,035	2,097,326	-	-	2,127,361
Impairment of financial debts	-	(439)	-	-	(439)
Other financial assets	-	-	-	-	-
	30,035	2,096,887	-	-	2,126,922
	40,173	**2,096,887**	**5,004**	**756**	**2,142,820**

2020

Financial Assets: Nature/Category	Thousands of Euros				
	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**

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 2021 totaled EUR 119,752 thousand (EUR 117,616 thousand in 2020). Compañía de Distribución Integral Logista, S.A.U. has recognised an amount of EUR 29,938 thousand in this connection at 30 September 2021 (at 30 September 2020: EUR 29,404 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 21).

This loan agreement has been subject to successive renewals and modifications, the last of which is in force until 31 December 2021, 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 2021 were as follows:

	Thousands of Euros			
	Assets	Liabilities	Equity	Loss for the Year
2021				
"UTE Compañia de Distribución Integral Logista, S.A.U. y IGT Spain Lottery, S.L.U. Unión Temporal de Empresas"	5	119,752	(119,747)	179
2020				
"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 2,600 million euros. On September 1, 2020, an addendum to the credit line agreement was signed in which the maximum draw down limit was extended to 4,800 million euros 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 2021, the maximum drawdown limit is EUR 2,600 million.

As of 30 September 2021, the outstanding balance amounts to EUR 2,097 million (30 September 2020: EUR 2,636 million).

The interest accrued on this credit line at 30 September 2021 amounted to EUR 17,558 thousand (30 September 2020: EUR 16,495 thousand) (see Note 27).

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.

11. Inventories

The detail of the Group's inventories at 30 September 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Tobacco	1,349,733	1,138,177
Published materials	7,020	8,929
Other merchandise	116,985	157,932
Write-downs	(6,592)	(10,726)
	1,467,146	**1,294,312**

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 2021, for a total amount of EUR 627,911 thousand (2020: EUR 489,534 thousand).

The write-down in year 2021 and 2020 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 2019	**11,302**
Period write-downs	7,594
Reversals	(4,795)
Amounts derecognised	(3,375)
Accumulated write-down at 30 September 2020	**10,726**
Period write-downs	3,477
Reversals	(7,213)
Amounts derecognised	(398)
Accumulated write-down at 30 September 2021	**6,592**

At 30 September 2021 and 2020, the Group had arranged insurance policies to cover the value of its inventories.

12. Trade and other receivables

The detail of "Trade and Other Receivables" in the accompanying consolidated balance sheets at 30 September 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Trade receivables for sales and services	2,094,798	1,826,577
Related companies (Note 26)	10,801	31,381
Sundry accounts receivable	22,301	95,360
Employee receivables	297	486
Less- Allowances for doubtful debts	(53,026)	(53,275)
	2,075,171	**1,900,529**

The changes in the "Allowances for Doubtful Debts" in 2021 and 2020 are as follows:

	Thousands of Euros
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**
Period write-downs	2,309
Reversals	(1,253)
Reclasifications	(1,282)
Amounts derecognised	(23)
Allowance for doubtful debts at 30 September 2021	**53,026**

The additions to and reversals from the allowance for doubtful debts in 2021 and 2020 are recognised under "Cost of Logistics Networks - Other Operating Expenses" in the accompanying consolidated income statement.

At 30 September 2021 and 2020, 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 2021 and 2020 is as follows:

Tranche	Thousands of Euros	
	2021	2020
0-30 days	50,031	33,250
30-90 days	16,142	8,212
90-180 days	1,252	3,533
180-360 days	1,602	2,299
More than 360 days	4,158	4,893

The Group recognizes an allowance for doubtful debts based on seniority of the debt and considering also the expected loss, 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 23.

13. Cash and cash equivalents

"Cash and Cash Equivalents" in the consolidated balance sheets at 30 September 2021 and 2020 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 2021 and 2020.

14. Equity

At the end of 2021 and 2020 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.

On 20 July 2021, Altadis, S.A.U. agreed to sell its ownership in Compañía de Distribución Integral Logista Holdings, S.A., representing 50.01% of the share capital, to Imperial Tobacco LTD, a company also belonging to the Imperial Brands PLC Group.

The only shareholder with an ownership interest of 10% or more in the Parent's share capital at 30 September 2021 is Imperial Tobacco LTD with an ownership interest of 50,01% (Altadis in 2020 with an 50,01%).

At 30 September 2021 and 2020, 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 2021 the Group had a net cash position amounting to EUR 2,226,236 thousand (30 September 2020: EUR 2,749,433 thousand), the detail being as follows:

	Thousands of Euros	
	2021	2020
Other current financial liabilities (Note 21)	(72,446)	(77,386)
Gross debt	(72,446)	(77,386)
Other Current financial assets (Note 10)	2,126,922	2,664,078
Cash and cash equivalents	171,760	162,741
Financial assets and cash	2,298,682	2,826,819
Total net financial position	**2,226,236**	**2,749,433**

15. 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 2021 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 2021 and 2020 relating to the Share Plan tranches, amounting to EUR 2,389 thousand and EUR 2,399 thousand, respectively (see Note 4.12). Additionally, in current year this line item includes an amount used of EUR 1,332 thousand to settle the Third Vesting Period (2016-2019) of the 2014 General Share Plan and Special Share Plan (see note 4.12). In 2020 this line item included an amount of EUR 4,387 thousand to settle the Second Vesting Period (2016-2019) 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 4 February 2021, the shareholders at the Parent's Annual General Meeting approved the distribution of the profit for 2020, 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 51,569 thousand together with a final dividend of 104,272 thousand euros, paid on 26 February 2021.

f) Treasury shares

The Group owns 800,923 treasury shares for a total amount of EUR 14,346 thousand, of which 674,423 shares are allocated to cover the long-term incentive plan payable in treasury shares for a total amount of EUR 12,284 thousand (522,273 treasury shares amounting to EUR 10,681 thousand at 30 September 2020).

16. Reserves at consolidated companies

The detail of "Reserves of Group Companies and Associates" in the consolidated balance sheets at 30 September 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Reserves in fully consolidated companies	(30,904)	216,036
Reserves in companies consolidated by the equity method	(831)	(470)
	(31,375)	**215,566**

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. The variation compared to previous year is due to the dividends distributed by the consolidated companies to the parent company of accumulated reserves.

17. Minority interests

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

Entity	Thousands of Euros			
	2021		2020	
	Minority Interests	Income Attributable To Minority Shareholders	Minority Interests	Income Attributable To Minority Shareholders
Distribuidora Valenciana de Ediciones, S.A.	393	60	333	91
Terzia, S,p,A.	-	(2)	1.512	482
Distribución de Publicaciones Siglo XXI Guadalajara, S.L.	26	2	24	(17)
Distribuidora de Publicaciones del Sur, S.L.	101	(5)	106	(149)
Other entities	314	128	159	-
	834	**183**	**2,134**	**407**

18. 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 2021 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 (2020: EUR 2.3 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 26).

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 2021, the Group had a working capital deficiency amounting to EUR 728,989 thousand (September 2020: EUR 802,614 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 10).

18.1 Exposure to risk. Covid-19 situation

Identified risks

In the current environment, there is still a certain degree of uncertainty generated by the coronavirus pandemic and the restrictions on mobility and activity that may be implemented by the different governments, but to a lesser extent than in previous periods.

Actions taken to mitigate risks

In any case, 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, in any case, guaranteeing the supply of said products to retail establishments, for which reason these consolidated annual accounts are presented under the going concern principle.

Impacts to date and potential future impacts

The Spanish, Portuguese, French and Italian governments again imposed a number of measures to limit working hours, keep businesses closed and restrict mobility, in addition to reintroducing some local lockdowns, but the measures were less severe than those adopted during the previous financial year. In any event, Logista has carried on operating the majority of its businesses virtually as normal, as it did in 2020, as these were again considered essential business when restrictive measured were introduced.

Any negative impact that COVID-19 may have had on results this year has been offset by cost-cutting measures and by taking a number of strategic decisions which have ensured that positive trends in some sectors resulting from the pandemic have been converted into business growth.

The positive impacts resulting from the pandemic include the rise in the e-commerce distribution business (last mile), in pharmaceutical distribution and in providing services to manufacturers, and an improved performance in the volume of tobacco products distributed in France in certain months of the year due to restrictions on mobility, in particular cross-border mobility. Some of these were already evident during the previous financial year.

The Group has estimated that the impact derived from the pandemic has been not significant (losses caused by COVID-19 in the same period of the previous year are estimated at around €14 million).

19. Provisions

The detail of the balance of short and long-term provisions in the accompanying consolidated balance sheets at 30 September 2021 and 2020 and of the main changes therein in the periods is as follows:

2021

	Thousands of Euros					
	Balance at 30/09/2020	Additions	Reversions	Provisions Used	Transfers	Balance at 30/09/2021
Non-current provisions						
Excise duty and other assessments	9,544	1,697	(2,869)	(394)	(515)	7,464
Obligations to employees	20,801	2,022	(470)	(1,276)	(1,415)	19,662
Provision for contingencies and charges	6,409	1,329	(312)	-	(1,249)	6,178
Other	2,700	3,253	(277)	-	(200)	5,475
	39,454	**8,301**	**(3,928)**	**(1,669)**	**(3,379)**	**38,779**
Current provisions						
Provision for restructuring costs	8,997	329	(1,174)	(4,716)	76	3,513
Customer Refunds	1,194	29	(19)	-	-	1,204
Other	3,307	674	(924)	(1,971)	1,475	2,560
	13,498	**1,033**	**(2,117)**	**(6,687)**	**1,551**	**7,276**

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**

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 2021 (See Note 10). 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.

At 30 September 2021, Logista Italia, S.p.A. has recognized a provision amounting to EUR 2,670 thousand as a result of the Italian tax authorities' open inspection.

In 2021, the amounts of the provisions for these concepts have been adjusted based on the progress made in the different legal proceedings with the administrations, mainly the reversal of 2,869 thousand euros of tax provisions in Italy.

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

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 0.8% (0.9% annual in 2020) as the main assumptions. In 2021, the Group charged EUR 628 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 2021 and 2020, provisions were recognised amounting to EUR 329 thousand and EUR 8,789 thousand, respectively, and indemnity payments were made amounting to EUR 4,716 thousand and EUR 5,328 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.

20. Tax matters

Consolidated Tax Group

In 2021 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,S.A.U, S.A. Distribuidora de Ediciones, Logesta Gestión de Transporte, S.A.U., and Be to Be Pharma, S.L.U, Logista Payments and Logista Regional de Publicaciones, S.A.U.

In addition, Logista Holdings France, Logista Promotion y Transport, Logista France, S.A.S., Société Allumetière Française, S.A.S. and Supergroup, S.A.S. file consolidated income tax returns in France as part of the group headed by Logista Holdings 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 Portugal, S.A, Midsid – Sociedade 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 this group Compañía de Distribución Integral Logista Portugal, S.A.U – succursal 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.

For Spanish companies, there is currently no open inspection process.

For Logista Italia, S.p.A. has currently under review by the tax authorities year 2015 for income taxes.

For French companies there is currently no open inspection process.

In Portugal, the stamp tax for 2018 is being reviewed.

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 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Deferred tax assets:		
Provision for restructuring costs	985	1,698
Goodwill	1,174	1,787
Impairment losses and other	2,090	3,452
Provision for third-party liability	8,569	9,986
Other deferred tax assets	1,695	1,796
	14,513	**18,719**
Tax receivables (current):		
VAT refundable	3,397	2,933
Income tax refundable	62,363	74,540
Other	4,036	2,927
	69,796	**80,400**

The deferred tax assets relate mainly to temporary differences for 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 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Deferred tax liabilities:		
Assets contributed by Logista	355	374
Revaluation of land owned by the Parent (Note 15-d)	7,125	7,125
Goodwill	115,560	108,859
Business Combination	112,694	130,666
Other	3,600	6,536
	239,334	**253,560**
Tax payables (current):		
Excise duty on tobacco products	4,308,171	4,600,495
VAT payable	972,012	955,376
Customs duty settlements	3,639	3,450
Income tax, net of prepayments	25,018	8,214
Personal income tax withholdings	6,837	6,859
Social security taxes payable	16,759	18,275
Tax retention to tobacconists (France)	5,941	2,931
Other	1,375	2,999
	5,339,752	**5,598,599**

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).

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 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Accounting profit before tax	260,531	225,383
Permanent differences	20,731	4,706
Tax loss carryforwards compensation	(745)	(176)
Tax charge at 25%	70,129	57,478
Effect of different tax rates and changes thereto	(609)	5,686
Corporation tax adjustments	-	-
CVAE France	1,025	2,260
Reductions	(3,221)	(4,928)
Total income tax expense recognised in consolidated profit or loss	**67,324**	**60,496**

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 31.73%.
- Italy: the income tax rate is 24% and there is a supplementary business tax which can represent an additional 3.9%.
- Portugal: the income tax rate is 22.5%, and there is a supplementary business tax which can represent up to 4.5%, in this year 2.86%. 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	
	2021	2020
Current tax:		
Continuing operations	77,364	71,206
Deferred tax:		
Continuing operations	(10,040)	(10,710)
Tax adjustment and others	-	-
Total tax expense	**67,324**	**60,496**

Changes in deferred tax assets and liabilities

The changes in deferred tax assets and liabilities in 2021 and 2020 are as follows:

2021

	Thousands of Euros			
	Balance at 30/09/2020	Change in Profit or Loss	Others	Balance at 30/09/2021
Deferred tax assets:				
Provision for restructuring costs	1,698	(713)	-	985
Goodwill	1,787	(143)	(470)	1,174
Impairment losses and other	3,452	(1,361)	(1)	2,090
Provision for third-party liability	9,986	(1,029)	(387)	8,569
Other deferred tax assets	1,796	(102)	-	1,695
	18,719	**(3,348)**	**(858)**	**14,513**
Deferred tax liabilities:				
Assets contributed by Logista	(374)	19	-	(355)
Revaluation of land	(7,125)	-	-	(7,125)
Goodwill	(108,859)	(6,737)	36	(115,560)
Business combination	(130,666)	17,972	-	(112,694)
Other	(6,536)	26	2,910	(3,600)
	(253,560)	**11,280**	**2,946**	**(239,334)**

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)**

The deferred tax liability caption includes mainly the deferrals associate with the business combinations and goodwill recorded by the Group. During fiscal year 2021 there have been variations to the corporate income tax for the year.

Tax credit and tax loss carryforwards

At 30 September 2021, the Group does not have any tax credits used by the tax group (30 September 2020: EUR 226 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 5,276 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.

21. Other current and non-current financial liabilities

The detail of other current and non-current financial liablities at 30 September 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Long term financial debt – IFRS 16 (Note 6.2)	94,151	123,643
Other non-current financial liabilities	4,214	4,541
Other non-current financial liabilities	**98,365**	**128,184**
Short term financial debt – IFRS 16 (Note 6.2)	28,941	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)	29,938	29,404
Other current financial liabilities with related parties (Note 27)	13,567	16,283
Other current financial liabilities	**72,446**	**77,386**

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 29,938 thousand at 30 September 2021 (30 September 2020: EUR 29,404 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 10).

22. Trade and other payables

The detail of "Trade and Other Payables" in the accompanying consolidated balance sheet at 30 September 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Accounts payable for purchases and services	998,579	958,188
Notes payable	26,336	25,784
Payable to related companies (Note 27)	123,768	160,994
Advances received on orders	120	67
	1,148,803	**1,145,033**

Trade and Other Payables" includes mainly the amounts outstanding for trade purchases and related costs. The average payment period for trade purchases in 2021 has been 37 days approximately (37 days in 2020).

23. Guarantee commitments to third parties and other information

Guarantees committed to third parties

At 30 September 2021, the Group has been provided with bank guarantees totaling EUR 181,441 thousand (30 September 2020: EUR 185,034 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 2021 that might arise from the aforementioned guarantees would not in any event be material.

At 30 September 2021, 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 consolidated financial statements an appeal for judicial review had been lodged at the Spanish National Appellate Court against the Decision, which is not expected to impact the Group's equity position.

Also, in 2017 France established a tax of 5.6% levied on tobacco 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 filing a claim before the Commercial Court of Paris, which was set at EUR 26 million on 11 December 2019, without resolution at this date.

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

Based on 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.

24. Income and expenses

a) Income

The detail of "Revenue" in the consolidated income statements for 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Iberia	3,325,301	3,183,770
Italy	3,556,124	3,167,773
France	3,982,656	4,105,016
Adjustment due to inter-segment sales	(47,249)	(48,811)
	10,816,832	**10,407,748**

b) Staff costs

The detail of the Group's "Staff Costs" in 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Wages and salaries	(192,742)	(186,427)
Termination benefits	(7,481)	(16,388)
Employer social security costs	(58,310)	(58,621)
Other employee benefit costs (Note 4.12)	(2,839)	(2,648)
Other social costs	(15,976)	(15,201)
	(277,438)(*)	**(279,285)(*)**

(*) "Research Expenditure" includes EUR 1,576 thousand and EUR 1,479 thousand of staff costs in 2021 and 2020, respectively.

The average number of employees at the Group, by professional category, in 2021 and 2020, as well as the number of employees as of 30 September 2021 and 30 September 2020 was as follows:

2021

Category	Number of Persons							
	Headcount at 30/09/21				Average Headcount			
	Permanent Employees		Temporary Employees		Permanent Employees		Temporary Employees	
	Men	Women	Men	Women	Men	Women	Men	Women
Senior Management	36	7	-	-	37	7	-	-
Management	151	47	-	-	154	44	-	-
Senior Professional/ Supervisor	233	136	-	-	242	141	-	-
Technicians and administration	1,210	1,110	121	170	1,221	1.107	123	158
Warehouse staff	1,559	510	328	233	1,563	514	321	210
	3,189	1,810	449	403	3,217	1.813	444	368
Total	**4,999**		**852**		**5,030**		**812**	

2020

Category	Number of Persons							
	Headcount at 30/09/20				Average Headcount			
	Permanent Employees		Temporary Employees		Permanent Employees		Temporary Employees	
	Men	Women	Men	Women	Men	Women	Men	Women
Senior Management	37	7	-	-	37	7	-	-
Management	153	41	2	-	155	40	2	-
Senior Professional/ Supervisor	230	139	1	1	224	136	1	1
Technicians and administration	1,202	1,058	140	158	1,237	1,052	159	165
Warehouse staff	1,568	546	336	220	1.595	559	368	218
	3,190	1,791	479	379	3,248	1,794	530	384
Total	**4,981**		**858**		**5,042**		**914**	

The average number of disabled employees with a handicap higher than 33% at the Group in 2021 and 2020 was as follows:

Category	Average Number of Employees	
	2021	2020
Senior Management	-	-
Management	2	-
Senior Professional / Supervisor	2	-
Technicians and administration	18	21
Warehouse staff	34	37
	56	**58**

Remuneration of senior executives

The senior executive functions are discharged by members of the Management Committee, which consists of 9 members at 30 September 2021 (9 members in 2020).

The remuneration accrued in 2021 by the members of the Management Committee of the Group amounted to EUR 4,114 thousand (2020: EUR 5,417 thousand). The aforementioned amounts include the amounts vested in the members of the Management Committee in 2021 and 2020 under the incentive plan described in Note 4.12.

The period contributions to the savings schemes for members of the Management Committee for 2021 and 2020 amounted to EUR 299 thousand and EUR 285 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	
	2021	2020
Leases	(3,859)	(3,663)
Security and cleaning	(18,069)	(18,422)
Utilities	(17,941)	(17,436)
Other operating expenses	(141,797)	(130,137)
	(181,666)	**(169,658)**

Commercial expenses

	Thousands of Euros	
	2021	2020
Leases	(869)	(945)
Security and cleaning	-	(3)
Utilities	(650)	(612)
Other operating expenses	(17,191)	(17,377)
	(18,710)	**(18,937)**

Head Office costs

	Thousands of Euros	
	2021	2020
Leases	(611)	(1,148)
Security and cleaning	(1,018)	(833)
Utilities	(352)	(625)
Other operating expenses	(12,063)	(10,140)
	(14,045)	**(12,746)**

"Other Operating Expenses" mainly includes expenses related to Independent professional services and to various services registered in the consolidated statements for 2021 and 2020.

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	
	2021	2020
Within one year	(34,003)	(33,902)
Between one and five years	(73,395)	(80,359)
More than five years	(31,013)	(28,408)
	(138,411)	**(142,670)**

e) Finance income

The detail of "Finance Income" in the accompanying consolidated income statements is as follows:

	Thousands of Euros	
	2021	2020
Interest income (Note 27)	17,558	16,495
Other finance income with related parties (Note 27)	-	624
Other finance income	4,376	174
	21,934	**17,293**

f) Finance expenses

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

	Thousands of Euros	
	2021	2020
Accrual for late payment interests and financial update of provisions	(200)	(202)
Other financial costs	(1,531)	(4,845)
	(1,731)	**(5,047)**

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, 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	
	2021 EY	2020 EY	2021	2020
Audit services	758	763	219	221
Reporting package to Imperial Brands, Plc.	95	95	-	-
Other attest services	80	60	-	-
Total audit and related services	**933**	**918**	**219**	**221**
Transfer pricing counselling services	-	-	65	53
Other services	27	29	-	-
Total other services	**27**	**29**	**65**	**53**
Total professional services	**960**	**947**	**284**	**274**

In fiscal year 2021, from September 30, 2021 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 29 thousand.

In 2020, from September 30, 2020 to the date of preparation of the consolidated annual accounts for 2020, the fees invoiced for non-audit services, provided by Ernst & Young, S.L. amounted to EUR 31.5 thousand.

25. 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 fiscal year 2021 (with comparative effects 2020) the Group has eliminated the section on "Corporate and Others" to give a more adequate view of its structure and organization, assigning the activities of Poland to the Iberia segment, taking into account that this country, for the purposes of organizational and management, is the responsibility of the Iberia Management and that these are non-relevant figures; while the amounts of a Corporate have been assigned to the different segments based on their representativeness in the Group's sales figures.

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.

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	
	2021	2020	2021	2020
Revenue:				
External sales-	3,325,301	3,183,770	3,556,124	3,167,773
Tobacco and related products	2,875,626	2,780,880	3,556,124	3,167,773
Transport	411,305	385,384	-	-
Pharmaceutical Distribution	180,754	144,574	-	-
Other businesses	18,211	18,228	-	-
Other adjustments	(160,596)	(145,296)	-	-
Inter-segment sales	-	-	-	-
Total revenue	**3,325,301**	**3,183,770**	**3,556,124**	**3,167,773**
Procurements:				
External procurements	(2,691,035)	(2,590,236)	(3,231,428)	(2,862,841)
Inter-segment procurements	-	-	-	-
Total procurements	**(2,691,035)**	**(2,590,236)**	**(3,231,428)**	**(2,862,841)**
Gross profit:				
External gross profit-	634,267	593,534	324,696	304,931
Tobacco and related products	303,231	292,947	324,696	304,931
Transport	290,483	271,675	-	-
Pharmaceutical Distribution	83,159	69,250	-	-
Other businesses	17,361	17,217	-	-
Other and adjustments	(59,967)	(57,556)	-	-
Inter-segment gross profit	-	-	-	-
Total gross profit	**634,267**	**593,534**	**324,696**	**304,931**
Profit (Loss):				
Segment result	134,708	105,719	91,734	86,029
Share of results of associates	-	-	-	-
Profit (Loss) from operations	**134,708**	**105,719**	**91,734**	**86,029**

Thousands of Euros			
France		Total Group	
2021	2020	2021	2020
3,982,656	4,105,016	10,864,082	10,456,558
3,982,656	4,105,016	10,414,407	10,053,668
-	-	411,305	385,384
-	-	180,754	144,574
-	-	18,211	18,228
-	-	(160,596)	(145,296)
-	-	(47,249)	(48,811)
3,982,656	**4,105,016**	**10,816,832**	**10,407,748**
(3,757,312)	(3,880,023)	(9,679,775)	(9,333,100)
-	-	42,467	42,592
(3,757,312)	**(3,880,023)**	**(9,637,307)**	**(9,290,509)**
225,344	224,995	1,184,308	1,123,459
225,344	224,995	853,272	822,872
-	-	290,483	271,675
-	-	83,159	69,250
-	-	17,361	17,217
-	-	(59,967)	(57,556)
-	-	(4,782)	(6,219)
225,344	**224,995**	**1,179,524**	**1,117,241**
11,652	20,511	238,094	212,259
-	-	2,232	879
11,652	**20,511**	**240,327**	**213,137**

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	
	2021	2020	2021	2020
Other disclosures:				
Additions to non-current assets	31,018	109,580	17,980	70,148
Depreciation and amortisation charge	(41,510)	(41,150)	(17,538)	(16,027)
Balance sheet:				
Assets-				
Property, plant and equipment, investment	203,029	234,255	75,684	75,147
properties and non-currents assets held for sale	73,955	78,171	674,210	674,623
Other non-current assets	605,831	474,517	427,514	357,254
Inventories	587,790	538,374	595,786	386,989
Trade receivables				
Total consolidated assets				
Liabilities-				
Non-current liabilities	168,061	166,311	78,901	82,673
Current liabilities	1,529,815	1,412,091	2,063,891	3,456,132
Equity				
Total consolidated liabilities				

26. Foreign currency transactions

The Logista Group's foreign currency transactions in 2021 and 2020, measured in euros at the average exchange rate for the year, were as follows:

	Thousands of Euros	
	2021	2020
Sales	16,253	14,370
Purchases	12,145	10,283
Services received	6,923	5,571

	Thousands of Euros			
	France		Total Group	
	2021	2020	2021	2021
	10,407	43,570	59,405	223,298
	(64,496)	(67,796)	(123,543)	(124,973)
	83,466	63,869	362,180	373,271
	560,893	614,044	1,309,058	1,366,838
	433,801	462,542	1,467,146	1,294,312
	891,416	975,167	2,075,171	1,900,529
			2,374,233	2,911,989
			7,587,788	**7,846,940**
	129,515	172,214	376,477	421,198
	3,093,129	2,041,222	6,686,834	6,909,445
			524,476	516,297
			7,587,788	**7,846,940**

27. Balances and transactions with related parties

The balances at 30 September 2021 and 2020 with related companies were as follows:

2021

	Thousands of Euros			
	Receivables		Payables	
	Credit Facilities (Note 10)	Accounts Receivable (Note 12)	Accounts Payable (Note 22)	Loans
Altadis, S.A.U.	-	2,629	26,777	-
Altadis Canarias, S.A.	-	2,563	12,676	-
Imperial Brands Finance PLC	2,096,874	-	-	-
Imperial Tobacco International Limited	-	1,137	9,450	-
Seita, S.A.S.	-	1,413	30,519	-
Imperial Tobacco Italia, Srl	-	952	36,091	-
Tabacalera, S.L. Central Overheads	-	-	-	-
MyBlu Spain, S.L.	-	548	5,286	-
Logista Libros, S.L.	13	794	158	13,567
Others	-	765	2,811	-
	2,096,887	**10,801**	**123,768**	**13,567**

2020

	Thousands of Euros			
	Receivables		Payables	
	Credit Facilities (Note 10)	Accounts Receivable (Note 12)	Accounts Payable (Note 22)	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**

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 10).

The transactions with related companies in 2021 and 2020 were as follows:

2021

	Thousands of Euros			
	Operating Income	Finance Results (Note 24-e)	Purchases	Other Operating Expenses
Altadis, S.A.U.	12,996	-	312,583	-
Altadis Canarias, S.A.	14,781	-	33,068	-
Imperial Tobacco Italy, s.r.l.	4,308	-	92,084	(1,633)
Imperial Tobacco Polska, S.A.	3,056	-	-	-
Imperial Tobacco Manufacturing Polska, S.A.	429	-	-	-
Imperial Brands Finance PLC	-	17,558	-	-
Imperial Tobacco International Limited	3,800	-	36,061	(55)
Imperial Tobacco Portugal SPPLC	2,417	-	-	-
Macotab, S.A.S.	-	-	-	408
SEITA, S.A.	7,441	-	213,308	19
Fontem Ventures BV	867	-	3,511	-
MyBlu Spain, S.L.	2,085	-	11,132	-
Others	4,385	(116)	236	813
	56,565	**17,442**	**701,983**	**(448)**

2020

	Thousands of Euros			
	Operating Income	Finance Results (Note 24-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**

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.

28. Remuneration of directors

Remuneration of the Parent's directors

In 2021 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 4,447 thousand (2020: EUR 7,205 thousand).

The contributions to savings schemes for the executive directors for 2021 and 2020 amounted to EUR 279 thousand and EUR 385 thousand, respectively.

The life insurance premium corresponding to the Board of Directors amounted to EUR 5 thousand in 2021 (2020: EUR 215 thousand).

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

Also, in 2021 and 2020 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 2021 the directors' third-party liability insurance amounted to EUR 139 thousand in 2021 and (2020: EUR 66 thousand).

At 30 September 2021 and 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.

29. 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	
	2021	2020
Average period of payment suppliers	37	37
Ratio of transactions settled	38	38
Ratio of transactions not yet settled	27	30

	Thousand Euros	
	2021	2020
Total payments made	11,006,670	10,379,478
Total payments outstanding	1,025,034	984,040

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.

30. 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.

31. Events after the reporting period

No significant events have occurred subsequent since the end of the year ended 30 September 2021 with a significant impact on the consolidated financial statements.

32. Explanation added for translation to English

These Consolidated Financial Statements are presented on the basis of IFRSs, as adopted by the European Union. Consequently, certain accounting practices applied by the Group that conform to IFRSs may not conform to other generally accepted accounting principles in other countries. Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevail.

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:

2021

Company	Audit Firm
Compañía de Distribución Integral Logista, S.A.U. (a)	EY
Compañía de Distribución Integral de Publicaciones Logista, S.L.U. (a)	EY
Publicaciones y Libros, S.A.U. (a)	EY
Distribuidora del Noroeste, S.L. (a)	EY
Distribución de Publicaciones Siglo XXI Guadalajara, S.L. (a)	Non audited
Distribuidora de Publicaciones del Sur, S.L. (a)	EY
Promotora Vascongada de Distribuciones, S.A. (a)	Non audited
Distribuidora de las Rías, S.A.U (a)	Non audited
Distribuidora Valenciana de Ediciones, S.A. (a)	EY
Cyberpoint, S.L.U. (e)	Non audited
Distribuidora del Este, S.A.U. (a)	EY
S.A.U. Distribuidora de Ediciones (a)	EY
La Mancha 2000, S.A.U. (a)	EY
Midsid - Sociedade Portuguesa de Distribuiçao, S.A. (a)	EY
Logista-Dis, S.A.U. (b)	EY
Logesta Gestión de Transporte, S.A.U. (d)	EY
Logesta Italia, s.r.l.(d)	EY
Logesta Lusa Lda (d)	Non audited
Logesta Polska Sp. z.o.o. (a)	EY
Logesta Deutschland Gmbh (a)	Non audited
Logesta France, s.a.r.l.(d)	EY
Dronas 2002, S.L.U. (c)	EY
Logista Pharma Gran Canaria, S.A.U. (c)	EY
Logista Pharma, S.A.U. (f)	EY
Be to be pharma, S.L.U. (f)	Non audited
Logista Italia, S.p.A. (a)	EY
Terzia, S.p.A. (b)	EY
Logista Transportes, Transitarios e Pharma, Lda. (d)	EY
Compañía de Distribución Integral Logista Polska, Sp z.o.o. (a)	EY
Logista France, S.A.S. (a)	PwC
Société Allumetière Française, S.A.S. (b)	Deloitte
Supergroup, S.A.S. (b)	EY
Logista Payments, S.L.U. (g)	Non audited
Logista Regional de Publicaciones, S.A.U. (a)	Non audited

(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.

Location	%of Ownership By the Parent Company	
	Direct	Indirect
C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés	100	-
Avenida de Europa, 2 Edificio Alcor Plaza, Ala Este, Planta 4ª, Modulo 3, Alcorcón	100	-
Avenida de Europa, 2 Edificio Alcor Plaza, Ala Este, Planta 4ª, Modulo 3, Alcorcón	-	100
Gandarón, 34 Interior- Vigo	49	51
C/ Francisco Medina y Mendoza 2. Cabanillas del Campo (Guadalajara)	-	80
Polígono Ind. ZAL, Ctra. De las Esclusas/n, Parcela 2, Módulo 4 (Sevilla)	-	50
C/Guipúzcoa 5. Polígono Industrial Lezama Leguizamón, Echevarri (Vizcaya)	-	100
Polígono PO.CO.MA.CO, Parcela D-28. La Coruña	-	100
Polígono Industrial Vara de Quart. c/ Pedrapiquera, 5. Valencia	-	50
Avenida de Europa, 2 Edificio Alcor Plaza, Ala Este, Planta 4ª, Modulo 3, Alcorcón	-	100
Calle Félix Rodríguez de la Fuente, 11 Parque empresarial de Elche, Elche	-	100
C/ B, Sector B Polígono Zona Franca. Barcelona	-	70
Avda. de la Veguilla, 12-A. Cabanillas del Campo	100	-
Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)	-	100
C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés	100	-
C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés	100	-
Via Valadier. 37 Roma (Italia)	-	100
Expansao del rea ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)	-	100
Al.Jerozolimskie, 96, Warszawa (Polonia)	49	51
Unsöldstrabe,2 , 20538, München (Alemania)	-	100
27 avenue des Murs du Parc, 94300 Vincennes – Francia	100	-
Pol. Industrial Nordeste, c/ Energía 25-29. Sant Andreu de la Barca	100	-
Urbanización El Cebadal. C/ Entrerríos, 3. Las Palmas de Gran Canaria	100	-
C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés	100	-
C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés	-	100
Vía Valadier, 37. Roma (Italia)	100	-
Vía Valadier, 37. Roma (Italia)	-	100
Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)	-	100
Al. Jerozolimskie 96. Warszawa. Polonia	100	-
27 avenue des Murs du Parc, 94300 Vincennes – Francia	100	-
27 avenue des Murs du Parc, 94300 Vincennes – Francia	-	100
27 avenue des Murs du Parc, 94300 Vincennes – Francia	-	100
C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés	100	-
Avenida de Europa, 2 Edificio Alcor Plaza, Ala Este, Planta 4ª, Modulo 3, Alcorcón	-	100

2020

Company	Audit Firm
Compañía de Distribución Integral Logista, S.A.U. (a)	EY
Compañía de Distribución Integral de Publicaciones Logista, S.L.U. (a)	EY
Publicaciones y Libros, S.A.U. (a)	EY
Distribuidora del Noroeste, S.L. (a)	EY
Distribución de Publicaciones Siglo XXI Guadalajara, S.L. (a)	Non audited
Distribuidora de Publicaciones del Sur, S.L. (a)	EY
Promotora Vascongada de Distribuciones, S.A. (a)	Non audited
Distribuidora de las Rías, S.A.U (a)	Non audited
Distribuidora Valenciana de Ediciones, S.A. (a)	EY
Cyberpoint, S.L.U. (e)	Non audited
Distribuidora del Este, S.A.U. (a)	EY
S.A.U. Distribuidora de Ediciones (a)	EY
La Mancha 2000, S.A.U. (a)	EY
Midsid - Sociedade Portuguesa de Distribuiçao, S.A. (a)	EY
Logista-Dis, S.A.U. (b)	EY
Logesta Gestión de Transporte, S.A.U. (d)	EY
Logesta Italia, s.r.l.(d)	EY
Logesta Lusa Lda (d)	Non audited
Logesta Polska Sp. z.o.o. (a)	EY
Logesta Deutschland Gmbh (a)	Non audited
Logesta France, s.a.r.l.(d)	EY
Dronas 2002, S.L.U. (c)	EY
Logista Pharma Gran Canaria, S.A.U. (c)	EY
Logista Pharma, S.A.U. (f)	EY
Be to be pharma, S.L.U. (f)	Non audited
Logista Italia, S.p.A. (a)	EY
Terzia, S.p.A. (b)	EY
Logista Transportes, Transitarios e Pharma, Lda. (d)	EY
Compañía de Distribución Integral Logista Polska, Sp z.o.o. (a)	EY
Logista France, S.A.S. (a)	PwC
Société Allumetière Française, S.A.S. (b)	Deloitte
Supergroup, S.A.S. (b)	EY
Logista Payments, S.L.U. (g)	Non audited

(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.

Location	%of Ownership By the Parent Company	
	Direct	Indirect
C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés	100	-
Avenida de Europa, 2 Edificio Alcor Plaza, Ala Este, Planta 4ª, Modulo 3, Alcorcón	-	100
Avenida de Europa, 2 Edificio Alcor Plaza, Ala Este, Planta 4ª, Modulo 3, Alcorcón	-	100
Gandarón, 34 Interior- Vigo	-	100
C/ Francisco Medina y Mendoza 2. Cabanillas del Campo (Guadalajara)	-	80
Polígono Ind. ZAL, Ctra. De las Esclusas/n, Parcela 2, Módulo 4 (Sevilla)	-	50
C/Guipúzcoa 5. Polígono Industrial Lezama Leguizamón, Echevarri (Vizcaya)	-	100
Polígono PO.CO.MA.CO, Parcela D-28. La Coruña	-	100
Polígono Industrial Vara de Quart. c/ Pedrapiquera, 5. Valencia	-	50
Avenida de Europa, 2 Edificio Alcor Plaza, Ala Este, Planta 4ª, Modulo 3, Alcorcón	-	100
Calle Félix Rodríguez de la Fuente, 11 Parque empresarial de Elche, Elche	-	100
C/ B, Sector B Polígono Zona Franca. Barcelona	-	100
Avda. de la Veguilla, 12-A. Cabanillas del Campo	-	100
Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)	-	100
C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés	-	100
C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés	-	100
Via Valadier. 37 Roma (Italia)	-	100
Expansao del rea ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)	-	100
Al.Jerozolimskie, 96, Warszawa (Polonia)	-	100
Unsöldstrabe,2 , 20538, München (Alemania)	-	100
27 avenue des Murs du Parc, 94300 Vincennes – Francia	-	100
Pol. Industrial Nordeste, c/ Energía 25-29. Sant Andreu de la Barca	-	100
Urbanización El Cebadal. C/ Entrerríos, 3. Las Palmas de Gran Canaria	-	100
C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés	-	100
C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés	-	100
Vía Valadier, 37. Roma (Italia)	-	100
Vía Valadier, 37. Roma (Italia)	-	68
Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)	-	100
Al. Jerozolimskie 96. Warszawa. Polonia	-	100
27 avenue des Murs du Parc, 94300 Vincennes – Francia	-	100
27 avenue des Murs du Parc, 94300 Vincennes – Francia	-	100
27 avenue des Murs du Parc, 94300 Vincennes – Francia	-	100
C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés	-	100

Appendix II

Logista Group Associates

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

2021

Company	Audit Firm	Location	Activity	% of Ownership By the Parent Company	
				Direct	Indirect
Logista Libros, S.L.	EY	Avda Castilla La Mancha, 2, Nave 3-4 Polígono Ind La Quinta (Sector P-41) Cabanillas del Campo, Guadalajara	Distribution and dissemination of publications	-	50

2020

Company	Audit Firm	Location	Activity	% of Ownership By the Parent Company	
				Direct	Indirect
Logista Libros, S.L.	EY	Avda Castilla La Mancha, 2, Nave 3-4 Polígono Ind La Quinta (Sector P-41) Cabanillas del Campo, Guadalajara	Distribution and dissemination of publications	-	50

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

Consolidated Management Report for financial year ended on September 30th 2021

COMPANY'S DESCRIPTION

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

It serves around 200,000 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 200,000 points of sale, as well as makes domestic deliveries of products purchased through e-commerce. 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.

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 four 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.

Pharmaceutical distribution

Pharmaceutical products distribution and logistics services in Iberia.

Other businesses

Publication distribution and logistics services in Iberia.

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.U. (100%)

- Compañía de Distribución Integral Logista S.A.U. (100%)
  - UTE Logista - IGT Spain Lottery (into liquidation) (50%)
- Logista Pharma (100%)
  - Be to Be Pharma, S.L.U (100%)
- Logista Pharma Canarias, S.A.U (100%)
- Dronas 2020, S.L.U. (100%)
- Logista-Dis, S.A. (100%)
- Logista Libros, S.L. (50%)
- La Mancha 2000, S.A. (100%)
- Logesta Gestión de Transporte, S.A.U. (100%)
  - Logesta Italia (100%)
  - Logesta Francia (50%)
  - Logesta Deutschland (100%)
  - Logesta Lusa (51%)
  - Logesta Polska (51%)
- Compañía de Distribución Integral de Publicaciones Logista, S.L.U. (100%)
  - Logista Regional de Publicaciones, S.A.U. (100%)
  - Distribuidora del Este, S.A.U. (100%)
  - Distribuidora Valenciana de Ediciones, S.A. (50%)
  - Cyberpoint, S.L. (100%)
  - Distribuidora de Publicaciones del Sur, S.L. (50%)
  - Distribuidora de Aragón, S.L. (5%)
  - Promotora Vascongada de Distribuciones, S.A.U. (100%)

  - Distribuidora de Las Rías, S.A.U. (100%)
  - Distribuidora de Ediciones Sade (70%)
  - Distribuidora del Noroeste, S.L. (51%)
  - Publicaciones y Libros, S.A. (100%)
  - Distribución de Publicaciones Siglo XXI Guadalajara, S.L. (80%)
- Logista Payments, S.L.U. (100%)
- Distribuidora del Noroeste (49%)
- Logista France Holding (100%)
  - Logista Promotion et Transport (100%)
    - Logesta Francia (50%)
- Logista France (100%)
  - Societé Allumetiére Francaise (100%)
    - Supergroup (100%)
- Logista Italia (100%)
  - Terzia (100%)
- Companhia de Distribuiçao Integral Logista Portugal (100%)
  - Midsid (100%)
  - Logista Transportes e Transitos (100%)
    - Logesta Lusa (49%)
- Logesta Polska (49%)
- Logista Polska (100%)

Markets of operation

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

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

Strategic priorities

1. To strengthen our consolidated businesses

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

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

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

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

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

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

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

We should also highlight our commitment to sustainable growth from an environmental perspective, which is a fundamental aspect of our objective for continuous improvement. The Company has identified road traffic pollution as one of the areas in which it can make improvements to reduce its carbon footprint. In this regard, over 75% of Logista's fleet comprises Euro 5 or Euro 6 vehicles.

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

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

Context

Macroeconomic context

Logista's various business operations around the world can 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 lesser extent, in Poland.

The COVID-19 health crisis had an inevitable impact on the macroeconomic climate during the 2021 financial year, however the extent to which it was affected varied greatly between the first and second half of the year. Despite the easing of restrictions, the pandemic continued to have a dampening effect on economic growth in the period from October to April. However, the following six months saw a significant recovery in business activity prompted by a return to stability due to a levelling out of COVID-19 cases, the successful rollout of the vaccination programme and the easing of mobility restrictions throughout most of Europe. This recovery was also supported by European funding.

Some of our lines of business are closely linked to changes in GDP and the overall performance of the global economy. The recovery in the tourism sector is having a positive impact on our convenience products and tobacco businesses. The pharmaceutical products business in particular has played a fundamental role during the pandemic, mainly with regard to the management and delivery of health material for the protection and testing of COVID-19 at the national level, the distribution to hospitals of critical medicines for COVID-19 and the transport and logistics of vaccines in Spain. Finally, the re-opening of borders between European countries and the progressive recovery of economic activity in Spain has relieved pressure on the transport business.

Although we have to factor in potential cost increases for the transport business due to the rise in oil prices, in the short to medium term, global GDP is projected to rise significantly at the end of 2021 thanks to a fully-vaccinated population. Moreover, with forecasts not pointing towards any interest rate increases that could affect consumers and household savings reaching very high levels during lockdown, we are confident that the impact of this macroeconomic context will be positive in the coming years.

Regulatory context

As in previous years, the regulatory environment in the pharmaceutical and tobacco sectors has continued to introduce more stringent requirements for checks on the distribution of products, and as such, any companies wishing to continue operating in the future must be able to comply with these requirements. To illustrate our commitment to compliance, during the 2021 financial year, the Company placed greater emphasis on developing operations linked to track & trace requirements for tobacco products, producing excellent results and highlighting the Company's excellent approach in this regard.

This not only serves as testament to Logista's unwavering commitment to strictly complying with regulatory requirements, but also to providing excellent levels of service to its clients via solutions that enable them to prepare for such requirements. This commitment has been demonstrated, once again, with the launch of the individual and unambiguous traceability service for COVID-19 vaccines, far exceeding the legally required traceability requirements.

Environmental standards

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

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

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

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

In addition, Logista is incorporating environmental concerns into the development of its strategy and has committed to achieving a 30% and 50% reduction – compared with 2013 levels – in direct and indirect emissions generated by its operations by 2030 and 2050 respectively. These targets have been set in line with the Paris Agreement and have been ratified and scientifically approved through the Science Based Targets initiative.

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 five years. This year, Logista has also been named a Supplier Engagement Leader in recognition of its work to make its clients' supply chain more sustainable, in line with a more responsible business model.

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

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

E-commerce consumption

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

Consumption in proximity channels

The COVID-19 pandemic sparked a rise in the number of purchases made at smaller points of sale that are closer to home. Logista distributes all types of products to 200,000 points of sale in France, Spain, Italy and Portugal, offering manufacturers simple, rapid access so that their products can be available in those establishments. This positioning will allow Logista to continue to benefit from growth opportunities through proximity channels.

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. Decisions are based on the data available and allow the simulation of future results.

Logista has developed several notable projects in this area:

- Technical support for both remote and hybrid working models – the latter combining on-site and remote working. General widespread use of collaborative tools, videoconferencing and remote access to business applications.
- Robotic process automation (RPA) which means human resources can be channelled towards creative tasks and those that bring added value.
- Digitalisation of the supply chain for the distribution of pharmaceutical and tobacco products, going far beyond strict compliance with traceability regulations in both sectors. Logista is applying the very latest scanning and image recognition technologies to digitally capture all product movements across warehouses, cross-docking platforms and delivery vehicles, thus enabling the entire supply chain to be monitored.
- Centralised temperature control system in pharmaceutical storage containers, ensuring compliance with the storage temperature conditions required for each medicine.
- Incorporation of artificial intelligence into the digital marketing and sales platform in the convenience products distribution businesses, enabling a clear segmentation of clients and products and thus the development of segment-specific marketing initiatives. 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.

Cybersecurity

Logista remains heavily invested 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. Following an exhaustive review of external security, Logista is implementing the latest security technologies, reinforcing internal processes and implementing awareness campaigns for all employees to counteract phishing and ransomware attacks.

Next-generation products

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

1. EVOLUTION OF LOGISTA (GROUP) DURING FISCAL YEAR 2021 AND GROUP SITUATION

The fiscal year-end results can be described as very positive, the main income statement figures having grown despite the fact that there were no COVID-19 impacts until March of the previous year:

- 5.6% Economic sales growths[1]
- The business performed well, leading to a 13.2% rise in Adjusted Operating Profit[1] and a 12.8% increase in Operating Profit
- 10.7% Net Profit growth

Financial overview

	Data in Million Euros		
	1 Oct. 2020 – 30 Sept. 2021	1 Oct. 2019 – 30 Sept. 2020	% Change
Revenues	10,816.8	10,407.7	+3.9%
Economic Sales[1]	1,179.5	1,117.2	+5.6%
Adjusted Operating Profit[1]	297.5	262.9	+13.2%
Margin over Economic Sales[1]	25.2%	23.5%	+170 p.b.
Profit from Operations	240.3	213.1	+12.8%
Net Profit	174.0	157.2	+10.7%

[1] See appendix "Alternative Performance Measures"

Estimated impact of COVID-19 on business performance and results

New waves of the pandemic have been recorded throughout the financial year, reaching their peak in the second quarter. This is in contrast to the previous year when the pandemic started practically at the end of the second quarter.

As a result, the situation during the first six months of this financial year cannot be compared to the same period last year, since the pandemic did not affect business in the countries in which Logista operates during the first quarter and almost the entire second quarter. From the second half of the year however, when comparing business in the context of COVID-19 for both financial years, the overall economic situation this year has been more positive than in 2020.

The Spanish, Portuguese, French and Italian governments again imposed a number of measures to limit working hours, keep businesses closed and restrict mobility, in addition to reintroducing some local lockdowns, but the measures were less severe than those adopted during the previous financial year. In any event, Logista has carried on operating the majority of its businesses virtually as normal, as it did in 2020, as these were again considered essential business when restrictive measured were introduced.

Any negative impact that COVID-19 may have had on results this year has been offset by cost-cutting measures and by taking a number of strategic decisions which have ensured that positive trends in some sectors resulting from the pandemic have been converted into business growth.

The positive impacts resulting from the pandemic include the rise in the e-commerce distribution business (last mile), in pharmaceutical distribution and in providing services to manufacturers, and an improved performance in the volume of tobacco products distributed in France in certain months of the year due to restrictions on mobility, in particular cross-border mobility. Some of these were already evident during the previous financial year.

Business trend and income statement highlights

The Group's Revenues rose by 3.9% against the previous year thanks to growth in Iberia and Italy. Turnover increased in most of the core businesses, growth having been achieved in Tobacco distribution in Italy and Spain, Convenience product distribution in all countries, and in Pharma and all Transport activities.

Economic Sales[1] climbed 5.6% up to €1,180 million due to improvements in all geographies and activities, except for tobacco distribution in France and Portugal. Double-digit Economic Sales[1] growth was achieved in the Pharma, Parcel services (Nacex) and Convenience product distribution businesses in Spain and Italy.

Total operating cots[1] rose by 3,2%, well below the increase in Economic Sales[1].

Adjusted Operating Profit[1] amounted to €297.5 million after rising by 13.2% on the previous year. The Adjusted Operating Profit Margin on Economic Sales[1] was 25.2% as compared with 23.5% in 2020.

The positive impact on results of changes to the value of inventories caused by movements in taxes and tobacco prices during the year (around €+5 million) partly explains this increase in Adjusted Operating Profit[1] compared with 2020, when the impact was negative in the amount of €2 million.

Losses caused by COVID-19 in the same period of the previous year are estimated at around €14 million, while the impact is considered to be immaterial this year.

At the year end, a number of changes were made to the Group's financial reporting that affected comparability, so the 2020 figures were restated. These changes are described below.

Supergroup, the Group subsidiary engaged in distributing convenience products to points of sale other than tobacconists in France (formerly the Other businesses sub-segment) is now classed as an "available-for-sale asset", after the decision of the Board of Directors of the Parent Company to carry out the necessary actions for the sale of this Company, following a poor performance in recent years and since this is not a strategic business in the Group's forward-looking plans. As a result of this reclassification, the 2020 consolidated income statement, the cash flow consolidated statement and breakdowns by segment were restated.

Given its growing relevance, Pharma will start reporting separately as of this closing, with the activity of Logista Publicaciones remaining in Other businesses.

Also following the year end, the Corporate and other segment will disappear as such and its results will be included in the other segments, allocating the corporate costs among the remaining three segments and integrating the Polish activities into Iberia (in the Tobacco and related products sub-segment), in line with the hierarchical reporting structure.

[1]See appendix "Alternative Performance Measures"

In view of these reclassifications, the 2020 breakdowns by segment were restated to align the segment information with the data reported in 2021.

Restructuring costs[1] fell compared with the previous year to €9.3 million (€11.1 million in 2020).

In the current year, capital gains on asset sales were lower than the 2020 total (€2.1 million and €12.7 million, respectively), two assets having been sold in Spain.

Operating profit grew 12.8% to reach €240.3 million.

Net financial income was well above the previous year at €20.2 million (as compared with €12.2 million), due primarily to interest on the excess corporate income tax interim payments made in Spain in 2017 and 2018, based on a Constitutional Court judgement.

The effective tax rate was 27%, which was cut to 25.8% in the income statement following a ruling on tax litigation in Italy that favoured Logista. In the previous year, the effective tax rate was 26.8%.

Net profit from continuing activities rose by 17% to €193.2 million, while a net loss of €-19.1 million was posted on discontinued operations, as compared with €-7.3 million in the previous year.

As a result, **Net profit** rose 10.7% to reach €174 million.

Revenues Evolution (By Segment and Activity)

	Data in Million Euros		
	1 Oct. 2020 – 30 Sept. 2021	1 Oct. 2019 – 30 Sept. 2020	% Change
Iberia	**3,325.3**	**3,183.8**	**4.4%**
Tobacco and Related Products	2,875.6	2,780.9	3.4%
Transport	411.3	385.4	6.7%
Pharmaceutical Distribution	180.8	144.6	25.0%
Other Businesses	18.2	18.2	(0.1)%
Adjustments	(160.6)	(145.3)	(10.5)%
France	**3,982.7**	**4,105.0**	**(3.0)%**
Tobacco and Related Products	3,982.7	4,105.0	(3.0)%
Italy	**3,556.1**	**3,167.8**	**12.3%**
Tobacco and Related Products	3,556.1	3,167.8	12.3%
Adjustments	**(47.2)**	**(48.8)**	**3.2%**
Total Revenues	**10,816.8**	**10,407.7**	**3.9%**

[1]See appendix "Alternative Performance Measures"

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

	Data in Million Euros		
	1 Oct. 2020 – 30 Sept. 2021	1 Oct. 2019 – 30 Sept. 2020	% Change
Iberia	**634.3**	**593.5**	**6.9%**
Tobacco and Related Products	303.2	292.9	3.5%
Transport	290.5	271.7	6.9%
Pharmaceutical Distribution	83.2	69.3	20.1%
Other Businesses	17.4	17.2	0.8%
Adjustments	(60.0)	(57.6)	(4.2)%
France	**225.3**	**225.0**	**0.2%**
Tobacco and Related Products	225.3	225.0	0.2%
Italy	**324.7**	**304.9**	**6.5%**
Tobacco and Related Products	324.7	304.9	6.5%
Adjustments	**(4.8)**	**(6.2)**	**23.1%**
Total Economic Sales[1]	**1,179.5**	**1,117.2**	**5.6%**

Adjusted EBIT[1] Evolution (By Segment)

	Data in Million Euros		
	1 Oct. 2020 – 30 Sept. 2021	1 Oct. 2019 – 30 Sept. 2020	% Change
Iberia	133.5	111.9	19.3%
France	65.6	64.7	1.4%
Italy	98.5	86.3	14.0%
Total Ajusted EBIT [1]	**297.5**	**262.9**	**13.2%**

Adjusted Operating Profit[1] (or, interchangeably, Adjusted EBIT[1]) is the main indicator employed by Group management to analyse and measure business performance. This indicator is essentially calculated by discounting from EBIT costs that are not directly related to the Group's revenue in each period, which facilitates the analysis of the trends in operating costs[1] and the Group's margins. Set out below is the reconciliation of Adjusted EBIT[1] and EBIT for FY 2021 and FY 2020:

	Data in Million Euros	
	1 Oct. 2020 – 30 Sept. 2021	1 Oct. 2019 – 30 Sept. 2020
Adjusted Operating Profit[1]	**297.5**	**262.9**
(-) Restructuring Costs[1]	(9.3)	(11.1)
(-) Amortization of Assets Logista France	(52.2)	(52.2)
(+/-) Result of Disposal and Impairment	2.1	12.7
(+/-) Result by Equity Method and Others	2.2	0.8
Operating Profit	**240.3**	**213.1**

[1]See appendix "Alternative Performance Measures"

1.1 Business review

1. Iberia: Spain and Portugal

Iberia Revenues totalled €3,325 million, having risen 4.4% against the previous year. Economic sales[1] amounted to €634.3 million, 6.9% above the €593.5 million recognised in 2020.

Revenues in the **Tobacco and related products** business line rose by 3.4% despite the slight fall in tobacco volumes distributed.

Volumes distributed of cigarettes plus RYO and other (including heated tobacco units) in Iberia declined by 0.8% in the current year compared with 2020, dipping in both Spain and Portugal.

Volumes of these categories distributed in Spain fell 0.7% against the previous year, due primarily to the impact of lower tourist and cross-border sales caused by the mobility restrictions imposed since the start of the pandemic, which are still affecting the flow of tourists from other countries.

In the final quarter of the year, some tobacco manufacturers raised the retail selling prices of certain products by €0.15 per packet, so the value of inventories rose by around €2 million, there having been no equivalent material effects in the previous year.

As from the end of this year, Logista's business in Poland (distribution to wholesalers of tobacco products made by two manufacturers) are to be included in Iberia, in the Tobacco and related products sub-segment. 2020 Revenues, Economic Sales[1] and results associated with this business were reclassified in the interests of comparability, although the effects are immaterial. Business in Poland performed well during the year.

Economic Sales[1] of Tobacco and related products in Iberia rose by 3.5% on the previous year thanks to the value-added services billed to tobacco manufacturers, which helped to offset the slight fall in tobacco volumes distributed. Economic Sales[1] of convenience products distributed grew at a double-digit rate compared with 2020.

The sound performance of convenience sales is explained by the influx of new customers, the rise in point-of-sale customers and the increasing demand for convenience products in these stores. The highest sales growth was achieved in non-tobacconist points of sale, although sales to tobacconists also climbed despite the considerable surge in the previous year.

The situation caused by the pandemic favoured an increase in electronic commerce leading to a significant uplift in the parcel services business (Nacex), while mobility restrictions and selective lockdowns brought down demand in the industrial parcel sector. However, pre-pandemic sales levels were recovered towards the end of the year as the industrial parcel business bounced back.

Long-distance transport sales improved over the course of the year, due partly to the addition and expansion of transport services for the pharmaceutical industry and the high-tech, mass consumption and fruit sectors, and to the rebound in tobacco volumes.

Economic Sales[1] in the **Transport** business rose by 6.9% to €290.5 million. Double-digit growth in Economic Sales[1] was achieved in the parcel services business (Nacex) and mid-single-digit growth in the long-distance and industrial parcel service activities.

As from this year, Logista Pharma is no longer included in Other businesses and is a new reporting sub-segment (Pharmaceutical distribution).

[1]See appendix "Alternative Performance Measures"

Revenues from **Pharmaceutical distribution** rose 25% up to €180.8 million, while Economic Sales[1] grew by 20.1% to €83.2 million thanks to a steady influx of customers and the launch of new dedicated services for the industry, targeting both existing and new customers.

The circumstances during the pandemic gave rise to changing needs in the pharmaceutical and healthcare sectors that are being answered by Logista Pharma, such as the management of clinical trials, direct delivery of medicines to hospital patients and supply of critical medicines for COVID-19. This boosted business thanks to new customer profiles, such as public authorities and hospitals, as well as new products such as COVID-19 vaccines and healthcare and protection materials.

Revenues from the distribution of publications **(Other businesses)** held its ground despite the difficult situation in the industry, Economic Sales[1] having risen by 0.8% to reach €17.4 million.

Total operating costs[1] in Iberia climbed 4% during the year.

The net impact of COVID-19 on current-year results is estimated to be immaterial, as compared with an estimated adverse effect of around €11 million in the previous year.

Adjusted EBIT[1] totalled €133.5 million, having increased 19.3% on 2020.

Restructuring costs[1] were well below the 2020 figure (€0.9 million v. €10.7 million), while capital gains on the sale of assets also declined (€0.2 million as compared with €0.5 million). So, **EBIT** rose by 28.5% to €136.9 million, as compared with €106.6 million in the previous year.

France

Economic Sales[1] in France climbed 0.2% to reach €225.3 million.

Revenues fell by 3% to €3,983 million due to the decrease in tobacco volumes distributed in relation to the previous year, which dipped 4% in cigarettes plus RYO and other (including heated tobacco units).

The latest tax increase scheduled by the French Government came into effect during the year so as to reach a price of €10 for a packet of 20 cigarettes in 2020, entailing an average of around 40 cents per packet. Tobacco manufacturers passed on most of this tax increase in the retail selling price, although in some cases this did not offset the full effect of the tax hike.

Movements in taxes and prices during the year had an adverse net impact on inventories of approximately €2 million, as compared with the negative impact of €3 million in the previous year.

Economic Sales[1] of Tobacco and related products rose by 0.2% to €225.3 million thanks to growth in the distribution of electronic transactions and convenience products, offsetting the poor Economic Sales[1] in tobacco distribution.

The effect of COVID-19 on results in France in the current year is estimated to be immaterial, as compared with a negative impact of around €3 million in the previous year.

The Company decided to classify Supergroup (the Group subsidiary engaged in distributing convenience products to points of sale other than tobacconists in France) as an "available-for-sale" asset at the end of the current fiscal year, so its results are included under discontinued operations and its Revenues, Economic Sales[1] and results are no longer part of the France segment. The Other businesses sub-segment is no longer included in this segment, all the activities in France forming part of the Tobacco and other related products sub-segment. The corresponding figures were restated to reflect this classification and assure comparability between 2021 and 2020.

Total operating costs[1] **in France decreased by 0.2%, allowing Adjusted EBIT**[1] to climb 1.4% to €65.6 million, as compared with €64.7 million in the previous year.

Restructuring costs[1] were higher than in 2020 (when there were virtually none) at €1.6 million and the same depreciation charge of €52.2 million was recognised on the assets arising from the acquisition of the business in France. **EBIT** grew by €+11.7 million, which was 43.2% below the previous-year figure of €20.5 million.

[1] See appendix "Alternative Performance Measures"

Italy

Revenues in Italy grew by 12.3% to €3,556.1 million thanks to increases in revenues from the distribution of convenience products and tobacco in relation to the same period of 2020.

Volumes distributed of cigarettes plus RYO and other (including heated tobacco units) climbed 2.7% on the previous year due to the sound performance of the new product categories, which amply offset the decline in cigarette volumes (-2.2%).

Some changes were made to excise duties on the new product categories during the year. Heated tobacco manufacturers raised their retail selling prices so as to more than offset the tax increase. Movements in taxes and prices had a net positive impact of between €4 million and €5 million on results for the year, as compared with around €1 million in the previous year.

The increase in Revenues from services provided to manufacturers and from the distribution of convenience products allowed Economic Sales[1] to grow 6.5% in Italy to reach €324.7 million.

As regards services to manufacturers, the new tobacco product categories in Italy and the value-added services associated with this type of products are performing well.

Commercial efforts to boost growth in the distribution of convenience products focused this year on the beverages category, new agreements having been reached with manufacturers in this sector, complementing the increase in the snacks and sweets category. As a result, Economic Sales[1] in the distribution of convenience products once again reached double-digit growth.

The effect of COVID-19 on results in the current and previous years is estimated to be immaterial.

Total operating costs[1] in Italy rose by 3.6% against the previous year, so Adjusted **EBIT**[1] climbed 14% up to €98.5 million.

Restructuring costs[1] related to the gradual improvement in operational efficiency were above the previous-year figure (€6.8 million as compared with €0.3 million in 2020) due to the reorganisation of the distribution network in Italy during the year, including the closure of the Bolonia warehouse and the transfer of those activities to the Tortona warehouse.

EBIT amounted to €91.7 million, 6.6% up on the €86 million posted in the previous year.

[1] See appendix “Alternative Performance Measures”

1.2 Financial Result evolution

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

Cash resources averaged €2,310 million during the year, as compared with €2,285 million in the preceding year.

Net financial income was well above the previous year (€20.2 million as compared with €12.2 million), due primarily to interest on the excess corporate income tax interim payments made in Spain in 2017 and 2018, based on a Constitutional Court judgement (€3.6 million).

1.3 Net Income evolution

Restructuring costs [1] recognised in the current year decreased in relation to the previous year (€9.3 million v. €11.1 million) and capital gains were also lower (€2.1 million) than in the previous year (€12.7 million). This, together with the sterling business performance and improved financial results, led to a 15.6% increase in Pre-Tax Profit up to €260.5 million.

The effective tax rate was 27%, which was cut to 25.8% in the income statement following a ruling on tax litigation in Italy that favoured Logista. In the previous year, the effective tax rate was 27.3%.

Profit from continuing operations increased to reach €193.2 million, which is 17% higher than the 2020 figure of €164.9 million.

The Company has decided to classify Supergroup (the Group subsidiary engaged in distributing convenience products to points of sale other than tobacconists in France) as an "available-for-sale" asset at the fiscal year end, so its results for the year and estimated restructuring costs[1] (included in 2021) are reported under discontinued operations. To ensure the comparability of 2021 and 2020, these figures were restated to reflect the new classification, results from discontinued operations amounting to €-19.1 million in 2021 and €-7.3 million in 2020.

Net profit, including continuing and discontinued operations, totalled €174 million, up 10.7% on the previous year.

Basic earnings per share amounted to €1.32 as compared with €1.19 in 2020, the number of shares remaining the same. At 30 September 2021, the Company holds 800,923 treasury shares (0.6% of share capital). Most of these shares were purchased to cover future commitments to deliver shares under long-term executive remuneration plans. The other shares secure the liquidity agreement entered into on 20 January 2021 with Banco Santander, S.A.

1.4 Cash Flow

The seasonal nature of the Group's business leads to a negative cash balance in the first and second quarter of the year, which is turned around in the second half and normally peaks near the year end.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) grew by 8.8% on the same period of the previous year thanks to the sound business performance and the increase in net financial income, amply funding the rise in restructuring payments[1], the growth in normalised taxes and the larger cash outflow on net investments for the year. As a result, cash generated was 7.5% higher than the year.

[1] See appendix "Alternative Performance Measures"

The change in working capital at the year end is explained by the very high cash position at the previous year end due to changes to the terms and timing of excise duty payments in some countries. This variation in the balance caused a negative free cash flow at 30 September 2021.

1.5 Research and Development activities

Logista invested 6.3 million euros in R & D & i during the fiscal year 2021. These investments correspond to evolutionary projects in the supply chain solution, scalable and secure application infrastructure, and security and transport.

1.6 Treasury Shares

At September 30 2021, Logista held in its balance sheet 800,923 own-shares, representing the 0.6% of the share capital. Own-shares were acquired. mainly to meet the share distribution commitments resulting from the Company's incentives plans, as well as the liquidity agreement undersigned the 20 January 2021 with Santander Bank S.A.

1.7 Average Payment Period To Suppliers

The average payment period for commercial purchases during fiscal year 2021 has been 37 days.

1.8 Dividend policy

At the Annual General Shareholders' Meeting, the Company's Board of Directors intends to propose distributing an additional dividend for the 2021 financial year of €110 million (€0.83 per share), to be paid during the first quarter of the 2022 calendar year.

On 22 July 2021, the Board of Directors also approved the payment of a dividend of €54 million (€0.41 per share) on account against the results for 2021, which was paid on 27 August 2021.

The dividend for 2021 will therefore total €164 million (€1.24 per share), entailing an increase of 5.1% on the previous year and representing 95% of Net Profit for the year.

1.9 Outlook

Our excellent business performance during the year has allowed us to achieve results more in line with pre-pandemic expectations, after overcoming the impact of COVID-19.

In view of the current market circumstances, which point to a general recovery in the main countries in which we operate, we expect Adjusted EBIT[1] to grow organically during 2022 at a mid-single-digit rate on the figure for 2021.

In line with Logista's strategic plans, focusing essentially on additional growth and diversification of the existing businesses, the Group continues to look for acquisition opportunities of complementary small/medium companies to leverage synergies. In any case, Logista will prioritise the same dividend policy applied to date.

[1] See appendix "Alternative Performance Measures"

2. SHARE PRICE EVOLUTION

Logista share price amounted €18.2 at the end of fiscal year 2021 (September 30, 2021), so, Logista's market capitalization reached 2,417.4 million € at closing of fiscal year 2021.

During the fiscal year 2021, 62,762,606 shares were negotiated, reaching a rotation of the 47.3% of the total share capital. The daily average volume negotiated was 244,212 shares.

	1 Oct. 2020 – 30 Sept. 2021	1 Oct. 2019– 30 Sept. 2020
Market capitalization at the end of the period (€mill)	2,417.4	1,938.2
Revaluation (%)	+24.7%	-18.3%
Closing price (€)	18.2	14.6
Maximum price (€)	19.3	21.3
Minimum price (€)	14.0	12.9
Total negotiated volume (shares)	62,762,606	41,772,377
Average daily volume (shares)	244,212	163,173
Rotation (% of share capital)	47.3%	31.5%

3. 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 2021, 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.

4. ANNUAL REPORT ON DIRECTORS REMUNERATION

The annual report on directors remuneration is presented in the Appendix 2 and its part of this Consolidated Management Report.

5. 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, approved on 21st July, 2020, and modified on 22nd September, 2021, as well as its procedure intend 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 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 Logista, by category, are the following:

- Business environment risks: The current situation continues to be dominated by the coronavirus pandemic. There is still a certain degree of uncertainty about how the pandemic will unravel given infection rates and the prospect of new restrictions due to potential new variants of the virus and the impact this could have on the Company. Logista's various businesses can also be affected by changes in political, social and/or macroeconomic conditions, both at the global level and, in particular, in the markets in which it operates; these markets may become subject to new regulations or be affected by structural changes that could have an impact on clients' purchasing power, as well as on consumer habits and trends.
- Business risks: Risks inherent in the successful expansion of Logista's different businesses – to offset a possible faster rate of decline in the tobacco market – together with a misalignment with the market with regard to sustainability policies. In this regard, there is a risk associated with market liberalisation in the tobacco markets where Logista operates within the context of a state retail monopoly for these products, and the impact this could have on results if the Company fails to implement certain measures that have already been identified. The introduction of new anti-smoking policies, with the attendant decline in the consumption of tobacco products which Logista is not able to offset by growth in other business areas, amounts to further risks.
- Operational and technological risks: the main risks are related to cyber security, as Logista 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.
- Risks connected with compliance with regulations: as Businesses are subject to compliance with numerous general and sectoral laws and regulations, of different scope, are 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, Logista's main financial assets are balances of cash and cash equivalents, trade debtors and other accounts receivable, and Logista'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 Logista'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 Logista 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, Logista generally has its liquid and other equivalent assets deposited in entities with high credit ratings. Moreover, Logista has a credit or counterparty risk exposure with Imperial Brands, by virtue of the signed agreements to transfer liquidity. Logista 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 Logista's customers being retailers. Thus the credit risk exposure to third parties outside is not very high, and whenever appropriate is covered by insurance policies to reduce the impact of any unpaid bills. Historically, the rates of default in all the geographical areas in which Logista operates are very low.
- With regard to the risk to liquidity, Logista maintains sufficient cash and its equivalents to make the necessary payments in its normal activities. In case of need, Logista has credit lines available.
- Concerning exposure to the interest-rate risk, given the 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 Logista'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'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. 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.

Among the main objectives of the Logista'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 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 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, 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.

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 corresponding limitation period has elapsed. At present, some of the Logista'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 results because the merchandise is insured.
- Liability for settlement in contentious fiscal proceedings when the ruling was against Logista: no significant impact on the 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.

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.

With regard to Brexit, there is no longer any risk associated with the United Kingdom's exit from the European Union, which has not affected Logista, given it does not trade with or move goods to or from the UK, and the fact that Logista does not have any funding from its shareholder in either euros or sterling, and is therefore not affected by fluctuations in interest or exchange rates. Risk associated with the impact of the COVID-19 pandemic.

Risk from the pandemic due to COVID-19

New waves of the pandemic have been recorded throughout the financial year, reaching their peak in the second quarter. This is in contrast to the previous year when the pandemic started practically at the end of the second quarter.

As a result, the situation during the first six months of this financial year cannot be compared to the same period last year, since the pandemic did not affect business in the countries in which Logista operates during the first quarter and almost the entire second quarter. From the second half of the year however, when comparing business in the context of COVID-19 for both financial years, the overall economic situation this year has been more positive than in 2020.

The Spanish, Portuguese, French and Italian governments again imposed a number of measures to limit working hours, keep businesses closed and restrict mobility, in addition to reintroducing some local lockdowns, but the measures were less severe than those adopted during the previous financial year. In any event, Logista has carried on operating the majority of its businesses virtually as normal, as it did in 2020, as these were again considered essential business when restrictive measured were introduced.

Any negative impact that COVID-19 may have had on results this year has been offset by cost-cutting measures and by taking a number of strategic decisions which have ensured that positive trends in some sectors resulting from the pandemic have been converted into business growth.

The positive impacts resulting from the pandemic include the rise in the e-commerce distribution business (last mile), in pharmaceutical distribution and in providing services to manufacturers, and an improved performance in the volume of tobacco products distributed in France in certain months of the year due to restrictions on mobility, in particular cross-border mobility. Some of these were already evident during the previous financial year.

In financial year 2021, it is estimated that COVID-19 has not had a significant net impact on the results, contrasting with the negative net impact of around 14 million euros estimated for the previous year.

6. USE OF DERIVATIVE FINANCIAL INSTRUMENTS

No Group company uses derivative financial instruments.

7. 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 accounts.

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 €	
	1 Oct. 2020 – 30 Sep. 2021	1 Oct. 2019 – 30 Sep. 2020
Revenue	10,816.8	10,407.7
Procurements	(9,637.3)	(9,290.5)
Gross Profit	**1,179.5**	**1,117.2**

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 €	
	1 Oct. 2020 – 30 Sep. 2021	1 Oct. 2019 – 30 Sep. 2020
Adjusted Operating Profit	**297.5**	**262.9**
(-) Restructuring Costs	(9.3)	(11.1)
(-) Amortization of Assets Logista France	(52.2)	(52.2)
(+/-) Net Loss of Disposal and Impairment of Non-Current Assets	2.1	12.7
(+/-) Share of Results of Companies and Others	2.2	0.8
Profit from Operations	**240.3**	**213.1**

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 €		
	1 Oct. 2020 – 30 Sep. 2021	1 Oct. 2019 – 30 Sep. 2020	%
Economic Sales	1,179.5	1,117.2	5.6%
Adjusted Operating Profit	297.5	262.9	13.2%
Margin over Economic Sales	**25.2%**	**23.5%**	**+170 p.b.**

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 Interim Consolidated Financial Statements:

Million €	1 Oct. 2020 – 30 Sep. 2021	1 Oct. 2019 – 30 Sep. 2020
Cost of logistics network	808.2	781.7
Commercial expenses	48.1	48.0
Research expenses	2.5	2.6
Head office expenses	84.6	85.3
(-) Restructuring costs	(9.3)	(11.1)
(-) Amortization of Assets Logista France	(52.2)	(52.2)
Operating Costs or Expenses in management accounts	**882.0**	**854.3**

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.

Audit Report on Consolidated Financial Statements
issued by an Independent Auditor

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and
Consolidated Management Report for the year ended
September 30, 2021

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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 32)

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 2021, 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 ("2021").

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 as at September 30, 2021 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.

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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 2021, the Group recognized, on the heading "Revenue" in the consolidated income statement, 10,414 million euros corresponding to sales of tobacco and related products, representing 96% 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 25, 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 2021, the Group recognized property, plant, and equipment under non-current assets in the amount of 313 million euros, intangible assets totalling 354 million euros, mainly related to distribution contracts with manufacturers, and goodwill amounting to 921 million euros.

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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 2021, the Group is involved in certain legal proceedings, as detailed in Note 23 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 23 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.

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- 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 information: consolidated management report

Other information refers exclusively to the 2021 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 consolidated management report, in conformity with prevailing audit regulations in Spain, entails:

a. Checking only that the consolidated non-financial statement and certain information included in the Corporate Governance Report, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.

b. Assessing and reporting on the consistency of the remaining information included in the consolidated management report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting 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 we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above regarding the consolidated non-financial information statement is presented in a separate report, "Integrated Annual Report 2020" and that the remaining information contained in the consolidated management report is provided as stipulated by applicable regulations and is consistent with that provided in the 2021 consolidated financial statements and its 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.

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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.

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 November 4, 2021.

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)

November 4, 2021

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