Annual Results 2023

October 2022 – June 2023

Logista closes FY2023 with an increase in Net Profit of 37%

Financial Highlights

M€	1 Oct. 2022 – 30 Sep. 2023	1 Oct. 2021– 30 Sep. 2022	% variation
Revenue	12,428	11,464	**8.4%**
Economic Sales[1]	**1,684**	**1,235**	**36.3%**
Adjusted EBIT[1]	**366**	**312**	**17.1%**
Economic Sales Margin[1]	21.7%	25.3%	**(3.6pp)**
Operating Profit	**293**	**266**	**10.1%**
Net Profit	**272**	**199**	**36.9%**

Macroeconomic context for the year

As we have been describing in our quarterly results, fiscal year 2023 has taken place in a complex macroeconomic and geopolitical environment that has resulted in an inflationary environment with high interest rates. Throughout the period, inflation has evolved affecting different services and products, starting the year with very high electricity prices at a European level followed by sharp increases in fuel prices. Electricity costs have moderated towards the second half of the year, but in contrast, staple products, mainly foodstuffs, have recorded significant price increases. This complex environment has led to a reduction in the growth expectations for the different countries of the European Union for the coming years.

Regarding the geopolitical situation, the conflict between Russia and Ukraine reached its first anniversary in February and continues to affect inflationary pressure on many commodity and energy prices.

In the face of persistent inflationary pressures and the monetary policy applied by the US Federal Reserve, the European Central Bank decided to raise interest rates further, announcing the latest rate rise in September 2023, with the base rate reaching 4.50%.

This scenario has generated uncertainty as regards to the pace of economic recovery in the coming months.

Despite all this, Logista has obtained good results and has achieved increases in the main headings of its income statement.

Business trend and income statement highlights

Integration of acquisitions and new announced transactions:

The integration and consolidation of the three acquisitions announced during the previous fiscal year were particularly significant during this period. We continued to optimize the synergies identified and to consolidate and integrate the various businesses into Logista.

[1] *See appendix "Alternative Performance Measures"*

Speedlink's integration with the courier segment began during the 2022 fiscal year. The Speedlink acquisition gives us access to the Dutch market, which is a major logistics hub in Europe for leading multinational enterprises. In addition, through Speedlink, Nacex is signing new agreements to increase its customer portfolio in Spain and Portugal.

As regards to the integration of **Carbó Collbatallé** with the parcel segment, work was carried out to combine several long-distance routes and merge certain delegations having already merged 9 delegations in Spain. We are also creating last-mile synergies in Madrid and Barcelona, and we have extended the Carbó distribution network to Galicia through the Parcel network.

A number of actions were also taken in **Transportes El Mosca** during the period. Security systems continue to be fitted in El Mosca's trucks, so as to be able to carry high-value freight, including tobacco. Several long-haul routes have already been integrated after adapting a part of the fleet. Lastly, the GDP (Good Distribution Practice Certificate) was obtained, enabling the distribution of pharmaceutical products using the El Mosca fleet. In August 2023, the acquisition of an additional 13.33% of Transportes El Mosca for a total of €24M was executed in accordance with the stipulated agreements, closing the year with a 73.33% stake in the company.

In July 2023, we announced the acquisition of Gramma Farmaceutici, a company specialized in logistics services for the pharmaceutical industry in Italy. With this strategic acquisition, Logista begins its expansion in the Italian pharmaceutical market. Gramma Farmaceutici, which had a turnover of €8.5 million in 2022 and has a modern facility of approximately 25,000 square meters, including a main warehouse of 15,000 square meters. The company offers a variety of services tailored to the needs and requirements of customers nationwide, including integrated logistics, order picking and warehousing, outsourced logistics services (3PL) and cold storage of vaccines. The purchase price paid (equity value) for the acquisition of 100% of the Company's share capital amounts to €2.9 million.

Consolidated income statement summary

- **Revenue** rose by +8% on the previous year to €12,428 million, thanks to generalized growth across almost all businesses in Iberia and Italy, as well as in tobacco related product distribution in France.
- **Economic Sales**[1] of €1,684 million, +36% v. the previous year, in general with improvements in all businesses and geographies.
- **Adjusted EBIT**[1] of €366 million, +17% v. the previous year with improvement across all geographies.
- **Adjusted EBIT margin on Economic Sales**[1] was 21.7% as compared to 25.3% in the period of 2022. This margin reduction is explained primarily by the new acquisitions.
- **Changes in inventory values** due to tax and tobacco price movements in Spain, France and Italy during the period had an estimated positive net impact of +€30 million v. +€8 million in 2022.
- **Restructuring costs**[1] of €14 million v. €11 million in the previous year, including a provision of €10 million in France, due primarily to the closure of a regional distribution center as part of the business optimization strategy.
- **Profit/(loss) from disposal** of -€0.7million on the sale of sundry assets, as compared to +€15 million in 2022 due to the sale of three warehouses in Spain.
- **EBIT** of €293 million vs. €266 million during the previous year.
- **Net financial income** of €76 million v. €19 million in the previous year, thanks to the interest rate hike during the period.
- The **tax rate** fell to 25.9% v. 26.2% in 2022.

[1] *See appendix "Alternative Performance Measures"*

- **Net Profit** climbed 37% up to €272 million.

Revenue trend (by segment and business)

M€	1 Oct. 2022 – 30 Sep. 2023	1 Oct. 2021 – 30 Sep. 2022	% variation
Iberia	**4,473**	**3,743**	**19.5%**
Tobacco and Related Products	3,601	3,251	**10.8%**
Transport	837	457	**82.9%**
Pharmaceutical distribution	234	206	**13.3%**
Other businesses	18	18	**(2.3%)**
Adjustments	(216)	(191)	**(13.6%)**
Italy	**4,256**	**4,001**	**6.4%**
Tobacco and Others[2]	4,256	4,001	**6.4%**
France	**3,755**	**3,774**	**(0.5%)**
Tobacco and Related Products	3,755	3,774	**(0.5%)**
Adjustments	**(57)**	**(54)**	**6.9%**
Total Revenue	**12,428**	**11,464**	**8.4%**

Economic sales[1] (by segment and business)

M€	1 Oct. 2022 – 30 Sep. 2023	1 Oct. 2021 – 30 Sep. 2022	% variation
Iberia	**1,093**	**692**	**57.9%**
Tobacco and Related Products	382	332	**15.1%**
Transport	679	318	**113.4%**
Pharmaceutical distribution	93	90	**2.8%**
Other businesses	17	18	**(1.6%)**
Adjustments	(78)	(66)	**(18.3%)**
Italy	**370**	**331**	**11.9%**
Tobacco and Others[2]	370	331	**11.9%**
France	**226**	**217**	**4.4%**
Tobacco and Related Products	226	217	**4.4%**
Adjustments	**(5)**	**(4)**	**(20.1%)**
Total Economic Sales[1]	**1,684**	**1,235**	**36.3%**

[1] *See appendix "Alternative Performance Measures"*, 2. *Includes new segment of pharmaceutical distribution.*

Adjusted EBIT[1] and EBIT trends

M€	1 Oct. 2022 – 30 Sep. 2023	1 Oct. 2021 – 30 Sep. 2022	% variation
Iberia	**198**	**154**	**29.0%**
Italy	**106**	**101**	**4.8%**
France	**61**	**57**	**6.8%**
Adjusted EBIT[1]	**366**	**312**	**17.1%**
(-) Restructuring costs[1]	(14)	(11)	**(25.6%)**
(-) Depreciation of assets acquired	(61)	(53)	**(15.4%)**
(+/-) Profit/(loss) on disposal and impairment	(1)	15	**(104.6%)**
(+/-) Equity-accounted profit/(loss) and other	3	3	**(7.8%)**
EBIT	**293**	**266**	**10.1%**

Adjusted Operating Profit[1] (or, interchangeably, Adjusted EBIT[1]) is the main indicator employed by Group Management to analyze 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 trends in operating costs[1] and in consolidated margins. The table above sets out the reconciliation of Adjusted EBIT[1] and EBIT for FY-2023 and FY-2022.

Depreciation charges on assets acquired includes those of Logista France, Speedlink, Transportes El Mosca and Carbó Collbatallé.

[1] *See appendix "Alternative Performance Measures"*

Segment performance

A. Iberia: Spain, Portugal, Poland, and The Netherlands

M€	1 Oct. 2022 – 30 Sep. 2023	1 Oct. 2021 – 30 Sep. 2022	% variation
Revenue	**4,473**	**3,743**	**19.5%**
Tobacco and Related Products	3,601	3,251	**10.8%**
Transport	837	457	**82.9%**
Pharmaceutical distribution	234	206	**13.3%**
Other businesses	18	18	**(2.3%)**
Adjustments	(216)	(191)	**(13.6%)**
Economic Sales[1]	**1,093**	**692**	**57.9%**
Tobacco and Related Products	382	332	**15.1%**
Transport	679	318	**113.4%**
Pharmaceutical distribution	93	90	**2.8%**
Other businesses	17	18	**(1.6%)**
Adjustments	(78)	(66)	**18.3%**

Revenue of €4,473million was up +20% compared to 2022. **Economic Sales**[1] of €1,093 million grew by +58% on 2022.

Tobacco and Related Products

- Increase of 11% in **Revenue** and 15% in **Economic Sales**[1] due essentially to higher tobacco prices, the rate increase, growth in value-added services provided to tobacco manufacturers and the rise in convenience products distributed in Iberia.
- **Volumes distributed** of cigarettes plus RYO and other[2] in Iberia fell by -1,8% on 2022 period. This reduction is explained primarily by the decline in the volume of traditional cigarettes in Spain (-3,3%), which was partially offset by a slight improvement in traditional tobacco volumes in Portugal and the increase in RYO and other[2] in both countries. Electronic cigarette distribution grew significantly in both countries, nearly doubling the volumes distributed compared to the previous year.
- During the year, the selling price charged by some tobacco manufacturers rose by between €0.30 and €0.35 in Spain, though excise duties on tobacco remained unchanged. Consequently, there was an estimated positive impact on results of c. €27 million due to changes in the **value of inventories** (as compared to €8 million in 2022).
- **Revenue** from the distribution of **convenience products** grew double-digit. **Logista Retail** expanded into new channels (restaurants) and new products by including frozen goods in the commercial offering thanks to winning new customers while achieving further growth in the main channels (tobacconists and service stations) and reaching new points of sale while enhancing the most significant product categories.

[1] *See appendix "Alternative Performance Measures".* [2] *Includes heated tobacco units.*

Transport Services

- **Revenue** of €837 million, +83% v. the previous year, and **Economic Sales**[1] of €679 million, +113% v. 2022, were mainly due to the inclusion of the new acquisitions.
- **Economic Sales**[1] in long-distance transport (**Logista Freight**) grew single-digit thanks to the increase in activities and to a higher share of high-value businesses. The segment's organic growth was supplemented by the acquisition stake in Transportes El Mosca.
- The **parcel** segment's **Economic Sales**[1] grew significantly thanks to the inclusion of Carbó Collbatallé and to a double-digit organic growth attributable to the industrial parcel business, as well as rate updates reflecting fuel price trends. Deliveries performed well in both the pharmaceutical and food industries.
- **Economic Sales**[1] relating to the **courier** segment reflects the inclusion of Speedlink in the consolidation scope and a single-digit organic growth. Rate rises in the B2B business line offset the impact of the reduction in B2C e-commerce deliveries following the significant increase in the previous year.

Pharmaceutical Distribution

- **Revenue** of €234 million, +13% v. the previous year and **Economic Sales**[1] of €93 million +3% thanks to winning new customers and increasing services offered to existing customers, despite the considerable fall in COVID-19-related activities, primarily the distribution of vaccines and medical supplies. The double-digit growth in revenue due to the new services provided to existing customers, particularly in distribution to pharmacies, is especially significant.
- In June 2023, Spain's Ministry of Health awarded the management of logistics services for the future strategic stockpile of healthcare materials and pharmaceutical products for the Spanish government to Logista. This strategic reserve arose from the Spanish Government's Early Response Plan to guarantee a swift reaction to any health emergencies. The contract will run for one year, with an option to extend for a further year.

Publications – Other Businesses

- **Revenues** and **Economic Sales**[1] declined by -2% v. the previous year.
- Logista Publicaciones entered into a new agreement to distribute the RBA Group's publications in Spain, RBA being a leading player in the periodicals (non-daily press) sector. This agreement was initiated during the fourth quarter of fiscal 2023.

Adjusted EBIT[1] of €198 million, up +29% on the same period of the previous year thanks to double-digit organic growth, including profit on inventory.

Restructuring costs[1] amounted to €2.8 million v. €3.1 million in the previous year. **Capital gains or losses on asset sales** amounted to -€0.4 million v. +€15 million in the previous year. An asset **depreciation** charge of €8.6 million was recognized in the current year due to the acquisition of Speedlink, Transportes El Mosca and Carbó. **Equity-accounted profits** totaled €2.6 million (book distribution) v. €2.8 million in the previous year.

EBIT of €189 million, up +13% on FY 2022.

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[1] *See appendix "Alternative Performance Measures"*

B. Italy

M€	1 Oct. 2022 – 30 Sep. 2023	1 Oct. 2021 – 30 Sep. 2022	% variation
Revenue	**4,256**	**4,001**	**6.4%**
Tobacco and Others[2]	4,256	4,001	**6.4%**
Economic Sales[1]	**370**	**331**	**11.9%**
Tobacco and Others[2]	370	331	**11.9%**

Revenue of €4,256 million and **Economic Sales**[1] of €370 million rose by +6% and +12% on the previous year, respectively, thanks to price changes and the growth in revenue from the marketing of convenience products and next-generation products with respect to 2022.

Tobacco and others

- **Volumes** distributed of cigarettes plus RYO and other[3] remained stable as compared with the previous year, with sharp growth in the new product categories, which offset the decline in traditional cigarette volumes (-2,9%). Volumes distributed of next-generation products are still performing well, having achieved double-digit growth. In particular, electronic cigarette volumes distributed more than doubled compared to the previous year.

- Italy saw an increase in **excise duties** on traditional tobacco with effect as from 1 January 2023. These new hikes are part of a package of government measures that includes annual increases to 2025. As a result of the tax hike, tobacco manufacturers recognized various **movements in tobacco prices**, both upwards and downwards, between December and June.

- The change in the **value of inventories** as a result of tax increases and tobacco price changes had an estimated net adverse impact of c. -€3.5 million v. +€0.1 million in the same period of the previous year.

- Significant double-digit rise in **Economic Sales[1]** from the distribution of **convenience products**, which was more than 1.4x higher than the previous-year figure. This growth reflects the addition of new products for sale (e.g., disposable electronic cigarettes or beverages, by marketing new leading brands).

Adjusted EBIT[1] of €106 million, +5% up vs. 2022.

Restructuring costs[1] amounted to €0.8 million v. €6 million in 2022 when the distribution network reorganization involved the closure of a warehouse in the south of Italy.

EBIT of €106 million, +11% up on the previous year.

[1] See appendix "Alternative Performance Measures". [2] Includes new pharmaceutical distribution line, [3] Includes heated tobacco units.

C. France

M€	1 Oct. 2022 – 30 Sep. 2023	1 Oct. 2021 – 30 Sep. 2022	% variation
Revenue	**3,755**	**3,774**	**(0.5%)**
Tobacco and Related Products	3,755	3,774	**(0.5%)**
Economic Sales[1]	**226**	**217**	**4.4%**
Tobacco and Related Products	226	217	**4.4%**

Revenue fell by 0.5% year on year to €3,755 million, primarily due to a decline in tobacco distribution revenue.

Economic Sales[1] of €226 million were +4% v. the previous year thanks to the rise in the value of inventories caused by price and tax increases, higher rates and sales of convenience and next-generation products.

Tobacco and Related Products

- The decrease in tobacco **volumes** distributed in relation to the previous year amounted to (-7,4%) in cigarettes plus RYO and other[2]. The double-digit growth in the distribution of electronic cigarettes is especially significant.
- With effect as from 1st March, **excise duties** rose by c. €0.50/packet, which was subsequently offset by an **increase in selling prices** of between €0.50 and €1.00/packet published by several tobacco manufacturers.
- Movements in **taxes** and **tobacco prices** had an estimated positive impact on the value of the stock of €6.7 million during the period, as compared with a negative impact of €0.1 million during 2022.

Adjusted EBIT[1] of €61 million, +7% up vs. 2022.

Restructuring costs[1] amounted to €10 million in 2023, including a provision for the cost of closing a warehouse in the south of France effective as of September 2023. The same amount of **depreciation** was charged on the assets arising from the acquisition of the French business, amounting to €52 million, together with a capital loss of €0.3 million, in both periods.

EBIT of € (1.3) million v. €3.2 million in the previous year.

[1] *See appendix "Alternative Performance Measures".* [2] *Includes heated tobacco units.*

Financial trends

A. Net Financial Income/(Expense)

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 balances under this agreement at the European Central Bank's (ECB) base rate plus a spread of 75 basis points.

The European Central Bank continued with its strategy of raising interest rates to alleviate the current inflationary environment, having announced the latest rate hike up to 4.50% in September 2023. The average European Central Bank's benchmark rate was 3,12% during the fiscal year 2023, which has to be increased by the 0.75% spread.

The average European Central Bank's benchmark rate stood at 0.12% for previous year, following interest rate hikes in July and September 2022, so balances accrued an interest rate of 0.87% in 2022.

The **average credit line balance** during the year was €2,079 million v. €2,276 million in the previous year.

Financial income amounted to €84 million, well above the figure of €22 million in 2022.

Financial expenses for the period amounted to €8 million, above the €2 million figure recorded in 2022.

Net financial income/(expense) for the period therefore totaled €76 million, quadrupling the €19 million obtained in 2022.

In August, the renewal of the credit line agreement with Imperial Brands was formalized, which establishes the extension of the maximum amount of the credit line to €3,000 million compared to the €2,600 million previously contemplated. In addition, the ECB's reference interest rate was changed to Euribor 6 months, maintaining the spread of 75 basis points. The agreement also contemplates a minimum rate for the Euribor 6-month rate of 0% and a compulsory period of 3 years. The new conditions will be effective as of June 2024.

B. Net Profit

Restructuring costs[1] of €13.7 million during the period, including the provision for the closure of a warehouse in France. Capital loss of -€0.7 million was well below the €15 million capital gains recorded for 2022. Net financial income/(expense) was much higher than the figure for 2022 (€79 million v. €19 million) and pre-tax profit amounted to €370 million, 29% up on the precedent year.

The **tax rate** was 25.9% v. 26.2% in the previous year.

Profit from continuing operations in 2023 increased to reach €274 million, which is 30% higher than 2022 figure of €211 million.

Supergroup (the Group subsidiary engaged in distributing convenience products to points of sale other than tobacconists in France) was sold on 2 February 2022. The effect on profit/(loss) from discontinued operations of 2022 reflects the operating profit/(loss) from this activity. There were no discontinued operations in the period of 2023.

[1] *See appendix "Alternative Performance Measures"*

Attributable **Net Profit** amounted to €272 million, having risen by 37% on 2022, when it included continuing and discontinued operations.

Basic earnings per share amounted to €2.07 vs. €1.51 in the previous year, the number of shares remaining the same. As of September 30th, 2023, the Company holds 883,955 treasury shares (0.7% of share capital). Most of these shares were purchased to cover future commitments to deliver shares under long-term executive remuneration plans. The other shares secure the liquidity agreement entered into on January 20th, 2021, with Banco Santander, S.A.

C. Cash flows

The positive performance of the activity in the period and the consolidation of acquisitions in the accounts resulted in an increase in EBITDA of 23% compared to the previous year.

The increase in operating and financial results in the period and the lower restructuring expenses more than compensated the higher payments of rents and normalized taxes and the higher outflow of cash from capex in the year, generating a normalized cash creation 58% higher than that achieved in the previous year.

In the previous year, the **variation in working capital** behaved differently from its usual trend, benefiting from the temporary modification in the conditions of payment of excise duties in some countries as a result of the crisis caused by Covid.

In addition, during 2022, the amount paid on account of corporate income tax for the 2020 financial year was refunded, reflecting a positive cash impact of €66.6 million. This refund and the modification of tax payments are the main effects which explain a positive cash generation, which was much higher than at the end of fiscal 2022 compared to fiscal year 2023.

Finally, it is worth noting the cash outflow of almost €182m from the acquisitions carried out this year, reducing cash generation at the end of the year.

D. Dividend policy

The Board of Directors intends to propose to the Annual General Meeting of Shareholders the distribution of a final dividend for the 2023 fiscal year of €181 million (1.36 euros per share), to be paid in the first quarter of the 2024 calendar year.

Furthermore, on July 20th, 2023, the Board of Directors approved the payment of an interim dividend of €65 million (€0.49 per share) for 2023, which was paid on August 28th, entailing an increase of 14% on the interim dividend paid during the previous year.

Therefore, the total dividend for the 2023 fiscal year will amount to 245 million (1.85 euros per share), which represents an increase of 34% compared to the dividend paid out in the previous fiscal year (1.38 euros per share) and a payout of 90%.

E. Business outlook

The various price and excise tax movements on tobacco during fiscal year 2023 have resulted in an estimated total positive impact on the value of inventories of €30 million.

Logista will continue to register growth from its businesses but a more moderate pace, expecting to reach **mid-single digit** adjusted EBIT growth compared to fiscal 2023. This expected growth excludes the effect of the impact on the value of inventories recorded in 2023 given its exceptionality, and any potential new acquisition.

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

F. Events subsequent to the closing of the period

Acquisition of SGEL Libros

On October 2nd, the acquisition of SGEL Libros by Logista Libros, a 50% subsidiary of Logista and Grupo Planeta, was formalized.

SGEL Libros is a national book distribution and publishing company that stands out for the distribution of general publications and educational books nationwide and has a publishing line specialized in the education sector. SGEL distributes to more than 8,000 points of sale in different marketing channels including bookstores, kiosks and hypermarkets, as well as online distribution, handling more than 300,000 orders per year. The company has a 14,000sqm warehouse in Guadalajara where it has more than 100,000 references in stock.

In fiscal year 2022, SGEL Libros recorded sales of €50 million and the price for the purchase (equity value) of 100% of the share capital of the Company amounts to €6 million.

Appendix

Income statement

M€	1 Oct. 2022 – 30 Sep. 2023	1 Oct. 2021 – 30 Sep. 2022	% variation
Revenue	**12,428**	**11,464**	**8.4%**
Economic Sales[1]	**1,684**	**1,235**	**36.3%**
(-) Operating cost of logistics networks[1]	(1,160)	(782)	(48.3%)
(-) Commercial operating expenses[1]	(65)	(54)	(18.8%)
(-) Operating expenditure on research and central offices[1]	(94)	(86)	(9.0%)
Total Operating Costs[1]	**(1,318)**	**(923)**	**(42.9%)**
Adjusted EBIT[1]	**366**	**312**	**17.1%**
Margin[1] %	*21.7%*	*25.3%*	*(3.6 p.p.)*
(-) Restructuring costs[1]	(14)	(11)	(25.6%)
(-) Depreciation of assets acquired	(61)	(53)	(15.4%)
(+/-) Profit/(loss) on disposal and impairment	(1)	15	(104.6%)
(+/-) Profit/(loss) from equity-accounted companies and other	3	3	(7.8%)
EBIT	**293**	**266**	**10.1%**
(+) Financial income	84	22	290.6%
(-) Financial expenses	(8)	(2)	233.7%
Profit/(loss) before tax	**370**	**286**	**29.4%**
(-) Corporate income tax	(96)	(75)	(27.7%)
Effective tax rate	*25.9%*	*26.2%*	*(30bp)*
(+/-) Profit/(loss) from discontinued operations	0	(11)	n.m.
(+/-) Other income/(expenses)			-
(-) Non-controlling interests	(2)	0	n.m.
Net Profit	**272**	**199**	**36.9%**

[1] See appendix *"Alternative Performance Measures"*

Cash Flow Statement

M€	1 Oct. 2022 – 30 Sep. 2023	1 Oct. 2021 – 30 Sep. 2022	Variation (M€)
EBITDA	**471**	**383**	**87.7**
Restructuring[1] and other payments	(5)	(37)	31.8
Net financial income/(expense)	83	19	63.4
Normalized taxes	(109)	(86)	(22.8)
Investment	(44)	(37)	(7.4)
Rent payments	(60)	(31)	(29.6)
Normalized Cash Flow	**334**	**211**	**123.0**
Change in working capital	(124)	270	(395.1)
Effect of cut-off date on taxes	(6)	67	(72.7)
Divestments	3	16	(13.1)
Company acquisitions (M&A)	(182)	(15)	(166.5)
Free Cash Flow	**24**	**549**	**(524.3)**

[1] *See appendix "Alternative Performance Measures"*

Balance sheet

M€	30 September 2023	30 September 2022
Property, plant and equipment and other fixed assets	450	322
Net long-term financial investments	25	21
Net goodwill	1,010	932
Other intangible assets	319	313
Deferred tax assets	12	11
Net inventory	1,781	1,529
Net receivables and other	1,978	1,917
Cash and cash equivalents	2,484	2,648
Held-for-sale assets	4	0
Total Assets	**8,062**	**7,694**
Shareholders' funds	591	562
Non-controlling interests	5	5
Non-current liabilities	247	133
Deferred tax liabilities	236	232
Short-term borrowings	96	41
Short-term provisions	16	7
Trade and other receivables	6,872	6,715
Liabilities linked to assets held for sale	-	-
Total Liabilities	**8,062**	**7,694**

Alternative Performance Measures

- **Economic Sales**: equivalent to Gross Profit; used interchangeably by Group Management to refer to the figure obtained by subtracting Raw materials and consumables from Revenue.

  Group management considers this figure to be a significant measure of the tariff revenue generated by distribution services that provides investors with a useful view of the Group's financial performance.

€ million	1 Oct. 2022 – 30 Sep. 2023	1 Oct. 2021 – 30 Sep. 2022
Revenue	12,428	11,464
Raw materials and consumables	(10,743)	(10,228)
Economic Sales (Gross Profit)	**1,684**	**1,235**

- **Adjusted Operating Profit (Adjusted EBIT)**: This indicator is basically calculated by discounting from EBIT costs that are not directly related to the revenue obtained by the Group in each period, which facilitates the analysis of the Group's operating cost and margin trends.

  Adjusted Operating Profit (Adjusted EBIT) is the main indicator employed by Group management to analyze and measure business performance.

€ million	1 Oct. 2022 – 30 Sep. 2023	1 Oct. 2021 – 30 Sep. 2022
Adjusted EBIT	**366**	**312**
(-) Restructuring costs	(14)	(11)
(-) Depreciation of assets acquired	(61)	(53)
(+/-) Profit/(loss) on disposal and impairment	(1)	15
(+/-) Equity-accounted profit/(loss) and other	3	3
EBIT	**293**	**266**

- **Adjusted EBIT Margin on Economic Sales**: calculated as Adjusted EBIT divided by Economic Sales (or, interchangeably, Gross Profit).

  This ratio is the main indicator employed by Group Management to analyze and measure the trend in profits obtained from the Group's ordinary business activities in a certain period.

€ million	1 Oct. 2022 – 30 Sep. 2023	1 Oct. 2021 – 30 Sep. 2022	% variation
Economic sales	1,684	1,235	36.3%
Adjusted EBIT	366	312	17.1%
Economic Sales Margin	**21.7%**	**25.3%**	**(3.6 p.p.)**

- **Operating Costs**: this term comprises logistics network costs, commercial expenses, research expenditure and central office expenses that are directly related to the Group's revenue in each period. It is the main figure used by Group management to analyze and measure cost structure trends. It does not include restructuring costs or depreciation charged on assets derived from the acquisitions, which are not directly related to the Group's revenue in each period.

  Each segment's operating costs exclude corporate center expenditure, which is however included in the Group's total operating costs so as to show the operating performance of each geographic area.

M€	1 Oct. 2022 – 30 Sep. 2023	1 Oct. 2021 – 30 Sep. 2022
Logistics network costs	1,233	843
Commercial expenses	65	55
Research expenses	2	2
Head office expenses	93	86
(-) Restructuring costs	(14)	(11)
(-) Amortisation of acquired assets	(61)	(53)
Operating Costs or Expenses in management accounts	**1,318**	**922**

- **Non-Recurring Costs**: This term refers to costs which may be incurred in more than one period but are not continuous over time (unlike operating costs) and only affect the accounts at a given moment.

  This figure helps Group Management to analyze and measure the Group's business trends during each period.

- **Recurring Operating Costs**: This term refers to costs incurred on a continuous basis that allow the Group's business to continue and are estimated as total operating costs less the non-recurring costs defined in the previous point.

  This figure helps Group Management to analyze and measure the Group's business efficiency.

- **Restructuring Costs**: costs incurred by the Group to enhance operational, administrative or commercial efficiency in the organization, including those related to reorganization, lay-offs and the closure or transfer of warehouses or other facilities.

- **Non-Recurring Results:** this refers to results for the year that are not obtained continuously during the year and affect the accounts at a given time. They are included in EBIT.

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