Results, H1 2023

October 2022 – March 2023

Logista closes H1 with an increase in adjusted EBIT[1] of 23%

Financial Highlights

€ million	1 Oct. 2022 – 31 Mar. 2023	1 Oct. 2021– 31 Mar. 2022	% variation
Revenue	5,935.4	5,453.8	8.8%
Economic Sales[1]	833.8	597.4	39.6%
Adjusted EBIT[1]	183.1	149.4	22.6%
Economic Sales Margin[1]	22%	25%	(300) b.p.
Operating Profit	146.1	128.3	13.8%
Net Profit	125.8	87.9	43.2%

Quarterly macroeconomic context

The macroeconomic and geopolitical context was complex in the first six months of 2023. Heightened worldwide cost inflation already described for the first quarter continued in the second, mainly affecting fuel and electricity prices in Europe, as well as prices of staple goods. February 2023 saw the first anniversary of the Russia-Ukraine war, aggravating the inflation trend due to the economic sanctions imposed on Russia by the international community, which hindered access to Russian raw materials.

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 final rate rise in March 2023, with the average base rate reaching 3.50%.

This inflationary scenario was further complicated by the bail-out of several financial institutions in the United States and Credit Suisse in Switzerland, exacerbating uncertainty in capital markets, particularly for the banking industry. This scenario has generated uncertainty as regards the pace of economic recovery in the coming months.

Despite all this, Logista's results were good and income statement highlights improved.

Business trend and income statement highlights

Consolidation of new acquisitions:

In the first half of 2023, we pressed on with the consolidation of the new acquisitions already described for the first quarter, initiating various integration and synergy-seeking activities.

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. Furthermore, through Speedlink, Nacex is signing new agreements which allow for its client portfolio to grow for their activities in Iberia.

As regards the integration of **Carbó Collbatallé** with the Parcel business, work was carried out to combine several long-distance routes and merge some of our own branches. We are also generating last mile delivery synergies between the two businesses in Madrid and Barcelona.

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

A number of actions were also taken in **Transportes El Mosca** in the first half. Security systems were fitted in some trucks of El Mosca so as to be able to carry high-value freight, including tobacco. After adapting a part of the fleet, several long haul routes have already been integrated. Furthermore, the GDP (Good Distribution Practice Certificate) was obtained, enabling the distribution of pharmaceutical products using the El Mosca fleet.

Consolidated income statement summary

- **Revenue** rose by +9% on the previous year to €5,935 million, thanks to generalised growth across all businesses in Iberia and Italy, as well as in convenience product distribution in France.
- **Economic Sales**[1] of €834 million, +40% v. the previous year, with general improvements in all businesses and geographies.
- **Adjusted EBIT**[1] of €183 million, +23% v. the previous year with improvement across all geographies.
- **Adjusted EBIT margin on Economic Sales**[1] was 22% as compared to 25% in the same 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 H1 had an estimated positive net impact of +24 million v. +€7 million in H1 2022.
- **Restructuring costs**[1] of €12 million v. €3 million in the same period of the previous year, including a provision of €10 million in France, due primarily to the closure of a regional distribution centre as part of the business optimisation strategy.
- **Capital gains** of -€98,000 on the sale of sundry assets, as compared to €5.8 million in the first six months of 2022 due to the sale of two warehouses in Spain.
- **EBIT** of €146 million, +14% on the previous year.
- **Net financial income** of €25 million v. €8 million in the previous year, thanks to the interest rate hike during the period.
- The **tax rate** fell to 25.6% v. 26.8% in the first six months of 2022.
- **Net Profit** climbed 43% up to €126 million.

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

Revenue trend (by segment and business)

€ million	1 Oct. 2022 – 31 Mar. 2023	1 Oct. 2021 – 31 Mar. 2022	% variation
Iberia	**2,112.7**	**1,750.9**	**20.7%**
Tobacco and Related Products	1,669.1	1,504.4	10.9%
Transport	416.3	220.6	88.7%
Pharmaceutical distribution	120.3	104.1	15.6%
Other businesses	9.1	9.4	(3.2)%
Adjustments	(102.2)	(87.6)	(16.6)%
Italy	**2,050.8**	**1,899.1**	**8.0%**
Tobacco and Related Products	2,050.8	1,899.1	8.0%
France	**1,800.1**	**1,829.0**	**(1.6)%**
Tobacco and Related Products	1,800.1	1,829.0	(1.6)%
Adjustments	**(28.2)**	**(25.2)**	**(12.1)%**
Total Revenue	**5,935.4**	**5,453.8**	**8.8%**

Economic sales[1] (by segment and business)

€ million	1 Oct. 2022 – 31 Mar. 2023	1 Oct. 2021 – 31 Mar. 2022	% variation
Iberia	**547.8**	**337.4**	**62.3%**
Tobacco and Related Products	190.5	160.0	19.1%
Transport	336.4	154.7	117.5%
Pharmaceutical distribution	46.4	44.5	4.2%
Other businesses	8.7	9.0	(3.1)%
Adjustments	(34.3)	(30.8)	(11.2)%
Italy	**176.9**	**156.3**	**13.2%**
Tobacco and Related Products	176.9	156.3	13.2%
France	**111.3**	**105.6**	**5.4%**
Tobacco and Related Products	111.3	105.6	5.4%
Adjustments	**(2.3)**	**(2.0)**	**(15.6)%**
Total Economic Sales	**833.8**	**597.4**	**39.6%**

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

Adjusted EBIT[1] and EBIT trends

M€	1 Oct. 2022 – 31 Mar. 2023	1 Oct. 2021 – 31 Mar. 2022	% variation
Iberia	**104.4**	**77.4**	**34.9%**
Italy	**49.7**	**46.7**	**6.5%**
France	**29.0**	**25.3**	**14.6%**
Adjusted EBIT[1]	**183.1**	**149.4**	**22.6%**
(-) Restructuring costs[1]	(12.3)	(3.0)	**(306.1)%**
(-) Depreciation of assets acquired	(26.5)	(26.1)	(1.4)%
(+/-) Profit/(loss) on disposal and impairment	(0.1)	5.8	(101.7)%
(+/-) Equity-accounted profit/(loss) and other	1.8	2.2	(18.1)%
EBIT	**146.1**	**128.3**	**13.8%**

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 trends in operating costs[1] and in the Group's margins. The table above sets out the reconciliation of Adjusted EBIT[1] and EBIT for H1 2023 and H1 2022.

At the first-half close, depreciation charges on assets acquired includes only those of Logista France and Speedlink. The depreciation charges of Transportes El Mosca and Carbó Collbatallé acquisitions are in an external valuation process.

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

Segment performance

A. Iberia: Spain, Portugal and Poland

M€	1 Oct. 2022 – 31 Mar. 2023	1 Oct. 2021 – 31 Mar. 2022	% variation
Revenue	**2,112.7**	**1,750.9**	**20.7%**
Tobacco and Related Products	1,669.1	1,504.4	10.9%
Transport	416.3	220.6	88.7%
Pharmaceutical distribution	120.3	104.1	15.6%
Other businesses	9.1	9.4	(3.2)%
Adjustments	(102.2)	(87.6)	(16.6)%
Economic Sales[1]	**547.8**	**337.4**	**62.3%**
Tobacco and Related Products	190.5	160.0	19.1%
Transport	336.4	154.7	117.5%
Pharmaceutical distribution	46.4	44.5	4.2%
Other businesses	8.7	9.0	(3.1)%
Adjustments	(34.3)	(30.8)	(11.2)%

Revenue of €2,113 million was up +21% compared to 2022. **Economic Sales**[1] of €548 million grew by +62% on 2022.

Tobacco and Related Products

- Increase of 11% in **Revenue** and 19% 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 remained stable in relation to the first half of 2022 thanks to the increase in RYO and other[2] in both countries, cigarette volumes distributed in Spain have fallen by (1.5%) while they remained stable in Portugal at +0.5%. Electronic cigarette distribution grew significantly in both countries, nearly doubling the volumes distributed compared to the previous year.

- During H1, 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. €23 million due to changes in the **value of inventories** (as compared to €8 million in H1 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) thanks to reaching new points of sale and enhancing the most significant product categories.

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

Transport Services

- **Revenue** of €416 million, +89% v. the previous year, and **Economic Sales**[1] of €336 million, +117% v. 2022, mainly due to the inclusion of the new acquisitions.
- **Economic Sales**[1] in long-distance transport (**Logista Freight**) grew double-digit thanks to the increase in activities and to a larger proportion of high-value businesses. The segment's organic growth was supplemented by the acquisition of a 60% stake in Transportes El Mosca.
- **Parcel segment's Economic Sales**[1] grew by more than 50%, mainly due to the inclusion of Carbó Collbatallé and to 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] by the **courier** activity rose double-digit during the period thanks primarily to the inclusion of Speedlink in the consolidation scope and to 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 €120 million, +16% v. the previous year and **Economic Sales**[1] of €46 million (+4%) 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.

Publications – Other Businesses

- **Revenues** and **Economic Sales**[1] declined by a slight -3% v. the previous year in both cases.
- 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 will come into effect as from the last quarter of 2023.

Adjusted EBIT[1] of €104 million, up +35% on the same period of the previous year including a double-digit organic growth.

Restructuring costs[1] amounted to €1.5 million v. €1.6 million in the first six months of the previous year. **Capital gains on asset sales** amounted to €25,000 v. €6 million in 2022. An asset **depreciation** charge of €0.4 million was recognised in the current year due to Speedlink acquisition. **Equity-accounted profits** totalled €1.8 million (book distribution) v. €2.2 million in the previous year.

EBIT of €104 million, up +24% on H1 2022.

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

B. Italy

M€	1 Oct. 2022 – 31 Mar. 2023	1 Oct. 2021 – 31 Mar. 2022	% variation
Revenue	**2,050.8**	**1,899.1**	**8.0%**
Tobacco and Related Products	2,050.8	1,899.1	8.0%
Economic Sales[1]	**176.9**	**156.3**	**13.2%**
Tobacco and Related Products	176.9	156.3	13.2%

Revenue of €2,051 million and **Economic Sales**[1] of €177 million rose by +8% and +13% on the previous year, respectively, thanks to price rises and the growth in revenue from the marketing of convenience products and next-generation products with respect to 2022.

Tobacco and Related Products

- **Volumes** distributed of cigarettes plus RYO and other[2] climbed 1.8% on the previous year due to the sound performance of the new product categories, which offset the decline in cigarette volumes (-1.3%). Volumes distributed of next-generation products are still performing well, having achieved double-digit growth. In particular, electronic cigarette volumes distributed 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. In response to the tax rise, most tobacco manufacturers **increased prices** by an average of between €0.10 and €0.30 per packet in February and March, largely offsetting the tax hike.

- The change in the **value of inventories** as a result of the increases in tax and tobacco prices had a net adverse impact of c. €2.6 million v. €0.3 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 virtually double 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 €50 million, +6% on 2022.

Restructuring costs[1] relating primarily to the distribution network reorganisation involving the closure of a warehouse in the south of Italy, amounted to €0.8 million v. €0.9 million in 2022.

EBIT of €49 million, +7% up on the previous year.

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

C. France

M€	1 Oct. 2022 – 31 Mar. 2023	1 Oct. 2021 – 31 Mar. 2022	% variation
Revenue	**1,800.1**	**1,829.0**	**(1.6)%**
Tobacco and Related Products	1,800.1	1,829.0	(1.6)%
Economic Sales[1]	**111.3**	**105.6**	**5.4%**
Tobacco and Related Products	111.3	105.6	5.4%

Revenue fell by 2% year on year to €1,800 million, primarily due to a decline in tobacco distribution revenue.

Economic Sales[1] of €111 million were +5% 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 (4.6%) in cigarettes plus RYO and other[2]. The double-digit growth in the distribution of electronic cigarettes is especially significant.
- With effect as from 1 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 of €3.9 million during the period, as compared with a negative impact of €0.1 million during H1 2022.

Adjusted EBIT[1] of €29 million, +15% on 2022.

Restructuring costs[1] amounted to €10.1 million in the first six months of FY 2023, including a provision for the cost of closing a warehouse in the south of France that will be completed in September 2023. The same amount of **depreciation** was charged on the assets arising from the acquisition of the French business, amounting to €26 million, together with a capital loss of €0.1 million, in both periods.

EBIT of -€7.3 million, v. -€1.5 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 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 3.5% in March. The European Central Bank's average rate for the period was 2.30%.

The European Central Bank's benchmark rate remained at 0% for the first six months of the previous year, so balances accrued interest of 0.75% in H1 2022.

The **average credit line balance** in the first half was €1,896 million v. €2,158 million in the first half of the previous year.

Financial income amounted to €29 million, well above the figure of €9 million in H1 2022.

Financial expenses for the period amounted to €3.8 million, above the €0.9 million figure recorded in H1 2022.

Net financial income/(expense) for the period therefore totalled €25.4 million, tripling the €7.6 million obtained in H1 2022.

B. Net profit

Restructuring costs[1] of €12.3 million in H1 2023, including the provision for the closure of a warehouse in France. Capital gains of €98,000 were well below the €5.8 million recorded in H1 2022. Net financial income/(expense) was a lot higher than the figure for H1 2022 (€25.4 million v. €7.6 million) and pre-tax profit amounted to €172 million, 26% up on H1 2022.

The **tax rate** was 25.6% v. 26.8% in H1 of the previous year.

Profit from continuing operations in H1 2023 increased to reach €128 million, which is 28% higher than the H1 2022 figure of €99 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 in the first six months of 2022 reflects the operating profit/(loss) from this activity. There were no discontinued operations in H1 2023.

Attributable **Net Profit** amounted to €126 million, having risen by 43% on H1 2022, when it included continuing and discontinued operations.

Basic earnings per share amounted to €0.95 v. €0.67 in H1 2022, the number of shares remaining the same. At 31 March 2023, the Company holds 919,161 treasury shares (0.7% of share capital). Most of these shares were purchased to cover future commitments to deliver shares under long-term executive remuneration plans. The other shares secure the liquidity agreement entered into on 20 January 2021 with Banco Santander, S.A.

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

C. Cash flows

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.

The positive business performance during the period and the consolidation of the acquisitions in results led to a 27% increase in earnings before interest, taxes, depreciation and amortisation (EBITDA) compared to the same period of the previous year.

The growth in operating and financial results during the period and the fall in restructuring costs more than funded the increase in rent payments and in normalised tax payments, as well as the rise in cash outflows due to investments in this half, so normalised cash resources generated in the first half were 77% above the same period of the previous year.

The change in **working capital** in the first six months of 2023 is in line with the historical trend of the company, reducing in the first half and recovering in the second half due to the seasonal nature of the business, mentioned before. This, combined with cash outflows due to acquisitions (€154 million) and a fall in cash inflows from divestments, resulted in negative free cash flow of €455 million at 31 March 2023.

D. Dividend policy

The Annual General Shareholders' Meeting held on 7 February 2023 agreed the distribution of an additional dividend for the 2022 financial year of €0.95 per share (€126.1 million), which was paid on 23 February 2023.

The dividend for 2022 therefore totalled €1.38 per share (€183 million), up 11% on the previous year (€1.24 per share).

E. Business outlook

The current market circumstances and the estimated stock variation registered to date allow us to **update our forecast** for the fiscal year 2023, expecting to achieve a growth of **around 14%** in Adjusted EBIT[1] over the figure for 2022. This growth takes into account that the estimated profit on inventory has mostly been recorded during the first semester and it includes the contribution of the new acquisitions.

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 prioritise the same dividend policy applied to date.

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

Appendix

Income statement

€ million	1 Oct. 2022 – 31 Mar. 2023	1 Oct. 2021 – 31 Mar. 2022	% variation
Revenue	**5,935.4**	**5,453.8**	**8.8%**
Economic Sales[1]	**833.8**	**597.4**	**39.6%**
(-) Operating cost of logistics networks[1]	(570.8)	(380.6)	(50.0)%
(-) Commercial operating expenses[1]	(33.4)	(25.5)	(31.0)%
(-) Operating expenditure on research and central offices[1]	(46.5)	(42.0)	(10.8)%
Total Operating Costs[1]	**(650.7)**	**(448.0)**	(45.2)%
Adjusted EBIT[1]	**183.1**	**149.4**	**22.6%**
Margin[1] %	*22.0%*	*25.0%*	*(300) b.p.*
(-) Restructuring costs[1]	(12.3)	(3.0)	(306.1)%
(-) Depreciation of assets acquired	(26.5)	(26.1)	(1.4)%
(+/-) Profit/(loss) on disposal and impairment	(0.1)	5.8	(101.7)%
(+/-) Profit/(loss) from equity-accounted companies and other	1.8	2.2	(17.6)%
EBIT	**146.1**	**128.3**	**13.8%**
(+) Financial income	29.3	8.6	242.3%
(-) Financial expenses	(3.8)	(0.9)	(315.6)%
Profit/(loss) before tax	**171.5**	**135.9**	**26.2%**
(-) Corporate income tax	(43.9)	(36.4)	(20.5)%
Effective tax rate	25.6%	*26.8%*	(120) b.p.
(+/-) Profit/(loss) from discontinued operations	-	(11.5)	n.m.
(+/-) Other income/(expenses)	-	-	-
(-) Non-controlling interests	(1.8)	(0.2)	n.m.
Net Profit	**125.8**	**87.9**	**43.2%**

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

Cash Flow Statement

€ million	1 Oct. 2022 – 31 Mar. 2023	1 Oct. 2021 – 31 Mar. 2022	Variation (€ million)
EBITDA	**235.2**	**184.8**	**50.4**
Restructuring[1] and other payments	(5.0)	(27.8)	22.8
Net financial income/(expense)	28.2	8.7	19.5
Normalised taxes	(49.9)	(42.1)	(7.8)
Investment	(28.0)	(20.5)	(7.6)
Rent payments	(28.2)	(17.1)	(11.0)
Normalised Cash Flow	**152.4**	**86.0**	**66.3**
Change in working capital	(480.7)	(46.7)	(433.9)
Effect of cut-off date on taxes	26.7	53.9	(27.3)
Divestments	0.2	13.3	(13.1)
Company acquisitions (M&A)	(154.0)	(15.2)	(138.8)
Free Cash Flow	**(455.4)**	**91.4**	**(546.8)**

Balance sheet

€ million	31 March 2023	30 September 2022
Property, plant and equipment and other fixed assets	457.8	322.1
Net long-term financial investments	25.0	21.0
Net goodwill	1,047.9	932.4
Other intangible assets	286.5	312.8
Deferred tax assets	10.8	11.1
Net inventory	1,653.2	1,529.2
Net receivables and other	2,062.6	1,916.9
Cash and cash equivalents	2,068.3	2,648.3
Held-for-sale assets	0.3	0.3
Total Assets	**7,612.3**	**7,694.0**
Shareholders' funds	513.5	562.0
Non-controlling interests	6.5	4.7
Non-current liabilities	291.8	132.8
Deferred tax liabilities	226.5	231.7
Short-term borrowings	67.1	40.8
Short-term provisions	15.1	6.7
Trade and other receivables	6,491.8	6,715.3
Liabilities linked to assets held for sale	-	-
Total Liabilities	**7,612.3**	**7,694.0**

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

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 – 31 Mar. 2023	1 Oct. 2021 – 31 Mar. 2022
Revenue	5,935,4	5,453.8
Raw materials and consumables	(5,101.6)	(4,856.4)
Economic Sales (Gross Profit)	**833.8**	**597.4**

- **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 analyse and measure business performance.

€ million	1 Oct. 2022 – 31 Mar. 2023	1 Oct. 2021 – 31 Mar. 2022
Adjusted EBIT	**183.1**	**149.4**
(-) Restructuring costs	(12.3)	(3.0)
(-) Depreciation of assets acquired	(26.5)	(26.1)
(+/-) Profit/(loss) on disposal and impairment	(0.1)	5.8
(+/-) Equity-accounted profit/(loss) and other	1.8	2.2
EBIT	**146.1**	**128.3**

- **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 analyse and measure the trend in profits obtained from the Group's ordinary business activities in a certain period.

€ million	1 Oct. 2022 – 31 Mar. 2023	1 Oct. 2021 – 31 Mar. 2022	% variation
Economic sales	833.8	597.4	39.6%
Adjusted EBIT	183.1	149.4	22.6%
Economic Sales Margin	**22.0%**	**25.0%**	**(300) b.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 analyse and measure cost structure trends. It does not include restructuring costs or depreciation charged on assets derived from the acquisition of Logista France or Speedlink Worldwide Express, which are not directly related to the Group's revenue in each period.

Each segment's operating costs exclude corporate centre 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 – 31 Mar. 2023	1 Oct. 2021 – 31 Mar. 2022
Logistics network costs	608.2	409.0
Commercial expenses	33.4	25.5
Research expenditure	1.2	0.9
Central office expenses	46.7	41.8
(-) Restructuring cost in operating expensess	(12.3)	(3.0)
(-) Amortisation of assets from acquisitions	(26.5)	(26.1)
Operating costs or expenses in management accounts	**650.7**	**448.0**

- **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 analyse 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 analyse and measure the Group's business efficiency.

- **Restructuring Costs**: costs incurred by the Group to enhance operational, administrative or commercial efficiency in the organisation, including those related to reorganisation, 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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