

Report on Limited Review

**COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.
AND SUBSIDIARIES
Interim Condensed Consolidated Financial Statements
and Interim Consolidated Directors Report
for the six-month period ended
March 31, 2021**

REPORT ON LIMITED REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

Report on the interim condensed consolidated financial statements

Introduction

We have carried out a limited review of the accompanying interim condensed consolidated financial statements (hereinafter the interim financial statements) of Compañía de Distribución Integral Logista Holdings, S.A. (hereinafter the Parent Company) and Subsidiaries (hereinafter the Group), which comprise the condensed consolidated balance sheet at March 31, 2021, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and the explanatory notes, all condensed and consolidated, for the six-month period then ended. The Parent's Directors are responsible for the preparation of said interim financial statements in accordance with the requirements established by International Accounting Standards (IAS) 34, "Interim Financial Reporting", adopted by the European Union for the preparation of interim condensed financial reporting as per article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of review

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

Conclusion

During the course of our limited review, which under no circumstances can be considered an audit of accounts, no matter come to our attention which would lead us to conclude that the accompanying interim financial statements for the six-month period ended March 31, 2021 have not been prepared, in all significant respects, in accordance with the requirements established by International Accounting Standards (IAS) 34, "Interim Financial Reporting", as adopted by the European Union in conformity with article 12 of Royal Decree 1362/2007 for the preparation of interim condensed financial statements.

Emphasis paragraph

We draw attention to the matter describe in accompanying explanatory Note 1 in the interim financial statements, which indicates that the abovementioned accompanying interim financial statements do not include all the information that would be required for completed consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union. Therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended September 30, 2020. This does not modify our conclusion.

Report on other legal and regulatory reporting requirements

The accompanying interim consolidated directors' report for the six-month period ended March 31, 2021 contains such explanations as the Parent's Directors consider appropriate regarding significant events which occurred during this period and their effect on these interim financial statements, of which it is not an integral part, as well as on the information required in conformity with article 15 of Royal Decree 1362/2007. We have checked that the accounting information included in the abovementioned report agrees with the interim financial statements for the six-month period ended March 31, 2021. Our work is limited to verifying the interim consolidated directors' report in accordance with the scope described in this paragraph, and does not include the review of information other than that obtained from the accounting records of Compañía de Distribución Integral Logista Holdings, S.A. and its Subsidiaries.

Paragraph on other issues

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

ERNST & YOUNG, S.L.

(Signed on the original in Spanish)

María del Tránsito Rodríguez Alonso

May 6, 2021

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

Interim Condensed Consolidated
Financial Statements for the six-
month period ended 31 March 2021
and Interim Directors' Report

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

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS AT MARCH 31, 2021 AND 30, SEPTEMBER 2020
(Thousands of Euros)

ASSETS	Note	31-03-2021	30-09-2020	EQUITY AND LIABILITIES	Note	31-03-2021	30-09-2020
NON-CURRENT ASSETS:				EQUITY:			
Property, plant and equipment	5	345,367	358,863	Share capital	8	26,550	26,550
Investment property		14,251	14,390	Share premium		867,808	867,808
Goodwill	4	920,800	920,800	Reserves of the Parent		270,597	42,806
Other intangible assets	4	380,697	408,095	Reorganisation reserves		(753,349)	(753,349)
Investments in associates		4,547	2,895	Reserves at consolidated companies		(14,448)	215,566
Other non-current financial assets	6	16,302	16,330	Translation differences		(103)	(101)
Deferred tax assets		16,195	18,719	Reserve for first-time application of IFRSs		19,950	19,950
Total non-current assets		1,698,159	1,740,092	Consolidated profit for the period		87,778	157,184
				Interim dividend		-	(51,569)
				Treasury shares	8	(13,016)	(10,681)
				Equity attributable to shareholders of the Parent		491,767	514,164
				Minority interests		788	2,134
				Total equity		492,555	516,298
				NON-CURRENT LIABILITIES:			
				Other non-current financial liabilities	7	119,620	128,184
CURRENT ASSETS:				Long-term provisions	9	38,286	39,454
Inventories		1,359,774	1,294,312	Deferred tax liabilities		248,049	253,560
Trade and other receivables		1,927,622	1,900,529	Total non-current liabilities		405,955	421,198
Tax receivables		64,825	80,400				
Other current financial assets	6	1,979,631	2,664,078	CURRENT LIABILITIES:			
Cash and cash equivalents		165,370	162,741	Other current financial liabilities	7	79,234	77,386
Other current assets		13,512	4,770	Trade and other payables		1,189,802	1,145,033
Total current assets		5,510,734	6,106,830	Tax payables		4,958,482	5,598,599
				Short-term provisions	9	10,532	13,498
NON-CURRENT ASSETS HELD FOR SALE		2,298	18	Other current liabilities		74,631	74,928
				Total current liabilities		6,312,681	6,909,444
TOTAL ASSETS		7,211,191	7,846,940	TOTAL EQUITY AND LIABILITIES		7,211,191	7,846,940

The accompanying Notes 1 to 16 are an integral part of the condensed consolidated balance sheet at March 31st 2021

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS INCOME STATEMENTS FOR THE SIX MONTHS
PERIODS ENDED 31 MARCH 2021 AND 2020
(Thousands of Euros)

	Note	31-03-2021	31-03-2020
Revenue	12	5,237,838	5,004,241
Procurements		(4,638,081)	(4,437,387)
Gross profit		599,757	566,854
Cost of logistics networks:			
Staff costs		(93,797)	(93,944)
Transport costs		(128,403)	(126,418)
Provincial sales office expenses		(39,569)	(38,858)
Depreciation and amortisation charge		(59,323)	(58,084)
Other operating expenses		(91,869)	(87,506)
Total cost of logistics networks		(412,961)	(404,810)
Commercial expenses:			
Staff costs		(22,228)	(22,414)
Other operating expenses		(11,269)	(12,727)
Total commercial expenses		(33,497)	(35,141)
Research expenses:		(1,265)	(1,373)
Head office expenses:			
Staff costs		(34,969)	(31,120)
Depreciation and amortisation charge		(2,788)	(2,733)
Other operating expenses		(6,839)	(8,025)
Total head office expenses		(44,596)	(41,878)
Share of results of companies		1,653	655
Net loss on disposal and impairment of non-current assets	5	1,129	330
Other results		(14)	140
Profit from operations		110,205	84,777
Finance income		12,674	7,679
Finance costs		(1,783)	(1,568)
Profit before tax	12	121,096	90,888
Income tax	14	(33,180)	(24,812)
Profit for the period from continuing operations		87,915	66,076
Loss for the period from discontinued operations net of tax		-	-
Profit for the period		87,915	66,076
Attributable to-			
Shareholders of the Parent Company		87,778	65,884
Minority interests		138	192
Basic earnings per share	3	0.67	0.50

The accompanying Notes 1 to 16 are an integral part of the condensed consolidated income statement for the six months periods ended as March 31st, 2021.

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIODS ENDED 31 MARCH 2021 AND 2020
 (Thousands of Euros)

	31-03-2021	31-03-2020
Profit for the year	87,915	66,076
Net gain (loss) on available for sale assets recognised in equity	-	-
Net gain (loss) on cash flow hedging instruments recognised in equity	-	-
Net actuarial gain (loss) recognised directly in equity	-	-
Foreign exchange rate changes	(1)	(77)
Net gain (loss) on taxes recognised directly in equity	-	-
Total other comprehensive income	(1)	(77)
Total comprehensive income for the year	87,914	65,999
Attributable to-		
Shareholders of the Parent Company	87,776	65,807
Minority interests	138	192
Total attributable	87,914	65,999

The accompanying Notes 1 to 16 are an integral part of the condensed consolidated statement of comprehensive income for the six months periods ended 31 March 2021.

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

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIODS ENDED 31 MARCH 2021 AND 2020**

(Thousands of Euros)

	Share Capital	Share Premium	Reserves of the Parent	Reorganisation Reserves	Reserves at Consolidated Companies	Translation Differences	Valuation Adjustments	Consolidated Profit for the Period	Interim Dividend	Treasury Shares	Equity attributable to the Shareholder of the Parent	Minority Interests	Total Equity
Balance at 1 October 2019	26,550	867,808	35,431	(753,349)	216,482	(48)	19,950	164,626	(48,938)	(9,893)	518,619	1,727	520,346
Net profit for the period attributable to the Parent	-	-	-	-	-	(77)	-	65,884	-	-	65,807	-	65,807
Loss attributable to minority interests	-	-	-	-	-	-	-	-	-	-	-	192	192
Income and expenses recognised in the period	-	-	-	-	-	(77)	-	65,884	-	-	65,807	192	65,999
I. Transactions with Shareholders:	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution of profit:	-	-	-	-	-	-	-	-	-	-	-	-	-
To reserves	-	-	9,505	-	(913)	-	-	(8,592)	-	-	-	-	-
Dividends (Note 3)	-	-	-	-	-	-	-	(156,034)	48,938	-	(107,096)	-	(107,096)
On treasury shares operations (Note 8b):	-	-	(4,234)	-	-	-	-	-	-	(981)	(5,215)	-	(5,215)
II. Other changes	-	-	1,384	-	(3)	-	-	-	-	-	1,381	-	1,381
Balance at 31 March 2020	26,550	867,808	42,086	(753,349)	215,566	(125)	19,950	65,884	-	(10,874)	473,496	1,919	475,415
Balance at 30 September 2020	26,550	867,808	42,806	(753,349)	215,566	(101)	19,950	157,184	(61,569)	(10,681)	514,164	2,134	516,298
Net profit for the period attributable to the Parent	-	-	-	-	-	(2)	-	87,778	-	-	87,776	-	87,776
Loss attributable to minority interests	-	-	-	-	-	-	-	-	-	-	-	138	138
Income and expenses recognised in the period	-	-	-	-	-	(2)	-	87,778	-	-	87,776	138	87,914
I. Transactions with Shareholders:	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution of profit:	-	-	-	-	-	-	-	-	-	-	-	-	-
To reserves	-	-	228,913	-	(227,570)	-	-	(1,343)	-	-	-	-	-
Dividends (Note 3)	-	-	-	-	-	-	-	(155,841)	51,569	-	(104,272)	-	(104,272)
On treasury shares operations (Note 8b):	-	-	(2,340)	-	-	-	-	-	-	(2,335)	(4,675)	-	(4,675)
II. Other changes	-	-	1,218	-	(2,444)	-	-	-	-	-	(1,226)	(1,484)	(2,710)
Balance at 31 March 2021	26,550	867,808	270,597	(753,349)	(14,448)	(103)	19,950	87,778	-	(13,016)	491,767	788	492,555

The accompanying Notes 1 to 16 are an integral part of the condensed consolidated statement of changes in equity for the six months periods ended 31 March 2021.

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

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS PERIODS ENDED
31 MARCH 2021 AND 2020**
(Thousands of Euros)

	Note	31-03-2021	31-03-2020
1. OPERATING ACTIVITIES:			
Consolidated profit before tax from continuing operations		121,096	90,888
Adjustments for-			
Profit of companies accounted for using the equity method		(1,653)	(655)
Depreciation and amortisation charge		62,867	61,646
Period provisions		2,079	3,448
Proceeds from disposal of non-current assets		(1,115)	(370)
Financial profit		(11,923)	(7,249)
Financial expenses for leases (IFRS 16)		1,032	1,138
Other results		810	1,306
Adjusted profit		173,193	150,152
Net change in assets / liabilities -			
(Increase)/Decrease in inventories		(61,504)	(222,798)
(Increase)/Decrease in trade and other receivables, other current and non-current assets		(39,684)	270,667
Increase/(Decrease) in trade payables		44,769	(16,711)
Increase/(Decrease) in other current and non-current liabilities		(675,208)	(421,009)
Income tax paid		5,974	(61,869)
Finance income and costs		11,923	6,997
Total net cash flows from operating activities (I)		(540,537)	(294,571)
2. INVESTING ACTIVITIES:			
Net investment in property, plant and equipment		(9,052)	(12,148)
Net investment in intangible assets		(4,025)	(5,895)
Variation of other current and non-current financial assets		681,234	420,813
Disposals of non-current held for sale assets		-	-
Total net cash flows from investing activities (II)		668,157	402,770
3. FINANCING ACTIVITIES:			
Dividends paid (-)	3	(104,272)	(107,096)
Other equity instruments		(3,618)	(3,435)
Changes in current borrowings		(253)	440
Payments for leases (IFRS 16)		(16,848)	(16,631)
Total net cash flows from financing activities (III)		(124,991)	(126,722)
4. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)		2,629	(18,523)
Cash and cash equivalents at beginning of year		162,741	160,650
Net change in cash and cash equivalents during the year		2,629	(18,523)
Total cash and cash equivalents at end of year		165,370	142,127

The accompanying Notes 1 to 16 are an integral part of the condensed consolidated cash flow statement for the six months periods ended 31 March 2021.

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

Notes to the Interim Condensed Consolidated Financial Statements
for the six-month period ended 31 March 2021

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

a) Introduction

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

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

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

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

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

The consolidated financial statements of Logista Group for 2020 were formally approved by the General Shareholders' Meeting on February 4th, 2021.

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

The accompanying interim condensed consolidated financial statements are presented in accordance with the International Accounting Standard (IAS) 34 Interim Financial Reporting, and have been prepared by the Parent Company's Board of Directors on May 6th, 2021 in conformity with Article 12 of the Spanish "Real Decreto 1362/2007".

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

The accounting policies and methods used in the preparation of the accompanying interim condensed consolidated financial statements are the same as the ones used in the preparation of the consolidated financial statements for the year 2020, and additionally the standards and interpretations which have an obligatory application for the Group since October 1st, 2020 have been also considered. In this regard, the main applicable standards are as follows:

Standards and amendments to standards	Content	Obligatory Application in Annual Reporting Periods Beginning on or After
Amendment to IFRS 3, Business definition	Clarifications to the business definition	January 1st, 2020
Amendment to IAS 1 and IAS 8, definition of materiality	Modifications to align the definition with that contained in the conceptual framework	January 1st, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform	These amendments provide certain exemptions in relation to the reform of the reference interest rate (IBOR).	January 1st, 2020
Revised version of IFRS Conceptual Framework	It establishes several fundamental concepts guiding the IASB in the development of standards and helps ensure that standards are consistent and that similar transactions are treated in the same way.	January 1st, 2020
Amendment to IFRS 16 Rent Concessions related to Covid-19	It allows that, as a practical solution and subject to a number of conditions, the lessee may elect not to count rent concessions, derived from Covid-19, as a lease modification.	June 1st, 2020

The application of the previous standards, interpretations and amendments has not had a significant effect on the Interim Condensed Consolidated Financial Statements for the six-month period ended 31 March 2021.

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

Standards and amendments to standards	Content	Obligatory Application in Annual Reporting Periods Beginning on or After
Amendment to IFRS 4 Insurance Contracts - Deferral of IFRS 9	Currently, with IFRS 4 Insurance Contracts, the effective date of IFRS 9 Financial Instruments for entities applying this standard is 1 January 2021. The IASB has decided to delay the effective date for these entities to periods beginning on 1 January 2023. This standard is not applicable to the Group.	January 1st, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – phase 2	These modifications provide temporary relief in financial reporting while interbank offered rates (IBORs) are replaced by risk-free rates (RFRs).	January 1st, 2020

The Group estimates that the standards effective January 1st, 2021 will not have a significant impact on equity in the Group's next fiscal year, from which they will become applicable.

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

Standards and amendments to standards	Content	Obligatory Application in Annual Reporting Periods Beginning on or After
IFRS 17, Insurance Contracts	Replaces IFRS 4 and sets out the principles for the recognition, measurement, presentation and disclosure of insurance contracts with the objective that an entity should provide relevant and reliable information to enable users of the information to determine the effect that the contracts have on the financial statements. This standard is not applicable to the Group.	January 1st, 2023
Amendments to IAS 1 Presentation of Financial Statements: classification of financial liabilities as current or non-current	In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to clarify the requirements to be applied in classifying liabilities as current or non-current.	January 1st, 2023
Amendments to: - IFRS 3 Business Combinations - IAS 16 Property, Plant and Equipment - IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Annual Improvements 2018 - 2020	These amendments relate mainly to: - IFRS 3: Reference to the conceptual framework - IAS 15: Amounts earned prior to intended use - IAS 37: Costs of fulfilling a contract - Improvements to IFRS 9 and IAS 41	January 1st, 2022

c) Use of estimates

The consolidated profit and equity are sensitive to the accounting principles and policies, the measurement bases and the estimates used by the Parent Company's Directors in the preparation of the interim condensed consolidated financial statements. The main accounting principles and policies and measurement bases are described in the Note 4 to the consolidated financial statements for the year 2020.

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

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

Although these estimates were made on the basis of the best information available at the period ending March 31st, 2021, events that may take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. This would be done prospectively, recognising the effects of the changes in accounting estimates in the relevant future consolidated financial statements.

d) Risk exposure. Covid-19.

Information on the Group's risk exposure is disclosed in Note 17 to the consolidated financial statements for the year ended September 30th, 2020, as well as in the interim consolidated management report for the first half of the 2021 financial year.

Identified risks

The current situation is marked by the uncertainty generated by the coronavirus pandemic, as well as by the consequences of the implementation at national level, by the different governments, of different measures to contain the pandemic, with restrictions on movements and temporary suspension of non-essential activities, with the consequent closure of points of sale.

Actions taken to mitigate risks

This risk is mitigated, since Logista is engaged in the supply and distribution of products to sales networks that provide essential services, tobacconists, pharmacies, service stations, kiosks, and is therefore obliged to maintain its activities, guaranteeing the supply and delivery of such products to retail establishments, and therefore these interim consolidated financial statements are presented on a going concern basis.

Impacts to date and potential future impacts

The pandemic situation in the first half of the current fiscal year has been worsening compared to that observed at the beginning of the fiscal year, although it is better than that which existed at the end of the first half of fiscal year 2020. All the countries in which we operate have experienced new waves of the pandemic in these six months, especially from January onwards.

The governments of Spain, Portugal, France and Italy have again adopted measures to limit opening hours, mobility, shop closures and selective confinements, but, in general, these measures have been less drastic than those adopted in the second quarter of the previous year. However, as was the case then, Logista maintained business as usual in most of the businesses which, once again, were considered core activities.

The negative effects on results as a consequence of COVID-19 have been compensated, through cost reduction measures and by adopting some strategic decisions, which have made it possible to translate certain positive trends, derived from the situation created by the pandemic in certain sectors, into increases in activity.

Among the positive impacts resulting from the pandemic situation, which were already observed during the previous fiscal year, it is worth noting the increased activity in e-commerce distribution, in pharmaceutical distribution, the development of services to manufacturers, as well as the improved evolution of tobacco volumes distributed in France, due to the measures to limit mobility, particularly across borders.

During the first half of last year there was a negative impact of approximately 5.5 million of negative results derived from COVID-19, while in the current year this impact is not considered to be significant.

e) Comparability of the information

The information contained in these condensed consolidated interim financial statements for the first half of fiscal 2020 and September 30th, 2020 is presented solely and exclusively for comparative purposes with the information relating to the six-month period ended March 31st, 2021.

f) Materiality

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

2. Changes in the Group's composition

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

On September 8, 2020, Logista Payments, S.L.U. was incorporated and is fully consolidated since the Group has control over this company.

Transactions with minority shareholdings

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

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

b) *Changes in the scope of consolidation during the six month period ended as of 31 March 2020*

There were no changes in the consolidation perimeter during the first half of 2020.

3. Dividends paid by the Parent Company

a) *Dividends paid by the Parent Company*

On February 4th, 2021, the Parent Company's General Shareholders' Meeting approved the distribution of the profit for 2020, which included an interim dividend on account of the profit for that year that was approved by the Board of Directors and settled previously, amounting to 51,569 thousand euros and a final dividend amounting to 104,272 thousand euros, which was paid on February 26th, 2021.

b) *Earnings per share*

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

Earnings per share are calculated as follows:

	31-03-21	31-03-20
Net profit for the period (thousands of euros)	87,778	65,884
Weighted average number of shares issued (thousands of shares) (*)	131,981	132,235
Earnings per share (euros)	0.67	0.50

(*) During the first six months of 2021, the Parent Company has acquired 309,596 own shares and has delivered 76,785 own shares to employees (see Note 8).

At 31 March, 2021 and 2020, taking into consideration treasury shares, which are related to the long-term incentive plans, there were no dilutive effects on basic earnings per share.

4. Intangible assets

a) *Goodwill*

The disclosure of this caption as of March 31st, 2021 and September 30th, 2020 is the following:

	Thousands of Euros	
	31-03-21	30-03-20
Italy, tobacco and related products	662,922	662,922
France, tobacco and related products	237,106	237,106
Iberia, transport	18,269	18,269
Iberia, tobacco and related products	2,017	2,017
Iberia, other business	486	486
Total	920,800	920,800

The impairment tests policies applied by the Group to its intangible assets and goodwill are described in the Note 4.3 of the consolidated financial statements for the year ended as of September 30th, 2020.

Based on the methodology used and considering the estimates, projections and valuations available to the Parent Company's Directors, during the first six months of 2021 and 2020 no impairment evidence has been identified on these assets.

b) Other intangible assets

During the first half of 2021 and 2020 additions of 4,025 thousand euros and 5,942 thousand euros, respectively, have been recorded, corresponding mainly to projects for the development of new functions in the Group's existing applications. In the first six months of the 2021 financial year, assets were written off in the amount of 8,364 thousand euros (178 thousand euros at September 30th, 2020), and the assets have been fully depreciated.

During the first half of 2021 and 2020 no impairment losses have been recorded on items classified under this caption.

5. Property, plant and equipment and investment property

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

In the first six months of 2021, rights of use associated with lease contracts, IFRS 16, have been capitalized in the amount of 9,561 thousand euros. In addition, in the first six months of 2021 there have been derecognitions amounting to 21,768 thousand euros.

During the first six months of the 2021 financial year, there have been additions to fixed assets under construction amounting to 14,033 thousand euros (14,269 thousand euros at September 30th, 2020), the most significant additions related to projects under development at Logista Italia S.p.A. In the first six months, there have been transfers amounting to 15,277 thousand euros (15,618 thousand euros at September 30th, 2020). Additionally, the sale of an asset in Spain has generated a positive impact of 1.1 million euros.

During the first six months of 2020, the main variation is related to the impact of the initial application of IFRS 16. The application of this new standard from October 1st, 2019 led, during the first six months of 2020, to the capitalization of rights of use associated with lease contracts amounting to 175,539 thousand euros.

b) *Investment property*

During the first half of 2021, there were no additions or disposals, the only movement being the impact of depreciation.

During the first half of 2020 a warehouse in Dos Hermanas (Seville) was sold for a net book value of 678 thousand euros, which generated a positive impact of 322 thousand euros.

c) *Impairment losses*

During the first half of 2021 and 2020 no impairment losses has been recognised on these elements.

d) *Property, plant and equipment purchase commitments*

As of March 31st, 2021, and 2020 the Group does not have significant Property, plant and equipment purchase commitments.

6. Other financial assets

a) *Detail and disclosure*

The disclosure of the Group's financial assets as of March 31st, 2021 and September 30th,2020, attending to their nature and category for the purposes of their valuation, is as follows:

Financial Assets: Nature/Category	Thousands of Euros				
	31-03-21				
	Loans Granted to Third Parties	Loans Granted to Related Companies (Note 10)	Short-Term Deposits and Guarantees	Available-for- Sale Financial Assets	Total
Equity instruments	-	-	-	740	740
Financial debts	10,246	-	-	-	10,246
Other financial assets	-	-	5,316	-	5,316
Non-current	10,246	-	5,316	740	16,302
Financial debts	30,079	1,951,767	-	-	1,981,846
Impairments	-	(2,273)	-	-	(2,273)
Other financial assets	-	-	58	-	58
Current	30,079	1,949,494	58	-	1,979,631
Total	40,325	1,949,494	5,374	740	1,995,933

Financial Assets: Nature/Category	Thousands of Euros				
	30-09-20				
	Loans Granted to Third Parties	Loans Granted to Related Companies (Note 10)	Short-Term Deposits and Guarantees	Available-for- Sale Financial Assets	Total
Equity instruments	-	-	-	725	725
Financial debts	10,246	-	-	-	10,246
Other financial assets	-	-	5,359	-	5,359
Non-current	10,246	-	5,359	725	16,330
Financial debts	30,134	2,636,154	-	-	2,666,288
Impairments	-	(2,273)	-	-	(2,273)
Other financial assets	-	-	63	-	63
Current	30,134	2,633,881	63	-	2,664,078
Total	40,380	2,633,881	5,422	725	2,680,408

Loans granted to third parties

The participants of "Compañía de Distribución Integral Logista, S.A.U. and GTECH IGT Lottery Spain, S.L.U., Unión Temporal de Empresas" have granted a loan to this company, assumed in equal parts, which at March 31st, 2021 amounts to 120,168 thousand euros (117,616 thousand euros at September 30th, 2020). Compañía de Distribución Integral Logista, S.A.U. has included in this connection an amount of 30,042 thousand euros (29,404 thousand euros at September 30th, 2020), which is presented under "Other Current Financial Assets" and "Other Current Financial Liabilities" in the accompanying condensed consolidated balance sheet at March 31st, 2021, relating to the balances receivable from and payable to this UTE from the other venturer (see Note 7).

On December 30th, 2020, an addendum was formalized between the parties in which it was agreed to extend the credit line until December 31st, 2021, maintaining the rest of the clauses unchanged.

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

On November 6th, 2018, the Group was notified of the unfavorable Resolution by the Central Economic-Administrative Court regarding the appeal to these tax assessments, which has been appealed at the National High Court. According to the assessment made and corroborated by its external advisers, the Group considers that the existing arguments to defend the Company's actions in this regard are sound and should prevail in the courts, for which reason an outflow of financial resources is not considered probable and, consequently, the Group has not recognized a provision for the first tax assessment and has recognized the

payment of the other years as an asset in the accompanying consolidated balance sheet as at 31 March 2021, although derived from the appeal and given the estimated time of resolution, greater than one year, the amount of this asset was re-classified from current to non-current asset.

Loans granted to related parties

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

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

On September 1st, 2020, a temporary extension of the credit facility to 4,800 million euros was signed from September 1st to October 31st, 2020.

As of March 31st, 2021, the maximum drawdown limit is 2,600 million euros.

For more information on these cash pooling agreements, see Note 9 to the consolidated financial statements of Group Logista for the year ended September 30th, 2020.

b) Impairments

Based on IFRS 9 in relation to expected loss, impairment losses on loan granted to related companies have been recognized for 2,273 thousand euros (2,273 thousand euros at 30 September 2020).

7. Other current financial liabilities

The disclosure of the Group's financial liabilities as of March 31st, 2021 and September 30th, 2020, attending to their nature and category for the purposes of their valuation, is as follows:

Financial liabilities: Nature / Category	Thousands of Euros				
	31-03-21				
	Debts and Accounts payable to third parties (Note 6)	Debts and Accounts payable to related companies (Note 10)	Guarantees and deposits received	Leases IFRS 16	Total
Other financial liabilities	1,294	-	3,127	115,199	119,620
Non-current financial liabilities	1,294	-	3,127	115,199	119,620
Other financial liabilities	30,042	16,021	-	33,171	79,234
Non-current financial liabilities	30,042	16,021	-	33,171	79,234
Total	31,336	16,021	3,127	148,370	198,854

Financial liabilities: Nature / Category	Thousands of Euros				
	30-09-20				
	Debts and Accounts payable to third parties (Note 6)	Debts and Accounts payable to related companies (Note 10)	Guarantees and deposits received	Leases IFRS 16	Total
Other financial liabilities	4,541	-	-	123,643	128,184
Non-current financial liabilities	4,541		-	123,643	128,184
Other financial liabilities	29,404	16,283	-	31,699	77,386
Non-current financial liabilities	29,404	16,283	-	31,699	77,386
Total	33,945	16,283	-	155,342	205,570

8. Equity

a) *Share capital*

On March 31st, 2021 and September 30th, 2020, the Parent Company's capital stock is represented by 132,750,000 shares with a par value of 0.2 euros each, all of the same class, fully subscribed and paid up.

The only shareholder with an ownership interest of 10% or more in the Parent's share capital at March 31st, 2021 and September 30th, 2020 was Altadis, S.A.U., which had an ownership interest of 50.01%.

b) *Treasury shares*

To hedge the long-term incentive plan described in Note 4.12 to the Group's consolidated financial statements for the year ended September 30, 2020, the Parent Company has purchased 1,085,396 treasury shares for an amount of 17,162 thousand euros and sold 775,800 treasury shares for an amount of 13,544 thousand euros during the first six months of the period ended March 31st, 2021.

Also, 76,785 shares have been given to employees of the Group in connection with the 2017 incentive plan, for a total amount of 1,283 thousand euros.

At March 31st, 2021, the Parent Company hold 761,413 treasury shares, representative of the 0.6% of Share Capital.

9. Provisions and contingent liabilities

a) *Detail and movement*

The detail of the balance of short- and long-term provisions in the accompanying condensed consolidated balance sheets at March 31st, 2021 and 2020 and of the main changes therein in the periods is as follows:

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

	Thousands of Euros					
	30-09-19	Additions	Reversion	Use	Transfers	31-03-20
Tax assessments	10,593	3,087	-	-	(2,316)	11,364
Obligations to employees	21,527	873	(513)	(604)	(350)	20,933
Provision for contingencies and charges	5,868	329	-	(489)	-	5,708
Other	2,700	-	-	(6)	-	2,694
Non-current provisions	40,688	4,289	(513)	(1,099)	(2,666)	40,699
Provision for restructuring costs	7,098	1,791	-	(2,858)	-	6,031
Customer refunds	1,851	(10)	(286)	-	-	1,555
Other	2,745	312	(110)	(568)	350	2,729
Current provisions	11,694	2,093	(396)	(3,426)	350	10,315

b) Provisions for tax assessments

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

In the first six months of 2020, provisions for tax assessments amounting to 3,087 thousand euros were recorded, almost all this amount corresponding to the non-deductibility of part of the Directors' remuneration as recorded in assessments for the years 2012 to 2016.

c) Provision for obligations to employees

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

During the first half of the 2021 and 2020 financial years, no relevant movements have been recorded with respect to this provision.

Payments made during both periods amounted to 679 thousand euros and 604 thousand euros, respectively.

d) Provision for restructuring costs.

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

During the six-month periods ended March 31st, 2021 and 2020, provisions amounting to 261 thousand euros and 1,791 thousand euros, respectively, have been made, and indemnity payments amounting to 2,485 thousand euros and 2,858 thousand euros, respectively, have been applied against the provisions made for this purpose.

e) Provision for contingencies and charges

This caption mainly includes several lawsuits in progress that the Group has with third parties. During the first half of fiscal years 2021 and 2020, no relevant movements have been recorded.

f) Provision for customer refunds

The customers of the publishing sector are entitled to the refund of those products which are finally not sold, and the Group may in turn exercise this entitlement to a refund vis-à-vis its suppliers. At each period-end, the Group recognises a provision based on past experience of the refunds on sales with a view to correcting the margins obtained in the course of editorial products sales activity. During the first semesters of 2021 and 2020 there have been no significant variations in this provision.

g) Contingent assets and liabilities

The Note 22 to the Group's consolidated financial statements for the year ended September 30th, 2020 provides information regarding the bank guarantees and contingent liabilities as of such date. In the first six months of 2021 there has been a decrease of 2.9 million euros in bank guarantees.

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

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

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

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

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

Also, in 2017 France established a tax of 5.6% levied on tobacco supplier's sales. This tax was initially paid by Logista France, S.A.S. to the French authorities and subsequently rebilled to the tobacco manufacturers, certain of which refused to make the related payment; the amount receivable in connection with the tax for 2017 and 2018 totals 118 million euros. Logista France, S.A.S. decided to withhold the equivalent amount of the invoices received from those manufacturers. In relation to the claim for 39 million euros, the parties have agreed, in the first half of fiscal 2021, to terminate the proceedings without any economic impact for the Group. 3 million euros claim was extended to 26 million euros on December 11th, 2019, without any resolution.

On December 28th, 2019, French administration cancelled this tax with effect from January 1st, 2019, increasing tobacco excise duties.

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

10. **Related parties**

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

The Group's transactions with related parties during the first semesters of 2021 and 2020, as well as the balances at the end of March 31st, 2021 and September 30th, 2020, are detailed in the table below. Related party transactions are carried out on an arm's length basis.

Transactions

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

Expenses and income	Thousands of Euros		
	31-03-20		
	Main Shareholder	Individuals, group, companies or entities	Total
Expenses:			
Services received	-	3	3
Procurements	171,247	211,002	382,249
Financial expense	-	44	44
	171,247	211,049	382,296
Income:			
Financial income	-	7,288	7,288
Services rendered	4,730	11,266	15,996
	4,730	18,554	23,284

Balances

Balances	Thousands of Euros		
	31-03-21		
	Main Shareholder	Individuals, group, companies or entities	Total
Debitors:			
Credits (Note 6)	-	1,949,494	1,949,494
Accounts receivable	3,184	8,287	11,471
	3,184	1,957,781	1,960,965
Creditors:			
Loans (Note 7)	-	16,021	16,021
Accounts payable	27,521	121,099	148,620
	27,521	137,120	164,641

Balances	Thousands of Euros		
	30-09-20		
	Main Shareholder	Individuals, group, companies or entities	Total
Debitors:			
Credits (Note 6)	-	2,633,881	2,633,881
Accounts receivable	2,602	28,779	31,381
	2,602	2,662,660	2,665,262
Creditors:			
Loans (Note 7)	-	16,283	16,283
Accounts payable	33,561	127,433	160,994
	33,561	143,716	177,277

Credits refer to the cash pooling agreement mentioned in Note 6 a).

11. Information about remunerations

The Notes 23.b) and 27 of the Group's consolidated financial statements for the year ended 30 September 2020 detail the existing agreements regarding the remuneration and other retributions to the Board of Directors and the Group's Senior Management.

Remuneration of Directors

The remuneration accrued during the first six months of fiscal years 2021 and 2020 by the members of the Board of Directors by reason of their membership on the Board or any of its delegated committees for all items, including the remuneration accrued by the members of the Board who are also executives, amounted to 2,484 thousand euros and 4,525 thousand euros, respectively.

Company contributions to savings systems corresponding to executive directors during the first six months of fiscal years 2021 and 2020 amounted to 195 thousand and 81 thousand euros, respectively.

The amount of the life insurance premium corresponding to the executive directors in the first six months of fiscal years 2021 and 2020 amounted to 3 and 4 thousand euros, respectively.

The amount of the Directors' civil liability premium in the first six months of fiscal years 2021 and 2020 amounted to 36 and 23 thousand euros in both periods.

The compensation paid in the first six months of 2021 and 2020 amounted to 0 thousand euros and 2,336 thousand euros, respectively.

There are no other commitments acquired with the members of the Board of Directors for the performance of this function in relation to life insurance, pension plans or similar concepts.

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

During the first six months of 2021 and 2020 the Parent Company did not carry out with its Directors any transactions not relating to its ordinary business operations or transactions not carried out on an arm's length basis.

Remuneration of the Senior Executives

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

The amount of remuneration accrued during the first six months of the 2021 financial year by the members of the Parent Company's Management Committee, excluding executive directors, amounts to 2,226 thousand euros (3,227 thousand euros in the first six months of the 2020 financial year).

The contributions accrued for savings systems in favor of the members of the aforementioned Management Committee of the Parent Company in the first six months of 2021 and 2020 amount to 150 and 155 thousand euros, respectively.

Incentive Plans

In Note 4.12 of the Notes to the Consolidated Financial Statements of the Group for the year ended 30 September 2020 incentive plans in force are detailed.

On December 18th, 2020, the Board of Directors approved the 2020 Long-Term Incentive Plan (the General Plan and the Special Plan) with a list of beneficiaries and maximum number of shares to be distributed for the 2021-2023 vesting period of 62 beneficiaries for the General Plan and 11 beneficiaries for the Special Plan and 309,168 shares in total.

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

On January 29th, 2019, the Board of Directors approved the list of beneficiaries and the maximum number of shares to be distributed for the 2019-2021 vesting period, which amounted to 60 persons for the General Plan and 9 persons for the Special Plan and 202,934 shares in total.

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

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

12. Segmented information

The Note 24 to the Group's consolidated financial statements for the year ended September 30th, 2020 includes the criteria followed by the Group in order to define its operating segments. There has been no change in the segmentation criteria.

The disclosure of revenues by geographical area as of March 31st, 2021 and 2020 is as follows:

Revenues by Geographical area	Thousands of Euros	
	31-03-21	31-03-20
Iberia	1,563,253	1,578,586
Italy	1,652,918	1,493,991
France	2,039,001	1,951,216
Corporate and others	4,654	4,227
Inter-segment sales	(21,988)	(23,779)
Total	5,237,838	5,004,241

The reconciliation of the segmented profit before tax with the consolidated profit before tax as of 31 March 2021 and 2020 is as follows:

Profit before tax	Thousands of Euros	
	31-03-21	31-03-20
Segments		
Iberia	65,016	56,222
Italy	47,905	40,824
France	2,199	(4,707)
Corporate and others	(6,568)	(8,217)
Share of results of companies	1,653	655
Financial result	10,891	6,111
PROFIT BEFORE TAX	121,096	90,888

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

	31-03-21				
	Iberia	Italy	France	Corporate and others	Total Group
Balance sheet:					
Assets-					
Property, plant and equipment, Investment property and Non-current assets held for sale	224,497	72,404	61,675	3,341	361,917
Other non-current assets	74,763	674,292	587,879	1,607	1,338,541
Inventories	483,064	412,218	464,492	-	1,359,774
Trade receivables	564,926	338,959	1,023,039	697	1,927,621
Other current assets					2,223,338
Total consolidated assets					7,211,191
Liabilities-					
Non-current liabilities	165,463	77,741	159,872	2,879	405,955
Current liabilities	1,449,412	1,752,152	3,109,665	1,452	6,312,681
Equity					492,554
Total consolidated liabilities					7,211,191

	30-09-20				
	Iberia	Italy	France	Corporate and others	Total Group
Balance sheet:					
Assets-					
Property, plant and equipment, Investment property and Non-current assets held for sale	232,804	75,147	63,869	1,451	373,271
Other non-current assets	76,302	674,623	614,044	1,870	1,366,839
Inventories	474,516	357,254	462,542	-	1,294,312
Trade receivables	537,279	386,989	975,167	1,094	1,900,529
Other current assets	-	-	-	-	2,911,989
Total consolidated assets					7,846,940
Liabilities-					
Non-current liabilities	164,989	82,673	172,214	1,321	421,197
Current liabilities	1,410,437	3,456,132	2,041,222	1,654	6,909,445
Equity	-	-	-	-	516,298
Total consolidated liabilities					7,846,940

13. Average number of employees

The average number of employees at the Group for the first six months of the period ended March 31st, 2021 and 2020 is as follows:

	31-03-21	31-03-20
Men	3,631	3,786
Women	2,173	2,202
Total	5,804	5,988

14. Tax matters

The calculation of the income tax at March 31st, 2021 has been performed based on the best estimation of the effective tax rate for the annual accounting period.

The Parent Company, Compañía de Distribución Integral Logista Holdings, S.A., and Compañía Distribución Integral Logista, S.A.U. at September 30, 2020 were under review by the tax authorities for the years 2013, 2014, 2015 and 2016 in the case of corporate income tax, the years 2015 and 2016 for withholding tax and, additionally, for Compañía de Distribución Integral Logista, S.A.U. the years 2013, 2014, 2015, 2016 and 2017 in the case of value added tax and the year 2018 for foreign trade taxes.

The aforementioned procedures have been completed during the first six months of fiscal year 2021, with no significant impact on the consolidated interim financial statements on the provisions previously recorded at the end of the previous fiscal year.

Logista Italia, S.p.A. is currently under review by the tax authorities for the 2015-income tax years.

For Logista France, S.A.S., as of January 2021, the years under review 2016, 2017 and 2018 for corporate income tax, value added tax and other local taxes have been completed. The resolution of these procedures had no significant impact on the consolidated interim financial statements.

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

15. Subsequent events

There have not been significant subsequent events between March 31st, 2021 and the date of preparation of these Interim Condensed Consolidated Financial Statements.

16. Explanation added for translation to English

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

Compañía de Distribución Integral Logista Holdings, S.A. and Subsidiary Companies

Consolidated Interim Managerial Report on the first half of FY 2021 (1st October, 2020 – 31st March, 2021)

DESCRIPTION OF THE COMPANY

Logista is Southern Europe's largest distributor to local businesses.

It serves 250,000 points of sale in Spain, France, Italy and Portugal, providing manufacturers with access to the markets for convenience products, e-recharging, tobacco, pharmaceutical products, books, periodicals and lotteries, among others, with efficiency, transparency and complete operational control.

Logista has developed a unique business model which combines specialised distribution services and integrated logistics with exclusive, added-value services and powerful 'Business Intelligence' tools in order to satisfy its customers' needs in a flexible manner while complying with the requirements and regulations of each sector.

Logista's concept of quality is based on its ability to combine the provision of wholesale distribution and logistic services with other services of added value for its customers, while always following their strategies for each product, thus enabling them to concentrate on the main activities of their businesses, keeping a clear view of their route to the market.

Logista brings together, in a single provider, all the services that constitute the supply chain, and it does so in a transparent manner, with full traceability, offering advanced services that are tailored for each sector and sales channel in which it operates.

To achieve that, it has a complete network of infrastructures which is integrated with its transport network and information systems, thus enabling it to manage the distribution of the products from the moment they are collected from the factories to the moment when they are delivered to their points of sale.

Logista also performs multi-channel marketing of its products and services, through its web platforms, point-of-sale (POS) terminals, service points, cash & carry, call centres and its salesforce.

Through its network, Logista manages the distribution of a wide range of consumer goods to a variety of local channels (convenience shops, tobacconist's shops, chemist's shops, newsstands, bookshops, etc.) in Spain, France, Italy and Portugal, which are visited by some 45 million people every day. Logista also distributes to wholesalers in Poland.

Organisation and structure

Logista's organisational structure is led by the Chief Executive Officer and based on a Management Committee.

The Management Committee is composed of:

- Three general managers, each in charge of a geographical area, and to whom the managers of the business lines in each area report, and
- Five corporate managers.

Reporting on the management accounting is done in accordance with this primary geographical segmentation, and there is also a secondary report, under the headings of Revenues and Economic Sales, for each business line.

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

- Tobacco and Related Products

The distribution of tobacco products and other convenience products, whether related to tobacco or not, to

the tobacconist channel in Spain, France and Italy, and to the channels through which tobacco is distributed in Portugal. In Spain and Italy, the distribution of convenience products through other local channels is also included.

- Transport

The management of long-distance and full-load transport in Europe, capillary, controlled-temperature transport in Spain and Portugal and urgent deliveries by courier of parcels and documents in Spain and Portugal.

In this business line, Logista provides services to all of its other businesses as well as to third parties.

- Other Businesses

Distribution and logistic services for pharmaceutical products and periodicals, in Iberia, and wholesale distribution of convenience products to points of sale other than tobacconist's shops, in France.

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

Compañía de Distribución Integral Logista Holdings, S.A.

- Compañía de Distribución Integral Logista S.A.U. (100%)
 - UTE Logista - GTech (50%)
- Dronas 2020, S.L.U. (100%)
 - Logista Pharma Canarias, S.A.U. (100%)
 - Logista Pharma, S.A.U. (100%)
 - * Be to Be Pharma, 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%)
 - 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.
- Distribuidora del Noroeste (49%)
- Logista France Holding (100%)
 - Logista Promotion et Transport (100%)
 - * Logesta Francia (50%)
- Logista France (100%)
 - Société Allumetière Française (100%)
 - * Supergroup (100%)
- Logista Italia (100%)
 - Terzia (100%)
- Companhia de Distribuicao integral Logista Portugal (100%)
 - Midsid (100%)
 - Logista Transportes e Transitos (100%)
 - * Logesta Lusa (49%)
- Logesta Polska (49%)
- Logista Polska (100%)

Positioning in the market

Logista is Southern Europe's largest distributor to local businesses.

As a distributor, it is the preferred partner of the manufacturers because it provides them with their route to the consumer through swift and simple access to local channels, offering them all the services that they need in order to reach hundreds of thousands of independent points of sale, from the most basic ones to those with the highest added value.

As a distributor to hospitals and also a logistic operator, Logista is constantly developing services that are specific to each sector, collaborating closely with its customers to adapt its offer to their current needs and to anticipate their future needs.

As an operator of transport services, Logista applies a strategy of differentiation: by specialisation in the Long-Distance Transport of products of high value; by controlled temperature in industrial Parcels, and by offering the highest level of service to clients in Courier Services.

Strategic priorities

1. To strengthen the consolidated businesses.
2. To ensure that future growth is sustainable by expanding the business base.
3. To offer service excellence, increasing profitability by constantly improving operational efficiency.
4. To maintain financial solidity so that our policy on the remuneration of shareholders can also be maintained.

Some of the sectors serviced by Logista are now more than mature, and are showing declining levels of activity, making it essential to develop services which complement the national distribution. These services help our customers to identify and develop new areas of growth, and help Logista to maintain a stable level of income in the most strongly consolidated businesses.

For the future, close collaboration with our customers in these sectors and a constant search for mutual benefits will be two of the factors that will enable us to continue achieving that, exactly as we have done in recent years.

Long-term growth is based on the development of new vertical markets, such as distribution for the pharmaceutical industry or distribution of convenience products through the channels that we serve, and on stimulating areas of strong growth, such as the transport of on-line purchases.

Geographical expansion in new countries to which we can export our business model is another crucial component of our plans for the future, which, as well as bringing growth in the future, will reduce and counteract the macro-economic risks that could affect each of the countries in which we operate.

Operating efficiently, and in a sustainable manner from the environmental perspective, and conserving and developing internal know-how, are fundamental for the maintenance of solid financial profitability and for the creation of long-term value for all our stakeholders.

So not only is it important to widen the revenue base, it is also important to do this at a reasonable cost, which will enable everyone involved to be remunerated equitably and will allow us to set prices that are appropriate for the level of service offered and attending to the sustainability in operations. This behaviour becomes a virtuous circle of value-creation for the whole of the Company.

The main factors and trends which could affect Logista's future.

- The macro-economic environment

The progress of Logista's various activities in the geographical areas in which it operates is liable to be affected by political, social and/or macroeconomic conditions in different parts of the world, and in particular by conditions in Spain, France, Italy, Portugal and, to a much lesser extent, in Poland.

Some of our businesses, such as the transport business line, are more closely linked than others to changes in the GDP, but in previous economic crises, Logista's business model showed great resilience, which resulted in similar levels of economic/financial performance and returns to shareholders, and limited impacts on employment. That resilience also led to technological progress centred on new services of added value

for customers. That past experience allows us to be confident that the impact of the macro-economic environment will not be too great in the coming years.

- The regulatory environment

The regulatory environment, in both the tobacco and the pharmaceutical sectors, involves the use of more and more exhaustive controls over the distribution of those products, so companies have to be able to comply with the requirements in order to continue operating in the future.

Logista not only complies with these requirements, it is also able to lead the way in this area, and to offer its customers new services which go beyond mere compliance with regulations, and this helps to strengthen our relationships with those customers.

- Environmental requirements

There is a growing demand from customers for providers of services to comply with environmental requirements. This demand has increased during the COVID-19 crisis because society has become more aware of this subject.

Logista bases its behaviour on a Master Plan for Quality and the Environment, and on a Policy on Quality, the Environment and Energy Efficiency set out in guidelines for good practices to optimise the use of resources and prevent contamination in processes. Every year, and in accordance with the ISO 14064 standard, Logista validates the main structures and processes of each of its businesses in Spain, France, Italy, Portugal and Poland, based on the GHG Protocol.

Logista has also included the environmental perspective in the development of its strategy, and has undertaken that by 2030 it will have reduced the direct and indirect emissions generated by its activity by 30% compared with those in 2013. That aim has been scientifically validated with the approval of the 'Science-Based Target' initiative.

The efforts in this area have been recognized by several international bodies. Logista is thus one of the companies that have been included by the CDP in its prestigious "A List" as one of the world leaders in the fight against climate change. The Company is the only European distributor to have achieved this recognition in the past five years.

Moreover, the CDP has recognized Logista as one of the companies with the strongest commitment to its suppliers in relation to climate change.

Logista is also part of the 'FTSE4Good' index, which consists of companies that demonstrate solid practices in environmental and social matters, and also in corporate governance, and have supported the manifesto "For sustainable reconstruction" in Spain.

- Consumption in local channels

The pandemic caused by COVID-19 has changed the consumption habits of consumers in the countries in which we operate, who now prefer to buy from outlets which are smaller in size and nearer to their homes. Logista's strategy is based on offering manufacturers swift and simple access so that their products are available in those establishments. The Company's positioning will enable it to benefit from this opportunity in the next few years.

- 'Next-Generation' products

New tobacco-related products are appearing, and have been complementing the existing offer for the past few years. Logista offers their manufacturers the best and fastest route to the consumer in Spain, France, Italy and Portugal, due to the high degree of capillarity in its businesses in those countries.

- Consumption via on-line purchasing

The strong growth of on-line sales during the months of confinement has shown the importance of logistics for their correct development. Some manufacturers and sellers have seen the deliveries of their products collapse, and this has generated dissatisfaction among consumers and has damaged their reputations. This situation encourages manufacturers to seek logistic partners who guarantee high levels of service, and where the final choice of provider is not based mainly on low prices, but on the balance between the price and the service received.

- Digitalisation

Digitalisation encourages businesses to evolve by basing themselves on new products and digital services, and has been precipitated by numerous 'disruptive' technologies. Data and processes that are completely digitalised increase automation and can give rise to the intelligent warehouse and the intelligent supply chain, primarily supported by artificial intelligence. Decisions are based on available data which enable future results to be simulated.

In this context, several of Logista's projects stand out:

- The digitalisation of the supply chains for the distribution of pharmaceutical and tobacco products, which in both sectors is proceeding beyond mere compliance with the regulations governing traceability – in its operations, Logista is applying the latest technology for scanning and image recognition in order to capture digitally all the movements of products in warehouses, on cross-docking platforms and in delivery vehicles. This enables monitoring to be carried out throughout the supply chain.
- The use of artificial intelligence on the digital sales and marketing platform for the business of distributing convenience products. This enables customers and products to be segmented in a detailed manner in order to develop specific marketing initiatives that are adapted to the needs of each segment. Moreover, the use of artificial intelligence for recognizing patterns in histories of searches and in historical sales enables marketing experts to identify market potential and simulate promotions and loyalty-building activities.
- The use of various innovative technologies, such as artificial intelligence or the analysis of large amounts of data, enabling Logista's retail customers to digitalise their businesses and improve their profitability.
- The concept testing of the most *avant-garde* technologies, such as the use of drones to manage stocks in warehouses, the use of augmented reality and sensors in transport, etc.

- Cybersecurity

Logista is applying many of its resources to its cybersecurity, because by means of its digital transformation, it is accumulating, electronically, a large amount of information about its customers, employees and suppliers which needs to be protected against the increasing number of cyber threats. Logista has had an exhaustive external review of security carried out, is implementing the latest security technology, and is concentrating on raising awareness of attacks which use 'phishing' and 'ransomware'.

1. THE PROGRESS OF LOGISTA (THE GROUP) IN THE FIRST HALF OF 2021, AND THE GROUP'S SITUATION

The first half of this fiscal year can be described as very positive, as there were increases in the main figures in the profit and loss account, despite the fact that impacts from COVID-19 were only recorded in March:

- Increases in both Revenues (of 4.7%) and Economic Sales¹ (of 5.8%).
- A good performance of the activity, which led to increases of 30.0% in the Operating Profit and of 23.1% in the Adjusted Operating Profit¹
- An increase of 33.2% in the Net Profit.

¹ See the appendix "Alternative Performance Measures"

Summary of the Main Financial Figures

	Millions of Euros		
	1 Oct. 2020 – 31 Mar. 2021	1 Oct. 2019 – 31 Mar. 2020	% Change
Revenues	5,237.8	5,004.2	+4.7%
Economic Sales ¹	599.8	566.9	+5.8%
Adjusted Operating Profit ¹	138.0	112.1	+23.1%
Margin on Economic Sales ¹	23.0%	19.8%	+320 b.p.
Operating Profit	110.2	84.8	+30.0%
Net Profit	87.8	65.9	+33.2%

An estimate of the impact of COVID-19 on the progress and results of the business

In the first half of the current fiscal year, the situation resulting from the pandemic has been worsening compared with that observed at the beginning of the year, but it is now better than that which existed at the close of the first half-year of the 2020 fiscal year. In the past six months, all the countries in which we operate have experienced new waves of the pandemic, especially since January.

The governments of Spain, Portugal, France and Italy have been taking new measures, including the restriction of opening hours and of movement, the closure of shops, and selective confinements, but, in general, these measures have been less drastic than those that were taken in the second quarter of the previous fiscal year. However, just as it did then, Logista has again maintained its activity with almost complete normality in most of the businesses, whose activities have once again been considered as essential.

The adverse effects of COVID-19 on results have been offset by cost-reduction measures and by the adoption of certain strategic decisions, which have enabled certain positive trends, which in certain sectors resulted from the situation created by the pandemic, to be converted into increased activity.

Among the positive effects of the situation created by the pandemic – which could already be observed during the previous fiscal year – worth noting were the increased activity in the distribution of goods ordered on line (last mille), in the distribution of pharmaceutical products and in the development of services to manufacturers, and the greater volumes of tobacco distributed in France, caused by the measures to restrict movements, especially those across frontiers.

The progress of the business and the principal figures from the profit and loss account in the first half of the fiscal year

The Group's Revenues increased by 4.7% compared with the previous fiscal year, increases being recorded in France and Italy. Increased turnover was observed in most of the main businesses, and there were increases in tobacco distribution in Italy and France, in the distribution of convenience products in all countries, and in Pharma and Courier Services in Spain.

Economic Sales¹ increased by 5.8%, reaching 599.8 million euros, due to improvements in all the geographical areas. By activity, the increased Economic Sales¹ in Pharma, Courier Services and Long-Distance Transport, together with increases from the distribution of tobacco and convenience products in Italy and France, were far greater than the reductions in the distribution of periodicals, the transport of industrial parcels and the distribution of tobacco and convenience products, in Iberia, and the distribution of convenience products through networks other than that of the tobacconists, in France.

Total operating costs¹ increased by 1.5%, which was far less than the increase in Economic Sales¹.

The Adjusted Operating Profit¹ reached 138.0 million euros, an increase of 23.1% compared with the first half of the previous fiscal year. The margin of the Adjusted Operating Profit over the Economic Sales¹ was of 23.0%, compared with the 19.8% obtained in the same period of fiscal year 2020.

¹ See the appendix "Alternative Performance Measures"

The positive impact on results resulting from the changes in the valuation of stocks due to changes in taxation and prices of tobacco during the half-year (about +3 million euros) contributed to this increase in the Adjusted Operating Profit¹ compared with that of the first half-year of the 2020 fiscal year, because in that period there was a negative impact of about 6 million euros.

It has also been estimated that during the first half-year of the previous fiscal year, negative results of about 5.5 million euros were recorded due to COVID-19, but its impact in the current fiscal year is not regarded as significant.

The costs of restructuring¹ have increased compared with those of last year, reaching 4.4 million euros (against 2.2 million euros in the first half-year of the 2020 fiscal year).

In the current fiscal year, capital gains generated from the sales of assets have been greater than those in the same period of the 2020 fiscal year (1.1 million euros and 0.3 million euros respectively), as a result of the sale of an asset in Spain.

The Operating Profit increased by 30.0%, and reached 110.2 million euros.

The Financial Results were far better than those in the previous fiscal year, and reached 10.9 million euros (compared with 6.1 million euros), mainly due to the interest generated by excessive payments on account of corporation tax in Spain in fiscal years 2017 and 2018, following a ruling of the Tribunal Constitucional.

The effective rate of tax was 27.4%, which was almost the same as the 27.3% of last year.

As a result of all of the foregoing, the Net Profit increased by 33.2%, to 87.8 million euros.

Changes in Revenues (by segment and activity)

	Millions of Euros		
	1 Oct. 2020 – 31 Mar. 2021	1 Oct. 2019 – 31 Mar. 2020	% Change
Iberia	1,563.3	1,578.6	(1.0)%
Tobacco and Related Products	1,335.8	1,361.2	(1.9)%
Transport	205.8	199.0	3.4%
Other Businesses	99.3	82.5	20.4%
Adjustments	(77.6)	(64.1)	(21.0)%
France	2,039.0	1,951.2	4.5%
Tobacco and Related Products	1,973.6	1,874.2	5.3%
Other Businesses	69.4	81.4	(14.7)%
Adjustments	(4.0)	(4.4)	9.6%
Italy	1,652.9	1,494.0	10.6%
Tobacco and Related Products	1,652.9	1,494.0	10.6%
Corporate and Others	(17.3)	(19.6)	11.4%
Total Revenues	5,237.8	5,004.2	4.7%

¹ See the appendix "Alternative Performance Measures"

Changes in Economic Sales¹ (by segment and activity)

	Millions of Euros		
	1 Oct. 2020 – 31 Mar. 2021	1 Oct. 2019 – 31 Mar. 2020	% Change
Iberia	309.9	295.8	4.8%
Tobacco and Related Products	141.2	141.6	(0.3)%
Transport	148.6	140.6	5.7%
Other Businesses	50.0	42.5	17.6%
Adjustments	(29.9)	(28.9)	(3.6)%
France	129.2	124.3	4.0%
Tobacco and Related Products	112.5	106.4	5.8%
Other Businesses	19.7	21.4	(8.0)%
Adjustments	(3.0)	(3.5)	13.1%
Italy	158.1	144.6	9.3%
Tobacco and Related Products	158.1	144.6	9.3%
Corporate and Others	2.5	2.1	22.6%
Total Economic Sales¹	599.8	566.9	5.8%

Changes in Adjusted EBIT¹ (by segment)

	Millions of Euros		
	1 Oct. 2020 – 31 Mar. 2021	1 Oct. 2019 – 31 Mar. 2020	% Change
Iberia	66.4	56.9	16.7%
France	28.7	21.7	32.2%
Italy	50.2	41.1	22.1%
Corporate and Others	(7.4)	(7.7)	4.2%
Total Adjusted EBIT¹	138.0	112.1	23.1%

The Adjusted Operating Profit¹ (or, without distinction, the Adjusted EBIT¹) is the main indicator used by the Group's Management to analyse and measure the progress of the business. Basically, this indicator is calculated by deducting from the Operating Profit all those expenses that are not directly related to the revenues obtained by the Group in each period, thus facilitating the analysis of the changes in the Group's operating costs¹ and typical margins. Shown below is the reconciliation between the Adjusted Operating Profit¹ and the Operating Profit for the first half-years of the 2021 and 2020 fiscal years:

¹ See the appendix "Alternative Performance Measures"

	Millions of Euros	
	1 Oct. 2020 – 31 Mar. 2021	1 Oct. 2019 – 31 Mar. 2020
Adjusted Operating Profit¹	138.0	112.1
(-) Restructuring Costs	(4.4)	(2.2)
(-) Amortisation of Assets (Logista France)	(26.1)	(26.1)
(+/-) Result of Disposals and Impairment	1.1	0.4
(+/-) Result by the Equity Method and Others	1.6	0.7
Operating Profit	110.2	84.8

1.1 Changes by segment

1. Iberia: Spain and Portugal

Revenues in Iberia amounted to 1,563.3 million euros, compared with 1,578.6 million euros in the 2020 fiscal year, representing a decrease of 1.0%. The Economic Sales¹ of the segment amounted to 309.9 million euros, 4.8% more than the 295.8 million euros recorded in the first half of the previous fiscal year.

Revenues in the Tobacco and Related Products business line fell by 1.9%, due to the reduction in the volumes of tobacco distributed in Spain and in Portugal.

The volumes of cigarettes plus RYO and others (including units of heated tobacco) distributed in Iberia decreased by 6.1% in the first 6 months of the current fiscal year, compared with the same period in the 2020 fiscal year, and were lower in both Spain and Portugal.

The distributed volumes of those categories in Spain were 6.0% lower than those in the first half of the previous fiscal year, mainly as a result of sales in tourism and lower cross-border sales due to the restrictions on movement since the beginning of the pandemic.

In general, the tobacco manufacturers kept the retail prices of their products stable both in the current fiscal year and in the previous one, so there were no material impacts resulting from variations in the value of stocks.

The Economic Sales¹ of Tobacco and Related Products decreased by 0.3% compared with those of last year.

The effect of applying revised prices which included the 'track and trace' service for tobacco manufacturers, combined with the effect of invoicing the other added-value services, was to partially compensate for the impact of the reduction in the volumes of distributed tobacco on the Economic Sales¹.

In addition, performance in the distribution of convenience products was very positive as a result of the incorporation of new customers, more customers/points of sale and a more dynamic demand for products in convenience shops due to the restrictions caused by COVID-19. There was double-digit growth in the Revenues and in the Economic Sales¹ of these products, compared with the same period of the 2020 fiscal year, which helped to mitigate the fall in the Economic Sales¹ in that business line.

The situation caused by the pandemic favoured an increase in electronic commerce which in turn translated into increased activity in Courier Services, whereas the selective confinements and the restrictions on movements adversely affected demand in Industrial Parcels. The fall in the long-distance transport of

¹See the appendix "Alternative Performance Measures"

tobacco was largely mitigated by the incorporation and expansion of transport services for other sectors, some of them, such as the pharmaceutical and FMCG industries, being in a phase of strong growth.

In terms of Economic Sales¹, there were positive performances in Courier Services and in Long-Distance Transport, and the overall figure for Economic Sales¹ in Transport increased by 5.7%, to 148.6 million euros. In Long-Distance Transport, the improvement in the margins compensated for the impact of the reduced activity on its Economic Sales¹, while the prices in Industrial Parcels suffered from the pressure of competition due to the situation of low demand, resulting in a slight regression in Economic Sales¹.

Revenues in the **Other Businesses** line (which includes the activities of Pharma and of Publications) increased by 20.4%, reaching 99.3 million euros, and the Economic Sales¹ increased by 17.6%, to 50.0 million euros.

Revenues in the Pharma business continued to grow significantly, thanks to the constant inclusion of new customers, and to the development of new services dedicated to the sector, and intended both for existing customers and for new ones.

The special circumstances that have arisen during the pandemic have brought new needs to the pharmaceutical and healthcare sector, to which Logista Pharma is responding swiftly and appropriately. This has brought in new customers including, for example, public administrations, and also new products against COVID-19, such as vaccines and healthcare and protective equipment. All of this has helped to boost Logista Pharma's activity since the beginning of the fiscal year.

Distribution of publications in Spain continues to confront a difficult situation which has resulted in falls in Revenues and Economic Sales¹.

Total operating expenses¹ in Iberia increased by 1.9% in the period.

It is estimated that in the first half of the current fiscal year, COVID-19 did not have a significant impact on results, but that in the same period of the preceding fiscal year it had a negative impact of about 3 million euros.

The Adjusted Operating Profit¹ amounted to 66.4 million euros, representing an increase of 16.7% compared with that of last year.

Restructuring costs¹ were slightly higher than those recorded for the first six months of the 2020 fiscal year (1.5 million euros v. 1.1 million euros), and there were also smaller capital gains from sales of assets (0.1 million euros compared with 0.4 million euros). All of this resulted in a 15.6% increase in the Operating Profit, to 65.0 million euros, compared with the 56.2 million euros recorded in the first half of the previous fiscal year.

2. France

Revenues in France increased by 4.5%, to 2,039.0 million euros, and Economic Sales¹ by 4.0%, to 129.2 million euros.

Revenues in the Tobacco and Related Products business line grew by 5.3%, to 1,973.6 million euros, due to the increase in tobacco prices and to the increase in volumes of tobacco distributed compared with the previous fiscal year, which was of 0.7% in cigarettes plus RYO and others (including the units of heated tobacco).

During the half-year, the French Government enforced the last of the tax increases which were designed to result in a price of 10 euros for a packet of 20 cigarettes in the year 2020, and which were, on average, of 40 cents per packet. Most of the tobacco manufacturers added this tax increase to the retail price of their products, but in some cases those price increases did not fully compensate for the effect of the tax increases.

The changes in taxes and prices during the half-year had an adverse impact on the value of the stocks amounting to about 2 million euros in this fiscal year, compared with an adverse impact of between 3 and 4 million euros in the same period of the previous fiscal year.

¹See the appendix "Alternative Performance Measures"

The Economic Sales¹ in Tobacco and Related Products increased by 5.8% in the half-year, to 112.5 million euros, thanks to strong Economic Sales¹ in the distribution of tobacco and to the increases through electronic transactions and convenience products.

The Other Businesses activity (the wholesale distribution of convenience products through channels other than tobacconists) experienced decreases compared with the same period of the previous fiscal year, of 14.7% in Revenues and of 8.0% in Economic Sales¹. Of all the Group's businesses, this one has been the worst hit by the measures taken to fight COVID-19.

It is estimated that in the first half of the current fiscal year, COVID-19 did not have a significant net impact on results in France, but that in the same period of the preceding fiscal year it had a negative impact of about 1.5 million euros.

Total operating costs¹ in France decreased by 2.0%, which enabled the Adjusted Operating Profit¹ to increase by 32.2% to 28.7 million euros, compared with the 21.7 million euros obtained in the first half-year of the preceding fiscal year.

Restructuring costs¹ were similar to those of the same period of the 2020 fiscal year (0.4 million euros), and the amortisation of assets generated from the acquisition of business in France, which amounted to 26.1 million euros, produced the same figure in both periods. The Operating Profit amounted to +2.2 million euros, which was an improvement on the -4.7 million euros recorded in the first half of the previous fiscal year.

3. Italy

Revenues in Italy increased by 106%, to 1,652.9 million euros, thanks to the increase in sales of convenience products, and to higher prices of tobacco products than in the first half of the 2020 fiscal year.

The distributed volumes of cigarettes, RYO and others (including the units of heated tobacco) were 0.4% higher than those of the first half of the previous fiscal year, due to the good performance of the new categories of products, which largely offset the fall in the volumes of cigarettes (-4.7%).

During the current half-year, there have been changes in the excise duty on heated tobacco, and the manufacturers of these products have increased their retail prices by amounts which more than compensate for the increase in taxes. The changes in taxes and prices had a positive effect on the period's results of between 4 and 5 million euros, whereas during the first six months of the previous fiscal year, they had a negative effect of almost 3 million euros.

The increase in revenues from services to manufacturers and from the distribution of convenience products enabled the Economic Sales¹ in Italy to increase by 9.3%, to 158.1 million euros.

With regard to services to manufacturers, it is worth noting the impetus that the new kinds of tobacco products, and the added-value services associated with them, are now experiencing in Italy. Moreover, the marketing efforts made in recent years to speed up the rate of growth of the distribution of convenience products through the tobacconist channel continue to produce double-digit increases in the Economic Sales¹ of these products.

It is estimated that in the first half of the current fiscal year, COVID-19 did not have a significant net impact on results in Italy, but that in the same period of the preceding fiscal year it had a negative impact of about 1 million euros.

Total operating costs¹ in Italy rose by 4.2% compared with those of the previous fiscal year, resulting in an increase of 22.1% in the Adjusted Operating Profit¹, to 50.2 million euros.

The restructuring costs¹ associated with the gradually improving efficiency of the operations were higher in this fiscal year than in the previous fiscal year (2.3 million euros, compared with 0.3 million euros in 2020), but the Operating Profit, of 47.9 million euros, was 17.4% higher than that obtained in the first half of the preceding fiscal year.

¹ See the appendix "Alternative Performance Measures"

4. Corporate and Others

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

The Adjusted Operating Profit¹ was -7.4 million euros, compared with the -7.7 million euros recorded for the first six months of the 2020 fiscal year.

1.2 Overview of the Financial Results

The Group has a reciprocal credit facility agreement with its majority shareholder (Imperial Brands Plc.) under which it lends its daily cash excess, or receives the necessary cash to fulfil its payment obligations. The remuneration of the balances is set at the base rate of the European Central Bank, plus a differential of 75 basis points. The base rate of the European Central Bank remained at 0.0% during both fiscal years.

The average cash position during the first half of the fiscal year was 2,256 million euros, compared with 1,911 million euros in the first half of the preceding fiscal year.

The financial results in the first half of the fiscal year amply surpassed those obtained in the same period of the previous fiscal year (10.9 million euros compared with 6.1 million euros). This was principally due to the interest generated on the excessive advance payments of corporation tax in Spain in fiscal years 2017 and 2018, in accordance with a ruling of the Constitutional Court (3.6 million euros) and also, to a lesser extent, to the larger average cash flow than in the first half of last year.

1.3 Changes in Net Profit

The restructuring costs¹ recorded in the half-year were higher than those in the same period of the previous fiscal year (4.4 million euros compared with 2.2 million euros), while higher capital gains were recorded (1.1 million euros, principally for the sale of assets in Spain, in Alcalá de Guadaíra) than in the preceding fiscal year (0.3 million euros). This, combined with good performance in the businesses and better financial results, led to an increase of 33.2% in the Profit Before Taxes, to 121.1 million euros.

The effective consolidated tax rate recorded in the period was 27.4%, compared with 27.3% in the preceding fiscal year, taking the Net Profit to 87.8 million euros, which represented an increase of 33.2% compared with the 65.9 million euros obtained in the first half of fiscal year 2020.

The basic Earnings Per Share were 0.67 euros, compared with 0.50 euros in the first half of the previous fiscal year, the number of shares representing the share capital not having been changed.

On 31st March, 2021, the Company possessed 761,413 shares of its own (0.6% of the share capital), mainly to cover undertakings to award shares in the future under the directors' long-term remuneration schemes, and also to cover the liquidity agreement signed with Banco Santander S.A. on 20th January, 2021.

1.4 Cash Flows

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

The Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) in the first half of the current fiscal year increased by 15.3% compared with those in the same period of the previous fiscal year, due to the positive performance of the activity.

The improvement in the financial results in the period easily financed the payments for restructuring and the larger amount of normalised taxes in these first months of the fiscal year, and this, together with smaller cash outflows for investments, translated into a cash position in the first half-year that was 21.8% higher than that obtained in the same period of the previous fiscal year.

The variation in working capital accentuated its negative trend, and resulted in a larger negative generation of free cash flow at 31st March, 2021, than that recorded in the same period of fiscal year 2020. This

¹See the appendix "Alternative Performance Measures"

movement was due to the high position of working capital at the close of the period, which was, in turn, due to the payment conditions which in certain countries were temporarily applicable to the payment of excise duties.

1.5 Activities in Research and Development

In the first half of the 2021 fiscal year, Logista invested 0.8 million euros in R+D+i. Those investments were for projects to develop new capacities for the supply chain.

1.6 Treasury shares

As at 31st March, 2021, Logista had 761,413 treasury shares on its balance sheet, and representing 0.6% of the share capital, under the directors' long-term remuneration schemes, and also to cover the liquidity agreement signed with Banco Santander S.A. on 20th January, 2021.

1.7 Dividend Policy

The General Shareholders' Meeting of 4th February, 2021, approved the distribution of a complementary dividend for the 2020 fiscal year of 104.3 million euros (0.79 euros per share), which was paid on 26th February, 2021. The total dividend corresponding to the 2020 fiscal year was thus approximately 156 million euros (1.18 euros per share), the same amount that was distributed as the total dividend in the 2019 fiscal year.

1.8 Business Outlook

The solid performance of our businesses in the first half of the current fiscal year, and the current situation in the market, suggest to increase the outlook announced at the end of the first quarter.

So, one can expect the Adjusted Operating Profit¹ in the 2021 fiscal year to record a low double-digit growth over that obtained in FY 2020.

However, the numerous uncertainties about the rhythm of vaccination and the consequent impact that COVID-19 could continue having on the economies of the countries in which Logista operates, and about the measures that might be taken to contain its expansion if there are new waves of the pandemic, may well have an effect on the Group's activity. For these reasons our estimates will be reviewed at the end of every quarter.

2. TRENDS IN THE STOCK MARKET

The price of a Logista share was 16.9 euros at the close of the first half of the 2021 fiscal year (on 31st March, 2021), so Logista's market capitalisation at that time was 2,243.5 million euros, which was 15.8% more than the market capitalisation at the close of the first half of the 2020 fiscal year.

35,799,430 securities were traded in the first half of the fiscal year, representing a rotation of 27.0% of the total share capital. The average daily volume traded was 279, 683 shares.

¹ See the appendix "Alternative Performance Measures"

	1 Oct. 2020 – 31 Mar. 2021	1 Oct. 2019 – 31 Mar. 2020
Capitalisation at the close of the period (millions of euros)	2,243.5	1,936.8
Revaluation (%)	+15.8%	-18.4%
Closing price (€)	16.9	14.6
Maximum price (€)	17.1	21.3
Minimum price (€)	14.0	12.9
Total volume traded (shares)	35,799,430	22,763,485
Average daily volume traded (shares)	279,683	177,840
Rotation (% of share capital)	27.0%	17.1%

3. CORPORATE SOCIAL RESPONSIBILITY

The principles and values that Logista applies in its management and in the performance of its activities in all the countries where it is present are ethical, businesslike, social, environmental and economic, and also impose transparency and good governance.

In June, 2016, Logista approved its Policy on Corporate Social Responsibility, in which, based on its characteristic values of respect, initiative, professionalism, integrity in management and transparency in its actions and relations with stakeholders, it established its principal commitments to the various stakeholders in the field of corporate governance and in the economic, operational, environmental and social domains.

These principles, values and commitments are an integral part of Logista's strategy and management model, and they impregnate all of the Company's actions, especially those corresponding to its good governance and to its relations with shareholders and investors, employees, customers and channels, suppliers, the environment, and society in general, as Logista has identified all of these as its principal "stakeholders".

As a result of its firm commitment to Corporate Social Responsibility, Logista has once again been placed among the sector's leaders by being recognized in 2020 with MSCI's rating of AA, on its scale of AAA-CCC.

For the fifth consecutive year, the CDP has included Logista on its prestigious 'A List', identifying the Company as one of the world's leaders in the fight against climate change.

Moreover, the CDP has recognized Logista as a company which has one of the strongest commitments to its suppliers in this field of climate change.

Logista also appears in the FTSE4Good index, which was created by the worldwide producer of indices FTSE Russell and which is composed of companies that can demonstrate solid practices in environmental and social matters and in corporate governance.



3.1 Good Governance

Good governance is the basis of the good functioning and performance of Logista's activity and of the creation of value that is sustainable in the long term.

Logista's Policy on Corporate Governance, which was approved by the Board of Directors on 23rd June, 2016, establishes corporate values based on respect as a multicultural company, commitment, orientation towards sustainable development and the long term, professionalism, integrity and transparency, thus creating, promoting and supporting a culture and philosophy based on integrity.

The Company's model of Corporate Governance is therefore based on those corporate values and on the best practices in Corporate Governance. It also observes the Principles and Recommendations of the Code of Good Governance of Listed Companies, approved by the *Comisión Nacional del Mercado de Valores* (National Securities Market Commission) and the standards and guidelines for good governance issued by the bodies that supervise the markets, and by other bodies.

In the General Meeting held on 4th February, 2021, the Company's Bylaws were modified to simplify the writing and to make improvements to corporate governance and technical matters, and new Rules for the Board and for the General Meeting were also approved. The full text of those Statutes and Rules may be consulted in the Company's website (www.logista.com).

3.2 Stakeholders

Logista identifies its employees, shareholders and investors, customers, suppliers, and society in general, particularly those groups who take care of the environment, as the Company's principal stakeholders, as it regards them as the main groups that can influence or be influenced by its activities in the field of social responsibility.

3.2.1 Employees

Logista considers that its employees constitute a crucial and fundamental factor in the achievement of its objectives and in the creation of value in the short, medium and long terms. In order to underline the importance of people for Logista's development and success, common, transversal objectives have been set for the whole of the Group and its Management, in terms of talent management, environmental sustainability and health and safety at work.

Logista regards health and safety at work and the well-being of its employees as some of its fundamental values, and as an objective of top priority in its strategy of development and in its day-to-day management. The commitment of senior management is of paramount importance for the achievement of the objectives and priorities in this connection, which, for this fiscal year, are the following: (i) to achieve a progressive reduction in the accident rate in the Group's businesses, (ii) to achieve a constant improvement in the conditions for health and safety in the work centres, and (iii) to promote a culture of excellence in matters of safety, health and well-being among our employees in the Group. The Group is currently immersed in the conversion of the OHSAS 18001 certifications to the new international standard in this sphere, ISO 45001.

Logista favours the creation and maintenance of employment, fostering a working relationship in which levels of the employees' motivation and satisfaction are high, and which fully observes the United Nations Global Compact on Human Rights, the resolutions and recommendations of the International Labour Organisation, and the European and local employment regulations, and incorporates internal policies and collective agreements which improve our employees' basic terms and conditions of employment. The Logista Group also fosters relationships with unions and workers' representatives which are based on responsibility and transparency.

As promulgated by the Group's Code of Conduct, the values which govern the conduct of the 5,820 employees, of 50 nationalities, who were working for Logista as at 31st March, 2021, are the following: trust, respect and responsibility. Logista's workforce was composed of an average of 5,988 employees in the first half of 2020, and an average of 5,804 in 2021, of whom 86% are permanent and 14% are temporary. 63% are men and 37% are women.

At Logista, diversity and inclusion are critical elements in our strategy for attracting and retaining talent, because we firmly believe in all the benefits brought by a diverse and inclusive workplace.

We favour a working environment in which everyone is treated fairly and respectfully, and which guarantees equal opportunities, and rewards and promotion on merit. To achieve that, we have introduced several measures, notably the following: (i) in selection procedures, fifty per cent of the short-listed candidates are

women; (ii) in the Succession Plan designed by the Company, specific plans have been included to ensure that female talent will have opportunities to develop; (iii) measures to reconcile professional, personal and family life.

Logista has been recognized as a “Leader in diversity, 2021” by the Financial Times, based on its treatment of the subjects of sex, age, ethnicity, disability and sexual orientation. Out of 850 companies in Europe, we are ranked 25th, and 1st in Spain. Our aim is to continue reinforcing our leadership in Diversity & Inclusion.

At Logista we have opted firmly in favour of the growth and development of our employees, encouraging their most valuable skills, while guaranteeing continuity and growth in our businesses together with the best talent, by identifying critical positions and by designing and consolidating succession plans for them.

3.2.2 Shareholders and Investors

In 2015, Logista established a Policy for Information and Communication with the shareholders, the securities markets and the public, which fully complied with the regulations against abuse of the market. That policy may be consulted in Spanish or English in Logista’s corporate website.

Logista is permanently committed to dialogue and the creation of value that is sustainable in the long term, ensuring business profitability as one of the foundations of the future sustainability of society in general and of the Group in particular.

To that end, it prudently manages risks, whether financial or non-financial. Logista’s system of Corporate Risk Management is included in the General Policy for Risk Management.

The purpose of that Policy, which applies to each of the businesses and countries as well as to the corporate departments, is to provide lines of action to bring together all information about Logista’s various functions and operations in order to provide the managers of the businesses and the corporate directorates with a complete, overall view of the same, thus improving the management’s ability to deal with risks efficiently and to minimise the impacts of any that materialise.

- The General Shareholders’ Meeting

All Logista’s shares belong to a single class and series with identical rights, so all the holders of those shares have the same rights, equally and equitably, regardless of the number of shares which they own.

The General Shareholders’ Meeting is the Company’s sovereign body.

Logista promotes the participation of the shareholders in the General Shareholders’ Meeting, which is their basic means of taking part in decision-making, and which is also an opportunity to share their opinions and concerns with the Board of Directors and the other shareholders.

On 4th February, 2021, the 2021 General Shareholders’ Meeting was held, at the first call. 322 shareholders were either present or represented, and were the holders of 108,020,882 shares, representing 81.372% of the Company’s share capital.

3.2.3 Customers and channels

Logista includes sustainability in its objective of maximum service quality, and always seeks efficiency in the performance of its operations in socially and environmentally appropriate conditions.

Logista establishes trusting relationships with its customers, maintaining stable and lasting links which benefit both parties, and guaranteeing independence of management and operational neutrality.

Numerous certificates attest to Logista’s commitment to quality, sustainability and continuous improvement in the performance of its activities and operations.

Principal certifications	
ISO 9001	The system of quality assurance in more than 300 installations in different businesses of the Group in Spain and Portugal (distribution of tobacco, distribution of pharmaceutical products, transport services and distribution of convenience products). External audits every year.
GDP (Good distribution practices)	For the distribution of medicines in accordance with European and Spanish regulations.
GMP (Good manufacturing practices)	For the correct handling and repackaging of medicines. Awarded by the Spanish health authorities.
OEA (<i>Operador económico autorizado</i>) (Authorised economic operator)	The <i>Agencia Estatal de Administración Tributaria</i> (AEAT) (State Tax Administration Agency) accredits, in its most stringent form of Customs Simplification, Protection and Security, an appropriate control of Customs, financial solvency, and levels of security and administrative management, sufficient to ensure fiscal compliance.
TAPA (Transported Asset Protection Association)	Certifies that Logesta observes regulations governing the Security of Freight (FSR) and the Security of Trucks (TSR), all designed to guarantee the secure transit and storage of the assets of any member of the TAPA in the world.
ISO 14001	The system of environmental management.
OHSAS 18001 (Occupational Health and Safety Assessment Series)	Organised management of the prevention of risks at work.
IFS Logistics	Quality accreditation of Integra2 in the food industry.

3.2.4 Suppliers

Logista promotes the incorporation of its company values throughout the value chain of its activity so as to extend responsible and sustainable management to the entire supply chain.

The procedure for selecting and contracting suppliers is objective and rigorous. Logista's Purchasing Policy reflects the basic principles in relation to ethics, employment, sustainability and quality, and applies to all its companies and businesses.

Logista applies that Policy to ensure maximum transparency in the contracting process, to prevent risks of fraud in purchasing processes, and to facilitate solid, long-term commercial relationships of mutual respect.

All Logista's suppliers have to know and accept the General Principles of Conduct, observance of which is a prerequisite for contracting with any of Logista's companies.

These General Principles of Conduct reflect the minimum, basic standards of behaviour which must govern the suppliers' activity, in their relations with Logista as well as in those with their own workers or any third parties involved in the performance of the suppliers' activity.

To ensure that they become public knowledge, the General Principles of Conduct are published in Logista's corporate website. They have also been translated into the official languages of the countries in which Logista is present.

3.2.5 The environment

Logista has a Master Plan for Quality and the Environment, and also a Policy on Quality, the Environment and Energy Efficiency, both of which are integrated into the corporate strategy and lay down the standards and good practices to be followed in environmental matters and in energy efficiency, which include the quantification and reduction of the 'carbon footprint', continuous improvement, strict compliance with legal requirements, a reasonable use of resources, and collaboration with organisations and groups concerned.

Logista promotes respect for the environment among its employees, customers, suppliers and society in general. The Policy on Quality, the Environment and Energy Efficiency may be consulted both by Intranet and in the Group's corporate website, so that all the employees, and also the other stakeholders, can become familiar with it.

The Policy includes the definition and use of environmental and quality indicators, a regular evaluation of performance in relation to sustainability, and the measurement and shrinking of the 'carbon footprint'.

3.2.5.1 Climate change

Logista quantifies its carbon footprint and promotes its shrinkage as one of its initiatives for minimising the impact of its activity on the environment..

Logista calculates the carbon footprint of all of its businesses and activities in all of the countries in which it operates, including the majority of the externalised activities, as 100% of the emissions from the transport operations and franchises and from indirect activities such as the purchase of goods and services, in accordance with the standard and the emission factors used by the Greenhouse Gas Protocol and the UNEEN- 16258 standard for reporting greenhouse gases.

An independent accredited body checks the calculation against the UNE-EN ISO 14064 standard, and verifies the figures, the reliability and the traceability of this process.

Logista's Transport Division informs its customers of the carbon footprint of their deliveries and journeys, without charge.

In December, 2020, the CDP announced that Logista had been included for the fifth consecutive year in its prestigious "A List" as one of the world leaders in the fight against climate change. An analysis of data from 9,500 companies in the whole world revealed that Logista is one of the three Spanish companies and the 23 in the world that achieved this recognition for the fourth consecutive year.

Logista has also been recognized by the CDP with the distinctive name of "Supplier Engagement Leader", which highlights its climate-management work for the benefit of its customers.

Every year, Logista sends information to the CDP about the efforts made by the Company and its different businesses to manage the changing climate. This information can be found by consulting the CDP's website.

Logista also appears in the FTSE4Good index, which was created by the worldwide producer of indices FTSE Russell and which is composed of companies that can demonstrate solid practices in environmental and social matters and in corporate governance.

- *Noise pollution and light pollution*

With regard to noise, in each of Logista's premises, daytime and night-time measurements of noise are taken, with the frequency indicated by the environmental authority. In case the measurements show levels that are close to the legal maximum, plans of action have been prepared to correct those levels.

Pollution by light is not significant, so Logista has not taken any specific measures in this regard.

- *Measures to reduce emissions of carbon*

Logista reduces emissions by constantly optimising routes and by including standards of efficiency with each renewal of an agreement with a transport fleet. It also encourages its Transport Division to gradually increase the number of vehicles which function with fuel that is less polluting.

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

In addition, the measures taken to improve energy efficiency and the use of renewable forms of energy also help to reduce emissions of greenhouse gases.

3.2.5.2 The circular economy and the prevention and management of waste

Logista has considerably reduced the waste and emissions from its activity by the use and subsequent recovery of re-usable cardboard boxes. This system has already been implemented in its centres in Spain, France, Italy and Portugal, and in its transport network specialising in urgent delivery of parcels and documents by courier.

Most of the waste currently generated by Logista, owing to the nature of its activity, consists of paper and cardboard, wood (pallets), municipal waste, plastics and oils.

3.2.5.3 The sustainable use of resources

Logista is aware of the importance of the efficient use of resources. For this reason, it compiles and analyses information about its consumption of water, waste and its most important materials.

The disposal of effluent is not regarded as a significant problem at Logista because, due to the type of activity performed, these waters are discharged into the municipal networks.

3.2.5.4 The protection of biodiversity

Logista's activities have no direct impact on protected areas, so biodiversity is not a material consideration for the Company.

During the first half of the 2021 fiscal year, no significant effect on biodiversity was produced.

3.2.6 Society

Logista is actively engaged in numerous programmes of a social nature, mainly in its local areas, and encourages the participation of all the Group's types of partners (employees, franchises, delegations, etc.), as well as collaborating in projects proposed by the latter in the fulfilment of their social responsibilities.

The main objective of the social actions has been to improve the quality of life of the most vulnerable groups. One example has been the donation of convenience products to charity canteens.

Among the social actions carried out in this period, of note were the donations towards research into diseases such as COVID-19, cancer and rare illnesses, the collection of food and toys for financially needy families at risk of social exclusion, the training and contracting of groups with certain skills so that they could join the employment market, and actions to encourage sports activities.

4. EXPOSURE TO RISK

The system for managing corporate risks at Logista and in its subsidiary companies is explained in Logista's General Policy on Risk Management, which was updated on 21st July, 2020, and whose purpose was to introduce a comprehensive system of risk management in order to provide Logista's Board of Directors and Management with a helpful means of optimising results, thus improving their capacity to create and maintain value.

This Policy sets out the commitments to action for controlling and managing the internal and external risks, of whatever nature, that could at any time affect Logista's achievement of its objectives, by assigning responsibilities, defining the categories of risk, restricting the appetite for risk, establishing measures for its management, and regularly supervising the system so that it also allows the efficient allocation of resources, guarantees the reliability of the financial and non-financial information, provides guidelines for transparency and Good Corporate Governance, and also increases the range of available opportunities.

The Policy defines categories of risk which could affect Logista, which include: environmental risks, business or financial risks, those related to compliance with regulations, operational or technological risks, and risks of damage to the Company's reputation. Those of a financial nature include fiscal risks connected with Logista's activities.

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

The main non-financial risks and uncertainties with which Logista is faced are the following, identified by category:

- **Environmental Risks:** particularly characterised by the current crisis caused by the COVID-19 pandemic, with the consequent general worsening of economic prospects, which could affect the development of the businesses, which could find themselves submitted to new regulations and structural changes affecting their customers' purchasing power and habits and/or patterns of consumption. Another result of the economic crisis and the increase in unemployment is the greater risk of illicit trade and tobacco smuggling, which could affect the volumes distributed.
- **Business Risks:** mainly in relation to the freeing-up of those tobacco markets in which the State will monopolise the retail sales, with the ensuing impact on results, unless the measures already envisaged by Logista are taken. In addition, those deriving from the implementation of new anti-smoking policies that result in reduced consumption of tobacco, for which decline Logista would be unable to compensate by increases in other businesses.
- **Operational and Technological Risks:** the main ones are those related to cybersecurity, as Logista is exposed to threats and vulnerability due to its habitual use of technologies and information systems in the normal course of its different activities, the theft of tobacco from premises and during its transport, and those risks associated with large-scale events when the contingency plans for maintaining service levels and the availability of information systems prove to be inadequate. Also in this category are the risk of failing to fill key positions in the Company because of a lack of adequate successors, and the risks resulting from compliance the Logista's objectives in sustainability.
- **Risks related to Compliance with Regulations:** these exist because the Businesses are obliged to comply with numerous general and sectoral laws and regulations, of differing scope, which exposes them, on the one hand, to the possibility of non-compliance and its corresponding penalties or lawsuits, and on the other hand, to higher costs for the monitoring of compliance and control. In addition, the risks that can arise in the normal course of business when Logista is involved in lawsuits of whatever nature, whether as plaintiff or defendant, with outcomes which are, *a priori*, uncertain. Also in this category are the risks resulting from compliance with the System of Internal Control over Financial and Non-Financial Reporting.

From a financial perspective, the main financial assets are cash balances, trade debtors and other accounts receivable, and the Group's financial investments, which together represent the Company's maximum exposure to financial risk. The principal financial risks which Logista faces can therefore be summarised as follows:

- Logista's Financial Management has, as one of its fundamental aims, the preservation of the value of the Group's assets in all its business units and in all of the countries in which it operates, by analysing and preventing risks and by optimising the management of the principal incidents, contracting external insurance cover whenever this is deemed appropriate. In addition, there is a risk of impairment of the reasonable value of the assets, because of the high recorded value of the goodwill, given that Logista has a large number of assets and investments, on which impairment tests have to be performed in accordance with the International Accounting Standards.
- With regard to the credit risk, in general, Logista keeps its liquid assets and other equivalent liquid assets deposited in entities with high credit ratings. The business considers that, as at 30th September, 2020, the degree of exposure of its financial assets to credit risk was not significant. Moreover, Logista has exposure to credit or counterparty risk with Imperial Brands, by virtue of the cash transfer agreements signed between them.
- The businesses control the risks of insolvency and default by fixing credit limits and by setting demanding settlement periods; these commercial risks are spread among a large number of customers with short periods for settlement, as Logista's main customers are retailers, so there is no significant credit risk from outside third parties, and whenever appropriate, it is covered by insurance policies to reduce the impact of any payment defaults, although, historically, the rates of defaulting have been very low in all the geographical areas in which Logista operates..

- With regard to risks affecting liquidity, sufficient cash and cash equivalents are held to cover the payments required in the Company's usual activities. In case of need, Logista has lines of credit available, through its cash management agreement with Imperial Brands.
- Concerning exposure to risks affecting interest rates, the Management considers that in view of the low level of financial indebtedness, the impact which any increase in interest rates could have on the attached interim consolidated financial statements would not be significant.
- The level of exposure of the net assets and of the profit & loss account to the effects of future changes in exchange rates is not important, because the volume of transactions in currencies other than the euro is not significant.
- As in any other wholesale business, the cycles of payment for products purchased from the tobacco manufacturers do not coincide with the cycles of collection from the points of sale. And the settlement of the Company's fiscal obligations towards the fiscal authorities is effected in yet another cycle, different from that of the manufacturers, and different from that of the points of sale. If the governments of the countries in which Logista operates are ever in need of liquidity, any change in the cycles for the payment of taxes, and any significant increase in taxes (for example, in VAT and/or excise duty) would have a negative effect on the business, as it would cause a worsening of its financial prospects, of its operating result, and of its cash management.

Among the main objectives of the fiscal strategy defined in Logista's fiscal policy are the following:

- To eliminate, as far as possible, fiscal risks associated with the operations and strategic decisions of each company, arranging for the taxation to be appropriately adjusted to the operations in Logista's Businesses, to the Company's material and human resources, and to its business risks.
- To define the fiscal risks and to determine the objectives and activities of internal control, and to set up a system for reporting on fiscal compliance and for the maintenance of documentation, integrated into Logista's General Framework for Internal Control.

In this regard, Logista, in order to fulfil its fiscal obligations, pursues strict compliance with the fiscal regulations which apply to it, monitoring and supervising the fulfilment of its fiscal obligations centrally, for which purpose it benefits from the collaboration of fiscal advisors and legal firms of recognized repute, as supports in the presentation of tax declarations and in the subsequent settlements, in special transactions and, when appropriate, in legal defences of Logista's position.

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

- The main activity of selling tobacco is subject to a specific fiscal regulation which is complex due to the different geographical segments in which it operates. In this context, various contentious fiscal cases are awaiting resolution, and require value judgements on the part of Logista in order to assess the probability of these liabilities materialising, so provision is made for the risk in accordance with the opinion of the legal experts and the chances of passing the liabilities on to third parties.
- Under current legislation, taxes cannot be regarded as definitively settled until the declarations presented have been inspected by the fiscal authorities or until the limitation period of four years has elapsed. Currently, the Company has certain taxes from certain fiscal years that are still subject to inspection.

Concerning materialisation of the risks to which the Company has been exposed:

- Operational risks typical of the normal course of the businesses, and in particular, thefts of tobacco from premises and during transport: no impact on results, as the goods were insured.
- Responsibility for the resolution of contentious fiscal cases in which the ruling was against Logista: no significant impact on results, as they were provisioned, just as other, non-fiscal cases were.

In both cases the established systems for control enabled the impact of the risk to be mitigated. In general, Logista's systems for the internal control and management of risks allowed several risks to be classified as 'low', and some of them to be finalised without any adverse impact at all for Logista.

During the period, when certain key positions in the Company became vacant, the succession plans that had been made, and the measures designed to ensure a correct succession to these positions, were satisfactorily implemented.

Concerning the risk associated with Brexit, it ended with no impact on Logista, in view of the absence of flows of trade in consequential goods with the United Kingdom, and the fact that Logista maintains no kind of financing from its shareholder, either in euros or in pounds sterling, and is not affected by oscillations in interest rates or exchange rates.

Risk of Pandemic due to the impact of COVID-19

This risk, as well as its impact, is already described in the section "Estimation of the impact of COVID-19 on the evolution and results of the business" of this Managerial Report.

5. USE OF DERIVATIVE FINANCIAL INSTRUMENTS

No company in the Group uses derivative financial instruments.

6. SUBSEQUENT EVENTS

Since the close of the first half-year of 2021 fiscal year, there has been no important event which had a significant impact on the attached interim financial statements.

APPENDIX: ALTERNATIVE PERFORMANCE MEASURES

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

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

	Millions of Euros	
	1 Oct. 2020 – 31 Mar. 2021	1 Oct. 2019 – 31 Mar. 2020
Revenues	5,237.8	5,004.2
Procurements	(4,638.0)	(4,437.3)
Gross Profit	599.8	566.9

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

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

	Millions of Euros	
	1 Oct. 2020 – 31 Mar. 2021	1 Oct. 2019 – 31 Mar. 2020
Adjusted Operating Profit	138.0	112.1
(-) Restructuring Costs	(4.4)	(2.2)
(-) Amortisation of Assets (Logista France)	(26.1)	(26.1)
(+/-) Result of Disposals and Impairment	1.1	0.4
(+/-) Result by the Equity Method and Others	1.6	0.7
Operating Profit	110.2	84.8

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

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

	Millions of Euros		
	1 Oct. 2020 – 31 Mar. 2021	1 Oct. 2019 – 31 Mar. 2020	% Change
Economic Sales	599.8	566.9	5.8%
Adjusted Operating Profit	138.0	112.1	23.1%
Margin over Economic Sales	23.0%	19.8%	+320 b.p.

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

Reconciliation with Interim Financial Statements:

	Millions of Euros	
	1 Oct. 2020 – 31 Mar. 2021	1 Oct. 2019 – 31 Mar. 2020
Cost of logistic networks	412.9	404.8
Sales & Marketing expenses	33.5	35.1
Research expenses	1.3	1.4
Expenses of central offices	44.6	41.9
(-) Restructuring costs	(4.4)	(2.2)
(-) Amortisation of Assets (Logista France)	(26.1)	(26.1)
Operating Costs or Expenses in management accounts	461.8	454.8

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

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

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

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

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