

H1 2021 Results

October 2020 – March 2021

Logista

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

Summary of the Main Financial Figures

M€	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.

¹ See the appendix "Alternative Performance Measures"

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 Profit**¹ 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.

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.

¹ See the appendix "Alternative Performance Measures"

Changes in Revenues (by segment and activity)

M€	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%

Changes in Economic Sales¹ (by segment and activity)

M€	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%

¹ See the appendix "Alternative Performance Measures"

Changes in Adjusted EBIT¹ (by segment)

M€	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:

M€	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 See the appendix "Alternative Performance Measures"

Changes by segments

A. 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 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.

¹See the appendix "Alternative Performance Measures"

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 Profit**¹ 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.

B. 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 Profit**¹ 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.

C. 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.

¹See the appendix "Alternative Performance Measures"

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 Profit**¹, 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.

D. Corporate and Others

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

The **Adjusted Operating Profit**¹ was -7.4 million euros, compared with the -7.7 million euros recorded for the first six months of the 2020 fiscal year.

¹ See the appendix "Alternative Performance Measures"

Financial overview

A. Overview of 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.

B. 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 Guadaira) 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.

C. 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

¹See the appendix "Alternative Performance Measures"

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 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.

D. 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.

E. 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 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.

¹ See the appendix "Alternative Performance Measures"

Appendix

Profit & Loss Account

M€	1 Oct. 2020 – 31 Mar. 2021	1 Oct. 2019 – 31 Mar. 2020	% Change
Revenues	5,237.8	5,004.2	4.7%
Economic Sales¹	599.8	566.9	5.8%
(-) Distribution Operating Costs ¹	(386.0)	(377.2)	(2.3)%
(-) Sales and Marketing Operating Expenses ¹	(33.2)	(35.0)	5.1%
(-) Research and G&A Operating Expenses ¹	(42.6)	(42.6)	(0.0)%
Total Operating Costs¹	(461.8)	(454.8)	(1.5)%
Adjusted EBIT¹	138.0	112.1	23.1%
<i>Margin¹ %</i>	23.0%	19.8%	320 bp..
(-) Restructuring Cost ¹	(4.4)	(2.2)	(99.9)%
(-) Amort. of Assets Logista France	(26.1)	(26.1)	0.0%
(-) Net Loss on Disposal and Impairments	1.1	0.4	242.1%
(-) Share of Results of Companies and Others	1.6	0.7	15.4%
Operating Profit	110.2	84.8	30.0%
(+) Financial Income	12.7	7.7	65.0%
(-) Financial Expenses	(1.8)	(1.6)	(13.7)%
Profit before taxes	121.1	90.9	33.2%
(-) Corporation Tax	(33.2)	(24.8)	(33.7)%
<i>Effective Tax Rate</i>	27.4%	27.3%	(10) b.p.
(+/-) Other Income / (Expenditure)	(0.0)	0.0	n.r.
(-) Minority Interests	(0.1)	(0.2)	28.1%
Net Profit	87.8	65.9	33.2%

¹ See the appendix "Alternative Performance Measures"

Statement of Cash Flow

M€	1 Oct. 2020 – 31 Mar. 2021	1 Oct. 2019 – 31 Mar. 2020	Change
EBITDA	173.2	150.2	23.0
Restructuring & Other Payments	(7.6)	(8.0)	(0.4)
Financial Result	11.9	7.0	4.9
Normalised Taxes	(38.8)	(30.4)	(8.4)
Net Investments	(16.2)	(18.2)	2.0
Normalised Cash Flow	122.5	100.5	22.0
Variation in Working Capital	(725.3)	(384.3)	(341.0)
Effect of cut-off date on taxes	44.8	(31.4)	76.2
Free Cash Flow	(558.1)	(315.2)	(242.8)

Balance Sheet

M€	31 March 2021	30 September 2020
Tangible Assets and other Fixed Assets	361.9	373.3
Net Long-Term Financial Assets	20.8	19.2
Net Goodwill	920.8	920.8
Other Intangible Assets	380.7	408.1
Deferred Tax Assets	16.2	18.7
Net Inventory	1,359.8	1,294.3
Net Receivables and Others	2,006.0	1,985.7
Cash & Cash Equivalents	2,145.0	2,826.8
Total Assets	7,211.2	7,846.9
Group Equity	491.8	514.2
Minority interests	0.8	2.1
Non-Current Liabilities	157.9	167.6
Deferred Tax Liabilities	248.0	253.6
Short-Term Financial Debt	79.2	77.4
Short-Term Provisions	10.5	13.5
Trade Debtors and Other Accounts Payable	6,223.0	6,818.6
Total Liabilities	7,211.2	7,846.9

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.

M€	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.

M€	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.

M€	1 Oct. 2020 – 31 Mar. 2021	1 Oct. 2019 – 31 Mar. 2020	% Variación
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:

M€	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.

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