

**Audit Report on Consolidated Financial Statements
issued by an Independent Auditor**

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

AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 32)

To the shareholders of COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.:

Audit report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A. (the Parent Company) and its Subsidiaries (the Group), which comprise the consolidated balance sheet as at 30 September 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the notes thereto, for the year then ended ("2021").

In our opinion, the accompanying consolidated financial statements, give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group as at September 30, 2021 and of its consolidated financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition: Tobacco sales

Description At year-end 2021, the Group recognized, on the heading "Revenue" in the consolidated income statement, 10,414 million euros corresponding to sales of tobacco and related products, representing 96% of the total of sales of the Group. These sales correspond to the goods delivered net of discounts, excise duties on tobacco products and other sales-related taxes.

Although the recognition of these revenues is not complex, we have considered this area as a key audit matter since there is a risk associated with the timing of the recognition of this revenue, which depends of the specific conditions signed with the different manufacturers and customers.

Information on the Group's income recognition criteria, as well as a breakdown of sales, are disclosed in Notes 4.15 and 25, respectively, of the accompanying consolidated financial statements.

Our response

Our audit procedures include, among others, the following:

- ▶ Understanding the processes established by Group Management related to tobacco sales, including assessment of the design and implementation and the effectiveness of relevant controls.
- ▶ Performing tests of details on a sample of sales.
- ▶ Performing of analytical procedures reviewing the annual evolution of tobacco sales and the reasonableness of sales volumes, as well as a correlation analysis between the related accounts.
- ▶ Carrying out cut-off procedures for a sample of revenue transactions at the end of the year to determine whether they were recognized in accrual terms in accordance with the terms and conditions established in the contracts with manufacturers and customers.
- ▶ Identification and analysis of significant manual journal entries in revenue accounts.
- ▶ Review disclosures included in the accompanying consolidated financial statements in accordance with the applicable financial reporting framework.

Impairment of non-financial assets

Description At year-end 2021, the Group recognized property, plant, and equipment under non-current assets in the amount of 313 million euros, intangible assets totalling 354 million euros, mainly related to distribution contracts with manufacturers, and goodwill amounting to 921 million euros.