ANNEX I

GENERAL

1st **HALF-YEARLY FINANCIAL REPORT** 2019-2020

END OF THE REPORTING PERIOD 31/03/2020

I. IDENTIFICATION DETAILS	
Corporate name: COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.	
Registered office: CALLE TRIGO 39, Polígono Industrial Polvoranca Leganés (Madrid)	Tax ID number (CIF): A87008579

II. INFORMATION IN ADDITION TO PERIODIC INFORMATION ALREADY PUBLISHED
Explanation of the main modifications with respect to periodic information already published (to be completed only for the scenarios stipulated in section B) of the instructions)

ANNEX I "half yearly financial report" originally issued in Spanish.
In the event of a discrepancy, the Spanish-language version prevails.

III. STATEMENT(S) BY THE PARTIES RESPONSIBLE FOR THE INFORMATION

To the best of our knowledge, the interim condensed financial statement presented herein, drawn up on the basis of the accounting principles applicable, provide a true and fair view of the equity, financial position and results of the issuer, or of its consolidated companies considered as a whole, and the interim management report contains a true and fair analysis of the information required.

Observations in relation to the previous statement(s): Due to the current sanitary crisis and the restrictions to the persons circulation adopted by Royal Decree 463/2020, of March 14, the meeting of the Board of Directors of the Parent Company has been held by videoconference, so that the statements could not be signed by all the members of the Board of Directors. The interim condensed consolidated financial statements and the interim consolidated Directors' Report, corresponding to the six months period ended 31 March 2020 have been formally presented unanimously by all members of the Board of Directors of the Parent Company, without any reservation, dissatisfaction or discrepancy from any of them.

Person(s) responsible for this information:

Name/Corporate name	Position
Gregorio Marañón y Bertrán de Lis	Chairman
Íñigo Meirás Amusco	Chief Executive
Jaime Carvajal Hoyos	Director
John Matthew Downing	Director
Cristina Garmendia Mendizábal	Director
Lisa Anne Gelpey	Director
Richard Guy Hathaway	Director
John Michael Jones	Director
Alain Minc	Director
Pilar Platero Sanz	Director
Marie Ann D'Wit	Director
María Echenique Moscoso del Prado	Director and Secretary of the Board

Date of signature of this half-yearly financial report by the management body concerned: 28/04/2020

IV. SELECTED FINANCIAL INFORMATION

1. INDIVIDUAL BALANCE SHEET (AS PER NATIONAL ACCOUNTING PLAN)

Units: thousand of euros

ASSETS		CURRENT PERIOD 31/03/2020	PREVIOUS PERIOD 30/09/2019
A) NON-CURRENT ASSETS	0040	**971.925**	**974.689**
1. Intangible assets:	0030		
a) Goodwill	0031		
b) Other intangible assets	0032		
2. Property, plant and equipment	0033		
3. Investment property	0034		
4. Non-current investments in group companies and associates	0035	971.925	974.689
5. Non-current investments	0036		
6. Deferred tax assets	0037		
7. Other non-current assets	0038		
B) CURRENT ASSETS	0085	**133.948**	**66.784**
1. Non-current assets held for sale	0050		
2. Inventories	0055		
3. Trade and other receivables:	0060	63.674	12.622
a) Sales and services rendered	0061		
b) Other receivables	0062		
c) Current tax assets	0063	63.674	12.622
4. Current investments in group companies and associates	0064	70.097	54.138
5. Current investments	0070		
6. Prepayments for current assets	0071	120	
7. Cash and cash equivalents	0072	57	24
TOTAL ASSETS (A+B)	0100	**1.105.873**	**1.041.473**

EQUITY AND LIABILITIES		CURRENT PERIOD 31/03/2020	PREVIOUS PERIOD 30/09/2019
A) EQUITY (A.1 + A.2 + A.3)	0195	**1.094.890**	**1.036.499**
A-1) SHAREHOLDERS' EQUITY	0180	1.094.890	1.036.499
1. Capital:	0171	26.550	26.550
a) Registered capital	0161	26.550	26.550
b) *Less: Uncalled capital*	0162		
2. Share premium	0172	867.808	867.808
3. Reserves	0173	38.800	29.381
4. *Less: Own shares and equity holdings*	0174	(10.874)	(9.893)
5. Prior periods' profit and loss	0178		
6. Other equity holder contributions	0179	3.288	6.052
7. Profit/(loss) for the period	0175	169.318	165.539
8. *Less: Interim dividend*	0176		(48.938)
9. Other equity instruments	0177		
A.2) VALUATION ADJUSTMENTS	0188		
1. Available-for-sale financial assets	0181		
2. Hedging transactions	0182		
3. Others	0183		
A.3) GRANTS, DONATIONS AND BEQUESTS RECEIVED	0194		
B) NON-CURRENT LIABILITIES	0120	**-**	**-**
1. Non-current provisions	0115		
2. Non-current payables:	0116		
a) Debt with financial institutions and bonds and other marketable securities	0131		
b) Other financial liabilities	0132		
3. Non-current payables to group companies and associates	0117		
4. Deferred tax liabilities	0118	-	-
5. Other non-current liabilities	0135		
6. Non-current accruals	0119		
C) CURRENT LIABILITIES	0130	**10.983**	**4.974**
1. Liabilities associated with non-current assets held for sale	0121		
2. Current provisions	0122		
3. Current payables:	0123	-	-
a) Debt with financial institutions and bonds and other marketable securities	0133		
b) Other financial liabilities	0134	-	
4. Current payables to group companies and associates	0129	-	-
5. Trade and other payables:	0124	10.983	4.974
a) Suppliers	0125		
b) Other payables	0126	10.983	4.974
c) Current tax liabilities	0127		
6. Other current liabilities	0136	-	-
7. Current accruals	0128		
TOTAL EQUITY AND LIABILITIES (A + B + C)	0200	**1.105.873**	**1.041.473**

IV. SELECTED FINANCIAL INFORMATION

2. INDIVIDUAL PROFIT & LOSS ACCOUNT (SETTLED AS PER NATIONAL ACCOUNTING PLAN)

Units: thousand of euros

		CURRENT PERIOD (2H)	PREVIOUS PERIOD (2H)	CURRENT ACUUMULATION ACTUAL 31/03/2020	PREVIOUS ACCUMULATION 31/03/2019
		Amount	Amount	Amount	Amount
(+) Revenue	0205			169.920	97.350
(+/-) Changes in inventories of finished goods and work in progress	0206				
(+) Work carried out by the company on assets	0207				
(-) Supplies	0208				
(+) Other operating income	0209				
(-) Personnel expenses	0217			(525)	(536)
(-) Other operating expenses	0210			(263)	(274)
(-) Amortisation and depreciation	0211				
(+) Non-financial and other capital grants	0212				
(+) Reversal of excess provisions	0213				
(+/-) Impairment and gains/(losses) on disposal of assets	0214				
(+/-) Other gains/(losses)	0215				
= OPERATING PROFIT/(LOSS)	0245			169.132	96.540
(+) Finance income	0250			93	23
(-) Finance costs	0251			(108)	(2)
(+/-) Change of fair value in financial instruments	0252				
(+/-) Exchange gains/(losses)	0254				
(+/-) Impairment and gains/(losses) on disposal of financial assets	0255				
= FINANCIAL PROFIT/(LOSS)	0256			(15)	21
= PROFIT/(LOSS) BEFORE TAX	0265			169.117	96.561
(+/-) Income tax	0270			201	4.660
= PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	0280			169.318	101.221
(+/-) Profit/(loss) after tax for the period from discontinued operations	0285				
= EARNINGS FOR THE YEAR	0300			169.318	101.221

EARNINGS PER SHARE		Amount (X,XX euros)	Amount (X,XX euros)	Amount (X,XX euros)	Amount (X,XX euros)
Basic	0290			1,28	0,77
Diluted	0295			1,28	0,77

Figures in the first semester financial statement are equal to the acumulated ones, so it is not needed to be filled

IV. SELECTED FINANCIAL INFORMATION

3. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY

A. INDIVIDUAL STATEMENT OF RECOGNISED INCOME AND EXPENSES (AS PER NATIONAL ACCOUNTING PLAN)

Units: thousand of euros

		CURRENT PERIOD 31/03/2020	PREVIOUS PERIOD 31/03/2019
A) PROFIT/(LOSS) FOR THE PERIOD	0305	169.318	101.221
B) INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY:	0310		
1. Measurement of financial instruments:	0320		
a) Available-for-sale financial assets	0321		
b) Other income/(expense)	0323		
2. Cash flow hedges	0330		
3. Grants, donations and bequests received	0340		
4. Actuarial gains and losses and other adjustments	0344		
5. Other income and expense recognised directly in equity	0343		
6. Tax effect	0345		
C) AMOUNTS TRANSFERRED TO INCOME STATEMENT:	0350		
1. Measurement of financial instruments:	0355		
a) Available-for-sale financial assets	0356		
b) Other income/(expense)	0358		
2. Cash flow hedges	0360		
3. Grants, donations and bequests received	0366		
4. Other income and expense recognised directly in equity	0365		
5. Tax effect	0370		
TOTAL RECOGNISED INCOME/(EXPENSE) (A + B + C)	0400	169.318	101.221

IV. SELECTED FINANCIAL INFORMATION

3. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY

B. INDIVIDUAL STATEMENT OF TOTAL CHANGES IN EQUITY (AS PER NATIONAL ACCOUNTING PLAN) (1/2)

Units: thousand of euros

ACTUAL PERIOD		Shareholders' equity					Valuation adjustments	Grants, donations and bequests received	Total equity
		Capital	Share premium and reserves (1)	Own shares	Profit/(loss) for the period	Other equity instruments			
Initial balance at 01/10/2019	3010	26.550	854.303	(9.893)	165.539				1.036.499
Adjustments for changes in accounting criteria	3011								
Adjustments for errors	3012								
Adjusted initial balance	3015	26.550	854.303	(9.893)	165.539				1.036.499
I. Total recognised income and expense	3020				169.318				169.318
II. Transactions with equity holders or owners	3025		48.938	(981)	(156.034)				(108.077)
1. Capital increases/(reductions)	3026								
2. Conversion of financial liabilities into equity	3027								
3. Distribution of dividends	3028		48.938		(156.034)				(107.096)
4. Transactions with own shares and equity holdings (net)	3029			(981)					(981)
5. Increase (decrease) in equity resulting from a business combination	3030								
6. Other transactions with equity holders or owners	3032								
III. Other changes in equity	3035		6.655		(9.505)				(2.850)
1. Share-based payments	3036								
2. Transfers between equity items	3037		9.505		(9.505)				0
3. Other changes	3038		(2.850)						(2.850)
Closing balance at 31/03/2020	3040	26.550	909.896	(10.874)	169.318				1.094.890

(1) Share premium and reserves column englobes the next epigrafes from Shareholders'equity: 2. Share premium, 3. Reserves, 5. Profit/loss form previous periods, 6. Other equity holder contributions and 8. Minus: Interim dividend.

IV. SELECTED FINANCIAL INFORMATION
3. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY
B. INDIVIDUAL STATEMENT OF TOTAL CHANGES IN EQUITY (AS PER NATIONAL ACCOUNTING PLAN) (2/2)

Units: thousand of euros

PREVIOUS PERIOD		Shareholders' equity					Valuation adjustments	Grants, donations and bequests received	Total equity
		Capital	Share premium and reserves (1)	Own shares	Profit/(loss) for the period	Other equity instruments			
Initial balance at 01/10/2018 (comparison period)	3050	26.550	847.090	(8.349)	158.321				1.023.612
Adjustments for changes in accounting criteria	3051								
Adjustments for errors	3052								
Adjusted initial balance (comparison period)	3055	26.550	847.090	(8.349)	158.321				1.023.612
I. Total recognised income and expense	3060				101.221				101.221
II. Transactions with equity holders or owners	3065		46.314	(1.544)	(148.157)				(103.387)
1. Capital increases/(reductions)	3066								
2. Conversion of financial liabilities into equity	3067								
3. Distribution of dividends	3068		46.314		(148.157)				(101.843)
4. Transactions with own shares and equity holdings (net)	3069			(1.544)					(1.544)
5. Increase (decrease) in equity resultingfrom a business combination	3070								
6. Other transactions with equity holders or owners	3072								
III. Other changes in equity	3075		8.306		(10.164)				(1.858)
1. Share-based payments	3076								
2. Transfers between equity items	3077		10.164		(10.164)				
3. Other changes	3078		(1.858)						(1.858)
Closing balance at 31/03/2019 (comparison period)	3080	26.550	901.710	(9.893)	101.221				1.019.588

(1) Share premium and reserves column englobes the next epigrafes from Shareholders´equity: 2. Share premium, 3. Reserves, 5. Profit/loss form previous periods, 6. Other equity holder contributions and 8. Minus: Interim dividend.

IV. SELECTED FINANCIAL INFORMATION

4. INDIVIDUAL STATEMENT OF CASH FLOWS (AS PER NATIONAL ACCOUNTING PLAN)

Units: thousand of euros

			CURRENT PERIOD 31/03/2020	PREVIOUS PERIOD 31/03/2019
A)	**CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4)**	0435	**123.954**	**141.946**
1.	**Profit/(loss) before tax**	0405	**169.117**	**96.561**
2.	**Adjustments for:**	0410	**(169.905)**	**(97.373)**
(+)	Amortisation and depreciation	0411		
(+/-)	Other adjustments (net)	0412	(169.905)	(97.373)
3.	**Changes in operating assets and liabilities**	0415	**5.889**	**6.575**
4.	**Other cash flows from operating activities:**	0420	**118.853**	**136.183**
(-)	Interest paid	0421	(108)	
(+)	Dividends received	0422	169.920	97.350
(+)	Interest received	0423	93	24
(+/-)	Income tax received (paid)	0430	(51.052)	38.809
(+/-)	Other amounts paid (received)	0425		
B)	**CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2)**	0460	**0**	**0**
1.	**Payments for investments**	0440		
(-)	Group companies, associates and business units	0441		
(-)	Property, plant and equipment, intangible assets and investment property	0442		
(-)	Other financial assets	0443		
(-)	Non current assets & liabilities classified as held-for-sale	0459		
(-)	Other assets	0444		
2.	**Proceeds from sale of investments:**	0450		
(+)	Group companies, associates and business units	0451		
(+)	Property, plant and equipment, intangible assets and investment property	0452		
(+)	Other financial assets	0453		
(+)	Non current assets & liabilities classified as held-for-sale	0461		
(+)	Other assets	0454		
C)	**CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2 + 3)**	0490	**(123.921)**	**(141.978)**
1.	**Proceeds from and payments for equity instruments:**	0470	**(3.435)**	**(3.554)**
(+)	Issue of equity instruments	0471		
(-)	Redemption of own equity instruments	0472		
(-)	Acquisition of own equity instruments	0473	(3.435)	(3.554)
(+)	Disposal of own equity instruments	0474		
(+)	Grants, donations and bequests received	0475		
2.	**Proceeds from and payments for financial liability instruments:**	0480	**(13.389)**	**(36.581)**
(+)	Issues	0481		
(-)	Redemption and repayment	0482	(13.389)	(36.581)
3.	**Dividends and interest on other equity instruments paid**	0485	**(107.096)**	**(101.843)**
D)	**EFFECT OF EXCHANGE RATE FLUCTUATIONS**	0492		
E)	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)**	0495	**33**	**(32)**
F)	**CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD**	0499	**23**	**62**
G)	**CASH AND CASH EQUIVALENTS AT END OF PERIOD (E + F)**	0500	**57**	**30**

COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF PERIOD			CURRENT PERIOD 31/03/2020	PREVIOUS PERIOD 31/03/2019
(+)	Cash in hand and at banks	0550	57	30
(+)	Other financial assets	0552		
(-)	Less: Bank overdrafts repayable on sight	0553		
TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD		0600	**57**	**30**

IV. SELECTED FINANCIAL INFORMATION

5. CONSOLIDATED BALANCE SHEET (IFRS ADOPTED) (1/2)

Units: thousand of euros

ASSETS		CURRENT PERIOD 31/03/2020	PREVIOUS PERIOD 30/09/2019
A) NON-CURRENT ASSETS	1040	1.773.339	1.643.821
1. Intangible assets:	1030	1.354.109	1.377.850
a) Goodwill	1031	920.800	920.800
b) Other intangible assets	1032	433.309	457.050
2. Property, plant and equipment	1033	367.608	213.492
3. Investment property	1034	14.528	15.343
4. Investments accounting for using equity method	1035	3.371	2.715
5. Non-current financial assets	1036	15.429	15.390
a) At fair value through profit & loss	1047		
Of which "Designated upon inicial recognition"	1041		
b) At fair value through other comprehensive income	1042		
Of which "Designated upon inicial recognition"	1043		
c) At amortised cost	1044	15.429	15.390
6. Non-current derivatives	1039		
a) Hedging	1045		
b) Other	1046		
7. Deferred tax assets	1037	18.294	19.031
8. Other non-current assets	1038		
B) CURRENT ASSETS	1085	5.003.408	5.439.746
1. Non-current assets held for sale	1050	18	18
2. Inventories	1055	1.508.119	1.282.754
3. Trade and other receivables:	1060	1.711.543	1.933.374
a) Trade receivables	1061	1.538.235	1.711.252
b) Other receivables	1062	109.529	207.763
c) Current tax assets	1063	63.779	14.359
4. Other current financial assets	1070	1.630.208	2.050.521
a) At fair value through profit & loss	1080		
Of which "Designated upon inicial recognition"	1081		
b) At fair value through other comprehensive income	1082		
Of which "Designated upon inicial recognition"	1083		
c) At amortised cost	1084	1.630.208	2.050.521
5. Current derivatives	1076		
a) Hedging	1077		
b) Other	1078		
6. Other current assets	1075	11.393	12.429
7. Cash and cash equivalents	1072	142.127	160.650
TOTAL ASSETS (A+B)	1100	6.776.747	7.083.567

IV. SELECTED FINANCIAL INFORMATION

5. CONSOLIDATED BALANCE SHEET (IFRS ADOPTED) (2/2)

Units: thousand of euros

EQUITY AND LIABILITIES		CURRENT PERIOD 31/03/2020	PREVIOUS PERIOD 30/09/2019
A) EQUITY (A.1 + A.2 + A.3)	1195	475.414	520.346
A-1) SHAREHOLDERS' EQUITY	1180	473.621	518.667
1. Capital	1171	26.550	26.550
a) Issued capital	1161	26.550	26.550
b) *Less: Uncalled capital*	1162		
2. Share premium	1172	867.808	867.808
3. Reserves	1173	(475.747)	(481.486)
4. *Less: Own shares*	1174	(10.874)	(9.893)
5. Prior periods' profit and loss	1178		
6. Other equity holder contributions	1179		
7. Profit (loss) for year attributable to the parent	1175	65.884	164.626
8. *Less: Interim dividend*	1176		(48.938)
9. Other equity instruments	1177		
A.2) OTHER ACUMULATED COMPREHENSIVE INCOME	1188	(125)	(48)
1. Amounts not reclassified to profit or loss	1186		
a) Equity instruments through other comprehensive income	1185		
b) Others	1190		
2. Amounts transfered subsequently to profit or loss:	1187	(125)	(48)
a) Hedging transactions	1182		
b) Translation difference	1184	(125)	(48)
c) Share in other comprehensive income for investments in joint ventures and other	1192		
d) Debt instruments at fair value through other comprehensive income	1191		
e) Other	1183		
EQUITY ATTRIBUTABLE TO THE PARENT (A.1 + A.2)	1189	473.496	518.619
A.3) NON-CONTROLLING INTERESTS	1193	1.918	1.727
B) NON-CURRENT LIABILITIES	1120	435.013	308.876
1. Government grants	1117		
2. Non-current provisions	1115	40.699	40.688
3. Non-current financial liabilities:	1116	134.996	3.305
a) Bank borrowings and bonds or other marketable securities	1131		
b) Other financial liabilities	1132	134.996	3.305
4. Deferred tax liabilities	1118	259.318	264.883
7. Non-current derivatives	1140		
a) Hedging	1141		
b) Other	1142		
6. Other non-current liabilities	1135		
C) CURRENT LIABILITIES	1130	5.866.320	6.254.345
1. Liabilities associated with non-current assets held for sale	1121		
2. Current provisions	1122	10.315	11.694
3. Current financial liabilities:	1123	68.875	37.551
a) Bank borrowings and bonds and other marketable securities	1133		
b) Other financial liabilities	1134	68.875	37.551
4. Trade and other payables:	1124	5.726.864	6.127.454
a) Trade payables	1125	1.173.663	1.185.490
b) Other payables	1126	4.536.620	4.938.967
c) Current tax liabilities	1127	16.581	2.997
5. Current derivatives	1145		
a) Hedging	1146		
b) Other	1147		
6. Other current liabilities	1136	60.266	77.646
TOTAL EQUITY AND LIABILITIES (A + B + C)	1200	6.776.747	7.083.567

IV. SELECTED FINANCIAL INFORMATION

6. CONSOLIDATED INCOME STATEMENT (IFRS ADOPTED)

Units: thousand of euros

		CURRENT PERIOD (2H)	PREVIOUS PERIOD (2H)	CURRENT ACCUMULATION 31/03/2020	PREVIOUS ACCUMULATION 31/03/2019
		Amount	Amount	Amount	Amount
(+) Revenue	1205			5.003.051	4.763.134
(+/-) Changes in inventories of finished goods and work in progress	1206			187.105	95.492
(+) Work carried out by the company on assets	1207			1.190	1.502
(-) Raw materials and consumables used	1208			(4.624.491)	(4.292.747)
(+) Other operating income	1209				
(-) Personnel expenses	1217			(148.173)	(150.580)
(-) Other operating expenses	1210			(273.284)	(282.335)
(-) Amortisation and depreciation	1211			(61.646)	(44.156)
(+) Non-financial and other capital grants	1212				
(+/-) Impairment and gains/losses) on disposal of assets	1214			330	2.472
(+/-) Gains/(losses) on disposal of non current assets	1216				
(+/-) Other gains/(losses)	1215			40	(12)
= OPERATING PROFIT/(LOSS)	1245			84.122	92.770
(+) Finance income	1250			7.679	6.660
a) Interest income calculated using the effecting interest rate method	1262			7.288	6.389
b) Other	1263			391	271
(-) Finance costs	1251			(1.555)	(905)
(+/-) Change of fair value in financial instruments	1252				
(+/-) Gains/(losses) from reclassification of financial assets at amortised costs to financial assets at fair value	1258				
(+/-) Gains/(losses) from reclassification of financial assets at fair value through other comprehensive income to financial assets at fair value	1259				
(+/-) Exchange gains/(losses)	1254			(13)	(5)
(+/-) Impairment and gains/(losses) on disposal of financial assets	1255				
(+/-) Gains/(losses) on disposal of financial assets	1257				
a) Financial instruments at amortised costs	1260				
b) Other financial instruments	1261				
= FINANCIAL PROFIT/(LOSS)	1256			6.111	5.750
(+/-) Profit/(loss) from companies accounted for using the equity method	1253			655	873
= PROFIT/(LOSS) BEFORE TAX	1265			90.888	99.393
(+/-) Income tax	1270			(24.812)	(24.526)
= PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	1280			66.076	74.867
(+/-) Profit/(loss) after tax for the period from discontinued operations	1285				
= CONSOLIDATED EARNINGS FOR THE YEAR	1288			66.076	74.867
a) Profit/(loss) for the period attributable to the parent	1300			65.884	74.681
b) Profit/(loss) for the period attributable to non-controlling interests	1289			192	186
EARNINGS PER SHARE				Amount (X.XX euros)	Amount (X.XX euros)
Basic	1290			0,50	0,56
Diluted	1295			0,50	0,56

Figures in the first semester financial statement are equal to the acumulated ones, so it is not needed to be filled

IV. SELECTED FINANCIAL INFORMATION

7. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS ADOPTED)

Units: thousand of euros

		CURRENT PERIOD (2H)	PREVIOUS PERIOD (2H)	CURRENT PERIOD 31/03/2020	PREVIOUS PERIOD 31/03/2019
A) CONSOLIDATED PROFIT/(LOSS) FOR THE PERIOD	1305			66.076	74.867
B) OTHER COMPREHENSIVE INCOME - AMOUNTS NOT RECLASSIFIED TO PROFIT OR LOSS	1310			(77)	(20)
1. Revaluation/(reversal of revaluation) of PP&E and intangible assets	1311				
2. Actuarial gains and losses	1344				
3. Participation in other comprehensive income recognized for Companies accounted using the equity method and joint venture	1342				
4. Equitiy instruments with changes through other comprehensive income	1346				
5. Other income and expense data not reclassified to profit or loss	1343			(77)	(20)
6. Tax effect	1345				
C) OTHER COMPREHENSIVE INCOME - AMOUNTS TRANSFERRED SUBSEQUENTLY TO INCOME STATEMENT:	1350				
1. Cash flow hedges:	1360				
a) Gains / (losses) for evaluation	1361				
b) Amounts transferred to profit and loss	1362				
c) Amounts transferred to the initial value of swap amounts	1363				
d) Other reclassifications	1364				
2. Translation differences:	1365				
a) Gains / (losses) for evaluation	1366				
b) Amounts transferred to profit and loss	1367				
c) Other reclassifications	1368				
3. Companies accounted for using the equity method:	1370				
a) Gains / (losses) for evaluation	1371				
b) Amounts transferred to profit and loss	1372				
c) Other reclassifications	1373				
4. Debt instruments at fair value through other comprehensive income	1381				
a) Gains / (losses) for evaluation	1382				
b) Amounts transferred to profit and loss	1383				
c) Other reclassifications	1384				
5. Other incomes and expenses recognised subsequently to income statement:	1375				
a) Gains / (losses) for evaluation	1376				
b) Amounts transferred to profit and loss	1377				
c) Other reclassifications	1378				
6. Tax effect	1380				
TOTAL RECOGNISED COMPREHENSIVE INCOME (A + B + C)	1400			65.999	74.847
a) Attributable to the parent	1398			65.807	74.661
b) Attributable to non-controlling interests	1399			192	186

IV. SELECTED FINANCIAL INFORMATION

8. CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY (IFRS ADOPTED) (1/2)

Units: thousand of euros

ACTUAL PERIOD		Shareholders' equity					Valuation adjustments	Minority Interests	Total equity
		Capital	Share premium and reserves (1)	Own shares	Profit/(loss) for the period	Other equity instruments			
Initial balance at 01/10/2019	3110	26.550	337.384	(9.893)	164.626		(48)	1.727	520.346
Adjustments for changes in accounting criteria	3111								
Adjustments for errors	3112								
Adjusted initial balance	3115	26.550	337.384	(9.893)	164.626		(48)	1.727	520.346
I. Total recognised income and expense	3120				65.884		(77)	192	65.999
II. Transactions with equity holders or owners	3125		44.704	(981)	(156.034)				(112.311)
1. Capital increases/(reductions)	3126								
2. Conversion of financial liabilities into equity	3127								
3. Distribution of dividends	3128		48.938		(156.034)				(107.096)
4. Transactions with own shares and equity holdings (net)	3129		(4.234)	(981)					(5.215)
5. Increase (decrease) in equity resulting from a business combination	3130								
6. Other transactions with equity holders or owners	3132								
III. Other changes in equity	3135		9.972		(8.592)				1.380
1. Share-based payments	3136								
2. Transfers between equity items	3137		8.592		(8.592)				
3. Other changes	3138		1.380						1.380
Closing balance at 31/03/2020	3140	26.550	392.060	(10.874)	65.884		(125)	1.919	475.414

(1) Share premium and reserves column englobes the next items from Shareholders´equity: 2. Share premium, 3. Reserves, 5. Profit/loss form previous periods, 6. Other equity holder contributions and 8. Minus: Interim dividend.

IV. SELECTED FINANCIAL INFORMATION

8. CONOSLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY (IFRS ADOPTED) (2/2)

Units: thousand of euros

		Shareholders' equity					Valuation adjustments	Minority Interest	Total equity
		Capital	Share premium and reserves (1)	Own shares	Profit/(loss) for the period	Other equity instruments			
Initial balance at 01/10/2018 (comparison period)	3150	26.550	335.059	(8.348)	156.706		35	1.606	511.608
Adjustments for changes in accounting criteria	3151		(56)						(56)
Adjustments for errors	3152								
Adjusted initial balance (comparison period)	3155	26.550	335.003	(8.348)	156.706		35	1.606	511.552
I. Total recognised income and expense	3160				74.681		(20)	186	74.847
II. Transactions with equity holders or owners	3165		42.989	(1.545)	(148.156)				(106.712)
1. Capital increases/(reductions)	3166								
2. Conversion of financial liabilities into equity	3167								
3. Distribution of dividends	3168		46.314		(148.156)				(101.842)
4. Transactions with own shares and equity holdings (net)	3169		(3.325)	(1.545)					(4.870)
5. Increase (decrease) in equity resulting from a business combination	3170								
6. Other transactions with equity holders or owners	3172								
III. Other changes in equity	3175		10.275		(8.550)				1.725
1. Share-based payments	3176								
2. Transfers between equity items	3177		8.550		(8.550)				
3. Other changes	3178		1.725						1.725
Closing balance at 31/03/2019 (comparison period)	3180	26.550	388.267	(9.893)	74.681		15	1.792	481.412

(1) Share premium and reserves column englobes the next items from Shareholders'equity: 2. Share premium, 3. Reserves, 5. Profit/loss form previous periods, 6. Other equity holder contributions and 8. Minus: Interim dividend.

IV. SELECTED FINANCIAL INFORMATION

9. A. CONSOLIDATED INDIRECT STATEMENT OF CASH FLOWS (IFRS ADOPTED)

Units: thousand of euros

			CURRENT PERIOD 31/03/2020	PREVIOUS PERIOD 31/03/2019
A)	CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4)	1435	(294.571)	(29.406)
1.	Profit/(loss) before tax	1405	90.888	99.393
2.	Adjustments for:	1410	59.264	49.097
(+)	Amortisation and depreciation	1411	61.646	44.156
(+/-)	Other adjustments (net)	1412	(2.382)	4.941
3.	Movements in working capital	1415	(389.851)	(211.166)
4.	Other cash flows from operating activities:	1420	(54.872)	33.270
(-)	Interest paid	1421		
(-)	Dividends and returns on other equity instruments paid	1430		
(+)	Dividends received	1422		
(+)	Interest received	1423	6.997	5.852
(+/-)	Income tax received/(paid)	1424	(61.869)	27.418
(+/-)	Other amounts received/(paid)	1425		
B)	CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2 + 3)	1460	402.770	116.179
1.	Payments for investments	1440	(18.043)	(21.367)
(-)	Group companies, associates and business units	1441		
(-)	Property, plant and equipment, intangible assets and investment property	1442	(18.043)	(21.367)
(-)	Other financial assets	1443		
(-)	Non-current assets and liabilities classified as held for sale	1459		
(-)	Other assets	1444		
2.	Proceeds from sale of investments:	1450	420.813	137.546
(+)	Group companies, associates and business units	1451		
(+)	Property, plant and equipment, intangible assets and investment property	1452		
(+)	Other financial assets	1453	420.813	137.546
(+)	Non-current assets and liabilities classified as held for sale	1461		
(+)	Other assets	1454		
3.	Other cash flows from investing activities	1455		
(+)	Dividends received	1456		
(+)	Interest received	1457		
(+/-)	Other amounts received/(paid)	1458		
C)	CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2 + 3 + 4)	1490	(126.722)	(98.155)
1.	Proceeds from/(payments for) equity instruments:	1470	(3.435)	(3.554)
(+)	Issue of equity instruments	1471		
(-)	Redemption of own equity instruments	1472		
(-)	Acquisition of own equity instruments	1473	(3.435)	(3.554)
(+)	Disposal of own equityinstruments	1474		
2.	Proceeds from and payments for financial liability instruments:	1480	440	7.242
(+)	Issues	1481	440	7.242
(-)	Redemption and repayment	1482		
3.	Dividends and interest on other equity instruments paid	1485	(107.096)	(101.843)
4.	Other cash flows from financing activities	1486	(16.631)	
(-)	Interest paid	1487		
(+/-)	Other amounts received/(paid)	1488	(16.631)	
D)	EFFECT OF EXCHANGE RATE FLUCTUATIONS	1492		
E)	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	1495	(18.523)	(11.382)
F)	CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1499	160.650	153.515
G)	CASH AND CASH EQUIVALENTS AT END OF PERIOD (E + F)	1500	142.127	142.133

	COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD		CURRENT PERIOD 31/03/2020	PREVIOUS PERIOD 31/03/2019
(+)	Cash in hand and at banks	1550	142.127	142.133
(+)	Other financial assets	1552		
(-)	*Less: Bank overdrafts repayable on sight*	1553		
	TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD	1600	142.127	142.133

IV. SELECTED FINANCIAL INFORMATION

9. B. CONSOLIDATED DIRECT STATEMENT OF CASH FLOWS (IFRS ADOPTED)

Units: thousand of euros

			CURRENT PERIOD 31/03/2020	PREVIOUS PERIOD 31/03/2019
A)	CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4)	8435		
(+)	Profit/(loss) before tax	8410		
(-)	Other cash flows from operating activities:	8411		
(-)	Interest paid	8421		
(-)	Dividends and returns on other equity instruments paid	8422		
(+)	Dividends received	8430		
(+)	Interest received	8423		
(+/-)	Income tax received/(paid)	8424		
(+/-)	Other amounts received/(paid)	8425		
B)	CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2 + 3)	8460		
1.	Payments for investments	8440		
(-)	Group companies, associates and business units	8441		
(-)	Property, plant and equipment, intangible assets and investment property	8442		
(-)	Other financial assets	8443		
(-)	Non-current assets and liabilities classified as held for sale	8459		
(-)	Other assets	8444		
2.	Proceeds from sale of investments:	8450		
(+)	Group companies, associates and business units	8451		
(+)	Property, plant and equipment, intangible assets and investment property	8452		
(+)	Other financial assets	8453		
(+)	Non-current assets and liabilities classified as held for sale	8461		
(+)	Other assets	8454		
3.	Other cash flows from investing activities	8455		
(+)	Dividends received	8456		
(+)	Interest received	8457		
(+/-)	Other amounts received/(paid)	8458		
C)	CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2 + 3 + 4)	8490		
1.	Proceeds from/(payments for) equity instruments:	8470		
(+)	Issue of equity instruments	8471		
(-)	Redemption of own equity instruments	8472		
(-)	Acquisition of own equity instruments	8473		
(+)	Disposal of own equityinstruments	8474		
2.	Proceeds from and payments for financial liability instruments:	8480		
(+)	Issues	8481		
(-)	Redemption and repayment	8482		
3.	Dividends and interest on other equity instruments paid	8485		
4.	Other cash flows from financing activities	8486		
(-)	Interest paid	8487		
(+/-)	Other amounts received/(paid)	8488		
D)	EFFECT OF EXCHANGE RATE FLUCTUATIONS	8492		
E)	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	8495		
F)	CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	8499		
G)	CASH AND CASH EQUIVALENTS AT END OF PERIOD (E + F)	8500		

	COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD		CURRENT PERIOD 31/03/2020	PREVIOUS PERIOD 31/03/2019
(+)	Cash in hand and at banks	8550		
(+)	Other financial assets	8552		
(-)	*Less: Bank overdrafts repayable on sight*	8553		
TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD		8600		

IV. SELECTED FINANCIAL INFORMATION

10. DIVIDENDS PAID

		CURRENT PERIOD			PREVIOUS PERIOD		
		Euros per share (X,XX)	Amount (thousand of euros)	Number of shares	Euros per share (X,XX)	Amount (thousand of euros)	Number of shares
Ordinary shares	2158	0.81	107.096		0.77	101.843	
Other shares (non-voting, callable etc.)	2159						
Total dividends paid	2160	0.81	107.096		0.77	101.843	
a) Dividends charged to profit or loss	2155						
b) Dividends charged to reserves or share premium	2156	0.81	107.096		0.77	101.843	
c) Dividends in kind	2157						
d) Flexible payments	2154						

IV. SELECTED FINANCIAL INFORMATION

11. SEGMENT INFORMATION

Units: thousand of euros

GEOGRAPHIC AREA		Geographic distribution of revenue			
		INDIVIDUAL		CONSOLIDATED	
		CURRENT PERIOD	PREVIOUS PERIOD	CURRENT PERIOD	PREVIOUS PERIOD
Domestic market	2210	169.920	97.350	1.618.012	1.073.387
International market	2215			3.385.039	3.689.747
a) European Union	2216			3.385.039	3.689.747
a.1) Euro area	2217			3.381.875	3.687.018
a.1) Non Euro area	2218			3.164	2.729
b) Other countries	2219				
TOTAL	2220	169.920	97.350	5.003.051	4.763.134

		CONSOLIDATED			
		Total ordinary revenue		Results	
SEGMENTS		CURRENT PERIOD	PREVIOUS PERIOD	CURRENT PERIOD	PREVIOUS PERIOD
IBERIA	2221	1.578.069	1.468.149	56.222	61.821
ITALY	2222	1.493.991	1.391.422	40.824	39.080
FRANCE	2223	1.950.543	1.922.832	(4.707)	(893)
CORPORATE AND OTHERS	2224	4.227	3.417	(8.217)	(7.240)
	2225				
	2226				
	2227				
	2228				
(-) Adjustments and elimination of ordinary income among segments	2229	(23.779)	(22.686)		
(+/-) Profit/(loss) not allocated	2230			6.766	6.625
TOTAL	2235	5.003.051	4.763.134	90.888	99.393

IV. SELECTED FINANCIAL INFORMATION

12. AVERAGE NUMBER OF EMPLOYEES

		INDIVIDUAL		CONSOLIDATED	
		CURRENT PERIOD	PREVIOUS PERIOD	CURRENT PERIOD	PREVIOUS PERIOD
AVERAGE NUMBER OF EMPLOYEES	2295			5.988	5.876
Men	2296			3.786	3.701
Women	2297			2.202	2.175

IV. SELECTED FINANCIAL INFORMATION

13. REMUNERATION RECEIVED BY DIRECTORS AND EXECUTIVES

DIRECTORS:

Basis of remuneration

		Amount (thousand of euros)	
		CURRENT PERIOD	PREVIOUS PERIOD
Remuneration for membership on the board and/or board committees	2310	524	536
Fixes salaries	2311	402	442
Variable retribution in cash	2312	513	1.315
Remuneration systems based on shares	2313	2.972	2.039
Terminations benefits	2314	2.336	
Long term saving systems	2315	81	172
Other	2316	33	88
TOTAL	2320	6.861	4.592

Executives:

		Amount (thousand of euros)	
		CURRENT PERIOD	PREVIOUS PERIOD
Total remuneration received by executives	2325	3.227	3.646

IV. SELECTED FINANCIAL INFORMATION

14. RELATED-PARTY TRANSACTIONS AND BALANCES (1/2)

Units: thousand of euros

RELATED-PARTY TRANSACTIONS EXPENSES AND INCOME		CURRENT PERIOD				
		Significant shareholders	Directors and executives	Persons, companies or entities in group	Other related parties	Total
1) Finance costs	2340			44		44
2) Leases	2343					
3) Services received	2344					
4) Purchase of goods	2345	171.247		211.002		382.249
5) Other expenses	2348			3		3
EXPENSES (1 + 2 + 3 + 4 + 5)	2350	171.247		211.049		382.296
6) Finance income	2351			7.288		7.288
7) Dividends received	2354					
8) Rendering of services	2356	4.730		11.266		15.996
9) Sale of goods	2357					
10) Other income	2359					
INCOME (6 + 7 + 8 + 9 + 10)	2360	4.730		18.554		23.284

OTHER TRANSACTIONS		CURRENT PERIOD				
		Significant shareholders	Directors and executives	Persons, companies or entities in group	Other related parties	Total
Financing agreements: loans and capital contributions (lender)	2372					
Financing agreements, loans and capital contributions (borrower)	2375					
Guarantees and deposits extended	2381					
Guarantees and deposits received	2382					
Commitments undertaken	2383					
Distribution of dividends and other benefits	2386	53.772				53.772
Other transactions	2385					

BALANCES ON THE REPORTING DATE		CURRENT PERIOD				
		Significant shareholders	Directors and executives	Persons, companies or entities in group	Other related parties	Total
1) Trade receivables	2341	2.080		7.156		9.236
2) Loans and credit given	2342			1.600.075		1.600.075
3) Other receivables	2346					
TOTAL RECEIVABLES (1 + 2 + 3)	2347	2.080		1.607.231		1.609.311
4) Trade payables	2352	55.821		152.619		208.440
5) Loans and credit received	2353			8.518		8.518
6) Other payment obligation	2355					
TOTAL PAYABLES (4 + 5 + 6)	2358	55.821		161.137		216.958

IV. SELECTED FINANCIAL INFORMATION

14. RELATED-PARTY TRANSACTIONS (2/2)

Units: thousand of euros

RELATED-PARTY TRANSACTIONS EXPENSES AND INCOME		PREVIOUS PERIOD				
		Significant shareholders	Directors and executives	Persons, companies or entities in group	Other related parties	Total
1) Finance costs	6340			37		37
2) Leases	6343			196		196
3) Services received	6344					
4) Purchase of goods	6345	166.029		306.023		472.052
5) Other expenses	6348			1.247		1.247
EXPENSES (1 + 2 + 3 + 4 + 5)	6350	166.029		307.503		473.532
6) Finance income	6351			6.389		6.389
7) Dividends received	6354					
8) Rendering of services	6356	4.815		29.227		34.042
9) Sale of goods	6357					
10) Other income	6359					
INCOME (6 + 7 + 8 + 9 + 10)	6360	4.815		35.616		40.431

OTHER TRANSACTIONS		PREVIOUS PERIOD				
		Significant shareholders	Directors and executives	Persons, companies or entities in group	Other related parties	Total
Financing agreements: loans and capital contributions (lender)	6372					
Financing agreements, loans and capital contributions (borrower)	6375					
Guarantees and deposits extended	6381					
Guarantees and deposits received	6382					
Commitments undertaken	6383					
Distribution of dividends and other benefits	6386	51.116				51.116
Other transactions	6385					

BALANCES ON THE REPORTING DATE		PREVIOUS PERIOD				
		Significant shareholders	Directors and executives	Persons, companies or entities in group	Other related parties	Total
1) Trade receivables	6341	2.119		12.769		14.888
2) Loans and credit given	6342			1.742.632		1.742.632
3) Other receivables	6346					
TOTAL RECEIVABLES (1 + 2 + 3)	6347	2.119		1.755.401		1.757.520
4) Trade payables	6352	43.801		168.230		212.031
5) Loans and credit received	6353			10.374		10.374
6) Other payment obligation	6355					
TOTAL PAYABLES (4 + 5 + 6)	6358	43.801		178.604		222.405

V. HALF-YEAR FINANCIAL INFORMATION

VI. SPECIAL AUDITOR'S REPORT

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, 2020

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Emst & Young, S.L.
Calle de Raimundo Femández Villaverde, 65
28003 Madrid

Tel: 902 365 456
Fax: 915 727 238
ey.com

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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, 2020, 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, 2020 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, 2019. 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, 2020 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, 2020. 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, which approves the consolidated text of the Securities Market Law developed by the Royal Decree 1362/2007, of October 19.

ERNST & YOUNG, S.L.

(Signed on the original in Spanish)

María del Tránsito Rodríguez Alonso

April 28, 2020

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

Interim Condensed Consolidated Financial Statements for the six-month period ended 31 March 2020 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, SA AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS AT 31 MARCH 2020 AND 30 SEPTEMBER 2019

(Thousands of Euros)

ASSETS	Note	31-03-2020	30-09-2019
NON-CURRENT ASSETS:			
Property, plant and equipment	5	367,608	213,492
Investment property		14,528	15,343
Goodwill	4	920,800	920,800
Other intangible assets	4	433,310	457,050
Investments in associates		3,371	2,715
Other non-current financial assets	6	15,429	15,390
Deferred tax assets		18,294	19,031
Total non-current assets		1,773,340	1,643,821
CURRENT ASSETS:			
Inventories		1,508,119	1,282,754
Trade and other receivables		1,641,576	1,913,694
Tax receivables		69,966	19,680
Other current financial assets	6	1,630,208	2,050,521
Cash and cash equivalents		142,127	160,650
Other current assets		11,393	12,429
Total current assets		5,003,389	5,439,728
NON-CURRENT ASSETS HELD FOR SALE		18	18
TOTAL ASSETS		6,776,747	7,083,567

EQUITY AND LIABILITIES	Note	31-03-2020	30-09-2019
EQUITY:			
Share capital	8	26,550	26,550
Share premium		867,808	867,808
Reserves of the Parent		42,086	35,431
Reorganisation reserves		(753,349)	(753,349)
Reserves at consolidated companies		215,566	216,482
Translation differences		(125)	(48)
Reserve for first-time application of IFRSs		19,950	19,950
Consolidated profit for the period		65,884	164,626
Interim dividend		-	(48,938)
Treasury shares	8	(10,874)	(9,893)
Equity attributable to shareholders of the Parent		473,496	518,619
Minority interests		1,919	1,727
Total equity		475,415	520,346
NON-CURRENT LIABILITIES:			
Other non-current financial liabilities	7	134,996	3,305
Long-term provisions	9	40,699	40,688
Deferred tax liabilities		259,318	264,883
Total non-current liabilities		435,013	308,876
CURRENT LIABILITIES:			
Other current financial liabilities	7	68,875	37,551
Trade and other payables		1,257,348	1,274,059
Tax payables		4,469,515	4,853,395
Short-term provisions	9	10,315	11,694
Other current liabilities		60,266	77,646
Total current liabilities		5,866,319	6,254,345
TOTAL EQUITY AND LIABILITIES		6,776,747	7,083,567

The accompanying Notes 1 to 16 are an integral part of the condensed consolidated balance sheet at 31 March 2020

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

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE SIX MONTHS PERIODS ENDED
31 MARCH 2020 AND 2019
(Thousands of Euros)

	Note	31-03-2020	31-03-2019
Revenue	12	5,004,241	4,764,636
Procurements		(4,437,387)	(4,197,256)
Gross profit		**566,854**	**567,380**
Cost of logistics networks:			
Staff costs		(93,944)	(96,107)
Transport costs		(126,418)	(123,371)
Provincial sales office expenses		(38,858)	(38,322)
Depreciation and amortisation charge		(58,084)	(43,276)
Other operating expenses		(87,506)	(97,866)
Total cost of logistics networks		(404,810)	(398,942)
Commercial expenses:			
Staff costs		(22,414)	(23,939)
Other operating expenses		(12,727)	(12,641)
Total commercial expenses		(35,141)	(36,581)
Research expenses:		(1,373)	(1,362)
Head office expenses:			
Staff costs		(31,120)	(29,824)
Depreciation and amortisation charge		(2,733)	(782)
Other operating expenses		(8,025)	(9,580)
Total head office expenses		(41,878)	(40,186)
Share of results of companies		655	875
Net loss on disposal and impairment of non-current assets	5	330	2,472
Other results		140	(12)
Profit from operations		**84,777**	**93,643**
Finance income		7,679	6,660
Finance costs		(1,568)	(910)
Profit before tax	12	**90,888**	**99,393**
Income tax	14	(24,812)	(24,526)
Profit for the period from continuing operations		**66,076**	**74,867**
Loss for the period from discontinued operations net of tax		-	-
Profit for the period		**66,076**	**74,867**
Attributable to-			
Shareholders of the Parent Company		65,884	74,681
Minority interests		192	186
Basic earnings per share	3	**0.50**	**0.56**

The accompanying Notes 1 to 16 are an integral part of the condensed consolidated income statement for the six months periods ended as 31 March 2020.

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIODS ENDED 31 MARCH 2020 AND 2019

(Thousands of Euros)

	31-03-2020	31-03-2019
Profit for the year	**66,076**	**74,867**
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	(77)	(20)
Net gain (loss) on taxes recognised directly in equity		-
Total other comprehensive income	**(77)**	**(20)**
Total comprehensive income fot the year	**65,999**	**74,847**
Attributable to-		
Shareholders of the Parent Company	65,807	74,661
Minority interests	192	186
Total atributable	**65,999**	**74,847**

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 2020.

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 2020 AND 2019
(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 30 September 2018	**26,550**	**867,808**	**25,594**	**(753,349)**	**221,370**	**35**	**19,950**	**156,706**	**(46,314)**	**(8,348)**	**510,002**	**1,606**	**511,608**
Adjustment IFRS 9 first adoption	-	-	-	-	(56)	-	-	-	-	-	(56)	-	(56)
Balance at 1 October 2018	**26,550**	**867,808**	**25,594**	**(753,349)**	**221,314**	**35**	**19,950**	**156,706**	**(46,314)**	**(8,348)**	**509,946**	**1,606**	**511,552**
Net profit for the period attributable to the Parent	-	-	-	-	-	(20)	-	74,681	-	-	74,661	-	74,661
Loss attributable to minority interests	-	-	-	-	-	-	-	-	-	-	-	186	186
Income and expenses recognised in the period	**-**	**-**	**-**	**-**	**-**	**(20)**	**-**	**74,681**	**-**	**-**	**74,661**	**186**	**74,847**
I. Transactions with Shareholders:													
Distribution of profit:													
To reserves	-	-	10,164	-	(1,614)	-	-	(8,550)	-	-	-	-	-
Dividends (Note 3)	-	-	-	-	-	-	-	(148,156)	46,314	-	(101,843)	-	(101,843)
On treasury shares operations (Note 8b):	-	-	(3,325)	-	-	-	-	-	-	(1.545)	(4,870)	-	(4,870)
II. Other changes	-	-	1,467	-	258	-	-	-	-	-	1,725	-	1,725
Balance at 31 March 2019	**26,550**	**867,808**	**33,900**	**(753,349)**	**219,958**	**15**	**19,950**	**74,681**	**-**	**(9,893)**	**479,620**	**1,792**	**481,412**

	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 30 September 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**

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 2020.

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS PERIODS ENDED
31 MARCH 2020 AND 2019
(Thousands of Euros)

	Note	31-03-2020	31-03-2019
1. OPERATING ACTIVITIES:			
Consolidated profit before tax from continuing operations		**90,888**	**99,393**
Adjustments for-			
Profit of companies accounted for using the equity method		(655)	(875)
Depreciation and amortisation charge		61,646	44,156
Period provisions		3,448	12,591
Proceeds from disposal of non-current assets		(370)	(2.472)
Financial profit		(7,249)	(5,750)
Financial expenses for leases (IFRS 16)		1,138	-
Other results		1,306	1,447
Adjusted profit		**150,152**	**148,490**
Net change in assets / liabilities-			
(Increase)/Decrease in inventories		(222,798)	(5,286)
(Increase)/Decrease in trade and other receivables and other current assets		270,667	(9,355)
Increase/(Decrease) in trade payables		(16,711)	167,889
Increase/(Decrease) in other current and non-current liabilities		(421,009)	(364,414)
Income tax paid		(61,869)	27,418
Finance income and costs		6,997	5,852
Total net cash flows from operating activities (I)		**(294,571)**	**(29,406)**
2. INVESTING ACTIVITIES:			
Net investment in property, plant and equipment		(5,895)	(15,297)
Net investment in intangible assets		(12,148)	(6,070)
Variation of other current and non-current financial assets		420,813	137,546
Disposals of non-current held for sale assets		-	-
Total net cash flows from investing activities (II)		**402,770**	**116,179**
3. FINANCING ACTIVITIES:			
Dividends paid (-)	3	(107,096)	(101,843)
Other equity instruments		(3,435)	(3,554)
Changes in current borrowings		440	7,242
Payments for leases (IFRS 16)		(16,631)	-
Total net cash flows from financing activities (III)		**(126,722)**	**(98,155)**
4. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)		**(18,523)**	**(11,382)**
Cash and cash equivalents at beginning of year		**160,650**	**153,515**
Net change in cash and cash equivalents during the year		(18,523)	(11,382)
Total cash and cash equivalents at end of year		**142,127**	**142,133**

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 2020.

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 13 May 2014, with its sole shareholder being Altadis, S.A.U., a company belonging to Imperial Brands Plc group. On 4 June 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 14 July 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 2019 were formally approved by the General Shareholders' Meeting on 24 March 2020.

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 28 April 2020 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 2019. 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 2019.

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 2019, and additionally the standards and interpretations which have an obligatory application for the Group since 1 October 2019 have been also considered. In this regards, the main applicable standards are as follows:

New Standards, Amendments to Standards and Interpretations:	Content	Obligatory Application in Annual Reporting Periods Beginning on or After
IFRS 16 - Leases	New standard on leases that replaces IAS 17. The standard establishes just one accounting model for lessees will include all leases on the balance sheet (with some limited exceptions) as if they were financial leases (there will be amortization of the right of use and financial expenses for the amortized cost of the liability).	1 January, 2019
IFRIC 23, Uncertainty Over Income Tax Treatments (issued in June 2017)	This interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over whether the relevant taxation authority will accept a tax treatment used by an entity.	1 January, 2019
Improvements to IFRSs, 2015-2017 cycle	Amendments to a series of standards.	1 January, 2019
Amendments to IAS 19, Plan Amendments, Curtailments and Settlements	Clarify how to calculate the current service cost and net interest for the remainder of the reporting period when there is an amendment, curtailment or settlement of a defined benefit plan.	1 January, 2019
Amendments to IAS 28, Long-term Interests in Associates and Joint Ventures	Clarify that IFRS 9 should be applied to long-term interests in an associate or joint venture to which the equity method is not applied.	1 January, 2019
Amendments to IFRS 9, Prepayment Features with Negative Compensation	These amendments will permit measurement at amortized cost of certain financial assets which may be put back to the issuer before maturity for an amount lower than the unpaid amounts of principal and interest on the principal amount outstanding.	1 January, 2019

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 2020 except for IFRS 16 "Leases".

IFRS 16 – Leases

IFRS 16 Leases establishes that a lessee must recognize an asset according to the right of use, which is the right to use an underlying asset, and a lease liability, which reflects the obligation to make lease payments during its term. This standard introduces no significant changes in regard to the lessor, who shall continue to classify contracts as financial leases or operating leases.

The Group acts as a lessee in a very large number of lease agreements on various assets although the significant ones are mainly warehouses and office buildings where the Group carries out its activities. Under current standards, a significant part of these contracts is classified as an operating lease, with the corresponding payments recorded being recorded on a linear basis over the term of the contract, generally.

The Group has chosen to apply this Standard using the retroactive approach with the cumulative effect on the initial application of the Standard, not re-expressing the comparative period figures and presenting the cumulative effect of the initial application of the Standard as of October 1, 2019, recognising the asset at the same value as the liability.

In relation to the practical solutions that the Standard allows at the date of first application, the Group has chosen not to apply this Standard to those leases whose term ends within 12 months from the date of first application or where the underlying asset has an individual value that is lower than EUR 5,000, and, in these cases, recognises the payments associated with the leases as an expense on a straight-line basis over the term of the lease in the Other operating expenses section of the condensed consolidated income statement.

On the other hand, the Group has chosen not to separately record the components that are non-lease components from those that they are, for those asset classes in which the relative importance of non-lease components is not significant with respect to the total value of the lease.

Based on the foregoing, and taking into the consideration the practical solutions that have been adopted, the impact on Group's interim condensed consolidated financial statements on the date of first application of IFRS 16 Leases, is as follows:

Condensed Consolidated Balance Sheet	**Thousands of Euros**
	01/10/2019
Non-current assets	**170,641**
Property, plant and equipment	170,641
TOTAL ASSETS	**170,641**
Equity	**-**
Of the Parent company	-
Of minority interests	-
Non-Current Liabilities	**137,940**
Other non-current financial liabilities	137,940
Current Liabilities	**32,701**
Other current financial liabilities	32,701
TOTAL EQUITY AND LIABILITIES	**170,641**

The incremental effective interest rate used for the registration of lease liabilities has been based mainly on the Group's incremental rate of financing equivalent to the European Central Bank interest rate, plus a spread from 0.75% to 2% depending on the duration of each lease.

As of 1 October 2019, the reconciliation of total minimum future lease payments deriving from operating lease agreements contracts the financial lease liability, from the standpoint of the lessee, is as follows:

	Thousands of Euros
	01/10/2019
Minimum future payments of operating lease contracts	139,316
Effect of updating the agreement using the effective incremental interest rate	(10,674)
Extensions of reasonably certain contracts	41,999
Leasing Financial Liabilities	**170,641**

During the first semester of 2020 the impact on the application of IFRS 16 "Leases" is as follows:

	Thousands of Euros
	October 2019 - March 2020
Depreciation and amortization charge	(16,431)
Other operating expenses	16,630
Profit from operations	**199**
Financial costs	(1,138)
Profit before tax	**(939)**
Income tax	256
Profit for the period	**(683)**

At 31 March 2020, due to the application of IFRS 16 "Leases", a net financial debt was recognized for the payment obligation deriving from rights of use contracts amounting to EUR 160,048 thousand.

As a result of the entry into force of IFRS 16 "Leases" from 1 October 2019, the payments derived from operating lease contracts, which were previously considered cash flows from operating activities, are now recognised as cash flows from financing activities. In the first semester of 2020, the amount recognized for this concept was EUR 16,630 thousand.

IFRS 23 - Uncertainties Over Income Tax Treatments

IFRS 23 "Uncertainties Over Income Tax Treatments" clarifies how the recognition and measurement requirements of IAS 12 Income Taxes should be applied when there is uncertainty over income tax treatments. In this case, a company will recognise and measure its current or deferred assets or liabilities applying the requirements of IAS 12 Income Taxes based on the tax gain or loss, tax base, unused tax losses, unused tax credits and tax rates as established by this standard.

Adoption of this interpretation did not have a significant impact on the interim condensed consolidated financial statements for the six-month period ended March 31, 2020.

In relation to the other standards indicated with effect from 1 October 2019, its application has not had a significant impact for the Group.

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:

New Standards, Amendments to Standards and Interpretations:	**Content**	**Obligatory Application in Annual Reporting Periods Beginning on or After**
Amendment to IFRS 3, Business definition	Clarifications to the business definition	1 January 2020
Amendment to IAS 1 and IAS 8, definition of materiality	Modifications to align the definition with that contained in the conceptual framework	1 January 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).	1 January 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.	1 January 2020

The Group considers that the Standards effective 1 January 2020 will not have a significant equity impact.

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:

New Standards, Amendments to Standards and Interpretations:	**Content**	**Obligatory Application in Annual Reporting Periods Beginning on or After**
Amendments to IFRS 10 and IAS 28, Sale of asset between an investor and its associates and Joint Ventures	Clarification in relation to the result from these operations, from a business or an asset perspective.	No date defined

New Standards, Amendments to Standards and Interpretations:	Content	Obligatory Application in Annual Reporting Periods Beginning on or After
IFRS 17, Insurance Contracts (issued in May 2017) (a)	IFRS 17 supersedes IFRS 4 and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued to ensure that entities provide relevant and reliable information that gives a basis for users of the information to assess the effect that insurance contracts have on the financial statements.	1 January, 2022

(a) Standards not yet adopted by the European Union.

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 2019.

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 assessment of possible impairment losses on certain 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 measurement and impairment of goodwill and of certain intangible assets.
6. The market value of certain assets.
7. The calculation of the required provisions, including those of a fiscal nature, as well as the risk assessment assigned to contingent liabilities.
8. 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 31 March 2020, 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 financial statements.

d) Risk exposure. Covid-19.

The information relating to the Group's risk exposure is described in Note 17 to the consolidated financial statements for the year 2019, as well as in the Interim Consolidated Director's report for the first semester of 2020.

Identified risks

The situation in the current environment is marked by the uncertainty generated by the coronavirus pandemic, which has a special incidence in three of the main countries in which the Group has presence, in Spain, France and Italy, as well as by the consequences derived from the different measures to contain the pandemic implemented by the different governments at national level, 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, due to Logista is a group of companies dedicated to the supply and distribution of products to point of sales that provide essential services, tobacconists, pharmacies, service stations, kiosks and, therefore, are obliged to maintain their activities, guaranteeing the supply and supply of said products to retail establishments, therefore, these interim condensed consolidated financial statements are presented under the going concern principle.

Impacts to date and potential future impacts

From an economic point of view, Covid-19 still presents great unknowns, the consequences in the medium and long term being difficult to quantify and conditioned, in any case, on the duration of the containment measures imposed by the different Governments, thus such as the subsequent economic recovery, at the national and international level, although a worsening of macroeconomic conditions is expected in the countries in which the Group has presence, especially in employment, consumption and economic growth, even reaching a situation of generalized economic recession, which could affect the evolution of the Group's businesses.

However, the strength shown in the past by Logista's business model facing adverse situations, as well as the fact that it continues to operate in most of our activities, allows us to expect that the decrease in the results of the closing of 2020 compared to 2019 financial year it is not very significant, given the current circumstances.

Logista estimates that the impact of the COVID-19 crisis on the first six months of 2020 results was negative between EUR 5 million and EUR 6 million.

e) Comparability of the information

The information relating to the first semester of 2019 and 30 September 2019 contained in these notes to the interim condensed consolidated financial statements is presented with the information relating to the period ended 31 March 2020 for comparison purposes only.

f) Materiality

When determining the information to be disclosed in these explanatory notes on the various line items in the financial statements or on other matters, the Group took into account materiality in accordance with IAS 34, in relation to the interim condensed consolidated 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 2020

There were no changes in the scope of consolidation during the six month period ended as of 31 March 2020.

b) Changes in the scope of consolidation during the six month period ended as of 31 March 2019

On 14 March 2019 the subsidiary José Costa & Rodrigues, Lda. was merged by absorption into MIDSID – Sociedade Portuguesa de Distribuiçao, S.A., which gave rise to the dissolution of the former and transfer of the equity of José Costa & Rodrigues, Lda. to MIDSID – Sociedade Portuguesa de Distribuiçao, S.A., the absorbing company.

On 27 March 2019 the Extraordinary General Meeting of Logista Publicaciones approved the merger by absorption of the subsidiary Compañía de Distribución Integral de Publicaciones, S.L.U. (absorbing company) and Distribérica, S.A.U. (absorbed company), without liquidation and transmitting in block the equity from the absorbed to the absorbing company, which will be subrogated in all the rights and obligations. As a result, Distribérica, S.A.U. was declared dissolved and extinguished, without liquidation.

3. Dividends paid by the Parent Company

a) Dividends paid by the Parent Company

On 24 March 2020 the Shareholders´ General Meeting of the Parent Company has approved the distribution of the result of 2019, which included an interim dividend of result of that year that was approved by the Board of Directors and liquidated before, of EUR 48,938 thousand and a complementary dividend of EUR 107,096 thousand, which has been paid on 27 March 2020.

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:

	31-03-20	31-03-19
Net profit for the period (thousands of euros)	65,884	74,681
Weighted average number of shares issued (thousands of shares) (*)	132,235	132,275
Earnings per share (euros)	**0.50**	**0.56**

(*) During the first six months of the period ended 31 March 2020, the Parent Company acquired through a purchase and sale agreement 166,800 treasury shares and gave to employees 120,632 treasury shares (see Note 8).

At 31 March 2020 and 2019, 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 31 March 2020 and 30 September 2019 is the following:

	Thousands of Euros	
	31-03-20	30-09-19
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 30 September 2019.

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 2020 and 2019 no impairment evidence has been identified on these assets.

b) Other intangible assets

During the first six months of 2020 and 2019 the Group has recorded additions to this caption by EUR 5,942 and EUR 6,068 thousand, respectively, which are mainly related to new functional development projects for the Group's existing applications.

During the first six months of 2020 and 2019, no impairment has been recorded on these elements.

5. Property, plant and equipment and investment property

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

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 1 October 2019 led, during the first six months of 2020, to the capitalization of rights of use associated with lease contracts amounting to EUR 175,539 thousand (see Note 1.b).

In the first six months of 2019, property, plant and equipment were acquired for EUR 17,563 thousand, relating mainly to the development of a new platform in Coslada (Madrid), the development of IT systems infrastructure and the acquisition of new semitrailers and vending machines.

b) Investment property

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

During the first six months of 2019 a warehouse in Sintra (Portugal) was sold with a net book value of EUR 2,384 thousand, which generated a positive impact of EUR 2,472 thousand.

c) Impairment losses

During the first half of 2020 and 2019 no impairment losses has been recognised on these elements.

d) Property, plant and equipment purchase commitments

As of 31 March 2020 and 2019 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 31 March 2020 and 30 September 2019, attending to their nature and category for the purposes of their valuation, is as follows:

	Thousands of Euros				
	31-03-20				
Financial Assets: Nature/Category	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	-	-	-	716	716
Financial debts	10,246	-	-	-	10,246
Other financial assets	-	-	4,467	-	4,467
Non-current	**10,246**	**-**	**4,467**	**716**	**15,429**
Financial debts	-	1,601,246	-	-	1,601,246
Impairments	-	(1,171)	-	-	(1,171)
Other financial assets	30,022	-	111	-	30,133
Current	**30,022**	**1,600,075**	**111**	**-**	**1,630,208**
Total	**40,268**	**1,600,075**	**4,578**	**716**	**1,645,637**

Financial Assets: Nature/Category	Thousands of Euros				
	30-09-19				
	Loans Granted to Third Parties	Loans Granted to Related Companies (Note 10)	Short-Term Deposits and Guarantees	Available-for-Sale Financial Assets	Total
Financial debts	-	-	-	708	708
Other financial assets	10,037	-	-	-	10,037
Impairments	162	-	4,483	-	4,645
Non-current	**10,199**	**-**	**4,483**	**708**	**15,390**
Financial debts	-	2,022,227	-	-	2,022,227
Impairments		(1,423)			(1,423)
Other financial assets	29,565	-	152	-	29,717
Current	**29,565**	**2,020,804**	**152**	**-**	**2,050,521**
Total	**39,764**	**2,020,804**	**4,635**	**708**	**2,065,911**

Loans granted to third parties

The venturers of “Compañía de Distribución Integral Logista, S.A.U. y GTECH IGT Lottery Spain, S.L.U., Unión Temporal de Empresas” granted a loan to this joint venture divided into equal shares which at 31 March 2020 totalled EUR 119,966 thousand (EUR 118,016 thousand at 30 September 2019). Compañía de Distribución Integral Logista, S.A.U. has recognised EUR 29,991 thousand (30 September 2019: EUR 29,504 thousand) in this connection, which are presented under “Other Current Financial Assets” and “Other Current Financial Liabilities” in the accompanying condensed consolidated balance sheet at 31 March 2020, for the receivables from and payables to the aforementioned joint venture that correspond to the other venturer (see Note 7).

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 EUR 13,852 thousand, which have been appealed. Of this amount, EUR 3,605 thousand have been guaranteed and the remaining amount has been paid to avoid the accrual of late payment interest.

On 6 November 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 2020, 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 12 June 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 new mutual agreement for a five-year credit line (automatically renewable for one year, unless either of the parties sends a notice opposing such renewal at least one year prior to maturity), with a maximum disposal limit of EUR 2,000 million. As of 1 December 2015 the maximum draw down limit was increased to EUR 2,600 million. On 29 February 2016 Imperial Tobacco Enterprise Finance Limited changed its registered name to Imperial Brands Enterprise Finance Limited.

On 21 March 2018, Imperial Enterprise Brands Finance Limited transferred the rights and obligations under the aforementioned credit line agreement to Imperial Brands Finance, PLC., and the maturity was extended to 12 June 2024.

For more information on these cash pooling agreements, see Note 9 to the consolidated financial statements of Group Logista for the year ended September 30, 2019.

b) *Impairments*

Based on IFRS 9 in relation to expected loss, impairment losses on loan granted to related companies have been recognized for EUR 1,171 thousand (EUR 1,423 thousand at 30 September 2019).

7. Other current financial liabilities

The disclosure of the Group's financial liabilities as of 31 March 2020 and 30 September 2019, attending to their nature and category for the purposes of their valuation, is as follows:

Financial liabilities: Nature / Category		Thousands of Euros			
		31-03-20			
	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 (Note 1.b)	Total
Other financial liabilities	2,123	-	3,191	129,682	134,996
Non-current financial liabilities	**2,123**	**-**	**3,191**	**129,682**	**134,996**
Other financial liabilities	29,991	8,518	-	30,366	68,875
Non-current financial liabilities	**29,991**	**8,518**	-	**30,366**	**68,875**
Total	**32,114**	**8,518**	**3,191**	**160,048**	**203,871**

Financial liabilities: Nature / Category	Thousands of Euros			
	30-09-19			
	Debts and Accounts payable to third parties (Note 6)	Debts and Accounts payable to related companies (Note 10)	Guarantees and deposits received	Total
Other financial liabilities	-	-	3,305	3,305
Non-current financial liabilities	-	-	**3,305**	**3,305**
Other financial liabilities	29,504	8,047	-	37,551
Non-current financial liabilities	**29,504**	**8,047**	-	**37,551**
Total	**29,504**	**8,047**	**3,305**	**40,856**

8. Equity

a) Share capital

On 31 March 2020 and 30 September 2019 the Parent Company's share capital was represented by 132,750,000 fully subscribed and paid shares of EUR 0.2 par value each, all of the same class.

The only shareholder with an ownership interest of 10% or more in the Parent's share capital at 31 March 2020 and 30 September 2019 was Altadis, S.A.U., which had an ownership interest of 50.01%.

b) Treasury shares

In order to cater for the long-term incentive plan discussed in Note 4.12 the consolidated financial statements of 30 September 2019, the Parent Company has purchased 166,800 treasury shares for EUR 3,435 thousand in the first six months of the period ended 31 March 2020.

Also, 120,632 shares have been given to employees of the Group in connection with the third block of the 2014 long-term incentive plan and the first and second blocks of the 2017 incentive plan, for a total amount of EUR 2,454 thousand.

At 31 March 2020, the Parent Company hold 532,181 treasury shares, representative of the 0.4% 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 31 March 2020 and 2019 and of the main changes therein in the periods is as follows:

	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**

	Thousands of Euros					
	30-09-18	Additions	Reversion	Use	Transfers	31-03-19
Tax assessments	10,859	37	-	-	-	10,896
Obligations to employees	19,493	890	(641)	(583)	(30)	19,129
Provision for contingencies and charges	5,908	839	(362)	(876)	-	5,509
Other	2,671	77	(6)	-	-	2,742
Non-current provisions	**38,931**	**1,843**	**(1,009)**	**(1,458)**	**(30)**	**38,276**
Provision for restructuring costs	4,821	6,677	(393)	(879)	-	10,226
Customer refunds	2,162	58	(4)	-	-	2,216
Other	4,600	497	(1,205)	(1,262)	(10)	2,620
Current provisions	**11,583**	**7,232**	**(1,602)**	**(2,141)**	**(10)**	**15,062**

b) Provisions for tax assessments

Compañía de Distribución Integral Logista, S.A.U. has recognised provisions for assessment as a result of inspections by the Spanish customs authorities of the returns for excise tax on tobacco products 2009 and 2010. The Company signed the assessment on a contested basis and filed appeal against it and it has recognised provisions for the principal and interest in this connection, in order to cover the eventual unfavourable decision being handed down on the appeal.

In the first six months of 2020, the Company recognised provisions for tax assessments amounting to EUR 3,087 thousand, of which EUR 3,058 thousand, accrued for income tax, are related to deductions made for the interest included in various assessments for the years 2012 to 2016.

c) Provision for obligations to employees

This line item includes mainly the present value of the obligations assumed by Compañía de Distribución Integral Logista, S.A.U. in relation to long-service bonuses and the “free tobacco benefit”, as well as the retirement bonus obligations recorded by the subsidiaries of the Group in order to cover the retirement benefits.

During the first semester of 2020, there was no significant movement in relation to these provisions.

The payments made in both periods amounted to EUR 604 thousand and EUR 583 thousand, respectively.

d) Provision for restructuring costs.

This provision includes the estimations of payments to be done in relation to the restructuring plans the Group is carrying out.

During the first semesters of 2020 and 2019, EUR 1,791 thousand and EUR 6,677 thousand, respectively, have been accrued for and EUR 2,858 thousand and EUR 879 thousand, respectively, have been paid as severances, being debited to the related provision.

e) Provision for contingencies and charges

It relates mainly to provisions for contingencies associated with various lawsuits that the Group has in progress with third parties. During the first semesters of 2020 and 2019, there has been no significant movement in relation to these provisions.

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 2020 and 2019 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 30 September 2019 provides information regarding the bank guarantees and contingent liabilities as of such date. In the first six months of 2020 there has been an increase of EUR 39.2 million in bank guarantees.

On June 20, 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 April 12, 2019, the Board of CNMC issued its Decision of April 10, 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 EUR 20.9 million 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 EUR 118 million. Logista France, S.A.S. decided to withhold the equivalent amount of the invoices received from those manufacturers. In this context, the Group received claims for EUR 39 million and EUR 3 million, respectively, from two tobacco manufacturers. The EUR 3 million claim was extended to EUR 26 million on 11 December 2019, without any hearing or resolution.

On 15 October 2019, the Paris Commercial Court issued the decision on the claim lodged by one of the tobacco manufacturers, in which it ruled that Logista France, S.A.S. had to pay the invoices received from the manufacturer for EUR 39 million, corresponding to the tax for 2017 and 2018. Logista and its legal advisers consider that the decision is an erroneous interpretation of the principles and agreements between Logista and the manufacturer and, furthermore, consider that the aforementioned Court did not take into consideration the arguments put forward by Logista in relation to the agreement and the nature of the tax, and Group is therefore evaluating the legal actions to lodge.

On 28 December 2019, French administration cancelled this tax with effect from 1 January 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 2020 and 2019, as well as the balances at the end of 31 March 2020 and 30 September 2019, are detailed in the table below. Related party transactions are carried out on an arm's length basis.

Transactions

	Thousands of Euros		
	31-03-20		
Expenses and income	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**

Expenses and income	Thousands of Euros 31-03-19 Main Shareholder	 Individuals, group, companies or entities	 Total
Expenses:			
Services received	-	1,443	1,443
Procurements	166,029	306,023	472,052
Financial expense	-	37	37
	166,029	**307,503**	**473,532**
Income:			
Financial income	-	6,389	6,389
Services rendered	4,815	29,227	34,042
	4,815	**35,616**	**40,431**

<u>Balances</u>

Balances	Thousands of Euros 31-03-20 Main Shareholder	 Individuals, group, companies or entities	 Total
Debitors:			
Credits (Note 6)	-	1,600,075	1,600,075
Accounts receivable	2,080	7,156	9,236
	2,080	**1,607,231**	**1,609,311**
Creditors:			
Loans (Note 7)	-	8,518	8,518
Accounts payable	55,821	152,619	208,440
	55,821	**161,137**	**216,958**

Balances	Thousands of Euros 30-09-19 Main Shareholder	 Individuals, group, companies or entities	 Total
Debitors:			
Credits (Note 6)	-	2,020,804	2,020,804
Accounts receivable	1,453	20,148	21,601
	1,453	**2,040,952**	**2,042,405**
Creditors:			
Loans (Note 7)	-	8,047	8,047
Accounts payable	47,906	179,323	227,229
	47,906	**187,370**	**235,276**

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 2019 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 by the members of the Board of Directors of the Parent Company as a result of their membership thereof or of any of its executive committees in all connections, including the remuneration accrued by the members of the Board who in turn are executives for all concepts during the first six months of 2020 and 2019 totalled EUR 4,525 thousand and EUR 4,592 thousand, respectively.

Corporate contributions to saving plans for the first six months of 2020 and 2019 corresponding to executive directors amounted to EUR 81 thousand and EUR 118 thousand, respectively.

Life insurance premium corresponding to the executive directors in the first six months of 2020 and 2019 amounted to EUR 4 thousand and EUR 7 thousand, respectively.

The Directors' third-party liability insurance in the first six months of 2020 and 2019 amounted to EUR 23 thousand in both periods.

The indemnities paid in the first six months of 2020 amounting to 2,336 thousand euros.

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 2020 and 2019 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 Executives functions are discharged by the members of the Management Committee.

The remuneration accrued during the first six months of 2020 by the members of the Management Committee, excluding executive directors, amounted to EUR 3,227 thousand (EUR 3,646 thousand in the first six months of 2019).

The period contributions to saving plans for members of the Management Committee in the first six months of 2020 and 2019 amounted to EUR 155 thousand and EUR 112 thousand, respectively.

Incentive Plans

In Note 4.12 of the Notes to the Consolidated Financial Statements of the Group for the year ended 30 September 2019 incentive plans in force are detailed.

In particular, in relation to the General Plan and the Special Plan for long-term incentives 2017 approved on 21 March 2017, dated 28 January 2020, the Board of Directors has approved the list of beneficiaries and the maximum number of shares to be distributed for the 2020-2022 consolidation period, which amounted to 62 people for the General Plan and 9 people for the Special Plan and 221,455 shares in total. In turn, with regard to the General Plan and the Special Plan for long-term incentives 2014, the Board of Directors approved the shares finally granted for the 2017-2019 consolidation period, which amounted to 122,230 shares.

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

On 23 January 2018 the Board of Directors approved the list of beneficiaries and the maximum number of shares to be distributed to the vesting period 2018-2020, amounting to 58 people for the General Plan and 9 people for the Special Plan and 210,212 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 30 September 2019 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 31 March 2020 and 2019 is as follows:

Revenues by Geographical area	Thousands of Euros	
	31-03-20	31-03-19
Iberia	1,578,586	1,468,929
Italy	1,493,991	1,391,422
France	1,951,216	1,923,554
Corporate and others	4,227	3,417
Inter-segment sales	(23,779)	(22,686)
Total	**5,004,241**	**4,764,636**

The reconciliation of the segmented profit before tax with the consolidated profit before tax as of 31 March 2020 and 2019 is as follows:

	Thousands of Euros	
Profit before tax	31-03-20	31-03-19
Segments		
Iberia	56,222	61,821
Italy	40,824	39,080
France	(4,707)	(893)
Corporate and others	(8,217)	(7,240)
Share of results of companies	655	875
Financial result	6,111	5,750
PROFIT BEFORE TAX	**90,888**	**99,393**

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

	31-03-20				
	Iberia	Italy	France	Corporative and others	Total Group
Balance sheet:					
Assets-					
Property, plant and equipment, Investment property and Non-current assets held for sale	232,547	79,125	68,776	1,706	382,154
Other non-current assets	77,103	673,597	638,890	1,614	1,391,204
Inventories	564,727	425,798	517,594	-	1,508,119
Trade receivables	447,853	319,044	873,770	909	1,641,576
Other current assets					1,853,694
Total consolidated assets					**6,776,747**
Liabilities-					
Non-current liabilities	166,191	86,286	181,216	1,320	435,013
Current liabilities	1,444,045	1,712,203	2,708,698	1,373	5,866,319
Equity					475,415
Total consolidated liabilities					**6,776,747**

	30-09-19				
	Iberia	Italy	France	Corporative and others	Total Group
Balance sheet:					
Assets-					
Property, plant and equipment, Investment property and Non-current assets held for sale	158,192	22,702	47,757	202	228,853
Other non-current assets	76,693	674,411	662,164	1,718	1,414,986
Inventories	473,652	368,802	441,020	-	1,282,754
Trade receivables	560,516	355,732	996,568	878	1,913,694
Other current assets					2,243,280
Total consolidated assets					**7,083,567**
Liabilities-					
Non-current liabilities	113,103	40,704	155,069	-	308,876
Current liabilities	1,522,017	1,739,164	2,991,961	1,203	6,254,345
Equity					520,346
Total consolidated liabilities					**7,083,567**

13. Average number of employees

The average number of employees at the Group for the first six months of the period ended 31 March 2020 and 2019 is as follows:

	31-03-20	31-03-19
Men	3,786	3,701
Women	2,202	2,175
Total	**5,988**	**5,876**

14. Tax matters

The calculation of the income tax at 31 March 2020 has been performed based on the best estimation of the effective tax rate for the annual accounting period.

At the date of preparation of these interim condensed consolidated financial statements, the Parent Company and Compañía de Distribución Integral Logista, S.A.U. have currently under review by the tax authorities years 2013, 2014, 2015 and 2016 for income taxes, years 2105 and 2016 for withholding taxes and, additionally, for Compañía de Distribución Integral Logista, S.A.U. years 2013, 2014, 2015, 2016, 2017 for value added taxes, and year 2018 for custom tax.

Logista Italia, S.p.A. has currently under review by the tax authorities years 2014 and 2015 for income taxes.

Logista France, S.A.S. has currently under review by the tax authorities years 2016, 2017 and 2018 for income taxes, value added taxes and other local taxes.

In general, the other consolidated companies have the last four years open for review by the tax authorities for the main taxes applicable to them in accordance with the specific legislation of each country, and the last ten years in the case of excise tax in Italy.

15. Subsequent events

There have not been significant subsequent events between 31 March 2020 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 Subsidiaries

Consolidated Directors Report of six months ended on March 31st 2020
(October 1, 2019 – March 31, 2020)

COMPANY'S DESCRIPTION

Logista is the largest distributor of products and services to proximity businesses in southern Europe, which serves about 300,000 points of sale in Spain, France, Italy and Portugal, providing access to the market for tobacco and convenience products, electronic recharging, pharmaceutical products, books, publications and lotteries, among others, in an efficient and transparent manner, and with total control over these operations.

Logista combines specialised services of distribution and integrated logistics with exclusive added-value services and powerful business intelligence tools, all in a flexible manner so as to satisfy its customers' needs while complying with the requirements and regulations of each sector.

Logista's proposal in terms of quality is based on its ability to combine the provision of state-of-the-art services of wholesale distribution and logistics with other, added-value and advanced services to customers throughout the value chain. This fosters synergies and economies of scale, which benefit its customers, allowing them to concentrate on the main operations of their activities, assuring them of transparency on their route to market, and respecting their product strategies.

Logista concentrates in a single provider all the services, which constitute the supply chain, in a transparent manner, with full traceability, and with the most advanced and specialised services in every sector and channel of points of sale in which it operates.

In order to provide these services, Logista has a complete network of infrastructures integrated with its transport network and its information systems, covering the complete value chain from the collection of products to the delivery at the points of sale.

Logista's logistic activities in its 37 central and regional warehouses consist of warehousing, stock management, order management and preparation, grouping, packing and despatch, while ensuring capillarity and proximity to the point of sale by means of its 610 service points.

Through its extensive distribution network, Logista manages the distribution of a wide range of consumer goods to more than 300,000 points of sale (tobacconist's, convenience and chemist's shops, kiosks, bookshops, etc.) in Spain, France, Italy and Portugal, which are visited by about 45 million consumers every day. Logista also distributes among wholesalers of tobacco products in Poland.

The Logista Group performs omnichannel marketing of products and services by means of its web platforms, more than 47,000 point-of-sale terminals installed, 610 service points, and cash & carry establishments, call centres and salesforces, with the collaboration of approximately 15,000 collaborators spread over the five countries where the Group is present, 6,043 of whom are direct employees.

The whole Group shares the values of respect, professionalism, initiative and commitment. These values are expressly included in the Code of Conduct, and together with other guides to behaviour, which also appear in that Code, they sustain the unique business model which is characteristic of the Logista Group.

Organisation and structure

Logista's corporate governance is assured by the following bodies:

- The General Shareholders' Meeting

- The Board of Directors

- The Audit and Control Committee

- The Appointments and Remuneration Committee

- The Management Committee

Logista's organisational structure is based on general directorates for each country, each of which is headed by one person, to whom the directors of the country's business lines report.

The report on management accounting is produced in accordance with this initial segmentation by geography, and there is a secondary report covering the Revenues and Economic Sales of each business line.

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

(a) Tobacco and Related Products

In this line of business, Logista provides services in Spain and Portugal (Iberia), France and Italy.

This line of activity includes the distribution of tobacco and related products because they are distributed principally through the tobacconists' channel in Spain, France and Italy, and in the same channels as those that distribute tobacco in the case of Portugal.

(b) Transport

The transport business consists of the management of long-distance and full-load transport in Europe, controlled-temperature capillary transport in Spain and Portugal, and an express courier service for parcels and documents in Spain and Portugal.

In this business line, Logista provides transport services to its own businesses, as well as to third parties.

(c) Other

Under this heading, distribution and logistics services for pharmaceutical products and publications in Iberia, and wholesale distribution services for convenience products to points of sale other than tobacconist's shops, in France are included.

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

Compañía de Distribución Integral Logista S.A.U.

- Grupo Dronas (100%)
  - Logista Pharma Canarias (100%)
  - Logista Pharma (100%)
    - Be to Be Pharma (100%)
- Logista-Dis (100%)
- Logista Libros (50%)
- La Mancha (100%)
- Logesta (100%)
  - Logesta Italia (100%)
  - Logesta Francia (50%)
  - Logesta Deutschland (100%)
  - Logesta Lusa (51%)
  - Logesta Polska (51%)
- Logista Publicaciones (100%)
  - Distribuidora del Este (100%)
  - Distribuidora valenciana de ediciones (50%)
  - Cyberpoint (100%)
  - Distribuidora de publicaciones del sur (50%)
  - Distribuidora de Aragón (5%)
  - Promotora vascongada de publicaciones (100%)
  - Las Rías (100%)
  - Distribuidora de Ediciones Sade (100%)
  - Distribuidora del Noroeste (51%)
  - Publicaciones y Libros (100%)
  - Distribución de Publicaciones Siglo XXI Guadalajara (80%)
- Distribuidora del Noroeste (49%)
- Logista France Holding (100%)

- Logista Promotion et Transport (100%)
    - ∗ Logesta Francia (50%)
- Logista France (100%)
  - Societé Allumetiére Francaise (100%)
    - ∗ Supergroup (100%)
- Logista Italia (100%)
  - Terzia (68%)
- Midsid (100%)
- Logista Transportes e Transitos (100%)
  - Logesta Lusa (49%)
- Logesta Polska (49%)
- Logista Polska (100%)
- UTE Logista - GTech (50%)

1.1.1. Markets of operation

Logista distributes convenience products, electronic re-charges, tobacco products, pharmaceutical products, books, publications and lotteries, among other things, to about 300,000 points of sale in Spain, France, Italy and Portugal. Logista also distributes tobacco products to wholesalers in Poland.

Country-wise, Logista distributes to about 165,000 points of sale in Spain and Portugal, Logista France to about 50,000 neighbourhood points of sale throughout the country, while Logista Italy distributes to some 60,000 tobacconist's shops and convenience shops in Italy.

Objectives and strategies

Logista has developed a business model which is unique in the market, and which is transforming the model of distribution to specialised channels of retail points of sale by providing manufacturers and retailers with an omnichannel nearness that is simple, efficient and modern, for a very wide range of products and services, adapted to the point of sale and to the end-user.

Logista respects the manufacturers' product strategies for each channel, and distributes their products, in a specialised and transparent manner, to the retail channels; while offering to the point of sale a very wide range of products and specialised services, adapted to its business and to the end-user, and providing it with tools which to improve the management and profitability of its business.

The main objectives of Logista's strategy are:

1. To strengthen the consolidated businesses.
2. To bring sustainable and future growth, by expanding this business base.
3. To offer excellence in the services and increase profitability through constant improvement in operational efficiency.
4. To maintain a solid generation of cash.

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

The progression of Logista's various activities in the geographical areas in which the Group operates could be affected by political, social and/or macroeconomic conditions in the world, and in particular by the conditions existing in Spain, France, Italy, Portugal and Poland.

- The regulatory environment

The regulatory environment in both the tobacco sector and the pharmaceutical sector involves performing an increasing number of exhaustive checks on the distribution of those products, so companies have to be capable of fulfilling the requirements if they wish to continue operating in the future. Logista not only fulfils the requirements, but also anticipates them by offering new services to each of the sectors in which it distributes.

- Next-Generation Products

New products are appearing in connection with tobacco, complementing the limited offer that was available only a few years ago. The Group offers the manufacturers of these products the best and fastest route to the consumer in all of southern Europe, thanks to the high degree of capillarity in its national businesses.

- Environmental requirements

Customers are demanding more and more in terms of the environmental requirements affecting the provision of services. In this context, Logista has produced a Master Plan for Quality and the Environment, and a Policy on Quality, the Environment and Energy Efficiency. Together, the two Plans establish the guidelines and good practices, which optimise the use of resources and prevent pollution from processes. The Group checks its “carbon footprint” in accordance with ISO 14064, taking the methodology of the GHG Protocol as its reference.

Logista’s efforts in this regard have been recognized by several international bodies. Logista is therefore one of the companies which the CDP has included on its prestigious “A List”, as one of the worldwide leaders in the fight against climate change, and it is the only European distributor to have obtained this recognition in the past three years. Moreover, the CDP also recognized Logista as the “CDP Supplier Leader 2018”.

In addition, Logista forms part of the FTSE4Good index, which is composed of companies, which have demonstrated their solid practices in environmental and social matters, and in corporate governance.

1. EVOLUTION OF LOGISTA (GROUP) DURING THE FIRST HALF OF 2020 AND GROUP SITUATION

- The 5.0% growth recorded by Revenues, maintaining Economic Sales[1] that reduced by 0.1%.
- The evolution of Profit from Operations and Adjusted Operating Profit[1] that went down by 9.5% and 11.1% respectively over a base that included in the precedent year a positive impact from the variations of valuation of tobacco inventories, while in this period it has been negative and additionally recorded the impact, during the last month of the period of the measures adopted by the Governments to combat the COVID-19 pandemic.
- The positive performance of Profit from Operations (reported and adjusted[1], if neither the impact of variations in valuation of inventories in both periods, nor the impact of COVID-19 in this half, are considered.
- The continuity of all Logista´s main activities despite the measures to combat COVID-19.

Financial overview

Data in Million Euros	**1 Oct. 2019 – 31 Mar. 2020**	**1 Oct. 2018 – 31 Mar. 2019**	**% Change**
Revenues	5,004.2	4,764.6	+5.0%
Economic Sales[1]	566.9	567.4	(0.1)%
Adjusted Operating Profit[1]	112.1	126.1	(11.1)%
Margin over Economic Sales[1]	19.8%	22.2%	(240) b.p.
Profit from Operations	84.8	93.6	(9.5)%
Net Income	65.9	74.7	(11.8)%

The macroeconomic environment in the main countries in which the Company operates during the first five months of current fiscal year was, in general, similar to the observed at the end of last fiscal. However, the events triggered by the international spread of the pandemic originated by COVID-19 in the last most of the semester have altered deeply the social and economic context in these countries.

[1] See appendix “Alternative Performance Measures”

Since the last week of February in the case of Italy and since mid-March in Spain and France, the quick spread of the virus drove the Governments of the said countries, and soon after the Governments of Portugal and Poland, to adopt several measures trying to control the pandemic propagation. Among the measures finally adopted in all countries where Logista operates, it is worth mentioning the closure of a majority of commercial facilities, mobility restrictions, different degrees of confinement of the population at home and, in some cases, even the temporary halt of production in those industries operating in sectors not considered as essential by the each of the Governments.

Almost the totality of points of sale and products distributed by Logista were included on the list of goods and activities classified as essential by the Governments adopting the most drastic measures. Therefore, despite the general impact on the economy that the said measures may have had, the Company has continued rendering service to its clients without any incident that could be classified as major, save in the exceptional case of a certain activity, not considered as essential and that was halted almost completely.

Group **Revenues** grew by 5.0% over the same period last year, recording increases in the three geographical segments. All activities got higher revenues than in the same period last fiscal year except distribution of publications in Spain and of convenience products to all channels in France. Despite the slight decline of 1.4% of total distributed volumes of cigarettes and RYO and others in the first six months of the fiscal year, the tax and subsequent RSP increases in France and Italy translated as well in an increase of revenues of tobacco distribution in all countries.

Economic Sales[1] stood almost stable, reducing by 0.1%, reaching €566.9 million because of the improvements recorded by the activity in Iberia and Italy, which more than offset the reduction experienced in France.

Total operating costs[1] grew by 3,1%, in a first half of fully operational traceability services, although the tariffs in the different countries covered them unevenly during the period (this effect was not very significant yet in the second quarter), the France segment suffered inflationary pressures in some of the costs and the mix of activities caused certain dilution effect in the margins at Group level.

Additionally, the special circumstances under which the activity was performed in the last month of the period and caused, among other reasons, by the security measures adopted to protect the health of the employees and collaborators as well as the high level of absenteeism associated to COVID-19, the reintroduction of border control inside Schengen area, etc.

Adjusted EBIT[1] reached €112.1 million declining by 11.1% compared to the first half of previous year.

The drop in Profit from Operations, adjusted[1] as well as reported, was largely due to the fact that, during the first half of 2020 the negative impact on results of the changes of valuation of inventories from the tax and price movements of tobacco products was slightly above €6 million contrasting with the positive impact of more than €5 million recorded in the same period in 2019. Therefore, the decline of Profit from Operations (adjusted[1] and reported) linked to the activity was significantly lower if these impacts are not considered in both periods.

Likewise, Logista estimates that the impact of the COVID-19 crisis on the first half results was negative between €5 and €6 million.

If the impact of the variations of valuation of inventories in both periods and the estimated impact of COVID-19 in the current half are not considered, Adjusted EBIT[1] grew slightly above 2%.

The restructuring costs[1] during the period strongly reduced, from €9.6 million to €2.2million. Additionally, during the first six months of current fiscal year, there were not significant capital gains from the sale of assets whereas in the previous year, €2.5 million were obtained from the sale of a building in Portugal. **Profit from Operations** decreased by 9.5% vs. the same period last year, reaching €84.8 million. If the impact of the variations of valuation of inventories in both periods and the estimated impact of COVID-19 in the current half are not considered, Profit from Operations grew close to 8%.

The Adjusted EBIT margin over Economic Sales[1] was 19.8% compared to 22.2% in the first half of 2019.

Financial Results were a 6.3% higher than in the first six month of the preceding year and reached €6.1 million.

[1] See appendix “Alternative Performance Measures”

The Tax effective rate in the period raised to 27.3% from 24.7% recorded during first half last year due to the end of the application of some tax deductions. The rate will slightly decrease in the next two years (by around 0.5% each year) because of the reduction in the normative rates foreseen under the French law.

Because of all the above mentioned, the **Net Income** reduced by 11.8% to €65.9 million.

Revenues Evolution (By Segment and Activity)

Data in Million Euros	**1 Oct. 2019 – 31 Mar. 2020**	**1 Oct. 2018 – 31 Mar. 2019**	**% Change**
Iberia	**1,578.6**	**1,468.9**	**7.5%**
Tobacco & Related	1,361.2	1,262.2	7.8%
Transport Services	199.0	193.9	2.6%
Other Businesses	82.5	76.9	7.2%
Adjustments	(64.1)	(64.1)	0.0%
France	**1,951.2**	**1,923.6**	**1.4%**
Tobacco & Related	1,874.2	1,841.5	1.8%
Other Businesses	81.4	86.7	(6.1)%
Adjustments	(4.4)	(4.6)	4.1%
Italy	**1,494.0**	**1,391.4**	**7.4%**
Tobacco & Related	1.494.0	1,391.4	7.4%
Corporate & Others	**(19.6)**	**(19.3)**	**(1.5)%**
Total Revenues	**5,004.2**	**4,764.6**	**5.0%**

Economic Sales[1] Evolution (By Segment and Activity)

Data in Million Euros	1 Oct. 2019 – 31 Mar. 2020	1 Oct. 2018 – 31 Mar. 2019	% Change
Iberia	**295.8**	**292.0**	**1.3%**
Tobacco & Related	141.6	134.0	5.7%
Transport Services	140.6	136.7	2.9%
Other Businesses	42.5	44.0	(3.5)%
Adjustments	(28.9)	(22.7)	(27.3)%
France	**124.3**	**134.9**	**(7.9)%**
Tobacco & Related	106.4	113.8	(6.6)%
Other Businesses	21.4	24.6	(13.0)%
Adjustments	(3.5)	(3.5)	0.9%
Italy	**144.6**	**139.0**	**4.1%**
Tobacco & Related	144.6	139.0	4.1%
Corporate & Others	**2.1**	**1.5**	**41.0%**
Total Economic Sales[1]	**566.9**	**567.4**	**(0.1)%**

Adjusted EBIT[1] Evolution (By Segment)

Data in Million Euros	1 Oct. 2019 – 31 Mar. 2020	1 Oct. 2018 – 31 Mar. 2019	% Change
Iberia	56.9	59.6	(4.6)%
France	21.7	33.0	(34.2)%
Italy	41.1	40.6	1.4%
Corporate & Others	(7.7)	(7.2)	(7.4)%
Total Adjusted EBIT[1]	**112.1**	**126.1**	**(11.1)%**

Adjusted Operating Profit[1] (or indistinctly Adjusted EBIT[1]) is the principal indicator used by Management to assess the recurring results of operations of the business. This indicator is calculated by deducting from the Profit from Operations all those expenses that are not directly linked to the Revenue obtained by the Group during each period, which facilitates the analysis of the evolution of operating expenses[1] and typical margins of the Group. The following table shows the reconciliation between Profit from Operations and Adjusted Operating Profit[1] for H1 fiscal years 2020 and 2019:

Data in Million Euros	1 Oct. 2019 – 31 Mar. 2020	1 Oct. 2018 – 31 Mar. 2019
Adjusted Operating Profit[1]	**112.1**	**126.1**
(-) Restructuring Costs[1]	(2.2)	(9.6)
(-) Amortization of Assets Logista France	(26.1)	(26.1)
(+/-) Net Loss of Disposal and Impairment of Non-Current Assets	0.4	2.5
(+/-) Share of Results of Companies and Others	0.7	0.9
Profit from Operations	**84.8**	**93.6**

[1] See appendix "Alternative Performance Measures"

1.1 Business review

1. Iberia: Spain and Portugal

The Iberia's Revenues increased to €1,578.6 million compared to €1,468.9 million in fiscal year 2019, recording a 7.5% growth. The Economic Sales[1] of Iberia reached €295.8 million, a 1.3% ahead of the €292.0 million recorded in the first half of preceding fiscal year.

Revenues in **Tobacco and related products** increased by 7.8%, because of the growth of the activity both in Spain and in Portugal.

The volumes of cigarettes and RYO and others distributed in Iberia recorded a positive performance similar to that experienced in the first six months of the preceding fiscal year, increasing a 2.7% compared to the same period of fiscal year 2019 and growing in Spain as well as in Portugal, in the case of the later because of the increase in market share in that country.

In Spain, cigarette volumes distributed increased by +0.7% compared to the first half last fiscal and the distributed volumes of RYO (that includes the heated tobacco consumables) increased by 14.5% as a consequence, among other factors, of the general stability of retail selling prices of these products during the period both in current and last fiscal years.

The Economic Sales[1] of tobacco distribution were affected by COVID-19, due to the slight drop in volumes recorded in the month of March.

During the first five months of the fiscal year, the distribution of convenience products performed very positively after the incorporation of new agreements reached in the preceding year (for example with CEPSA) and the increase in clients-points of sale. The impact of COVID-19, in the case of the sales of convenience products, was not significant in the last days of the period. The Economic Sales[1] grew double digit in the first half compared to the same period of fiscal year 2019.

The Economic Sales[1] in Tobacco and related products grew by 5.7% comparing to previous fiscal year.

Revenues in **Transport** grew by 2.6%. However, the Economic Sales[1] performance has differed among the activities, standing stable in Long distance and slightly growing in Industrial parcel and Courier, being the later the highest growth rate contributor. As a whole, Economic Sales[1] in Transport went up by 2.9% to €140.6 million.

With respect to the impact recorded by the Transport business because of the COVID-19 crisis, the long distance transport and parcel recorded increases close to 3% whereas courier suffered a sales reduction above 6%. However, the rise in costs caused by the exceptional circumstances under which the operations performed, increased by the drop in courier sales caused a more pronounced decline in the results of the business in the month of March.

Revenues in **Other Businesses** (which includes Pharma and publications distribution) increased by 7.2% reaching €82.5 million and Economic Sales[1] went down by 3.5% to €42.5 million.

The Revenues of the Pharma business grew double digit in the year, joining growth of pre-existing activity and incorporation of new agreements during the period. However, towards the end of previous fiscal year, certain services to a client billed on a tariff (same amount as Economic Sales[1] as in Revenues) were discontinued what has affected negatively the year-on-year comparison at the Economic Sales[1] level. The costs associated to these services were largely direct and its margin limited so the impact of discontinuation was not negative for the results of the business.

During the month of March, Economic Sales[1] of Pharma recorded a positive performance compared to the same month of the preceding year, but the growth was limited because of the negative impact of COVID-19, that caused a decline in the distribution of parapharmacy products.

On the other hand, the distribution of publications in Spain recorded slight declines in Revenues and Economic Sales[1]. The drastic drop of activity in newsstands after the confinement measures during the last

[1] See appendix "Alternative Performance Measures"

month of the period added to the negative sector trend, translating into declines of Economic Sales[1] above 15%.

Total operating expenses[1] in the Iberia segment increased by 2.8%.

The impact, at the beginning of the fiscal year, of some temporary differences between rendering the tobacco traceability service and the application of the new tariffs and the drop in Economic Sales[1] accompanied by increases in costs, in the vast majority of businesses, during the month of March, translated into a 4.6% decline vs. the preceding year of **Adjusted Operating Profit**[1], that reached €56.9 million.

Logista estimates that the impact of the COVID-19 crisis on the results of Iberia in March was negative by approximately €3 million.

During the period, higher restructuring costs[1] than in the first six month of fiscal year 2019 were recorded (€1.1 million vs. €0.4 million), as well as lower capital gains from the sale of assets (€0.4 million vs. €2.6 million).

Almost the totality of the results from associates in Iberia came from the books distribution in Spain. This business has been hit the most by the situation resulting from the COVID-19 crisis, as the point of sales to which Logista distribute were obliged to close since 14 March. Only the home delivery of the books sold by one of our clients through internet could be maintained.

Profit from Operations reached €56.9 million vs. €62.7 million recorded in the first half of last year, a 9.3% decline.

2. France

Revenues of France grew by 1.4% to €1,951.2 million while Economic Sales[1] reduced by 7.9%, to reach €124.3 million.

Tobacco and related products Revenues grew by 1.8% to €1.874.2 million due to the increase in tobacco prices and despite the decline experienced by distributed tobacco volumes vs. last year, both in cigarettes (-9.8%) and in RYO, that includes as well heat-not-burn consumables (-2.0%).

Considering the significant price increases undertaken in the last two years by manufacturers, as a consequence of the schedule set by the French Government to raise excise taxes until 2020, the drop recorded by the tobacco volumes continues being limited.

Since the announcement of the tax schedule till the closing of this first quarter, the retail selling price of the most popular brand has increased from €7 per pack to €10 per pack (which represents a 42.9% rise) while cigarette volumes have reduced by 16.4% compared to those distributed in the first half of fiscal year 2018.

The current and at first half closing RSP of the top selling brand that has already achieved the target €10 per pack set by the Government for 2020, includes the general increase taken by all manufacturers to pass through to RSP the rises foreseen in the tax schedule announced by the Government for this fiscal year (1 November 2019 and 1 March 2020), amounting €1 per pack in total. Likewise, the increase of €0.20 that corresponds to the conversion of the tax over the tobacco distributors' revenues into a higher excise tax that entered into force on 1 March 2020 and that, in this case, was not generally passed through by all manufacturers to RSP.

The net effect of the price and tax movements in this fiscal year had a negative impact in the first half results between €3 and €4 million, contrasting with the positive effect close to €2 million recorded in the first half of fiscal year 2019. This difference negatively affected the yearly comparison of Economic Sales[1] and Profit from Operations (adjusted[1] and reported).

The Economic Sales[1] of tobacco distribution in France were almost not affected by COVID-19, as the volumes during the process of stockpiling and the following destocking balanced in the period.

The performance of the Economic Sales[1] of convenience products and electronic transactions in the first half was slightly positive but not enough to offset the drop in Economic Sales[1] of tobacco distribution. Therefore, the Economic Sales[1] of Tobacco and related products reduced by 6.6% to €106.4 million.

During March, the Economic Sales[1] of electronic transactions stood practically stable, whereas that of convenience products reduced by close to 20%.

The **Other Businesses** activity (wholesale distribution of convenience products in non-tobacconist channels) experienced a decrease of 6.1% in Revenues and of 13.0% in Economic Sales[1] compared to the same period of previous fiscal year.

This business suffered the most the measures adopted by the French Government to face the COVID-19 crisis, recording sharp drops in the last two weeks of the first half that in the case of Economic Sales[1] of March were above 35%.

The total operating costs[1] of France increased by 0.7%. The transport costs in the period experienced a slight upward pressure together with an upturn in the insurance premiums, due to the rise in thefts suffered by the business.

Adjusted Operating Profit[1] reduced to €21.7 million, a 34.2% lower than in the first half of the preceding year. This drop was below 20% if the impact of variations of valuation of inventories due to tax and price movements are not considered in both periods.

Logista estimates that the impact of the COVID-19 crisis on the results of France in March was, approximately, €1.5 million.

The lower restructuring expenses[1] in the period (€0.3 million vs. €7.7 million) drove **Profit from Operations** to -€4.7 million, improving the -€0.9 million recorded in previous fiscal year. The main adjustment in this segment is the Amortization of Assets generated from the acquisition of Logista France that was €26.1 million in both fiscal years.

3. Italy

The Revenues in the Italy segment increased by 7.4% to €1,494.0 million because of the increase in the sale of convenience products, as well as of higher prices of tobacco products than in the first half of fiscal year 2019.

The volumes of cigarettes distributed reduced in the first half of the fiscal year a 3.6% were more than offset by rise of the RYO category, (that includes as well heat-not-burn consumable) that increased by 34.1% over the distributed in the first six months of the preceding fiscal year.

During the first half, the Italian Government increased taxes of tobacco products and some manufacturers raised the RSP between €0.10 and €0.20. The net impact of both movements was negative on the results of the period, reaching close to €3 million. However, the tax and price movements during the first six months of the preceding year had a net positive impact between €3 and €4 million in that period.

Since the beginning of the second quarter of fiscal year 2020, the Italian Government imposed a new excise taxes on smoking papers and filters, and made compulsory the sale of these products through the tobacconist channel.

The activity during the first half in Italy can be considered very positive, even taking into consideration that was the first country suffering the effect of COVID-19 and that was the one adopting the earliest and most drastic confinement measures that included, in some cases the almost total halt of the economic activity. Not only tobacco distribution, but also revenues from services to manufacturers as well as derived from convenience products distribution were higher than the obtained in the first six months of the previous year, allowing a 4.1% increase of Economic Sales[1] in current fiscal year, reaching €144.6 million.

In contrast to what happened in the rest of the countries, the Economic Sales[1] in Italy suffered a lower impact in March and continued recording growth.

Total operating costs[1] of Italy raised by 5.1% with respect to last fiscal year, translating into a 1.4% growth on **Adjusted Operating Profit**[1] to €41.1 million. The increase was above 15% if the impact of changes in valuation of inventories due to tax and price movements are not considered in both periods.

Logista estimates that the impact of the COVID-19 crisis on the results of Italy in March was, approximately, €1 million.

The restructuring costs[1] linked to the gradual efficiency improvement in operations were smaller than in the last fiscal year (€0.3 million vs. €1.5 million in 2019), so **Operating Profit** reached €40.8 million, a 4.5% above the first half of the preceding fiscal year.

4. Corporate and Others

This segment includes corporate expenses and the Polish operations.

Adjusted Operating Profit[1] was -€7.7 million compared to -€7.2 million recorded in the first six months of the fiscal year 2019.

1.2 Financial Result evolution

The Group has a reciprocal credit facility agreement, with its majority shareholder (Imperial Brands Plc.) by which daily lends its cash excess or receives the necessary cash to meet their payment obligations. The remuneration of the balances is set at the base rate of the European Central Bank, plus a 0.75% margin. The base rate of the European Central Bank stood at 0.0% during both fiscal years.

The average cash position during the fiscal year was €1,911 million compared to €1,684 million in the first half of the preceding fiscal year.

Financial results in the fiscal year were a 6.3% higher than in the preceding fiscal year and reached €6.1 million.

1.3 Net Income evolution

The reduction of restructuring costs[1] recorded in the quarter compared to the same period last year (€2.2 million vs. €9.6 million) mitigated the impact of the reduction of capital gains from the sale of assets that amounted €0.3 million in current fiscal year and reached €2.5 million in the same period of fiscal year 2019. Because of that, Profit Before Taxes decreased an 8.6% to €90.9 million.

On the other hand, the corporate tax rate registered in the period reached 27.3% compared to 24.7% in the preceding year driving Net Profit to €65.9 million (-11.8%).

Earnings per Share were €0.50 vs. €0.56 in the first half of fiscal year 2019, with no variations in the number of shares of the share capital.

At 31 March 2020, the Company owned 532,181 own shares.

1.4 Cash Flow

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

The Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA[1]) in the first half of current fiscal year, increased by 1.7% compared to the same period in the last year due to the positive performance of the activity and the positive effect (€16.6 million) of the first time application of IFRS 16 that had not effect in EBIT. Excluding this impact the EBITDA[1] declined by 9.0%.

The increase of the financial results in the period, the lower investments and normalized taxes in the first months of the fiscal year do not offset fully the drop of operating results and translated into a cash reduction slightly lower than the recorded in the same period of last fiscal year.

The variation of working capital followed its customary negative trend due to seasonality in the year, which together with the effect of the cut-off date of final payment/collection of corporate income taxes, resulted in a negative generation of free cash flow at 31 March 2020.

1.5 Research and Development activities

Logista invested in I+D+i €2.0 million in the first half of 2020. These investments were made to improve of communication with points of sale, and traceability.

1.6 Treasury Shares

At March 31st 2020, Logista held in its balance sheet 532,181 own-shares, representing the 0.40% of the share capital. Own-shares were acquired in execution of the Share Buyback Program.

1.7 Dividend policy

The General Shareholders Meeting held on 24 March 2020 approved the distribution of a final dividend corresponding to fiscal year 2019 of €107 million (€0.81 per share) that was paid on 27 March 2020. Therefore, the total dividend corresponding to fiscal year 2019 reached around €156 million (€1.18 per share), a 5.4% increase over the total dividend distributed in fiscal year 2018.

1.8 Outlook

Given the current trading environment and the performance of our businesses in the last month of the first semester, the guidance communicated in the first quarter for the closing of the current fiscal year cannot be expected to be met. Additionally, the many uncertainties regarding the timing and the gradual phasing of the lifting of the confinement measures make it impossible to quantify new estimates at the moment.

However, the resilience shown in the past by Logista's business model, as well as the fact that operations in most of our activities continue, give cause to expect that the reduction of results at closing of 2020 compared to fiscal year 2019 will not be very significant, given the current circumstances.

2. SHARE PRICE EVOLUTION

Logista share price amounted €14.6 at the end of first half of 2020 (March 31, 2020), so, Logista's market capitalization reached 1,936.8 million € at closing of the first half 2020.

During the first half of 2020, 22,763,485 shares were negotiated, reaching a rotation of the 17.1% of the total share capital. The daily average volume negotiated was 177,840 shares.

	1 Oct. 2019 – 31 Mar. 2020	**1 Oct. 2018– 31 Mar. 2019**
Market capitalization at the end of the period (€mill)	1,936.8	2,787.8
Revaluation (%)	-18.4%	-5.1%
Closing price (€)	14.6	21.0
Maximum price (€)	21.3	22.8
Minimum price (€)	12.9	20.5
Total negotiated volume (shares)	22,763,485	20,514.834
Average daily volume (shares)	177,840	161,534
Rotation (% of share capital)	17.1%	15.5%

3. CORPORATE SOCIAL RESPONSIBILILTY

Logista integrates ethical, business, social, environmental, economic and transparency and good corporate governance principles and values in its management and in developing its activities in all the countries where it is present.

In June 2016, Logista approved its Corporate Policy on Social Responsibility, which basing on the values that characterize the Group of respect, initiative, professionalism, integrity in management and transparency in acts and relationships with stakeholders, established the Group's main commitments to the different stakeholders in corporate governance, economic, operational, environmental and social matters.

These principles, values and commitments are integrated into the Logista´s strategy and management model, permeating all its acts, particularly those related to its Good Governance and its relationships with shareholders and investors, employees, clients and channels, suppliers, environment and society in general, as they have been identified by Logista as its main stakeholders.

3.1 Good Governance

The Good Governance is the basis for the appropriate functioning and development of Logista's activity and the long-term sustainable value creation.

Logista's Policy on Corporate Governance, approved by the Board of Directors on June 23rd, 2016, sets the corporate values based on respect as a multicultural Company, commitment, directed to sustainable development and the long term, and professionalism, integrity and transparency, creating, promoting and supporting a culture and philosophy based on integrity.

Therefore, Logista's Corporate Governance model is founded on such corporate values, as well as on the best practices in Corporate Governance, while following the Principles and Recommendations by the Good Governance Code of Listed Companies approved by the Comisión Nacional del Mercado de Valores (Spain's stock market supervisor) and the criteria and guidelines on good governance issued by markets supervisors and other operators.

With the aim of advancing in the improvement of governance, Logista submitted to the consideration of its shareholders at the General Meeting held on March 24, 2020, the expansion to 12 of the number of members of the Board, both to maintain an adequate size and to allow to incorporate new members; as well as the appointment of 4 new female members

These resolutions were approved, so, the presence of women in the Board increases to 42%.

In addition, a new chief executive officer was ratified and appointed after the death of the previous chief executive office in October 2019.

3.2 Stakeholders

Logista identifies its employees, shareholders and investors, clients, suppliers and the society in general, with particular emphasis on the environmental care, as its main stakeholders, as they are considered as the main groups that may influence or be influenced by its activities in social responsibility matters.

3.2.1 Employees

Logista regards its professional people and its collaborators as a crucial and fundamental factor in the achievement of its objectives, and in the generation of value in the short, medium and long terms. Respect, initiative, commitment and professionalism are the values, which govern the conduct of 6,043 employees of 50 nationalities, and of the professional people who regularly collaborate with Logista.

Logista is also committed to the maintenance and creation of employment, promoting long-term employment relationships in a working environment with high levels of motivation and satisfaction.

Logista's average staff increased from 5,876 employees in the first half of the fiscal year 2019 to 5,988 employees in the first half of the fiscal year 2020. 84% of these employees are permanent employees, while the 16% are temporary employees. Regarding the gender, 63% of the employees are men and 37% are women.

Logista maintains an explicit commitment to defending the human rights and incorporates the principles of the United Nations Global Compact in developing its activity regarding human rights, labour, environment and anticorruption, with tools guarantying and promoting its protection and respect.

Logista also promotes supporting unfavoured groups with actions like recruiting people with disabilities and in risk of exclusion with the aim of helping them to enter the labour market.

Logista proactively manages labour Health and Safety to prevent damages on people, goods and the environment. It sets health improvement targets and goals, assesses the performance and applies the needed corrections to reach targets, defining verification, audit and control processes to assure them. The Group has continued to extend its OHSAS 18001:2007 certification, the international standard defining an organised management for preventing labour risks.

3.2.2 Shareholders and Investors

Logista has set in 2015 a Policy on Information and Communications with shareholders, the securities markets and the public opinion that fully respects the rules against market abuse. This policy is published on the corporate website, both in Spanish and English.

Logista has assumed the commitment of permanent dialogue and the creation of long-term sustainable value, ensuring corporate profit as one of the bases for the future sustainability of the society in general and of the Group in particular.

With this purpose, Logista prudently manages the financial and non-financial risks. The Logista's Corporate Risk Management system is included in the General Risk Management Policy.

This Policy, applicable to each business and country as well as to corporate directorates, has as main objective to provide the guidelines to integrate all information of the Logista's different functions and operations, in order to provide the business managers and corporate directorates with an integral and joint vision of these risks, so improving the Management's ability to efficiently manage risks while minimizing the impacts if they were to be materialized.

- General Shareholders Meeting:

All Logista's shares are of a single class and series and have the same rights, so every shareholder has the same rights on an equal and equitable basis, notwithstanding the number of shares owned.

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

Logista promotes the participation of shareholders in the General Shareholders Meeting, the main participation channel for shareholders in the Company's decisions-making and the opportunity of sharing their opinions and concerns with the Board of Directors and the rest of shareholders.

On March 24th, 2020, the General Shareholders Meeting 2020 was held and attended by 245 shareholders present and represented, holding 108,375,19 shares, representing 81,.39% of the company's share capital.

3.2.3 Clients and Channels

Logista integrates sustainability in its goal of maximum service quality, always seeking efficiency in carrying out its operations in adequate social and environmental conditions.

Logista establishes trusting relationships with its clients, keeping stable and long lasting bonds abd that benefit both parties, securing management independence and operating neutrality.

Several certificates recognize Logista's commitment to quality, sustainability and continuous improvement in carrying out its activities and operations:

Principal certificates	
ISO 9001	The system of quality management at more than 300 sites
GDP (Good distribution practices)	Distribution of medicines in accordance with European and Spanish regulations
GMP (Good manufacturing practices)	Correct handling and re-packaging of medicines, awarded by the Spanish health authorities
OEA (*Operador económico autorizado*) (Authorised Economic Operator)	The *Agencia Estatal de Administración Tributaria* (AEAT) (State Tax Administration Agency) in its most demanding form of Customs Simplification, Security and Safety, attests to an appropriate Customs control, financial solvency, and adequate levels of security and administrative management to ensure satisfactory fiscal compliance.
TAPA	Certifies that Logesta complies with the FSR Safety and Security Regulations for Goods and with the TSR Truck Safety and Security standard, designed to guarantee safety and the safe and secure transit and storage of the assets of any member of the TAPA, worldwide.
UNE-EN ISO 14064	Calculation of the carbon footprint
ISO 14001	System of Environmental Management
OHSAS 18001	Orderly management of the prevention of occupational risks
IFS Logistics	Quality accreditation of Integra2 in the food sector

3.2.4 Suppliers

Logista promotes integrating its corporate values throughout its activity's value chain to expand a responsible and sustainable management of the whole supply chain.

The process for selecting and contracting suppliers is objective and rigorous. The Logista's Purchasing Policy includes its main principles regarding ethics, labour, sustainability and quality, and is applied to every company and business.

By applying such Policy, Logista seeks to secure maximum transparency in the contracting process, prevent fraud risks in purchasing processes and facilitate solid, mutually respectful and long-time commercial relations.

Also, all Logista's suppliers have to know and accept the General Principles of Conduct, and this is mandatory in order to contract with any of Lgista's companies.

These General Principles of Conduct include minimum standards and the basic standards of conduct which must govern the activities of the suppliers, both in their relations with Logista and with regard to their own workers or other third parties in the performance of their activities.

In order to ensure that they are public knowledge, the General Principles of Conduct are published on the Logista's corporate website. They have also been translated into the official languages of the countries where the Group is present.

3.2.5 Environment

Logista has a Quality and Environment Director Plan and a Quality, Environment and Energy Efficiency Policy integrated with the corporate strategy and setting the guidelines and good practices in environmental and energy efficiency matters; including assessing and reducing our carbon footprint, continuous improvement, the strict compliance with legal requirements, the reasonable use of resources and the collaboration with organizations and stakeholders

Logista promotes the respect for the environment among staff, customers, suppliers and the society in general. The Quality, Environment and Energy Efficiency Policy is available both in the intranet as well as in the Group's corporate website so it is known by all employees and the rest of the Group's stakeholders.

This Policy includes the definition and control of environment and quality indicators, with periodical assessment of sustainability performance as well as evaluation and reduction of the carbon footprint.

3.2.5.1 Climate change

Logista measures its "carbon footprint" and promotes its reduction, as one of its initiatives designed to minimise the impact of its activity on the environment.

Logista calculates the "carbon footprint" of all its businesses and activities in the various countries in which it operates, including most of externalised activities, as 100% of the emissions resulting from the transport operations and franchises, and also from the indirect activities such as the purchase of goods and services, based on the standard and the emission factors used to report Greenhouse Gases under the Greenhouse Gas Protocol and the UNEEN standard 16258.

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

In addition, the transport division informs its clients, without charge, of the "carbon footprint" of their deliveries and journeys.

In January 2020, CDP announced that the Logista was included by the fourth consecutive year in its prestigious "A List", as one of the worldwide leaders fighting climate change. After analysing data from almost 8,400 companies, Logista is one of the 3 Spanish companies and 30 worldwide companies in the "A List" during the last four years.

Logista annually submits information to CDP on its climate change management, both at the corporate and at each businesses' levels. This information is available at CDP's web.

Additionally, Logista is part of the FTSE4Good index, created by the global indexes provider FTSE Russell and made up of companies proving solid environmental, social and corporate governance practices.

- *Pollution from noise and light*

With regard to noise, each of the Logista's premises measures the noise existing by day and by night, with the frequency indicated by the environmental permit. When the measurements reveal values that are close to the legal limit, there are clear action plans to correct the level of noise.

With regard to pollution from light, it is not significant, so Logista has made no specific arrangements in this connection.

- *Measures to reduce carbon emissions*

Logista reduces these emissions by continually optimising routes and by renewing agreements with transport fleets, including their criteria for efficiency; and also encouraging its transport division to gradually increase the number of its vehicles which run on less polluting fuels.

More than 90% of Logista's premises, including all the directly-managed centres in Spain, France, Italy.

3.2.5.2 The circular economy and the prevention and management of waste

Logista has significantly reduced waste and emissions from its activity through the use and recovery of re-usable cardboard boxes, by means of a system already implemented in its centres in Spain, France, Italy and Portugal, and in its transport network specialising in an express courier service for parcels and documents.

Due to the nature of its activity, the main types of waste currently generated by the Company are: paper, and cardboard, wood (pallets), municipal waste, plastics and oils, among others.

3.2.5.3 Sustainable use of resources

Logista is aware of the importance of efficient use of resources. That is why it compiles and analyses information about its consumption of water, about waste and about the materials that are the most important.

The discharging of waste water is not considered important in Logista because, due to its type of activity, this water is poured into the municipal water systems.

3.2.5.4 Protection of biodiversity

Logista's activities have no direct impact on protected areas, so biodiversity is not one of the Company's material considerations.

In first half of the fiscal year 2020, there was no significant impact on biodiversity.

3.2.6 Society

Logista keeps an active commitment to several social initiatives, mainly at a local level.

Logista promotes the participation of all those related to the Group (employees, franchises, delegations, etc.) while collaborating in projects they propose for developing its social responsibility.

4. RISK EXPOSURE

The Corporate Risk Management System of the Company and its subsidiaries is set forth in the Risks Management General Policy of September 29th 2015, and has the purpose of providing the Business Managers/Corporate Directorates with a holistic and integrated view of the risks, improving the Management capacity to manage risks in an efficient way and minimizing the impact in case the risks materialize.

In this Policy, different risk categories or factors are defined, in which, as part of the financial risks category, tax risks derived from the Group's operating activity are included.

On the other hand, the Group's General Policy on Internal Control of April 25th, 2017, sets up a framework for the control and management of the external and internal risks of any nature that can affect in each moment to the Group.

The main risks and uncertainties facing the Group are related to possible regulatory changes in the industries in which it operates, the normal operational risks arising in the ordinary course of businesses, which are insured externally as far as possible. In this aspect, the Group complies with all the requirements to operate in the various markets and industries in which it carries on its business activities, and it has established, through its organisational structure, the appropriate procedures and controls to enable it to identify, prevent and mitigate the risks of change in the regulatory framework and, similarly, to comply with the obligations imposed by the various legislations applicable to it.

On the other hand, the Group could be also affected by the risks derived by an unfavourable economic worldwide environment and its possible impact in the consumptions in the markets and sectors where the Group is present.

Among the main risks, it is important to highlight:

- The Group's Businesses are subject to compliance of numerous general and industry laws and regulations, with European, national, regional and local reach, in every country where it operates (regulatory compliance risks), exposing the Group to potential failures to comply and the corresponding sanctions or claims and, on the other hand, to increasing costs for supervision of compliance and control.

- Liberalization in the main markets where the Group operates as tobacco derived products authorized distributor where currently exists a State monopoly for retail sale of these products could affect results, if the measures already planned by the Group were not implemented.

- Main operational risks may occur are related to theft of tobacco in facilities and during transport associated to increases in insurance premiums, as well as to technological risks associated to the lack of (or faulty) availability of the Information System.

- Cibersecurity risk, due to the Group is exposed to threats and vulnerabilities in the use of technologies and information systems in the development of its different activities.

From a financial perspective, the Group's main financial assets are cash and cash equivalents, trade and other receivables and financial investments of the Group. These items represent the Group's maximum exposure to credit risk. So, the main financial risks for the Group could be summarized in:

- Safeguarding of assets: the Group's Financial Directorate has as one of its main objectives to safeguard the Group's assets value in all business units and countries where it through the risk analysis and prevention and optimizing the management of the main claims. The financial department analyses the accidental risks, which could affect the Logista Group, in its assets and in its activity, and according to these risks, establishes the external insurance coverage contracts, which considers necessary. Related to the high Goodwills, impairment tests are carried out according to International Accounting Standards in the Group.

- Credit risk: In general, the Group deposits its cash and cash equivalents in entities holding a high credit rating. The Group presents as well an exposure to credit or counterparty risk with Imperial Brands by virtue of the subscribed treasury agreements. The Group estimates at March 31st, 2020, the level of exposure at the credit risk for its financial assets is not significant.

- The Group controls the insolvency and delinquency risks establishing credit limits and through the establishment of demanding conditions in respect to collection periods; that commercial risk is spread among a high number of clients with short collection periods, being the main Group's clients, tobacconists. So, the credit risk exposure to third parties is not very significant, and the Group has, always if considered, Insurance Policies to mitigate the impact of possible defaults, although this default rate in all geographies in which the Group operates is very low.

- With regard to liquidity risk, the Group maintains enough cash and cash equivalents to face the payments derived from its usual activities. This risk could be currently enhanced by the situation of uncertainty generated by the crisis of the COVID-19 pandemic. If required, the Group has available credit lines.

- Respect the exposure to interest rate risk, considering the low level of the Group's financial debt, the Management of the Parent Company considers the impact from a potential increase in interest rates, which could have in the consolidated annual accounts, is not significant.

- In addition, the level of exposure to the net equity and the P&L account in terms of future changes in the current exchange rates is not relevant; due to the volume of transactions of the Group in non-Euro currencies is not significant.

- Changes in the payment cycle of the Group can obligate to seek out external financing sources to compliance its obligations: As any wholesale business, in the case of Logista, the payment cycles of the acquired products to manufacturers and the billing cycles of the points of sale do not match. Along with this, the payment to Tax Authorities is made in a different cycle to the cycles corresponding to manufacturers and points of sale.

Likewise, the fiscal strategy defined in Logista's Tax Policy has among its main objectives:

- To minimize the tax risks related to the operations, as well as to the strategic decisions of each company, ensuring that the tax payable is appropriate and in proportion to the operations of the Businesses, the material and human resources, and the business risks of the Group.

- To define the fiscal risks and determine the Objectives and Activities of internal Control, and to set up systems for reporting fiscal compliance and for keeping documentary records, integrated with the Group's General Framework of Internal Control.

Therefore, from a fiscal point of view, the risks facing the Group are:

- According to the current regulations, taxes cannot be considered definitely settled until the tax authorities have inspected them or the statute of limitations of four years has expired. Currently, the Group is subject to inspection certain exercises on certain taxes.

- On the other hand, the possibility of modifications in the tax regulation can affect directly in the results and cash management of the Group (Excise duties, Corporate Income Tax, Personal Income Tax, etc).

Regarding the materialization of the risks to which the Company has been exposed:

- Normal operational risks, in the normal business evolution. Particularly, robberies of tobacco in facilities and during the transport, without incidence in the Group's results due to the insurance of the goods.

- Responsibility for settlement tax litigations, resolved against the Group, without relevant incidence in the Group's results due to they were provisioned; as well as other no tax litigations.

In both cases, the control systems allowed the mitigation of the risk's impact or of its occurrence profitability. In general, Logista's internal system and the risks management system allowed that various risks place in a low profile, and indeed some of them ended without negative impact for the Group.

Associated risks and expected impacts on the business's strategy and activities due to the decision of UK to leave the European Union

Logista belongs to the Imperial Brands Group that has its registered office in the United Kingdom. And for that, the risks, as well as the possible impact that it might occur derived from the exit by the United Kingdom from the European Union has been evaluated. As the Company has not significant investments, directly or indirectly, in foreign companies that operate in currency other than the euro, and does not carry out significant operations in countries with currency other than the euro, the possible effects from a slowdown British economy, and/or from a possible currency volatility, might not have a highly impact in the development of the Group's activities.

On the other hand, the contribution of the share capital by the shareholder Imperial Brands, as well as the credit line that maintains with the majority shareholders is in euro currency. In that sense, the Company does not have any type of financing by its shareholder in euros or in sterling. Therefore, it is not impacted from interest rate variations.

Once the United Kingdom's exit from the European Union has materialized, uncertainty, pending the impact assessment, is remained on the European directives on taxation, as well as the application of community freedoms, which will depend on the negotiations between both parties.

Pandemic risk due to the impact of COVID-19

The situation in the current environment is marked by the uncertainty generated by the coronavirus pandemic, which has a special incidence in three of the main countries in which the Group has presence, in Spain, France and Italy, as well as by the consequences derived from the different measures to contain the pandemic implemented by the different governments at national level, with restrictions on movements and temporary suspension of non-essential activities, with the consequent closure of points of sale.

However, this risk is mitigated, due to Logista is a group of companies dedicated to the supply and distribution of products considered essential, food, beverages, pharmaceuticals and medicines, the press, publications and tobacco products and, therefore, are obliged to maintain their activities, guaranteeing the supply and supply of said products to retail establishments.

From an economic point of view, COVID-19 still presents great unknowns, the consequences in the medium and long term being difficult to quantify and conditioned, in any case, on the duration of the containment measures imposed by the different Governments, thus such as the subsequent economic recovery, at the national and international level, although a worsening of macroeconomic conditions is expected in the countries in which the Group has presence, especially in employment, consumption and economic growth, even reaching a situation of generalized economic recession, which could affect the evolution of the Group's businesses.

5. USE OF DERIVATIVE FINANCIAL INSTRUMENTS

No Group company uses derivative financial instruments.

6. SIGNIFICANT EVENTS FOR THE GROUP AFTER THE REPORTING PERIOD

No significant events took place after the reporting period that could affect a significant impact on the accompanying consolidated interim financial statements.

APPENDIX: ALTERNATIVE PERFORMANCE MEASURES

- **Economic Sales**: equals Gross Profit and is used without distinction by the Management to refer to the figure resulting of subtracting Procurements to the Revenue figure.

  Management believes that gross profit is a meaningful measure of the fee revenue we generate from performing our distribution services and provides a useful comparative measure to investors to assess our financial performance on an on-going basis.

	Million €	
	1 Oct. 2019 – 31 Mar. 2020	**1 Oct. 2018 – 31 Mar. 2019**
Revenue	5,004.2	4,764.9
Procurements	(4,437.3)	(4,197.5)
Gross Profit	**566.9**	**567.4**

- **Adjusted Operating Profit (Adjusted EBIT)**: This item is calculated, fundamentally, discounting from the Operating Profit those costs that are not directly related to the revenue obtained by the Group in each period, facilitating the performance of Group's the 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.

	Million €	
	1 Oct. 2019 – 31 Mar. 2020	**1 Oct. 2018 – 31 Mar. 2019**
Adjusted Operating Profit	**112.1**	**126.1**
(-) Restructuring Costs	(2.2)	(9.6)
(-) Amortization of Assets Logista France	(26.1)	(26.1)
(+/-) Net Loss of Disposal and Impairment of Non-Current Assets	0.4	2.5
(+/-) Share of Results of Companies and Others	0.7	0.9
Profit from Operations	**84.8**	**93.6**

- **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 Managements to analysis and measure the performance of the profitability obtained by the Group's typical activity in a period.

	Million €		
	1 Oct. 2019 – 31 Mar. 2020	**1 Oct. 2018 – 31 Mar. 2019**	**%**
Economic Sales	566.9	567.4	(0.1)%
Adjusted Operating Profit	112.1	126.1	(11.1)%
Margin over Economic Sales	**19.8%**	**22.2%**	**(240) b.p.**

- **Operating costs**: this term is composed by the costs of logistics networks, commercial expenses, research expenses and head offices expenses that are directly related to the revenue obtained by the Group in each period. It is the main figure used by the Group's Management to analyse and measure the performance of the costs structure. It does not include restructuring costs and amortization of assets derived from the Logista France acquisition, due to are not directly related to the revenues obtained by the Group in each period.

Reconciliation with Interim Consolidated Financial Statements:

Million €	**1 Oct. 2019 – 31 Mar. 2020**	**1 Oct. 2018 – 31 Mar. 2019**
Cost of logistics network	404.8	398.8
Commercial expenses	35.1	36.6
Research expenses	1,4	1.4
Head office expenses	41.9	40.2
(-) Restructuring costs	(2.2)	(9.6)
(-) Amortization of Assets Logista France	(26.1)	(26.1)
Operating Costs or Expenses in management accounts	**454.8**	**441.3**

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

  This magnitude 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 occurred continuously and allow sustain the Group's activity. They are estimated from the total operating costs less the non-recurring costs defined in the previous point.

  This magnitude helps the Group's Management to analyse and measure the performance of efficiency in the activities carried out by the Group.

- **Restructuring costs**: are the costs incurred by the Group to increase the operating, administrative or commercial efficiency in our company, including the costs related to the reorganization, dismissals and closes or transfers of warehouses or other facilities.

- **Non-recurring results:** refers to the results of the year that do not have a continuity during the year and affect the accounts in a specific moment. It is included in the Operating Profit.