FY 2022 results

October 2021 – September 2022

logista

Good results for the year:

- Business growth in a difficult geopolitical and macroeconomic scenario.
- Slightly higher operating margin, despite inflationary pressures.
- Capital gains from the sale of three non-operating assets.
- Negative impact of the Supergroup sale on Net Profit.

Corporate transactions completed or announced during the period:

- Acquisition of 70% of Speedlink Worldwide Express, a Dutch express courier company, on 16 February 2022.
- Announcement of an agreement to acquire 60% of Transportes El Mosca. This transaction was completed at the beginning of the 2023 financial year (28 October 2022).
- Announcement of the acquisition of 100% of Carbó Collbatallé S.L. This transaction was completed at the beginning of the 2023 financial year (1 October 2022).
- Sale of Supergroup, a French subsidiary carried as a held-for-sale asset at year-end 2021.

Financial highlights

€ million	1 Oct. 2021 – 30 Sep. 2022	1 Oct. 2020 – 30 Sep. 2021	% variation
Revenue	11,464	10,817	+6.0%
Economic Sales[1]	1,235	1,180	+4.7%
Adjusted EBIT[1]	312	298	+5.0%
Economic Sales Margin[1]	25.3%	25.2%	+10 b.p.
Operating Profit	266	240	+10.9%
Net Profit	199	174	+14.3%

Estimated impact of COVID-19 on business performance and results

There were new waves of the pandemic in 2022 in the form of variants which, though in some cases more contagious than previous ones, had much milder effects. This, combined with a high vaccination rate and continued hygiene measures, helped to bring the situation in the countries where Logista operates virtually back to normal by the financial year-end.

Any adverse effects of COVID-19 on results that may have arisen during the financial year, as in the previous year, were offset thanks to cost cutting measures and by boosting activities in the business lines that have performed best since the start of the pandemic.

Business trend and income statement highlights for the year

The general context in which the current year unfolded was difficult due to a combination of various factors, the majority at the international level.

The post-pandemic economic recovery was accompanied by high global cost inflation from the start of the fiscal year, which had a significant impact on fuel and electricity prices in Europe. The conflict

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

between Russia and Ukraine and the economic sanctions imposed on Russia by the international community exacerbated this trend.

In the face of persistent inflationary pressures and the monetary policy applied by the US Federal Reserve as from March, the European Central Bank decided to raise interest rates twice towards the end of the fiscal year, the second increase being the bank's largest ever.

This macroeconomic scenario, together with the intensification of the conflict in Ukraine and Russia's winter gas supply threats, fanned uncertainty as regards the pace of economic recovery in the coming months.

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

The Group's **Revenue** rose by 6% on the previous year thanks to growth across all businesses in Iberia and Italy, as well as in convenience product distribution in France.

Economic Sales[1] rose by 4.7% to €1,235 million due to improvements in all businesses in Iberia and Italy, as well as in the distribution of convenience products and e-commerce in France. Double-digit Economic Sales[1] growth was achieved in the convenience product distribution business in Italy and in some transport businesses.

Thanks to our business model and the cost containment measures routinely adopted by the Group, total operating costs[1] increased by 4.6%, despite the strong inflation trend observed during the year.

Adjusted EBIT[1] reached €312.4 million, up 5% on the previous year. The Adjusted EBIT margin on Economic Sales[1] was 25.3% v. 25.2% in 2021.

Changes in inventory values due to tax and tobacco price movements during the year had a positive net impact on results of around +€8 million, while the effect in 2021 was estimated at around +€5 million.

Restructuring costs[1] were higher than the previous year at €10.9 million (€9.3 million in 2021).

Capital gains amounted to €14.3 million compared to €2.1 million in the previous year. They arose essentially on the sale of three non-operating assets in Spain.

EBIT rose by 10.9% to reach €266.4 million.

Net Financial Income fell slightly to €19.2 million as compared with €20.2 million in the previous year.

The tax rate was 26.2% v. 25.8% in the previous-year. In 2021 the effective tax rate was 26.8% but was cut in the income statement following the favourable ruling on tax litigation in Italy.

Net profits from continuing operations rose 9% up to €210.6 million, while a net loss of -€11.5 million was made from discontinued operations, as compared with a loss of -€19.1 million in the previous year, due to the divestment of a subsidiary in France (Supergroup)..

As a result, **Net Profit** climbed 14.3% up to €198.8 million.

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

Revenue trend (by segment and business)

€ million	1 Oct. 2021 – 30 Sep. 2022	1 Oct. 2020 – 30 Sep. 2021	% variation
Iberia	**3,742.9**	**3,325.3**	**12.6%**
Tobacco and Related Products	3,251.1	2,875.6	13.1%
Transport	457.5	411.3	11.2%
Pharmaceutical Distribution	206.5	180.8	14.2%
Other Businesses	18.4	18.2	1.0%
Adjustments	(190.5)	(160.6)	(18.6)%
Italy	**4,000.8**	**3,556.1**	**12.5%**
Tobacco and Related Products	4,000.8	3,556.1	12.5%
France	**3,773.7**	**3,982.7**	**(5.2)%**
Tobacco and Related Products	3,773.7	3.982,7	(5.2)%
Adjustments	**(53.7)**	**(47.3)**	**(13.7)%**
Total Revenue	**11,463.6**	**10,816.8**	**6.0%**

Economic Sales[1] (by segment and business)

€ million	1 Oct. 2021 – 30 Sep. 2022	1 Oct. 2020 – 30 Sep. 2021	% variation
Iberia	**692.1**	**634.3**	**9.1%**
Tobacco and Related Products	332.0	303.2	9.5%
Transport	318.1	290.5	9.5%
Pharmaceutical Distribution	90.3	83.2	8.6%
Other Businesses	17.6	17.4	1.6%
Adjustments	(65.9)	(60.0)	(9.9)%
Italy	**330.6**	**324.7**	**1.8%**
Tobacco and Related Products	330.6	324.7	1.8%
France	**216.5**	**225.3**	**(3.9)%**
Tobacco and Related Products	216.5	225.3	(3.9)%
Adjustments	**(4.0)**	**(4.8)**	**16.2%**
Total Economic Sales[1]	**1,235.2**	**1,179.5**	**4.7%**

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

Adjusted EBIT[1] trend (by segment)

€ million	1 Oct. 2021 – 30 Sep. 2022	1 Oct. 2020 – 30 Sep. 2021	% variation
Iberia	153.9	133.5	15.2%
Italy	101.2	98.5	2.8%
France	57.4	65.6	(12.5)%
Total Adjusted EBIT[1]	**312.4**	**297.5**	**5.0%**

Adjusted Operating Profit[1] (or, interchangeably, Adjusted EBIT[1]) is the main indicator employed by Group Management to analyse and measure business performance. This indicator is essentially calculated by discounting from EBIT costs that are not directly related to the Group's revenue in each period, which facilitates the analysis of trends in operating costs[1] and in the Group's margins. Set out below is the reconciliation of Adjusted EBIT[1] and EBIT for 2022 and 2021:

€ million	1 Oct. 2021 – 30 Sep. 2022	1 Oct. 2020 – 30 Sep. 2021
Adjusted EBIT[1]	**312.4**	**297.5**
(-) Restructuring costs[1]	(10.9)	(9.3)
(-) Amortisation of assets from acquisitions	(52.7)	(52.2)
(+/-) Profit/(loss) on disposal and impairment	14.8	2.1
(+/-) Equity-accounted profit/(loss) and other	2.8	2.2
EBIT	**266.4**	**240.3**

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

Segment performance

A. Iberia: Spain, Portugal and Poland

Iberia **Revenue** totalled €3,743 million, having risen 12.6% against the previous year. **Economic Sales**[1] amounted to €692.1 million, 9.1% above the €634.3 million recognised in 2021.

Revenue in the **Tobacco and Related Products** business line rose by 13.1%, due basically to the increase in prices and in tobacco volumes distributed.

Volumes distributed of cigarettes plus RYO and other (including heated tobacco units) in Iberia rose 4.4% against 2021, due primarily to the recovery of tourism in Spain, while figures in Portugal remained virtually the same as in the previous year.

From the start of the year, some tobacco manufacturers adjusted product selling prices, the most relevant being the €0.15 per packet price rise applied to certain products, while tobacco excise duties remained unchanged. This all had a positive impact on results since the value of inventories increased by around €8 million. This effect amounted to around €2 million in the previous year.

In 2022, Logista Polska opened a new bonded warehouse for a tobacco industry customer in the interests of operational flexibility. Business in Poland performed well during the year.

Revenues from convenience product distribution grew double-digit, with positive trends in distribution to tobacconists, new customers taken on in the previous year in new channels, distribution to service stations for existing customers and new customers (medium-sized international oil companies).

Economic Sales[1] of Tobacco and Related Products in Iberia rose by 9.5% on the previous year to reach €332 million thanks to the increase in tobacco volumes distributed, value-added services billed to tobacco manufacturers and growth in Economic Sales[1] of convenience products distributed in Iberia.

In mid-March of the current year, a part of the transport industry in Spain, mainly self-employed workers, went on strike for three weeks to demand public assistance in the face of rising fuel prices. This stoppage did not have a material impact on the Group's results and scarcely affected Logista Freight's business, although it did have a temporary minor effect on the activities of Logista Parcel and Nacex. This adverse impact was offset at the start of the third quarter, allowing a return to growth in Revenue and Economic Sales[1] in the Transport sector.

Revenue from the **Transport** business line grew by 11.2% up to €457.5 million, while Economic Sales[1] rose by 9.5% to €318.1 million.

Nacex's Economic Sales[1] grew double-digit during the year.

In the Spain and Portugal business, growth in deliveries and rate rises in the B2B business line offset the impact of the reduction in the number of B2C e-commerce deliveries following the significant increase in the previous year. The addition of the Netherlands business boosted growth in Economic Sales[1].

On 16 February 2022, Logista announced the acquisition of 70% of Speedlink Worldwide Express, a Dutch company specialising in B2B time-critical deliveries to or from Belgium and the Netherlands, as well as an agreement to acquire the remaining 30% in the coming three years. Approximately €19 million

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

will be paid in cash for the 70% ownership interest, based on the achievement of the targets set at the agreement date.

This acquisition will facilitate Nacex's international expansion in the Netherlands, the country with the largest number of distribution centres in Europe, strengthen the services offered by Logista to medical/healthcare distribution customers and provide a platform for Logista's other businesses in the region.

In addition, the gradual recovery of the industrial parcel business (Logista Parcel) since the beginning of the year and the rate increases to reflect fuel prices led to high single-digit growth in Economics Sales[1] in the year. Deliveries performed well in both the pharmaceutical and food industries.

Revenue from long-distance transport (Logista Freight) grew double-digit, performing well in all sectors served. Economic Sales[1] also grew double-digit thanks to the increase in activities and to a larger proportion of high-value businesses.

Two agreements were announced during the year to acquire transport and logistics companies that are not included in consolidated results for the financial year since the transactions were not completed by 30 September 2022. These transactions are as follows:

On 17 June 2022, an agreement was announced to acquire Transportes El Mosca, a Spanish company specialising in goods transport and storage, transport of refrigerated or frozen goods and high-volume transport, primarily for the food industry. Transportes El Mosca also consolidated its position as a domestic and international sea freight company highly specialised in handling dry and temperature-controlled goods. This company reported sales of approximately €250 million in 2021, over 60% of which were made in the international arena, and a proforma EBITDA amounting 26.6 million euros after making the adjustments to reflect the perimeter of the acquired assets and adjusted to IFRS 16 standard.

Through this acquisition, Logista increased its catalogue of value-added services thanks to complementary temperature-controlled service capabilities including the refrigerated container sea freight service to the Balearic and Canary Islands or international markets, and a grouping service focused on the horticulture sector in particular.

The agreement envisages the acquisition of a 60% ownership interest in the Transportes El Mosca group and the acquisition of the remaining 40% in the coming three years. Finally, in October 2022 the transaction was closed by paying an initial amount of 83.2 million euros in addition to an advance payment of 15 million euros final consolidation of which will depend on the fulfillment of future objectives. The total payment for the acquisition of said 60%, amounting to 98.2 million euros, has been fully paid with cash. The proforma net financial debt amounts to 32.7 million euros.

On 23 September 2022, the acquisition of 100% of Carbó Collbatallé S.L., a Spanish company specialising in cold chain transport and logistics for the food industry, was announced. This company recorded consolidated sales of approximately €47 million and EBITDA of close to €11 million in 2021. The purchase price of the 100% ownership interest is €51 million. The acquisition was completed at the start of the 2023 financial year.

This deal will help to bolster Logista's position in the temperature-controlled transport sector in Spain and complement existing capabilities with a range of frozen goods services for the food industry.

Revenue from **Pharmaceutical Distribution** rose 14.2% up to €206.5 million and Economic Sales[1] climbed 8.6% to €90.3 million.

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

The constant addition of new customers and the increase in business with current customers via new services allowed us to keep up double-digit growth in revenues, despite the fact that the improvement in the overall pandemic situation caused a significant fall in the volume of medical supplies managed, particularly medicines that are critical to combat COVID-19, compared to the previous year. The new business includes customers engaged in distributing products to pharmacies, COVID-19 self-tests to pharmacies and other healthcare centres, and vaccines during the third-shot campaign.

Logista Pharma continued to develop new services for customers, including:

- distributing medicines to patients' homes for hospital pharmaceutical and health centre services;
- distributing veterinary medicines, in view of the thriving pet industry and the legislative change that came into effect in January bringing in new requirements for the distribution of medicines for animal use. We increased and strengthened distribution services to veterinary clinics and, in particular, to pharmacies, which are expected to become increasingly involved in the medicines-for-animal-use market;
- managing logistics for cannabis-related products (raw and processed) for medicinal use, which require highly secure services.

Revenue from the distribution of publications (**Other Businesses**) grew slightly, as did related Economic Sales[1], by 1.6% to reach €17.6 million. Logista Publicaciones began to distribute for two new international publishers in the children's books sector during the year.

Total operating costs[1] climbed 7.5% in Iberia during the period.

Adjusted EBIT[1] totalled €153.9 million, having risen by 15.2% on 2021.

Restructuring costs[1] amounted to €3.1 million in the current year v. €0.9 million in the previous year. Capital gains on asset sales were higher than in 2021 (€15 million and €2.1 million, respectively), however. An asset depreciation charge of €0.5 million was recognised in the current year due to the Speedlink acquisition. Equity-accounted profits (Book distribution) of €2.8 million were also recognised, improving on the previous-year figure of €2.2 million. **EBIT** rose by 22.7% up to €168 million as compared with €136.9 million in the previous year.

B. Italy

Revenue in Italy rose by 12.5% to €4,001 million thanks to growth in revenue from the sale of convenience products and from the distribution of tobacco products and next-generation products compared to 2021.

Volumes distributed of cigarettes plus RYO and other (including heated tobacco units) climbed 3.3% on the previous year due to the sound performance of the new product categories, which offset the decline in cigarette volumes (-1.2%). Volumes distributed of heated tobacco units continue recording a very positive performance growing above 40%.

There were changes in excise duties on traditional tobacco during the year due to the automatic annual update of excise duties that was implemented as of January 2022. Tobacco manufacturers did not make significant changes to retail prices of traditional tobacco products so as to pass on this tax update, although in some cases they did increase the price of heated tobacco products above the tax increase.

Overall, changes in prices and excise duties had an immaterial net impact in the current year, as compared to a positive net impact of between €4 million and €5 million on results for the previous year.

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

The solid performance in tobacco and next-generation product volumes distributed, in revenue from value-added services to manufacturers and in revenue from the sale of convenience products offset the impact of this year-on-year difference, leading to 1.8% growth in **Economic Sales**[1] in Italy up to €331 million.

In addition, double-digit growth in convenience products distributed in the current year and in Economic Sales[1] continued.

The strong pace of sales, despite the negative external factors, was possible thanks to two key drivers:

- our commercial offering was widened by adding new products/categories (for example, disposable electronic cigarettes and beverages by marketing new leading brands); and
- the sales force invigoration process helped to achieve sales targets and continue to grow the customer base.

In parallel, the launch of new services designed for manufacturers, as an evolution of our business model, allowed us to start expanding our activities into new proximity channels.

Total operating costs[1] in Italy increased by 1.4% against the previous year, so **Adjusted EBIT**[1] rose 2.8% to reach €101.2 million, as compared with €98.5 million in the previous year.

Restructuring costs[1] relating primarily to the distribution network reorganisation involving the closure of a warehouse in the south of Spain were below the previous-year figure (€6 million v. €6.8 million in 2021).

EBIT amounted to €95.2 million, 3.8% higher than the previous-year figure of €91.7 million.

C. France

Revenue fell by 5.2% to €3,774 million in France, due primarily to a decline in tobacco distribution revenue in relation to the same period of 2021.

Tobacco volumes distributed fell by 7.4% in the case of cigarettes plus RYO and others (including heated tobacco units) compared to the previous year due to a large extent to the increase in cross-border sales, this being the main reason for the decline in revenue, as there were no significant changes in tobacco prices, unlike the previous year, when prices climbed due to the latest of the tax increases scheduled by the French government so as to reach a price of €10 per pack of 20 cigarettes in 2020.

Movements in tobacco taxes and prices did not have a material impact during the year. However, in 2021 they did have an adverse impact on results of around €2 million.

Economic sales[1] in France fell 3.9% down to €216.5 million. Growth in the distribution of electronic transactions and convenience products partially offset the poor Economic Sales[1] from tobacco distribution.

Performance in convenience product distribution varied depending on the categories in question. The increases in food and electronic cigarettes offset the falls in products more directly related to rolling tobacco (RYO) consumption.

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

Total operating costs[1] were down 0.3% in France, while **Adjusted EBIT**[1] fell by 12.5% to €57.4 million, as compared with €65.6 million in the previous year.

Restructuring costs[1] amounted to €1.8 million and €1.6 million in 2022 and 2021, respectively, and the same amortisation charge was recognised for the assets arising from the acquisition of the business in France, amounting to €52.2 million in both years, as well as capital losses of -€0.3 million and -€0.1 million, respectively. **EBIT** fell to €3.2 million, down from the previous-year figure of €11.7 million.

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

Financial trends

A. Net Financial Income/(Expense)

The Group has a reciprocal credit line agreement with its majority shareholder (Imperial Brands Plc.), whereby cash surpluses are lent daily up to a limit of €2,600 million or the cash needed to meet payment obligations is received.

Interest accrues on balances under this agreement at the European Central Bank's reference rate plus a spread of 75 basis points.

The ECB's reference rate rose twice during the current year, so interest accruing to Logista on amounts borrowed by its majority shareholder was as follows:

- from 1 October 2021 to 26 July 2022, the reference rate remained at 0% and interest accrued at a rate of 0.75%;
- from 27 July 2022 to 13 September 2022, the reference rate rose to 0.5% and interest accrued at a rate of 1.25%;
- from 14 September 2022 to 30 September 2022, the reference rate rose to 1.25% and the interest rate increased to 2%.

The European Central Bank's reference rate remained at 0% and the interest accrued at a rate of 0.75% throughout the previous year.

Cash resources averaged €2,290 million during the current year, as compared to €2,310 million in the preceding year.

Financial income for the year amounted to €21.6 million, slightly below the 2021 figure of €21.9 million. In the previous year, besides the interest accruing on cash resources invested, financial income included interest received on the excess corporate income tax interim payments made in Spain in 2017 and 2018, based on a Constitutional Court judgement (€3.6 million).

Financial expenses for the year amounted to €2.4 million, above the previous-year figure of €1.7 million.

Net financial income/(expense) for the year therefore totalled €19.2 million, 5.1% down on the €20.2 million obtained in 2021.

B. Net Profit

Restructuring costs[1] recognised in the current year were above the previous year (€10.9 million v. €9.3 million). Capital gains were higher (€14.3 million) than in 2021 (€2.1 million), amply offsetting the fall in net financial income/(expense) and the rise in restructuring costs[1]. This, together with the good business performance, led to a 9.6% increase in Pre-Tax Profit up to €285.6 million.

The tax rate was 26.2% v. 25.8% in the previous year. In 2021, the effective tax rate was 26.8% but was reduced in the income statement to 25.8% due to the favourable ruling on tax litigation in Italy.

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

Profit from continuing operations for the year increased to €210.6 million, 9% up on the 2021 figure of €193.2 million.

The Company decided to classify Supergroup (the Group subsidiary engaged in distributing convenience products to points of sale other than tobacconists in France) as an “available-for-sale” asset at the fiscal year-end, so its results for the year and estimated restructuring costs (included in 2021) are reflected under discontinued operations from that point onwards. The results from discontinued operations amounting to -€11.5 million in 2022 and -€19.1 million in 2021.

On 2 February 2022, the sale of the company was completed. The impact on operating income from this business on results from discontinued operations up to date of sale was -€1.5 million. The remaining -€10 million reflects contributions made to restore the company’s equity position prior to the sale.

Net profit, including continuing and discontinued operations, totalled €198.9 million, up 14.3% on the previous year.

Basic earnings per share amounted to €1.51 v. €1.32 in the previous year, the number of shares remaining the same. The Company held 877,939 treasury shares at 30 September 2022 (0.7% of share capital). Most of these shares were purchased to cover future commitments to deliver shares under long-term executive remuneration plans. The other shares secure the liquidity agreement entered into on 20 January 2021 with Banco Santander, S.A.

C. Cash flows

The positive business performance during the year led to a 3.5% increase in earnings before interest, taxes, depreciation and amortisation (EBITDA) under IFRS 16, compared to the same period of the previous year. This increase and the funds obtained through the year’s asset divestments almost entirely offset the following factors:

- rise in cash outflows due to restructuring processes, including the contribution to rebalance Supergroup’s equity situation before it was sold;
- decrease in the contribution from net financial income/(expense); and
- growth in the amount of normalised taxes;

resulting in a 0.4% fall in normalised cash generated compared to the previous year (€259.1 million), at €258.1 million.

The change in working capital had a positive impact on cash generation for the current year, which contrasts with the negative effect of the decline in working capital in 2021 caused by the end of the temporary change in excise duty payment conditions that had been implemented in some countries. The refund of corporate income tax interim payments made in 2020 had a positive impact of €66.6 million on cash generation for the year. These two effects amply offset the cash outflow due to the Speedlink acquisition (€15.2 million).

Free cash flow generated at 30 September 2022 was positive, having reached €579.7 million. For information purposes, rent paid in 2022 and 2021 but not included in this free cash flow figure amounted to €33.6 million and €29.3 million, respectively.

D. Dividend policy

At the Annual General Meeting, the Company’s Board of Directors intends to propose distributing an additional dividend for the 2022 financial year of €126 million (€0.95 per share), payable during the first quarter of the 2023 calendar year.

On 20 July 2022, the Board of Directors also approved the payment of an interim dividend of €56.7 million (€0.43 per share) out of 2022 profits, which was paid on 24 August 2022.

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

E. Business outlook

In view of the current market situation, Adjusted EBIT[1] at year-end 2023 is expected to grow above mid-single-digit over Adjusted EBIT[1] 2022, taking account of the foreseeable contribution from the businesses acquired, once they have been included in the consolidation scope.

In line with Logista's strategic plan, the essential focus of which is additional growth and diversification of the existing businesses, the Group continues to seek opportunities to acquire complementary, synergistic companies.

Logista will continue to prioritise the same dividend policy applied to date.

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

Appendix

Income statement

€ million	1 Oct. 2021 – 30 Sep. 2022	1 Oct. 2020 – 30 Sep. 2021	% variation
Revenue	**11,463.6**	**10,816.8**	**6.0%**
Economic Sales[1]	**1,235.2**	**1,179.5**	**4.7%**
(-) Operating cost of logistics networks[1]	(782.4)	(750.0)	(4.3)%
(-) Commercial operating expenses[1]	(54.3)	(47.4)	(14.4)%
(-) Operating expenditure on research and central offices[1]	(86.1)	(84.5)	(1.9)%
Total Operating Costs[1]	**(922.8)**	**(882.0)**	**(4.6)%**
Adjusted EBIT[1]	**312.4**	**297.5**	**5.0%**
Margin[1] *%*	*25.3%*	25.2%	*10 b.p.*
(-) Restructuring costs[1]	(10.9)	(9.3)	(17.6)%
(-) Amortisation of assets from acquisitions	(52.7)	(52.2)	(0.9)%
(+/-) Profit/(loss) on disposal and impairment	14.8	2.1	618.2%
(+/-) Profit/(loss) from equity-accounted companies and other	2.8	2.2	25.3%
EBIT	**266.4**	**240.3**	**10.9%**
(+) Financial income	21.6	21.9	(1.6)%
(-) Financial expenses	(2.4)	(1.7)	(39.9)%
Profit/(loss) before tax	**285.6**	**260.5**	**9.6%**
(-) Corporate income tax	(75.0)	(67.3)	(11.3)%
Effective tax rate	*26.2%*	25.8%	*+40 b.p.*
(+/-) Profit/(loss) from discontinued operations	(11.5)	(19.1)	39.8%
(+/-) Other income/(expenses)	-	-	n.r.
(-) Non-controlling interests	(0.3)	(0.2)	(63.6)%
Net Profit	**198.8**	**174.0**	**14.3%**

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

Cash Flow Statement

€ million	1 Oct. 2021 – 30 Sep. 2022	1 Oct. 2020 – 30 Sep. 2021	Variation
EBITDA	**383.3**	**370.4**	**12.9**
Restructuring and other payments	(37.3)	(19.5)	(17.8)
Net financial income/(expense)	19.2	20.2	(1.1)
Normalised taxes	(86.3)	(78.6)	(7.8)
Net investments	(20.7)	(33.5)	(12.8)
Normalised Cash Flow	**258.1**	**259.1**	**(1.0)**
Change in working capital	270.2	(609.3)	879.5
Effect of cut-off date on taxes	66.6	14.4	52.2
M&A	(15.2)	---	(15.2)
Free Cash Flow	**579.7**	**(335.8)**	**915.5**

Balance Sheet

€ million	30 September 2022	30 September 2021
Property. plant and equipment and other fixed assets	322.1	320.6
Net long-term financial investments	21.0	19.8
Net goodwill	932.4	920.8
Other intangible assets	312.8	354.0
Deferred tax assets	11.1	14.5
Net inventory	1,529.2	1,467.1
Net receivables and other	1,916.9	2,150.7
Cash and cash equivalents	2,648.3	2,298.7
Held-for-sale assets	0.3	41.6
Total Assets	**7,694.0**	**7,587.8**
Shareholders' funds	562.0	523.6
Non-controlling interests	4.7	0.8
Non-current liabilities	132.8	137.1
Deferred tax liabilities	231.7	239.3
Short-term borrowings	40.8	72.4
Short-term provisions	6.7	7.3
Trade and other receivables	6,715.3	6,566.0
Liabilities linked to assets held for sale	0.0	41.3
Total Liabilities	**7,694.0**	**7,587.8**

Alternative Performance Measures

- **Economic Sales**: equivalent to Gross Profit; used interchangeably by Group Management to refer to the figure obtained by subtracting Raw materials and consumables from Revenue.

  Group management considers this figure to be a significant measure of the tariff revenue generated by distribution services that provides investors with a useful view of the Group's financial performance.

€ million	1 Oct. 2021 – 30 Sep. 2022	1 Oct. 2020 – 30 Sep. 2021
Revenue	11,463.6	10,816.8
Raw materials and consumables	(10,228.4)	(9,637.3)
Gross Profit	**1,235.2**	**1,179.5**

- **Adjusted Operating Profit (Adjusted EBIT)**: This indicator is basically calculated by discounting from EBIT costs that are not directly related to the revenue obtained by the Group in each period. which facilitates the analysis of the Group's operating cost and margin trends.

  Adjusted Operating Profit (Adjusted EBIT) is the main indicator employed by Group management to analyse and measure business performance.

€ million	1 Oct. 2021 – 30 Sep. 2022	1 Oct. 2020 – 30 Sep. 2021
Adjusted EBIT	**312.4**	**297.5**
(-) Restructuring costs	(10.9)	(9.3)
(-) Amortisation of assets from acquisitions	(52.7)	(52.2)
(+/-) Profit/(loss) on disposal and impairment	14.8	2.1
(+/-) Equity-accounted profit/(loss) and other	2.8	2.2
EBIT	**266.4**	**240.3**

- **Adjusted EBIT Margin on Economic Sales**: calculated as Adjusted EBIT divided by Economic Sales (or. interchangeably. Gross Profit).

  This ratio is the main indicator employed by Group Management to analyse and measure the trend in profits obtained from the Group's ordinary business activities in a certain period.

€ million	1 Oct. 2021 – 30 Sep. 2022	1 Oct. 2020 – 30 Sep. 2021	% variation
Economic sales	1,235.2	1,179.5	4.7%
Adjusted EBIT	312.4	297.5	5.0%
Economic Sales Margin	**25.3%**	**25.2%**	**+10 p.b.**

- **Operating expenses**: these include the costs of logistics networks, commercial expenses, research expenses and head office expenses that are directly related to the revenues obtained by the Group in each period. 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 or amortisation of the assets derived from the acquisition of companies, because they are not directly related to the revenues obtained by the Group in each period.

Operating costs of each segment do not include the expenses of the corporate center. However, the expenses of the corporate center are included in the total Group's operating costs in order to show the operating behaviour of each geographical area.

- **Reconciliation with Annual Accounts**

M€	1 Oct. 2021 – 30 Sep. 2022	1 Oct. 2020 – 30 Sep. 2021
Logistics network costs	843.0	808.2
Commercial expenses	54.6	48.1
Research expenditure	1.9	2.5
Central office expenses	86.0	84.6
(-) Restructuring cost in operating expensess	(10.0)	(9.3)
(-) Amortisation of assets from acquisitions	(52.7)	(52.2)
Operating costs or expenses in management accounts	**922.8**	**882.0**

- **Non-Recurring Costs**: This term refers to costs which may be incurred in more than one period but are not continuous over time (unlike operating costs) and only affect the accounts at a given moment.

  This figure helps Group Management to analyse and measure the Group's business trends during each period.

- **Recurring Operating Costs**: This term refers to costs incurred on a continuous basis that allow the Group's business to continue and are estimated as total operating costs less the non-recurring costs defined in the previous point.

  This figure helps Group Management to analyse and measure the Group's business efficiency.

- **Restructuring Costs**: costs incurred by the Group to enhance operational. administrative or commercial efficiency in the organisation. including those related to reorganisation. lay-offs and the closure or transfer of warehouses or other facilities.

- **Non-Recurring Results:** this refers to results for the year that are not obtained continuously during the year and affect the accounts at a given time. They are included in EBIT.

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