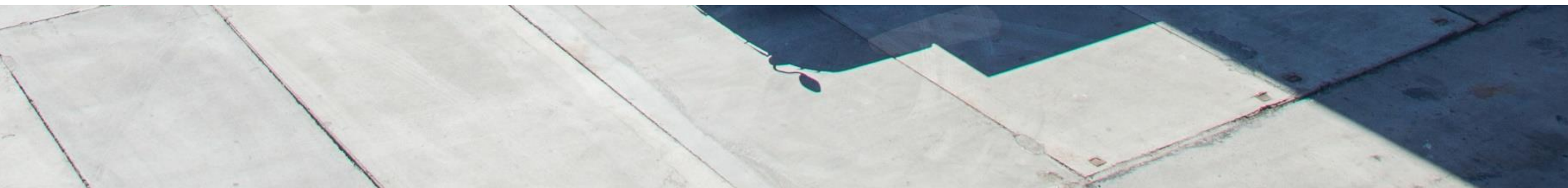
Results Q3 2023

October 2022 – June 2023



Logista's net profit closes Q3 up 36%

Financial Highlights

M€	1 Oct. 2022 – 30 Jun. 2023	1 Oct. 2021– 30 Jun. 2022	% variation
Revenue	9,149.8	8.411,5	8.8%
Economic Sales[1]	**1,260,3**	**911.2**	**38.3%**
Adjusted EBIT[1]	**273.3**	**228.5**	**19.6%**
Economic Sales Margin[1]	22%	25%	**(340) b.p.**
Operating Profit	**216.8**	**199.2**	**8.8%**
Net Profit	**193.4**	**142.5**	**35.8%**

Quarterly macroeconomic context

The macroeconomic and geopolitical context was complex in the first nine months of 2023. Heightened worldwide cost inflation already described for the first half continued in the third quarter, though to a more moderate extent than in previous months. Inflation has affected mainly on fuel and power prices at a European level in the first months of the year, as well as prices of staple goods throughout the whole period analysed. The geopolitical context is still marked by the Russia-Ukraine war, which reached its first anniversary in February 2023 and has aggravated the inflationary trend.

In the face of persistent inflationary pressures and the monetary policy applied by the US Federal Reserve, the European Central Bank decided to raise interest rates further, announcing the latest rate rise in June 2023, with the average base rate reaching 4.00%.

This scenario has generated uncertainty as regards to the pace of economic recovery in the coming months.

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

Business trend and income statement highlights

Consolidation of new acquisitions:

The integration and consolidation of the three acquisitions announced in the previous year were particularly significant during this period. We continued to optimise the synergies identified and to consolidate and integrate the various businesses into Logista.

Speedlink's integration with the courier segment began during the 2022 fiscal year. The Speedlink acquisition gives us access to the Dutch market, which is a major logistics hub in Europe for leading multinational enterprises. In addition, through Speedlink, Nacex is signing new agreements to increase its customer portfolio in Spain and Portugal.

As regards the integration of **Carbó Collbatallé** with the Parcel segment, work was carried out to combine several long-distance routes and merge some of our own branches, the merger of the Vitoria,

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

Murcia and Tarragona branches having already been completed. We are also creating last-mile synergies in Madrid and Barcelona and we have extended the Carbó distribution network to Galicia through the Parcel network.

A number of actions were also taken in **Transportes El Mosca** during the period. Security systems continue to be fitted in El Mosca's trucks, so as to be able to carry high-value freight, including tobacco. Several long-haul routes have already been integrated after adapting a part of the fleet. Lastly, the GDP (Good Distribution Practice Certificate) was obtained, enabling the distribution of pharmaceutical products using the El Mosca fleet.

Consolidated income statement summary

- **Revenue** rose by +9% on the previous year to €9,150 million, thanks to generalised growth across almost all businesses in Iberia and Italy, as well as in tobacco related product distribution in France.
- **Economic Sales**[1] of €1,260 million, +38% v. the previous year, in general with improvements in all businesses and geographies.
- **Adjusted EBIT**[1] of €273 million, +20% v. the previous year with improvement across all geographies.
- **Adjusted EBIT margin on Economic Sales**[1] was 22% as compared to 25% in the same period of 2022. This margin reduction is explained primarily by the new acquisitions.
- **Changes in inventory values** due to tax and tobacco price movements in Spain, France and Italy during the period had an estimated positive net impact of +€27 million v. +€8 million in the same period of 2022.
- **Restructuring costs**[1] of €13 million v. €8 million in the same period of the previous year, including a provision of €10 million in France, due primarily to the closure of a regional distribution centre as part of the business optimisation strategy.
- **Profit/(loss) from disposal** of -€0.5k on the sale of sundry assets, as compared to +€15 million in the third quarter of 2022 due to the sale of three warehouses in Spain.
- **EBIT** of €217 million, +9% on the previous year.
- **Net financial income** of €46 million v. €11 million in the previous year, thanks to the interest rate hike during the period.
- The **tax rate** fell to 25.6% v. 26.8% in the first nine months of 2022.
- **Net Profit** climbed 36% up to €193 million.

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

Revenue trend (by segment and business)

M€	1 Oct. 2022 – 30 Jun. 2023	1 Oct. 2021 – 30 Jun. 2022	% variation
Iberia	**3,273,5**	**2,716.1**	**20.5%**
Tobacco and Related Products	2,609.4	2,344.9	**11.3%**
Transport	631.7	340.0	**85.8%**
Pharmaceutical distribution	175.8	154.9	**13.5%**
Other businesses	13.6	13.7	**(1.0)%**
Adjustments	(156.9)	(137.3)	**(14.3)%**
Italy	**3,142.0**	**2,936.8**	**7.0%**
Tobacco and Related Products	3,142.0	2,936.8	**7.0%**
France	**2,777.2**	**2,797.8**	**(0.7)%**
Tobacco and Related Products	2,777.2	2,797.8	**(0.7)%**
Adjustments	**(42.9)**	**(39.2)**	**(9.5)%**
Total Revenue	**9,149.8**	**8,411.5**	**8.8%**

Economic sales[1] (by segment and business)

M€	1 Oct. 2022 – 30 Jun. 2023	1 Oct. 2021 – 30 Jun. 2022	% variation
Iberia	**824.0**	**513.6**	**60.4%**
Tobacco and Related Products	282.9	243.4	**16.2%**
Transport	512.4	237.3	**116.0%**
Pharmaceutical distribution	69.9	67.3	**3.9%**
Other businesses	13.1	13.1	**(0.4)%**
Adjustments	(54.4)	(47.6)	**(14.2)%**
Italy	**271.2**	**240.5**	**12.8%**
Tobacco and Related Products	271.2	240.5	**12.8%**
France	**168.5**	**160.3**	**5.1%**
Tobacco and Related Products	168.5	160.3	**5.1%**
Adjustments	**(3.4)**	**(3.1)**	**(9.2)%**
Total Economic Sales[1]	**1,260.3**	**911.2**	**38.3%**

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

Adjusted EBIT[1] and EBIT trends

M€	1 Oct. 2022 – 30 Jun. 2023	1 Oct. 2021 – 30 Jun. 2022	% variation
Iberia	**153.1**	**115.8**	**32.2%**
Italy	**77.2**	**72.5**	**6.5%**
France	**42.9**	**40.2**	**6.9%**
Adjusted EBIT[1]	**273.3**	**228.5**	**19.6%**
(-) Restructuring costs[1]	(12.7)	(8.0)	**58.3%**
(-) Depreciation of assets acquired	(45.5)	(39.1)	**(16.4)%**
(+/-) Profit/(loss) on disposal and impairment	(0.5)	15.0	**(103.3)%**
(+/-) Equity-accounted profit/(loss) and other	2.2	2.8	**(21.0)%**
EBIT	**216.8**	**199.2**	**8.8%**

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. The table above sets out the reconciliation of Adjusted EBIT[1] and EBIT for Q3 2023 and Q3 2022.

At the end of Q3, depreciation charges on assets acquired includes those of Logista France, Speedlink, Transportes El Mosca and Carbó Collbatallé.

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

Segment performance

A. Iberia: Spain, Portugal, Poland and The Netherlands

M€	1 Oct. 2022 – 30 Jun. 2023	1 Oct. 2021 – 30 Jun. 2022	% variation
Revenue	**3,273.5**	**2,716.1**	**20.5%**
Tobacco and Related Products	2,609.4	2,344.9	**11.3%**
Transport	631.7	340.0	**85.8%**
Pharmaceutical distribution	175.8	154.9	**13.5%**
Other businesses	13.6	13.7	**(1.0)%**
Adjustments	(156.9)	(137.3)	**(14.3)%**
Economic Sales[1]	**824.0**	**513.6**	**60.4%**
Tobacco and Related Products	282.9	243.4	**16.2%**
Transport	512.4	237.3	**116.0%**
Pharmaceutical distribution	69.9	67.3	**3.9%**
Other businesses	13.1	13.1	**(0.4)%**
Adjustments	(54.4)	(47.6)	**(14.2)%**

Revenue of €3,274 million was up +21% compared to 2022. **Economic Sales**[1] of €824 million grew by +60% on 2022.

Tobacco and Related Products

- Increase of 11% in **Revenue** and 16% in **Economic Sales**[1] due essentially to higher tobacco prices, the rate increase, growth in value-added services provided to tobacco manufacturers and the rise in convenience products distributed in Iberia.

- **Volumes distributed** of cigarettes plus RYO and other[2] in Iberia fell slightly (-0.8%) on the first nine months of 2022. This reduction is explained primarily by the decline in the volume of traditional cigarettes in Spain (-2%), which was offset by a slight improvement in traditional tobacco volumes in Portugal and the increase in RYO and other[2] in both countries. Electronic cigarette distribution grew significantly in both countries, nearly doubling the volumes distributed compared to the previous year.

- During the period, the selling price charged by some tobacco manufacturers rose by between €0.30 and €0.35 in Spain, though excise duties on tobacco remained unchanged. Consequently, there was an estimated positive impact on results of c. €24 million due to changes in the **value of inventories** (as compared to €8 million in Q3 2022).

- **Revenue** from the distribution of **convenience products** grew double-digit. **Logista Retail** expanded into new channels (restaurants) and new products by including frozen goods in the commercial offering thanks to winning new customers while achieving further growth in the main channels (tobacconists and service stations) thanks to reaching new points of sale and enhancing the most significant product categories.

[1] See appendix "*Alternative Performance Measures*". [2] *Includes heated tobacco units*

Transport Services

- **Revenue** of €632 million, +86% v. the previous year, and **Economic Sales**[1] of €512 million, +116% v. 2022, were mainly due to the inclusion of the new acquisitions.
- **Economic Sales**[1] in long-distance transport (**Logista Freight**) grew double-digit thanks to the increase in activities and to a larger proportion of high-value businesses. The segment's organic growth was supplemented by the acquisition of a 60% stake in Transportes El Mosca.
- The **Parcel** segment's **Economic Sales**[1] grew significantly thanks to the inclusion of Carbó Collbatallé and to a double-digit organic growth attributable to the industrial parcel business, as well as rate updates reflecting fuel price trends. Deliveries performed well in both the pharmaceutical and food industries.
- **Economic Sales**[1] relating to the **courier** segment rose double-digit during the period thanks primarily to the inclusion of Speedlink in the consolidation scope and to single-digit organic growth. Rate rises in the B2B business line offset the impact of the reduction in B2C e-commerce deliveries following the significant increase in the previous year.

Pharmaceutical Distribution

- **Revenue** of €176 million, +14% v. the previous year and **Economic Sales**[1] of €70 million +4% thanks to winning new customers and increasing services offered to existing customers, despite the considerable fall in COVID-19-related activities, primarily the distribution of vaccines and medical supplies. The double-digit growth in revenue due to the new services provided to existing customers, particularly in distribution to pharmacies, is especially significant.
- In June 2023, Spain's Ministry of Health awarded the management of logistics services for the future strategic stockpile of healthcare materials and pharmaceutical products for the Spanish government to Logista. This strategic reserve arose from the Spanish Government's Early Response Plan to guarantee a swift reaction to any health emergencies. The contract will run for one year, with an option to extend for a further year.

Publications – Other Businesses

- **Revenues** and **Economic Sales**[1] declined slight by -1% and -0.4% respectively v. the previous year.
- Logista Publicaciones entered into a new agreement to distribute the RBA Group's publications in Spain, RBA being a leading player in the periodicals (non-daily press) sector. This agreement will come into effect as from the last quarter of 2023.

Adjusted EBIT[1] of €153 million, up +32% on the same period of the previous year thanks to double-digit organic growth, including profit on inventory.

Restructuring costs[1] amounted to €1.8 million v. €2.1 million in the third quarter of the previous year. **Capital gains or losses on asset sales** amounted to -€0.3 million v. +€15.2 million in the previous year. An asset **depreciation** charge of €6.4 million was recognised in the current year due to the acquisition of Speedlink, Transportes El Mosca and Carbó. **Equity-accounted profits** totalled €2.3 million (book distribution) v. €2.8 million in the previous year.

EBIT of €147 million, up +11% on Q3 2022.

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

B. Italy

M€	1 Oct. 2022 – 30 Jun. 2023	1 Oct. 2021 – 30 Jun. 2022	% variation
Revenue	**3,142.0**	**2,936.8**	**7.0%**
Tobacco and Related Products	3,142.0	2,936.8	**7.0%**
Economic Sales[1]	**271.2**	**240.5**	**12.8%**
Tobacco and Related Products	271.2	240.5	**12.8%**

Revenue of €3,142 million and **Economic Sales**[1] of €271 million rose by +7% and +13% on the previous year, respectively, thanks to price changes and the growth in revenue from the marketing of convenience products and next-generation products with respect to 2022.

Tobacco and Related Products

- **Volumes** distributed of cigarettes plus RYO and other[2] remained stable as compared with the previous year, with sharp growth in the new product categories, which offset the decline in traditional cigarette volumes (-2.8%). Volumes distributed of next-generation products are still performing well, having achieved double-digit growth. In particular, electronic cigarette volumes distributed more than doubled compared to the previous year.

- Italy saw an increase in **excise duties** on traditional tobacco with effect as from 1 January 2023. These new hikes are part of a package of government measures that includes annual increases to 2025. As a result of the tax hike, tobacco manufacturers recognised various **movements in tobacco prices**, both upwards and downwards, between February and June.

- The change in the **value of inventories** as a result of tax increases and tobacco price changes had an estimated net adverse impact of c. -€3.5 million v. +€0.2 million in the same period of the previous year.

- Significant double-digit rise in **Economic Sales**[1] from the distribution of **convenience products**, which was more than 1.5x higher than the previous-year figure. This growth reflects the addition of new products for sale (e.g. disposable electronic cigarettes or beverages, by marketing new leading brands).

Adjusted EBIT[1] of €77 million, +6% on 2022.

Restructuring costs[1] amounted to €0.8 million v. €4.7 million in 2022 when the distribution network reorganisation involved the closure of a warehouse in the south of Italy.

EBIT of €76 million, +13% up on the previous year.

[1] See appendix "Alternative Performance Measures". [2] Includes heated tobacco units

C. France

M€	1 Oct. 2022 – 30 Jun. 2023	1 Oct. 2021 – 30 Jun. 2022	% variation
Revenue	**2,777.2**	**2,797.8**	**(0.7)%**
Tobacco and Related Products	2,777.2	2,797.8	**(0.7)%**
Economic Sales[1]	**168.5**	**160.3**	**5.1%**
Tobacco and Related Products	168.5	160.3	**5.1%**

Revenue fell by 0.7% year on year to €2,777 million, primarily due to a decline in tobacco distribution revenue.

Economic Sales[1] of €168 million were +5% v. the previous year thanks to the rise in the value of inventories caused by price and tax increases, higher rates and sales of convenience and next-generation products.

Tobacco and Related Products

- The decrease in tobacco **volumes** distributed in relation to the previous year amounted to (-6%) in cigarettes plus RYO and other[2]. The double-digit growth in the distribution of electronic cigarettes is especially significant.
- With effect as from 1st March, **excise duties** rose by c. €0.50/packet, which was subsequently offset by an **increase in selling prices** of between €0.50 and €1.00/packet published by several tobacco manufacturers.
- Movements in **taxes** and **tobacco prices** had an estimated positive impact on the value of the stock of €6.8 million during the period, as compared with a negative impact of €50,000 during Q3 2022.

Adjusted EBIT[1] of €43 million, +7% on 2022.

Restructuring costs[1] amounted to €10 million in the first nine months of 2023, including a provision for the cost of closing a warehouse in the south of France that will be completed in September 2023. The same amount of **depreciation** was charged on the assets arising from the acquisition of the French business, amounting to €39.1 million, together with a capital loss of €0.2 million, in both periods.

EBIT of €(6.4) million v. €(0.3) million in the previous year.

[1] *See appendix "Alternative Performance Measures".* [2] *Includes heated tobacco units*

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 base rate plus a spread of 75 basis points.

The European Central Bank continued with its strategy of raising interest rates to alleviate the current inflationary environment, having announced the latest rate hike up to 4.00% in June 2023. The average European Central Bank's benchmark rate was 2.76% for the first nine months of fiscal year 2023, which has to be increased by the 0.75% spread.

The average European Central Bank's benchmark rate stood at 0.12% for the first nine months of the previous year, following interest rate hikes in July and September 2022, so balances accrued interest of 0.87% in the first nine months of 2022.

The **average credit line balance** during the period was €1,945 million v. €2,198 million in the first nine months of the previous year.

Financial income amounted to €52 million, well above the figure of €13 million in Q3 2022.

Financial expenses for the period amounted to €6 million, above the €2 million figure recorded in 2022.

Net financial income/(expense) for the period therefore totalled €46 million, cuadrupling the €11 million obtained in the same period in 2022.

B. Net Profit

Restructuring costs[1] of €13 million during the period, including the provision for the closure of a warehouse in France. Capital loss of -€0.5 million was well below the €15 million capital gains recorded in the same period in 2022. Net financial income/(expense) was a lot higher than the figure for the first nine months of 2023 (€46 million v. €11 million) and pre-tax profit amounted to €263 million, 25% up on the same period in 2022.

The **tax rate** was 25.6% v. 26.8% in Q3 of the previous year.

Profit from continuing operations in Q3 2023 increased to reach €196 million, which is 27% higher than the Q3 2022 figure of €154 million.

Supergroup (the Group subsidiary engaged in distributing convenience products to points of sale other than tobacconists in France) was sold on 2 February 2022. The effect on profit/(loss) from discontinued operations in the first nine months of 2022 reflects the operating profit/(loss) from this activity. There were no discontinued operations in the same period of 2023.

Attributable **Net Profit** amounted to €193 million, having risen by 36% on Q3 2022, when it included continuing and discontinued operations.

Basic earnings per share amounted to €1.47 vs. €1.08 in the previous period, the number of shares remaining the same. As of June 30th, 2023, the Company holds 899,635 treasury shares (0.7% of share capital). Most of these shares were purchased to cover future commitments to deliver shares under

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

long-term executive remuneration plans. The other shares secure the liquidity agreement entered into on January 20th, 2021 with Banco Santander, S.A.

C. Cash flows

The seasonal nature of the Group's business leads to a negative cash balance in the first and second quarter of the year, which is turned around in the second half and normally peaks near the year end.

The positive business performance during the period and the consolidation of the acquisitions in results led to a 25% increase in earnings before interest, taxes, depreciation and amortisation (EBITDA) compared to the same period of the previous year.

The growth in operating and financial results during the period and the fall in restructuring costs more than funded the increase in rent payments and in normalised tax payments, as well as the rise in cash outflows due to investments in the nine months, so normalised cash resources generated were 47% above the same period of the previous year.

The **change in working capital** in the first nine months of the previous year differed from its usual trend, which explains the positive cash generation being much higher as of June 30th, 2023.

D. Dividend policy

On July 20th, 2023, the Board of Directors approved the payment of an interim dividend of €65 million (€0.49 per share) for 2023, which will be paid on August 28th, entailing an increase of 14% on the interim dividend paid in the previous year.

The Annual General Shareholders' Meeting held on February 7th, 2023 agreed the distribution of an additional dividend for the 2022 financial year of €0.95 per share (€126.1 million), which was paid on February 23rd, 2023. The dividend for 2022 therefore totalled €1.38 per share (€183 million), up 11% on the previous year (€1.24 per share).

E. Business outlook

In view of the current market situation and business performance in the first nine months of the year, we may expect that Adjusted Operating Profit will grow by **around 15%** over the figure for 2022 by end-2023.[1] This expected growth takes into account the foreseeable contribution from the acquired businesses and the fact that the change in the value of inventories has already been recognised for the most part during the period.

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 out opportunities to acquire complementary companies to leverage synergies. In any event, Logista will continue to prioritise the same dividend policy applied to date.

[1] See appendix "Alternative Performance Measures"

F. Events subsequent to the closing of the period

Acquisition of Gramma Farmaceutici

The acquisition of Gramma Farmaceutici by Logista Italy was completed on July 18th once the conditions precedent were met. Thanks to this acquisition, Logista has gained access to Italy's pharmaceutical distribution and logistics segment. Gramma has all the permits needed to engage in the distribution and logistics management of pharmaceutical products in Italy, as well as agreements with several Italian pharmaceutical laboratories.

The company provides logistics services for pharmaceutical laboratories and industry companies, assuring distribution to wholesalers, hospitals, pharmacies and points of sale in Italy. During 2022 Gramma recorded sales of €8.5 million.

Appendix

Income statement

M€	1 Oct. 2022 – 30 Jun. 2023	1 Oct. 2021 – 30 Jun. 2022	% variation
Revenue	**9.149.8**	**8,411.5**	**8.8%**
Economic Sales[1]	**1,260.3**	**911.2**	**38.3%**
(-) Operating cost of logistics networks[1]	(867.1)	(580.8)	49.3%
(-) Commercial operating expenses[1]	(49.7)	(39.2)	26.7%
(-) Operating expenditure on research and central offices[1]	(70.3)	(62.8)	11.9%
Total Operating Costs[1]	**(987.0)**	**(682.7)**	**44.6%**
Adjusted EBIT[1]	**273.3**	**228.5**	**19.6%**
Margin[1] %	*21.7%*	*25.1%*	*(340) b.p.*
(-) Restructuring costs[1]	(12.7)	(8.0)	58.3%
(-) Depreciation of assets acquired	(45.5)	(39.1)	16.4%
(+/-) Profit/(loss) on disposal and impairment	(0.5)	15.0	(103.3)%
(+/-) Profit/(loss) from equity-accounted companies and other	2.2	2.8	(21.0)%
EBIT	**216.8**	**199.2**	**8.8%**
(+) Financial income	52.3	13.3	293.4%
(-) Financial expenses	(6.0)	(1.8)	231.4%
Profit/(loss) before tax	**263.2**	**210.7**	**24.9%**
(-) Corporate income tax	(67.4)	(56.5)	19.2%
Effective tax rate	*25.6%*	*26.8%*	*(120) b.p.*
(+/-) Profit/(loss) from discontinued operations	-	(11.5)	n.m.
(+/-) Other income/(expenses)	-	-	-
(-) Non-controlling interests	(2.4)	(0.3)	n.m.
Net Profit	**193.4**	**142.5**	**35.7%**

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

Cash Flow Statement

M€	1 Oct. 2022 – 30 Jun. 2023	1 Oct. 2021 – 30 Jun. 2022	Variation (M€)
EBITDA	**353.6**	**282.0**	**71.6**
Restructuring[1] and other payments	(6.5)	(12.9)	**6.4**
Net financial income/(expense)	50.9	13.0	**37.9**
Normalised taxes	(77.6)	(64.9)	**(12.7)**
Investment	(36.5)	(29.0)	**(7.5)**
Rent payments	(44.1)	(25.3)	**(18.8)**
Normalised Cash Flow	**239.9**	**163.0**	**76.9**
Change in working capital	16.7	292.8	**(276.1)**
Effect of cut-off date on taxes	2.3	37.8	**(35.5)**
Divestments	2.6	15.9	**(13.3)**
Company acquisitions (M&A)	(155.3)	(36.3)	**(119.0)**
Free Cash Flow	**106.3**	**473.3**	**(367.0)**

Balance sheet

M€	30 June 2023	30 September 2022
Property, plant and equipment and other fixed assets	461.5	322.1
Net long-term financial investments	25.6	21.0
Net goodwill	997.3	932.4
Other intangible assets	336.9	312.8
Deferred tax assets	13.4	11.1
Net inventory	1,679.7	1,529.2
Net receivables and other	2,177.0	1,916.9
Cash and cash equivalents	2,628.1	2,648.3
Held-for-sale assets	0.3	0.3
Total Assets	**8,319.8**	**7,694.0**
Shareholders' funds	572.8	562.0
Non-controlling interests	6.6	4.7
Non-current liabilities	279.8	132.8
Deferred tax liabilities	239.6	231.7
Short-term borrowings	90.3	40.8
Short-term provisions	15.7	6.7
Trade and other receivables	7,114.9	6,715.3
Liabilities linked to assets held for sale	-	-
Total Liabilities	**8,319.8**	**7,694.0**

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

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. 2022 – 30 Jun. 2023	1 Oct. 2021 – 30 Jun. 2022
Revenue	9,149.8	8,411.5
Raw materials and consumables	(7,889.5)	(7,500.3)
Economic Sales (Gross Profit)	**1,260.3**	**911.2**

- **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. 2022 – 30 Jun. 2023	1 Oct. 2021 – 30 Jun. 2022
Adjusted EBIT	**273.3**	**228.5**
(-) Restructuring costs	(12.7)	(8.0)
(-) Depreciation of assets acquired	(45.5)	(39.1)
(+/-) Profit/(loss) on disposal and impairment	(0.5)	15.0
(+/-) Equity-accounted profit/(loss) and other	2.2	2.8
EBIT	**216.8**	**199.2**

- **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. 2022 – 30 Jun. 2023	1 Oct. 2021 – 30 Jun. 2022	% variation
Economic sales	1,260.3	911.2	38.3%
Adjusted EBIT	273.3	228.5	19.6%
Economic Sales Margin	**21.7%**	**25.1%**	**(340) p.b.**

- **Operating Costs**: this term comprises logistics network costs, commercial expenses, research expenditure and central office expenses that are directly related to the Group's revenue in each period. It is the main figure used by Group management to analyse and measure cost structure trends. It does not include restructuring costs or depreciation charged on assets derived from the acquisition of Logista France, Speedlink Worldwide Express, Transportes El Mosca or Carbó, which are not directly related to the Group's revenue in each period.

Each segment's operating costs exclude corporate centre expenditure, which is however included in the Group's total operating costs so as to show the operating performance of each geographic area.

- **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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