ANNUAL REPORT 2019

Logista

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ISSUER IDENTIFICATION DETAILS

FISCAL YEAR END DATE: 30/09/2019

C.I.F.: A87008579

COMPANY NAME: Compañía de Distribución Integral Logista Holdings, S.A.

REGISTERED OFFICE: Calle Trigo, 39 – Polígono Industrial Polvoranca – 28914 Leganés (Madrid)

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ANNUAL REPORT

ANNUAL REPORT on Corporate Governance

ANNUAL REPORT on Remuneration of Directors

ANNUAL REPORT on Corporate Social Responsibility

This report contains financial information according to the International Financial Reporting Standards (IFRS) adopted by the European Union. It also contains Alternative Performance Measures, used by Logista's Management to assess the Group's financial and operating performance.

These Alternative Performance Measures are ellaborated and disseminated according to guidelines by the ESMA (European Securities and Markets Authority). Their full explanation and calculation details may be found at the 2019 Management's Report, as well as in the corporate website (www.grupologista.com/en/inversores/informacion/Pages/Medidas-Alternativas-de-Rendimiento.aspx).

LETTER FROM **THE CHAIRMAN**

DEAR SHAREHOLDERS,

This Annual Report for 2019, which I have the honour of presenting to you, summarizes the Logista Group's activities during the fiscal year 2019, and also its principal initiatives, in the business, economic, environmental and social areas.

For Logista, 2019 was a very positive fiscal year, in which it showed, once again its ability to increase earnings in complicated macroeconomic and regulatory environments.

Economic Sales, at 1,149 million euros, were 2.8% more than those of last fiscal year, and included increases in all the businesses in Iberia and France; of particular note were the increases in the distribution of convenience products in all geographies, in Logista Pharma and in the Transport area, compensating for the slight decline in Italy.

The Adjusted Operating Profit increased by 6.5%, to 262 million euros, thanks to the Group's strict policy on cost control and to its operational efficiency. The Operating Profit (EBIT) grew by 7.3% to 204 million euros, and the Net Profit progressed by 5.1% to reach 165 million euros, in spite of higher costs for restructuring and higher rates of taxation.

These solid results were the fruit of Logista's business model, unique in Southern Europe, and of the strength of its strategy of profitable growth, sustainable in the long term.

Logista has proposed to increase the dividend from these results by 5.4%, compared with that of last fiscal year, thus increasing it to 1.18 euros per share, of which 0.37 euros per share has already been distributed as an interim dividend. In this way, 95% of the Group's Consolidated Net Profit will be distributed as dividends.

Logista has completed a fiscal year that was solid in all its areas of activity, not only in the financial area. I wanted to accentuate the initiatives, which the Company has been taking in favour of the environment, involving an improvement of efficiency in connection with the emissions from its activity.

In this regard, the CDP again included Logista, for the fourth consecutive year, on its prestigious "A-List", as a world leader in the fight against the changing climate. Only three Spanish companies, and 30 in the world, have been able to maintain this worldwide recognition over the past four years.

Logista also appears on the FTSE4Good index, which lists companies that exemplify solid practices in corporate governance, and solid environmental and social practices.

After the closure of the fiscal year, the Board of Directors, following some of the recommendations for the best practice in corporate governance, and based on the Company's firm commitment to diversity, agreed to propose an increase in the number of its members from 10 to 12, and an increase in the numbers of the least represented gender until the latter represent 42% of the Board's members.

I invite you to learn more about these initiatives in the pages of this report, and in the annual reports on Corporate Social Responsibility, Corporate Governance and Directors' Remuneration, which are available on the corporate website, www.grupologista.com, in both Spanish and English.

Finally, I wish to refer to the much lamented passing of Luis Egido, a few days after the closing of the fiscal year. Luis Egido was the Chief Executive Officer of Logista almost since its founding, and to him we owe, to a great extent, what Logista is today. His enthusiasm and his dedication to this Company have left a profound mark. To replace him, we have hired Íñigo Meirás. Íñigo has an extraordinary professional track record in business and possesses all the personal and professional qualities necessary to lead Logista. I am certain that he will mobilize the efforts of everyone who is part of this Group and, with his expertise, will obtain the best results.

I should like to thank all those people who, together, constitute Logista, for their daily efforts, their professionalism and their dedication; and to thank our clients and suppliers for the relationships of trust and mutual benefit that they maintain with Logista.

I also thank you, the shareholders, for the trust, which you place in the Company.

Mr. Gregorio Marañón y Bertrán de Lis

LETTER FROM **THE CEO**

DEAR SHAREHOLDERS,

I am addressing you for the first time since my appointment as the Group's Chief Executive Officer, to present to you the main landmarks of the fiscal year 2019.

I should like to begin this letter by informing you of my satisfaction at being able to lead a new stage in Logista's project right from the beginning. We begin this new journey with the firm intentions of consolidating the many successes obtained so far, and of focusing on profitable growth while proceeding with more diversification and with making the Company more international. To do that, I shall be relying on the support of the Board of Directors, of the management team and of all of Logista's employees, and I trust that I shall also have support from you yourselves.

During the fiscal year 2019 , Logista's performance in all its economic variables was very positive, and the Company reinforced its leadership in the distribution of goods and services to proximity shops in Southern Europe. As well as growth in Economic Sales there was an increase in the adjusted operating margin, which grew from 22.0% to 22.8%, in line with the strategy of constantly increasing efficiency that characterizes the Group. This positive progression of the Adjusted Operating Profit, in all the geographical areas, also enabled the Group to increase its operating margin from 17.0% to 17.8%.

The Group continued to strengthen its businesses, already consolidated, by improving its connection with, and services provided to, manufacturers and points of sale, while expanding its business base through its areas of growth and diversification. Particularly noteworthy was the growth in the distribution of convenience products in all the countries, in Logista Pharma and in the Transport area.

As expected, the Group has successfully risen to the challenge of providing its services in the distribution of tobacco products while complying with the standards required since the entry into force, on 20th May, 2019, of the European Union's new regulation governing traceability.

Logista became the first European distributor to include in its operations fulfilment of that directive's requirements in relation to traceability, by recording and monitoring all the movements of the tobacco products which it distributes, from the time when they were manufactured until the moment when they were made available to the consumer, guaranteeing their full traceability, even for the minimum sales unit.

During this fiscal year, Logista Pharma also implemented the tracking of all the pharmaceutical products which it distributes, at product unit level, right up to the pharmacy or hospital where they are delivered, thus exceeding the requirements of the European Union.

The Group continued to develop its omni-channel strategy, offering the greatest variety of opportunities to market a wide portfolio of products and services, all adapted to the point of sale and their end consumers, through its powerful e-commerce platform, its extensive network of Point-of-Sale Terminals installed at the points of sale, the hundreds of service points in close proximity to them in the different countries, the call centre and the sales force.

In this way, Logista has developed a business model which is unique in the market, and which is transforming the model of distribution to specialized channels of retail points of sale.

To sum up, Logista offers one of the best, most advanced and modern platforms for the marketing of products and services through networks of outlets that are closer to, and more present in, the lives of the end consumers in Spain, France, Italy and Portugal, and this makes us the leading distributor of products and services to proximity points of sale in Southern Europe.

I should like to thank the professional people who make up the Logista Group, and who are our main asset, for their dedication and permanent interest in the client, the centre of our business model.

All of us who are part of Logista will continue to work to ceaselessly progress in our successful strategy and business model.

Mr. Íñigo Meirás Amusco

LOGISTA, LEADING DISTRIBUTOR IN SOUTHERN EUROPE

The Logista Group is the leading distributor of products and services to proximity retailers in Southern Europe.

Logista provides the best and fastest market access for products and services through a capillary network of points of sale near the end consumer, becoming the best partner for manufacturers and points of sale, through its specialized, highly added value, intelligent and unique distribution service in Southern Europe.

Logista distributes convenience products, electronic top-ups, tobacco products, pharmaceuticals, books, publications and lotteries, among others, to some 300,000 points of sale within capillary retail networks in Spain, France, Italy and Portugal. Logista also distributes tobacco products to wholesalers in Poland.

LOGISTA, THE BEST PARTNER FOR MANUFACTURERS AND POINTS OF SALE, THROUGH ITS SPECIALIZED, HIGHLY ADDED VALUE, INTELLIGENT AND UNIQUE DISTRIBUTION SERVICE IN SOUTHERN EUROPE

PRESENCE IN
5 COUNTRIES

DISTRIBUTION TO
~300,000
POINTS OF SALE

~47,000
POINT-OF-SALE TERMINALS INSTALLED IN THE POINTS OF SALE DISTRIBUTED

~€50 BILLION
INVOICED IN PRODUCTS AND SERVICES

~45,000,000
OF DAILY CONSUMERS IN THE CHANNELS DISTRIBUTED

~650
CENTRAL AND REGIONAL PLATFORMS AND SERVICE POINTS

~5,900
DIRECT EMPLOYEES

~15,000
COLLABORATORS

~€2,374M
OF MARKET CAPITALIZATION AT CLOSING OF FISCAL YEAR 2019

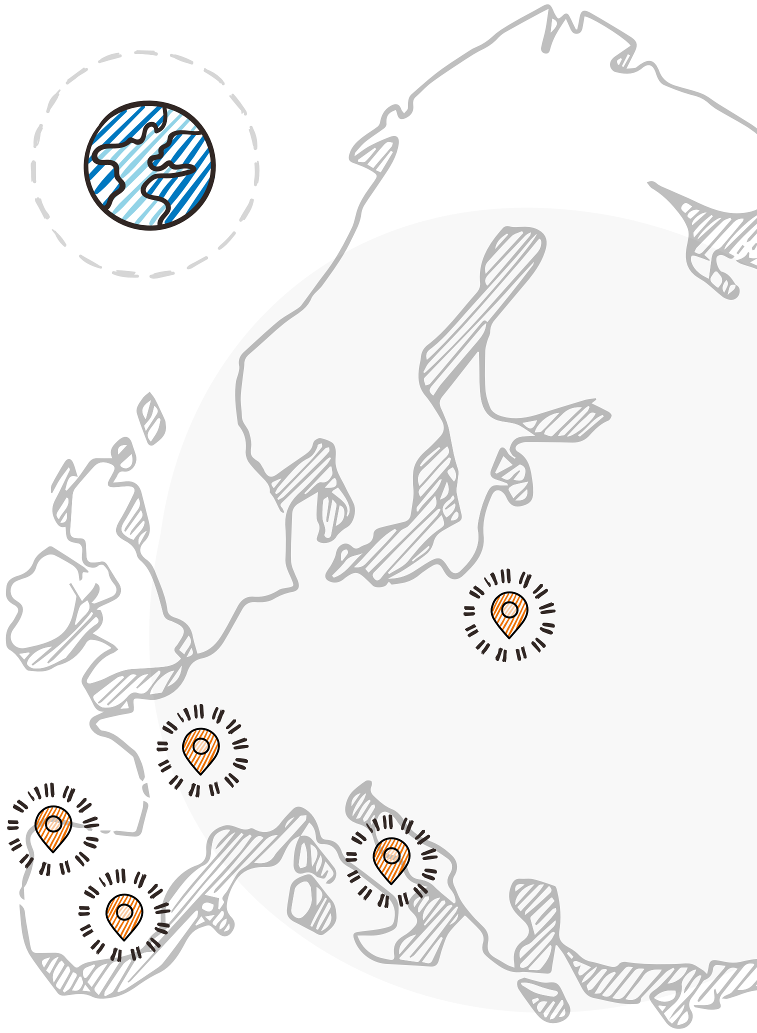
UNIQUE **BUSINESS MODEL**

Logista has developed a unique business model in the market that is transforming the distribution model to specialized retail channels, by facilitating manufacturers and retailers a simple, effective and modern omni-channel approach for the broadest portfolio of products and services, adapted to the point of sale and its end consumer.

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

To do so, Logista combines specialized comprehensive distribution and logistics services with exclusive added value services and powerful Business Intelligence tools in a flexible fashion, to efficiently and transparently satisfy its clients' needs, always keeping proximity to the point of sale.

Logista so provides an unbeatable platform for the commercialization of products and services in Southern Europe.



SIMPLE, EFFECTIVE AND MODERN OMNI-CHANNEL COMMERCIALIZATION

OPERATING EFFICIENCY

WIDE PORTFOLIO OF PRODUCTS AND SERVICES ADAPTED TO POINT OF SALE AND ITS END CONSUMER

TRANSPARENCY IN SUPPLY

SPECIALIZED DISTRIBUTION

LOGISTA **IN 2019**

Very positive fiscal year

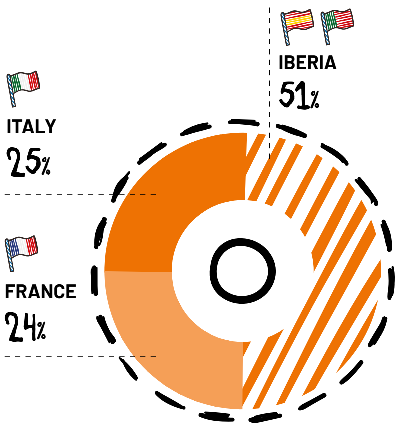
	2019	%
Economic Sales	**1,149**	**+2.8%**
Iberia		+3.6%
France		+5.1%
Italy		(1.5)%
Adjusted EBIT	**262**	**+6.5%**
Iberia		+5.3%
France		+13.0%
Italy		+1.9%
Profit from Operations	**204**	**+7.3%**
Net Profit	**165**	**+5.1%**

LOGISTA HAS BEEN INCLUDED FOR THE FOURTH CONSECUTIVE YEAR ON CDP'S "A LIST" AS ONE OF THE WORLD LEADERS FIGHTING CLIMATE CHANGE

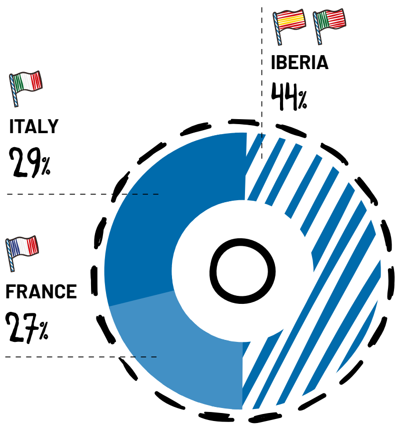
DIVIDEND PER SHARE €1.18
+5.4%

PAYOUT
95.2%

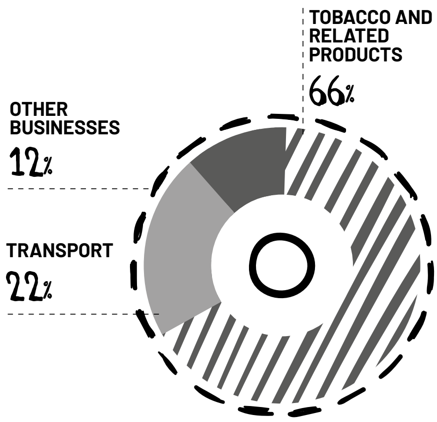
EARNINGS PER SHARE €1.24
+5.1%



ECONOMIC SALES BY GEOGRAPHIES



ADJUSTED EBIT BY GEOGRAPHIES



ECONOMIC SALES BY ACTIVITIES

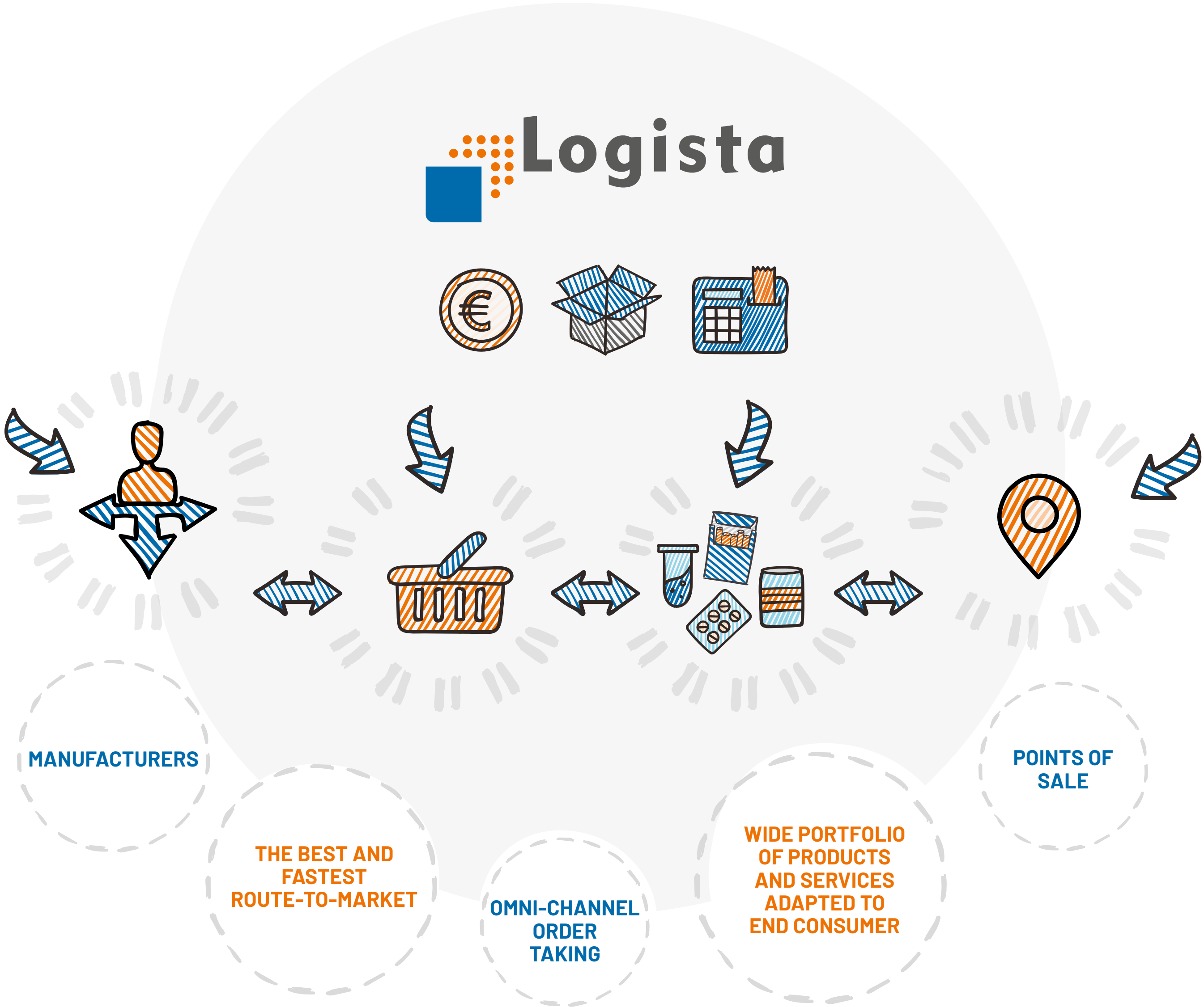
Relevant data from the Consolidated Profit & Loss Statement

MILLION EUROS	FISCAL YEAR 2019	FISCAL YEAR 2018
Revenues	**10,148**	**9,477**
Economic Sales	**1,149**	**1,118**
(-) Distribution operating costs	(736)	(726)
(-) Sales and marketing operating expenses	(69)	(67)
(-) Research and G&A operating expenses	(82)	(80)
Total Operating Costs	**(887)**	**(872)**
Adjusted EBIT	**262**	**246**
(-) Restructuring costs	(11)	(4)
(-) Amort. of assets Logista France	(52)	(52)
(+/-) Net loss on disposal and impairments	5	(1)
(+/-) Share of results of companies and others	1	1
Profit from Operations	**204**	**191**
(+) Financial income	15	14
(-) Financial expenses	(2)	(2)
Profit before Taxes	**217**	**203**
(-) Corporate income tax	(52)	(47)
Effective income tax rate	*24.1%*	*23.0%*
(+/-) Other income / (expenses)	0	0
(+/-) Minority interest	(0)	0
Net Income	**165**	**157**

Relevant data from the Consolidated Balance Sheet

MILLION EUROS	30-09-2019	30-09-2018
PP&E and other fixed assets	229	222
Net long term financial assets	18	7
Net goodwill	921	921
Other intangible assets	457	505
Deferred tax assets	19	19
Net inventory	1,283	1,189
Net receivables and others	1,946	1,939
Cash & cash equivalents	2,211	2,065
Total Assets	**7,084**	**6,865**
Group equity	519	510
Minority interests	2	2
Non-current liabilities	44	43
Deferred tax liabilities	265	280
Short term financial debt	38	33
Short term provisions	12	12
Trade and other payables	6,205	5,986
Total Liabilities	**7,084**	**6,865**

VALUE CHAIN



Logista offers the most extensive value chain in the market, providing manufacturers and points of sale with a specialized distribution service adapted to the product, to the point of sale and to its end consumer.

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 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.

Thus, Logista integrates in a unique supplier all services of the value chain, from orders taking and supply to the aftersales service, with a total integration of services and information with manufacturers and points of sale.

1

OMNI-CHANNEL ORDER TAKING FROM POINTS OF SALE

- **Point-of-Sale** (POS) **terminals, Internet, cash&carry, telephone...**
- Online order **processing and follow-up**

2

PURCHASE OF PRODUCTS STORAGE AND REAL-TIME STOCK MANAGEMENT

- **Safety stock management**
- **Adaptability** to different types of products
- **Temperature** controlled storage
- Availability of **tax and bonded warehouses**

3

AUTOMATED ORDERS PREPARATION

- Consolidation of **orders from several suppliers with single delivery**
- Customized **labelling and packaging**
- **Automated classification** of shipments

4

TRANSPORT AND **DISTRIBUTION**

- **Design and management of routes**
- Controlled **temperature**
- Merchandise **risk coverage**
- **Multimodal transport** (express, parcel, full load...)
- Fleet **control and tracking**

5

INVOICING AND **COLLECTION**

- **Collections via cash on delivery, credit card, bank transfer, direct debit ...**
- Administrative **support**
- **Incidents** management
- **Up-to-date maintenance** of applications and price information

6

CUSTOMER AND **AFTER-SALES** SERVICE

- **POS Terminals and applications** for point-of-sale management
- **Service points**
- **Real time information** on orders
- **Incidents** and returns management
- **Exchange** of goods
- Centralized **hotline service**
- Integration with **external call centres**

INTERNATIONAL PRESENCE

Logista is the leading distributor to proximity retailers in Spain, France, Italy and Portugal.

At that aim, Logista has developed one of the most extensive, specialized and technologically advanced distribution networks in Southern Europe.

Through this extensive distribution network, Logista manages the distribution to some 300,000 points of sale accessed daily by some 45 million consumers. Logista also distributes tobacco products to wholesalers in Poland.

- In Spain and Portugal: Logista is the leading distributor of tobacco and convenience products, electronic top-ups, pharmaceuticals, books, publications and lotteries to some 165,000 points of sale.
- In France: Logista is the leading distributor of tobacco and convenience products and electronic top-ups to some 50,000 points of sale.
- In Italy: Logista is the leading distributor of tobacco and convenience products to some 60,000 tobacconists and convenience shops.

PRESENCE IN
5 COUNTRIES

~300,000
POINTS OF SALE

~15,000
COLLABORATORS

The vertical and integrated model of distribution, transport and information systems infrastructures of the Logista Group combines the maximum efficiency in the adapted logistics operations, with a full control and traceability in transport and with highly specialized distribution services.

FRANCE

REVENUES €4,070m

ECONOMIC SALES €278m

ADJUSTED EBIT €74m

Central and regional warehouses	14
Service points	26
Points of sale distributed	~50,000
Employees	1,369

SPAIN AND PORTUGAL

REVENUES €3,157m

ECONOMIC SALES €582m

ADJUSTED EBIT €120m

Spain

Central and regional warehouses	16
Service points	418
Points of sale distributed	~150,000
Employees	3,551

Portugal

Central and regional warehouses	1
Service points	47
Points of sale distributed	~15,000
Employees	493

POLAND

Central and regional warehouses	1
Service points	3
Delivery points	~600
Employees	78

ITALY

REVENUES
€2,962m

ECONOMIC SALES
€286m

ADJUSTED EBIT
€81m

Central and regional warehouses	5
Service points	116
Points of sale distributed	~60,000
Employees	427

LOGISTA GROUP'S COMPANIES

THE LOGISTA GROUP'S COMPOSITION, FORMED BY COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A. AND ITS DIRECT AND INDIRECT SUBSIDIARY COMPANIES, IS AS FOLLOWS:

Compañía de Distribución Integral Logista Holdings, S.A.

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%)
- Disvesa (50%)
- Cyberpoint (100%)
- Distrisur (50%)
- Distribuidora de Aragón (5%)
- Provadisa (100%)
- Las Rías (100%)
- Distribuidora de Ediciones Sade (100%)
- Distribuidora del Noroeste (51%)
- Pulisa (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%)
- SAF (100%)
  - › Supergroup (100%)

Logista Italia (100%)
- Terzia (68%)

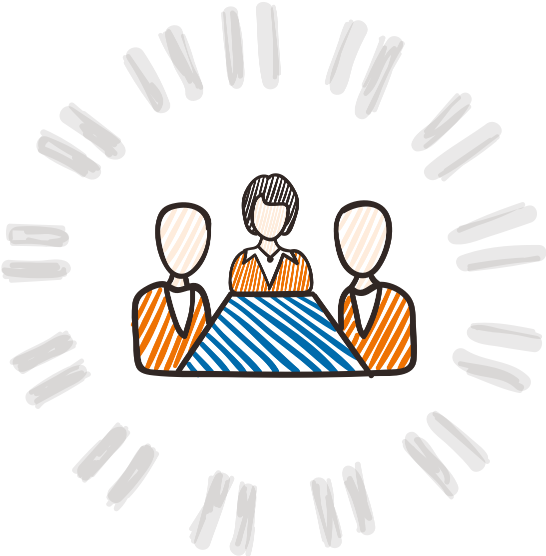
Midsid (100%)

Logista Transportes e Transitos (100%)
- Logesta Lusa (49%)

Logesta Polska (49%)

Logista Polska (100%)

UTE Logista - GTech (50%)



GENERAL SHAREHOLDERS' MEETING

BOARD OF DIRECTORS

AUDIT AND CONTROL COMMITTEE

APPOINTMENTS AND REMUNERATION COMMITTEE

GENERAL SHAREHOLDERS' MEETING 2019 (FISCAL YEAR 2018)

- 84.09% of total capital, present or represented
- Proposed resolutions were approved at least by 76.1% of the present or represented capital

BOARD OF DIRECTORS IN FISCAL YEAR 2019

- 10 members: 2 executive, 4 proprietary and 4 independent members
- 40% independent members
- 9 meetings

AUDIT AND CONTROL COMMITTEE IN FISCAL YEAR 2019

- 8 meetings
- 3 independent (75%) and 1 proprietary members (25%)

APPOINTMENTS AND REMUNERATION COMMITTEE IN FISCAL YEAR 2019

- 7 meetings
- 3 independent (75%) and 1 proprietary members (25%)

The annual corporate governance report provides complete and detailed information on the functioning of the governance bodies of the Company and its subsidiary companies.

SPAIN AND PORTUGAL

Logista is the leading distributor of convenience products, electronic top-ups, tobacco, pharmaceutical products, books, publications and lotteries through approximately 165,000 proximity points of sale in Spain and Portugal.

Tobacco and Related Products

Logista is the leader in the distribution of tobacco and convenience products, documents and electronic recharges to tobacconists and other points of sale in Spain and Portugal.

Logista became the first European distributor to include in its operations fulfilment of the requirements on traceability of the European Directive of tobacco products, guaranteeing their full traceability, even for the minimum sales unit.

Logista has been able to trace, throughout the supply chain, all cigarettes and RYO tobacco products manufactured since 20th May, 2019.

The aforementioned directive obliges tobacconists to record the movements of the tobacco products, which they handle, and Logista has worked with them to facilitate their compliance with this regulation on traceability, helping more than 9,000 tobacconists to obtain their economic operator codes, and also conducting training sessions, attended by more than 7,000 tobacconists.

In Spain, the volume of cigarettes distributed increased by 0.5%, partly due to the decrease in illicit trading and to stable prices; the volume of cigars distributed fell by 2.7%, while that of RYO tobacco increased by 9.7%.

REVENUES
+12.3%
€3,157m

ECONOMIC SALES
+3.6%
€582m

ADJUSTED EBIT
+5.3%
€120m

IN THE DISTRIBUTION OF CONVENIENCE PRODUCTS, ECONOMIC SALES INCREASED SIGNIFICANTLY DURING THE FISCAL YEAR 2019

During the fiscal year 2019, Logista began to distribute Philip Morris products in the Canary Islands, again demonstrating the manufacturers' confidence in the services of high added value that the Group offers them. Logista is undeniably the leader in that market, where it has already achieved a market share similar to that which it has on the Peninsula and Balearic Islands.

Next-generation products performed well during the fiscal year, showing increases in volume and in market share, and highlighting the confidence which the manufacturers continue to have in Logista's ability to launch these products and distribute them in the market.

Logistadis, the Logista Group's subsidiary for the wholesale distribution of convenience products in Spain, maintained its positive trend during the fiscal year, increasing both the number of points of sale to which it distributes and the penetration at those points where it is already present. The result was a significant increase in its Economic Sales.

Logistadis provides its points of sale, both tobacconists and other channels, with an opportunity to complement their main portfolio with a full range of products and services adapted to each particular point of sale and to its end consumer, such as smoking items and those related to tobacco, food (including gourmet and refrigerated products), wines with choice of origin, spirits, stationery, confectionery, recreational and gift items, technological accessories, etc.

During the fiscal year 2019, Logistadis signed a three-year agreement to take charge of the supply and distribution of the various products that are sold through the shops situated inside Cepsa service stations in Spain.

In this way, Logista provides Cepsa with a comprehensive distribution service which includes the services of a purchasing department, inventory management and supply, automatic reception and preparation of orders, consolidation and delivery, management of financial and information flows, as well as after-sales service. All of this within a omni-channel model of interaction with the customer.

This agreement initially covers 900 points of sale, but it allows for the addition of new service stations.

The Group thus becomes the distributor of convenience products to Cepsa service stations in Spain and Portugal. The service to Cepsa in Portugal had previously been provided by MidSid, the Group's wholesale distribution subsidiary in that country.

51%

OF THE GROUP'S ECONOMIC SALES

44%

OF THE GROUP'S ADJUSTED EBIT

Through its own Multi-product Platform, the Group also provides points of sale with a wide range of electronic products and services in response to the technological transformation that has taken place in society and in customers' purchasing habits.

During the fiscal year 2019, in Spain, Logista exceed 40.6 million electronic recharges for telephony products, public transport, electronic money, etc. This was achieved by the extension of its services to public transport consortia and entities that was the result of the renewed confidence among its principal customers and the award of exclusivity for the recharge service provided to the Regional Transport Consortium of Madrid or to the Metropolitan Transport Authority of Valencia.

The Logista Group's continuous commitment to innovation, and its ability to adapt, have resulted in a significant increase in the importance and visibility of its physical sales channels in environments that are completely virtual, thereby providing a host of users, throughout the national territory, with systematic access to new payment services such as Twyp (ING) and to digital services of brands such as Sony Playstation, Google Play, Amazon, iTunes, Nintendo Xbox, etc.

Logista also offers the points of sale the opportunity to optimize their management by using its Strator Point-of-Sale Terminals, which are tools for the comprehensive management of the business, including order processing, updating of product information, etc.

Logista thus offers omni-channel marketing of products and services through Point-of-Sale Terminals, its e-commerce platform and its service points to the capillary network of points of sale distributed in Spain and Portugal.

Transport

In Spain and Portugal, through its transport division, Logista is the leading courier service for parcels and documents, and the leader in controlled-temperature capillary transport, through Nacex and Integra2, respectively; and it is one of the largest European companies in full-load and long-distance transport, through its subsidiary Logesta.

In the fiscal year 2019, the transport division increased its Economic Sales by 6.7%, thanks to its strategy of quality and differentiation, with a significant growth in the courier service and in controlled-temperature capillary transport, and a slight increase in long-distance transport.

Activity at Nacex again increased by rates that were close to double digits, reaching 24.94 million consignments.

At the beginning of the fiscal year, Nacex inaugurated its new platform in Coslada (Madrid), which was designed and constructed in accordance with the highest standards of quality, and which holds the LEED Gold energy certification.

It is the largest cross docking platform built in Spain in the past decade. It has an area of more than 12,000m^2, 114 loading-bays, a chamber and a pre-chamber for controlled temperature, specially adapted for the pharmaceutical sector's needs.

It also incorporates the latest technological advances in recording, tracking, safety and security, as well as a system that enables 32,000 parcels to be sorted every hour, using 464 sorting ramps.

Integra2 increased the number of its consignments by 1.8%, continuing to strengthen its leadership in the gourmet food and pharmaceutical sectors, and supported by its strict compliance with Good Distribution Practice (GDP) for pharmaceutical products.

During the fiscal year, Integra2 increased the sorting capability of the new cold areas in Madrid and of the refrigeration systems in Barcelona, in order to contribute to the continuing improvement in quality, in terms of both time and temperature maintenance.

Logesta, during the fiscal year, reinforced its European leadership in transport for the tobacco sector, thanks to the signature of new contracts while grew in the pharmaceutical, technological and textile sectors, in which it increased the number of operations with existing customers.

Logesta continued to renew its fleet of semitrailers, through more modern ones with fewer maintenance costs, while has developed new capabilities for its 'Teseo' route-management platform to improve its utility and attractiveness for drivers.

These solid results in the transport division were achieved complying with the Logista Group's commitments to sustaining the environment.

THE GROUP'S TRANSPORT DIVISION GIVES ITS CUSTOMERS FREE REPORTS ON THE CARBON FOOTPRINT OF THEIR DELIVERIES AND/OR JOURNEYS

Other Businesses

Logista is the leader in the specialized distribution of pharmaceutical products and publications.

During the fiscal year 2019, Logista Pharma continued to grow at double-digit rates, showing increases in activity for existing customers, and adding new laboratories to its portfolio.

In this way, Logista Pharma continues to consolidate its position as the leader in distribution to hospitals, and to increase its distribution to pharmacies.

During the fiscal year, Logista Pharma introduced the tracking of all pharmaceutical products, at product-unit level, right up to the pharmacy or hospital of delivery, exceeding the requirements of the European Union.

Logista Pharma also added absolute thermal tracking in real time, thus providing complete physical and thermal tracking; and it maintained full control over operations, relying, in relation to transport, on the quality of service of the Group's transport division.

During the fiscal year 2019, Logista Pharma invested considerable amounts in increasing capacity in its pharmaceutical plants, thus enabling it to continue along the path of growth, obtaining new customers and increasing activities with the current customers.

Notable among those investments was the one aimed at increasing capacity for the management of refrigerated pharmaceutical products, converting its platform in Leganés into one of the largest pharmaceutical installations at 2-8ºC in the whole of Europe.

Also during the fiscal year 2019, and in line with the continuing development of new and innovative services in distribution to pharmacies and hospitals, Logista Pharma started up a "Technological Commercial Platform" to provide the sales networks with all the technological tools that they need to do their work as efficiently as possible, suceeding in improving the productivity of their sales force, and, above all, helping them to increase their sales in pharmacies.

This "Technological Commercial Platform" consists of the following tools, among others: Salesforce, CRM, order capturer, routes/visits optimizer, BI (Business Intelligence) tool, e-learning portal, commercial documentary app, predictive order, etc.

Logista Pharma thus offers a state-of-the-art service in the pharmaceutical sector.

In the fiscal year 2019, the difficult situation which the sector continued to experience was reflected at Logista Publicaciones by a decline in its Economic Sales.

As for Logista Libros, the Logista Group's subsidiary specializing in the distribution of books in Spain, it maintained its leadership as an independent distributor, and increased its operational profitability and its results, thanks to the optimization of the network of points of sale to which it distributes, and thanks to the development of new services, such as printing on demand.

Its integrated service of printing on demand and distribution, in collaboration with Lantia Publishing, continued to grow, demonstrating the good reception given to a service in which the concept of 'book out of stock' disappears, now that a bookshop or other point of sale can even ask for a single unit of an out of stock book, it will be produced at the reader's request.

LOGISTA PHARMA CONTINUES TO CONSOLIDATE ITS POSITION AS LEADER IN DISTRIBUTION TO HOSPITALS, AND TO INCREASE ITS DISTRIBUTION TO PHARMACIES

FRANCE

Logista France is the leading distributor of convenience and tobacco products, and electronic recharges to almost 50,000 points of sale in France.

Tobacco and Related Products

Logista France is the leader in the distribution of tobacco and convenience products, including food and drinks, smoking items, stationery and consumer products, among others, and electronic recharges to the c. 24,000 tobacconists in France.

During the fiscal year 2019, the volume of cigarettes distributed fell by 6.5%, and the volumes of cigars and RYO fell by 0.8% and 5.5% respectively.

This change in volumes, although a decrease, can be regarded as positive because the manufacturers continued to increase the selling prices of their products, in line with the French Government's plan to increase taxes on tobacco until, in 2020, the price of a pack of cigarettes reaches 10 euros.

Thus, during the fiscal year, the excise duty on tobacco increased again, and there was also another increase in the tobacconists' commission.

The Logista Group was the first European distributor to guarantee full traceability of tobacco products at the minimum sales-unit, by recording and monitoring all the movements of the tobacco products which it distributes, from the time when they are manufactured until the moment when they are made available to the consumer.

In this way, Logista France has managed the tracking, throughout the supply chain, of all cigarettes and RYO tobacco products manufactured since 20th May, 2019.

During the fiscal year 2019, the Logista Group increased activity and Economic Sales in France, both in electronic recharges and in convenience products marketed through the tobacconists.

Logista France managed more than 17 million electronic recharges, and increased the numbers both of cash-card recharges and of customers in each sector, whereas the now traditional falls in prepaid telephony continued.

REVENUES
+1.2%
€4,070m

ECONOMIC SALES
+5.1%
€278m

ADJUSTED EBIT
+13.0%
€74m

SAF, the subsidiary of Logista France specializing in the distribution of convenience products to tobacconists, distributes smoking items, mass-market products, food, drinks, items for gifts, stationery, electronic cigarettes, etc., thus complementing the main offer of the point of sale.

During the fiscal year 2019, the growth in the distribution of electronic cigarettes and drinks was maintained, while there was a continuing decline in the distribution of food and smoking items.

The Group also continued to extend its network of "concept shops", by incorporating new points of sale that present to the end-user in France an image that is renewed, modern and attractive.

SAF launched its new website through which to market convenience products, in accordance with the Group's strategy of facilitating omni-channel marketing of products and services at the points of sale.

During the fiscal year 2019, it continued to increase the penetration of the Strator Point-of-Sale Terminals, which enable the points of sale to optimize their business management.

Other Businesses

Supergroup is the subsidiary of Logista France, which distributes convenience products, food and drinks, mass-market products, stationery and smoking items to more than 21,700 points of sale, including service stations, food shops and vending-machine operators, among others.

During the fiscal year 2019, despite growing price competition and France's difficult consumer environment, Supergroup again increased its sales and margins, thanks to the optimization of its portfolio of customers and of its catalogue of products, and also as a result of the rationalisation of stocks.

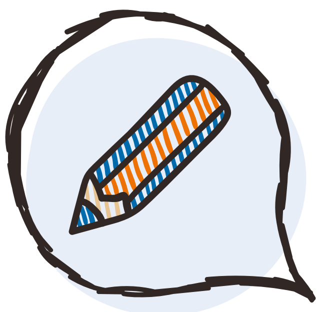
Moreover, during the same fiscal year, Supergroup added new customers and also renewed contracts with existing ones.

24%

OF THE GROUP'S ECONOMIC SALES

27%

OF THE GROUP'S ADJUSTED EBIT



DURING THE FISCAL YEAR 2019, LOGISTA CONTINUED TO INCREASE THE PENETRATION OF THE STRATOR POINT-OF-SALE TERMINALS, WHICH ENABLE THE POINTS OF SALE TO OPTIMIZE THEIR BUSINESS MANAGEMENT

ITALY

Logista Italia continued to consolidate its leadership in the distribution of tobacco and convenience products to nearly 60,000 tobacconists and convenience shops in the country.

The Group has also implemented in Italy full traceability of tobacco products, at the minimum level of sales-unit.

So in May, 2019, and in compliance with the European regulations, Logista Italia began to manage information about the distributed packs of cigarettes and RYO tobacco from the moment of their manufacture to the moment when they are delivered to the tobacconists.

Logista Italia renewed its distribution agreements with the main manufacturers, which have also been incorporating additional services.

Noteworthy among those renewals is that of Philip Morris, for their traditional products, but also for their next generation products.

Thanks to its modern and efficient distribution services, Logista Italia continues to renew and extend the contracts for services to its customers, who are thus demonstrating, once again, their confidence in the company.

The volume of cigarettes distributed in the fiscal year fell by 3.5%, while the volume of RYO and other distributed tobacco products, including consumables for heated tobacco, again increased, this time by 32.1%. The volume of cigars distributed rose by 6.0%.

During the fiscal year 2019, the manufacturers increased the selling prices of the traditional tobacco products after an increase in excise duty, whereas, following the reduction in the taxes applicable to next generation products, they decided to reduce the prices of some of those products.

The Revenues and Economic Sales of Terzia, Logista Italia's wholesaling subsidiary for convenience products, again grew at double-digit rates, thus maintaining the trend of recent years.

REVENUES
+10.2%
€2,962m

ECONOMIC SALES
-1.5%
€286m

ADJUSTED EBIT
+1.9%
€81m

Terzia continued to develop, successfully, its strategy aimed at strengthening the distribution of smoking items, food and drinks, electronic products, games and items for gifts.

Thus, during the fiscal year, Terzia increased the number of companies whose products it distributes, the number of points of sale which it supplies, the number of products distributed and the size of the average order placed by the retail businesses.

Terzia persisted with its strategy of retaining customers' loyalty, reinforcing it with policies and measures aimed at strengthening the link with the points of sale for its entire commercial offering, and at consolidating its position as the main supplier.

The growth at Logista Italia was accompanied by improved operational efficiency.

So in this manner, and in line with the Group's vertical model, Logista Italia concentrates most of its logistics operations (warehousing, management of inventories, orders preparation, grouping, packing and delivery) within its five automated central and regional warehouses so as to take advantage of synergies through volume, while ensuring that the points of sale have a local, nearby presence in the form of a network of service points which is continuously adapting to the structure of the market.

Logista Italia places at the disposal of its points of sale 116 service points, through which they can contact the company directly, gain access to its complete offer of products and services, and have available an additional means of supply.

Logista Italia also continued to strengthen its relationships with the points of sale by introducing substantial modernisation into its national distribution operations.

Thus, the great majority of tobacconists now place their orders through the company's web channels, and almost half of them make their payments electronically.

In addition, the use of Logista Italia's transport service is more convenient for the points of sale, which receive their consignments directly, fully guaranteed, and with a greater and better control of supply, thereby achieving continual improvements in operational efficiency.

So Logista Italia is continuing to optimize its operational efficiency and control along the whole of the value chain, at the same time improving the service to the points of sale, contributing to their modernisation, facilitating the management of their businesses and providing a complete commercial offering, adapted to their end customers.

25%

OF THE GROUP' S ECONOMIC SALES

29%

OF THE GROUP'S ADJUSTED EBIT

LOGISTA ITALIA ALSO CONTINUED TO STRENGTHEN ITS RELATIONSHIPS WITH THE POINTS OF SALE BY INTRODUCING SUBSTANTIAL MODERNIZATION INTO ITS NATIONAL DISTRIBUTION OPERATIONS

INFORMATION **TECHNOLOGIES AND INFRASTRUCTURES**

Logista has one of the most specialized and technologically advanced distribution networks in Southern Europe, guaranteeing complete capillary coverage in all the countries in which it is present, with total control, efficiency, sustainability and flexibility in its operations.

In January, 2020, CDP again included the Logista Group on its prestigious "A-List", where it stands out as the only European distributor on the list for the fourth consecutive year. This identifies Logista as a world leader in the management of changes in the climate.

Information Technologies

Intensive use of innovative platforms for information technologies

The Logista Group's omni-channel distribution strategy is based on the most innovative and pioneering information technologies, designed to deepen Logista's involvement with the manufacturers and with the points of sale to which it distributes.

The points of sale have the widest possible range of means by which to interact with Logista, place orders and gain access to its portfolio of products and services, thanks to the Group's wide network of Point-of-Sale Terminals, its powerful e-commerce platform, its integrated call-centres, sales force and the hundreds of service points or cash & carries which the Group makes available in each of the countries in which it operates.

The Logista Group has a network composed of some 47,000 Point-of-Sale Terminals installed in the various countries and retail channels, including the Strator terminals which the Group is continuing to implement in France and Spain, and to extend in Italy.

During the fiscal year 2019, the Logista Group continued to develop innovative, specialized services in the various sectors in which it operates. For example, it started up a "Technological Commercial Platform", intended to provide the commercial networks of those pharmaceutical laboratories that are customers of the Group with all the technological tools necessary to optimize efficiency in their work, and even to help them increase their sales in pharmacies.

This "Technological Commercial Platform" is composed of various tools, such as Salesforce, CRM, order capturer, routes/visits optimizer, e-learning portal, etc.

An important milestone in the fiscal year 2019 was the culmination of the renovation of its Data Centres, the basis on which to continue consolidating the omni-channel distribution strategy developed by Logista.

The new architecture was designed in accordance with the principles of security, optimization and flexibility. The Group incorporated new hardware and migrated the Group's main SAP systems to the SAP HANA technology of memory-based databases, in order to significantly improve performance and reduce the time taken to respond of the businesses' processes and data analysis.

In this way, data were obtained more quickly, so their analysis was also more streamlined, thus providing the Group's businesses with a swift response to the requirements and needs of their markets.

THE GREATEST CHALLENGE FOR THE LOGISTA GROUP DURING THE FISCAL YEAR 2019 HAS BEEN TO INCLUDE IN ITS OPERATIONS THE REQUIREMENTS OF THE EUROPEAN DIRECTIVE ON THE TRACEABILITY OF TOBACCO PRODUCTS

Infrastructures

A network of environmentally sustainable infrastructures

Logista has one of the widest specialized, technologically advanced and sustainable distribution networks in Southern Europe.

In 2019, Logista became the first European distributor to include in its operations fulfilment of the requirements on traceability of the European Directive of tobacco products, when it guaranteed their full traceability of the tobacco products, even for the minimum sales unit.

In this way, Logista recorded and monitored all the tobacco products which it distributed, at the level of the pack of cigarettes or equivalent, and manufactured since 20th May, 2019, from the time when they were manufactured until the moment when they were made available to the consumer in the various countries in which it operates.

The business model developed by Logista is unique in Southern Europe. Its vertical model of infrastructures for distribution provides efficiency and specialization by concentrating its logistics activities (warehousing, management of inventories, preparation of orders, grouping, packing and delivery) in its central and regional warehouses; and it gets closer to the point of sale through hundreds of service points, thus ensuring complete coverage, and also proximity, service, availability and permanent communication with the point of sale.

- This concentration of logistics activities in central and regional warehouses allows them to be given a high degree of automation through the use of advanced information systems that provide operational efficiency and specialization in each sector.

- The proximity of service points to the points of sale in each country in which the Group operates allows the creation of a platform for the exhibiting and marketing of products and services, while establishing a point of direct contact with the company.

Logista completes its distribution service through the integration of its transport division with this network of infrastructures and information systems, thus ensuring complete control over transport and distribution, with total physical and thermal traceability, and in an environmentally sustainable manner.

The Logista Group applies various sustainable initiatives aimed at reducing consumption of fuel and energy.

Throughout the fiscal year 2019, it carried out various actions in this field, including the optimization of transport routes and the continuous implementation of corporate and local projects such as the monitoring of consumption, the replacement of lighting, improvements in insulation, renewal of equipment, etc.

The Logista Group's new installations have been designed and built in accordance with the strictest standards of energy efficiency. As a result, the new platform of Nacex in Coslada (Madrid, Spain) and the new warehouse in Bologne (Italy), for the distribution of next generation products, have obtained the LEED / BREAM certification.

The LEED GOLD certificate recognizes buildings which incorporate criteria of sustainability and high efficiency in their functioning. The LEED award (Leadership in Energy and Environmental Design) allows the evaluation of the most sustainable buildings in the world, by means of objective guidelines and quantifiable parameters. It is awarded by the Green Building Council of the United States, a body whose objective is to promote strategies which reduce the impact of the construction on the environment.

This certification recognizes environmentally-aware methods and strategies used in premises in connection with energy efficiency, consumption of water, the use of clean forms of energy, improvement in the quality of the environment inside the building, the selection of materials and the management of waste.

There are many benefits for a building designed in accordance with the guidelines for the LEED certification. Examples are a reduction in operating costs, a saving of energy, and the reduction of the building's ecological impact.

During the fiscal year 2019, the Group also increased the operational capacity of several sites, as in the cases of its warehouse in Tortona (Italy) and its centres in the Canary Islands (Spain). The purpose of these increases was to adapt to the current level of activity following the acquisition of new customers. Integra2, in turn, also continued to optimize its logistics infrastructure by adding new premises in Cordoba; and Logista Pharma continued to extend and improve its capacity at its platform in Leganes, increasing activity with existing customers and adding new laboratories to its portfolio of customers.

CORPORATE SOCIAL RESPONSIBILITY

Since its origins, Logista has evolved according to an upright behavior, based on ethical, business, social, environmental, economic and transparency values. However, due to the desire of continue progressing in its commitments to social responsibility, the Group has been adopting a number of voluntary actions committing, also externally, to keep improving in this area going forward.

Accordingly, in June 2016, the Company approved its Corporate Policy on Social Responsibility, setting the Group's main commitments to the different stakeholders in corporate governance, economic, operational, environmental and social matters.

This Corporate Policy on Social Responsibility integrates into the Group's strategy and management model, the principles and values characterizing it and the commitments voluntarily adopted, permeating all its actions.

Objectives and commitments to 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 the Group's activities in social responsibility matters.

The Logista Group's objectives and commitments to its main stakeholders contribute to developing a sustainable business model and to adding the maximum possible value to each of them.

The Logista Group carries out a periodical assessment of the degree of achievement of these commitments and objectives aiming to identify opportunities for improvement in managing CSR.

Permanent and fluent dialogue with Stakeholders

Logista promotes a permanent, fluid and transparent dialogue with all its stakeholders through a number of communication channels, specific and adapted to each stakeholder's characteristics, or through communication channels common to all of them, as may be the Company's corporate website (www.grupologista.com) or the corporate reports annually published.

Communication channels specific to each stakeholder include personal contacts, meetings, specific email and phone numbers, suggestions boxes, etc.

GOOD GOVERNANCE

OBJECTIVES

- Short, medium and long-term value generation

COMMITMENTS

- Promoting best practices
- Fostering transparency and two-way communication
- Assuming the Group's fiscal responsibility
- Incorporating the principles of the United Nations Global Compact

SUPPLIERS

OBJECTIVES

- Promoting the compliance with sustainable criteria

COMMITMENTS

- Promoting the optimization and rationalization of resources
- Guaranteeing maximum transparency and preventing the risk of fraud in the contracting processes
- Promoting the knowledge and application of the Code of Conduct and of the principles upon which the Group's Purchasing Policy is based on

EMPLOYEES

OBJECTIVES

- Promoting employment and motivation of employees
- Recruiting and developing internal and external talent
- Spurring continuous training and learning
- Diversity and equality of opportunities
- Promoting the health, safety and wellbeing of employees

COMMITMENTS

- Promoting employment and motivation of teams
- Developing actions designed to recruit talent
- Spurring the training and qualification of our employees
- Establishing a policy on remuneration and social benefits which facilitates the engaging of the best professionals
- Promoting diversity and equality of opportunities
- Considering the health, safety and wellbeing of employees as a fundamental value for the Group

SHAREHOLDERS AND INVESTORS

OBJECTIVES

- Long term sustainable value generation
- Permanent dialogue

COMMITMENTS

- Long-term sustainable value generation
- Prudent and responsible risks management
- Promoting integrity and transparency in the information
- Guaranteeing fair treatment to all shareholders

CLIENTS AND CHANNELS

OBJECTIVES

- Creation of stable and long-term relationships
- Loyalty of relationships

COMMITMENTS

- Promoting excellence and quality in the service
- Spurring initiatives fostering full satisfaction of clients and the correct functioning of the sales channels
- Establishing stable and long-term relationships

SOCIETY AND ENVIRONMENT

OBJECTIVES

- Development of quality and environmental good practices
- Social initiatives

COMMITMENTS

- To identify, monitor and control the most relevant environmental indicators (scorecard)
- Collaborating in, participating in, and supporting national and international initiatives for the protection of the environment
- Impelling the development of the Energy Efficiency Plan
- Promoting the CSR culture

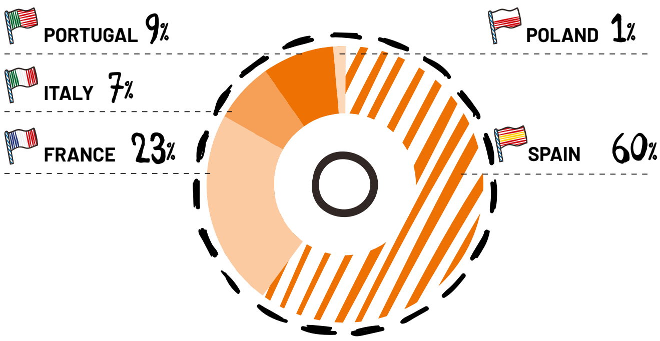
EMPLOYEES

Logista considers its professionals and collaborators a key and fundamental factor in achieving its business targets, being the Group's ultimate goal the value generation.

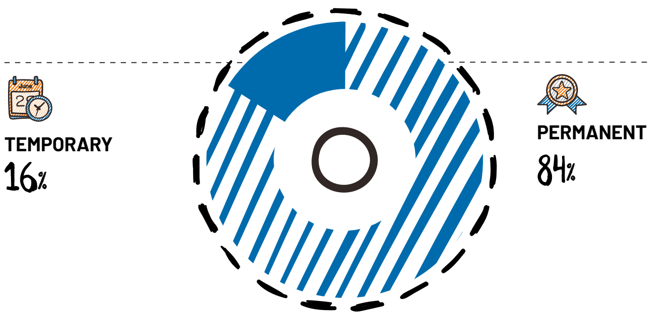
Respect, initiative, commitment and professionalism are the values ruling the conduct of every professional recurrently collaborating with Logista. These values are expressly included in the Group's Code of Conduct, establishing the guidelines for all its professionals' behaviours.

Some 15,000 professionals recurrently collaborate with the Logista Group, being 5,980 direct Group employees at the closing of the fiscal year 2019.

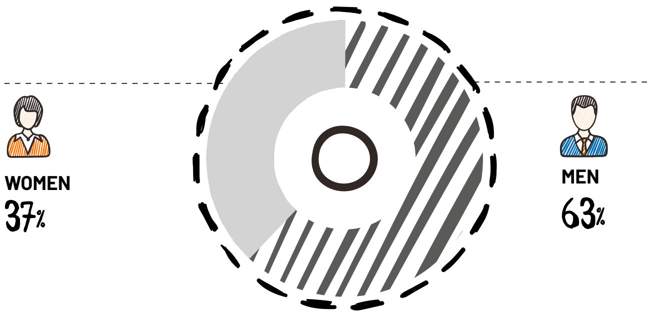
Employees by country



Employees by type of contract



Employees by gender



Promoting employment

The Logista Group is committed to job creation and maintenance, promoting a long-term labour relationship with its employees in a healthy and secure working atmosphere with high levels of motivation and satisfaction.

During the fiscal year 2019, Logista also has continued devoting its greatest efforts to atract talent and the best proffessionals. Accordingly, at closing of fiscal year 2019, the total staff rose by 161 employees, from 5,819 in fiscal year 2018 to 5,980 professionals.

Talent management

The Logista Group carries out a talent management aimed at achieving business targets.

During the fiscal year 2019, the Recruitment Excellence Centre has continued implementing competitive tools and improving its processes and efficiency by using metrics analysis and contracting experts, aiming at attracting and incorporating the best candidates to the Group.

As example, it stands out the implementation of teams management policies, the participation in the main forums at business schools, universities and and jobs fairs in each country, the improvement and fostering of tools for selection processes, the attraction of junior profiles, through the "Youners" project, aiming at developing their careers in the Group or the welcome and integration plans for new employees.

Compensation and Benefits Policy

Logista, aiming at hiring and retaining the best professionals, has a market-competitive compensation and benefits policy at an individual and global level.

Also, Logista carries out benchmark and internal equity and external competitivity studies, favouring decision-making and teams' management across departments.

Employees' development

Logista considers training as one of the most relevant issues in managing talent and its staff's professional development.

The main training actions which, based on the business targets, were carried out during the fiscal year 2019, were related to leadership, sales, projects management and technical knowledge.

Logista also fosters geographical and functional mobility to boost its employees' professional development.

Also, the Development Excellence Centre has developed other projects during the fiscal year, like increasing Talent (Talent Density) in Group's critical positions, as well as reinforcing succession plans for such positions, starting individualized action plans encompassing different initiatives regading assignment to projects, development and compensation, as well as the aforementioned "Youners" project.

Teams' motivation

Logista promotes a fluid and transparent dialogue with its staff, keeping bidirectional communication and dialogue channels and boosts the periodical communication in its Intranet regarding the most relevant information and main projects for the Group and each of its businesses.

Also, the Group's Labour Relations Excellence Centre has the fundamental aim of fostering a stable and long-term labour framework favouring the development of its employees and businesses.

Safety, Health and Wellbeing

Employees' safety, health and wellbeing is a fundamental value for the Group, seeking a safe and healthy working atmosphere.

During the fiscal year, the Group has continued consolidating its OHSAS 18001:2007 certification, the international standard defining an organised management for preventing labour risks.

Accordingly, the OHSAS 18001:2007 certifications of Logista Pharma, Nacex, Integra2, Logesta and Logista Libros are annually reviewed in Spain. In Italy, Logista Italia and the work centres in Bologna and Crespellano have this certification. In Portugal, the certifications of all businesses located in Alcochete (Lisbon) have been reviewed and, in Poland, Logista Polska's certification obtained two years ago was reviewed.

At the same time, Logista proactively manages its employees' labour safety, health and wellbeing, organizing workshops with benchmark occupational health centres enabling to progress in implementing improvements in risks prevention at work centres.

Different projects are also carried out every year with the common goal of reducing risks related to manually handling loads in activities, including pilot tests with dorsolumbar exoskeletons, the installation of tilting tables, preventive physiotherapy plans and "in situ" on-the-job back school training.

Logista additionally informs its employees on potential risks for their health at their post and provides specific training in every business.

Diversity, equality, non-discrimination and ethical behaviour

Logista is committed to diversity, equal opportunities and non-discrimination in every form, as expressly said in the Group's CSR Policy and Code of Conduct.

CLIENTS **AND CHANNELS**

Clients are the core of Logista Group's business model.

Logista has therefore developed a unique business model in Southern Europe, integrating into a sole operator all services within the distribution value chain, in a transparent, efficient, sustainable and fully traceable way, and with the most advanced and specialized services according to each industry and channel of points of sale the Group operates in.

The Group provides manufacturers and retailers with a simple, effective and modern omni-channel approach to the broadest portfolio of products and services, adapted to the point of sale and its end consumer.

Excellence and maximum quality in service

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

Stable and long-term relations

Logista seeks establishing trusting relationships with its clients and keeping stable and long lasting bonds benefitting both parties, securing management independence and operating neutrality.

The Legal Corporate Directorate centralizes the review of the most significant contracts throughout the Group to ensure strict law compliance.

UNIQUE BUSINESS MODEL

EXCELLENCE

QUALITY SERVICE

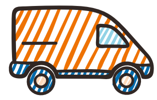
STABLE RELATIONSHIPS

Logista integrates its commitment to quality, sustainability and continuous improvement when carrying out its activities and operations, and has several certificates recognizing it:

MAIN CERTIFICATES

ISO 9001	Group's Quality Management System in over 300 premises
GDP (GOOD DISTRIBUTION PRACTICES)	Distribution of pharmaceutical products according to European and Spanish regulations
GMP (GOOD MANUFACTURING PRACTICES)	Proper handling, relabelling and repackaging of pharmaceuticals, granted by the Spanish health authorities
OEA (AUTHORIZED ECONOMIC OPERATOR)	Spain's AEAT (State Agency for Tax Administration) recognizes, according to its most demanding Customs Simplification, Security and Safety version, a proper customs control, financial soundness, adequate security and administrative management to ensure a satisfactory tax compliance
TAPA	Recognizes Logesta for following Facility Security Requirements (FSR) and Trucking Security Requirements (TSR) standards designed to ensure security and safe transit and warehousing of assets of any TAPA member worldwide
UNE-EN ISO 14064	Carbon footprint calculation at Group level
ISO 14001	Environmental Management System
OHSAS 18001	Organised management for preventing labour risks
IFS LOGISTICS	Recognizing Integra2's quality in the food industry

SUPPLIERS



The Logista Group responsibly manages the supply chain, establishing commercial relationships with trustworthy suppliers, reputed for professionally and ethically developing their activity.

Logista gathers in the "General Principles of Behaviour" the minimum standards and basic behaviour norms ruling the suppliers' activity in their relationships with the Group, as well as regarding their own employees or third parties involved in developing their activity.

These Principles of Behaviour must be known and accepted by all Group's suppliers, and are compulsory. To secure the public knowledge, they are published in the Group's corporate website and translated into the official languages of the countries where the Group is present.

The Group's Purchasing Policy includes the Logista Group's main principles on ethics, labour, sustainability, quality and vocation for clients, which the suppliers' selection and contracting process are based upon, being an objective and rigourous process.

Also, the Group's Purchasing Norm rules that contracting must be guided, among others, by the Principle of ethical and professional conduct.

Aiming at assessing the degree of compliance with quality, security and professionalism standards, among others, required by the Group, Logista carries out periodical evaluations to measure its suppliers' ability.

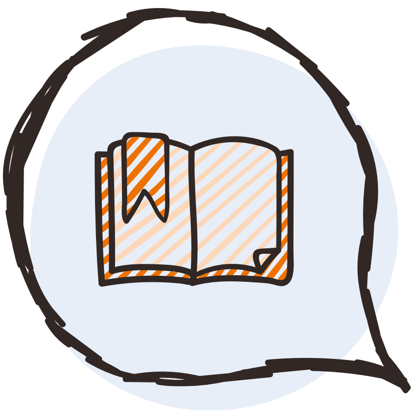
These reviews fall within the control systems implemented in every Group business.

Periodical reviews include the evaluation of certified quality systems or the review of the degree of compliance of regulatory strategies.

Resources optimization

All relevant purchases of goods and services corresponding to general purchases, supplies, maintenance services and information and communications technologies, as well as CAPEX are centralized aiming at optimizing and rationalizing resources.

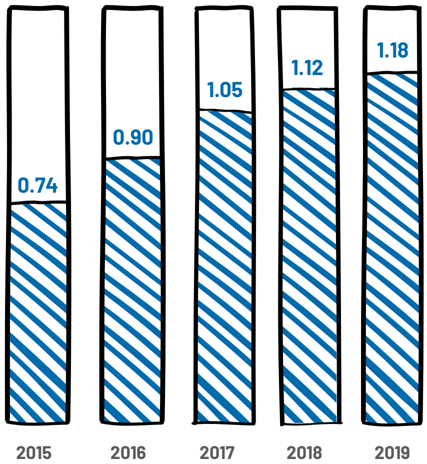
There are also contractings of goods or services that, due to their nature or reduced cost, are not suitable for a centralized management. In these cases, the established purchasing process is also followed to comply with the general principles set forth in the Purchasing Policy and so ensure transparency, efficiency and equity in such purchases.



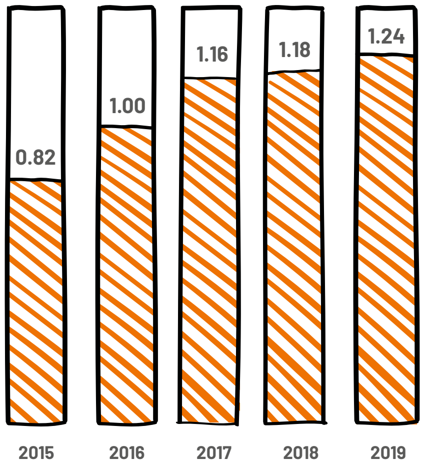
THE GROUP'S PURCHASING NORM RULES THAT CONTRACTING MUST BE GUIDED, AMONG OTHERS, BY THE PRINCIPLE OF ETHICAL AND PROFESSIONAL CONDUCT

SHAREHOLDERS **AND INVESTORS**

The Logista Group is committed to creating value, ensuring corporate profit and keeping a fluid and transparent dialogue with shareholders, investors and financial analysts as one of the bases for its long-term sustainability.



DIVIDENDS (€ PER SHARE)



EARNINGS PER SHARE (€)

Logista manages the relationship with investors and the financial community in general through the Investor Relations and Strategic Analysis department, with a commitment to maximum transparency in information and firm respect to applicable regulations.

The Group's Policy on Information and Communications with shareholders, the securities markets and the public opinion establishes the Company's information, communications and contact instruments when communicating and contacting shareholders, analysts and large investors, as well as with the media in all relevant aspects for the Group.

Accordingly, Logista provides the investors community with relevant information on the Company related to its strategy, activities and results through information published in its corporate website, as well as through meetings, personal contacts, participation in conferences and seminars, etc.

By the end of the fiscal year 2019, 13 firms covered the Company with 11 buy ratings, 2 hold ratings and no sell ratings, with an average target price of €24.8.

Logista in the Stock Market

Since the closing of fiscal year 2014 (when Logista was again listed), Logista's share price has annually increased by 4.4% versus a 3.1% average annual decline of the IBEX 35 index in the same period. By the end of the fiscal year 2019, Logista's share price was €17.9.

Logista is part of the IBEX Top Dividend, IBEX Medium Cap and FTSE4Good indexes.

Logista's share historical data

	2014*	2015	2016	2017	2018	2019
Market capitalization at the end of FY (€m)	1,912	2,238	2,636	2,701	2,936	2,374
Closing price (€)	14.4	16.9	19.9	20.3	22.1	17.9
Maximum price (€)	14.4	20.2	21.6	24.2	23.7	22.8
Minimum price (€)	13.0	12.9	16.7	19.2	17.2	17,7
Total volume (shares)	24,614,887	60,184,153	40,296,050	35,104,389	65,615,281	41,954,961
Average daily volume (shares)	431,840	236,016	156,186	137,127	258,327	164,529
Rotation (% of share capital)	18.5%	45.3%	30.4%	26.4%	49.4%	31.6%

*Since July 14th, 2014: IPO. Source: Bloomberg

Dividends

Logista's dividends policy, subject to approval by the General Shareholders Meeting, consists in an annual payout of, at least, 90% of the annual Consolidated Net Profit.

Accordingly, Logista paid an €0.37 per share interim dividend on August 29th, 2019, indebted to fiscal year 2019 results and, furthermore, the Company's Board of Directors intends to propose to the General Shareholders Meeting distributing a final dividend of €0.81 per share, to be paid by the end of the second quarter of fiscal year 2020.

Therefore, the total dividend to be indebted to fiscal year 2019 would amount to €1.18 per share, a 5.4% higher than the total dividend indebted to the previous fiscal year and implying a 95.2% payout.

Capital structure

All Logista's shares are of a single class and series and have the same rights.

As of September 30th, 2019, Logista had a share capital, fully subscribed and paid, of €26,550,000, represented by 132,750,000 shares of €0.20 per value each.

At the end of fiscal year 2019, Logista had 486,013 own-shares in order to meet the commitments of shares distribution resulting from the Company's incentive plans.

During the fiscal year 2019, the most significant movements in the shareholding structure have been the increase of the Santander Asset Management SA SCIIC above 3%, the decline of Black Rock's stake to 3.96% from 4.58% at the end of the previous fiscal year and the decline of the Capital Management Research stake below 3% from the 5.34% at the end of the previous fiscal year.

Prudent and responsible management of risks

The Logista Group efficiently, prudently and responsibly manages risks aiming at minimizing impacts if they were to materialize.

At that end, the Group's Risks Management General Policy, including the Corporate Risks Management System, provides the guidelines to integrate all information of the Group's different functions and operations, in order to provide business managers and corporate directorates with a full and integrated vision of risks, so improving the Management's ability to manage them while minimizing possible impacts if risks were to materialize.

The Group's risks management methodology is exhaustively explained in the Annual Report on Corporate Governance 2019.

Equal treatment

Every Logista's shareholder has the right to attending the General Shareholders Meeting on an equal and equitable basis, notwithstanding the number of shares owned.

Logista promotes that shareholders participate in the General Shareholders Meeting, the Company's sovereign body and fundamental forum for shareholders in taking part in the decisions-making and sharing their opinions and concerns with the Board of Directors and the rest of shareholders.

NAME OF SHAREHOLDER	% OVER TOTAL
Imperial Brands PLC	50.01%
BlackRock, Inc	3.96%
Allianz Global Investors GmbH	4.98%
Santander Asset Management SA SCIIC	3.01%

As of September 30th, 2019, according to the information reported to the CNMV by the shareholders

GENERAL SHAREHOLDERS' MEETING	2015	2016	2017	2018	2019
% of capital present or represented	82.96%	90.91%	88.82%	84.66%	84.09%

SOCIETY: **ENVIRONMENT AND SOCIAL ACTION**

Logista is committed to a sustainable growth, both economic, in social welfare and in terms of respect for the environment it operates in.

Environment

The Logista Group develops good environmental practices aiming at minimizing the environmental impact of its activities.

Its Quality and Environment Director Plan and the Quality, Environment and Energy Efficiency Policy set guidelines and good practices to optimize the use of resources and prevent pollution in processes, according to strict regulatory compliance and the Group's targets voluntarily subscribed.

MINIMIZING ENVIRONMENTAL IMPACT OF ACTIVITY

GOOD PRACTICES TO OPTIMIZE RESOURCES

PREVENTING POLLUTION IN PROCESSES

Logista accordingly develops several actions with the objective of controlling and managing its activity's current and foreseeable effects on the environment and addressing the significant environmental aspects.

Logista has so established the main environmental and quality indicators for its sustainable development, taking its activity into account, which it periodically controls and assesses conducting energy audits in every country and per business.

The aspects the Group considers not representative or material regarding this matter are water consumption, which given the activity developed by the Group is only used for sanitation reasons; noise and light pollution and the protection of biodiversity, as the Group's activity has no direct impact on protected areas.

Carbon Footprint

The Group assesses its carbon footprint and promotes reducing it, as one of the Group's initiatives for minimizing the environmental impact of its activities.

The Logista Group calculates the carbon footprint of all its businesses and activities in the different countries where it operates, including most of the Group's outsourced activities, like 100% of emissions from transport operations and franchises, as well as indirect activities, like those of acquiring goods and services, according to ISO 14064 norm considering as referent the GHG Protocol methodology.

A reputed independent firm verifies the calculation according to the UNE-EN ISO 14064 norm, ratifying the figures, reliability and traceability of the process.

Also, the Group's transport division freely reports to clients the carbon footprint of their deliveries and transport routes.

The Logista Group has significantly improved its efficiency ratio due to its continouos effort optimizing energetic efficiency in its processes and facilities, albeit the increase in activity involved raising emissions in abolute terms.

Renewable energies

The Logista Group is committed to using renewable-produced energy. All Group's directly managed centres in Spain, France, Italy and Portugal use renewable-produced energy and, overall, over 90% of the Group's premises.

Efficient use of resources

Logista collects and analyzes information on water consumption, waste and the most relevant materials for the Group, aiming at an efficient use of resources.

Aiming at reducing fuel and energy consumption, Logista has developed during the fiscal year 2019 a number of initiatives, such as optimizing routes, adjusting volume to the existing infrastructure, setting local targets and inititaves for reduction at its main warehouses, etc.

Logista carries out periodical energy audits for the Group's main processes and warehouses, aiming at identifying and prioritizing improvement actions for reducing such consumptions.

Other actions carried out by Logista during the fiscal year 2019 for reducing energy consumption include, among others:

LEED/BREAM certification for new premises, like the new warehouse next generation products at Bologne (Italy), designed and built according to the most strict energy efficiency standards.

Constant implementation of corporate and local projects like monitoring consumption, replacement of illumination, improvements in isolation, renewal of equipment, etc.

In January 2020, CDP again included the Logista Group on the prestigious "A-List" group, highlighted as the only European distributor in the list for the fourth consecutive year and identifying Logista as a world leading company in managing Climate Change.

OPTIMIZATION OF ROUTES

LEADER FIGHTING AGAINST CLIMATE CHANGE

AWARENESS IN EMPLOYEES

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

Collaboration with national and international organizations

Logista collaborates with several environmental protection organizations and initiatives, like the Grupo Español para el Crecimiento Verde (Spanish Group for Green Growth or GVEC) in which Logista is a founding member.

The GVEC works together to transfer to the society and the Public Administration its vision on the sustainable economic growth model compatible with the efficient use of natural resources.

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

The Logista Group also develops initiatives for awareness to increase the employees' knowledge and commitment, disseminating the Group's actions on these matters.

The email address calidadymedioambiente@logista.es is available to the public to sbumit to the Logista Group any doubt, suggestion or comment related to the Group's quality and environment management.

Social action

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

THE LOGISTA GROUP THROUGH ITS COMPANIES SUPPORTS SEVERAL INITITIAVES TO IMPROVE QUALITY OF LIFE OF THE MOST VULNERABLE GROUPS

The Group supports researching and palliating diseases, by backing several initiatives. Nacex commits to long-term collaborations and so, one further year, Nacex is VIP Partner Company of the Josep Carreras Foundation supporting its fight against leukaemia, keeps collaborating with the Multiple Sclerosis Foundation and with the Spanish Federation of Rare Diseases (FEDER), supporting its campaign for the Rare Diseases World Day by delivering charity packs to associations and collaborating entities. It also collaborated with C.B. Valls in a charity initiative fighting cancer.

In the fiscal year 2019, Nacex started collaborating with the Ronald McDonald Foundation, non profit entity highly reputed for its work favouring families with seriously ill children, by sponsoring a room at the Ronald McDonald House in Barcelona, very close to the Vall d'Hebrón Hospital.

Nacex also collaborated with the ASDENT Foundation by collecting solidarity caps for researching the rare Dent disease. Its franchises have become collecting points for caps and have made possible a nationalwide collection, as until then the Foundation only collected caps in Catalonia due to the lack of resources. Requesting suppliers and customers are also collecting points.

Meanwhile, Integra2 collaborated with different iniatiatives, like the ADMO association (Extremadura's Association for donating bone marrow and umbilical cord), or the "Metamorfosis desde la esperanza" event to collect funds for the AECC (Spanish Association Against Cancer).

Integra2 also collaborated with organizations like Olvidados and the Food Bank by donating its transport services to collect, transport and deliver food, health products, etc. to parishes, social lunchrooms, etc.

The Group additionally promotes charity bazaars at its premises, as well as collecting products for several social-supporting organizations.

For example, the Logista Group's headquarters held a charity bazaar during Christmas with the participation of Red Cross Leganés, Avantes3, Prodis Foundation and La Merced Foundation. Logista France organized a toy collection with the "Le secours populaire" association.

Logista France also collaborated with organizations like Stophunger, Mieux vivre at Vaucluse and the French Red Cross by donating funds or products to support unfavoured groups around it.

One further year, Nacex was the official courier of the "Ayuda en Acción Christmas" campaign, allowing the NGO to develop humanitarian support projects. Particularly, the "Enlighten their future" project in 2019 focused on achieving that children in the Nacuta area (Mozambique) receive education to prosper.

Also during Christmas, Nacex collaborated with Unicef by selling the NGO's charity gifts at its headquarters.

Logesta keeps fostering kids in Cambodia, Peru and Guatemala to achieve communities' self-sufficiency in education, culture, food safety, health, infrastructures, production and qualification. Logesta has also collaborated with Juegaterapia and the Educo Foundation.

The Group also keept supporting sport initiatives, particularly those focused on young people and seeking the integration and participation of disabled athletes, by sponsoring several sport clubs, activities and events.

Integra2 supported different initiatives, like the "un nombre una vida" campaign through a golf tournament, and has collaborated with several sport clubs, like the Rias Baixas Cycling Club (elite under 23 team) and the Navalmoral Indoor Football Club.

Nacex sponsored the football Media Base Sports and the basketball GLT Sport campuses. It also sponsored the Nacex paddle tennis Challenge, where former Real Madrid and Barça football players competed to raise funds for charity, this time devoted to the Forever Dream foundation. Nacex also sponsored a number of golf charity tournament, like the "Tournament for Brave people", for the Leo Messi Foundation and the San Juan de Dios hospital in Barcelona.

Nacex also sponsored the Kern Pharma XIII International Meeting fostering the elite athletics among disabled athletes.

Additionally, the Logista Group through Nacex promotes culture by sponsoring the Príncipe Pío Theatre in Madrid and the creation of an area in the Micropolix child leisure centre at Madrid devoted to couriers so kids may know the importance of this occupation in the current world. Integra2, meanwhile, maintains the www.rutaintegra2.es portal on popular food festivities in Spain, bringing closer the gourmet and food industries, fostering popular, and food culture across the regions.

SPONSORSHIP

HUMANITARIAN AID

CHARITY

EDUCATION

SPORT INITIATIVES

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

Consolidated financial statements for the year ended 30 September 2019 and consolidated Management Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 14). In the event of a discrepancy, the Spanish-language version prevails.

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 31). In the event of a discrepancy, the Spanish-language version prevails.

Independent Auditors' Report on Consolidated Financial Statements

To the Shareholders of Compañía de Distribución Integral Logista Holdings, S.A. and Subsidiaries,

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Compañía de Distribución Integral Logista Holdings, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 30 September 2019, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended ("2019").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 30 September 2019, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain, pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

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

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Madrid Mercantile Register, volume 13.650, section 8, sheet 188, page M-54414, entry no. 96
Registered in ROAC under no. S0692 - Employer Identification Number: B-79104469.

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Madrid Mercantile Register, page 87.250-1, sheet 75, volume 9.267, book 8.054, section 3
Registered in ROAC under no. S0242 - Employer Identification Number: B-79031290

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

Key Audit Matters

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

Key Audit Matters	How the Matters Were Addressed in the Audit
Recognition of tobacco sales revenue Tobacco sales, which represent 95% of the Group's total sales, relate to the goods delivered, net of discounts, VAT, excise duties on tobacco products and other sales-related taxes. Although the recognition of this revenue, under the Group's habitual terms and conditions, is not complex, it does involve the consideration of specific circumstances associated with the various conditions agreed with manufacturers and with the taxes and levies applicable in each jurisdiction. There is an inherent risk associated with the timing of the recognition of this revenue, which depends on the distribution channels involved, the contractual terms and conditions under which the goods are sold, and the impacts that regulatory changes might have on sales (VAT, excise duties, vendor's commissions, etc.). Accordingly, this matter was a key area in our audit.	Our audit procedures included checking the effectiveness of the controls over the sales-accounts receivable process and substantive procedures such as: • Checking the design, implementation and operating effectiveness of the relevant controls (including information system controls) supporting the completeness of the sales, as well as the automatic sales invoice accounting and recognition procedure, for which purpose we involved our technology and systems specialists. • Analysing whether the revenue is properly recognised, taking into account the contractual terms and obligations vis-à-vis manufacturers and customers. • Evaluating the reasonableness of the sales volumes and margins for 2019 with respect to the trends in previous years, and checking these data against the information furnished by internal Group and external sources. • Performing tests of details on a sample of recognised sales. • Performing combined manual and technology and systems expert-assisted tests in order to obtain and verify the entries recorded in the tobacco sales revenue and trade receivables accounts. No material exceptions or misstatements were observed as a result of our procedures. Notes 4.15, 23.a and 24 to the accompanying consolidated financial statements contain the disclosures and information relating to the Group's tobacco sales revenue.

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

Key Audit Matters	How the Matters Were Addressed in the Audit
Legal proceedings	
As detailed in Note 22 to the accompanying consolidated financial statements, the Group is involved in the following legal proceedings: • Proceeding relating to the Spanish National Markets and Competition Commission Decision of 10 April 2019 in relation to the enforcement proceedings concerning an alleged exchange by certain tobacco manufacturers of information on the sale of cigarettes from 2008 to 2017. • Proceeding relating to the tax ("social contribution") levied in France on tobacco suppliers' sales for 2017 and 2018 in which on 15 October 2019 the Paris Commercial Court handed down its first-instance decision on the claim brought by one of the tobacco manufacturers. Note 22 to the accompanying consolidated financial statements discloses the amounts and significant information relating to these legal proceedings. Based on the information available, and supported by its legal advisers, the Parent's directors have assessed the risk associated with each proceeding and they do not consider it likely that the final decisions handed down thereon will give rise to a negative impact on the Group's equity position as at 30 September 2019. The final outcomes of these legal proceedings and, therefore, the ultimate impacts on the Group's equity position are uncertain. As a result, the Parent's directors made significant judgements and estimates when conducting their assessment. Consequently, we consider this area to be a key audit matter.	In response to this key audit matter, our audit included, among others, the following procedures: • Obtaining an understanding of the processes conducted by the Group to assess and classify the risk associated with the legal proceedings and the potential attendant impact on the consolidated financial statements. • Review of the relevant supporting documentation (legal and regulatory documents and agreements) on which the Group's legal position and the conclusions of the Parent's directors concerning the legal proceedings are based. • Obtainment of letters from the external legal advisers detailing the criteria and grounds for their conclusions concerning the legal proceedings that management used as support in order to draw conclusions on the assessment of the risk associated with each proceeding. Meetings were also held with those in charge of the Group's legal area and its legal advisers in order to obtain a greater understanding of their risk assessment. • Involvement of our legal experts, where deemed necessary, to evaluate the reasonableness of certain legal matters taken into consideration in the assessment by the Parent's directors with support from the external legal advisers. We consider that Note 22 to the accompanying consolidated financial statements contains the disclosures and information relating to this area of interest

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Key Audit Matters	How the Matters Were Addressed in the Audit
Impairment of goodwill and of other intangible assets	
The consolidated balance sheet as at 30 September 2019 includes goodwill amounting to EUR 921 million resulting from corporate acquisitions, and other intangible assets with finite useful lives amounting to EUR 420 million, mainly associated with the distribution agreements with the main tobacco manufacturers in France. The Group annually tests these assets for impairment. This impairment test was significant to our audit because management's assessment of possible impairment is a complex process that includes a significant level of estimates, judgements and assumptions. The main assumptions considered are: the discount rate, the short- and long-term growth rates, the changes in working capital and the estimated future margins, the future evolution of which will depend on market performance and the economic and regulatory conditions that arise in the various geographical segments -mainly France and Italy- with which the aforementioned assets are associated. As described in Notes 7 and 8 to the consolidated financial statements, management concluded that, based on the sensitivity analyses performed by it separately for each of the assumptions considered, no impairment losses would be disclosed.	Our audit procedures included, among others, the review of the relevant processes and controls implemented by the Company in order to assess the impairment of goodwill and other intangible assets. We reviewed the cash flow projections and the process used to prepare them, which included comparing the projections with the latest plans approved by the Board from which they are derived, and we obtained and re-performed the underlying calculations. Also, we used valuation experts to assist us in evaluating the methodologies and assumptions used by the Group, in particular those permitting the calculation of the discount rates in the various areas, as well as the reasonableness of the growth rates, where appropriate. For the aforementioned assumptions we reviewed the sensitivity analyses conducted by management. We consider the assumptions to be reasonable and conclude that management's approach is consistent and is supported by the available evidence. Lastly, we focused our work on reviewing the disclosures made by the Group in relation to these assets, especially those relating to the sensitivity analyses of the key assumptions. Notes 7 to the accompanying consolidated financial statements contain the disclosures relating to the impairment tests performed on these assets and, in particular, the detail of the main assumptions used and the sensitivity analysis of changes in the key assumptions in the tests.

Other Information: Consolidated Directors' Report

Other information comprises only the consolidated directors´ report, the formulation of which is the responsibility of the Parent company´s directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated directors´ report. Our responsibility regarding the information contained in the consolidated directors´ report is defined in the legislation governing the audit practice, which establishes two distinct levels in this regard:

a) A specific level applicable to the consolidated statement of non-financial information and certain information included in the Annual Corporate Governance Report, as defined in article 35.2 b) of Audit Act 22/2015, that consists of verifying solely that the aforementioned information has been provided in the directors´ report or, if appropriate, that the consolidated directors´ report includes the pertinent reference in the manner provided by the legislation and if not, we are required to report that fact.

b) A general level applicable to the rest of the information included in the consolidated directors´ report that consists of evaluating and reporting on the consistency between that information and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements and does not include information different to that obtained as evidence during our audit, as well as evaluating and reporting on whether the content and presentation of that part of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have ascertained that the information mentioned in paragraph a) above has been provided in the consolidated directors´ report and that the rest of the information contained in the consolidated directors´ report is consistent with that contained in the consolidated annual accounts for the 2019 financial year, and its content and presentation are in accordance with the applicable regulations.

Responsibilities of the Directors and of the Audit and Control Committee for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit and control committee is responsible for overseeing the process involved in the preparation and presentation of the consolidated financial statements.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.

- Conclude on the appropriateness of the use by the Parent's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We communicate with the Parent's audit and control committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's audit and control committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the Parent's audit and control committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

Additional Report to the Parent's Audit and Control Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent's audit and control committee dated 4 November 2019.

Engagement Period

The Annual General Meeting held on 21 March 2017 appointed us as joint auditors of the Group for a period of three years from the year ended 30 September 2017.

Previously, Deloitte, S.L. had been designated pursuant to a resolution of the General Meeting for the period of three years from the year ended 30 September 2014, the first year following the incorporation of the Parent.

Services Provided

The additional services, other than financial audit services, provided to the Group were those described in Note 23.g to the accompanying consolidated financial statements for 2019.

Deloitte, S.L. (S0692)	PricewaterhouseCoopers Auditores, S.L. (S0242)
[Original in Spanish signed by Victoria López Téllez (nº ROAC 21,238)]	[Original in Spanish signed by Raúl Llorente Adrián (nº ROAC 20,613)]

4 November 2019

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CONSOLIDATED BALANCE SHEETS AT 30 SEPTEMBER 2019 AND 2018

(Thousands of Euros)

ASSETS	Notes	30-09-2019	30-09-2018
NON-CURRENT ASSETS:		**1,643,821**	**1,672,921**
Property, plant and equipment	6	213,492	203,531
Investment property		15,343	17,999
Goodwill	7	920,800	920,800
Other intangible assets	8	457,050	505,210
Investments in associates		2,715	2,118
Other non-current financial assets	9	15,390	4,634
Deferred tax assets	19	19,031	18,629
CURRENT ASSETS:		**5,439,728**	**5,192,256**
Inventories	10	1,282,754	1,188,543
Trade and other receivables	11	1,913,694	1,846,246
Tax receivables	19	19,680	83,533
Other current financial assets	9	2,050,521	1,910,934
Cash and cash equivalents	12	160,650	153,515
Other current assets		12,429	9,485
NON-CURRENT ASSETS HELD FOR SALE		**18**	**13**
TOTAL ASSETS		**7,083,567**	**6,865,190**

The accompanying Notes 1 to 31 and Appendix I and II are an integral part of the consolidated balance sheet at 30 September 2019.

EQUITY AND LIABILITIES	Notes	30-09-2019	30-09-2018
EQUITY		**520,346**	**511,608**
Share capital	13	26,550	26,550
Share premium	14	867,808	867,808
Reserves of the Parent	14	35,431	25,594
Reorganisation reserves	14	(753,349)	(753,349)
Reserves at consolidated companies	15	216,482	221,370
Translation differences		(48)	35
Reserve for first-time application of IFRSs	14	19,950	19,950
Consolidated profit for the period		164,626	156,706
Interim dividend	14	(48,938)	(46,314)
Treasury shares	14	(9,893)	(8,348)
Equity attributable to shareholders of the Parent		**518,619**	**510,002**
Minority interests	16	1,727	1,606
NON-CURRENT LIABILITIES:		**308,876**	**322,750**
Other financial non-current liabilities		3,305	4,146
Long-term provisions	18	40,688	38,931
Deferred tax liabilities	19	264,883	279,673
CURRENT LIABILITIES:		**6,254,345**	**6,030,832**
Other current financial liabilities	20	37,551	32,850
Trade and other payables	21	1,274,059	1,021,403
Tax payables	19	4,853,395	4,897,920
Short-term provisions	18	11,694	11,583
Other current liabilities		77,646	67,076
TOTAL EQUITY AND LIABILITIES		**7,083,567**	**6,865,190**

CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 30 SEPTEMBER 2019 AND 2018

(Thousands of Euros)

	Notes	2019	2018
Revenue	23.a	**10,148,323**	**9,476,484**
Procurements		**(8,999,337)**	**(8,358,300)**
GROSS PROFIT		**1,148,986**	**1,118,184**
Cost of logistics networks:		**(798,511)**	**(780,590)**
Staff costs	23.b	(186,335)	(174,671)
Transport costs		(249,247)	(241,044)
Provincial sales office expenses		(78,259)	(77,339)
Depreciation and amortisation charge	4.2, 6 and 8	(87,368)	(86,193)
Other operating expenses	23.c	(197,302)	(201,343)
Commercial expenses:		**(70,358)**	**(67,214)**
Staff costs	23.b	(46,076)	(44,136)
Other operating expenses	23.c	(24,282)	(23,078)
Research expenses		**(2,693)**	**(2,071)**
Head office expenses:		**(79,105)**	**(78,344)**
Staff costs	23.b	(58,141)	(58,299)
Depreciation and amortisation charge	4.2, 6 and 8	(1,541)	(1,878)
Other operating expenses	23.c	(19,423)	(18,167)
Share of results of companies		1,249	1,014
Net gain on disposal and impairment of non-current assets	4.2, 6 and 8	4,772	(504)
Other expenses		(14)	-
PROFIT FROM OPERATIONS		**204,326**	**190,475**
Finance income	23.e	15,012	14,275
Finance costs	23.f	(2,239)	(1,587)
PROFIT BEFORE TAX		**217,099**	**203,163**
Income tax	19	(52,337)	(46,707)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**164,762**	**156,456**
PROFIT FOR THE PERIOD		**164,762**	**156,456**
Attributable to:			
Shareholders of the Parent-		**164,626**	**156,706**
Minority interests	16	136	(250)
BASIC EARNINGS PER SHARE	**5**	**1.24**	**1.18**

The accompanying Notes 1 to 31 and Appendix I and II are an integral part of the consolidated income statements for 2019.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 30 SEPTEMBER 2019 AND 2018

(Thousands of Euros)

	Notes	2019	2018
PROFIT FOR THE YEAR		**164,762**	**156,456**
Items that may be reclassified to income statement			
Net actuarial gain (loss) recognised directly in equity	18	(3,248)	234
Items that will not be reclassified to income statement			
Foreign exchange rate changes		(83)	(55)
TOTAL NET GAIN (LOSS) REGISTERED DIRECTLY IN EQUITY		**(3,331)**	**179**
TOTAL NET GAIN (LOSS) CONSOLIDATED REGISTERED DURING THE YEAR		**161,431**	**156,635**
Attributable to:			
Shareholders of the Parent		**161,295**	**156,885**
Minority interests		136	(250)
TOTAL ATRIBUTABLE		**161,431**	**156,635**

"The accompanying Notes 1 to 31 and Appendix I and II are an integral part of the consolidated statement of comprehensive income for 2019".

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 30 SEPTEMBER 2019 AND 2018

(Thousands of Euros)

	Share Capital	Share Premium	Reserves of the Parent	Reorganisation Reserves	Reserves at Consolidated Companies	Translation Differences
BALANCE AT 30 SEPTEMBER 2017	**26,550**	**867,808**	**16,706**	**(753,349)**	**216,374**	**90**
Net profit for 2018 attributable to the Parent	-	-	-	-	-	(55)
Loss attributable to minority interests	-	-	-	-	-	-
Actuarial losses	-	-	-	-	234	-
Income and expenses recognised in the period	-	-	-	-	234	(55)
Transactions with Shareholders:						
Distribution of profit-						
To reserves	-	-	10,142	-	4,762	-
To dividends	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
On treasury shares operations (Note 14.b and 14.f)	-	-	(4,092)	-	-	-
Incentive Plan (Note 4.12)	-	-	2,838	-	-	-
Others	-	-	-	-	-	-
BALANCE AT 30 SEPTEMBER 2018	**26,550**	**867,808**	**25,594**	**(753,349)**	**221,370**	**35**
Adjustment IFRS 9 first adoption	-	-	-	-	(56)	-
BALANCE AT 1 OCTOBER 2018	**26,550**	**867,808**	**25,594**	**(753,349)**	**221,314**	**35**
Net profit for 2019 attributable to the Parent	-	-	-	-	-	(83)
Loss attributable to minority interests	-	-	-	-	-	-
Actuarial losses	-	-	-	-	(3,248)	-
Income and expenses recognised in the period	-	-	-	-	(3,248)	(83)
Transactions with Shareholders:						
Distribution of profit-						
To reserves	-	-	10,164	-	(1,614)	-
To dividends (Note 14.e)	-	-	-	-	-	-
Dividends (Note 14.e)	-	-	-	-	-	-
On treasury shares operations (Note 14.b and 14.f)	-	-	(3,325)	-	-	-
Incentive Plan (Note 4.12)	-	-	2,998	-	-	-
Others	-	-	-	-	30	-
BALANCE AT 30 SEPTEMBER 2019	**26,550**	**867,808**	**35,431**	**(753,349)**	**216,482**	**(48)**

The accompanying Notes 1 to 31 and Appendix I and II are an integral part of the consolidated statement of changes in equity for 2019.

Reserve for First-Time Application of IFRSs	Profit for the Year	Interim Dividend	Treasury Shares	Equity Attributable to Shareholders of the Parent	Minority Interests	Total Equity
19,950	**153,862**	**(39,708)**	**(7,716)**	**500,567**	**1,866**	**502,433**
-	156,706	-	-	156,651	-	156,651
-	-	-	-	-	(250)	(250)
-	-	-	-	234	-	234
-	156,706	-	-	156,885	(250)	156,635
-	(14,904)	-	-	-	-	-
-	(138,958)	39,708	-	(99,250)	-	(99,250)
-	-	(46,314)	-	(46,314)	-	(46,314)
-	-	-	(632)	(4,724)	-	(4,724)
-	-	-	-	2,838	-	2,838
-	-	-	-	-	(10)	(10)
19,950	**156,706**	**(46,314)**	**(8,348)**	**510,002**	**1,606**	**511,608**
-	-	-	-	(56)	-	(56)
19,950	**156,706**	**(46,314)**	**(8,348)**	**509,946**	**1,606**	**511,552**
-	164,626	-	-	164,543	-	164,543
-	-	-	-	-	136	136
-	-	-	-	(3,248)	-	(3,248)
-	164,626	-	-	161,295	136	161,431
-	(8,550)	-	-	-	-	-
-	(148,156)	46,314	-	(101,842)	-	(101,842)
-	-	(48,938)	-	(48,938)	-	(48,938)
-	-	-	(1,545)	(4,870)	-	(4,870)
-	-	-	-	2,998	-	2,998
-	-	-	-	30	(15)	15
19,950	**164,626**	**(48,938)**	**(9,893)**	**518,619**	**1,727**	**520,346**

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 30 SEPTEMBER 2019 AND 2018

(Thousands of Euros)

	Notes	2019	2018
OPERATING ACTIVITIES:		**346,819**	**347,539**
Consolidated profit before tax from continuing operations		**217,099**	**203,163**
Adjustments for-		**94,079**	**92,117**
Result of companies accounted for using the equity method		(1,249)	(1,014)
Depreciation and amortisation charge	6 and 8	89,152	88,184
Change in provisions		1,423	-
Provisions recognised/ (reversed)		19,249	14,368
Proceeds from disposal of non-current assets	6 and 8	(4,772)	504
Other adjustments		3,049	2,763
Financial profit		(12,773)	(12,688)
Net change in assets / liabilities-		**35,641**	**52,259**
(Increase)/Decrease in inventories		(97,258)	(68,720)
(Increase)/Decrease in trade and other receivables		(80,615)	(103,942)
Increase/(Decrease) in trade payables		249,758	(2,309)
Increase/(Decrease) in other current liabilities		(41,758)	312,779
Increase (Decrease) in other non-current liabilities		(2,845)	(1,702)
Income tax paid		(5,837)	(96,535)
Finance income and costs		14,196	12,688
INVESTING ACTIVITIES:		**(190,281)**	**(145,952)**
Payment for investment-		**(195,560)**	**(146,794)**
Property, plant and equipment	6	(42,999)	(44,023)
Intangible assets	8	(11,073)	(12,107)
Group companies and associates		(141,192)	(90,010)
Other current financial assets		(296)	(654)
Proceeds from financial divestments-		**5,279**	**842**
Property, plant and equipment	6	500	788
Intangible assets		-	54
Non current assets held for sale		4,779	-
FINANCING ACTIVITIES:		**(149,403)**	**(149,880)**
Payment of dividends and remuneration of other equity instruments-		**(150,781)**	**(145,564)**
Dividends	14.e	(150,781)	(145,564)
Proceeds and payments of equity instruments-		**(3,554)**	**(3,366)**
Acquisition of treasury shares		(3,554)	(3,366)
Proceeds and payments for financial liability instruments-		**4,932**	**(950)**
Repayment and amortization of-			
Current borrowings		4,932	(950)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**7,135**	**51,707**
Cash and cash equivalents at beginning of year-		**153,515**	**101,808**
Net change in cash and cash equivalents during the year		7,135	51,707
Total cash and cash equivalents at end of year		**160,650**	**153,515**

The accompanying Notes 1 to 31 and Appendix I and II are an integral part of the consolidated statement of changes in equity for 2019.

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

1. GENERAL INFORMATION ON THE GROUP

Compañía de Distribución Integral Logista Holdings, S.A., hereinafter "the Parent company", 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 the Imperial Brands PLC Group. On 4 June 2014, the 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 the Logista Group, from then onwards, the Company became the Parent of the aforementioned Group.

The Company has registered office at Polígono Industrial Polvoranca, calle Trigo, no. 39, Leganés (Madrid), being the Parent of the Group, the operating company of which is Compañía de Distribución Integral Logista, S.A.U.

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 reporting period of most of the Group companies starts on 1 October of each year and ends on 30 September of the following year. The twelve-month period ended 30 September 2018 will hereinafter be referred to as "2018", the period ended 30 September 2019 as "2019", and so on.

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 tobacco 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 POS delivery.

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 Logista Holdings S.A., the Logista Group (hereinafter "the Group").

A detail of the investees included in the scope of consolidation comprising the Logista Group at 30 September 2019 and 2018 is provided in Appendices I and II, which includes, inter alia, the percentage and cost of the ownership interest held by the Parent and the line of business, company name and registered office of each investee.

In turn, Altadis, S.A.U., the majority shareholder of the Parent, belongs to the Imperial Brands PLC Group. which is governed by the corporate legislation in force in the United Kingdom, and whose registered office is at 121 Winterstoke Road, Bristol, BS3 2LL (United Kingdom). The consolidated financial statements of the Imperial Brands PLC Group for 2018 were formally prepared by its Directors at the Board of Directors meeting held on 6 November 2018.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS AND BASIS OF CONSOLIDATION

2.1. Authorisation for issue of the consolidated financial statements

These consolidated financial statements were formally prepared by the directors in accordance with the regulatory financial reporting framework applicable to the Group, which consists of:

a) The Spanish Commercial Code and all other Spanish corporate law.

b) International Financial Reporting Standards (IFRS), as adopted by the European Union, in conformity with Regulation (EC) no, 1606/2002 of the European Parliament and Law 62/2003, of 30 December, on Tax, Administrative, Labour and Social Security Measures.

c) All other applicable Spanish accounting legislation.

The accompanying consolidated financial statements, which were obtained from the accounting records of the Company and of its subsidiaries, are presented in accordance with the regulatory financial reporting framework applicable to the Group and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Group's equity, financial position, results of operations and cash flows for 2019. These consolidated financial statements were formally prepared by the Board of Directors at its meeting on 29 October 2019. The directors of Compañía de Distribución Integral Logista Holdings, S.A. will submit these consolidated financial statements for approval by the Shareholders, and it is considered that they will be approved without any changes.

The consolidated financial statements for 2018 were formally approved by the General Shareholders' Meeting on 26 March 2019.

The principal accounting policies and measurement bases applied in preparing the Group's consolidated financial statements for 2019 are summarised in Note 4.

2.2. Standards and interpretations effective in the current period

In the year ended 30 September 2019 the following standards, amendments to standards and interpretations came into force:

Amendments to Standards	Content	Obligatory Application in Annual Reporting Periods Beginning On or After
IFRS 9, Financial Instruments. Hedge classification, measurement and accounting (last phase issued in July 2014)	Financial Instruments: Replaces the IAS 39 requirements relating to the classification, measurement and derecognition of financial assets and liabilities and hedge accounting.	1 January 2018
IFRS 15 – Revenue from Contracts with Customers (published in May 2014)	New income recognition standard (replaced IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31).	1 January 2018
Amendments to IFRS 2, Classification and Measurement of Share-based Payment Transactions	Limited amendments clarifying specific issues such as the effects of vesting conditions on cash-settled share based payments, the classification of share-based payment transactions with net settlement features and accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.	1 January 2018
Annual Improvements to IFRS Standards 2014-2016 Cycle	Minor changes to a series of standards.	1 January 2018
Amendment to IAS 40 Real Estate Investment Reclassification	The modification clarifies that a reclassification of an investment from or to real estate investment is only permitted when there is evidence of a change in its use	1 January 2018
Amendment to IFRS 4 Insurance contracts	Allows entities under the scope of IFRS 4, the option to apply IFRS 9 with certain exceptions or its temporary exemption.	1 January 2018
IFRIC 22 Transactions and advances in foreign currency	Establishes the date of transaction for the purpose of determining the exchange rate applicable in transactions with advances in foreign currency	1 January 2018

On 1 January 2018 the new IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers entered into force, which introduce changes in the accounting policies applied until that moment:

IFRS 9 – Financial Instruments

IFRS 9 establishes the requirements for the recognition, measurement, impairment, disposal of, and accounting for, general hedges.

In accordance with the transitional provisions of the standard, the Group has chosen the option allowing not to restate the 2018 figures presented for comparative purposes. The main impact of IFRS 9 on the Group was the recognition in the balance of the correction for impairment of other financial assets amounting to EUR 1,423 thousand (see Note 9).

In relation to the credit risk represented by trade receivables, the application of the new standard does not require a significant increase in the impairment losses recognised, since they are mainly current receivables with very low default rates and very short collection periods.

IFRS 15 – Revenue from Contracts with Customers

The objective of this standard is to determine the accounting treatment of revenue from the sale of goods and the provision of services to a customer.

In accordance with the transitional provisions of the standard, the Group has chosen the option that allows it not to restate the 2018 figures presented for comparative purposes. Group management analysed the impacts of this standard for each of the businesses and countries, identifying the related items and nature of the transfers of goods and services in each of the cases. The main conclusions are as follows:

- No lines of business were identified that would require the current revenue recognition criteria to be significantly amended.

- The presentation of the assets and liabilities in the consolidated income statements does not entail any significant changes to current presentation practices.

- No significant contracts with distinct performance obligations in force were identified at the date of application of the new standard that may present differences in treatment with respect to the criteria that the Group has been applying.

In consideration of these matters, the Group has concluded that its entry into force did not have a material effect on the consolidated financial statements.

In relation to the other standards indicated with effect from 1 October 2018, its application has not had a significant impact for the Group.

2.3. Standards and interpretations issued but not yet in force

At the date of preparation of these consolidated financial statements, the following standards and interpretations had been published by the IASB but had not become effective, either because their effective date is subsequent to the date of the consolidated financial statements or because they had yet to be endorsed by the European Union:

New Standards, Amendments to Standards and Interpretations	Content	Obligatory Application in Annual Reporting Periods Beginning On or After
IFRS 16 Leases (published in January 2016)	New standard on leases that replaces IAS 17. Lessees will include all leases on the balance sheet as if they were financial purchases.	1 January 2019
Amendments to IFRS 9, Prepayment Features with Negative Compensation (issued in October 2017)	These amendments will permit measurement at amortised 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
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
Amendments to IAS 28, Long-term Interests in Associates and Joint Ventures (issued in October 2017)	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
Improvements to IFRSs, 2015-2017 cycle (issued in December 2017)	Amendments to a series of standards.	1 January 2019
Amendments to IAS 19, Plan Amendments, Curtailments and Settlements (issued in February 2018)	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 IFRS 3, Definition of a Business (a)	The amendment narrowed and clarified the definition of a business	1 January 2020
Amendments to IAS 1 and IAS 8, Definition of "Material" (a)	IAS 1 and IAS 8 amendments to its definition of material to make it easier for companies to make materiality judgements.	1 January 2020
Amendments to IAS 9, IAS 7 and IAS 39 "Interest Rate Benchmark Reform"	The topic of these Amendments are Interest Rate Benchmark Reform	1 January 2020
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 2021

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

The assessment made by the Parent's directors of the main effects that the application of the aforementioned standards might have on the accompanying consolidated financial statements is as follows:

IFRS 16, Leases

Almost all leases shall be recognised in the balance sheet, since the distinction between operating and finance leases is eliminated. Under the new standard, an asset (the right to use the leased item) and a financial liability for the lease payments are recognised. The only exceptions are short-term leases and leases for which the underlying asset is of low value.

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

The Group is currently in the process of estimating the impact of this new standard on these contracts. This analysis includes the estimation of the lease term, based on the non-cancelable period and the periods covered by the renewal options whose exercise is discretionary for the Group and it is considered reasonably true. Additionally, assumptions are used to calculate the discount rate, which will depend mainly on the incremental debt rate of the Group according to to the interest at the European Central Bank interest rate, plus a spread from 0.75% up to 2%. On the other hand, the Group will choose 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 the non-lease components is not significant with respect to the total value of the lease.

IFRS 16 allows its application through two different transition methods, with a retroactive approach for each comparative period presented or a retroactive approach with the cumulative effect of the initial application of the standard on the date of its first application, not re-expressing the comparative figures. The Group will adopt this second transition method, so it will recognize the cumulative effect of the initial application of the new criteria in the first year of adoption of IFRS 16. Additionally, the new standard allows for certain practical solutions at the time of first application, relating to the valuation of the asset, discount rate, leases that end within twelve months after the first application, initial direct costs, and duration of the lease. The Group is evaluating which of these practical solutions will be adopted in each case.

Due to the different alternatives available, and considering the complexity of the estimates and the high number of contracts, the Group has not yet completed the implementation process. However, considering the volume of contracts affected, as well as the magnitude of the payments committed for rentals, the Group estimates that the amendments introduced by IFRS 16 will have a significant impact on the Group's financial statements from the date of adoption, including the recognition in the balance of the assets for right of use and the corresponding obligations in relation to most of the contracts that under current regulations are classified as operating leases. From the analysis performed, considering the current assumptions that result from application and based on the information available at the date of formulation of these interim financial statements, the Group estimates that the lease liability and the right of use to recognize as of 1 October 2019, date of first application of the standard, will be in an approximate EUR 170 million.

In addition, the depreciation of the right of use of the assets and the recognition of interest on the lease obligation will replace a significant part of the amount recognized in the income statement as operating lease expense under the current standard. The classification of lease payments in the statement of cash flows will be affected by the entry into force of this new regulation. The Group's financial statements will include more extensive disclosures with relevant information in relation to lease agreements.

The Group is at a very advanced stage of the project to implement the new accounting policies; however, the impacts at 1 October 2019 could be slightly different due to the estimates required, the high number of leases concerned and the fact that the Group is in the process of implementing new information systems. The new accounting policies will not be definitive until the Group presents the first financial statements subsequent to the effective date of IFRS 16.

2.4. Information relating to 2018

As required by IAS 1, the information relating to 2018 contained in these notes to the consolidated financial statements is presented with the information relating to 2019 for comparison purposes and, accordingly, it does not constitute the Group's consolidated financial statements for 2018.

2.5. Presentation currency

These consolidated financial statements are presented in euros since this is the currency of the primary economic environment in which the Group operates. Transactions in currencies other than the euro are recognised in accordance with the policies described in Note 4.14.

2.6. Responsibility for the information and use of estimates

The information in these consolidated financial statements is the responsibility of the Parent's directors.

In preparing the consolidated financial statements for 2019, estimates were made by the Group's directors in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The measurement and impairment of goodwill and of certain intangible assets.
- The assumptions used in the actuarial calculations of the pension liabilities and other obligations to employees.
- The useful life of the property, plant and equipment and intangible assets.
- The valuation of long-term incentive plans.
- The calculation of the required provisions, including litigations and fiscal risks.
- The measurement and calculation of deferred tax assets and liabilities.

Although these estimates were made on the basis of the best information available at 2019 year end, 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.

2.7. Basis of consolidation

2.7.1. Subsidiaries

Subsidiaries are defined as companies included in the scope of consolidation which the Parent manages directly or indirectly because it holds a majority of the voting rights in their representation and decision-making bodies or over which it has the capacity to exercise control.

The financial statements of the subsidiaries are fully consolidated. Accordingly, all material balances and transactions between consolidated companies are eliminated on consolidation.

Where necessary, adjustments are made to the financial statements of the subsidiaries to adapt the accounting policies used to those applied by the Group.

The share of minority interests of the equity and profit of the Group is presented under "Minority Interests" in the consolidated balance sheet and under "Profit/Loss for the Year Attributable to Minority Interests" in the consolidated income statement, respectively.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date of acquisition or until the date of disposal, as appropriate.

2.7.2. Joint ventures and joint operations

"Joint ventures" are deemed to be ventures that are managed jointly by the Parent and third parties unrelated to the Group, where neither party can exercise greater control than the other. The financial statements of the joint ventures are proportionately consolidated.

In addition, a joint operation (unincorporated joint venture or "UTE") is a joint arrangement whereby the parties have rights to the corresponding assets, and liabilities, relating to the arrangement. Accordingly, the assigned assets and liabilities are presented by the Group in its consolidated balance sheet, in proportion to its ownership interest, and of the jointly incurred liabilities, classified according to their specific nature. Similarly, the Group's share of the income and expenses of joint ventures is recognised in the consolidated income statement on the basis of the nature of the related items. In addition, the proportional part corresponding to the Group of the related items of the joint venture is included in the statement of changes in equity and the statement of cash flows.

Where necessary, adjustments are made to the financial statements of these companies to adapt the accounting policies used to those applied by the Group.

2.7.3. Associates

Associates are companies over which the Parent is in a position to exercise significant influence. In general, significant influence is presumed to exist when the Group's percentage of (direct or indirect) ownership exceeds 20% of the voting rights, provided that it does not exceed 50%.

In the consolidated financial statements, investments in associates are accounted for using the equity method,(equity accounting) i,e, at the Group's share of net assets of the investee, after taking into account the dividends received therefrom and other equity eliminations.

In the case of transactions with an associate, the related profits and losses are eliminated to the extent of the Group's interest in the associate's capital.

Where necessary, adjustments are made to the financial statements of these companies to adapt the accounting policies used to those applied by the Group.

If as a result of losses incurred by an associate its equity were negative, the investment should be presented in the Group's consolidated balance sheet with a zero value, unless the Group is obliged to give it financial support, in which case the related provision would be recorded.

Since the activities of the associates are similar to the Group's habitual management and operations, the results of companies accounted for using the equity method are aggregated to profit or loss from operations.

2.7.4. Translation of foreign currency

The various items in the balance sheets and income statements of the foreign companies included in consolidation were translated to euros as follows:

- Assets and liabilities were translated to euros at the official year-end exchange rates.
- Share capital and reserves were translated to euros at the historical exchange rate.
- Income statement items were translated to euros at the average exchange rate for the year.

The exchange differences arising from the use of these criteria were included in equity under "Reserves at Consolidated Companies - Translation Differences". These translation differences will be recognised as income or expenses in the period in which the investment that gave rise to them is realised or disposed of in full or in part.

In 2019 all of the Logista Group companies presented their financial statements in euros, except for Compañía de Distribución Integral Logista Polska, Sp. z.o.o. and Logesta Polska Sp., z.o.o. (both located in Poland).

2.7.5. Changes in the scope of consolidation and in the ownership interests

The most significant changes in the scope of consolidation in 2019 are as follows:

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 Integral Distribución 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.

There were no changes in the scope of consolidation in 2018.

2.8. Materiality

In preparing these consolidated financial statements the Group omitted any information or disclosures which, not requiring disclosure due to their qualitative importance, were considered not to be material in accordance with the concept of materiality defined in the IFRS Conceptual Framework.

3. DISTRIBUTION OF PROFIT OF THE PARENT

The distribution of the profit for 2019, amounting to EUR 165,539 thousand, that the Parent's directors will propose for approval by the shareholders at the Annual General Meeting is as follows:

	Thousands of Euros
To voluntary reserves	9,074
Dividends	107,527
Interim dividend (Note 14-e)	48,938
	165,539

Pursuant to the legislation in force, the Parent assessed the liquidity statement on the date of approval of the interim dividend. Based on this assessment, on 23 July 2019 the Parent had EUR 102 million available for drawdown against the credit line granted by Compañía de Distribución Integral Logista, S.A.U. to the Parent (the drawable limit of which is EUR 115 million) of which the Parent has drawn down EUR 13 million.

4. ACCOUNTING PRINCIPLES AND POLICIES AND MEASUREMENT BASES

The principal measurement bases and accounting principles and policies applied in preparing the consolidated financial statements for 2019 in accordance with the IFRSs in force at the date of the related financial statements are described below.

4.1. Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less any accumulated depreciation.

The upkeep and maintenance costs of the various items of property, plant and equipment are recognised in the income statement as incurred. The amounts invested in improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

In-house work on non-current assets is measured at accumulated cost (external costs plus in-house costs, determined on the basis of direct and general manufacturing costs).

The consolidated companies depreciate their property, plant and equipment using the straight-line method, applying annual depreciation rates determined on the basis of the years of estimated useful life of the related assets. The depreciation rates applied are as follows:

	Annual Depreciation Rates (%)
Buildings	2 - 4
Plant and machinery	10 - 12
Other fixtures, tools and furniture	8 - 16
Other items of property, plant and Equipment	12 - 16

Land is considered to have an indefinite useful life and, therefore, is not depreciated.

4.2. Investment property

Investment property relates to investments in land and buildings held to earn rentals, Investment property is stated at the lower of cost, less any accumulated depreciation, and market value. Depreciation is recognised using the same methods as those used for items of the same category classified under "Property, Plant and Equipment".

In 2019, the investment property registered in the consolidated balance's amortisation amounted to EUR 317 thousand (2018: EUR 421 thousand). In addition, in 2019, EUR 243 thousand of amortisation of related elements are registered under "Research expenses" in the consolidated statements (2018: EUR 113 thousand).

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

The Group determines periodically the market value of its investment property by reference to the prices of comparable transactions, in-house studies, external appraisals, etc.

4.3. Goodwill

In the company acquisitions, the excess of the cost of the business combination over the interest acquired in the acquisition-date net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

Goodwill is only recognised when it has been acquired for consideration.

Goodwill arising from the acquisition of an associate is recognised as an increase in the value of the investment.

Goodwill is not amortised. Accordingly, at the date of each consolidated balance sheet the related valuation adjustments are made to ensure that the carrying amount is not higher than fair value less costs to sell. If there is any impairment, the goodwill is written down and the impairment loss is recognised. An impairment loss recognised for goodwill must not be reversed in a subsequent period.

To perform the aforementioned impairment test, the goodwill is allocated in full to one or more cash-generating units.

The recoverable amount of each cash-generating unit is the higher of value in use and the net selling price of the assets associated with the cash-generating unit. Value in use is calculated on the basis of the estimated future cash flows, discounted using a pre-tax discount rate that reflects market assessments of the time value of money and the risks specific to the business.

The Group has defined as cash-generating units, based on the actual management of the Group's operations, each of the relevant business operations carried out in the main geographical areas (see Note 24).

The Group uses the budgets and business plans, which generally cover a three-year period, of the various cash-generating units to which the assets are assigned. The key assumptions on which the budgets and business plans are built are based on each type of business and the experience with and knowledge of the performance of each of the markets in which the Group operates (see Note 7).

The estimated cash flows are extrapolated to the period not covered by the business plan using a zero growth rate and an expense structure that is similar to that of the last year of the business plan.

The discount rate applied is usually a pre-tax measurement based on the risk-free rate for 10-year bonds issued by the governments in the relevant markets, adjusted by a risk premium to reflect the increase in the risk of the investment based on the country in question and the systematic risk of the Group. The discount rates applied by the Group in the various markets to calculate the present value of the estimated cash flows ranged from 5.7% to 8.0% in 2019 (see Note 7).

4.4. Intangible assets

Intangible assets with finite useful lives are amortised using the straight-line method, applying annual amortisation rates determined on the basis of the years of the estimated useful lives of the related assets.

Intangible assets comprises:

Concessions, rights and licences

"Concessions, Rights and Licences" includes mainly the amounts paid to acquire certain concessions and licences. The assets included in this account are amortised on a straight-line basis over the term thereof.

Also, as a result of allocating the purchase price of Altadis Distribution France, S.A.S. to the identifiable assets and liabilities of that company in 2013, the Group recognised in its consolidated balance sheet the agreements entered into by that subsidiary with the main tobacco producers for the distribution of their products in France. The aforementioned distribution agreements are depreciated on a straight-line basis over 15 years.

No legal, regulatory or other matters have arisen since the execution of the business combination that might significantly impact the renewal terms and conditions of the aforementioned agreements.

Computer software

Computer software is recognised at acquisition cost, including the implementation costs billed by third parties, and is amortised on a straight-line basis over a period of three to five years. Computer software maintenance costs are expensed currently.

Research and development expenditure

Research and Development expenditure is only capitalised when it is specifically itemised by project, the related costs can be clearly identified and there are sound reasons to foresee the technical success and economic and commercial profitability of the related project. Assets thus generated are depreciated on a straight-line basis over their years of useful life (over a maximum period of five years).

4.5. Impairment losses on property, plant and equipment and intangible assets

The Group assesses each year the possible existence of permanent losses in value requiring it to reduce the carrying amounts of its property, plant and equipment and intangible assets, if their recoverable amounts are below their carrying amounts.

The recoverable amount is determined using the same methods as those employed in testing for goodwill impairment (see Note 4.3).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, and the related write-down is recognised through profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the new recoverable amount, which may not exceed the carrying amount that would have been determined had no impairment loss been recognised.

4.6. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Group, which usually has the option to purchase the assets at the end of the lease under the terms and conditions agreed on execution thereof. All other leases are classified as operating leases.

4.6.1. Operating leases

In operating leases, the ownership of the leased asset and substantially all the risks and rewards relating to the leased asset remain with the lessor.

When the Group acts as the lessor, it recognises the operating lease income on a straight-line basis. The amount to be recognised on a straight-line basis is deemed to be the total minimum rental income forecast over the term of the contract, in accordance with the agreed terms and conditions. These assets are depreciated using a policy consistent with the lessor's normal depreciation policy for similar items for own use.

When the Group acts as the lessee, lease costs are recognised in the consolidated income statement on a straight-line basis, in accordance with the policies described above.

4.7. Non-current assets held for sale

Non-current assets are classified as held for sale if it is considered that their carrying amount will be recovered through a sale transaction. Assets are classified under this heading only when the sale is highly probable and the asset is available for immediate sale in its present condition and the sale is expected to be completed within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

The depreciation of non-current assets held for sale is discontinued when they are classified as such. At the date of each consolidated balance sheet the related valuation adjustments are made to ensure that the carrying amount is not higher than fair value less costs to sell.

4.8. Financial instruments

4.8.1. Financial assets

Financial assets are recognised in the consolidated balance sheet on the date of acquisition at fair value and are classified as:

Trade and other receivables

Trade and other receivables are measured at amortised cost less any recognised impairment losses, which are estimated based on the solvency of the debtor and the age of the receivables.

Other current and non-current financial assets

"Other Current and Non-Current Financial Assets" include the following investments:

1. Current and non-current loans granted
2. Guarantees
3. Deposits and other financial assets
4. Financial assets classified as "held for sale"

The loans granted are measured at their amortised cost, which is understood to be the initial value thereof increased by accrued interest and repayment premiums based on the effective interest rate and decreased by the principal and interest repayments, while also considering possible reductions due to impairment or uncollectibility.

The changes in the amortised cost of the assets included under "Other Current and Non-Current Financial Assets" arising from accrued interest or premiums or from the recognition of impairment are recognised in the income statement.

Guarantees are measured at the amount paid which does not differ substantially from the fair value thereof.

Available-for-sale financial assets are measured at fair value and the gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or it is determined that it has become (permanently) impaired, at which time the cumulative gains or losses previously recognised in equity are recognised in the net consolidated profit or loss for the year.

Cash and cash equivalents

Cash consists of cash and demand deposits at banks, Cash equivalents are short-term investments with a maturity of three months that are not subject to a significant risk of changes in value.

The Group derecognises a financial asset when it matures and collection is made or when the rights to the future cash flows have been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred.

4.8.2. Financial liabilities

Bank borrowing

Bank loans are recognised at the amount received, net of arrangement costs and commissions. These loan arrangement costs and finance charges are recognised in the income statement using the accrual method and on a time proportion basis and are added to the carrying amount of the liability, to the extent that they are not settled, in the period in which they arise.

Trade payables

Trade payables are initially recognised at fair value and are subsequently measured at amortised cost.

The Group derecognises financial liabilities when the obligations giving rise to them cease to exist.

4.9. Inventories

The Group companies measure the tobacco inventories at the lower of the price of the most recent invoice, which does not differ significantly from applying the FIFO formula (first-in, first-out), including in the case of tobacco products, in accordance with the legislation applicable in each country, the excise duties chargeable as soon as they are accrued, and net realisable value.

The other inventories are measured at the lower of cost of purchase and net realisable value. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The Group recognises period provisions for the decline in value of inventories in order to adjust the value of those whose cost exceeds net realisable value. These valuation adjustments are recognised as an expense in the consolidated income statement.

4.10. Current/Non-current classification

In the consolidated balance sheet assets and liabilities due to be realised or settled or maturing within twelve months are classified as current items and those due to be realised or settled or maturing within more than twelve months as non-current items.

4.11. Termination benefits

Under current labour legislation and certain employment contracts, the Group companies are required to pay termination benefits to employees terminated under certain conditions.

The accompanying consolidated balance sheet at 30 September 2019 and 30 September 2018 includes the provisions that the Parent's Directors consider necessary to cover the restructuring plans in progress at year-end (see Note 18).

4.12. Pension and other obligations to employees

Certain Group companies are obliged to supplement the social security retirement, disability or death benefits to employees who have fulfilled certain conditions. In general, the obligations relating to the current and former employees of these groups are defined contribution obligations and are externalised. The annual contributions made by the Group to meet these obligations are recognised under "Staff Costs" in the consolidated income statements and amounted to EUR 2,079 thousand and EUR 2,586 thousand in 2019 and 2018 respectively (see Note 23.b).

Under the collective agreements currently in force, Compañía de Distribución Integral Logista, S.A.U. is obliged to make a lump-sum payment of a specific amount to each employee on completion of 24 years of service. Also, this Company is obliged to make fixed monthly payments to a certain group of current employees and employees who retired prior to 1 January 2009 as compensation for the "free tobacco" benefit.

Logista France, S.A.S. has retirement obligations to its employees for which it has made provisions calculated on the basis of actuarial studies using the projected unit credit method and PERM/F 2000P mortality tables, an inflation rate of 1.5% and an annual discount rate of 0.9% as the main assumptions (see Note 18).

On 4 June 2014 the Parent's Board of Directors approved the structure of the "2014 Long-Term Incentive Plan" and "2014 Long-Term Special Incentives Plan", with remuneration accrued from 1 October 2014 and maturing on 30 September 2019, which are articulated in three 3-year blocks with settlements made at the end of each block.

Under these plans, certain employees of companies of the Group of which the Company is Parent have the right to receive a certain number of Company shares, on completion of the third year from the commencement of the each of the three blocks into which the plans are divided, and taking into account the degree of achievement of certain internal criteria, of a financial and operating nature, as well as the total return for the shareholders and comparative profitability with other companies. For each of the aforementioned tranches, the estimated amount accrued annually is recorded in "Equity" in the consolidated balance sheet and its annual allocation is included in "Personnel Expenses" in the consolidated income statement.

On 29 January 2015 the Board of Directors approved the list of beneficiaries of the first block (2014-2017) and corporated management estimated cost of the plans. There were 47 beneficiaries included in the General Plan and 10 in the Special Plan. The related amounted to EUR 2,856 thousand.

On 26 January 2016, the Board of Directors approved the second tranche of the 2014 Long-Term Incentive Plan (the 2017 General Plan and Special Plan) for the 2015-2018 vesting period. The beneficiaries of the second tranche numbered 50 for the General Plan and 10 for the Special Plan. The total estimated cost of the second tranche is EUR 2,491 thousand.

On 24 January 2017, the Board of Directors approved the third tranche of the 2014 Long-Term Incentive Plan (the General Plan and the Special Plan) for the 2016-2019 vesting period. The beneficiaries of the third tranche numbered 56 for the General Plan and 9 for the Special Plan. The total estimated cost of the third tranche is EUR 2,623 thousand.

On 20 December 2016 the Company's Board of Directors approved new long-term incentive plans for the 2017-2022 period, which will be divided into three three-year tranches, the first of which begins on 1 October 2017.

On 23 January 2018, the Company's Board of Directors approved the first tranche's (2017-2020) beneficiaries, being 58 the beneficiaries included in the General Plan and 9 the ones considered in the Special Plan. The total estimated cost for the first tranche amounts to EUR 2,933 thousand.

In order to cater for the equity-settled long-term 2014 incentive plan, and the 2017 incentive plan, by virtue of the authorisation granted by the Board of Directors, the Group acquired 747,461 treasury shares for EUR 15,110 thousand (see Note 14 f).

On 23 January 2018, the Board of Directors approved the settlement of the First Vesting Period (2014-2017) of the General Plan and of the 2014 Special Plan. The settlement gave rise to the delivery of a total of 137,022 shares amounting to EUR 2,702 thousand to the beneficiaries of the two plans. The shares were delivered net of the related tax withholding. The Parent also delivered 1,454 shares amounting to EUR 28 thousand to a beneficiary of the plan. In 2017 24,189 treasury shares amounting to EUR 477 thousand were delivered to two beneficiaries.

The annual charge for the cost of the three tranches included under "Staff Costs" in the consolidated statement of profit or loss for the period ended 30 September 2019 amounted to EUR 2,998 thousand related to the third tranche of the 2014 Incentive Plan and to the first and second tranche of the 2017 Incentive Plan (2018: EUR 2,838 thousand relating to the second and third tranche of the 2014 Incentive Plan and first tranche of the 2017 Incentive Plan).

On 28 November 2017, the Parent's Board of Directors extended to 1 October 2018 the Parent's Extended Share Repurchase Programme (up to 560,476 shares, i.e. 0.42% of the share capital), to include them in the second and third tranches of the 2014 long-term incentive plan.

On 25 September 2018, the Company's Board of Directors extended the Company's Extended Share Repurchase Programme (for up to 641,372 shares, i.e. 0.48% of the share capital) until 1 October 2019, in order to assign the repurchased shares to the third tranche of the "2014 Long-Term Incentive Plan" and to the first tranch of the "2017 Long-Term Incentive Plan".

On 29 January 2019, the Board of Directors approved the settlement of the Second Vesting Period (2015-2018) of the General Plan and of the 2014 Special Plan. The settlement gave rise to the delivery of a total of 158,699 shares amounting to EUR 2,010 thousand to the beneficiaries of the two plans. The shares were delivered net of the related tax withholding.

Lastly, on 24 September 2019, the Parent's Board of Directors extended to 1 October 2020 the Parent's Extended Share Repurchase Programme (up to 681,013 shares, i.e. 0.51% of the share capital), in order to assign the repurchased shares to the third tranche of the "2014 Long-Term Incentive Plan" and to the first and second tranch of the "2017 Long-Term Incentive Plan".

4.13. Provisions and contingent liabilities

The Group recognises provisions for the estimated amounts required to cover the liability arising from litigation in progress, indemnity payments or obligations and collateral and other guarantees provided which are highly likely to involve a payment obligation (legal or constructive), provided that the amount can be estimated reliably.

Provisions are quantified on the basis of the best information available on the situation and evolution of the events giving rise to them and are fully or partially reversed when such obligations cease to exist or are reduced, respectively.

Also, the adjustments arising from discounting these provisions are recognised as a finance cost on an accrual basis.

Contingent liabilities represent potential obligations to third parties and existing obligations that are not recognised, given that it is not likely that an outflow of cash will be required to satisfy that obligation or, where applicable, the amount cannot be reasonably estimated. Contingent liabilities are not recognised in the consolidated statement of financial position unless they have been acquired in return for payment as part of a business combination.

4.14. Foreign currency transactions

The consolidated financial statements of Logista Group are presented in euros.

Transactions in currencies other than the euro are recognised at their equivalent euro value by applying the exchange rates prevailing at the transaction date. Any gains or losses resulting from the exchange differences arising on the settlement of balances deriving from transactions in currencies other than the euro are recognised in the consolidated income statement as they arise.

Balances receivable and payable in currencies other than the euro at year-end are measured in euros at the exchange rates prevailing on that date. Any gains or losses arising on such measurement are recognised in the consolidated income statement for the year.

4.15. Revenue and expense recognition

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Specifically, revenue represents the amounts receivable for the goods and services provided in the normal course of business, net of discounts, VAT, excise duty on tobacco products and other sales taxes.

As a result of the regulations of the main countries in which the Group operates, the Group makes payments to the relevant tax authorities in respect of excise duties on the tobacco products it sells, which are also charged to customers. The Group does not recognise as income or expenses the amounts relating to the aforementioned excise duties, which amounted to approximately EUR 30,777,519 thousand in 2019 and EUR 30,192,515 thousand in 2018.

In the particular case publishing sector, the customers are entitled to return the products they fail to sell and in turn, the Group may exercise this right with respect to its suppliers. At each reporting date, a provision is recognised based on the historical experience of the sales returns for the purpose of adjusting the margins obtained in relation to products that it is forecast will ultimately be returned (see Note 18).

In purchase and sale transactions on which the Group receives commission, regardless of the legal form of such transactions, only commission income is recognised, distribution and sales commissions are recognised in revenue. The Group recognises income and expenses on transactions involving products held on a commission basis (mainly stamps, certain tobacco and publishing business products) at the date of the sale.

Interest income from financial assets is recognised using the effective interest method and dividend income is recognised when the shareholder's right to receive payment is established. In any case, interest and dividends from financial assets accrued after the date of acquisition are recognised as income in the income statement.

4.16. Income tax

The current income tax expense is calculated on the basis of the accounting profit before tax, increased or reduced, as appropriate, by the permanent differences from taxable profit, net of tax relief and tax credits, the rates used to calculate the income tax expense are those in force at the consolidated balance sheet date.

Deferred tax assets and liabilities are recognised using the balance sheet method, recognising the differences between the carrying amount of the assets and liabilities in the financial statements and their corresponding tax bases.

Deferred tax assets and liabilities are calculated at the tax rates expected at the date on which the asset is realised or the liability is settled. Deferred tax assets and liabilities are recognised in full with a charge to the consolidated income statement, except when they relate to line items taken directly to equity accounts, in which case the deferred tax assets and liabilities are also recognised with a charge or credit to the related equity accounts.

Deferred tax assets and tax loss carryforwards are recognised when it is considered probable that the Group will be able to utilise them in the future, regardless of when they are recovered. Deferred tax assets and liabilities are not adjusted and are classified as non-current assets or liabilities in the consolidated balance sheet.

The Group recognises the deferred tax arising from the deductibility of the amortisation, for tax purposes, of certain items of goodwill generated on the acquisition of companies (see Note 19).

The deferred tax asset recognised is reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, unrecognised deferred tax asset is reassessed at the end of each reporting period and are recognised to the extent that it has become probable that they will be recovered through future taxable profits.

"Income Tax" represents the sum of the current tax expense and the result of recognising deferred tax assets and liabilities (see Note 19).

The Parent files consolidated income tax returns in Spain and is the ultimate parent of consolidated tax group no. 548/17.

4.17. Consolidated statements of cash flows

The following terms are used in the consolidated statements of cash flows, prepared in accordance with the indirect method, with the meanings specified:

1. Cash flows: inflow and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

2. Operating activities: the principal revenue-producing activities of the consolidated Group companies and other activities that are not investing or financing activities.

3. Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

4. Financing activities: activities that result in changes in equity and borrowings.

5. 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 year, excluding the average number of treasury shares.

Earnings per share are calculated as follows:

	Thousands of Euros	
	2019	2018
Net profit for the year (thousands of euros)	164.626	156.706
Weighted average number of shares issued (thousands of shares) (*)	132.269	132.336
Earnings per share (euros)	**1.24**	**1.18**

(*) On 30 September 2019, the Parent Company holds 486,013 own shares

At 30 September 2019 and 2018, taking into consideration treasury shares, which are related to the long term incentive plans, the calculation of the diluted earnings per share would give a result of EUR 1.24 per share (EUR 1.18 at 30 September 2018).

6. PROPERTY, PLANT AND EQUIPMENT

6.1. Property, plant and equipment

The changes in "Property, Plant and Equipment" in the consolidated balance sheets in 2019 and 2018 were as follows:

2019

	Thousands of Euros				
	Balance at 30/09/18	Additions or Charge for the Year	Disposals or Reductions	Transfers (Note 8)	Balance at 30/09/19
Cost:					
Land and buildings	223,348	105	(261)	827	224,019
Plant and machinery	196,478	10,603	(7,815)	23,155	222,421
Other fixtures, tools and furniture	150,280	5,893	(6,876)	9,709	159,006
Other items of property, plant and equipment	36,366	209	(3,646)	1,507	34,436
Property, plant and equipment in the course of construction	32,900	24,115	-	(37,405)	19,610
	639,372	**40,925**	**(18,598)**	**(2,207)**	**659,492**
Accumulated depreciation:					
Buildings	(115,197)	(4,423)	180	(40)	(119,480)
Plant and machinery	(152,646)	(13,208)	2,842	157	(162,855)
Other fixtures, tools and furniture	(122,633)	(6,473)	6,661	(4,368)	(126,813)
Other items of property, plant and equipment	(26,628)	(1,639)	2,675	(2,363)	(27,955)
	(417,104)	**(25,743)**	**12,358**	**(6,614)**	**(437,103)**
Impairment losses	(18,737)	(960)	3,932	6,868	(8,897)
	203,531	**14,222**	**(2,308)**	**(1,953)**	**213,492**

2018

	Thousands of Euros				
	Balance at 30/09/17	Additions or Charge for the Year	Disposals or Reductions	Transfers (Note 8)	Balance at 30/09/18
Cost:					
Land and buildings	222,705	147	(1,119)	1,615	223,348
Plant and machinery	191,326	9,298	(6,710)	2,564	196,478
Other fixtures, tools and furniture	149,307	6,089	(8,154)	3,038	150,280
Other items of property, plant and equipment	37,267	279	(1,486)	306	36,366
Property, plant and equipment in the course of construction	13,389	28,217	(14)	(8,692)	32,900
	613,994	**44,030**	**(17,483)**	**(1,169)**	**639,372**
Accumulated depreciation:					
Buildings	(111,080)	(4,811)	777	(83)	(115,197)
Plant and machinery	(148,284)	(10,610)	6,241	7	(152,646)
Other fixtures, tools and furniture	(122,336)	(8,086)	7,764	25	(122,633)
Other items of property, plant and equipment	(25,599)	(1,289)	1,115	(855)	(26,628)
	(407,299)	**(24,796)**	**15,897**	**(906)**	**(417,104)**
Impairment losses	(19,075)	-	338	-	(18,737)
	187,620	**19,234**	**(1,248)**	**(2,075)**	**203,531**

Additions

In 2019 the Group recognised additions in relation to the construction of a new logistics platform in Coslada (Madrid), recognised under "Property, Plant and Equipment in the Course of Construction" in the accompanying consolidated balance sheet and to the development of computer systems infrastructure and to the acquisition of new semitraillers and vending machines.

The other most notable additions in 2019 and 2018 are mainly related to projects currently underway in relation to safety systems at the warehouses and the development of information systems.

Disposals

In 2019 and 2018 the Group derecognised items no longer in use by the Group, many of which were fully depreciated.

Transfers

In 2019 and 2018 items of plant, machinery and other fixtures were mainly transferred within this line item from "Property, Plant and Equipment in the Course of Construction". Additionally, point of sale terminals have been transferred from "Inventories", as they have been leased by third parties.

Lastly, transfers have been made to "Other Intangible Assets" during the fiscal year when information system-related projects have been completed and come into service.

6.2. Other disclosures

Fully depreciated items of property, plant and equipment in use at 30 September 2019 amounted to EUR 317,762 thousand (EUR 303,369 thousand at 30 September 2018).

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are subject and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

At 30 September 2019 and 2018, the items of property, plant and equipment located abroad, mainly in Portugal, France, Italy and Poland, amounted to EUR 77,575 thousand and EUR 74,793 thousand, respectively.

7. GOODWILL

Breakdown and significant changes

The breakdown, by identified cash-generating unit, of "Goodwill" at 30 September 2019 and 2018 is as follows:

	Thousands of Euros	
	30-09-2019	30-09-2018
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, other business: Pharma	486	486
Iberia, tobacco and related products	2,017	2,017
	920,800	**920,800**

Italy, tobacco and related products

The goodwill associated with Logista Italia, S.p.A. arose when Etinera, S.p.A., a leading tobacco distributor in Italy, was acquired in 2004 from BAT Italia, S.p.A., an Italian subsidiary of British American Tobacco, Lda. Subsequently, Etinera, S.p.A.'s company name was changed to Logista Italia, S.p.A. The information relating to the aforementioned acquisition is included in the Group's consolidated financial statements for 2004.

France, tobacco and related products

The goodwill associated with Logista France, S.A.S. arose on the acquisition by Compañía de Distribución Integral Logista, S.A.U. of all the shares representing the share capital of Altadis Distribution France, S.A.S. (actually Logista France, S.A.S) from Seita, S.A.S., which belongs to Grupo Imperial Brands Limited PLC. The information on this acquisition is included in the Group's consolidated financial statements for 2014 and 2013.

Iberia, transport

The goodwill associated with Dronas 2002, S.L.U, arose when this company merged in 2002 with the Burgal Group, an integrated and express parcel and pharmaceutical logistics service provider, and in 2003 with the Alameda Group, a distributor of pharmaceutical supplies and food products. The information relating to the aforementioned mergers is included in the Group's consolidated financial statements for 2002 and 2003.

Iberia, tobacco and related products

The goodwill associated with José Costa & Rodrigues, Lda. arose from the acquisition, on 13 February 2017, by MIDSID –Sociedade Portuguesa de Distribuiçao, S.A. of all the shares representing the share capital of the acquired company. In 2017 the Group provisionally recognised EUR 6,575 thousand as goodwill, the full amount of which was allocated to the vending channel of José Costa & Rodrigues, Lda. in 2018 under "Other Intangible Assets" in the accompanying consolidated balance sheet as at 30 September 2018.

Goodwill impairment analysis

The most relevant assumptions used in testing for impairment were as follows:

Discount and residual growth rates

	2019		2018	
	Discount Rate	Growth Rate	Discount Rate	Growth Rate
Italy, tobacco and related products	8.00%	0.00%	7.80%	0.00%
France, tobacco and related products	5.70%	0.00%	6.50%	0.00%
Iberia, transport	6.40%	0.00%	6.20%	0.00%
Iberia, other business: Pharma	6.40%	0.00%	6.20%	0.00%
Iberia, tobacco and related products	8.00%	0.00%	7.80%	0.00%

The parameters considered in defining the foregoing discount rates were as follows:

- Risk-free bonds: 10-year bonds in the benchmark market of the CGU.
- Market risk premium: year-on-year average risk Premium in each country in which the Group is presented.
- Unleveraged Beta: industry average, on a case-by-case basis.
- Debt/equity ratio: industry average.

Future changes in sales, procurements and working capital

The principal assumption considered in the business plans of the main cash-generating units to calculate the value in use of each unit consisted of the performance of sales and procurements, the percentage change in which over the three years of the business plan was estimated as follows:

	Average Performance 2020-2022	
	Sales	Procurements
Italy, tobacco and related products	8.1%	8.5%
France, tobacco and related products	(1.3%)	(1.4%)

In Italy, sales will perform positively as a result of the projected trend in tobacco prices and sales in order complementary business. With respect to procurements, the expected increase somewhat exceeds that of sales, as a result of the decrease in the provision of services to manufacturers.

As a result of the aforementioned trends, impairment of working capital for 2020-2022 was estimated to be 7% in the case of France and remains stable in the case of Italy.

In France the trend indicated arises as a result of the envisaged fall in sales volume due to future increases in RRPs, in line with the plans of the current French Government. However, an improvement in margins is expected as a result of the contracts entered into with the main suppliers.

Based on the methods used and the estimates, projections and valuations available to the Parent's directors, no impairment losses were recognised in relation to these assets in 2019 and 2018.

With regard to the sensitivity analysis of the impairment tests on goodwill, the Group performed an analysis of sensitivity of the impairment test result to changes due to increases of 100 basis points in the discount rate and negative changes of 100 basis points in the residual growth rate, along with more restrictive commercial hypothesis. This sensitivity analysis performed separately for each of the aforementioned assumptions did not disclose any impairment losses.

8. OTHER INTANGIBLE ASSETS

The changes in "Other Intangible Assets" in 2019 and 2018 were as follows:

2019

	Thousands of Euros				
	Balance at 30/09/2018	Additions or Charge for the Year	Disposals or Reductions	Transfer (Note 6)	Balance at 30/09/2019
Cost:					
I+D expenses	2,223	-	-	-	2,223
Computer software	187,434	359	(3,351)	16,692	201,134
Concessions, rights and licences	784,164	-	(53)	-	784,111
Advances and intangible assets in progress	11,678	10,714	-	(12,628)	9,764
	985,499	**11,073**	**(3,404)**	**4,064**	**997,232**
Accumulated amortisation-					
I+D expenses	(2,192)	-	-	-	(2,192)
Computer software	(163,225)	(10,985)	3,345	(2,199)	(173,064)
Concessions, rights and licences	(312,249)	(52,107)	53	-	(364,303)
	(477,666)	**(63,092)**	**3,398**	**(2,199)**	**(539,559)**
Impairment losses	(2,623)	-	-	2,000	(623)
	505,210	**(52,019)**	**(6)**	**3,865**	**457,050**

2018

	Thousands of Euros				
	Balance at 30/09/2017	Additions or Charge for the Year	Disposals or Reductions	Transfer (Note 6)	Balance at 30/09/2018
Cost:					
I+D expenses	2,223	-	-	-	2,223
Computer software	187,681	392	(6,598)	5,959	187,434
Concessions, rights and licences	777,868	-	-	6,296	784,164
Advances and intangible assets in progress	3,666	11,717	-	(3,705)	11,678
	971,438	**12,109**	**(6,598)**	**8,550**	**985,499**
Accumulated amortisation-					
I+D expenses	(2,192)	-	-	-	(2,192)
Computer software	(158,654)	(10,841)	6,525	(255)	(163,225)
Concessions, rights and licences	(260,123)	(52,126)	-	-	(312,249)
	(420,969)	**(62,967)**	**6,525**	**(255)**	**(477,666)**
Impairment losses	(2,623)	-	-	-	(2,623)
	547,846	**(50,858)**	**(73)**	**8,295**	**505,210**

Additions

The additions to "Other intangible assets" in 2019 and 2018 relate mainly to functional development projects for the Logista Group's existing applications to improve or increase the services provided to its customers and the implementation of new management systems (SAP) in certain business segments.

Transfers

The transfers to "Computer Software" in 2019 and 2018 relate to the reclassification of various items that have been put into operation from the account "Advances and intangible assets in progress" attending to their nature.

In 2018, following the completion of the identification of the intangible assets of the acquiree José Costa & Rodrigues, Lda., the Group provisionally recognised the full amount of the goodwill to the vending channel of José Costa & Rodrigues, Lda. under "Other Intangible Assets - Concessions, Rights and Licences" in the consolidated balance sheet.

Impairment

In 2019 and 2018 the Group did not recognise any impairment losses on items classified as "Other Intangible Assets".

Other information

On 30 September 2019 and 2018, the intangible assets in use that were completely depreciated amounted to EUR 140,106 thousand and EUR 135,435 thousand, respectively.

9. FINANCIAL ASSETS

The detail of "Other Non-Current Financial Assets" and "Current Financial Assets" in the accompanying consolidated balance sheets at 30 September 2019 and 2018 is as follows:

2019

Financial Assets: Nature/Category	Thousands of Euros				
	Loans Granted to Third Parties	Loans Granted to Related Companies (Note 26)	Short-Term Deposits and Guarantees	Availa-ble-for-Sale Financial Assets	Total
Non-current:					
Equity instruments	-	-	-	708	708
Financial debts (Note 18)	10,037	-	-	-	10,037
Other financial assets	162	-	4,483	-	4,645
	10,199	**-**	**4,483**	**708**	**15,390**
Current:					
Financial debts	29,565	2,022,227	-	-	2,051,792
Impairment of financial debts	-	(1,423)	-	-	(1,423)
Other financial assets	-	-	152	-	152
	29,565	**2,020,804**	**152**	**-**	**2,050,521**
	39,764	**2,020,804**	**4,635**	**708**	**2,065,911**

2018

Financial Assets: Nature/Category	Thousands of Euros				
	Loans Granted to Third Parties	Loans Granted to Related Companies (Note 26)	Short-Term Deposits and Guarantees	Availa-ble-for-Sale Financial Assets	Total
Non-current:					
Equity instruments	-	-	-	692	692
Financial debts	194	-	-	-	194
Other financial assets	-	-	3,748	-	3,748
	194	**-**	**3,748**	**692**	**4,634**
Current:					
Financial debts	29,733	1,881,035	-	-	1,910,768
Other financial assets	-	-	166	-	166
	29,733	**1,881,035**	**166**	**-**	**1,910,934**
	29,927	**1,881,035**	**3,914**	**692**	**1,915,568**

Loans granted to third part

The venturers of "UTE Compañia de Distribución Integral Logista, S.A.U. y IGT Spain Lottery, S.L.U. Unión Temporal de Empresas" granted a loan to this joint venture, which at 30 September 2019 totalled EUR 118,016 thousand, each assuming an equal portion. Compañía de Distribución Integral Logista, S.A.U. included an amount of EUR 29,504 thousand in this connection at 30 September 2019 (at 30 September 2018: EUR 29,704 thousand), and this amount is recognised under "Other Current Financial Assets" and "Other Current Financial Liabilities" in the accompanying consolidated balance sheet as at that date, for the balances receivable from and payable to the aforementioned joint venture that correspond to the other venturer (see Note 20).

This loan agreement has been subject to successive renewals and modifications, the last of which is in force until 31 December 2019, with a maximum limit of EUR 124 million, 50% of which from each venturer. The loan is interest free.

The main aggregates of the joint venture at 30 September 2019 were as follows:

	Thousands of Euros			
	Assets	Liabilities	Equity	Loss for the Year
"UTE Compañia de Distribución Integral Logista, S.A.U. y IGT Spain Lottery, S.L.U. Unión Temporal de Empresas"	2,247	124,082	(121,835)	(1,568)

Credits granted to related parties

As of 12 June 2014, Imperial Brands Enterprise Finance Limited, Compañía de Distribución Integral Logista Holdings, S.A.U., Compañía de Distribución Integral Logista, S.A.U. and Logista France, S.A.S., entered into a 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 draw down limit of EUR 2,000 million. As of 1 December 2015 the maximum draw down limit was increased to EUR 2,600 million. The purpose of this agreement is to govern the terms and conditions under which Logista will lend, on a daily basis, its cash surpluses to Imperial Brands Enterprise Finance Limited for the purpose of optimising its cash flow, and the loans from Imperial Brands Enterprise Finance Limited to Compañía de Distribución Integral Logista, S.A.U. in order for the latter to be able to meet its cash needs arising from its operations. In accordance with this agreement, Compañía de Distribución Integral Logista, S.A.U. will lend, on a daily basis, its cash surpluses to Imperial Brands Enterprise Finance Limited or will receive the cash necessary to meet its payment obligations.

On 21 March 2018, Imperial Brands Enterprise 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 (automatically renewable for additional one-year periods, unless notified otherwise by any of the parties at least one year before maturity) with a maximum drawdown limit of two thousand six hundred million euros. As of 30 September 2019 the outstanding balance amounts to EUR 2,022 million (30 September 2018: EUR 1,881 million).

The interest accrued on this credit line at 30 September 2019 amounted to EUR 14,489 thousand (30 September 2018: EUR 13,664 thousand) (see Note 26).

The daily balance of this internal current account has an equivalent cost to the interest at the European Central Bank interest rate, plus a spread of 0.75% for the credit provisions, and earn at the same reference rate, plus a spread of 0.75% for the surplus loans. Interest is calculated on a daily basis, based on 360 days, and is capitalised every quarter.

Under this agreement the Parent has undertaken to refrain from obtaining financing from third parties and from encumbering in any way its assets unless the aforementioned transaction is approved by a qualified majority of the Board of Directors.

10. INVENTORIES

The detail of the Group's inventories at 30 September 2019 and 2018 is as follows:

	Thousands of Euros	
	2019	2018
Tobacco	1,100,854	1,073,778
Published materials	12,083	12,039
Other merchandise	181,119	110,982
Write-downs	(11,302)	(8,256)
	1,282,754	**1,188,543**

The balance of tobacco inventories includes the excise duty chargeable to the tobacco items for the tobacco stock in the Group's warehouses at 30 September 2019, for a total amount of EUR 429,263 thousand (2018: EUR 458,777 thousand).

The write-down in year 2019 and 2018 relates mainly to tobacco inventories that were defective or that cannot be sold at year end, The changes in the write-downs relating to "Inventories" in the accompanying consolidated balance sheet were as follows:

	Thousands of Euros
Accumulated write-down at 30 September 2017	**7,321**
Period write-downs	5,208
Reversals	(2,409)
Amounts derecognised	(1,864)
Accumulated write-down at 30 September 2018	**8,256**
Period write-downs	5,727
Reversals	(3,846)
Amounts derecognised	1,165
Accumulated write-down at 30 September 2019	**11,302**

At 30 September 2019 and 2018, the Group had arranged insurance policies to cover the value of its inventories.

11. TRADE AND OTHER RECEIVABLES

The detail of "Trade and Other Receivables" in the accompanying consolidated balance sheets at 30 September 2019 and 2018 is as follows:

	Thousands of Euros	
	2019	**2018**
Trade receivables for sales and services	1,742,897	1,706,046
Related companies (Note 26)	21,601	23,741
Sundry accounts receivable	201,792	169,242
Employee receivables	650	442
Less- Allowances for doubtful debts	(53,246)	(53,225)
	1,913,694	**1,846,246**

The changes in the "Allowances for Doubtful Debts" in 2019 and 2018 are as follows:

	Thousands of Euros
Allowance for doubtful debts at 30 September 2017	**52,191**
Period write-downs	5,131
Reversals	(3,234)
Reclasifications	(523)
Amounts derecognised	(340)
Allowance for doubtful debts at 30 September 2018	**53,225**
Period write-downs	2,590
Reversals	(2,064)
Reclasifications	(462)
Amounts derecognised	(43)
Allowance for doubtful debts at 30 September 2019	**53,246**

The additions to and reversals from the allowance for doubtful debts in 2019 and 2018 are recognised under "Cost of Logistics Networks - Other Operating Expenses" in the accompanying consolidated income statement.

At 30 September 2019 and 2018, the total amounts of balances provided are older than 90 days.

Trade receivables for sales and services

"Trade Receivables for Sales and Services" includes mainly the balances receivable from the sales of tobacco products, postage and other stamps relating basically to the final delivery of each year, which may be settled during the first days of the following year, including the excise duties and VAT associated with tobacco product sales which do not form part of revenue (see Note 4.15).

The credit period taken on sales of goods and services by territory ranges from 10 to 30 days. No interest is charged on the receivables for the first 30 days after the expiry date of the invoice. Thereafter, interest is generally charged at between 6.5% and 9% on the outstanding balance.

None of the clients supposes more than 5% of the trade receivable balances, so there is no clients' concentration risk.

The detail of the past-due receivables for which no allowance had been recognised at 30 September 2019 and 2018 is as follows:

	Thousands of Euros	
Tranche	**2019**	**2018**
0-30 days	65,807	44,322
30-90 days	11,621	12,119
90-180 days	6,103	4,565
180-360 days	2,102	1,363
More than 360 days	5,915	670

The Group recognizes an allowance for doubtful debts based on seniority of the debt, unless there are additional guarantees of payment.

Sundry accounts receivable

"Sundry Accounts Receivable" caption includes mainly the balances receivable from manufacturers for the tax established in France described in Note 22. For the purposes of better understanding, in this connection EUR 63,428 thousand from 2018 were reclassified in these financial statements from "Trade Receivables for Sales and Services" caption to "Sundry Accounts Receivable" caption in order to make them comparable with those of the current year.

12. CASH AND CASH EQUIVALE

"Cash and Cash Equivalents" in the consolidated balance sheets at 30 September 2019 and 2018 includes mainly the Group's cash deposited in current accounts at banks.

The average interest rate obtained by the Group on its cash and cash equivalent balances has been 0.00% in 2019.

13. EQUITY

At the end of 2019 and 2018 the Parent's share capital amounted to EUR 26,550 thousand and was represented by 132,750,000 fully subscribed and paid shares of EUR 0.2 par value each, all of the same class.

As indicated in Note 1, the Parent was incorporated on 13 May 2014, with a share capital of EUR 60 thousand, divided into 300,000 shares of EUR 0.20 par value each, all of which are of the same class and fully subscribed and paid in cash by its sole shareholder, Altadis, S.A.U.

On 4 June 2014, the sole shareholder approved the share capital increase through a non-monetary contribution of EUR 26,490 thousand, through the issue of 132,450,000 new shares of EUR 0.20 par value each, together with a total share premium of EUR 942,148 thousand. The shares issued were of the same class as the outstanding shares and were fully subscribed and paid by Altadis, S.A.U. through the contribution to the Company of 44,250,000 registered shares representing all of the share capital of Compañía de Distribución Integral Logista, S.A.U (Logista Group Partner Company until that moment). For these purposes, it should be noted that the aforementioned non-monetary contribution was subject to the required assessment by an independent expert appointed by the Mercantile Registry, pursuant to the Spanish Capital Companies Law consolidated text and the Mercantile Registry Regulations.

The offering of shares in the Parent Company came to an end on 14 July 2014, and its shares are currently listed for trading in the Continuous Market on Madrid, Barcelona, Valencia and Bilbao Exchanges.

On 31 July 2018, Altadis, S.A.U. sold 13,265,000 shares, representing 9,99% of the Parent's share capital.

The only shareholder with an ownership interest of 10% or more in the Parent's share capital at 30 September 2019 and 2018 is Altadis, S.A.U. with an ownership interest of 50,01%.

At 30 September 2019, all shares of the Parent have the same voting and dividend rights.

Capital Management

The main objectives of the Group's capital management are to ensure financial stability in the short and long term and the adequate funding of investments, keeping debt levels, all aimed at that the Group maintains its financial strength and soundness of their ratios so that it supports their business and maximizes the value for its shareholders.

At 30 September 2019, the Group had a net cash position amounting to EUR 2,173,620 thousand (30 September 2018: EUR 2,031,599 thousand), the detail being as follows:

	Thousands of Euros	
	2019	**2018**
Other current financial liabilities (Note 20)	(37,551)	(32,850)
Gross debt	**(37,551)**	**(32,850)**
Other Current financial assets (Note 9)	2,050,521	1,910,934
Cash and cash equivalents	160,650	153,515
Financial assets and cash	**2,211,171**	**2,064,449**
Total net financial position	**2,173,620**	**2,031,599**

14. RESERVES

a) Share premium

The Spanish Capital Companies Law expressly permits the use of the share premium account balance to increase the capital of the entities at which it is recognised and does not establish any specific restrictions as to its use.

b) Reserves of the Parent

Legal reserve

Under the Spanish Capital Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital, The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount, Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

On 30 September 2019 the Parent's legal reserve has reached the legally required minimum.

Other reserves

The capital increase expenses incurred by the Parent in 2014 in the transaction described in the "Share Capital" section, which were charged to reserves, amounted to EUR 176 thousand, net of the related tax effect. This line item also includes the annual charges for 2019 and 2018 relating to the Share Plan tranches, amounting to EUR 2,998 thousand and EUR 2,838 thousand, respectively (see Note 4.12).Additionally, in 2019 this line item includes an amount used on EUR 3,325 thousand to settle the Second Vesting Period (2015-2018) of the 2014 General Share Plan and the 2014 Special Share Plan.

In 2018 this line item included an amount used on EUR 4,064 thousand to settle the First Vesting Period (2014-2017) of the 2014 General Share Plan and the 2014 Special Share Plan and the settlement of a beneficiary for EUR 28 thousand.

c) Reorganisation reserve

This line item includes the net effect which arose in the Parent's reserves as a result of the corporate reorganisation that took place during the year 2014, as described in Note 1, in conformity with the regulatory financial reporting framework applicable to the Group.

d) Reserve for first-time application of IFRSs

As a result of the transition to International Financial Reporting Standards (IFRSs), the Group revalued a plot of land assigned to its operations by EUR 28,500 thousand, based on the appraisal of an independent valuer, considering the fair value of this plot of land to be the deemed cost thereof in the transition to IFRSs, the impact of this revaluation on reserves amounted to EUR 19,950 thousand.

e) Dividends

On 26 March 2019, the shareholders at the Parent's Annual General Meeting approved the distribution of the profit for 2018, which included an interim dividend out of the profit for that year, which had previously been approved by the Board of Directors and paid, amounting to EUR 46,314 thousand, together with a final dividend of EUR 101,842 thousand, paid on 29 March 2019.

On 23 July 2019, the Parent's Board of Directors approved the distribution of an interim dividend of EUR 0.37 per share out of the profit for 2019, totaling EUR 48,938 thousand, which was paid on 29 August 2019 (see Note 3).

f) Treasury shares

To cater of the long-term share-based incentive scheme and pursuant to the authorisation granted by the Board of Directors, the Group acquired 747,461 treasury shares for EUR 15,110 thousand.

In 2019, as a result of the settlement of the Second Vesting Period (2015-2018) of the General Share Plan and the 2014 Special Share Plan, 158,699 shares were delivered to the beneficiaries of the two plans for a total amount of EUR 2,010 thousand, and the balance recognised at 30 September 2019 was EUR 9,893 thousand.

In 2018, as a result of the settlement of the First Vesting Period (2014-2017) of the General Share Plan and the 2014 Special Share Plan, 137,022 shares were delivered to the beneficiaries of the two plans for a total amount of EUR 2,702 thousand; in addition, 1,454 shares were delivered to a beneficiary of the plan for a total amount of EUR 28 thousand.

In 2017, 24,189 treasury shares amounting to EUR 477 thousand were delivered to two beneficiaries.

15. RESERVES AT CONSOLIDATED COMPANIES

The detail of "Reserves of Group Companies and Associates" in the consolidated balance sheets at 30 September 2019 and 2018 is as follows:

	Thousands of Euros	
	2019	2018
Reserves in fully consolidated companies	217,501	222,751
Reserves in companies consolidated by the equity method	(1,019)	(1,382)
	216,482	**221,370**

The reserves at consolidated companies include the retained earnings not appropriated at the beginning of the period relating to the consolidated companies and taking into account the consolidation adjustments.

16. MINORITY INTERESTS

The detail, by company, of "Minority interests" and "Profit/loss attributed to minority interests" in the consolidated balance sheets is as follows:

Entity	Thousands of Euros			
	2019		2018	
	Minority Interests	Income Atributable To Minority Shareholders	Minority Interests	Income Atributable To Minority Shareholders
Distribuidora Valenciana de Ediciones, S.A.	242	44	198	(148)
Terzia, S,p,A.	1,030	96	934	(191)
Distribución de Publicaciones Siglo XXI Guadalajara, S.L.	41	(2)	58	14
Distribuidora de Publicaciones del Sur, S.L.	255	(2)	257	75
Other entities	159	-	159	-
	1,727	**136**	**1,606**	**(250)**

17. FINANCIAL RISK EXPOSURE

The management of the financial risks to which the Logista Group is exposed in the course of its business constitutes one of the basic pillars of its activities aimed at preserving the value of the Group's assets at all the business units and in all the countries in which it operates (mainly Spain, Italy, France, Portugal and Poland) and, as a result, the value of its shareholder's investments. The risk management system is structured and defined to achieve the strategic and operating objectives.

The Group's activities are exposed to various financial risks: market risk (including exchange risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group's financial risk management is centralised in the Corporate Finance Division. This Division has the required mechanisms in place to control, based on the Group's financial position and structure and on the economic variables of the environment, the exposure to interest and exchange rate fluctuations and to the credit and liquidity risks, establishing the related credit limits and setting the policy for the doubtful debts allowance.

Credit risk

The Company's main financial assets are cash, loans to Group companies and trade and other receivables. In general, the Group holds its cash and cash equivalents at banks with high credit ratings. Also, the Group is exposed to the credit risk or counter-party risk of the group Imperial Brands Group, PLC, as a result of the cash transfer agreements entered into therewith.

The Group controls the risks of doubtful debts and default by setting credit limits and establishing demanding conditions with respect to collection periods; this commercial risk is distributed among a large number of customers with short collection periods and historically very low rates of non-payment and, therefore, the credit risk vis-à-vis non-Group third parties is not significant, due to the parties solvency.

The Group considers that at 30 September 2019 the level of credit risk is not significant, given the solvency of the counterparts.

Interest rate risk

In relation to its cash and cash equivalents and bank borrowings, the Group is exposed to interest rate fluctuations which might affect its profit and cash flows.

In accordance with the disclosure requirements of IFRS 7, the Group performed a sensitivity analysis in relation to the possible interest rate fluctuations which might occur in the markets in which it operates, Based on these requirements, the Group considers that each interest rate drop of 10 basis points would give rise to a decrease in the Group's finance income of EUR 1.9 million (2018: EUR 1.8 million).

Foreign currency risk

The level of exposure of equity and the income statement to the effects of future changes in the foreign currency exchange rates in force is not significant because the volume of the Group's transactions in currencies other than the euro is not material (see Note 25).

The Group does not have significant investments in foreign entities which operate in currencies other than the euro and it does not carry out significant transactions in countries whose currency is not the euro.

Liquidity risk

The Group has to meet payments arising from its activities, including significant amounts relating to excise duties and VAT.

Also, at 30 September 2019, the Group had a working capital deficiency amounting to EUR 814,617 thousand (30 September 2018: EUR 838,563 thousand). However, as a result of the difference between the average collection and payment, the Group generates sufficient liquidity to meet these payments.

In any event, the Group, for the purpose of ensuring liquidity and enabling it to meet all the payment obligations arising from its business activities, has the cash and cash equivalents disclosed in its consolidated balance sheet, together with the cash-pooling facilities with companies in the Group to which it belongs (see Note 9).

18. PROVISIONS

The detail of the balance of short- and long-term provisions in the accompanying consolidated balance sheets at 30 September 2019 and 2018 and of the main changes therein in the periods is as follows:

2019

	Thousands of Euros					
	Balance at 30/09/2018	Additions	Reversions	Provisions Used	Transfers	Balance at 30/09/2019
Excise duty and other assessments	10,859	3,299	(3,224)	(341)	-	10,593
Obligations to employees	19,493	4,729	(1,340)	(1,178)	(177)	21,527
Provision for contingencies and charges	5,908	1,972	(973)	(830)	(209)	5,868
Other	2,671	77	(7)	-	(41)	2,700
Non-current provisions	**38,931**	**10,077**	**(5,544)**	**(2,349)**	**(427)**	**40,688**
Provision for restructuring costs	4,821	8,196	(2,168)	(3,751)	-	7,098
Customer Refunds	2,162	3	(314)	-	-	1,851
Other	4,600	740	(1,308)	(1,424)	137	2,745
Current provisions	**11,583**	**8,939**	**(3,790)**	**(5,175)**	**137**	**11,694**

2018

	Thousands of Euros					
	Balance at 30/09/2017	Additions	Reversions	Provisions Used	Transfers	Balance at 30/09/2018
Excise duty and other assessments	8,176	4,583	(1,900)	-	-	10,859
Obligations to employees	20,369	1,739	(1,399)	(877)	(339)	19,493
Provision for contingencies and charges	5,579	1,344	(190)	(825)	-	5,908
Other	2,562	-	(236)	-	345	2,671
Non-current provisions	**36,686**	**7,666**	**(3,725)**	**(1,702)**	**6**	**38,931**
Provision for restructuring costs	6,249	1,933	(162)	(4,654)	1,455	4,821
Customer Refunds	2,005	493	(175)	-	(161)	2,162
Other	5,474	745	(829)	(917)	127	4,600
Current provisions	**13,728**	**3,171**	**(1,166)**	**(5,571)**	**1,421**	**11,583**

Provision for excise duty on tobacco products and for other assessments

Compañía de Distribución Integral Logista, S.A.U. has recognised provisions for assessments as a result of audits by the Spanish customs authorities of the returns for excise tax on tobacco products for 2009 to 2010. The Company signed the assessments on a contested basis and filed appeals against them, however, it has recognised provisions for the possible deficiency and interest in this connection in order to cater for the possibility of unfavourable decisions being handed down on the appeals amounting to EUR 2,380 thousand.

In previous years, tax assessments were issued to Compañía de Distribución Integral Logista, S.A.U. in relation foreign trade activity settlements for years 2012-2016 amounting to EUR 13,642 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 possible accrual of late payment interest Per the assessment made and corroborated by its external advisers, 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 recognised a provision for the first tax assessment and has recognised the payment of the other years as an asset in the accompanying consolidated balance sheet as at 30 September 2019 (See Note 9). It is important to take into account that, by virtue of the agreements entered into by the Company, any impact arising from a possible increase in the tariff on the goods sold by the Company may be passed on to the supplier of the goods.

At the date of authorisation for issue of these consolidated financial statements for 2019, the aforementioned claims are at the Central Economic-Administrative Tribunal, which has yet to hand down a ruling. Said claim is expected to conclude in more than a year, reason for which a reclassification to "non-current assets" has been made.

As of September 30 2019, Logista Italia, S.p.A. has recognized a provision amounting to EUR 4,523 thousand as a result of the Italian tax authorities' open inspection.

Additionally, there are recognized provisions to cover existing risks related to other assessments.

Provisions for employee benefit obligations

This account includes mainly the present value of the obligations assumed by Compañía de Distribución Integral Logista, S.A.U. in terms of long-service bonuses and the "free tobacco" benefit and the provisions recognised by the Group companies to meet retirement obligations.

This provision was calculated on the basis of actuarial studies performed by independent experts using as their main assumptions PERM/F 2000P mortality tables, an inflation rate of 1.5% and an annual discount rate of 0.9% as the main assumptions. In 2019, the Group charged EUR 3,248 thousand to reserves (2018: a credit of EUR 234 thousand) corresponding to changes in the actuarial assumptions used to calculate the present value of the total obligation assumed by the Group.

In 2017, a provision of EUR 6,860 thousand was recognised as a result of a decision handed down by the Employment Tribunal of the National Appellate Court, which ordered that Compañía de Distribución Integral Logista, S.A.U. recognise the right of those employees formerly employed by Altadis, S.A.U. who had retired after 2005 to receive, once they had retired, the equivalent monetary value of the gift tobacco they would receive at present as active personnel. The Company appealed against this decision at the Supreme Court.

On 25 September 2019, the Supreme Court has dismissed the appeal, ordering Compañía de Distribución Integral Logista, S.A.U. to pay such right, without any additional risk to recognise.

Provision for restructuring costs

This account includes mainly the estimate of the payments to be made in relation to the restructuring plans that are being implemented at the Group. In 2019 and 2018, provisions were recognised amounting to EUR 8,196 thousand and EUR 1,933 thousand, respectively, and indemnity payments were made amounting to EUR 3,751 thousand and EUR 4,654 thousand, respectively, with a charge to the provisions that were recognised for that purpose.

These provisions were reclassified to current liabilities on the basis of the directors' estimates as to the dates on which these proceedings will come to an end.

Provisions for customer refunds

The customers of 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 year-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 the book and publications sales activity.

Provisions for contingencies and charges

"Provision for Contingencies and Charges" includes mainly several lawsuits in process in which the Group is involved with third parties, as well as other third-party liability.

19. TAX MATTERS

Consolidated Tax Group

In 2019, several of the Group companies filed consolidated tax returns with the Parent (see Note 4.16). The companies that file consolidated tax returns together with the Parent, for income tax purposes, are: Compañía de Distribución Integral Logista, S.A.U., Publicaciones y Libros, S.A.U., Distribuidora de las Rías, S.A.U., Logista-Dis, S.A.U., La Mancha 2000, S.A.U., Dronas, 2002, S.L.U., Logista Pharma Gran Canaria, S.A.U., Distribuidora de Publicaciones Siglo XXI Guadalajara, S.L., Logista Pharma, S.A.U., Cyberpoint, S.L.U., Distribuidora del Noroeste, S.L., Compañía de Distribución Integral de Publicaciones Logista, S.L.U., Distribuidora del Este, S.A.U., S.A. Distribuidora de Ediciones, Logesta Gestión de Transporte, S.A.U., and Be to Be Pharma, S.L.U.

In addition, Logista France, S.A.S., Société Allumetière Française, S.A.S., Supergroup, S.A.S. file consolidated income tax returns in France as part of the group headed by Logista France, S.A.S.

Logista Italia, S.p.A., Terzia, S.p.A. and Logesta Italia, S.r.l. file consolidated income tax returns in Italy as part of the group headed by Logista Italia, S.p.A.

Additionally, Compañía de Distribución Integral Logista, S.A. - Sucursal em Portugal, Midsid – Sociedade portuguesa de Distribuiçao, S.A. and Logista Transportes, Transitarios e Pharma, Lda, are taxed under a tax consolidation regime for Corporate Income Tax purposes in Portugal, being the head of said group Compañía de Distribución Integral Logista, S.A.- Sucursal in Portugal.

The Group's other subsidiaries file individual tax returns in accordance with the tax legislation in force in each country.

Years open for review by the tax authorities

Compañía de Distribución Integral Logista, S.A.U. has open for review by the tax authorities the years 2017 and 2018 for excise taxes and year 2018 for custom tax, being currently under review by the tax authorities year 2016 for excise taxes and year 2017 for custom tax.

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 2014, 2015 and 2016 for withholding taxes and, additionally, for Compañía de Distribución Integral Logista, S.A.U. years 2013, 2014, 2015, 2016 and 2017 for value added taxes.

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, pursuant to the specific legislation of each country, and the last ten years for excise taxes in Italy.

The Company's Directors consider that the tax returns for the aforementioned taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax legislation in relation to the tax treatment afforded to certain transactions, such liabilities that might arise would not have a material effect on the accompanying financial statements.

Tax receivables and payables

The detail of the tax receivables at 30 September 2019 and 2018 is as follows:

	Thousands of Euros	
	2019	2018
Deferred tax assets:		
Provision for restructuring costs	557	1,167
Goodwill	1,815	1,842
Impairment losses and other	4,003	1,750
Provision for third-party liability	10,467	10,734
Other deferred tax assets	2,189	3,136
	19,031	**18,629**
Tax receivables (current):		
VAT refundable	5,088	4,548
Income tax refundable	14,359	78,240
Other	233	745
	19,680	**83,533**

The deferred tax assets relate mainly to provisions recognised for restructuring plans, termination benefits and obligations to employees that will become tax deductible in the coming years. Also, Law 16/2012, of 27 December, established for 2013 and 2014 a ceiling on the deductibility of the depreciation and amortization charge. Specifically, it was possible to deduct up to 70% of the depreciation and amortization charge, and the portion of the charge that was not deductible started to be deducted in 2017.

The detail of the tax payables at 30 September 2019 and 2018 is as follows:

	Thousands of Euros	
	2019	2018
Deferred tax liabilities:		
Assets contributed by Logista	535	562
Revaluation of land owned by the Parent (Note 14-d)	7,125	7,125
Goodwill	102,125	95,378
Business Combination	148,646	166,627
Other	6,452	9,981
	264,883	**279,673**
Tax payables (current):		
Excise duty on tobacco products	3,798,298	3,722,463
VAT payable	755,593	1,035,282
Customs duty settlements	3,333	4,545
Income tax, net of prepayments	2,997	8,071
Personal income tax withholdings	6,847	6,145
Social security taxes payable	17,253	17,111
Tax retention to tobacconists (France)	34,660	29,324
Other	234,414	74,979
	4,853,395	**4,897,920**

Short-term balances include mainly the "Excise Duty on Tobacco Products" accrued by Compañía de Distribución Integral Logista, S.A.U., Logistra France, S.A.S. and by Logista Italia, S.p.A. and pending payment to the tax authorities.

The deferred tax liabilities arising from business combinations relate mainly to the tax effect of the recognition of the agreements with the tobacco manufacturers of the subsidiary Logista France, S.A.S., within the context of the acquisition of this subsidiary in 2013 (see Notes 4.4 and 8).

At September 30, 2019 the "Other items" in current tax payables caption includes an account payable with the French tax authorities for an amount of EUR 71 million (2018: 73 million), related to the social contribution accrued in year 2019 and up to September 30, 2019 (See Note 22).

Until 2011, each year Compañía de Distribución Integral Logista, S.A.U decreased its taxable profit by one twentieth of the implicit goodwill included in the acquisition price of its subsidiary in Italy. These reductions are considered to be temporary differences. On 30 March 2012, Royal Decree-Law 12/2012 came into force, introducing various tax and administrative measures aimed at reducing the public deficit. These measures include limiting the tax deductibility of such goodwill to 1% per year. Since 2017, the maximum tax credit is 5% per year.

Reconciliation of the accounting profit to the taxable profit

The reconciliation of the accounting profit before tax to the aggregate taxable profit and of the accounting profit before tax to the income tax expense resulting from the application of the standard tax rate in force in Spain for the years ended 30 September 2019 and 2018 is as follows:

	Thousands of Euros	
	2019	2018
Accounting profit before tax	217,099	203,163
Permanent differences	(18,235)	(39,209)
Tax loss carryforwards compensation	(245)	-
Tax charge at 25%	49,655	40,989
Effect of different tax rates and changes thereto	6,197	13,476
Corporation tax adjustments	(4,460)	(9,100)
CVAE France	2,841	2,472
Reductions	(1,896)	(1,130)
Total income tax expense recognised in consolidated profit or loss	**52,337**	**46,707**

In 2018, the permanent differences include adjustments amounting to EUR 32 million relating to differences between the tax base and carrying amounts of assets spun off and received by the Logista Group, which, in previous years, paid the tax on the gain associated with these values. In 2018, conditions supporting the consideration of a portion of these gains as a negative permanent difference were disclosed, giving rise to a reduction of the taxable profit.

The Group is affected by the different income tax rates to which the Group companies' activities are subject:

- Spain: the current income tax rate is 25%.
- France: the current standard tax is 34.43%.
- Italy: the income tax rate is 24% and there is a supplementary business tax which can represent an additional 4.6%.
- Portugal: the income tax rate is 22.5%, and there is a supplementary business tax which can represent up to 4.5%, additionally, there is an obligation to make pre-payments even if an entity is reporting a loss.
- Poland: the income tax rate is 19%.

The breakdown of the income tax expense is as follows:

	Thousands of Euros	
	2019	2018
Current tax:		
Continuing operations	65,717	66,103
Deferred tax:		
Continuing operations	(13,886)	(19,103)
Tax adjustment and others	502	(293)
Total tax expense	**52,337**	**46,707**

Changes in deferred tax assets and liabilities

The changes in deferred tax assets and liabilities in 2019 and 2018 are as follows:

2019

	Thousands of Euros			
	Balance at 30/09/2018	Change in Profit or Loss	Others	Balance at 30/09/2019
Deferred tax assets:				
Provision for restructuring costs	1,167	(543)	(67)	557
Goodwill	1,842	(27)	-	1,815
Impairment losses and other	1,750	2,261	(8)	4,003
Provision for third-party liability	10,734	162	(429)	10,467
Other deferred tax assets	3,136	(949)	2	2,189
	18,629	**904**	**(502)**	**19,031**
Deferred tax liabilities:				
Assets contributed by Logista	(562)	27	-	(535)
Revaluation of land	(7,125)	-	-	(7,125)
Goodwill	(95,378)	(6,747)	-	(102,125)
Business combination	(166,627)	17,981	-	(148,646)
Other	(9,981)	3,529	-	(6,452)
	(279,673)	**14,790**	**-**	**(264,883)**

2018

	Thousands of Euros			
	Balance at 30/09/2017	Change in Profit or Loss	Others	Balance at 30/09/2018
Deferred tax assets:				
Provision for restructuring costs	1,182	(81)	66	1,167
Goodwill	1,875	(33)	-	1,842
Impairment losses and other	881	867	2	1,750
Provision for third-party liability	11,853	(1,130)	11	10,734
Other deferred tax assets	4,153	(1,021)	4	3,136
	19,944	**(1,398)**	**83**	**18,629**
Deferred tax liabilities:				
Assets contributed by Logista	(589)	27	-	(562)
Revaluation of land	(7,125)	-	-	(7,125)
Goodwill	(88,763)	(6,737)	122	(95,378)
Business combination	(184,607)	17,980	-	(166,627)
Other	(17,884)	7,811	92	(9,981)
	(298,968)	**19,081**	**214**	**(279,673)**

The deferred tax liability caption includes mainly the deferrals associate.d with the business combinations and goodwill recorded by the Group. During fiscal year 2019 there have been variations to the corporate income tax for the year together with the effect of changes in the tax rate in various legislations.

Tax credit and tax loss carryforwards

At 30 September 2019, the Group had tax credits not yet used by the tax group amounting to EUR 1,870 thousand (30 September 2018: EUR 4,426 thousand), which had been earned as part of the previous tax group. These tax credits are recognised under "Other Current Financial Assets" (see Note 26).

The not capitalised tax loss carryforwards at the end of 2019 were basically as follows:

- Spain: the tax loss carryforwards amount to EUR 6,161 thousand and were incurred mainly by S.A.U. Distribuidora de Ediciones and Distribuidora Valenciana de Ediciones, S.A. There is no time limit for their offset.

- Portugal: the tax losses not yet offset amount to EUR 10 thousand and were incurred by Logesta Lusa Lda., being its limit for their offset the period 2026-2028.

20. OTHER CURRENT FINANCIAL LIABILITIES

This line item includes mainly the balance at Compañía de Distribución Integral Logista, S.A.U relating to the credit facility granted by it to "UTE Cía de distribución Integral Logista, S.A.U. y IGR Spain Lottery, S.L.U.", which amounted to EUR 29,504 thousand at 30 September 2019 (30 September 2018: EUR 29,704 thousand). This amount represents the balance payable by the Group to "Compañía de Distribución Integral Logista, S.A.U and GTECH Global Lottery S.L.U., Unión Temporal de Empresas" as a result of the account payable to the other venturer of the UTE assumed by the Group (see Note 9).

21. TRADE AND OTHER PAYABLES

The detail of "Trade and Other Payables" in the accompanying consolidated balance sheet at 30 September 2019 and 2018 is as follows:

	Thousands of Euros	
	2019	**2018**
Accounts payable for purchases and services	1,020,391	813,354
Notes payable	26,025	24,404
Payable to related companies (Note 26)	227,229	183,511
Advances received on orders	414	134
	1,274,059	**1,021,403**

Trade and Other Payables" includes mainly the amounts outstanding for trade purchases and related costs. The average payment period for trade purchases in 2019 and 2018 was approximately 35 days.

22. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER INFORMATION

Guarantee commitments to third parties

At 30 September 2019, the Group has been provided with bank guarantees totalling EUR 157,284 thousand (30 September 2018: EUR 150,492 thousand) which, in general, secure the fulfilment of certain obligations assumed by the consolidated companies in the performance of their business activities.

Also, the Group has provided guarantees for its ordinary trading operations; in this regard, the Parent's directors consider that any liabilities not foreseen at 30 September 2019 that might arise from the aforementioned guarantees would not in any event be material.

At 30 September 2019, the Group had taken out insurance policies to cover possible contingencies for transport and storage in factories and representative offices, fire and third-party liability for all its work centres. The insured sum adequately covers the aforementioned assets and risks.

Other Information

On 20 June 2017, the Spanish National Markets and Competition Commission (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 12 April 2019, the Board of the CNMC issued its Decision of 10 April 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 Parent's directors, supported by its legal advisers, believe that the Decision, which is not final, is unlawful; at the date of authorisation for issue of these 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 suppliers' 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, while the unbilled accrued amount of the tax for the first 9 months of 2019 amounts to EUR 71 million (see Note 19). 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.

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 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 Parent's directors consider that this matter will not have any impact on the Group's equity position.

23. INCOME AND EXPENSES

a) Income

The detail of "Revenue" in the consolidated income statements for 2019 and 2018 is as follows:

	Thousands of Euros	
	2019	**2018**
Iberia	3,157,395	2,812,642
Italy	2,961,607	2,688,081
France	4,069,467	4,021,604
Corporate	9,149	8,495
Adjustment due to inter-segment sales	(49,295)	(54,338)
	10,148,323	**9,476,484**

b) Staff costs

The detail of the Group's "Staff Costs" in 2019 and 2018 is as follows:

	Thousands of Euros	
	2019	**2018**
Wages and salaries	(200,049)	(196,855)
Termination benefits	(10,303)	(3,301)
Employer social security costs	(64,638)	(62,847)
Other employee benefit costs (Note 4.12)	(2,079)	(2,586)
Other social costs	(14,858)	(12,894)
	(291,927) (*)	**(278,483) (*)**

(*) "Research Expenditure" includes EUR 1,375 thousand and EUR 1,377 thousand of staff costs in 2019 and 2018, respectively.

The average number of employees at the Group, by professional category, in 2019 and 2018, as well as the number of employes as of 30 September 2019 and 30 September 2018 was as follows:

2019

Category	Number of Persons							
	Average Headcount				Headcount at 30/09/19			
	Permanent Employees		Temporary Employees		Permanent Employees		Temporary Employees	
	Men	Women	Men	Women	Men	Women	Men	Women
Management	20	2	-	-	20	2	-	-
Line personnel and clerical staff	1,583	1,270	188	171	1,595	1,260	182	188
Messengers	1,566	550	363	205	1,560	548	426	199
	3,169	**1,822**	**551**	**376**	**3,175**	**1,810**	**608**	**387**
Total staff	**4,991**		**927**		**4,985**		**995**	

Ejercicio 2018

Category	Number of Persons							
	Average Headcount				Headcount at 30/09/19			
	Permanent Employees		Temporary Employees		Permanent Employees		Temporary Employees	
	Men	Women	Men	Women	Men	Women	Men	Women
Management	19	2	-	-	19	2	-	-
Line personnel and clerical staff	1,557	1,222	193	166	1,547	1,256	206	166
Messengers	1,556	558	358	172	1,564	558	354	147
	3,132	**1,782**	**551**	**338**	**3,130**	**1,816**	**560**	**313**
Total staff	**4,914**		**889**		**4.946**		**873**	

The average number of disabled employees with a handicap higher than 33% at the Group in 2019 and 2018 was as follows:

Category	2019	2018
Management	-	1
Line personnel and clerical staff	15	14
Messengers	48	44
	63	**59**

Remuneration of senior executives

The senior executive functions are discharged by members of the Management Committee, which consists of 11 members.

The remuneration accrued in 2019 by the members of the Management Committee of the Group amounted to EUR 4,583 thousand (2018: EUR 5,463 thousand). The aforementioned amounts include the amounts vested in the members of the Management Committee in 2019 and 2018 under the incentive plan described in Note 4.12.

The period contributions to the savings schemes for members of the Management Committee for 2019 and 2018 amounted to EUR 250 thousand and EUR 262 thousand, respectively.

c) Other operating expenses

The detail of "Other Operating Expenses" in the consolidated income statements is as follows:

Cost of logistics networks

	Thousands of Euros	
	2019	**2018**
Leases	(32,346)	(32,420)
Security and cleaning	(16,318)	(15,973)
Utilities	(17,854)	(16,843)
Other operating expenses	(130,784)	(136,107)
	(197,302)	**(201,343)**

Commercial expenses

	Thousands of Euros	
	2019	**2018**
Leases	(2,450)	(2,653)
Security and cleaning	(30)	(16)
Utilities	(1,481)	(1,391)
Other operating expenses	(20,321)	(19,018)
	(24,282)	**(23,078)**

Head Office costs

	Thousands of Euros	
	2019	2018
Leases	(4,378)	(4,172)
Security and cleaning	(581)	(649)
Utilities	(367)	(381)
Other operating expenses	(14,097)	(12,965)
	(19,423)	**(18,167)**

“Other Operating Expenses” mainly includes expenses related to Independent professional services and to various services registered in the consolidated statements for 2019 and 2018.

d) Future rental payment commitments

The Group has the following future rental payment commitments, classified by year of maturity, without considering future contingent rent revisions:

	Thousands of Euros	
	2019	2018
Within one year	(32,838)	(31,441)
Between one and five years	(80,720)	(69,802)
More than five years	(25,758)	(24,367)
	(139,316)	**(125,610)**

e) Finance income

The detail of “Finance Income” in the accompanying consolidated income statements is as follows:

	Thousands of Euros	
	2019	2018
Interest income (Note 26)	14,489	13,664
Other finance income with related parties (Note 26)	-	435
Other finance income	523	176
	15,012	**14,275**

f) Finance expenses

The detail of "Financial expenses" in the accompanying consolidated income statements is as follows:

	Thousands of Euros	
	2019	2018
Accrual for late payment interests and financial update of provisions	(414)	(456)
Other financial costs	(1,825)	(1,131)
	(2,239)	**(1,587)**

g) Other disclosures

In 2019 and 2018 the fees for financial audit and other services provided by the joint auditors of the Group's consolidated financial statements, Deloitte, S.L. and PricewaterhouseCoopers Auditores, S.L., or by firms related to these joint auditors as result of a relationship of control, common ownership or common management, and the fees billed by the auditors of the separate financial statements of the consolidated companies, and by firms related to these auditors as a result of a relationship of control, common ownership or common management, were as follows:

	Thousands of Euros					
	Services Rendered by the Main Auditor				Services Rendered by Other Auditors	
	2019		2018		2019	2018
	Deloitte	PWC	Deloitte	PWC		
Audit services	843	491	828	497	11	11
Reporting package to Imperial Brands, Plc.	-	304	-	128	-	-
Other attest services	35	53	32	30	86	87
Total audit and related services	**878**	**848**	**860**	**655**	**97**	**98**
Transfer princing counselling services	173	-	115	-	-	-
Other services	4	19	11	37	-	-
Total other services	**177**	**19**	**126**	**37**	**-**	**-**
Total professional services	**1,055**	**867**	**986**	**692**	**97**	**98**

From the date of year-end to the date of preparation of these consolidated annual accounts, fees charged for non-audit services provided by co-auditor PricewaterhouseCoopers Auditores, S.L. amounted to EUR 12.4 thousand (2018: EUR 173.3 thousand) and by the co-auditor Deloitte, S.L. amounted EUR 10.3 thousand (2018: EUR 52.5 thousand).

24. SEGMENT REPORTING

Basis of segmentation

Segment reporting is structured by geographical segment. The Group's business activities are located mainly in Iberia (Spain and Portugal), France and Italy. In the "Corporate and Others" line Poland is included.

Basis and methodology for segment reporting

The segment reporting below is based on monthly reports prepared by Logista Group management. The figure of highest instance of operational decision making to define the operating segments is the CEO of the Parent Company.

The segment's ordinary revenue relates to the ordinary income directly allocable to the segment plus the relevant proportion of the Group general revenue that can be allocated thereto using reasonable allocation bases. Each segment's ordinary revenue does not include interest or dividend income or gains arising from sale of investments.

The expenses of each segment are determined as the directly allocable expenses arising from its operating activities plus the relevant proportion of the expenses which may be allocated to the segment using reasonable allocation bases. The expenses allocated do not include interest or losses arising from the disposal of investments; similarly, they do not include the income tax expense or the head office's general administrative expenses that are not related to the segments' operating activities and, therefore, that cannot be allocated using reasonable allocation bases.

The assets and liabilities of the segments are those that are directly related to their operations plus those that can be directly attributed to them on the basis of the aforementioned allocation system, and include the proportional part of joint ventures. Segment liabilities do not include income tax liabilities.

Primary segment reporting

	Thousands of Euros			
	Iberia		Italy	
	2019	2018	2019	2018
Revenue:				
External sales-	3,157,395	2,812,642	2,961,607	2,688,081
Tobacco and related products	2,753,909	2,402,212	2,961,607	2,688,081
Transport	385,656	366,175	-	-
Other businesses	152,213	141,831	-	-
Other adjustments	(134,383)	(97,576)	-	-
Inter-segment sales				
Total revenue	**3,157,395**	**2,812,642**	**2,961,607**	**2,688,081**
Procurements:				
External procurements	(2,575,818)	(2,251,246)	(2,675,488)	(2,397,651)
Inter-segment procurements				
Total procurements	**(2,575,818)**	**(2,251,246)**	**(2,675,488)**	**(2,397,651)**
Gross profit:				
External gross profit-	581,577	561,396	286,119	290,430
Tobacco and related products	278,357	272,101	286,119	290,430
Transport	269,974	252,999	-	-
Other businesses	86,404	84,221	-	-
Other and adjustments	(53,158)	(47,925)	-	-
Inter-segment gross profit				
Total gross profit	**581,577**	**561,396**	**286,119**	**290,430**
Profit (Loss):				
Segment result	122,973	111,572	79,155	79,064
Share of results of associates	-	-	-	-
Profit (Loss) from operations	**122,973**	**111,572**	**79,155**	**79,064**

Inter-segment sales are made at prevailing market prices. Also, the transfer prices are adequately supported and, therefore, the Group's directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

Thousands of Euros					
France		Corporate and Others		Total Group	
2019	2018	2019	2018	2019	2018
4,069,467	4,021,604	9,149	8,495	10,197,618	9,530,822
3,891,663	3,840,142	9,149	8,495	9,616,328	8,938,930
-	-	-	-	385,656	366,175
187,217	189,270	-	-	339,430	331,101
(9,413)	(7,808)	-	-	(143,796)	(105,384)
				(49,295)	(54,338)
4,069,467	**4,021,604**	**9,149**	**8,495**	**10,148,323**	**9,476,484**
(3,791,745)	(3,757,415)	-	-	(9,043,051)	(8,406,312)
				43,714	48,012
(3,791,745)	**(3,757,415)**	**-**	**-**	**(8,999,337)**	**(8,358,300)**
277,722	264,189	9,149	8,495	1,154,567	1,124,510
233,176	218,586	9,149	8,495	806,801	789,612
-	-	-	-	269,974	252,999
51,736	51,579	-	-	138,140	135,800
(7,190)	(5,976)	-	-	(60,348)	(53,901)
				(5,581)	(6,326)
277,722	**264,189**	**9,149**	**8,495**	**1,148,986**	**1,118,184**
14,604	12,547	(13,655)	(13,722)	203,077	189,461
-	-	-	-	1,249	1,014
14,604	**12,547**	**(13,655)**	**(13,722)**	**204,326**	**190,475**

The detail of the other disclosures related to the Group's business segments is as follows:

	Thousands of Euros			
	Iberia		Italy	
	2019	2018	2019	2018
Other disclosures:				
Additions to non-current assets	31,574	33,775	6,449	10,194
Depreciation and amortisation charge	(23,792)	(23,184)	(6,290)	(6,401)
Balance sheet:				
Assets-				
Property, plant and equipment, investment properties and non-currents assets held for sale	158,192	150,790	22,702	24,218
Other non-current assets	76,693	63,820	674,411	671,523
Inventories	473,652	443,567	368,082	329,901
Trade receivables	560,516	552,523	355,732	332,456
Other current assets	–	–	–	–
Total consolidated assets				
Liabilities-				
Non-current liabilities	113,103	110,330	40,704	40,850
Current liabilities	1,522,017	1,634,250	1,739,164	1,572,989
Equity	–	–	–	–
Total consolidated liabilities				

	Thousands of Euros					
	France		Corporate and Others		Total Group	
	2019	2018	2019	2018	2019	2018
	13,653	10,445	322	47	51,998	54,461
	(59,006)	(58,405)	(64)	(57)	(89,152)	(88,047)
	47,757	46,403	202	133	228,853	221,544
	662,164	714,976	1,718	1,071	1,414,986	1,451,390
	441,020	415,075	-	-	1,282,754	1,188,543
	996,568	960,124	878	1,143	1,913,694	1,846,246
	–	–	–	–	2,243,280	2,157,467
					7,083,567	**6,865,190**
	155,069	171,570	-	-	308,876	322,750
	2,991,961	2,822,706	1,203	887	6,254,345	6,030,832
	–	–	–	–	520,346	511,608
					7,083,567	**6,865,190**

25. FOREIGN CURRENCY TRANSACTIONS

The Logista Group's foreign currency transactions in 2019 and 2018, measured in euros at the average exchange rate for the year, were as follows:

	Thousands of Euros	
	2019	2018
Sales	16,090	14,244
Purchases	12,099	10,305
Services received	2,494	4,678

26. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The balances at 30 September 2019 and 2018 with related companies were as follows:

2019

	Thousands of Euros			
	Receivables		Payables	
	Credit Facilities (Note 9)	Accounts Receivable (Note 11)	Accounts Payable (Note 21)	Loans
Altadis, S.A.U.	-	1,453	47,906	-
Altadis Canarias, S.A.	-	1,981	22,507	-
Imperial Brands Finance PLC	2,020,792	-	-	-
Imperial Tobacco International Limited	-	777	22,788	-
Seita, S.A.S.	-	12,652	49,647	-
Imperial Tobacco Italia, Srl	-	1,630	53,007	-
Tabacalera, S.L. Central Overheads	-	1,149	3,498	-
My Blu Spain, S.L.	-	737	27,828	-
Logista Libros, S.L.	12	683	48	8,047
Others	-	539	-	-
	2,020,804	**21,601**	**227,229**	**8,047**

2018

	Thousands of Euros			
	Receivables		Payables	
	Credit Facilities (Note 9)	Accounts Receivable (Note 11)	Accounts Payable (Note 21)	Loans
Altadis, S.A.U.	-	1,899	48,292	-
Altadis Canarias, S.A.	-	1,937	22,915	-
Imperial Brands Finance PLC	1,881,025	-	-	-
Imperial Tobacco International Limited	-	334	17,551	-
Seita, S.A.S.	-	14,399	51,976	-
Imperial Tobacco Italia, Srl	-	344	36,743	-
Tabacalera, S.L. Central Overheads	-	553	3,344	-
My Blu, S.L.	-	12	44	-
Logista Libros, S.L.	10	711	246	3,147
Others	-	3,552	2,400	-
	1,881,035	**23,741**	**183,511**	**3,147**

The accounts payable and accounts receivable stem from balances payable and receivable, respectively, related to commercial transactions, mainly purchases of tobacco and related products, between Logista Group companies and Imperial Brands PLC Group companies.

The "Credit Facilities" with Imperial Brands Finance PLC relate to cash among Logista Group and the Imperial Brands PLC Group (see Note 9).

The transactions with related companies in 2019 and 2018 were as follows:

2019

	Thousands of Euros			
	Operating Income	Finance Results (Note 23-e)	Purchases	Other Operating Expenses
Altadis, S.A.U.	8,817	-	346,966	-
Altadis Canarias, S.A	10,996	-	49,210	-
Tabacalera S.L. Central Overheads	8,414	-	191	-
Imperial Tobacco Italy, s.r.l.	3,606	-	121,446	-
Imperial Tobacco Polska, S.A.	3,055	-	-	-
Imperial Tobacco Manufacturing Polska, S.A.	377	-	-	-
Imperial Brands Finance PLC	-	14,489	-	-
Imperial Tobacco International Limited	1,986	-	39,480	-
Imperial Tobacco Portugal SPPLC	1,030	-	-	-
Macotab, S.A.S.	-	-	-	394
SEITA, S.A.	25,232	-	274,342	-
Fontem International Gmbh	713	-	1,374	-
MyBlu Spain, S.L.	2,784	-	55,575	-
Others	4,758	-	21	-
	71,768	**14,489**	**888,605**	**394**

2018

	Thousands of Euros			
	Operating Income	Finance Results (Note 23-e)	Purchases	Other Operating Expenses
Altadis, S.A.U.	9.622	-	351.645	-
Altadis Canarias, S.A	8.935	-	49.171	-
Tabacalera S.L. Central Overheads	8.438	-	222	-
Imperial Tobacco Italy, s.r.l.	1.658	-	86.069	-
Imperial Tobacco Polska, S.A.	2.705	-	-	-
Imperial Tobacco Manufacturing Polska, S.A.	364	-	-	-
Imperial Brands Finance Limited	-	5.528	-	-
Imperial Brands Finance PLC	-	8.136	-	-
Imperial Tobacco International Limited	1.885	-	39.210	-
Imperial Tobacco Portugal SPPLC	1.544	-	-	-
Macotab, S.A.S.	-	-	26	386
SEITA, S.A.	23.725	-	287.202	148
Fontem International Gmbh	1.401	-	6.493	-
MyBlu Spain, S.L.	10	-	200	-
Others	5.651	435	291	81
	65.938	**14.099**	**820.529**	**615**

Operating income and other operating expenses relate to services provided by Group companies for the handling, logistics and storage of goods. In addition, statistical and market information services are occasionally provided.

The purchases are included as a result of acquiring tobacco and related products, as well as convenience products related to tobacco. Specifically, the transactions with Altadis, S.A.U., Imperial Tobacco Italy, Srl, Imperial Tobacco International, Ltd, Altadis Canarias, S.A. and Seita, S.A.S. relate to purchases of tobacco and related products from these companies to then be subsequently sold in the markets where the Group operates.

27. REMUNERATION OF DIRECTORS

Remuneration of the Parent's directors

In 2019 the remuneration accrued by the members of the Board of Directors 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, amounted to EUR 4,477 thousand (2018: EUR 5,092 thousand).

The contributions to savings schemes for the executive directors for 2019 and 2018 amounted to EUR 359 thousand and EUR 237 thousand, respectively.

The life insurance premium corresponding to the Board of Directors amounted to EUR 15 thousand in 2019 and 2018.

The Group has long-term incentive plans for executive directors which characteristics are detailed in Note 4.12.

Also, in 2019 and 2018 the Parent did not perform with the members of the Board of Directors any transactions not relating to its ordinary business operations or any transactions not carried out under customary conditions.

In 2019 the directors' third-party liability insurance amounted to EUR 45 thousand in 2019 and 2018.

The Board's composition is nine male directors and one female.

Information regarding situations of conflict of interest involving the directors

Pursuant to Article 229 of the Spanish Capital Companies Law consolidated text, the directors have not reported any situation of direct or indirect conflict of interest that either they or persons related to them might have with the interests of the Group.

28. DISCLOSURES ON THE PAYMENT PERIODS TO SUPPLIERS, ADDITIONAL PROVISION THREE "DISCLOSURE OBLIGATION" PROVIDED FOR IN LAW 15/2010, OF 5 JULY

Set forth below are the disclosures -the detail of payments made to suppliers- required by Additional Provision Three of Law 15/2010, of 5 July (amended by Final Provision Two of Law 31/2014, of 3 December), prepared in accordance with the Spanish Accounting and Audit Institute (ICAC) Resolution of 29 January 2016 on the disclosures to be included in notes to financial statements in relation to the average period of payment to suppliers in commercial transactions.

	Days	
	2019	2018
Average period of payment suppliers	35	35
Ratio of transactions settled	36	35
Ratio of transactions not yet settled	32	43

	Thousand Euros	
	2019	2018
Total payments made	9,972,322	9,644,083
Total payments outstanding	962,332	837,893

In accordance with the ICAC Resolution, the average period of payment to suppliers was calculated by taking into account the commercial transactions relating to the supply of goods or services for which payment has accrued since the date of entry into force of Law 31/2014, of 3 December.

29. ENVIRONMENTAL MATTERS

In-force environmental legislation does not significantly affect the activities carried on by the Group and, therefore, it does not have any environmental liability, expenses, income, grants, assets, provisions or contingencies that might be material with respect to the Group's equity, financial position and results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the consolidated financial statements.

30. EVENTS AFTER THE REPORTING PERIOD

As described in Note 22 to the Group's consolidated financial statements, 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. 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 Parent's directors consider that this matter will not have any impact on the Group's equity position.

No additional significant events have occurred subsequent since the end of the year ended 30 September 2019.

31. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis the regulatory financial reporting framework applicable to the Group (see Note 2.1.). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles.

Appendix I

Subsidiaries and jointly controlled entities of the Logista Group

The following companies were fully consolidated because they are companies in which the Logista Group holds a majority of the voting power or were accounted for using the equity method:

2019

Company	Audit Firm	Location
Compañía de Distribución Integral Logista, S.A.U. (a)	Deloitte	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Compañía de Distribución Integral de Publicaciones Logista, S.L.U. (a)	Deloitte	Avenida de Europa, 2 Edificio Alcor Plaza, Ala Este, Planta 4ª, Modulo 3, Alcorcón
Publicaciones y Libros, S.A.U. (a)	Deloitte	Avenida de Europa, 2 Edificio Alcor Plaza, Ala Este, Planta 4ª, Modulo 3, Alcorcón
Distribuidora del Noroeste, S.L. (a)	Deloitte	Gandarón, 34 Interior- Vigo
Distribución de Publicaciones Siglo XXI Guadalajara, S.L. (a)	No audit	C/ Francisco Medina y Mendoza 2. Cabanillas del Campo (Guadalajara)
Distribuidora de Publicaciones del Sur, S.L. (a)	Deloitte	Polígono Ind. ZAL, Ctra. De las Esclusas/n, Parcela 2, Módulo 4 (Sevilla)
Promotora Vascongada de Distribuciones, S.A. (a)	No audit	C/Guipúzcoa 5. Polígono Industrial Lezama Leguizamón, Echevarri (Vizcaya)
Distribuidora de las Rías, S.A.U (a)	No audit	Polígono PO.CO.MA.CO, Parcela D-28. La Coruña
Distribuidora Valenciana de Ediciones, S.A. (a)	Deloitte	Polígono Industrial Vara de Quart. c/ Pedrapiquera, 5. Valencia
Cyberpoint, S.L.U. (e)	No audit	Avenida de Europa, 2 Edificio Alcor Plaza, Ala Este, Planta 4ª, Modulo 3, Alcorcón
Distribuidora del Este, S.A.U. (a)	Deloitte	Calle Félix Rodríguez de la Fuente, 11 Parque empresarial de Elche, Elche
S.A.U. Distribuidora de Ediciones (a)	Deloitte	C/ B, Sector B Polígono Zona Franca. Barcelona
La Mancha 2000, S.A.U. (a)	BDO	Avda. de la Veguilla, 12-A. Cabanillas del Campo
Midsid - Sociedade Portuguesa de Distribuiçao, S.A. (a)	Deloitte	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)
Logista-Dis, S.A.U. (b)	Deloitte	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Logesta Gestión de Transporte, S.A.U. (d)	Deloitte	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Logesta Italia, s.r.l.(d)	Colegio Sindacale	Via Valadier. 37 Roma (Italia)
Logesta Lusa Lda (d)	No audit	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)
Logesta Polska Sp. z.o.o. (a)	No audit	Al.Jerozolimskie, 96, Warszawa (Polonia)
Logesta Deutschland Gmbh (a)	No audit	Unsöldstrabe,2 , 20538, München (Alemania)
Logesta France, s.a.r.l.(d)	No audit	27 avenue des Murs du Parc, 94300 Vincennes – Francia
Dronas 2002, S.L.U. (c)	Deloitte	Pol. Industrial Nordeste, c/ Energía 25-29. Sant Andreu de la Barca
Logista Pharma Gran Canaria, S.A.U. (c)	Deloitte	Urbanización El Cebadal. C/ Entrerríos, 3. Las Palmas de Gran Canaria
Logista Pharma, S.A.U. (f)	Deloitte	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Be to be pharma, S.L.U. (f)	No audit	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Logista Italia, S.p.A. (a)	Pwc	Vía Valadier, 37. Roma (Italia)
Terzia, S.p.A. (b)	Pwc	Vía Valadier, 37. Roma (Italia)
Logista Transportes, Transitarios e Pharma, Lda. (d)	Deloitte	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)
Compañía de Distribución Integral Logista Polska, Sp z.o.o. (a)	Deloitte	Al. Jerozolimskie 96. Warszawa. Polonia
Logista France, S.A.S. (a)	Deloitte/Pwc	27 avenue des Murs du Parc, 94300 Vincennes – Francia
Société Allumetière Française, S.A.S. (b)	Deloitte	27 avenue des Murs du Parc, 94300 Vincennes – Francia
Supergroup, S.A.S. (b)	Deloitte	27 avenue des Murs du Parc, 94300 Vincennes – Francia

(a) All these companies engage in the distribution and dissemination of publications and in the distribution of tobacco and other consumer products in Spain, Italy, France and Portugal.
(b) These companies engage in the purchase and sale of consumer products.
(c) The Dronas Group engages in integrated shipping, express shipping and pharmaceutical logistics.
(d) These companies' object is the performance of transport activities.
(e) This company is specialised in software development for the management of points of sale for publications.
(f) Companies specialising in the distribution of products from pharmacies and related points of sale.

% of Ownership By the Parent Company		Net Book Value	Thousands of Euros			
			Data on the Companies			
Direct	Indirect		Assets	Liabilities	Equity	Profit/Loss
100	-	974,689	4,479,194	3,958,337	520,857	330,974
-	100	-	53,917	49,307	4,610	1,174
-	100	4,974	3,243	3,035	208	(1,098)
-	100	553	2,899	1,536	1,363	33
-	80	64	1,030	821	209	(9)
-	50	69	5,300	4,816	484	(4)
-	100	239	1,662	1,530	132	17
-	100	359	1,157	1,020	137	15
-	50	445	4,048	3,563	495	89
-	100	64	11	6	5	(20)
-	100	557	3,173	2,436	737	208
-	100	6,661	6,860	4,645	2,215	(89)
-	100	1,352	2,463	697	1,766	119
-	100	6,164	75,078	64,849	10,229	3,101
-	100	1,202	57,194	54,996	2,198	2,716
-	100	4,510	34,618	33,268	1,350	4,729
-	100	100	11,314	9,277	2,037	1,917
-	100	42	59	-	59	(3)
-	100	261	2,725	2,165	560	301
-	100	100	394	7	387	(5)
-	100	50	3,122	786	2,336	226
-	100	21,292	117,362	89,854	27,508	19,771
-	100	1,657	4,972	857	4,115	1,118
-	100	14,685	46,644	31,959	14,685	5,423
-	100	3	486	316	170	87
-	100	605,629	1,835,180	1,736,299	98,881	64,090
-	68	762	43,742	42,829	912	299
-	100	3,210	13,601	10,391	3,210	1,282
-	100	1,904	3,106	1,207	1,899	370
-	100	920,161	3,198,432	3,015,219	183,213	65,117
-	100	22,128	63,284	28,098	35,186	(591)
-	100	-	53,341	52,919	422	(407)

2018

Company	Audit Firm	Location
Compañía de Distribución Integral Logista, S.A.U. (a)	Deloitte	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Compañía de Distribución Integral de Publicaciones Logista, S.L.U. (a)	Deloitte	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Distribérica, S.A.U. (a)	No audit	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Publicaciones y Libros, S.A.U. (a)	Deloitte	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Distribuidora del Noroeste, S.L. (a)	Deloitte	Gandarón, 34 Interior- Vigo
Distribución de Publicaciones Siglo XXI Guadalajara, S.L. (a)	No audit	C/ Francisco Medina y Mendoza 2. Cabanillas del Campo (Guadalajara)
Distribuidora de Publicaciones del Sur, S.L. (a)	Deloitte	Polígono Ind. ZAL, Ctra. De las Esclusas/n, Parcela 2, Módulo 4 (Sevilla)
Promotora Vascongada de Distribuciones, S.A. (a)	No audit	C/Guipúzcoa 5. Polígono Industrial Lezama Leguizamón, Echevarri (Vizcaya)
Distribuidora de las Rías, S.A. (a)	No audit	Polígono PO.CO.MA.CO, Parcela D-28. La Coruña
Distribuidora Valenciana de Ediciones, S.A. (a)	Deloitte	Polígono Industrial Vara de Quart. c/ Pedrapiquera, 5. Valencia
Cyberpoint, S.L.U. (e)	No audit	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Distribuidora del Este, S.A.U. (a)	Deloitte	Calle Saturno, 11. Alicante
S.A.U. Distribuidora de Ediciones (a)	Deloitte	C/ B, Sector B Polígono Zona Franca. Barcelona
La Mancha 2000, S.A.U. (a)	BDO	Avda. de la Veguilla, 12-A. Cabanillas del Campo
Midsid - Sociedade Portuguesa de Distribuiçao, S.A. (a)	Deloitte	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)
Logista-Dis, S.A.U. (b)	Deloitte	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Logesta Gestión de Transporte, S.A.U. (d)	Deloitte	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Logesta Italia, s.r.l.(d)	Colegio Sindacale	Via Valadier. 37 Roma (Italia)
Logesta Lusa Lda (d)	No audit	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)
Logesta Polska Sp. z.o.o. (a)	No audit	Al.Jerozolimskie, 96, Warszawa (Polonia)
Logesta Deutschland Gmbh (a)	No audit	Unsöldstrabe,2 , 20538, München (Alemania)
Logesta France, s.a.r.l.(d)	No audit	27 avenue des Murs du Parc, 94300 Vincennes – Francia
Dronas 2002, S.L.U. (c)	Deloitte	Pol. Industrial Nordeste, c/ Energía 25-29. Sant Andreu de la Barca
Logista Pharma Gran Canaria, S.A.U. (c)	Deloitte	Urbanización El Cebadal. C/ Entrerríos, 3. Las Palmas de Gran Canaria
Logista Pharma, S.A.U. (f)	Deloitte	Polígono Industrial Nordeste. C/ Industria, 53-65. San Andreu de la Barca
Be to be pharma, S.L.U. (f)	No audit	C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés
Logista Italia, S.p.A. (a)	Pwc	Vía Valadier, 37. Roma (Italia)
Terzia, S.p.A. (b)	Pwc	Vía Valadier, 37. Roma (Italia)
Logista Transportes, Transitarios e Pharma, Lda. (d)	Deloitte	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)
Compañía de Distribución Integral Logista Polska, Sp z.o.o. (a)	Deloitte	Al. Jerozolimskie 96. Warszawa. Polonia
Logista France, S.A.S. (a)	Deloitte/Pwc	27 avenue des Murs du Parc, 94300 Vincennes – Francia
Société Allumetière Française, S.A.S. (b)	Deloitte	27 avenue des Murs du Parc, 94300 Vincennes – Francia
Supergroup, S.A.S. (b)	Deloitte	27 avenue des Murs du Parc, 94300 Vincennes – Francia
José Costa & Rodrigues L.D.A	PwC	Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal)

(a) All these companies engage in the distribution and dissemination of publications and in the distribution of tobacco and other consumer products in Spain, Italy, France and Portugal.
(b) These companies engage in the purchase and sale of consumer products.
(c) The Dronas Group engages in integrated shipping, express shipping and pharmaceutical logistics.
(d) These companies' object is the performance of transport activities.
(e) This company is specialised in software development for the management of points of sale for publications.
(f) Companies specialising in the distribution of products from pharmacies and related points of sale.

% of Ownership By the Parent Company		Net Book Value	Thousands of Euros			
			Data on the Companies			
Direct	Indirect		Assets	Liabilities	Equity	Profit/Loss
100	-	973,904	4,303,282	3,970,492	332,790	186,196
-	100	-	48,082	44,574	3,508	880
-	100	-	3,916	3,197	719	55
-	100	1,666	3,200	3,254	(54)	(756)
-	100	553	2,458	1,052	1,406	76
-	80	64	732	440	292	75
-	50	69	3,184	2,694	490	151
-	100	235	1,252	1,095	157	42
-	100	344	1,180	1,016	164	43
-	50	445	3,182	2,776	406	(297)
-	100	64	32	6	26	(16)
-	100	557	1,764	997	767	239
-	100	6,661	8,259	5,426	2,833	529
-	100	1,352	2,412	666	1,746	109
-	100	6,164	64,290	56,254	8,036	14
-	100	1,202	25,678	22,129	3,549	273
-	100	4,510	31,550	27,423	4,127	2,909
-	100	100	13,190	10,648	2,542	2,422
-	100	42	62	1	61	14
-	100	261	2,450	1,988	462	273
-	100	100	402	10	392	1
-	100	50	2,912	803	2,109	321
-	100	21,292	115,508	70,791	44,717	18,808
-	100	1,657	4,944	865	4,079	1,083
-	100	14,806	42,261	27,455	14,806	5,544
-	100	3	711	537	174	91
-	100	605,629	1,660,738	1,568,552	92,186	57,422
-	68	762	49,150	48,537	613	(599)
-	100	1,939	12,577	10,649	1,928	1,021
-	100	1,542	2,463	891	1,572	188
-	100	920,161	3,180,915	2,884,819	296,096	61,346
-	100	22,128	86,371	30,592	55,779	2,564
-	100	-	57,778	56,949	829	457
-	100	12,256	9,136	2,010	7,126	1,179

Appendix II

Logista Group Associates

The companies detailed below were accounted for using the equity method:

2019

Company	Audit Firm	Location	Activity
Logista Libros, S.L. (*)	Deloitte	Avda Castilla La Mancha, 2, Nave 3-4 Polígono Ind La Quinta (Sector P-41) Cabanillas del Campo, Guadalajara	Distribution and dissemination of publications

(*) Held indirectly through Compañía de Distribución Integral Logista, S.A.U.

2018

Company	Audit Firm	Location	Activity
Logista Libros, S.L. (*)	Deloitte	Avda Castilla La Mancha, 2, Nave 3-4 Polígono Ind La Quinta (Sector P-41) Cabanillas del Campo, Guadalajara	Distribution and dissemination of publications

(*) Held indirectly through Compañía de Distribución Integral Logista, S.A.U.

% of Ownership by the Parent Company		Net Book Value	Thousands of Euros			
			Data on the Companies			
Direct	Indirect		Assets	Liabilities	Equity	Proft/Loss
-	50	-	42,972	35,571	7,401	2,498

% of Ownership by the Parent Company		Net Book Value	Thousands of Euros			
			Data on the Companies			
Direct	Indirect		Assets	Liabilities	Equity	Proft/Loss
-	50	-	39,905	33,698	6,207	2,027

Consolidated Directors Report for financial year ended on September 30th 2019

1. EVOLUTION OF THE LOGISTA GROUP DURING THE FISCAL YEAR 2019

- The growth recorded by Revenues and Economic Sales[1] that grew 7.1% and 2.8% respectively
- The positive evolution of Adjusted Operating Profit[1], progressing by 6.5% and Profit from Operations increasing by 7.3%, as a consequence of the good performance recorded by the activity
- The increases in Profit Before Taxes and Net Income, 6.9% and 5.1% respectively, despite recording a higher corporate income tax rate than in the preceding fiscal year

Financial overview

	Data in Million Euros		
	1 Oct. 2018 – 30 Sept. 2019	1 Oct. 2017 – 30 Sept. 2018	% Change
Revenues	10,148.3	9,476.5	+7.1%
Economic Sales[1]	1,149.0	1,118.2	+2.8%
Adjusted Operating Profit[1]	261.9	245.9	+6.5%
Margin over Economic Sales[1]	22.8%	22.0%	+80 p.b.
Profit from operations	204.3	190.5	+7.3%
Net Income	164.6	156.7	+5.1%

The Group closed a very positive fiscal year in which, once more, its capacity to obtain growing results, even under complicated macroeconomic and regulatory circumstances, has been demonstrated.

In fact, the main uncertainties existing during the last fiscal year (the US-China commercial tensions, as well as the way UK is going to leave the European Union) not only have not cleared up, but also have continued being very much present. On the other hand, Italy entering into technical recession and its following stagnation, the French social protests or the situation of the Spanish Government have not contributed to achieve a significant recovery of private consumption in the countries where the Group operates.

Additionally, as it was expected, the Group has successfully met the challenge of providing distribution services of tobacco products after the entry into force, on 20 May 2019, of the new traceability regulation required by the European Union for that sector.

[1] See appendix "Alternative Performance Measures"

In this context, the Group has recorded a positive activity evolution practically in all business lines. Per activities, distribution of convenience products in all geographies and channels, Pharma, as well as Transport recorded the most positive performance whereas the activities linked to Tobacco distribution in Spain and Italy recorded the weakest performance.

Group Revenues grew by 7.1% over the preceding year. Economic Sales[1] grew by 2.8%, reaching €1,149.0 million, thanks to the improvements recorded by the activity in Iberia and France, which more than offset the reduction experienced in Italy.

The evolution of tobacco volumes (cigarettes plus RYO (Roll your own) and others) distributed in this fiscal year vs. fiscal year 2018 (-1.5%) was much less negative than the -3.0% yearly variation in fiscal year 2018 vs. fiscal year 2017. France recorded reductions of distributed volumes of cigarettes and RYO while Spain and Portugal distributed volumes increased. In the case of Italy, the reduction was very slight and the distributed volumes stood practically stable.

The movements in prices, taxes and commissions on tobacco products occurred during this and past fiscal years year had a positive impact in the results, derived from the Group's inventory valuation. This impact was not very significant in either period.

Total operating costs[1] grew by 1.7%, below the increase of Economic Sales[1] despite the cost base in France during a large part of the year was over-dimensioned with respect to the distributed volumes (reason why a restructuring process in the country was implemented during this fiscal year) and the important growth experienced by the Transport activity cause a certain dilution effect in the margins at Group level.

Adjusted EBIT[1] reached €261.9 million (+6.5% above previous year) which, together with a much higher restructuring costs[1] during the period (€11.4 million compared to €3.6 million) partially offset by the capital gain from the sale of a building in Portugal (€2.5 million) and by the positive result of impairment reversals in one of the business of the Group (€2.5 million), contributed to a 7.3% Profit from Operations increase vs. last year, reaching €204.3 million.

The Adjusted EBIT margin over Economic Sales[1] advanced to 22.8% compared to the 22.0% obtained in fiscal year 2018.

Financial Results in this fiscal year stood practically flat at €12.8 million compared to €12.7 million registered in fiscal year 2018.

The Tax rate in the period increased to 24.1% from 23.0% recorded during last year.

Because of all the above mentioned, the Net Income went up by 5.1% to €164.6 million.

[1] See appendix "Alternative Performance Measures"

Revenues Evolution (By Segment and Activity)

	Data in Million Euros		
	1 Oct. 2018 – 30 Sept. 2019	1 Oct. 2017 – 30 Sept. 2018	% Change
Iberia	**3,157.4**	**2,812.6**	**12.3%**
Tobacco & Related	2,753.9	2,402.2	14.6%
Transport Services	385.7	366.2	5.3%
Other Businesses	152.2	141.8	7.3%
Adjustments	(134.4)	(97.6)	(37.7)%
France	**4,069.5**	**4,021.6**	**1.2%**
Tobacco & Related	3,891.7	3,840.1	1.3%
Other Businesses	187.2	189.3	(1.1)%
Adjustments	(9.4)	(7.8)	(20.6)%
Italy	**2,961.6**	**2,688.1**	**10.2%**
Tobacco & Related	2,961.6	2,688.1	10.2%
Corporate & Others	**(40.1)**	**(45.8)**	**12.4%**
Total Revenues	**10,148.3**	**9,476.5**	**7.1%**

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

	Data in Million Euros		
	1 Oct. 2018 – 30 Sept. 2019	1 Oct. 2017 – 30 Sept. 2018	% Change
Iberia	**581.6**	**561.4**	**3.6%**
Tobacco & Related	278.4	272.1	2.3%
Transport Services	270.0	253.0	6.7%
Other Businesses	86.4	84.2	2.6%
Adjustments	(53.2)	(47.9)	(10.9)%
France	**277.7**	**264.2**	**5.1%**
Tobacco & Related	233.2	218.6	6.7%
Other Businesses	51.7	51.6	0.3%
Adjustments	(7.2)	(6.0)	(20.3)%
Italy	**286.1**	**290.4**	**(1.5)%**
Tobacco & Related	286.1	290.4	(1.5)%
Corporate & Others	**3.6**	**2.2**	**64.5%**
Total Economic Sales[1]	**1,149.0**	**1,118.2**	**2.8%**

[1] See appendix "Alternative Performance Measures"

Adjusted EBIT[1] Evolution (By Segment)

	Data in Million Euros		
	1 Oct. 2018 – 30 Sept. 2019	1 Oct. 2017 – 30 Sept. 2018	% Variación
Iberia	120.2	114.2	5.3%
France	74.3	65.8	13.0%
Italy	81.0	79.5	1.9%
Corporate & Others	(13.6)	(13.6)	(0.2)%
Total Adjusted EBIT[1]	**261.9**	**245.9**	**6.5%**

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 basically 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 fiscal years 2019 and 2018:

	Data in Million Euros	
	1 Oct. 2018 – 30 Sept. 2019	1 Oct. 2017 – 30 Sept. 2018
Adjusted Operating Profit[1]	**261.9**	**245.9**
(-) Restructuring Costs[1]	(11.4)	(3.6)
(-) Amortization of Assets Logista France	(52.2)	(52.3)
(+/-) Net Loss of Disposal and Impairment of Non-Current Assets	4.8	(0.5)
(+/-) Share of Results of Companies and Others	1.2	1.0
Profit from Operations	**204.3**	**190.5**

1. 1. BUSINESS REVIEW

1. Iberia: Spain and Portugal

The Iberia segment's Revenues increased to €3,157.4 million compared to €2,812.6 million in fiscal year 2018, recording a 12.3% growth. The Economic Sales[1] of the segment reached €581.6 million, a 3.6% ahead of the €561.4 million recorded in the preceding fiscal year.

Revenues in Tobacco and related products increased by 14.6%, because of the growth of the activity both in Spain and in Portugal.

The volumes of cigarettes and RYO and others distributed in the Iberia segment showed a very positive performance in the year, increasing a 1.9% compared to fiscal year 2018 and growing in Spain as well as in Portugal, in the case of the later because of the increase in market share of the Group in that country.

[1] See appendix "Alternative Performance Measures"

In Spain, cigarette volumes distributed went up by 0.5% vs. the preceding fiscal year, turning around the negative trend in that year compared to the fiscal year 2017 (-1.6%). Distributed volumes of RYO (that includes the heated tobacco consumables) and cigars also maintained a more favourable trend than the previous fiscal year, increasing by 9.7% and reducing by 2.7%, respectively compared to 1.8% and -2.4% in the yearly comparison of the preceding year.

Generally, tobacco manufacturers maintained the retail selling price of their products stable during the fiscal year. This behaviour contrasts with the 5 cents increase in the pack of cigarettes during the first months of last year that translated into a positive impact on the results at the end of that fiscal year.

The activity of distribution of convenience products in tobacconists as well as in other channels as, for example, petrol stations continued its positive trend, so the Economic Sales[1] grew significantly compared to fiscal year 2018.

The Group continues focusing its growth strategy in this activity, through distribution agreements with manufacturers and networks of points of sale, which allows keeping on expanding its capillarity at the same that growing its penetration in the points of sale in which is already present.

In this sense, it is worth noting that in the last quarter of the fiscal year the Group reached an agreement with Cepsa by which the Group will be responsible of the distribution of the different products commercialised in the stores located in their petrol stations in Spain. This agreement, signed for three years, is currently reaching 900 point of sales, that could increase in the future and it joining the services that the Group was already providing to Cepsa in the Portuguese market.

Thus, Economic Sales[1] in Tobacco and related products grew by 2.3% comparing to fiscal year 2018 thanks to the good performance of the activity in the current that more than offset the positive impact of tobacco selling price increases in the preceding year.

Revenues in Transport recorded again, as a whole, a very solid performance, growing by 5.3%. However, the Economic Sales[1] performance has differed among the activities, being stable in Long distance while in Courier and Industrial parcel increased significantly. Economic Sales[1] in Transport went up by 6.7% to €270 million.

The Parcel and Courier subsidiaries have maintained the leadership position in their respective market segments, derived from a continuous bet on differentiation, which has allowed them to continue achieving solid growth indicators in the fiscal year, especially significant in courier.

Revenues in Other Businesses (which includes Pharma and publications activities) increased by 7.3% reaching €152.2 million and Economic Sales[1] went up by 2.6% to €86.4 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, the distribution of publications in Spain has suffered reductions in Revenues and Economic Sales[1] because of the difficult situation the sector continues living.

Total operating expenses[1] in the Iberia segment increased by 3.2% in the period, below the increase reported in Economic Sales[1].

Adjusted Operating Profit[1] reached €120.2 million, an increase of 5.3% with respect to last year.

In the fiscal year the restructuring costs[1] amounted €2.2 million (slightly above preceding year, that reached €2.0 million in the preceding year), that together with, among other factors, the capital gain from the sale of a building in Portugal (€2.5 million) and the positive result of the impairment test of one of the business of the segment (€2.5 million) allowed The

[1] See appendix "Alternative Performance Measures"

Profit from Operations increased by 11.3% to reach €124.2 million versus €111.6 million recorded at the end of fiscal year 2018.

2. France

Revenues from the France segment grew by 1.2% to €4,069.5 million while Economic Sales[1] increased by 5.1%, to reach €277.7 million.

Tobacco and related products Revenues grew by 1.3% to €3,891.7 million due to the increase in tobacco prices and despite the decline experienced by distributed tobacco volumes vs. last year, both in cigarettes (-6.5%) and in RYO, that includes as well heat-not-burn consumables (-5.5%).

This evolution, despite being negative, could be considered as positive, considering the significant rise in the retail selling price of these products during fiscal year 2018 and current fiscal year, as a consequence of the schedule by the French Government to raise excise taxes until 2020.

As of 1 March 2019 the increase of 50 cents of the tobacco excise taxes foreseen in the mentioned excise tax increase plan which target is to raise the price of a cigarette pack to 10 euros in year 2020 took place. Additionally, as happened last fiscal year, a new increase in the commission the tobacconists receive on the sale of tobacco products entered into force on 1 January.

The reaction in the retail selling price of the pack of 20 cigarettes has been a rise that reached, depending on the manufacturers and for most of the brands, between 50 and 90 cents (increasing the price of the most sold brand to €8.80). Due to these movements, at positive net global impact in the valuation of Group's inventories was recorded in the results.

In the same period last year, tobacco manufacturers passed-through only partially the tax increases in November and March (€1.35 in total) and did not pass-through the increase of the tobacconists' commission to the consumers. The global impact on the Group's valuation of inventories of these movements of prices, taxes and commissions was negative at the end of the fiscal year 2018.

The performance of the Economic Sales[1] of convenience products and electronic transactions was positive in both cases.

Thus, Economic Sales[1] of Tobacco and related products increased significantly, +6.7%, to €233.2 million, despite the Revenues grew by 1.3% over the same period in the previous year.

The Other Businesses activity (wholesale distribution of convenience products in non-tobacconist channels) experienced a slight decrease of 1.1% in Revenues, in a still difficult consumption environment, characterised by a strong price competition. However, the strategic selection of clients by profitability as well as by category of products with a higher margin help improving Economic Sales[1], that grew slightly (0.3%) compared to the previous fiscal year.

The total operating costs[1] of the France segment increased by 2.5% so Adjusted Operating Profit[1] improved to €74.3 million, a 13.0% higher than in the preceding year.

During current fiscal year, a plan for restructuring the operations of distribution of both tobacco and convenience products to tobacconists implying the closure of two of the warehouses operating in the country has been implemented, as well as the reorganisation of activities among the rest of the centres.

This way, the restructuring expenses[1] in the period (€7.4 million) were much higher than the €1.0 million registered in 2018 and drove Profit from Operations to €14.6 million, vs. the €12.5 million recorded in the same period of the previous fiscal year. The main adjustment in this segment is the Amortization of Assets generated from the acquisition of Logista France that was €52.2 million in both fiscal years.

[1] See appendix "Alternative Performance Measures"

3. Italy

The Revenues in the Italy segment increased by 10.2% to €2,961.6 million driven by a significant increase in the sale of convenience products, as well as by the higher prices of tobacco products.

The volumes of cigarettes distributed reduced in the fiscal year, 3.5%, slightly above the yearly comparison in fiscal year 2018 (-2.5%) while the RYO category, (that includes as well heat-not-burn consumable) continued growing in a significant manner and increased by 32.1% vs. 19.7% recorded in the preceding fiscal year.

In current fiscal year, retail selling prices of tobacco in general increased during the second quarter, as a consequence of the excise tax increases in the traditional tobacco categories entering into force on 1 January 2019. The price increase was generalized and ranging from 10 to 20 cents per pack of 20 cigarettes. Likewise, during current fiscal year, a reduction of excise taxes on the new categories of products (heat-not-burn tobacco and e-cigarettes) took place, which provoked that the retail selling price of some of these products was reduced. The global net impact in the valuation of the Group's inventories of these movements has been positive at the end of current fiscal year, although much lower than in the same period of the previous fiscal year.

During the fiscal year 2018, some tobacco manufacturers raised too the price of some of their products between 10 and 20 cents, although this increase was not accompanied by an increase of taxation beyond the slight automatic update of excise taxes derived from the weighted average price of the previous year.

The trend in the distribution of convenience products during the year has been very positive and translated into a growth rate higher than 20% compared to the last year.

However, the revenues from services rendered to manufacturers linked to NGP (Next Generation Products) have reduced vs. last year.

Because of all trends mentioned before, Economic Sales[1] in the Italy segment went down by 1.5% in current fiscal year.

Total operating costs[1] of the segment reduced by 2.8% with respect to last fiscal year, improving the drop registered in Economic Sales[1], allowing a 1.9% growth on Adjusted Operating Profit[1] to €81.0 million.

The restructuring costs[1] linked to the gradual efficiency improvement in operations were slightly higher (€1.8 million vs. €0.4 million in 2018), so Operating Profit stood practically flat around €79.2 million.

4. Corporate and Others

This segment includes corporate expenses and the Polish operations.

Adjusted Operating Profit[1] was -€13.6 million, at the same level than in the preceding year.

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 €1,904 million compared to €1,796 million in the preceding fiscal year.

[1] See appendix "Alternative Performance Measures"

Financial results in the fiscal year stood at a similar level to the preceding fiscal year (+0.7%) in €12.8 million vs. €12.7 million in fiscal year 2018.

1.3. NET INCOME EVOLUTION

The capital gain from the sale of a building in Portugal (€2.5 million) and the positive result of the impairment test in one of the businesses, mitigated the impact of the higher restructuring costs[1] recorded in the period (€11.4 million vs. €3.6 million) and drove Earnings Before Taxes to €217.1 million, a 6.9% above the recorded in the previous year.

The corporate tax rate registered in the period reached 24.1% compared to 23.0% the preceding year.

Net Profit climbed by 5.1% in to €164.6 million.

Earnings per Share were €1.24 vs. €1.18 in fiscal year 2018, with no variations in the number of shares of the share capital.

At 30th of September 2019, the Company owned 486,013 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 increase of the results obtained in the period, the financial flows, the lower payments of corporate income tax, a level of investments more in line with the customary investments by the Group than the ones made in the preceding year, more than offset the variation of working capital in the year and translated into a higher free cash flow than in the previous year. This higher free cash flow translated into a higher cash generation even after the growth recorded in the remuneration to shareholders.

1.5. RESEARCH AND DEVELOPMENT ACTIVITIES

The Group invested in I+D+i €6.0 million in the fiscal year 2019. Most of these investments were made to computing developments and improvement of communication with points of sale, to implementation of new technologies and databases as well as to the expansion of capacity, services and new developments for the control of routes and incidents management in the Transport area.

1.6. TREASURY SHARES

At September 30th 2019, the Group held in its balance sheet 486,013 own-shares, representing the 0.37% of the share capital. Own-shares were acquired in execution of the Share Buyback Program.

The Board of Directors, in its meeting of 24 September 2019, agreed to extend again the Share Buyback Program of the Company – that was initially agreed by the Board of Directors of January 29, 2015, and extended and renewed for the last time on September 25, 2018-, pursuant to the authorization granted by the General Shareholders' Meeting of March 21st, 2018, to allocate them to the Beneficiaries of the 2014 and 2017 General and Special Plans in Performance Shares, who may consolidate their right to the delivery of shares, without any cost, in accordance with the Regulations of both Plans.

1.7. AVERAGE PAYMENT PERIOD TO SUPPLIERS

The average payment period for commercial purchases during fiscal year 2019 has been 35 days.

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[1] See appendix "Alternative Performance Measures"

1.8. DIVIDEND POLICY

The Board of Directors intends to propose to the General Shareholders Meeting the distribution of a final dividend corresponding to fiscal year 2019 of €107.5 million (€0.81 per share) that will be paid at the end of the second quarter of fiscal year 2020.

Additionally, the Board of Directors approved in the Meeting of 23rd of July 2019, the distribution of an interim dividend corresponding to fiscal year 2019 of €0.37 per share (€48.9 million) that was paid on the 29th of August, 2019.

Therefore, the total dividend corresponding to fiscal year 2019 will amount around €156.4 million (€1.18 per share), a 5.4% increase over the total dividend distributed in fiscal year 2018.

1.9. OUTLOOK

Current trading environment and the performance of our businesses suggest that in fiscal year 2020, Adjusted EBIT[1] could record a mid-single digit growth with respect to fiscal year 2019.

After the restructuring of the network taking place in France in fiscal year 2019 to adapt it to the new level of activity, the Group do not have the intention to implement new measures of that relevance, so it can be expected that restructuring costs[1] will be below those recorded in fiscal year 2019.

On the other hand, financial results will be similar to those obtained in the past fiscal year if, as look likely, there are not variation in the reference rate of the European Central Bank, if that is the case, it would have an impact on results.

Finally, a slight rise in the effective Corporate Income Tax of the Group is expected, as the deductions applicable for the Group were completed in the last fiscal years.

As a consequence of all the above, it can be expected that Net Profit records mid-single digit growth over fiscal year 2019.

2. SHARE PRICE EVOLUTION

Logista share price amounted €17.9 at the end of the fiscal year 2019 (September 30, 2019), so, Logista's market capitalization reached 2,373.6 million € at closing of the fiscal year 2019.

During the fiscal year, 41,954,961 shares were negotiated, reaching a rotation of the 31.6% of the total share capital. The daily average volume negotiated was 164,529 shares.

	1 Oct. 2018 – 30 Sept. 2019	1 Oct. 2017 – 30 Sept. 2018
Market capitalization at the end of the period (€mill)	2,373.6	2,936.4
Revaluation (%)	-19.2%	+8.7%
Closing price (€)	17.9	22.1
Maximum price (€)	22.8	23.7
Minimum price (€)	17.7	17.2
Total negotiated volume (shares)	41,954.961	65,615.281
Average daily volume (shares)	164.529	258,328
Rotation (% of share capital)	31.6%	49.4%

[1] See appendix "Alternative Performance Measures"

3. STATEMENT OF NON-FINANCIAL INFORMATION

About this report

The information given below is in response to Law 11/2018 of 28th December, amending the Code of Commerce, the re-cast text of the Capital Companies Act approved by Royal Legislative Decree 1/2010 of 2nd July, and Law 22/2015 of 20th July, governing Accounts Auditing, with regard to non-financial information and diversity.

Also considered in the drawing-up of this report were the European Commission's directives on the presentation of non-financial reports (2017/C 215/01) resulting from Directive 2014/95/UE. Account was also taken of the stipulations in the 'Guide to the preparation of reports on sustainability' of the Global Reporting Initiative (GRI Standards).

In this context, by means of the statement of non-financial information, Logista aims to report on environmental, social and personnel matters, the respect of human rights, the fight against bribery and corruption, and on the society, all of these being important for the Company in the pursuit of its own business activities.

In order to design the content of this report and select the important aspects, Logista carried out an analysis of materiality which enabled it to identify the most important aspects about which to report to its stakeholders, and to fulfil the requirements of current regulations relating to non-financial information.

Conversely, for all those matters which are not of material importance for Logista, this report deals with its management approach, but does not give detailed information about KPIs or other quantitative indicators, because they are not regarded as being representative of the Group's activity, as is the case with the consumption of water, which in view of the nature of the Group's activities is only used for sanitary purposes; pollution from noise or light is not an important consideration either, nor is the protection of biodiversity, since the Group's activity has no direct impact on protected areas.

All the indicators included in this report comply with the principles of comparability, materiality, relevance and reliability. In addition, the information included in it is accurate, comparable and verifiable.

This statement of non-financial information has been subjected to an independent external review procedure. The independent assurance report, which includes the objectives and scope of the procedure, as well as the review procedures used, and their conclusions, is attached as an appendix.

Additionally, Logista has elaborated the Annual Report on Corporate Social Responsibility that must be jointly considered with Logista's Non-Financial Information Statement because it expands information on environmental, social and employees-related, respect for human rights, fight against corruption and bribes relevant to the Group in developing its activity.

This Annual Report on Corporate Social Responsibility has been approved by the Company's Board of Directors in its meeting on October 29th, 2019, following a report from the Audit and Control Committee, as stated in the Logista Group's CSR Corporate Policy.

3.1. Business model

3.1.1. Description of the business model

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, 5,980 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.

3.1.2. 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 Senior Management

The Group'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.

Logista includes the distribution of tobacco and related products in this line of activity 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

Logista's 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, Logista includes 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.

The Logista 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%)
    - Disvesa (50%)

- Cyberpoint (100%)
- Distrisur (50%)
- Distribuidora de Aragón (5%)
- Provadisa (100%)
- Las Rías (100%)
- Distribuidora de Ediciones Sade (100%)
- Distribuidora del Noroeste (51%)
- Pulisa (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%)
  - SAF (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%)

3.1.3. Markets of operation

The Logista Group distributes tobacco products, convenience products, electronic re-charges, 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.

3.1.4. 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.

With regard to the first objective, Logista is continuing to consolidate its position of leadership in distribution in the tobacco sector and in transport.

So in distribution for the tobacco sector, Logista is continuing to renew and extend distribution contracts with the main manufacturers, both for traditional tobacco products and for new-generation products, by offering new added-value services.

With regard to transport, the Group's strategy of quality, differentiation and specialisation in its transport division enables it to maintain higher growth and profitability than those of the sector as a whole.

Moreover, Logista strives to keep abreast of regulatory changes in the sectors in which it operates, in order to position itself at the forefront, thereby reinforcing its competitive advantages – for example, in traceability in the tobacco and pharmaceutical sectors.

Concerning the second objective, the expansion of the business base, Logista tries to construct the best offer of products and services for the retail points of sale to which it distributes convenience products. To do that, it offers them omnichannel communication through e-commerce platforms, call centres, cash & carry establishments and salesforces, while continuing to enlarge its range of products to try to improve the management and profitability of its businesses.

Logista Pharma continues to add new customers, expanding its services to laboratories and pharmacies, and increasing the number of products distributed and the number of pharmacies to which it distributes.

With regard to its third objective, Logista has developed a vertical and integrated model of infrastructures for distribution, transport and information systems which enables it to improve efficiency in operations and transparency in supplying, while maintaining proximity to the point of sale.

In this way, Logista concentrates its logistic activities in automated central warehouses in order to increase volumes and benefit from synergies while getting closer to the points of sale, thanks to an extensive local network of hundreds of service points. This gives it the efficiency and operational flexibility that enable it to offer a specialised distribution service with complete coverage.

These first three objectives of the strategy form the basis which enables the Logista Group to obtain, repeatedly, a solid cash generation which helps it to achieve its final objective, which is the creation of sustainable value.

3.1.5. 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 also 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.

3.2. Environmental matters

The Logista Group is committed to minimizing the impact of its activity on the environment.

Its Master Plan for Quality and the Environment, and its Policy on Quality, the Environment and Energy Efficiency establish the guidelines and good practices which optimise the use of resources and prevent pollution from processes, in accordance with strict regulatory compliance and with the voluntary objectives to which the Group subscribes.

In this context, Logista undertakes various actions designed to control and manage the current and foreseeable effects of its activity on the environment, and to tackle the significant environmental aspects.

Logista has thus defined the main environmental and quality indicators needed for its sustainable development, which it checks and evaluates regularly, carrying out energy audits in each country and for each business.

In addition, Logista promotes, among its employees, customers, suppliers and society at large, respect for the environment. The Policy on Quality, the Environment and Energy Efficiency may be consulted both on the Intranet and on the Group's corporate website, so that all the employees and the other stakeholders are familiar with it.

The Group has also checked its "carbon footprint" in accordance with ISO 14064, taking the methodology of the GHG Protocol as its reference, and, in addition, in accordance with ISO 14001, the system of certified Environmental Management for Logista's businesses in Spain.

Risks related to environmental matters

Logista includes environmental risks and opportunities in its multidisciplinary procedure for managing risks in the whole Group. The process of assessing risks takes account of environmental risks and opportunities, including, among others, those caused by changes in regulations, the physical environment and other developments connected with the climate.

The Logista Group's system of risk management stipulates that the identification and assessment of risks, including those related to the environment, have to be carried out at least once per year. However, in practice the frequency is greater (every week or more frequently) due to the continual monitoring and reviewing of the risk management process.

This process of risk management applies to all of the Logista Group's businesses in all of the countries in which it operates (Spain, France, Italy, Portugal and Poland), and to all the Group's Corporate Directorates.

The results of this process of risk identification and assessment are reported to the Audit and Control Committee.

Logista's process of risk management is as follows:

1- Identification
   The risks which could jeopardise the achievement of the Group's aims are identified, either by means of interviews or by means of questionnaires.

2- Analysis
   A risk must be described in terms of its causes and contributing factors, and the consequences for the Group if the risk materialises must be specified.

3- Assessment
   An assessment is made of the impact of the inherent risk and of the residual risk, and of probability of their occurring. The degree of tolerance is then defined, and finally, the degree of correlation.

4- Management
   Based on the degree of correlation determined in the previous stage, the Group's possible responses to the risk are analysed and the response chosen is placed in one of the following four types: eliminate, mitigate, transfer, accept.

   In addition, action plans will be made.

5- Control and monitoring of processes, and 6- Information and communication

The risk management process is continually monitored and reviewed. The relevant information about the risks, from and to all the levels involved in the management of the Group's risks, is managed by means of tools such as the Register of Risks and the Map of Risks.

All the Logista Group's businesses and all the Corporate Directorates report this information to the Internal Auditing Department, which, so that it can regularly update the Group's Map of Risks, monitor the action plans that have been approved, and inform the Audit and Control Committee, which will subsequently inform the Board of Directors, about any new risk, about any changes in the existing risks, about progress in the action plans, etc.

Procedure for prioritising the risks and opportunities that are related to the clima:

The risks and opportunities resulting from climate change are prioritised on the basis of scores produced by the application of the corporate methodology. All such risks, and not only those that could have a significant impact, are taken into account in the Company's strategy and objectives.

The methodology generally considers a period of between 5 and 7 years, because a longer period would involve more uncertainty; but a longer period can be considered for certain types of risk.

The procedure for prioritising environmental risks and opportunities follows the same stages as the procedure for risk management in the whole Group.

The main risks that are related to the environment, their importance for the Logista Group and the need for their inclusion, are shown below:

Risk	Importance, Inclusion	Explanation
Current regulations	Important; always included	The carbon taxes on fossil fuels are important for Logista, because although the Logista Group sub-contracts the vehicles for its transport activity and incorporates them into that activity, any carbon tax that is applied to fossil fuels will affect Logista's operational costs due to its impact on the charges of the transport provider sub-contracted by Logista. For this reason, this kind of risk has been classified as important, with a high probability of materialising, and a moderate to low impact.
New regulations	Important; always included	The Paris Agreement has been ratified by all the countries in which Logista operates, and it is very probable that when it comes into force, those countries will define and implement their own "climate plans", which could include strategies for decarbonising the road-transport sector. The Logista Group could be indirectly affected by this risk because its transport operations are sub-contracted, and represent more than 90% of all Logista's emissions. This kind of risk has been classified as important, with a high probability of materialising, and a moderate to low impact.
Technology	Important, sometimes included	The new technology designed to reduce emissions of carbon from transport is important for Logista, because 90% of its emissions are generated by the activity of its transport division. On 17th May, 2018, the European Commission presented draft legislation to establish the first standards of CO2 emissions for heavy vehicles in the EU, and to promote the use of vehicles with zero or low emissions. This kind of risk has been classified as "important, sometimes included", the likelihood of its materialising as "probable", and the magnitude of the impact as "moderate to low".

Risk	Importance, Inclusion	Explanation
Legal	Not important, but included	The legal risks have been classified as "not important", due to the nature of Logista's business activity. Moreover, the Group considers that there is little probability of this risk materialising, and that the impact would be low.
Market	Not important, but included	Logista distributes various kinds of products, so a change in consumers' behaviour could affect the Group business concerned. This risk has been classified as not important for Logista.
Reputation	Not important, but included	This risk has been classified as not important for Logista, because the Group's business model helps to minimise the main climate-related impact.
Serious material	Not important, but included	Serious material risks are those caused by events, including the greater severity of extreme meteorological events, such as cyclones, hurricanes and floods. Cyclones and hurricanes do not affect the countries in which Logista operates. However, floods are possible, although the probability of floods is very low. The occurrence of floods or snowstorms could cause an interruption to distribution in the Group's warehouses. However, the number and frequency of these events are very low, and they have affected only one of Logista's 647 installations on one single occasion. So the risk has been classified as unimportant, the risk of its materialising as improbable, and the magnitude of impact as low.
Chronic material	Not important, but included	Patterns of temperature and precipitation could change, and this would affect animal species such as Lasioderma serricorne, commonly known as the tobacco beetle. Logista stores and distributes the final tobacco product, so the probability and the impact of any plague are much lower than in the manufacturer's premises. This risk has therefore been classified as unimportant.
Upstream	Not important, but included	"Upstream" risks are those that are directly related to serious material risks connected with the climate (extremes in precipitations and droughts, or a greater incidence of storms). Patterns of temperature and precipitation could also change, interrupting the supply chain. There is a low probability of these risks materialising, because suppliers and manufacturers are constantly seeking the most favourable sites. Furthermore, Logista's high storage capacity for the products of its principal clients enables it to continue supplying products to its final customers for several weeks even if there are interruptions in the supply chain. So this risk has been classified as not important for Logista, the risk of its materialising as improbable, and the magnitude of impact as low.
Downstream	Important; always included	"Downstream" risks are those that are directly related to "current regulations" and to "emerging regulations". • Emerging regulations: carbon tax: Any carbon tax applied to fossil fuels will affect Logista's operating expenses because it will affect the charges of the transport provider sub-contracted by the Logista Group's transport division. • Emerging regulations for road transport: Logista is indirectly affected by this risk, being part of the supply chain, because it sub-contracts the vehicles managed by its transport division. Because of everything mentioned above, this kind of risk has been classified as important for Logista, with a probable risk of materialising, and a moderate to low impact.

Among the resources which the Logista Group devotes to the prevention of environmental risks are the following:

	FY 2018-19
Resources devoted to the prevention of environmental risks (nº of people, with different dedication %)	67
Resources devoted to the prevention of environmental risks (€)	1,464,469

In view of the nature of the Group's activity, Logista has made no provisions or guaranties of an environmental nature which could be significant in relation to the Company's equity, financial situation or results. However, as a precaution, Logista is insured, through a civil responsibility policy, against claims for personal injury or damage to property caused by accidental, sudden and unforeseen pollution or contamination.

3.2.1. Pollution and climate change

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

The Logista Group calculates the "carbon footprint" of all its businesses and activities in the various countries in which it operates, including most of the Group's 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.

The Group's transport division also informs its clients, without charge, of the "carbon footprint" of their deliveries and journeys.

Thanks to Logista's continuous efforts to optimise energy efficiency in its processes and installations, the Group has significantly improved the efficiency ratio, although the increase in activity has involved an increase in emissions in absolute terms.

Emissions of greenhouse gases (t CO2 eq)	FY 2018-19
Scope 1	34,827
Scope 2	276
Scope 3	194,677

Pollution from noise and light

With regard to noise, each of the Logista Group'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 the Group has made no specific arrangements in this connection.

Measures to reduce carbon emissions

The Group reduces these emissions by continually optimising routes and by renewing agreements with transport fleets, including their criteria for efficiency.

The Group is also encouraging its transport division to gradually increase the number of its vehicles which run on less polluting fuels.

More than 90% of the Group's premises, including all the directly-managed centres in Spain, France, Italy and Portugal, use electricity of renewable origin.

The reduction of emissions of greenhouse gases is also fostered by the measures taken to improve energy efficiency and increase the use of renewable forms of energy, which are described below, in Chapter 3.2.3.3 (Consumption of Energy).

Targets in the reduction of emissions

Overall Target for the Reduction of Emissions

Logista has developed its own Sustainability Index to identify opportunities to reduce emissions, based on the initiative called Science-Based Target (SBT).

After analysing all the existing methods, Logista considered that the GEVA method (Greenhouse gas emissions per unit of added value) was the method best suited to its activity.

Logista has reviewed this method and adapted it to its transport activity, because it is the most pertinent in terms of emissions within the Group. The proposed unit must therefore take account of the distance covered.

This indicator shows the Overall Performance of Logista's emissions because it includes Scope 1 emissions (which include the emissions from transport activities with operational control), Scope 2 and Scope 3 emissions (which include all the emissions from transport activities without operational control: upstream and downstream emissions) as well as emissions from the franchises' transport.

Logista has considered the recommendations of the CDP concerning "year-on-year" reduction, and aims at an annual reduction of emissions of 2.1%. Logista has also included the vast majority of Scope 3 emissions in its targets, in accordance with the aforementioned GEVA recommendation, because 83% of Logista's emissions come from Scope 3 categories. The result is an Overall Target which represents and includes 95% of all Logista's emissions (considering Scopes 1+2+3).

$$\frac{\text{Scope 1+2 (market-based)+ 3 (transport)}}{TmCO2e \text{ per } M€\&Mkm}$$

Target for 2030= 30 % reduction (baseline year: 2013)

Target for 2050= 54% reduction (baseline year: 2013)

Target for Consumption of Renewable Energy

Logista, being committed to renewable energy, aims to consume green energy in all its direct branches in Spain, France, Italy and Portugal (Poland is not considered because its consumption of electricity represents 1%).

Target for 2020= 99% (already achieved)

Measures adopted to adapt to the consequences of climate changeo

The current system of risk management provides for the analysis and definition of action plans to deal with the consequences that the change of climate may have for the Company, in the short and medium terms.

Recognitions

In January, 2018, the CDP included the Logista Group on its prestigious "A List" for the third consecutive year. The Group stands out as the only European distributor on the list, thus identifying Logista as a leading company, worldwide, in the management of climate change.

Logista has also been recognized as "CDP Supplier Leader 2018" for its performance in the CDP's "Supply Chain Programme", in which it has participated since 2010 in order to respond to the requirements of some of its principal clients.

Every year, Logista sends to the CDP information about the Group's management of climate change, at corporate level and at the level of the various businesses. This information may be consulted on the CDP's website.

3.2.2. The circular economy and the prevention and management of waste

The Group 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 Logista's 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 (there are other types).

In quantitative terms, and classified according to how hazardous they are and their destination, the different types of waste generated by the Group in 2018-2019 were:

	FY 2018-19
Hazardous waste (t)	14.61 Destination: - Recycling: 13.05 - Rubbish dump/Landfill: 1.55 - Re-use for energy: 0.01
Non-hazardous waste (t)	14,787,14 Destination: - Recycling: 12,953,27 - Rubbish dump/Landfill: 1,488,39 - Re-use for energy: 345.48

3.2.3. The sustainable use of resources

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

3.2.3.1. Water

Sources of consumption

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

In FY 2018-2019, water represented 0.01% of the Group's impact on the environment, because it is only used for sanitary purposes.

The consumption of water in 2018-19 was of 93,873 m3 from the supply network, and was in accordance with the local limits.

3.2.3.2. Consumption of raw materials, and the measures adopted to improve efficiency in their use

The principal raw materials consumed by the Group, and the quantities consumed in 2018-2019, are shown below:

	Quantity consumed in 2018-19 (t)
Air pad film	112.36
Cardboard boxes and lids	8,047.24
Pallets	3,018.58
Paper	339.85
Plastic bags: single use	19.23
Re-usable bags	5.75
Wrapping film	468.04
Biodegradable bags	0.04

Efficiency measures

Among the efficiency measures to improve the use of raw materials is the recovery of re-usable cardboard boxes by the use of a system which involves specific actions for continuous improvement.

In addition, the Group's Policy on the Environment, Quality and Energy Efficiency includes among its commitments the implementation of policies and good practices for the reasonable use of resources, the formula which defines its processes being optimisation.

3.2.3.3. Direct and indirect consumption of energy, measures taken to improve energy efficiency, and the use of renewable forms of energy

The main sources of energy consumption in the Company are electricity, natural gas, diesel and fuel oil. The quantities consumed are shown in the following table:

	Consumption of energy 2018-2019 (Kwh)
Electricity	51,381,501
Natural Gas	11,618,113
Others	536,880 Diésel: 426,816 Fuel Oil: 110,064

Measures to improve energy efficiency

Logista is implementing several action plans in order to achieve savings in the consumption of fuel and energy. Examples are: optimisation of routes, adjustment of the volume to the existing infrastructure, the setting of local objectives and initiatives for reduction in our principal warehouses, the introduction of criteria for energy efficiency in both new and existing installations, etc.

Energy audits are carried out regularly on the Group's principal processes and warehouses. The results are used to identify and prioritise actions to reduce consumption.

Other actions undertaken by Logista to reduce the consumption of energy include:

- The obtention of LEED/BREAM certifications for new installations. Examples are: the new warehouse for wholesaling activity in Cabanillas (Spain) and the new warehouse for the new-generation products of a client in Bolonia (Italy). Both were designed and constructed in accordance with the strictest standards of energy efficiency.

- The continuous implementation of corporate and local projects (monitoring of consumption, replacement of lighting, improvement of insulation, renewal of equipment, etc.).

Measures to increase the use of renewable energy

Being committed to renewable energy, Logista aims to consume green energy in all its direct branches in Spain, France, Italy and Portugal.

In FY 2017-2018, Logista consumed 54,230 MWh, of which 53,792 MWh represented low-carbon electricity at its Scope 2 market value. In FY 2018-2019, Logista's consumption of energy decreased to 51,381 MWh, corresponding to the purchase of 51,028 MWh of renewable energy. Consumption of this amount of renewable energy represents an estimated saving of 14,392 metric tons of CO_2e compared with the consumption of conventional energy, taking account of the different emission factors in each country.

3.2.4. Protection of biodiversity

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

In FY 2019, there was no significant impact on biodiversity.

3.3. Social and personnel matters

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 the Group's 5,980 employees of 50 nationalities, and of the professional people who regularly collaborate with Logista.

In FY 2018-2019, Logista continued with the deployment of the Human Resources Master Plan for 2018-2020, which structures the human resources strategy based on the objectives of the Group and of each of its businesses, and which increases efficiency and has an impact on those businesses and on their employees.

The Human Resources Master Plan has four constituent parts:

- "HR Roadmap": which fixes the priorities in human resources, based on the objectives of the Group and of each of its businesses.

- "Balanced Scorecard/BSC": which measures the degree of achievement of the objectives set in the "HR Roadmap", takes decisions and makes action plans based on key metrics in the management of the human resources.

- Centres of Excellence: which offer specialised services for recruitment, development, compensation, communication with employees, employment relations, and health and safety at work.

- Shared Services Centres: which are intended to promote standardisation and efficiency in processes and systems and to manage "big data" in order to identify potential actions for improvement, both descriptive and predictive.

The Logista Group 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.

This is reflected in the increase in its total number of staff from 5,819 employees in FY 2017-2018 to 5,980 employees in FY 2018-2019, and in the Group's permanent employment, which increased from 4,946 to 4,985 employees.

In order to continue strengthening the feeling of belonging and the motivation of its collaborators, its employees and their families, the latter have been given the opportunity to take part in various solidarity actions in several countries where the Group is present.

The Logista Group manages talent with a view to achieving objectives and generating value in the short, medium and long terms. During FY 2018-2019, the Centre for Excellence in Recruitment, with the aim of promoting efficiency in the attraction of talent and its retention in the Group, continued to introduce competitive tools that had been tested in the market, and continued to improve its processes and efficiency by analysing metrics and engaging experts, in order to attract the best candidates and assimilate them into the Group. Clear examples are the implementation of team-management policies, participation in the principal forums of the business schools, universities and career fairs of each country, the improvement and promotion of tools for selection procedures, the recruitment of young people with "junior" profiles through the "Youners", project so that they can develop their professional careers in the Group, and the plans for welcoming and assimilating new employees.

Another of the Logista Group's aims in relation to its employees is to implement remuneration and social benefits that are competitive in the marketplace, both for individuals and overall. To do that, the Group has a comprehensive policy on remuneration, and a series of local social-benefit policies aimed at engaging and retaining the best professional workers. In addition, the Group produces studies of the marketplace and of internal equity and external competitiveness (benchmarks) which facilitate the taking of decisions and the management of the teams in the various departments.

The main risks that the Logista Group has detected in connection with social and staff matters are the failure to retain key personnel and the failure to match person to post (especially in critical posts), because the loss of key staff, or shortcomings in their training, could increase the risk of not having the responsibilities of a particular post adequately discharged.

The main mechanisms for the management and mitigation of risk are:

- Procedures to identify the key employees who should be retained, and the application of policies which encourage them to stay.

- The implementation of procedures to identify critical posts, the efficient management of the people who occupy them, and the provision of robust succession plans for those positions.

- The implementation of a flexible human resources structure so as to adapt smoothly to the needs of the business.

- Globalised management of human resources to unify the criteria applied in the various subsid.

3.3.1. Employment

The breakdown tables showing the main details of Logista's staff are the following:

- **Total number and distribution of employees by gender, age, country and professional category at closing of fiscal year**

Employees by Gender	Total	%
Female	2,197	36.74%
Male	3,783	63.26%
Total	**5,980**	**100.00%**

Employees by Age	Total	%
Under 30	674	11.27%
Between 30-50	3,958	66.19%
Over 50	1,348	22.54%
Total	**5,980**	**100.00%**

Employees by Country	Total	%
Spain	3,588	60.00%
France	1,346	22.51%
Portugal	526	8.80%
Italy	436	7.29%
Poland	84	1.40%
Total	**5,980**	**100.00%**

Employees by Professional Category	Total	%
Management	22	0.37%
Linne personnel and clerical staff	3,225	53.93%
Messengers	2,733	45.70%
Total	**5,980**	**100.00%**

- **Total number and distribution of types of employment contract related to total employees at closing fiscal year**

Distribution of types of employment contract	Total	%
Permanent	4,985	83.36%
Temporary	995	16.64%
TOTAL	**5,980**	**100.00%**
Full time	5,836	97.59%
Part time	144	2.41%
TOTAL	**5,980**	**100.00%**

- **Annual average contracts by gender, type of contract, age and professional category (total contracts in the reported period)**

Number of contracts by Gender	Distribution by gender	
	Male	Female
Permanent	3,494	2,010
Temporary	1,809	1,707
TOTAL	**5,303**	**3,717**
Full time	5,138	3,635
Part time	165	82
TOTAL	**5,303**	**3,717**

Number of contracts by age	Distribution by age		
	< 30	> = 30, < 50	> = 50
Permanent	384	3,751	1,369
Temporary	1,070	2,131	315
TOTAL	**1,454**	**5,882**	**1,684**
Full time	1,407	5,770	1,596
Part time	47	112	88
TOTAL	**1,454**	**5,882**	**1,684**

Number of contracts by professional category	Management	Line personnel and clerical staff	Messengers
Permanent	23	3,212	2,269
Temporary	0	799	2,717
TOTAL	**23**	**4,011**	**4,986**
Full time	23	3,931	4,819
Part time	0	80	167
TOTAL	**23**	**4,011**	**4,986**

- **Number of dismissals by gender, age and professional category**

Dismissals by Gender	Total
Female	82
Male	139
Total	**221**

Dismissals by Age	Total
Under 30	25
Between 30-50	134
Over 50	62
Total	**221**

Dismissals by Professional Category	Total
Management	0
Linne personnel and clerical staff	128
Messengers	93
Total	**221**

- **Average remuneration broken down by gender, age, and professional category**

Average Remuneration by Gender	Total €
Male	37,308.00
Female	29,610.70

Average Remuneration by Age	Total €
Under 30	21,364.84
Between 30-50	32,091.16
Over 50	48,215.84

Average Remuneration by Professional Category	Total €
Management	532,056.68
Linne personnel and clerical staff	38,113.88
Messengers	26,234.79

In order to guarantee homogeneity in the calculation of the average remunerations and their typologies, the total gross remuneration includes the different fixed and variable remunerations, annualizing and adjusting them to FTE.

- **The salary gap, the remuneration of same posts or average in society**

Salary Gap (€)	Salary Female/Male (%)
Company	79.37%

Although the salary gap in the Group is 79.37%, an analysis of this gap by professional category shows that it reduces progressively as the professional category changes from Directors towards Warehouse Employees, where it is 91.19%, and may be due to length of service, etc. For the same post, the remuneration is similar.

- **The average remuneration of Board Members and Managers, including variable remuneration, allowances, compensation, payment to long-term savings forecasting systems and any other gender-disaggregated perception**

Average remuneration of Board Members by gender (€)	
Male	179,653
Female	111,467

The average remuneration of Board Members includes remuneration commensurate with their duties and responsibilities as Board Members. The four proprietary Board Members do not receive any remuneration for their duties and responsibilities as Board Members, so they are not included in the calculation of the average.

The average remuneration of Board Members by gender is increased mainly by the inclusion of the remuneration of the Chairman of the Board, which is higher because of his duties and responsibilities as such.

The remuneration of the Board Members is shown in greater detail in the Annual Report on the Remuneration of Board Members, 2018-2019.

Average remuneration of Managers by gender (€)	
Male	562,839
Female	224,230

- **Introduction of policies of disconnection from work (digital disconnection)**

On 6th December, 2018, Organic Law 3/2018 of 5th December, governing digital disconnection, came into force and is awaiting development of the regulation. Logista is adapting its procedures to conform to the new regulations.

Article 20 bis of the Workers' Statute stipulates, in relation to workers' right to privacy in connection with the digital environment, and their right to disconnect:

"Workers have the right to privacy in the use of the digital devices placed at their disposal by the employer, to digital disconnection, and to privacy in the face of the use of devices for video surveillance and geolocalisation, under the terms laid down in the current legislation governing the protection of personal data and the guarantee of digital rights."

- **Disabled employees**

Logista is continually seeking to collaborate very proactively with various foundations and associations which help and employ groups with disabilities and at risk of exclusion, with the aim of helping to insert them into the world of work. In FY 2018-2019 there were 123 employees with different capacities.

3.3.2. Organisation of work

3.3.2.1. Organisation of working time and measures aimed at facilitating the enjoyment of conciliation and encouraging the co-responsible exercise of these by both parents

Logista offers various formulas for the organisation of working time, allowing its employees to ask for the reduced working day and offering flexibility in the starting and/or ending times in order to facilitate travelling and compatibility with its employees' personal lives. This promotes long-term employment relationships and a stable and motivating working environment.

Notable among the measures adopted are: a flexible timetable, a reduction in working hours together with an unbroken working day for those in a situation of legal guardianship, a shorter working day, and periods of leave, for those who have to care for a minor or a relative.

3.3.2.2. Number of hours of absenteeism

The Group monitors the absenteeism which it suffers. The number of hours of absenteeism in the fiscal year 2018-2019 is 491,883.60 hours.

3.3.3. Health and safety

Logista regards the safety, health and well-being of its employees as fundamental for the Group, and is careful to ensure that the working environment is safe and healthy. The Centre for Excellence in Safety, Health and Well-Being focuses on the following basic objectives:

- To achieve a gradual reduction in the accident rates in the Group's businesses.
- To continue improving the safety conditions at work and making the work centres more and more healthy.
- To promote a culture of excellence in terms of the safety, health and well-being of our employees in the Group.

The Group has consolidated its OHSAS 18001:2007 certification, the international standard which defines an orderly management in the prevention of occupational risks.

In this context, the OHSAS 18001:2007 certifications of Logista Pharma, Nacex, Integra2, Logesta and Logista Libros in Spain are reviewed every year. In Italy, Logista Italia and the work centres of Bolonia and Crespellano also have this certification (OHSAS 18001:2007). In Portugal the certification of all the businesses in Alcochete (Lisbon) has been reviewed and in Poland the certification obtained by Logista Polska was reviewed two years ago.

Logista also pro-actively manages the safety, health and well-being of its employees. For that purpose, it has organised "workshops" with centres of reference in occupational health, which enable us to make progress in implementing improvements in the prevention of risks in our work centres.

In addition, various projects are carried out every year with the common aim of reducing the risks involved in the handling of loads. Notable among these projects are various pilot tests with lower-back exoskeletons, the installation of tilting tables, preventive physiotherapy plans and in situ training of the back.

Logista also informs its employees about possible risks to their health at their workstations, and gives specific training in all the businesses.

The main indicators of health and safety are as follows:

	Total	Men	Women
Accidents	121	88	33
Frequency Index*	11.83	13.65	8.74
Severity Index**	0.26	0.33	0.15
Confirmed occupational illnesses	0.00	0.00	0.00

* Frequency Index = (Number of work accidents with leave / Number of hours worked) * 1,000,000

** Severity Index = (Number of days lost due to work accident with leave / Number of hours worked) * 1,000

3.3.4. Social relations

3.3.4.1. The organisation of social dialogue, including procedures to inform and consult the employees and to negotiate with thems

Logista encourages an enduring, fluent and transparent dialogue with all its stakeholders. The Group therefore maintains channels for communication and two-directional dialogue with all of them, in order to take account of their needs and expectations, whether in financial, environmental or social matters.

In order to ensure that this dialogue is enduring and fluent, the Logista Group has set up specific channels of communication that are adapted to the characteristics of each stakeholder, although it also makes available channels of communication that are common to all of them, such as the Company's corporate website (www.grupologista.com) and the corporate reports which it publishes every year.

3.3.4.2. The percentage of employees covered by collective agreements, by country

100% of Logista's employees, regardless of the country in which they work, are covered by a collective agreement or an enhanced agreement.

3.3.4.3. The effect of the collective agreements, particularly in relation to health and safety at work

All of the Group's own collective agreements, and the sectoral agreements to which the Group's companies are attached, envisage measures for health and safety at work. In addition, the Group adheres to the policy of Imperial Brands on Health, Safety and Well-Being. We are currently developing our own policy on Health, Safety and Well-Being at work, in accordance with the international standard ISO 45001.

3.3.5. Training

Logista promotes the management of talent and the professional development of its employees, and training is one of the most important aspects of these.

Logista bases the individual development plans for its employees on the 3Es model: experience (70%), exposure (20%) and education (10%).

Logista is also committed to the geographical and functional mobility of its employees to advance their professional development. During the current year, several employees have been selected for temporary assignment to projects in other Group businesses and countries, and new international assignments have been initiated with the aim of increasing the international experience and transversal view of Logista's various businesses and areas, and of contributing to the standardisation of the Group's policies, processes and procedures.

In addition, the Centre for Excellence in Development has also developed other projects during the year, such as increasing the density of talent in critical positions in the Group, strengthening the succession plans for those positions, starting up individualised action plans which combine different initiatives in terms of assignment of projects, development and remuneration; and the "Youners" project which was mentioned above.

3.3.5.1. Policies implemented in the field of training

The Logista Group has no specific policy in relation to training. However, during FY 2018-2019 it designed and implemented some training activities which, being based on business objectives, were related to leadership, the sales function, project management and technical knowledge, increasing individual and collective talent.

Training is one of the lines of action used to meet the strategic challenges, in terms of personnel, that are mentioned in Horizon 2020, namely, to attract, retain and develop talent.

3.3.5.2. Total number of hours of training by professional category

Hours of training by category	Hours
Management	304
Linne personnel and clerical staff	42,542
Messengers	18,986

3.3.6. Universal accessibility for disabled people. Equality

The Group's Policy on Social Responsibility expressly sets out Logista's commitment to diversity, equal opportunities and non-discrimination in all their forms.

- Diversity: people of 50 nationalities work at Logista.
- Equality: the Group has developed several initiatives aimed at equality as explained later in this section.
- Non-discrimination: Logista is continually seeking to collaborate very proactively with various foundations and associations which help and employ groups with disabilities and at risk of exclusion, with the aim of helping to insert them into the world of work.

The Group's Code of Conduct gathers together these principles and lays down the general guides to behaviour for all its employees, which are available on the Group's intranet to ensure that they are disseminated as much as possible, and that employees are familiar with them.

The Group continues to support sports activities, especially those intended for young people and those designed to involve disabled sportspeople.

In Spain, since 2011, Logista has also had a Joint Committee on Equality which lays down principles of equality and the rules which ensure that the human resources are managed in accordance with the following principles:

- No discrimination on grounds of gender or sexual orientation, or for any other reason prohibited by law.
- Respect for people above all other considerations.
- Professional behaviour in relations between employees and with the Management.
- The promotion of an appropriate working atmosphere which furthers professional development based on professional merits and training.

These are the principles which inspire Logista's Plan for Equality in Spain.

In this field, the following actions have been carried out in several of the Group's businesses:

- Actions to raise awareness of equality matters, including the distribution of leaflets.
- The creation of a protocol to prevent harassment.
- The creation of an Equality Committee.
- The implementation of a supplement of 100% of the real salary for all workers on maternity or paternity leave.

3.4. Human Rights

Ever since it began to perform its activity, Logista has promoted a behaviour based on integrity and on ethical, business, social, respect of the environment, economic and transparent values. The Group's Policy on Corporate Governance sets out the values of the Company which, as it is a multicultural company, are based on respect, commitment, sustainable long-term development, professionalism, integrity and transparency, and on creating, furthering and supporting a philosophy based on integrity.

Logista also promotes and complies with the provisions of the fundamental agreements of the International Labour Organisation relating to respect for freedom of association and the right to collective bargaining.

The Group's Policy on Social Responsibility, approved in 2016, is aligned with the principles of the United Nations Global Compact in terms of human rights, work, the environment and a policy of anti-corruption. This explicit commitment of the Company is incorporated into its activity and extends to all its employees, customers and suppliers, with whom it works to respect and ensure observance of human rights, and is expressed in the following manner:

- In a Code of Conduct: which stipulates that the Group's workers must promote and protect human rights in a manner which will not contribute, directly or indirectly, to any violation of those rights.

  The Group's employees strive to eradicate any violations of human rights which might exist in the employment marketplace, particularly when they are related, in any way, to our commercial activity or supply chain. The Code stipulates that:

  - We must all help to make our workplace just, respectful and free of any kind of harassment, discrimination or other form of degrading behaviour. We must ensure that none of our colleagues suffers undesirable actions or behaviour because of their age, race, origin, gender, sexual orientation, disability, political opinion, religion, marital status or physical or mental state.
  - We have the responsibility of abiding by the Company's commitment to offering a working environment of equal opportunities in which the jobs are awarded to the most suitable candidates.
  - We must promote and protect human rights and ensure that we do not contribute, either directly or indirectly, to any violation of those rights. We must work to eradicate any violations of human rights which could exist in the employment marketplace, particularly when they are in any way related to our commercial activity or supply chain.
  - We must work with our suppliers, licensees, agents and associates to encourage and support the application of principles in relation to the minimum working age and forced labour.
  - We must not make or allow any distinction with regard to any employee on the basis of the political, religious or jurisdictional situation of the country or territory to which they belong, and when necessary we must ensure that valid work permits are in effect for those who are working outside their countries of origin.

- We must not allow any discrimination to arise out of an employee's right to participate freely in the culture of their community.

- All the Group's suppliers have to know and accept the Principles of Conduct, and this is mandatory in order to contract with any of the Group's companies. The Group has the right to terminate its contractual or commercial relationship with any supplier who does not observe the Principles of Conduct, or who, after inadvertently failing to observe them, does not take the necessary corrective measures.

  These General Principles of Conduct include minimum standards and the basic standards of conduct which must govern the activities of the Group's suppliers, both in their relations with the Group 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 in the Group's corporate website. They have also been translated into the official languages of the countries where the Group is present.

- In the Group's Purchasing Policy, which lays down that all the suppliers must be accredited and must have conspicuous economic, financial and technical competence. In addition, contracting will be governed by, among other factors, the principle of ethical and professional conduct, so the employees have to behave in an ethical and professional manner.

In case of any occurrence, conduct or omission which represents a violation of human rights, the Group's employees have at their disposal mechanisms with which to expose it. In the case of Logista, the mechanism is that of the Complaints Channel. There is also a Procedure for Managing the Complaints Channel, to which all the employees have access through the Group's intranet.

Logista has due diligence measures in place, even though, due to the geographical environment in which our activity is carried on, its type and its solid regulatory framework, one cannot notice in the Group any big risk of forced labour or child labour that would render necessary the application of specific due diligence procedures.

As a consequence of this, Logista received no complaint in FY 2018-2019 about anything related to respect for freedom of association, the right to collective bargaining, discrimination in a person's employment or occupation, enforced or compulsory work or child labour, or about any other matter connected with the violation of human rights, in any of the countries in which it carried on its activity in that period.

3.5. Bribery and corruption

The Logista Group currently has corporate policies and a system of internal control that are designed to prevent the commission, by any of its administrators, directors, employees or people subject to the Group's authority, of crimes including bribery, corruption and money laundering.

The Board of Directors shows its commitment and social responsibility by its adoption of the measures necessary for the restraint of any possible offence and the control of any risk of crime, notable among which are those mentioned below.

- There is a Code of Conduct, compliance with which is mandatory, and which is published on the Group's intranet. This, among other regulations, includes guidelines for conduct with civil servants or government officials, and prohibits the offering, giving or receiving of payments, gifts or favourable treatment which could affect the normal conduct of commercial, administrative or professional relations, or could obtain an improper advantage for Logista.

- There is a Manual for the Prevention of Risks from Crime, approved in 2015, which gives details of the principles of the management and prevention of criminal offences within the Group, and of the structure and functioning of the Unit for Control and Monitoring.

The Group's employees are informed of the importance both of complying with the Manual for the Prevention of Risks from Crime and of adopting the principles of the Code of Conduct so as to perform their professional work in an ethical and diligent manner, and this applies to all levels in the Organisation.

- In the absence of such compliance, a disciplinary system with penalties for any breach of the Company's model will expose as very serious faults any activities involving bribery of public or private entities or breaches of the approved policy on the management of receipts and payments.

- Logista's employees have at their disposal a Complaints Channel through which to report any occurrence, conduct, information or criminal behaviour which is contrary to the Code of Conduct, the General Principles of Conduct, or the Model for the Prevention of Risks from Crime.

  No complaint was received during FY 2019 in relation to offences of bribery, corruption or money laundering.

This framework of control in the Group is subject to supervision, at least annually, by the Department of Internal Auditing, the Board of Directors, and the Audit and Control Committee. Regular reviews are carried out on the processes and activities which could potentially be affected by a risk of crime, and when necessary the model is updated to take account of changes in regulations.

The contributions to foundations and non-profit-making entities in 2018-2019 amounted to 188,979.53€. They were allocated mainly for humanitarian, welfare and integration actions intended to improve the quality of life of the most vulnerable groups. Most of these contributions are derived from donations of convenience products and transport services to parishes, social lunchrooms, etc.

3.6. Society

3.6.1. The Company's commitments to sustainable development

The Logista Group is actively engaged with numerous initiatives of a social nature, mainly in its local area, and Logista encourages participation in all collaborators related to the Group (employees, franchises, branches, etc.), as well as collaborating in projects which the latter propose for the exercise of their social responsibility.

The Group's corporate social responsibility policy fixes the framework for action which supports the management of social responsibility in a manner consistent with the Group's corporate strategy, in order to foster stability and transparency in relations with stakeholders which go beyond mere financial interests. To that end, the Logista Group undertakes to consider the needs and expectations of its stakeholders by means of various communication mechanisms, enabling it to maintain an active dialogue and to respond appropriately at all times.

The Logista Group is committed to promoting the culture of corporate social responsibility, and to social development through voluntary activities.

3.6.1.1. The impact of the Company's activity on employment and local development. The impact of society's activity on local populations and in the territory

Logista collaborates with non-governmental, non-profit-making organisations in various localities, with the aim of assimilating workers originating from social environments where they suffer sexual, financial or social discrimination, but who possess special skills.

Logista is also in contact with the main universities and professional training centres in the localities where it is present, and collaborates in the students' training, preparation, first contacts with the world of work, and subsequent development.

The Group has collaboration agreements with prestigious universities and business schools involved with R+D+i.

3.6.1.2. Relations and forms of dialogue with key figures in local communities

Logista encourages an enduring, fluent and transparent dialogue with all its stakeholders. The Group therefore maintains channels for communication and two-directional dialogue with all of them in order to take account of their needs and expectations, whether in financial, environmental or social matters.

In order to ensure that this dialogue is enduring and fluent, the Logista Group has set up specific channels of communication that are adapted to the characteristics of each stakeholder, although it also makes available channels of communication that are common to all of them, such as the Company's corporate website (www.grupologista.com) and the corporate reports which it publishes every year.

3.6.1.3. Partnership and sponsorship actions

Logista participates with different associations related to the Group's activities in order to collaborate in initiatives related to its activity or in order to promote transparency and corporate responsibility. Thus, for example, Logista is a founding member of the Grupo Español para el Crecimiento Verde (Spanish Group for Green Growth) and participates annually in CDP initiatives. At the sector level, Logista also participates in different associations, such as, for example, AESEG, AEFI, AECOC and CCA.

In addition, the Group, through its societies, sponsors different initiatives in support of culture or sport.

Regarding the promotion of culture, Nacex sponsors the Príncipe Pío Theatre in Madrid and has created an area in the Micropolix child leisure centre at Madrid devoted to couriers so kids may know the importance of this occupation in the current world; and Integra2, meanwhile, maintains the www.rutaintegra2.es portal on popular food festivities in Spain, bringing closer the gourmet and food industries, fostering popular, and food culture across the regions.

Regarding the sports sponsorship, Nacex sponsored the football Media Base Sports and the basketball GLT Sport campuses. It also sponsored the Nacex paddle tennis Challenge, where former Real Madrid and Barça football players competed to raise funds for charity, this time devoted to the Forever Dream foundation. Nacex also sponsored a number of golf charity tournament, like the "Tournament for Brave people", for the Leo Messi Foundation and the San Juan de Dios hospital in Barcelona.

Nacex also sponsored the Kern Pharma XIII International Meeting fostering the elite athletics among disabled athletes.

3.6.2. Sub-contracting and supplierss

3.6.2.1. The inclusion in the purchasing policy of social questions, equality of gender, and environmental matters. In relations with suppliers and sub-contractors, consideration of their social and environmental responsibilities

The Logista Group promotes the incorporation of the company values throughout its value chain, resulting in responsible management of the supply chain.

The procedure for selecting and contracting suppliers is both objective and rigorous. The Group's Purchasing Policy incorporates fundamental principles of ethics, employment, sustainability, quality and customer service, and is applied in all the Group's companies and businesses.

By applying this Policy, the Group seeks to ensure maximum transparency in the contracting process, to obviate the risk of fraud in the purchasing processes, and to facilitate solid, long-term commercial relationships involving mutual respect.

The purchasing process

Purchases are made by drawing up Requests for Quotations which are sent to as many potential suppliers as possible.

The selection of a supplier is always made on the basis of quality in technical, financial, environmental and contractual aspects, and on the basis of a supplier's abilities and references in the field of the goods or service to be contracted, and the supplier's economic/financial standing.

Optimisation of resources

With the aim of optimising and rationalising resources, the Corporate Purchasing Management arranges for the centralised purchasing of the goods and services that are important for the Group.

Consequently, almost all the important purchases of goods and services, including general purchases, supplies, maintenance services, information and communications technology, as well as CAPEX, are centralised.

In order to unify the criteria for the selection of the Group's important suppliers, the Corporate Purchasing Management has produced a series of selection criteria which constitute a Decision Matrix, which has been applied in more than 70% of the contracting processes in which it is requested.

By applying this Decision Matrix, the Group has optimised the management of risks in the contracting of suppliers, and the analysis of the degree of exposure.

For the contracting of some goods and services, because of their nature or low cost, centralised management is not appropriate. For these, the established purchasing procedure is followed, with the Requests for Quotations previously explained, in order to comply with the general principles of purchasing defined in the Purchasing Policy, and thus to guarantee transparency, efficiency and equity during those purchases.

3.6.2.2. Systems of supervision, and their auditing and results

In 2018-2019, the Logista Group performed 1,161 audits on suppliers, and found no significant deficiencies in any of them.

These assessments enable the abilities of our suppliers to be measured, and allow an evaluation of the degree of compliance with the standards of quality, safety, and professionalism, among others, that are required by the Company.

The reviews form part of the control systems in operation in each of the Group's Businesses. Notable among the regular reviews are the evaluation of certified quality control systems, the review of the degree of compliance with regulatory strategies, and the evaluation and control of external delegations and commercial representatives by means of surprise control visits.

3.6.3. Consumers

Our customers are at the centre of our business model.

In order to satisfy their needs completely and efficiently, Logista has developed a business model that is unique in southern Europe, and in which all the services of a distribution value chain are offered by one single provider in a transparent, efficient and sustainable manner, with full traceability and including the most advance and specialised services in every sector and channel of points of sale in which the Group operates.

Excellence and quality of service

The Logista Group devotes its best efforts to continuous improvement in order to achieve excellence and optimise the quality of its service.

The Group includes sustainability in its objective of maximum quality of service, always seeking efficiency in its operations, in appropriate social and environmental conditions.

In this way, Logista offers to its manufacturers, laboratories and other operators a specialised distribution service that is adapted to their products, together with other added-value services and powerful Business Intelligence tools so that the consumers are better informed; while at the point of sale it offers them a wide range of products adapted to their end-users, and efficient distribution, increasing their income and profitability.

Stable, long-term relationships

Logista works to establish relationships of trust with its customers, maintaining stable, durable links with them, and ensuring that the channels of points of sale to which it distributes are beneficial for both parties, ensuring independence of management and operational neutrality.

The Corporate Legal Advice Department centralises the review of the most important contracts in the whole Group to ensure that they comply strictly with the Law.

3.6.3.1. Measures for consumers' health and safety

Logista applies its commitment to quality, sustainability and continuous improvement to all its activities and operations, and has many certificates which confirm that:

Principal certificates	
ISO 9001	The Group's 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 Group's 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.

3.6.3.2. Claims system, complaints received and their settlement

Logista has various systems for dealing with complaints and claims from consumers. These systems are set up by each business, and are adapted to its characteristics and to those of its consumers.

In 2018-2019, the Logista Group received 11,334 complaints and claims from its consumers, representing barely 0.03% of all the despatches and consignments handled by the Group in that year.

99.99% of the total complaints and claims are related to operational incidents in the transport division (loss of merchandise, etc.).

3.6.4. Tax information

3.6.4.1. Profits obtained, country by country

Country	Profits (losses) before corporation tax (thousands of €)
Spain	87,359
France	24,040
Italy	90,890
Portugal	13,969
Poland	841
Total	**217,099**

3.6.4.2. Taxes paid on profits

Country	Corporation Tax paid (cash-based) (thousands of €)
Spain	-54,058
France	24,678
Italy	31,862
Portugal	2,926
Poland	429
Total	**5,837**

3.6.4.3. Public subsidies received

The Logista Group received no public subsidy during FY 2018-19.

3.7. Table of compliance with Law 11/ 2018, of 28 December 2018

Content	Chapter of the Non-Financial Statement	GRI Standard associated
BUSINESS MODEL		
Entrepreneurial environment and business model	3.1.1. Description of the business model and 3.1.2.Organisation and structure	102-2
Markets in which the company operates	3.1.3. Markets of operation	102-6
Targets and strategies	3.1.4. Objectives and strategies	102-14
Factors and trends affecting evolution	3.1.5. The main factors and trends which could affect Logista´s future development	102-15
POLITICS	It will be incorporated along those chapters related to the different topics	103- Management approach of each material issue
RISKS	It will be incorporated along those chapters related to the different topics	102-15
ENVIRONMENTAL ISSUES		
GLOBAL		
Impact of the firm´s activities on the environment, and health and security	3.2. Environmental matters	103 - Management approach of each material issue related to environment issues
Precautionary principle, quantity of provisions and guarantees regarding environmental risks	3.2. Environmental matters / Risks related to environmental matters	102-11
Resources devoted to preventing environmental risks	3.2. Environmental matters / Risks related to environmental matters	103- Management approach of each material issue related to environment issues
POLLUTION		

Content	Chapter of the Non-Financial Statement	GRI Standard associated
Measures associated with carbon emissions	3.2.1. Pollution and climate change / Measures to reduce carbon emissions	103 - Emissions
Measures associated with light pollution ,noise and others	3.2.1. Pollution and climate change / Pollution from noise and light	103- Biodiversity
CIRCULAR ECONOMY AND WASTE PREVENTION AND MANAGEMENT		
Initiatives promoting circular economy	3.2.2. The circular economy and the prevention and management of waste	103- Effluents and waste
Measures associated with waste management	3.2.2. The circular economy and the prevention and management of waste	306-2
Actions combating food spoilage	Non material, taking into account the activity sector of the Company	103- Effluents and waste
SUSTAINABLE USE OF RESOURCES		
Water: consumption and supply	3.2.3.1. Water	303-1
Raw materials: consumption and measures	3.2.3.2. Consumption of raw materials, and the measures adopted to improve efficiency in their use.	301-1
Energy: consumption, measures and use of renewables	3.2.3.3. Direct and indirect consumption of energy, measures taken to improve energy efficiency, and the use of renewable forms of energy.	302-1
CLIMATE CHANGE		
Greenhouse gas emissions	3.2.1. Pollution and climate change	305-1/ 305-2/ 305-3
Measures for climate change adaptation	3.2.1. Pollution and climate change / Measures adopted to adapt to the consequences of climate change	103- Emisiones
Targets in reducing emissions	3.2.1. Pollution and climate change / Targets in the reduction of emissions	103- Emisiones
BIODIVERSITY		
Prevention measures	3.2.4. Protection of biodiversity	103- Biodiversity
Impacts on protected areas	3.2.4 Protection of biodiversity	304-2
SOCIAL MATTERS AND PERSONAL-RELATED ISSUES		
EMPLOYMENT		
Total number and distribution of employees by gender, age, country and professional category	3.3.1 Employment / Total number and distribution of employees by gender, age, country and professional category	102-8/405-1
Total number and distribution of the different modalities of labour contracts	3.3.1 Employment / Total number and distribution of types of employment contract	102-8
Annual average of indefinite, temporal and partial contracts divided by gender, age and professional category	3.3.1 Employment / Annual average of contracts by gender, type of contract, age and professional category	102-8/405-1
Number of dismissals by gender, age and professional category	3.3.1 Employment / Number of dismissals by gender, age and professional category	401-1

Content	Chapter of the Non-Financial Statement	GRI Standard associated
Average remuneration and evolution disaggregated by gender, age and professional category, or equal value	3.3.1 Employment / Average remuneration broken down by gender, age, and professional category	405-2
Pay gap, remuneration of equal job positions or societal averages	3.3.1 Employment / The salary gap (different remuneration for the same posts)	405-2
Average remuneration counsellors and directives	3.3.1 Employment / Average remuneration for board members and directors, including variable remuneration, subsistence allowances, compensations, payments to pension and long-term savings schemes and any other receipt, broken down by gender	102-35
Politics of occupational disconnection	3.3.1 Employment / Implementation of policies of disconnection from work (digital disconnection)	103- Employment
Disabled employees	3.3.1 Employment / Disabled employees	405-1
WORKTIME MANAGEMENT		
Task management	3.3.2.1. Organisation of working time and measures of familiar reconciliation	103- Employment
Number of absence hours	3.3.2.2. Number of hours of absenteeism	403-2
Measures of familiar reconciliation	3.3.2.1. Organisation of working time and measures of familiar reconciliation	103- Employment
HEALTH AND SAFETY		
Health and security conditions at work	3.3.3. Health and safety	103- Occupational health and safety
Work accidents, highlighting their frequency and severity	3.3.3. Health and safety	403-2
Professional illnesses, separated by gender	3.3.3. Health and safety	403-2
SOCIAL RELATIONS		
Organization of social dialogue	3.3.4.1 The organisation of social dialogue, including procedures to inform and consult the employees and to negotiate with them	103- Labor management relations
Percentage of employees covered by collective covenants by country	3.3.4.2 The percentage of employees covered by collective agreements, by country	102-41
Balance of collective covenants in work health and security	Balance of collective covenants in work health and security 3.3.4.3. The effect of the collective agreements, particularly in relation to health and safety at work	403-1
TRAINING		
Implementation of politics related to training	3.3.5.1. Policies implemented in the field of training	103- Training and education
Total number of training hours by professional category	3.3.5.2. Total number of hours of training by professional category	404-1
UNIVERSAL ACCESSIBILITY OF DISABLED PEOPLE	3.3.6. Universal accessibility for disabled people. Equality	103- Diversity and equal opportunity/103-Non discrimination

Content	Chapter of the Non-Financial Statement	GRI Standard associated
EQUALITY		
Adopted measures to promote equality, plans for equality and politics of no discrimination and diversity management	3.3.6. Universal accessibility for disabled people. Equality.	103- Diversity and equal opportunity/103-Non discrimination
HUMAN RIGHTS		
Due diligence procedures in human rights matters and if required, in their mitigation, management and repair	3.4. Human Rights	102-16/102-17/103- Human Rights assessment/103- Freedom of association and collective bargaining /103- Child labor/103- Forced or compulsory labor
Complaints for the violation of human rights	3.4. Human Rights	406-1
Promotion and compliance of covenants ILO associated with the freedom of association and collective negotiation	3.4. Human Rights	407-1
Elimination of employment discrimination, forced and child labour	3.4. Human Rights	408-1/409-1
CORRUPTION AND BRIBERY		
Adopted measures to prevent corruption and bribery	3.5. Bribery and corruption	103- Anti-corruption
Measures to fight money laundering	3.5. Bribery and corruption	103- Anti-corruption
Contributions to non-profit foundations and entities	3.5. Bribery and corruption	413-1
SOCIETY		
BUSINESS COMMITMENTS WITH SUSTINABLE DEVELOPMENT		
Impact of activities on society: employment, local development, local populations and territory	3.6.1.1. The impact of the Company's activity on employment and local development, local populations and territory	103- Local communities/103-Indirect economic impacts
Dialogue with local communities	3.6.1.2.Relations and forms of dialogue with key figures in local communities	413-1
Collaborative actions and sponsorship	3.6.1.3 Association and sponshorship actions	102-12/102-13
SUBCONTRACTING AND SUPPLIERS		
Inclusion of social aspects, gender equality and environmental matters in procurement policies	3.6.2.1 The focus of management and the inclusion in the purchasing policy of social questions, equality of gender, and environmental matters. In relations with suppliers and sub-contractors, consideration of their social and environmental responsibilities	102-9
Consideration of environmental and social aspects in the relationships with suppliers and subcontractors	3.6.2.1 The focus of management and the inclusion in the purchasing policy of social questions, equality of gender, and environmental matters. In relations with suppliers and sub-contractors, consideration of their social and environmental responsibilities	103- Procurement practices

Content	Chapter of the Non-Financial Statement	GRI Standard associated
Supervision systems and audits, and their respective results	3.6.2.2. Systems of supervision, and their auditing and results	308-2/414-2
CONSUMERS		
Measures for health and security of consumers;	3.6.3.1. Measures taken to protect the health and safety of consumers	103-Customer health and safety
Complaint system, received complaints and respective resolutions	3.6.3.2 Claims system, complaints received and their settlement	103-Customer health and safety
TAX INFORMATION		
Profits by country before taxes	3.6.4.1 Profits obtained, country by country	103- Economic performance
Taxes over paid profits	3.6.4.2. Taxes paid on profits	103- Economic performance
Public subsidies received	3.6.4.3. Public subsidies received (cash basis)	201-4

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 September 30th, 2019, 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. Also, 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, 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 by the Logista Group 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 the Logista Group'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.

- Specifically, on April 10 2019, the National Commission of Markets and Competition imposed on Compañía de Distribución Integral Logista, S.A.U. ("Logista"), (100% subsidiary of the Company), a penalty of €20.9 million, for "exchange of sensitive information regarding the sale of cigarettes from 2008 to 2017". Logista does not consider appropriate sanction, and has filed against this resolution an administrative contentious appeal to the National Court, and request for suspension of the payment of the sanction, which, as of the date of this report, is pending of resolution.

In both cases, the control systems allowed the mitigation of the risk's impact or of its occurrence profitability. In general, the Group'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

The Group belongs to the Imperial Brands Group that has its registered office in the United Kingdom. In this sense, the Group has valuated the risks , as well as the possible impact that it might occur as consequence of the exit by the United Kingdom from the European Union. 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 cooling British economy, and/or from a possible currency volatility, might not have a highly impact in the development of the Logista 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.

Uncertainty is maintained, pending of impact valuation, related to European directives on taxation, as well as the applications EU freedom, that will ultimately depend on the exit model of the United Kingdom from the EU.

5. USE OF DERIVATIVE FINANCIAL INSTRUMENTS

No Group company uses derivative financial instruments.

6. SIGNIFICANT EVENTS FOR THE GROUP AFTER THE REPORTING PERIOD

As described in Note 22 to the Group's consolidated financial statements, 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. 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 Parent's directors consider that this matter will not have any impact on the Group's equity position.

No additional significant events have occurred subsequent since the end of the year ended 30 September 2019.

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. 2018 – 30 Sept. 2019	1 Oct. 2017 – 30 Sept. 2018
Revenue	10,148.3	9,476.5
Procurements	(8,999.3)	(8,358.3)
Gross Profit	**1,149.0**	**1,118.2**

- **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. 2018 – 30 Sept. 2019	1 Oct. 2017 – 30 Sept. 2018
Adjusted Operating Profit	**261.9**	**245.9**
(-) Restructuring Costs	(11.4)	(3.6)
(-) Amortization of Assets Logista France	(52.2)	(52.3)
(+/-) Net Loss of Disposal and Impairment of Non-Current Assets	4.8	(0.5)
(+/-) Share of Results of Companies and Others	1.2	1.0
Profit from Operations	**204.3**	**190.5**

- **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. 2018 – 30 Sept. 2019	1 Oct. 2017 – 30 Sept. 2018	% Variación
Economic Sales	1,149.0	1,118.2	2.8%
Adjusted Operating Profit	261.9	245.9	6.5%
Margin over Economic Sales	**22.8%**	**22.0%**	**+80 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. 2018 – 30 Sept. 2019	1 Oct. 2017 – 30 Sept. 2018
Cost of logistics network	798.5	780.6
Commercial expenses	70.4	67.2
Research expenses	2.7	2.1
Head office expenses	79.1	78.3
(-) Restructuring costs	(11.4)	(3.6)
(-) Amortization of Assets Logista France	(52.2)	(52.3)
Operating Costs or Expenses in management accounts	**887.1**	**872.3**

- **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.

INDEPENDENT VERIFICATION REPORT
YEAR ENDED 30 SEPTEMBER 2019

pwc

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent verification report

To the shareholders of Compañía de Distribución Integral Logista Holdings, S.A.

Pursuant to Article 49 of the Code of Commerce, we have verified, under a limited assurance scope, the accompanying State of non-financial information ("NFS") for the year ended 30 September 2019 of Compañía de Distribución Integral Logista Holdings, S.A. and subsidiaries (hereinafter "Logista ") which forms part of Logista´s consolidated Management Report.

The content of the NFS includes additional information to that required by the current mercantile legislation related to non-financial information reporting which has not been covered by our verification work. In this respect, our work has been restricted solely to verifying the information identified in the table included in the section 3.7 Table of compliance with Law 11/ 2018, of 28 December 2018 in the accompanying NFS.

Responsibility of the Board of Directors

The preparation of the NFS included in Logista's consolidated Management Report and the content thereof are the responsibility of the Board of Directors of Compañía de Distribución Integral Logista Holdings, S.A. The NFS has been drawn up in accordance with the provisions of current mercantile legislation and with the *Sustainability Reporting Standards of the Global Reporting Initiative* ("GRI Standards") selected, described in line with the details provided for each matter in the table included in section 3.7 "Table specifying the requirements as per Law 11/2018 and GRI indicators".

This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the NFS to be free of any immaterial misstatement due to fraud or error.

The Board of Directors of Compañía de Distribución Integral Logista Holdings, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFS is obtained.

Our independence and quality control

We have complied with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants ("IESBA") which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and therefore has in place a global quality control system, which includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team has been formed by professionals specialising in Non-Financial Information reviews and, specifically, in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited verification report based on the work carried out in relation solely to fiscal year ended 30 September 2019. The data relating to previous years were not subject to current mercantile legislation. Our work has been carried out in accordance with the requirements laid down in the current International Standard on Assurance Engagements (ISAE) 3000 Revised, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Guidelines for verification engagements on Non-Financial Statements issued by the Spanish Institute of Auditors ("Instituto de Censores Jurados de Cuentas de España").

In a limited assurance engagement, the procedures performed vary in terms of their nature and timing of execution, and are less extensive than those carried out in a reasonable assurance engagement. Accordingly, the assurance obtained is substantially lower.

Our work has consisted of posing questions to Management and several Logista units that were involved in the preparation of the NFS, in the review of the processes for compiling and validating the information presented in the NFS and in the application of certain analytical procedures and review sampling tests, as described below:

- Meetings with Logista personnel to ascertain the business model, policies and management approaches applied, the main risks related to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the contents included in the NFS for year ended 30 September 2019, based on the materiality analysis carried by Logista, considering the content required under current mercantile legislation.
- Analysis of the procedures used to compile and validate the information presented in NFS for year ended 30 September 2019.
- Review of information concerning risks, policies and management approaches applied in relation to material issues presented in the NFS for year ended 30 September 2019.
- Verification, through sample testing, of the information relating to the content of the NFS for year ended 30 September 2019 and its adequate compilation using data supplied by the Logista´s sources of information.
- Obtainment of a management representation letter from the Directors and Management.

2

Conclusions

Based on the procedures performed and the evidence we have obtained, no matters have come to light that might lead us to believe that Logista's NFS, for the year ended 30 September 2019 has not been prepared, in all its significant aspects, in accordance with the provisions of current mercantile legislation and the Sustainability Reporting Standards of the Global Reporting Initiative ("GRI Standards") selected, described in accordance with the details provided for each matter in the table included in the section 3.7 Table of compliance with Law 11/ 2018, of 28 December 2018 in the accompanying NFS.

Use and distribution

This report has been drawn up in response to the requirement laid down in current Spanish mercantile legislation and therefore might not be suitable for other purposes or jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

(Originally signed in Spanish)

Pablo Bascones

4 November 2019

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Logista

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