Half-year financial report

June 30, 2020

This document is a non-certified translation into English of the Half-year financial report issued in French and filed on September 4, 2020 with the *Autorité des Marchés Financiers* (AMF)

ID LOGISTICS GROUP
A French corporation (*société anonyme*) with capital stock of €2,824,713.50
Head office: 55, chemin des Engranauds – 13660 Orgon
TARASCON TRADE AND COMPANIES REGISTER NO. 439 418 922

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1 PERSON RESPONSIBLE

1.1 PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

Mr. Eric Hémar, Chairman and CEO of ID Logistics Group.

1.2 STATEMENT OF THE PERSON RESPONSIBLE FOR THE DOCUMENT

I hereby certify that, to the best of my knowledge, the summary consolidated financial statements for the six months ended June 30, 2020 were prepared in accordance with applicable accounting standards and give a fair view of the Company's assets and liabilities, financial position and earnings, as well as those of all of its consolidated companies. I also certify that the attached half-year business report presents a fair statement of key events that occurred during the first six months of the year, the impact thereof on the financial statements and the main related party transactions, as well as a description of the main risks and uncertainties to be faced during the remaining six months of the year.

Orgon, September 4, 2020

Eric Hémar
Chairman and CEO

2 HALF-YEAR BUSINESS REPORT

The reader is invited to read the following information concerning the Group's financial position and earnings in conjunction with the summary consolidated financial statements for the six months ended June 30, 2020 as set out in Chapter 3 "Summary financial statements" of the half-year financial report.

Given that the figures stated in euro millions in the tables and analyses in this chapter have been rounded, the totals shown do not necessarily equal the sum of the individual rounded figures. Similarly, the sum of the percentages that are based on the rounded figures does not necessarily equal 100%.

In addition to the financial indicators directly presented in the consolidated financial statements, the Group uses a number of alternative performance indicators:

- Like-for-like change in revenues: this reflects the Group's organic growth, excluding the impact of:
  - changes in consolidation scope: the contribution to revenues of companies acquired during the period and companies sold during the previous period is excluded;
  - changes in the applicable accounting principles;
  - changes in exchange rates, by calculating revenues for the various periods on the basis of identical exchange rates: published data for the previous period is converted using the exchange rate for the current period.
- EBITDA: underlying operating income (EBIT) before net depreciation, amortization and impairment of PP&E and intangible assets
- Net borrowings: gross borrowings plus bank overdrafts less cash and cash equivalents
- Net debt: Net borrowings plus lease liabilities recognized in application of IFRS 16 "Leases".
- Gearing: net borrowings over consolidated equity

2.1 First half highlights

The first half of 2020 was marked by the global COVID-19 health crisis, which hit Asia hardest in the first quarter, followed by Europe in the second quarter, with strict lockdown measures imposed in France and Spain, countries where ID Logistics operates. Thanks to a diverse customer portfolio primarily based in the food and e-commerce sectors, a broad geographical footprint, and the responsiveness of its teams and management, ID Logistics was able to limit the financial impact of the health crisis during the first half of 2020.

In March 2020, the Group finalized the refinancing of its existing acquisition loans, as detailed below. This operation boosted cash and cash equivalents by €30.4 million.

Finally, after the change in ownership of its last customer in China, and given the lack of development opportunities in the country, ID Logistics decided to discontinue its activities in China, which represented less than 1% of the Group's business. In agreement with its customer, operations were gradually transferred to competing service providers over the first half of 2020, generating goodwill impairment of €0.5 million and shutdown costs of €1.0 million, classified under non-recurring expenses.

As a reminder, the first half of 2020 includes six months of business generated by US-based Jagged Peak acquired in December 2019, while the first half of 2019 included six months of operations in South Africa prior to shutdown at the end of August 2019.

2.2 Consolidated income statement

€m	H1 2020	H1 2019
Revenues	776.6	744.5
Purchases and external charges	(378.7)	(352.7)
Staff costs	(294.3)	(292.4)
Miscellaneous taxes	(7.3)	(7.6)
Other underlying income (expenses)	0.4	0.6
Net (increases) write-backs to provisions	0.8	2.9
EBITDA	97.5	95.3
Net depreciation/impairment	(77.4)	(75.8)
EBIT before amortization of acquired customer relations	20.1	19.5
Amortization of acquired customer relations	(0.6)	(0.6)
Non-recurring expenses	(1.5)	-
Net financial items	(6.9)	(7.6)
Corporate income tax	(5.1)	(5.0)
Share of earnings of equity affiliates	0.5	0.3
Total consolidated net income	6.5	6.6
Minority interests	1.2	1.1
Group share	5.3	5.5

Overall, ID Logistics successfully withstood the COVID-19 health crisis during the first half of 2020 thanks to its customer portfolio primarily based in the food and e-commerce sectors and its broad geographical footprint.

As such, the strong growth recorded in Q1 2020, combined with strong resilience in Q2 2020, enabled ID Logistics to post revenue growth of 4.3% (up 2.0% like for like) to €776.6 million in H1 2020. During the period, the Group opened 10 new facilities (3 in France and 7 abroad), in line with its original business plan.

In accordance with the definition of alternative performance indicators set out above, the reconciliation between reported and like-for-like revenue data is as follows:

€m	H1 2019	Impact of change in consolidation	Impact of change in exchange rates	Impact of application of IAS 29	Like-for-like change	H1 2020
Revenues	744.5	+4.2%	-1.7%	-0.3%	+2.0%	776.6

Revenues break down as follows:

€m	H1 2020	H1 2019
France	344.1	349.0
International	432.5	395.5
Total revenues	776.6	744.5

- In France, after a 3.5% increase in Q1 2020, the second quarter was marked by the COVID-19 health crisis and ended with a 5.9% decline: following lockdown measures, business in April fell 13.5% compared to last year. The decline slowed down in May (down 7.3%) and business finally picked up again in June (up 3.2%). In total, H1 2020 revenues in France came to €344.1 million, down 1.4% versus H1 2019.

- Outside France, revenue growth was 15.0% in Q1 2020 before slowing to 4.1% in the second quarter due to the impact of the COVID-19 health crisis: after a flat performance in April (down 0.2%) and a slightly more active May (up 1.6%), growth jumped to 11.0% in June. In total, International H1 2020 revenues came to €432.5 million, up 9.4% versus H1 2019. This performance includes globally unfavorable currency movements, particularly in Latin America, a consolidation scope impact arising from the September 2019 shutdown of business operations in South Africa, and the consolidation of the US-based Jagged Peak business in December 2019. Restated for these items, first half revenue growth came to 5.4%.

First half 2020 purchases and external charges amounted to €378.7 million, up from €352.8 million in first half 2019. Purchases and external charges as a percentage of revenues increased from 47.4% to 48.8%, mainly due to increased outsourcing compared to 2019 (integration of US operations and, more generally, a desire for greater flexibility in response to the COVID-19 health crisis).

First half 2020 staff costs amounted to €294.3 million, up from €292.4 million in H1 2019. As a percentage of revenues, staff costs fell from 39.3% in H1 2019 to 37.9% in H1 2020. This decrease is due to the roll-out of short-time working measures in countries such as France and Spain in response to the COVID-19 health crisis and to the aforementioned increase in outsourcing.

Miscellaneous taxes dipped to 0.9% of revenues.

As in first half 2019, other income and expenses were close to zero for the first half of 2020.

Net provision write-backs mainly correspond to expenses recognized under purchases and external charges or staff costs.

Following the above items, EBITDA amounted to €97.5 million in first half 2020, up from €95.3 million in first half 2019. Despite the impact of the COVID-19 health crisis, ID Logistics maintained an EBITDA margin of 12.6% in H1 2020, down slightly from 12.8% in H1 2019.

Net depreciation/impairment came to €77.4 million in H1 2020, compared to €75.8 million in H1 2019. As a percentage of revenues, this item dipped from 10.2% in H1 2019 to 10.0% in H1 2020.

The table below shows the impact of these changes on EBIT margins before amortization of customer relations:

€m	H1 2020	H1 2019
France	9.7	13.2
EBIT margin (% revenues)	*2.8%*	*3.8%*
International	10.4	6.3
EBIT margin (% revenues)	*2.4%*	*1.6%*
Total	20.1	19.5
EBIT margin (% revenues)	*2.6%*	*2.6%*

First half 2020 EBIT before amortization of customer relations amounted to €20.1 million, generating an EBIT margin of 2.6%, stable compared to first half 2019:

- In France, the EBIT margin was impacted by the COVID-19 health crisis and the strict lockdown measures imposed between mid-March and mid-May 2020. Certain sectors (DIY, furniture, textiles) therefore posted a decline in volumes which in some cases resulted in the temporary shutdown of activities and short-time working arrangements for the employees concerned. On the other hand, other sectors (such as food, hygiene, e-commerce) posted strong business while incurring additional direct costs (masks, hand gel, cleaning, COVID bonus, etc.) and indirect costs (physical distancing, loss of productivity, absenteeism, etc.), which could not be fully shared with customers. Overall, underlying operating income (EBIT) in France fell €3.5 million from 3.8% of revenues in H1 2019 to 2.8% in H1 2020.

- International EBIT margin came to 2.4%, an improvement over the previous year despite the COVID-19 health crisis. The decrease in EBIT in Spain, which imposed lockdown measures similar to those seen in France, was overwhelmingly offset by the significant improvement in countries such as Germany, the Netherlands and Russia. As such, International EBIT rose €4.1 million and offset the decline recorded in France.

As a reminder, ID Logistics' business is seasonal and the first half tends to be less profitable than the second.

Amortization charges for acquired customer relations were stable compared to the previous year.

Non-recurring expenses in the first half of 2020 relate to the shutdown of the Group's activities in China. They include:
- write-off of goodwill relating to ID Logistics activities in China following the cessation of the Group's activities in the country (€0.5 million);
- shutdown costs of €1.0 million mainly related to the write-off of operating assets not transferred (€0.3 million) and severance pay costs (€0.2 million).

The Group posted net financial expenses of €6.9 million for the first six months of 2020, down from €7.6 million in H1 2019. They include:
- a €3.7 million expense (vs €4.6 million in 2019) relating to IFRS 16 lease liabilities;
- net cost of debt up to €2.5 million from €2.1 million in H1 2019. This increase is primarily due to the short-term USD credit facility taken out for the purchase of Jagged Peak at the end of 2019, as well as the increase in gross borrowings with the refinancing operation carried out in March 2020, as described below;
- other net financial items comprising a net expense of €0.7 million, stable compared to H1 2019. These mainly included a net discounting expense (primarily related to pension liabilities) and exchange gains and losses.

Corporate income tax includes the French "CVAE" tax on business value added amounting to €3.1 million in H1 2020, a slight increase from €2.9 million last year. Excluding CVAE, the first half 2020 corporate income tax charge amounted to €2.0 million based on a Group effective tax rate of 25%, comparable to that charged in H1 2019.

As in H1 2019, Group share of earnings of equity affiliates was just above break-even in H1 2020.

Following the above items, first half 2020 consolidated net income amounted to €6.5 million, down from €6.6 million in the first half of 2019.

2.3 Consolidated cash flow statement

€m	H1 2020	H1 2019
Net income	6.5	6.6
Net depreciation, impairment and provisions	77.8	75.9
Capital gains or losses on the sale of fixed assets	0.9	-
Tax charge net of tax credit/(paid)	(5.2)	(1.6)
Net financial expenses on financing activities	6.2	6.8
Share of undistributed earnings of equity affiliates	(0.5)	(0.3)
Change in working capital	38.7	(4.9)
Net cash flow from (used by) operating activities	124.4	82.4
Net cash flow from investing activities	(26.9)	(36.7)
Net financial expenses on financing activities	(2.5)	(2.1)
Net borrowings taken out (repaid)	30.5	(1.8)
Repayment of IFRS 16 lease liabilities	(65.9)	(62.7)
Other changes in financing transactions	(0.3)	0.3
Net cash flow from financing activities	(38.2)	(66.3)
Exchange gains (losses)	(1.2)	0.2
Change in net cash and cash equivalents	58.1	(20.4)

Opening net cash and cash equivalents	90.5	105.6
Closing net cash and cash equivalents	148.6	85.3

Net cash flow from operating activities

First half 2020 net cash flow from operating activities amounted to a €124.4 million inflow, a marked improvement on the €82.4 million inflow recorded in H1 2019.

- Before changes in working capital, first half 2020 operating cash flow amounted to €85.7 million versus €87.3 million in first half 2019. This increase is in line with the change in EBITDA.
- First half 2020 change in working capital represented a €38.7 million cash inflow compared to a €4.9 million outflow in first half 2019.
    - Operating working capital (i.e. inventories, trade receivables and payables) was limited to a €7.2 million increase in first half 2020 compared to a €21.0 million increase in H1 2019. This decrease in cash consumption was achieved thanks to solid management of customer collections, with average days sales outstanding reduced by four days to 50 days at June 30, 2020, having remained stable in the first half of 2019.
    - Non-operating working capital (other receivables, other payables and tax and social security payables) was negative and increased by €45.9 million during first half 2020, compared to a €16.1 million increase in the same period in 2019. During the COVID-19 health crisis, the ID Logistics Group made use of government measures allowing certain social security payments to be postponed, covering some €20.5 million in France at June 30, 2020. Restated for this amount, which will be paid in the second half of 2020, the non-operating portion of working capital generated €25.4 million over the past half year.

Net cash flow from investing activities

First half 2020 net cash flow from investing activities amounted to a €26.9 million outflow, compared to a €36.7 million outflow in H1 2019. In response to the COVID-19 health crisis, ID Logistics and its customers adopted a cautious and selective approach to investments, which helped limit capital expenditure to 3.5% of revenues in first half 2020, down from 4.9% in first half 2019.

Net cash flow from financing activities

Total first half 2020 net cash flow from financing activities represented a €38.2 million outflow compared to a €66.4 million outflow in first half 2019.

- Net repayments of IFRS 16 lease liabilities (rental payments) amounted to €65.9 million in first half 2020, compared to €62.7 million in first half 2019;
- The net change in borrowings represented a €30.5 million increase in cash and cash equivalents in H1 2020, compared to a €1.8 million outflow over the same period in 2019:
    - In March 2020, ID Logistics refinanced its existing acquisition debt via a new 5-year €100 million loan and a €50 million revolving credit facility not used during the period. These amounts made it possible to pay off the existing acquisition loan balance early, the associated revolving credit facility and the short-term loan relating to the late 2019 acquisition of US-based Jagged Peak. This refinancing operation resulted in a net inflow of €30.4 million before fees and accrued interest;
    - Other changes in net borrowings comprise net new borrowings of €0.1 million, compared to net repayments of €1.8 million in 2019;
- Other changes related to financing transactions include treasury stock transactions under the Group's liquidity contract, and capital increases through the exercise of equity warrants and similar instruments.

After accounting for all of these factors and exchange gains and losses, Group net cash increased by €58.1 million to €148.6 million during the first half of 2020, compared to a €20.4 million decrease in H1 2019.

2.4 Consolidated balance sheet

€m	6/30/2020	12/31/2019
Non-current assets	737.6	735.4
Trade receivables	259.9	283.0
Trade payables	(189.2)	(219.6)
Tax and social security payables	(178.7)	(156.6)
Other net receivables (payables) and provisions	13.9	30.7
Working capital	(94.1)	(62.5)
Net borrowings	59.0	89.2
Lease liabilities	375.2	379.7
Net debt	434.2	468.9
Shareholders' equity, Group share	197.2	193.0
Minority interests	12.1	11.0
Shareholders' equity	209.3	204.0

Non-current assets were stable compared to December 31, 2019.

The Group posted negative net working capital of €94.1 million as of June 30, 2020, up €31.6 million compared to December 31, 2019. As explained above, the increase in this item is due to the use of government measures to defer payment of certain social security contributions, the reduction in trade receivables days sales outstanding by four days over the period and, more generally, meticulous management in response to the COVID-19 health crisis.

Group net borrowings break down as follows:

€m	6/30/2020	12/31/2019
Acquisition bank loan	100.0	70.0
Acquisition revolving credit facility	-	20.0
Other bank loans	102.4	84.2
Other borrowings	5.2	5.5
Gross borrowings	207.6	179.7
Net cash and cash equivalents	148.6	90.5
Net borrowings	59.0	89.2

As stated above, ID Logistics refinanced its existing borrowings via a new 5-year €100 million loan and a €50 million revolving credit facility of €50m not used during the period. This loan is subject to the following bank covenant: as of June 30 and December 31 every year, net borrowings over underlying EBITDA must be less than 2.5 before application of IFRS 16. With a ratio of 0.7 at June 30, 2020, this covenant was in compliance.

Shareholders' equity amounted to €209.3 million, an increase over 12/31/2019.

2.5 Recent developments and outlook

- Seasonal factors
  Although Group revenues are not subject to major seasonal fluctuations, second half revenues tend to be slightly higher than first half revenues in view of the Group's customer typology and growth profile, and excluding the impact of major discontinued operations.
  However, first half revenues tend to be more volatile in terms of volumes with larger swings between business peaks and lows than in the second half. This volatility is reflected in lower operational productivity, and first half EBIT is generally lower than in the second half.

- Impact of new contract start-ups
  Seasonal variations may be impacted by new contracts, which tend to generate losses in the first year of operation.

2.6 Main risks and uncertainties

The Group's main risks as specified under Chapter 2 of the Universal Registration Document filed with the *Autorité des Marchés Financiers* (French financial markets authority) on April 29, 2020 had not materially changed at June 30, 2020.

The main uncertainty in the second half of 2020 still concerns how the COVID-19 global health crisis will progress and, in particular, the risk of a second wave, its duration and scope, and the protective health measures and economic support packages that will be deployed by governments in countries where ID Logistics operates.

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3 SUMMARY FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

€000	Notes	H1 2020	H1 2019
Revenues		776,622	744,533
Purchases and external charges		(378,692)	(352,766)
Staff costs		(294,309)	(292,446)
Miscellaneous taxes		(7,330)	(7,592)
Other underlying income (expenses)		435	613
Net (increases) write-backs to provisions		751	2,946
Net depreciation/impairment		(77,422)	(75,809)
EBIT before amortization of customer relations		20,055	19,479
Amortization of acquired customer relations		(644)	(644)
Non-recurring income (expenses)	Note 10	(1,497)	-
Operating income		17,914	18,835
Financial income	Note 11	263	267
Financial expenses	Note 11	(7,210)	(7,805)
Group income before tax		10,967	11,297
Corporate income tax	Note 12	(5,050)	(5,025)
Share of earnings of equity affiliates		584	282
Total consolidated net income		6,501	6,554
Minority interests		1,171	1,073
Group share		5,330	5,481
Earnings per share, Group share			
Basic EPS (€)	Note 13	0.94	0.97
Diluted EPS (€)	Note 13	0.89	0.92

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€000	H1 2020	H1 2019
Total consolidated net income	6,501	6,554
Post-tax pension provision discounting income (charge)	170	(1,113)
Other comprehensive income not reclassified to the income statement	170	(1,113)
Post-tax exchange differences	(1,673)	781
Other post-tax items	581	556
Other comprehensive income that may be reclassified to the income statement, net of tax	(1,092)	1,337
Comprehensive net income	5,579	6,778
Minority interests	1,998	1,056
Group share	3,581	5,722

CONSOLIDATED BALANCE SHEET

€000	Notes	6/30/2020	12/31/2019
Goodwill	Note 1	173,119	174,726
Intangible assets	Note 1	20,793	21,731
Property, plant and equipment	Note 2	145,453	134,620
Right-of-use assets - IFRS 16	Note 9	370,577	376,962
Investments in equity affiliates		1,882	1,297
Other non-current financial assets		13,849	13,725
Deferred tax assets		11,921	12,312
Non-current assets		737,594	735,373
Inventories		169	165
Trade receivables	Note 3	259,850	283,049
Other receivables	Note 3	39,522	48,521
Other current financial assets		22,153	30,826
Cash and cash equivalents	Note 4	150,689	92,518
Current assets		472,383	455,079

Total assets		1,209,977	1,190,452
Capital stock	Note 5	2,825	2,823
Additional paid-in capital	Note 5	57,241	57,241
Exchange differences		(12,493)	(10,903)
Consolidated reserves		144,310	129,036
Net income for the year		5,330	14,824
Shareholders' equity, Group share		197,213	193,021
Minority interests		12,096	11,004
Shareholders' equity		209,309	204,025
Borrowings (due in over 1 yr)	Note 6	149,262	84,750
Lease liabilities (due in over 1 yr) - IFRS 16	Note 9	268,967	267,414
Long-term provisions	Note 7	23,683	23,537
Non-current liabilities		441,912	375,701
Short-term provisions	Note 7	7,442	8,381
Borrowings (due in less than 1 yr)	Note 6	58,407	94,893
Lease liabilities (due in less than 1 yr) - IFRS 16	Note 9	106,189	112,265
Bank overdrafts	Note 4	2,058	2,040
Trade payables	Note 8	189,220	219,583
Other payables	Note 8	195,440	173,564
Current liabilities		558,756	610,726
Total liabilities and shareholders' equity		1,209,977	1,190,452

CONSOLIDATED STATEMENT OF CASH FLOWS

€000	Note	H1 2020	H1 2019
Net income		6,501	6,554
Net depreciation, impairment and provisions		77,771	75,898
Share of undistributed earnings of equity affiliates		(584)	(282)
Capital gains or losses on the sale of fixed assets		935	-
Change in working capital		38,728	(4,893)
Net cash flows from operating activities after net cost of debt and tax		123,351	77,277
Corporate income tax	Note 12	5,050	5,025
Net financial expenses on financing activities	Note 11	6,249	6,764
Net cash flows from operating activities before net cost of debt and tax		134,650	89,066
Tax paid		(10,229)	(6,647)
Net cash flow from operating activities		124,421	82,419
Purchase of intangible assets and PP&E	Notes 1-2	(29,581)	(37,136)
Purchase of financial assets		-	-
Sale of intangible assets and PP&E		2,708	464
Sale of financial assets		-	-
Net cash flow from investing activities		(26,873)	(36,672)
Net financial expenses on financing activities	Note 11	(2,539)	(2,128)
Loans received		139,820	24,608
Loan repayments		(109,297)	(26,389)
Repayment of IFRS 16 lease liabilities		(65,925)	(62,728)
Treasury stock transactions		(294)	283
Minority interest dividends		-	-
Share issue		-	3
Net cash flow from financing activities		(38,235)	(66,351)
Exchange gains (losses)		(1,160)	229
Change in net cash and cash equivalents		58,153	(20,375)
Opening net cash and cash equivalents	Note 4	90,478	105,692
Closing net cash and cash equivalents	Note 4	148,631	85,317

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

€000	Capital stock	Additional paid-in capital	Consolidation reserves	Exchange differences	Shareholders' equity, Group share	Minority interests	Total consolidated shareholders' equity
January 1, 2019	2,821	57,241	130,705	(11,371)	179,396	10,419	189,815
H1 2019 net income	-	-	5,481	-	5,481	1,073	6,554
Gains and losses posted to shareholders' equity	-	-	(501)	742	241	(17)	224
Treasury shares	-	-	284	-	284	-	284
Share issue	1	-	-	-	1	-	1
June 30, 2019	2,822	57,241	135,969	(10,629)	185,403	11,475	196,878
H2 2019 net income	-	-	9,343	-	9,343	1,047	10,390

Gains and losses posted to shareholders' equity	-	-	(1,461)	(274)	(1,735)	(105)	(1,840)
Distribution of dividends	-	-	-	-	-	(1,413)	(1,413)
Treasury shares	-	-	11	-	11	-	11
Share issue	1		(2)	-	(1)	-	(1)
December 31, 2019	2,823	57,241	143,860	(10,903)	193,021	11,004	204,025
H1 2020 net income	-	-	5,330	-	5,330	1,171	6,501
Gains and losses posted to shareholders' equity	-	-	747	(1,590)	(843)	(79)	(922)
Treasury shares	-	-	(295)	-	(295)		(295)
Share issue	2	-	(2)	-	-	-	-
June 30, 2020	2,825	57,241	149,640	(12,493)	197,213	12,096	209,309

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

ID Logistics Group SA is a *société anonyme* (French corporation) subject to French law with head office located at 55 Chemin des Engranauds, Orgon (13660), France. ID Logistics Group SA and its subsidiaries (hereinafter the "Group") operate a logistics business in France and around ten other countries.

The Group consolidated financial statements for the six months ended June 30, 2020 were approved by the Board of Directors on August 26, 2020. Unless otherwise indicated, they are presented in thousands of euros.

There were no major seasonal fluctuations in revenues during the six months ended June 30, 2020.

2 BASIS FOR THE PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Interim financial statements

Pursuant to European Regulation 1606-2002, the ID Logistics Group condensed consolidated interim financial statements for the six months ended June 30, 2020 were prepared in accordance with IAS 34 – Interim financial reporting. Since these financial statements are condensed, they do not contain all disclosures required under IFRS and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2019 available online at id-logistics.com.

The accounting principles adopted for the preparation of the condensed consolidated interim financial statements comply with the IFRS standards and interpretations adopted by the European Union as of June 30, 2020, which may be viewed on the website: https://ec.europa.eu/info/index_en

These accounting principles are consistent with those used for the preparation of the annual consolidated financial statements for the year ended December 31, 2019, which are presented in Note 2 to the 2019 consolidated financial statements, except for the items presented in paragraph 2.2 below – Change in accounting principles.

The valuation methods specific to the condensed consolidated interim financial statements are as follows:

• The interim period tax charge results from the estimated annual Group effective rate applied to pre-tax interim earnings excluding material non-recurring items. This estimated annual effective rate takes into consideration, in particular, the expected impact of tax planning transactions. The tax charge relating to any non-recurring items of the period is accrued using its specific applicable taxation;

• Stock-based compensation and staff benefit costs are recorded for the period in proportion to their estimated annual costs.

Management has assessed the impact of COVID-19 based on facts, circumstances and information reasonably available on the date of this report, and by taking into account the main assumptions, estimates and assessments as described in Note 2.4 to the 2019 consolidated financial statements. The Group remains vigilant regarding uncertainty as to the extent and duration of the effects of COVID-19, and its assessment will be reviewed for the 2020 consolidated financial statements.

2.2 Change in accounting principles

2.2.1 New compulsory standards, amendments and interpretations adopted by the European Union for fiscal 2020

The application of standards, amendments and interpretations applicable from January 1, 2020 had no material impact on the Group's financial statements.

2.2.2 New standards, amendments and interpretations not compulsory for fiscal 2020

There are no new standards, amendments or interpretations published but not yet compulsory that could have a material impact on the Group financial statements.

3 HIGHLIGHTS

The first half of 2020 was marked by the global COVID-19 health crisis, which hit Asia hardest in the first quarter, followed by Europe in the second quarter, with strict lockdown measures imposed in France and Spain, countries where ID Logistics operates. Thanks to a diverse customer portfolio primarily based in the food and e-commerce sectors, a broad geographical footprint, and the responsiveness of its teams and management, ID Logistics was able to limit the financial impact of the health crisis in the first half of 2020.

In March 2020, the Group finalized the refinancing of its existing acquisition loans. This operation boosted cash and cash equivalents by €30.4 million.

Finally, after the change in ownership of its last customer in China, and given the lack of development opportunities in the country, ID Logistics decided to discontinue its activities in China, which represented less than 1% of the Group's business. In agreement with its customer, operations were gradually transferred to competing service providers over the first half of 2020, generating goodwill impairment of €0.5 million and non-recurring expenses of €1.0 million.

As a reminder, the first half of 2020 includes six months of business generated by US-based Jagged Peak acquired in December 2019, while the first half of 2019 included six months of operations in South Africa prior to shutdown at the end of August 2019.

4 SEGMENT INFORMATION

Pursuant to IFRS 8 – Operating segments, the information below for each operating segment is identical to that presented to the chief operational decision-maker for purposes of deciding on the allocation of resources to the segment and assessing its performance.

An operating segment is a distinct component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses,
- whose operating results are reviewed regularly by the entity's chief operational decision-maker in order to make decisions about resources to be allocated to the segment and assess its performance, and
- for which discrete financial information is available.

The Group's chief operational decision-maker has been identified as the Chairman and CEO and the Deputy CEO, who jointly take strategic decisions.

The Group's two operating segments are France and International, determined in accordance with IFRS 8.

The France segment is made up of subsidiaries with head offices in continental France.

The International segment is made up of subsidiaries with head offices in the following countries: Argentina, Belgium, Brazil, Chile, Germany, Indonesia, Morocco, the Netherlands, Poland, Portugal, Réunion, Romania, Russia, Spain, Taiwan, and the United States.

Fixed assets are operating assets used by a segment for operational purposes. They include goodwill, intangible assets and property, plant and equipment. They do not include current assets used for operational purposes, deferred tax assets/liabilities or non-current financial assets.

Segment information, as presented to the chief decision-makers relating to continuing operations, is as follows:

	H1 2020 (6/30/2020)			H1 2019 (6/30/2019)		
	France	International	Total	France	International	Total
Revenues	344,097	432,525	776,622	349,029	395,504	744,533
EBIT before amortization of customer relations	9,629	10,426	20,055	13,168	6,311	19,479
Operating income	9,360	8,554	17,914	12,899	5,936	18,835
Net cash flow from operating activities	80,859	43,562	124,421	29,868	52,551	82,419
Capital expenditure	11,621	17,960	29,581	11,118	26,018	37,136
Fixed assets	253,832	456,110	709,942	256,462	390,729	647,191
Headcount	6,592	13,799	20,391	6,333	13,799	20,132

5 NOTES RELATING TO THE BALANCE SHEET, INCOME STATEMENT AND STATEMENT OF CASH FLOWS AND CHANGES THERETO

5.1 Balance sheet notes

Note 1: Goodwill and intangible assets

	Goodwill	Software	Customer relations & other	TOTAL
Gross:				
January 1, 2020	174,726	40,786	13,383	228,895
Acquisitions		1,450	465	1,915
Disposals		(396)		(396)
Other (reclassification, changes in consolidation etc.)	(1,607)			(1,607)
Exchange gains (losses)		(353)	(73)	(426)
June 30, 2020	173,119	41,487	13,775	228,381

Cumulative amortization and impairment				
January 1, 2020	-	26,931	5,507	32,438
Amortization charge		2,513	668	3,181
Impairment				-
Disposals		(362)		(362)
Other (reclassification, changes in consolidation etc.)				-
Exchange gains (losses)		(714)	(74)	(788)
June 30, 2020	-	28,368	6,101	34,469
Net:				
June 30, 2020	173,119	13,119	7,674	193,912

The net book value of goodwill, customer relations, other intangible assets and investments in equity affiliates is reviewed at least once a year and when events or circumstances indicate that a loss in value may have taken place. Such events or circumstances are related to material adverse changes of a permanent nature that impact either the economic environment or the assumptions or objectives adopted as of the date of acquisition. An impairment charge is recorded when the recoverable value of the assets tested falls permanently below their net book value.

As of June 30, 2020, the Group reviewed the impairment indicators that could lead to a reduction in the net book value of goodwill and investments in equity affiliates. Based on this approach, updated impairment tests and the corresponding sensitivity testing, no impairment was recorded as of June 30, 2020.

The €1,607,000 decrease in goodwill corresponds to the impairment of China goodwill (€456,000) and adjustment to Jagged Peak goodwill.

The purchase price allocation of the Jagged Peak assets and liabilities acquired on December 11, 2019 was based on their fair value on this date. Pursuant to IFRS 3, the Group has a twelve-month period with effect from the acquisition date to finalize the purchase price allocation of the Jagged Peak assets, liabilities and contingent liabilities.

The provisional purchase price allocation as of June 30, 2020 is as follows:

	Amount
Right-of-use assets - IFRS 16	16,453
Other non-current assets	2,152
Working capital	9,791
Operating cash and cash equivalents	59
Lease liabilities - IFRS 16	(16,045)
Total revalued net assets	12,410
Investment purchase price	13,328
Goodwill	918

Note 2: Property, plant and equipment

	Land and buildings	Plant and equipment	Other fixed assets	Fixed assets in progress	TOTAL
Gross:					
January 1, 2020	30,599	104,570	94,631	16,982	246,782
Acquisitions	2,004	18,064		7,598	27,666
Disposals	(648)	(6,939)	547		(7,040)
Exchange gains (losses)	541	(3,327)	115	(65)	(2,736)
Reclassification	(2,699)	(4,025)	17,992	(11,268)	-
June 30, 2020	29,797	108,343	113,285	13,247	264,672
Cumulative depreciation and impairment					
January 1, 2020	14,885	69,691	27,586	-	112,162
Depreciation charge	935	10,093	3,813		14,841
Impairment					-
Disposals	(547)	(1,869)	(1,015)		(3,431)
Change in consolidation					-
Exchange gains (losses) and reclassification	(1,574)	(1,332)	(1,447)		(4,353)
June 30, 2020	13,699	76,583	28,937	-	119,219
Net:					
June 30, 2020	16,098	31,760	84,348	13,247	145,453

Note 3: Trade and other current receivables

	6/30/2020	12/31/2019
Trade receivables	262,899	286,306
Impairment provisions	(3,049)	(3,257)
Total trade receivables – net	259,850	283,049
Tax and social security receivables	24,345	39,054
Prepaid expenses	15,177	9,467
Total other receivables - net	39,522	48,521

Note 4: Net cash and cash equivalents

	6/30/2020	12/31/2019
Cash and cash equivalents	150,689	92,518
Bank overdrafts	(2,058)	(2,040)
Net cash and cash equivalents	148,631	90,478

Group cash and cash equivalents of €148,631,000 at June 30, 2020 comprise cash, sight bank deposits and €9,090,000 in money-market investments.

Note 5: Issued capital stock and additional paid-in capital

		Additional paid-in capital (€)	Value (€)	Number of shares
January 1, 2020		57,240,985	2,822,651	5,645,301
	Exercise of equity warrants		2,063	4,126
June 30, 2020		57,240,985	2,824,714	5,649,427

Note 6: Financial liabilities

	6/30/2020	Due in less than 1 year	Due in 1 to 5 years	Due in more than 5 years
Current borrowings				
Bank loans	53,167	53,167		
Factoring	5,162	5,162		
Other borrowings	78	78		
Total current borrowings	58,407	58,407		
Non-current borrowings				
Bank loans	149,262		143,067	6,195
Total non-current borrowings	149,262		143,067	6,195
Total borrowings	207,669	58,407	143,067	6,195

Breakdown of borrowings by interest rate and currency	Amount	Currency	Rate
Loan	110,401	EUR	Floating
Loan	76,788	EUR	Fixed
Loan	3,515	PLN	Fixed
Loan	7,534	BRL	Floating
Loan	832	BRL	Fixed
Loan	1,892	RUB	Fixed
Loan	1,365	RON	Fixed
Loan	102	ARS	Fixed
Factoring	5,162	EUR	Floating
Other payables	78	EUR	Fixed
Total	207,669		

As part of the refinancing of its existing acquisition loans, the Group took out a loan for an initial amount of €100 million, repayable over 5 years.

This loan is subject to the following bank covenant at June 30, 2020:

Ratio	Definition	Calculation	Limit
Leverage	Net borrowings over underlying EBITDA before application of IFRS 16	0.7	< 2.5

This ratio was in compliance at June 30, 2020.

Note 7: Provisions

	Social security and tax risks	Operating risks	Employee benefits	Total
January 1, 2020	4,759	3,622	23,537	31,918
Charges	613	1,534	912	3,059
Write-backs used	(621)	(1,842)	(255)	(2,718)
Write-backs not used	(86)	(240)	-	(326)
Other (consolidation, currency, reclassification etc.)	(277)	(20)	(511)	(808)
June 30, 2020	4,388	3,054	23,683	31,125
Of which current provisions	4,388	3,054	-	7,442
Of which non-current provisions	-	-	23,683	23,683

The provisions for operating risks primarily relate to disputes with customers, lessors, etc.

Note 8: Trade and other payables

	6/30/2020	12/31/2019

Trade payables	189,220	219,583
Tax and social security payables	178,741	156,563
Other current payables	9,531	8,482
Deferred income	7,168	8,519
Total other payables	195,440	173,564

Trade and other payables all fall due in less than one year except for some deferred income which is amortized over the term of the customer contracts.

Note 9: Right-of-use assets and lease liabilities

The change and breakdown of right-of-use assets over the period is as follows:

	Buildings	Plant and equipment	Other fixed assets	TOTAL
Gross:				
January 1, 2020	374,788	12,221	101,546	488,555
Acquisitions	41,892	10,788	10,502	63,182
Disposals	(4,736)	(83)	(3,220)	(8,039)
Exchange gains (losses)	(7,626)	(2)	(2,464)	(10,092)
June 30, 2020	404,318	22,924	106,364	533,606
Cumulative depreciation and impairment:				
January 1, 2020	82,605	1,958	27,030	111,593
Depreciation charge	45,169	1,844	13,487	60,500
Disposals	(4,736)	(38)	(1,130)	(5,904)
Exchange gains (losses) and reclassification	(2,232)		(928)	(3,160)
June 30, 2020	120,806	3,764	38,459	163,029
Net:				
June 30, 2020	283,512	19,160	67,905	370,577

Changes in lease liabilities are as follows:

	1/1/2020	New borrowings	Repayments	Scope	Exchange differences	6/30/2020
Lease liabilities	379,679	63,182	(62,215)		(5,490)	375,156
Total	379,679	63,182	(62,215)	-	(5,490)	375,156
o/w lease liabilities (due in < 1 yr)						106,189
o/w lease liabilities (due in 1-5 yrs)						243,272
o/w lease liabilities (due in > 5 yrs)						25,695

6.2 Income statement notes

Note 10: Non-recurring income (expenses)

Non-recurring income and expenses are broken down as follows:

	H1 2020	H1 2019
Restructuring costs	(1,041)	-
Goodwill impairment	(456)	-
Total non-recurring expenses	(1,497)	-

Restructuring costs totaling €1,041,000 correspond to the costs of closing down operations in China.

The €456,000 goodwill impairment item corresponds to the impairment of goodwill in China.

Note 11: Net financial items

	H1 2020	H1 2019
Interest and related financial income	263	267
Interest and related financial expenses	(6,512)	(7,031)
Net financial expenses on financing activities	(6,249)	(6,764)
Discounting of balance sheet accounts	(142)	(238)
Other financial expenses	(556)	(536)
Net other financial expenses	(698)	(774)
Total	(6,947)	(7,538)

Interest and related expenses largely relate to bank loans, lease liabilities and bank overdrafts.

Note 12: Corporate income tax

	H1 2020	H1 2019
Net current tax (charge)/income	(1,972)	(2,091)
Tax on business value added (CVAE)	(3,078)	(2,934)

Total	(5,050)	(5,025)

Note 13: Earnings per share

The average number of shares during the period was as follows:

(no.)	H1 2020	H1 2019
Average number of shares in issue	5,647,073	5,643,607
Average number of treasury shares	(6,962)	(4,597)
Average number of shares	5,640,111	5,639,010
Equity warrants	368,879	340,577
Average number of diluted shares	6,008,990	5,979,587

6.3 Other information

Note 14: Transactions with related parties

Transactions conducted between the Group and affiliated companies on an arm's length basis were as follows:

Company	Type of relationship	Transaction type	Income (expense)		Balance sheet asset or (liability)	
			2020	2019	2020	2019
Comète	Joint director	Services provided	(367)	(389)	(240)	(30)
Financière ID	Joint shareholder	Real estate leases - Services provided	175	(147)	54	29
SAS Logistics II	Joint shareholder	Services provided	(23)	(16)	(5)	(5)
SCI Les Cocotiers	Joint shareholder	Real estate leases	-	(67)	-	(35)
SCI Les Citronniers	Joint shareholder	Real estate leases	-	(70)	-	(38)

Transactions with equity affiliates, which are concluded on an arm's length basis, related to ongoing administrative services and in total are not material in relation to the Group's business.

Note 15: Directors' remuneration

The Chairman of the Board of Directors does not receive any remuneration from the Group. He receives remuneration from Comète, in which he holds a 95.97% equity stake, and which has signed services agreements with various Group subsidiaries. The services specified in these agreements include management related to strategy and business development.

The amounts of the aforementioned services are specified under Note 14.

Gross remuneration of other Board members

	H1 2020	H1 2019
Expense type		
Total gross remuneration	322	313
Post-employment benefits	-	-
Other long-term benefits	-	-
Severance pay	-	-

Furthermore, on March 17, 2020 the Company's Board of Directors decided to allocate 2,719 ID Logistics Group bonus shares to certain members of the Board of Directors. The vesting date of the shares is March 17, 2021, subject to the condition that the members concerned are employed at the Company on said date. The lock-in period is one year, i.e. until March 17, 2022.

Note 16: Off-balance sheet commitments and contingencies

The Group's signed off-balance sheet commitments at the balance sheet date were as follows:

	6/30/2020	12/31/2019
Commitments given		
Parent company guarantees *	21,033	21,033
Borrowings subject to covenants	100,000	90,015
Commitments received		
Bank guarantees	23,381	19,831

** The parent company guarantees above do not include guarantees given for leasing commitments or for debt with covenants, which are described on the corresponding lines.*

Note 17: Post balance sheet events

None

* * *

4 STATUTORY AUDITORS' REPORT

"To the Shareholders,

Pursuant to our engagement by the shareholders' general meeting and Article L. 451-1-2 III of the French Monetary and Financial Code, we have:

- performed a limited review of the summary consolidated financial statements of ID LOGISTICS GROUP covering the period from January 1 to June 30, 2020, as enclosed hereto, and
- verified the information given in the half-year business report.

The summary consolidated interim financial statements have been prepared under the responsibility of your Board of Directors on Auguste 26, 2020, on the basis of the elements available at that date in an evolving context of the crisis linked to COVID-19 and difficulties in apprehending its consequences and future prospects. Our responsibility is to express our opinion on these financial statements on the basis of our limited review.

I – Opinion on the financial statements

We have conducted our limited review in accordance with professional standards applicable in France. A limited review consists primarily of making inquiries of the members of the management responsible for accounting and financial matters and applying analytical procedures. The work is of limited scope compared to the work required for an audit performed in accordance with auditing standards applicable in France. Accordingly, the assurance under a limited review that the financial statements, taken as a whole, are free from material misstatement, is moderate and less than that obtained under a full audit scope.

On the basis of our limited review, we did not identify any material misstatements that cause us to believe that the summary consolidated interim financial statements have not been prepared in accordance with IAS 34 – Interim financial reporting, as included in the IFRS standards adopted by the European Union.

II – Specific testing

We have also verified the information provided in the half-year business report prepared on August 26, 2020, commenting on the summary consolidated interim financial statements on which we performed our limited review.

We have no comments on the report's fairness and its consistency with the summary consolidated interim financial statements.

Lyon and Paris-La Défense, September 2, 2020

The Statutory Auditors

Grant Thornton	Deloitte & Associés
Françoise Mechin	Benoît Pimont"