Half-year financial report

June 30, 2021

This document is a non-certified translation into English of the half-year financial report issued in French and filed on September 3, 2021 with the Autorité des Marchés Financiers (AMF)

ID LOGISTICS GROUP

A French corporation (*société anonyme*) with capital stock of €2,836,894.00

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, 2021 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 3, 2021

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, 2021 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 impact of the COVID-19 global health crisis continued into the first half of 2021. 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 2021.

2.2 Consolidated income statement

€m	H1 2021	H1 2020
Revenues	893.1	776.6
Purchases and external charges	(440.3)	(378.7)
Staff costs	(326.6)	(294.3)
Miscellaneous taxes	(9.0)	(7.3)
Other underlying income (expenses)	0.3	0.4
Net (increases) write-backs to provisions	0.4	0.8
EBITDA	117.9	97.5
Net depreciation/impairment	(90.2)	(77.4)
EBIT before amortization of acquired customer relations	27.7	20.1
Amortization of acquired customer relations	(0.6)	(0.6)
Non-recurring expenses	-	(1.5)
Net financial items	(5.8)	(6.9)
Corporate income tax	(6.8)	(5.1)
Share of earnings of equity affiliates	0.3	0.5
Total consolidated net income	14.8	6.5
Minority interests	1.9	1.2
Group share	12.9	5.3

ID Logistics posted H1 2021 revenues of €893.1 million, up 15.0% (up 17.7% like-for-like) compared to H1 2020, when revenues rose 4.3%. E-commerce business continued to thrive, accounting for 27% of total first half revenues. Nine new warehouses have been launched so far this year (four in France and five in other countries), in line with the roadmap adopted for 2021.

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 2020	Impact of change in consolidation	Impact of change in exchange rates	Impact of application of IAS 29	Like-for-like change	H1 2021
Revenues	776.6	-0.2%	-2.5%	-0.0%	+17.7%	893.1

Revenues break down as follows:

€m	H1 2021	H1 2020
France	376.7	344.1
International	516.4	432.5
Total revenues	893.1	776.6

- In France, after a first quarter up 4.2%, the second quarter saw a dramatic 14.8% upswing versus Q2 2020, when revenues shrank 5.9% under the impact of the COVID-19 health crisis. H1 2021 France revenues totaled €376.7 million, up 9.5% versus H1 2020.

- H1 2021 international revenues totaled €516.4 million, up 19.4% despite adverse currency movements, notably in Latin America and during the first quarter, and including the changes in consolidation scope resulting from the cessation of China operations in 2020. Restated for these items, first half revenue growth came to 24.6%.

First half 2021 purchases and external charges amounted to €440.3 million, up from €378.7 million in first half 2020. As a percentage of revenues, purchases and external charges increased from 48.8% to 49.3%, mainly due to continued extensive subcontracting (mainly temporary staff), the usual solution adopted by the Group to ensure the smooth launch of a large number of new warehouses and to handle the business fluctuations inherent in e-commerce.

First half 2021 staff costs amounted to €326.6 million, up from €294.3 million in H1 2020. As a percentage of revenues, staff costs fell from 37.9% in H1 2020 to 36.6% in H1 2021. This decrease is the counterweight to the aforementioned proportional increase in subcontracting compared to the previous year.

Miscellaneous taxes were stable at 1.0% of H1 2021 revenues versus 0.9% in H1 2020.

As in first half 2020, other income and expenses netted out close to zero for the first half of 2021.

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

Following the above items, EBITDA amounted to €117.9 million in first half 2021, up from €97.5 million in first half 2020. In line with H2 2020 performance and despite the ongoing disruption caused by the COVID-19 health crisis, the EBITDA margin improved significantly from 12.6% in H1 2020 to 13.2%.

Net depreciation/impairment came to €90.2 million in H1 2021 compared to €77.4 million in H1 2020. As a percentage of revenues, this item edged up from 10.0% in H1 2020 to 10.1%.

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

€m	H1 2021	H1 2020
France	13.5	9.7
EBIT margin (% revenues)	*3.6%*	*2.8%*
International	14.2	10.4
EBIT margin (% revenues)	*2.7%*	*2.4%*
Total	27.7	20.1
EBIT margin (% revenues)	*3.1%*	*2.6%*

First half 2021 EBIT before amortization of customer relations amounted to €27.7 million, generating an EBIT margin of 3.1%, up sharply by 50 bps from first half 2020:

- In France, first half 2020 EBIT was impacted by the COVID-19 health crisis and the strict lockdown measures imposed between mid-March and mid-May. This period saw major and unexpected upward and downward changes in business volumes depending on the sector, as well as direct (face masks, gel sanitizer, cleaning and disinfecting, COVID bonus, etc.) and indirect (social distancing, loss of production, absenteeism, etc.) additional costs that could not be fully shared with customers. Although the health crisis continued into the first half of 2021, the impact was less severe and the effects better handled, which is the main reason for the improvement in EBIT versus 2020.

- International EBIT continued to grow due to the improvement in Spain's results, after lockdown restrictions in 2020 similar to those imposed in France, and skillful management of a large number of new site launches over the past 18 months.

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.

There were no non-recurring expenses in H1 2021. Non-recurring expenses in the first half of 2020 were related to the shutdown of the Group's activities in China and included:

- 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 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 €5.8 million for the first six months of 2021, down from €6.9 million in H1 2020. They include:

- net cost of debt amounting to €2.1 million, down from €2.5 million in H1 2020 mainly due to the 2021 impact of the existing acquisition debt refinancing deal closed in March 2020;
- other net financial items comprising a net expense of €3.7 million, down from €4.4 million in H1 2020. These mainly include a net discounting expense (primarily related to IFRS 16 lease liabilities and pension liabilities) and exchange gains and losses.

The tax line item includes a €1.9 million business value-added tax (CVAE) charge for H1 2021, down from €3.1 million in H1 2020 due to the reduction in the CVAE tax rate applicable from January 1, 2021. Excluding CVAE, the first half 2021 corporate income tax charge amounted to €4.9 million based on a Group effective tax rate of 25%, comparable to that charged in H1 2020.

As in H1 2020, Group share of earnings of equity affiliates was just above break-even in H1 2021.

Following the above items, first half 2021 consolidated net income amounted to €14.8 million, up from €6.5 million in the first half of 2020.

2.3 Consolidated cash flow statement

€m	H1 2021	H1 2020
Net income	14.8	6.5
Net depreciation, impairment and provisions	90.4	77.8
Capital gains or losses on the sale of fixed assets	0.9	0.9
Tax charge net of tax credit (paid)	1.9	(5.2)
Net financial expenses on financing activities	5.3	6.2
Share of undistributed earnings of equity affiliates	(0.3)	(0.5)
Change in working capital	0.0	38.7
Net cash flow from (used by) operating activities	113.0	124.4
Net cash flow from investing activities	(41.0)	(26.9)
Net financial expenses on financing activities	(2.1)	(2.5)
Net borrowings taken out (repaid)	1.0	30.5
Payment of IFRS 16 lease liabilities	(75.0)	(65.9)
Other changes in financing transactions	(0.7)	(0.3)
Net cash flow from financing activities	(76.8)	(38.2)
Exchange gains (losses)	0.4	(1.2)
Change in net cash and cash equivalents	(4.4)	58.1
Opening net cash and cash equivalents	144.0	90.5
Closing net cash and cash equivalents	139.6	148.6

Net cash flow from operating activities

First half 2021 net cash flow from operating activities amounted to a €113.0 million inflow, down from €124.4 million in H1 2020.

- With no changes in working capital, first half 2021 operating cash flow amounted to €113.0 million versus €85.7 million in first half 2020, in line with the increase in earnings.
- Working capital remained stable over the first six months of 2021 compared to a €38.7 million cash inflow in H1 2020 driven by:
    - a highly effective collection campaign which considerably reduced trade receivables days sales outstanding (by four days) as of June 30, 2020 and generated €18.7 million of cash,
    - the use of government measures during the COVID-19 health crisis allowing certain social security payments to be postponed, covering some €20.5 million in France at June 30, 2020.

Net cash flow from investing activities

First half 2021 net cash flow from investing activities amounted to a €41.0 million outflow, compared to a €26.9 million outflow in H1 2020. In response to the COVID-19 health crisis, ID Logistics and its customers adopted a cautious and selective approach to investments in 2020, which helped limit capital expenditure to 3.5% of revenues in first half 2020 compared to 4.6% in first half 2021, similar to the H1 2019 level.

Net cash flow from financing activities

Total first half 2021 net cash flow from financing activities represented a €76.8 million outflow compared to a €38.2 million outflow in first half 2020.

- Net payments of IFRS 16 lease liabilities (rental payments) amounted to €75.0 million in first half 2021 compared to €65.9 million in first half 2020, in line with the upswing in business;
- The net change in borrowings represented a €1.0 million increase in cash and cash equivalents in H1 2021 compared to a €30.5 million increase over the same period in 2020:
    - 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 comprised net new borrowings of €0.1 million in H1 2020 compared to net new borrowings of €1.0 million in H1 2021;
- 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 all of these factors and exchange gains and losses, Group net cash decreased by €4.4 million to €139.6 million during the first half of 2021, compared to a €58.1 million increase in H1 2020.

2.4 Consolidated balance sheet

€m	6/30/2021	12/31/2020
Non-current assets	784.1	736.7
Trade receivables	313.6	297.3
Trade payables	(233.4)	(227.8)
Tax and social security payables	(169.7)	(167.8)
Other net receivables (payables) and provisions	26.9	28.8
Working capital	(62.6)	(69.5)
Net borrowings	66.9	61.0
Lease liabilities (IFRS 16)	409.1	377.1
Net debt	476.0	438.1
Shareholders' equity, Group share	231.2	216.6
Minority interests	14.3	12.5
Shareholders' equity	245.5	229.1

Non-current assets increased by €47.4 million from December 31, 2020 in line with capital expenditure and lease commitments on new warehouses.

The Group posted negative net working capital of €62.6 million as of June 30, 2021, down €6.9 million from December 31, 2020 mainly due to the increase in trade receivables days sales outstanding.

Group net borrowings break down as follows:

€m	6/30/2021	12/31/2020
Acquisition bank loan	90.0	95.0
Other bank loans	111.0	104.8
Other borrowings	5.5	5.2
Gross borrowings	206.5	205.0
Net cash and cash equivalents	139.6	144.0
Net borrowings	66.9	61.0

Net borrowings increased slightly from December 31, 2020, mainly due to the cash outflows mentioned above.

The acquisition bank loan is subject to the following 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 and on a consolidated basis. With a ratio of 0.7 at June 30, 2021, this covenant was in compliance.

Shareholders' equity amounted to €245.5 million, an increase over 12/31/2020.

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 28, 2021 had not materially changed at June 30, 2021.

The main uncertainty in the second half of 2021 still concerns how the COVID-19 global health crisis will progress and, in particular, the risk of further waves of infection, their 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 2021	H1 2020
Revenues		893,130	776,622
Purchases and external charges		(440,337)	(378,692)
Staff costs		(326,578)	(294,309)
Miscellaneous taxes		(9,046)	(7,330)
Other underlying income (expenses)		315	435
Net (increases) write-backs to provisions		411	751
Net depreciation/impairment		(90,180)	(77,422)
EBIT before amortization of customer relations		27,715	20,055
Amortization of acquired customer relations		(644)	(644)
Non-recurring income (expenses)	Note 10	-	(1,497)
Operating income		27,071	17,914
Financial income	Note 11	366	263
Financial expenses	Note 11	(6,202)	(7,210)
Group earnings before tax		21,235	10,967
Corporate income tax	Note 12	(6,783)	(5,050)
Share of earnings of equity affiliates		323	584
Total consolidated net income		14,775	6,501
Minority interests		1,942	1,171
Group share		12,833	5,330
Earnings per share, Group share			
Basic EPS (€)	Note 13	2.27	0.94
Diluted EPS (€)	Note 13	2.14	0.89

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€000	H1 2021	H1 2020
Total consolidated net income	14,775	6,501
Post-tax pension provision discounting income (charge)	194	170
Other comprehensive income not reclassified to the income statement	194	170
Post-tax exchange differences	633	(1,673)
Other post-tax items	1,853	581
Other comprehensive income that may be reclassified to the income statement, net of tax	2,486	(1,092)
Comprehensive net income	17,455	5,579
Minority interests	2,027	1,998
Group share	15,428	3,581

CONSOLIDATED BALANCE SHEET

€000	Notes	6/30/2021	12/31/2020
Goodwill	Note 1	173,592	173,592
Intangible assets	Note 1	22,627	19,817
Property, plant and equipment	Note 2	163,055	143,702
Right-of-use assets - IFRS 16	Note 9	398,222	370,598
Investments in equity affiliates		1,548	1,735
Other non-current financial assets		17,190	16,222
Deferred tax assets		7,897	11,069
Non-current assets		784,131	736,735
Inventories		33	139
Trade receivables	Note 3	313,596	297,274
Other receivables	Note 3	52,858	49,520
Other current financial assets		24,355	31,076
Cash and cash equivalents	Note 4	140,534	145,920
Current assets		531,376	523,929
Total assets		1,315,507	1,260,664
Capital stock	Note 5	2,837	2,825
Additional paid-in capital	Note 5	57,241	57,241
Exchange differences		(13,780)	(14,381)
Consolidated reserves		172,040	145,730
Net income for the year		12,833	25,196
Shareholders' equity, Group share		231,171	216,611
Minority interests		14,325	12,543
Shareholders' equity		245,496	229,154
Borrowings (due in over 1 yr)	Note 6	149,471	154,407
Lease liabilities (due in over 1 yr) - IFRS 16	Note 9	285,280	259,070
Long-term provisions	Note 7	24,242	23,628
Non-current liabilities		459,021	437,105
Short-term provisions	Note 7	10,077	11,204
Borrowings (due in less than 1 yr)	Note 6	56,980	50,602
Lease liabilities (due in less than 1 yr) - IFRS 16	Note 9	123,845	118,029
Bank overdrafts	Note 4	951	1,954
Trade payables	Note 8	233,391	227,812
Other payables	Note 8	185,746	184,804
Current liabilities		610,990	594,405
Total liabilities and shareholders' equity		1,315,507	1,260,664

CONSOLIDATED STATEMENT OF CASH FLOWS

€000	Note	H1 2021	H1 2020
Net income		14,775	6,501
Net depreciation, impairment and provisions		90,412	77,771
Share of undistributed earnings of equity affiliates		(323)	(584)
Capital gains or losses on the sale of fixed assets		870	935
Change in working capital		9	38,728
Net cash flows from operating activities after net cost of debt and tax		105,743	123,351
Corporate income tax	Note 12	6,783	5,050
Net financial expenses on financing activities	Note 11	5,307	6,249
Net cash flows from operating activities before net cost of debt and tax		117,833	134,650
Tax paid		(4,857)	(10,229)
Net cash flow from operating activities		112,976	124,421
Purchase of intangible assets and PP&E	Notes 1-2	(42,169)	(29,581)
Sale of intangible assets and PP&E		1,195	2,708
Net cash flow from investing activities		(40,974)	(26,873)
Net financial expenses on financing activities	Note 11	(2,131)	(2,539)
Loans received		22,839	139,820
Loan repayments		(21,854)	(109,297)
Payment of IFRS 16 lease liabilities		(75,023)	(65,925)
Treasury stock transactions		(415)	(294)
Minority interest dividends		(221)	-
Share issue		-	-
Net cash flow from financing activities		(76,805)	(38,235)
Exchange gains (losses)		420	(1,160)
Change in net cash and cash equivalents		(4,383)	58,153
Opening net cash and cash equivalents	Note 4	143,966	90,478
Closing net cash and cash equivalents	Note 4	139,583	148,631

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, 2020	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
H2 2020 net income	-	-	19,866	-	19,866	1,802	21,668
Gains and losses posted to shareholders' equity	-	-	1,098	(1,888)	(790)	(93)	(883)
Distribution of dividends	-	-	-	-	-	(1,262)	(1,262)
Treasury shares	-	-	322	-	322	-	322
Share issue	-	-	-	-	-	-	-
December 31, 2020	2,825	57,241	170,926	(14,381)	216,611	12,543	229,154
H1 2021 net income	-	-	12,833	-	12,833	1,942	14,775
Gains and losses posted to shareholders' equity	-	-	1,540	601	2,141	61	2,202
Treasury shares	-	-	(414)	-	(414)	(221)	(635)
Share issue	12	-	(12)	-	-	-	-
June 30, 2021	2,837	57,241	184,873	(13,780)	231,171	14,325	245,496

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, 2021 were approved by the Board of Directors on August 25, 2021. 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, 2021.

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, 2021 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, 2020 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, 2021, which may be viewed on the following 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, 2020, which are presented in Note 2 to the 2020 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 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 2021

The application of standards, amendments and interpretations applicable from January 1, 2021 had no material impact on the Group financial statements.

2.2.2 New standards, amendments and interpretations not compulsory for fiscal 2021

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 impact of the COVID-19 global health crisis continued into the first half of 2021. 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 2021.

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 2021 (6/30/2021)			H1 2020 (6/30/2020)		
	France	International	Total	France	International	Total
Revenues	376,681	516,449	893,130	344,097	432,525	776,622
EBIT before amortization of customer relations	13,537	14,178	27,715	9,629	10,426	20,055
Operating income	13,268	13,803	27,071	9,360	8,554	17,914
Net cash flow from operating activities	45,432	67,544	112,976	80,859	43,562	124,421
Capital expenditure	11,805	30,364	42,169	11,621	17,960	29,581
Fixed assets	274,149	483,347	757,496	253,832	456,110	709,942
Headcount	6,912	16,603	23,515	6,592	13,799	20,391

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, 2021	174,048	45,222	13,235	232,505
Acquisitions	-	1,194	4,364	5,558
Disposals	-	(1,418)	-	(1,418)
Other (reclassification, changes in consolidation etc.)	-	-	447	447
Exchange gains (losses)	-	153	40	193
June 30, 2021	174,048	45,151	18,086	237,285
Cumulative amortization and impairment:	-			
January 1, 2021	456	31,650	6,990	39,096
Amortization charge	-	2,507	751	3,258
Impairment	-	-	-	-
Disposals	-	(1,399)	-	(1,399)
Other (reclassification, changes in consolidation etc.)	-	-	-	-
Exchange gains (losses)	-	111	-	111
June 30, 2021	456	32,869	7,741	41,066

Net:				
June 30, 2021	173,592	12,282	10,345	196,219

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, 2021, 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, 2021.

Note 2: Property, plant and equipment

	Land and buildings	Plant and equipment	Other fixed assets	Fixed assets in progress	TOTAL
Gross:					
January 1, 2021	30,768	98,828	113,870	19,465	262,931
Acquisitions	313	6,228	15,907	14,163	36,611
Disposals	(1,256)	(3,568)	(5,020)	(43)	(9,887)
Exchange gains (losses)	696	233	277	30	1,236
Reclassification	517	4,804	8,728	(13,586)	463
June 30, 2021	31,038	106,525	133,762	20,029	291,354
Cumulative depreciation and impairment:					
January 1, 2021	17,130	49,149	52,950	-	119,229
Depreciation charge	1,292	6,642	8,460	-	16,394
Impairment	-	-	-	-	-
Disposals	(1,243)	(3,428)	(3,170)	-	(7,841)
Change in consolidation				-	-
Exchange gains (losses) and reclassification	250	81	186	-	517
June 30, 2021	17,429	52,444	58,426	-	128,299
Net:					
June 30, 2021	13,609	54,081	75,336	20,029	163,055

Note 3: Trade and other current receivables

	6/30/2021	12/31/2020
Trade receivables	316,867	300,876
Impairment provisions	(3,271)	(3,602)
Total trade receivables – net	313,596	297,274
Tax and social security receivables	32,657	36,822
Prepaid expenses	20,201	12,698
Total other receivables - net	52,858	49,520

Note 4: Net cash and cash equivalents

	6/30/2021	12/31/2020
Cash and cash equivalents	140,534	145,920
Bank overdrafts	(951)	(1,954)
Net cash and cash equivalents	139,583	143,966

Group cash and cash equivalents of €139,583,000 at June 30, 2021 comprise cash, sight bank deposits and €7,707,000 in money-market investments.

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

	Additional paid-in capital (€)	Value (€)	Number of shares

January 1, 2021	57,240,985	2,824,714	5,649,427
Exercise of equity warrants	0	12,181	24,361
June 30, 2021	57,240,985	2,836,895	5,673,788

Note 6: Financial liabilities

	6/30/2021	Due in < 1 year	Due in 1 to 5 years	Due in > 5 years
Current borrowings				
Bank loans	51,522	51,522		
Factoring	5,378	5,378		
Other borrowings	80	80		
Total current borrowings	56,980	56,980		
Non-current borrowings				
Bank loans	149,470		145,621	3,849
Total non-current borrowings	149,470		145,621	3,849
Total borrowings	206,450	56,980	145,621	3,849

Breakdown of borrowings by interest rate and currency	Amount	Currency	Rate
Loan	90,593	EUR	Floating
Loan	85,956	EUR	Fixed
Loan	3,050	PLN	Fixed
Loan	10,143	PLN	Floating
Loan	5,967	BRL	Floating
Loan	346	RUB	Fixed
Loan	1,532	USD	Floating
Loan	3,391	RON	Fixed
Loan	14	ARS	Floating
Factoring	5,378	EUR	Floating
Other payables	80	EUR	Fixed
Total	206,450		

The Group has taken out a bank loan for an initial amount of €100 million, repayable over 5 years.

This loan is subject to the following bank covenant at June 30, 2021:

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, 2021.

Note 7: Provisions

	Social security and tax risks	Operating risks	Employee benefits	Total
January 1, 2021	6,460	4,744	23,628	34,832
Charges	1,700	2,751	797	5,248
Write-backs used	(1,621)	(2,899)	(183)	(4,703)
Write-backs not used	(353)	(721)	-	(1,074)
Other (consolidation, currency, reclassification etc.)	10	6	-	16
June 30, 2021	6,196	3,881	24,242	34,319
Of which current provisions	6,196	3,881	-	10,077
Of which non-current provisions	-	-	24,242	24,242

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

Note 8: Trade and other payables

	6/30/2021	12/31/2020
Trade payables	233,391	227,812
Tax and social security payables	169,661	167,824
Advances and down payments received	1,026	1,333

Other current payables	5,814	6,432
Deferred income	9,244	9,215
Total other payables	185,745	184,804

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, 2021	434,236	25,941	112,284	572,461
Acquisitions	91,791	80	10,653	102,524
Disposals	(14,662)	(689)	(3,547)	(18,898)
Exchange gains (losses) and reclassification	2,013	3	17	2,033
June 30, 2021	513,378	25,335	119,407	658,120
Cumulative depreciation and impairment:				
January 1, 2021	153,367	10,693	37,803	201,863
Depreciation charge	52,812	3,863	13,853	70,528
Disposals	(14,464)	1,294	(3,314)	(16,484)
Exchange gains (losses) and reclassification	5,661	(1,324)	(346)	3,991
June 30, 2021	197,376	14,526	47,996	259,898
Net:				
June 30, 2021	316,002	10,809	71,411	398,222

Changes in lease liabilities are as follows:

	1/1/2021	New borrowings	Repayments	Scope	Exchange differences	6/30/2021
Lease liabilities	377,099	102,523	(71,847)	-	1,350	409,125
Total	377,099	102,523	(71,847)	-	1,350	409,125
o/w lease liabilities (due in < 1 yr)						123,845
o/w lease liabilities (due in 1-5 yrs)						265,022
o/w lease liabilities (due in > 5 yrs)						20,258

6.2 Income statement notes

Note 10: Non-recurring income (expenses)

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

	H1 2021	H1 2020
Restructuring costs	-	(1,041)
Goodwill impairment	-	(456)
Total non-recurring expenses	-	(1,497)

Restructuring costs totaling €1,041,000 in 2020 correspond to the costs of closing down operations in China.

The €456,000 goodwill impairment item for 2020 corresponds to the impairment of goodwill in China.

Note 11: Net financial items

	H1 2021	H1 2020
Interest and related financial income	392	263
Interest and related financial expenses	(5,699)	(6,512)
Net financial expenses on financing activities	(5,307)	(6,249)
Discounting of balance sheet accounts	(269)	(142)
Other financial expenses	(260)	(556)
Net other financial expenses	(529)	(698)

Total	(5,836)	(6,947)

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

Note 12: Corporate income tax

	H1 2021	H1 2020
Net current tax (charge)/income	(4,868)	(1,972)
Tax on business value added (CVAE)	(1,915)	(3,078)
Total	(6,783)	(5,050)

Note 13: Earnings per share

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

(no.)	H1 2021	H1 2020
Average number of shares in issue	5,653,883	5,647,073
Average number of treasury shares	(5,210)	(6,962)
Average number of shares	5,648,673	5,640,111
Equity warrants	360,946	368,879
Average number of diluted shares	6,009,619	6,008,990

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)	
			2021	2020	2021	2020
Comète	Joint director	Services provided	(390)	(367)	(779)	(240)
Financière ID	Joint shareholder	Real estate leases - Services provided	240	175	240	54
SAS Logistics II	Joint shareholder	Services provided	(23)	(23)	(23)	(5)

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 2021	H1 2020
Expense type		
Total gross remuneration *	339	322
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 members of the Board of Directors. As the presence criterion applicable to the members concerned was fulfilled, the shares vested on March 17, 2021. 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:

	6/30/2021	12/31/2020
Commitments given		
Parent company guarantees *	18,033	18,033
Borrowings subject to covenants	90,000	95,000
Commitments received		
Bank guarantees	25,312	24,527

** The parent company guarantees above do not include guarantees given for lease commitments or loans subject to covenants, which are described on the corresponding lines.*

Note 17: Post balance sheet events

None

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*

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 condensed consolidated interim financial statements of ID LOGISTICS GROUP covering the period from January 1 to June 30, 2021, as enclosed hereto, and
- verified the information given in the half-year business report.

The global crisis linked to the Covid-19 pandemic creates special conditions for the preparation and limited review of the condensed half-year consolidated financial statements. Indeed, this crisis and the exceptional measures taken in the context of the state of health emergency induce multiple consequences for companies, particularly on their activity and their financing, as well as increased uncertainties on their future prospects. Some of these measures, such as travel restrictions and remote working, have also had an impact on the internal organization of companies and on the way in which our work is carried out.

These condensed consolidated interim financial statements were drawn up under the responsibility of your Board of Directors. 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 condensed 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 commenting on the condensed 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 condensed consolidated interim financial statements.

Lyon and Paris-La-Défense, September 2, 2021

The Statutory Auditors

Grant Thornton

Françoise Mechin

Deloitte & Associés

Benoît Pimont